

COMPETITION AND PROGRAM BALANCE
IN COMMERCIAL AM RADIO

Thesis for the Degree of Ph. D.
MICHIGAN STATE UNIVERSITY
Mickie L. Newbill
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ABSTRACT

COMPETITION AND PROGRAM BALANCE IN COMMERCIAL AM RADIO

by Mickie L. Newbill

This thesis was an attempt to determine whether commercial AM radio stations with power between 250 and 1000 watts decrease the proportion of their schedules devoted to educational, agricultural, religious, and discussion programs after a second commercial AM radio station within the same range of power begins broadcasting in the town. Findings are restricted to instances in which towns have no commercial broadcast outlets other than the two radio stations and possibly their companion FM stations.

Other hypotheses represented an attempt to determine whether towns had more of the programs with two stations than with one and whether proportionate decreases in the programs would be correlated with the amount of the revenue decrease suffered by the older station. The final hypothesis sought information concerning whether stations would shift

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programs of the four types out of daytime hours and into periods before 7 a.m. and after 6 p.m.

Information was gathered from applications and statements on file with the Federal Communications Commission. It was necessary for the newer station of the pair to have begun commercial broadcasts between two periods used by the older station in describing its programming to the Commission.

Program changes shown by stations receiving competition were compared with changes shown by matching stations that were as similar as possible to the older stations but that did not receive local AM competition during the period. Similarities were gauged on a basis of disposable income for each town, wattage, hours of operation, proportion of schedules devoted to the types at the beginning of the period, network affiliation, and distance from the nearest commercial AM or television station. Matching stations, like the competitive stations, were controlled to eliminate stations owned by educational, civic, or religious institutions, share-time stations, and stations that had undergone revenue decreases during the period considered.

The sample was divided into two groups: (1) pairs in which the older station was affiliated with the same

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network (ABC, CBS, MBS, or NBC) throughout the period, and (2) pairs in which neither station was affiliated with one of the national networks during the period. Network pairs were included only if their towns were at least ten miles from the nearest commercial AM or TV station. Pairs in which the older station had changed management during the period were eliminated.

Thirteen of 19 non-network stations that received a second AM station in their towns decreased the proportion of the four program types in their schedules. The comparison with three groups of matching stations showed a significant difference supporting the hypothesis at the 5% level in four instances but did not show significance at this level in two other instances. Only 15 of 36 network stations showed decreases following the advent of local broadcast competition; matching stations were not chosen for these stations.

One test showed significance at the 5% level indicating that among stations showing decreases in the program types, the size of the decrease was positively correlated with the size of the revenue decrease. Another correlation did not show significance.

Two correlations showed significance at the 5%

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Mickie L. Newbill

level indicating that among stations showing increases in the program types, the larger increases occurred among stations showing greater revenue decreases. Three of 55 towns had fewer hours of the program types with two stations than with one. Adding the second station doubled the amount of the programs for only 4 of the towns with non-network pairs and for 16 of the towns with network pairs.

Information concerning shifts in the time at which the programs were broadcast was gained from questionnaires sent to stations. This hypothesis was not supported.

COMPETITION AND PROGRAM BALANCE IN
COMMERCIAL AM RADIO

By

Mickie L. ^{Verne}Newbill

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CHAPTER I

STATEMENT OF THE PROBLEM

Hypotheses

Hypothesis I may be stated as follows: The entry of a commercial AM radio station into a community containing only one other commercial AM radio station will be followed by a decrease in the proportion of the older AM station's schedule that is devoted to those program types classified as religious, agricultural, educational and discussion. This hypothesis, as tested, is restricted to situations which meet the following requirements: The older station does not yield majority ownership to a person not an owner at the beginning of the period; the community has no commercial FM stations other than companion(s) of the AM stations; the community has no commercial television stations; each AM station has a power of not less than 250 or more than 1000 watts; neither station is owned by a religious or educational institution; neither station shares time with any other stations. Stations will be divided into two groups; in one group will be pairs of which neither station was affiliated

with a national network during the period considered; in the other group will be pairs in which the older station was affiliated with one national network throughout the period considered.

Radio stations considered in this study will be designated as those having licenses from the Federal Communications Commission giving the stations authority to distribute commercial radio programs on any of the amplitude modulation frequencies between 535 and 1605 kilocycles.

Stations will be considered as serving the community or city to which they are licensed. The name of the city or community will be gained from information on renewal applications filed with the Federal Communications Commission.

Only changes of ownership requiring applications to the Federal Communications Commission for consent to transfer control will be noted. To disqualify a station, the change of ownership must have been completed during the period considered in the study. Network stations will not be considered if the older station of a pair underwent any transfer of control or assignment of license other than a name change.

Because the data for testing this hypothesis will

be gathered from license renewal applications submitted by the stations to the Federal Communications Commission, the definitions of religious, agricultural, educational, and discussion programs will be those promulgated by the Commission for use by stations in describing their program service. These definitions are as follows:

Religious (include here all sermons, religious news, music and drama, etc.).

Agricultural (include here all programs containing farm or market reports or other information specifically addressed to the agricultural population).

Educational (include here programs prepared by or in behalf of educational organizations, exclusive of discussion programs . . .

Discussion (include here forum, panel and round-table programs).¹

National networks will include the American Broadcasting Company, the Columbia Broadcasting System, the National Broadcasting Company, and the Mutual Broadcasting System.

The entry of a radio station will be said to occur on the day the station begins program tests; these are usually a full schedule of commercial broadcasts.

A station will be considered as being owned by an educational or religious institution when (1) it is listed as non-commercial educational in Broadcasting Yearbook,²

¹Federal Communications Commission, "Application for Renewal of Broadcast Station License," FCC Form 303, July, 1954, Section IV.

²Broadcasting Yearbook (Washington: Broadcasting Publications, Inc., 1948-1963).

(2) the license contains any of the following words in the name of the owner: University, academy, school, college, education, welfare, temple, church, tabernacle, parish, municipal, fathers, or Christian, (3) the station is owned by a city government, or (4) the studios of the station are located on a college campus.

Hypothesis II may be stated as follows: The entry of a commercial AM radio station into a community containing only one other commercial AM radio station will be followed by a net increase for the community of religious, agricultural, educational, and discussion programs provided by stations in the community, when the stations meet the requirements set out in Hypothesis I.

All terms in this hypothesis will be defined as for Hypothesis I.

Hypothesis III may be stated as follows: Among stations showing decreases in religious, agricultural, educational, and discussion programs, the program decreases will be greater among stations showing greater revenue decreases than among stations showing smaller revenue decreases.

Revenue decreases will be defined as the percentage decrease derived from a comparison of the total broadcast

revenue figures in the annual broadcast financial statements filed with the Federal Communications Commission.

Smaller revenue decreases will be the percentages that are less than the median for all stations with decreases in the four program types; included as showing a "smaller" decrease will be those stations showing no revenue decrease.

Larger revenue decreases will be the percentages that are more than the median for all stations showing decreases in the four program types.

All other terms in this hypothesis will be defined as in the preceding hypotheses.

Hypothesis IV may be stated as follows: The proportion of an AM radio station's educational, agricultural, religious, and discussion programs that are found in the 7 hours immediately before 7 a.m. and in the 6 hours immediately after 6 p.m. will be greater following the entry of a second AM radio station into the community than before the entry of a second AM station.

All terms in this hypothesis will be defined as in preceding hypotheses.

Purposes and Limitations

A perusal of the above hypotheses can lead to the conclusion that this study predicts that an increase in competition will lead to a decline in "public service" programs. Actually the study is much more restrictive in scope.

The term "public service programming" has a cluster of connotative meanings around it. Any attempt here to define "public service programming" while omitting the "talks" category could lead to sincere and well-founded questioning of the study. Doubtless, many persons would include as "public service" talks by congressmen, mayors, and sheriffs; these could logically be included as "talks" by broadcasters filling out their renewal applications. But the talks category was omitted from consideration in this study because the Commission defines talks as "all conversation programs which do not fall under Points (2), (3), (4), (5) or (6) above, including sports."¹ These "points" are religious, agricultural, educational, news, and discussion. It was felt, for reasons to be pointed out in the rationale, that sports programming would not necessarily decline upon

¹FCC, op. cit.

the entry of a second station. Thus, it seemed necessary to omit the talks category from consideration.

Further, a few broadcasters in their renewals added as a program type "public service." They were apparently considering public service as none of the program types listed by the Commission. The inclusion of this added category with no more than the hazy cloud of meanings to be used as a definition would reduce substantially the precision of the study. Further, this inclusion would distort the results by including programs that one broadcaster might classify as public service but that another broadcaster might classify as something else. The difficulty would have been compounded by the fact that in one renewal the term "public service" may appear as an addition to the Commission's categories whereas in the following or preceding renewal also to be cited in the study, the broadcaster added no such category. It was believed that such omissions might not necessarily imply an absence of "public service" programs.

For the above reasons, this is a study of competition and program balance; it is not a study of competition and public service programming. If the major prediction of this study must be stated in terms other than those of the hypotheses, the prediction would be: An increase in

competition will be followed by a shift in program balance toward a lesser proportion of certain program types. It must be added, however, that the history of the Commission's concern with competition and program balance, as well as the rationale, will show that the study does have implications concerning the ability and willingness of broadcasters to serve their publics.

Purposes

The problem with which this study deals is a real one. Within the sample of 55 pairs of radio stations utilized in this study are four instances in which the older station has protested the Commission's grant of a second station to the town.¹ These protests have ranged from a simple letter later included in the station's file through complaints about the applicant's character to a full-scale request for hearing on a basis of economic injury. In all four cases the older station got its local competition; in all four cases the revenues of the older station declined; and in three of these four cases the older station decreased the

¹Because confidential financial statements on file with the Federal Communications Commission form part of the data for the study, it is necessary to omit footnotes that would give information concerning the call letters or location of stations included in the sample.

amount of time it devoted to religion, agriculture, education, and discussion. Within the sample are five stations that have either gone out of existence or have moved to other towns. During the Commission's history more than seventy-five broadcasters (including both radio and television) have gone to the Commission to request hearing or oral argument on whether the allocation of a competing station should be made. The protests, as will be discussed in Chapter II, have often been based upon the claim that the competition would harm the public interest.

This study does not propose to offer advice to the Commission. The possible change in programming that this study seeks to investigate is not the only--or even perhaps the most important--matter that the Commission must consider in deciding whether to permit a new station to begin broadcasting. It is hoped, however, that this study will be one of a group of studies that may help the Commission to predict the effects of various licensing policies.

Second, it is hoped that the study may provide a few facts to be used in the continuing argument concerning whether prosperity does increase service to the public. The argument has ranged over many years and has appeared

in many publications.¹ Once again, this study does not provide the answers. The argument concerns a number of units that this study does not touch; e.g., the study says nothing of competition among networks or among television stations, of the matter of program quality, or of cities with three or more stations.

Third, it is hoped that this research may serve as a background for later studies of relationships between competition increases and program changes. A high priority should be given to a repetition of this study with better controls and with another sample. A baker's dozen of related studies is suggested in the final chapter of this thesis.

¹Many statements concerning the relationships between prosperity and programming will be cited in the pages to follow. Among the discussions that will not be cited later are those found in: Morris L. Ernst, The First Freedom (New York: The Macmillan Co., 1945), passim, and Wilbur Schramm, Responsibility in Mass Communication (New York: Harper and Brothers, 1957), pp. 121-25.

CHAPTER II

COMPETITION AND THE COMMISSION: A HISTORY

Competition in Many Contexts

Of one thing there can be no doubt: Broadcasting in the United States was intended by Congress to operate on a competitive basis under the restraints of the antitrust laws. Sections 313 and 314 of the Communications Act of 1934 make this quite clear by declaring, in part:

All laws of the United States relating to unlawful restraints and monopolies and to combinations, contracts, or agreements in restraint of trade are hereby declared to be applicable to the manufacture and sale of and to trade in radio apparatus and devices entering into or affecting interstate or foreign commerce and to interstate or foreign radio communications.¹

Even though these two sections of the Act determine that broadcasting should operate on a competitive basis, these are not the only sections that the Commission has invoked in promoting competition among the various units concerned with radio and television. For example, in deciding whether an applicant should be granted a construction

¹Section 313(a), Communications Act of 1934, 1 R. R. 10:97.

permit for building a station, the Commission has considered competition as being relevant to the instruction in Section 309(a) that construction permits should be granted only if the "public interest, convenience, and necessity" will be served.¹

The following discussion of the Commission's major activities in promoting competition with a more detailed discussion of the Commission's activities in promoting entry of competing stations should serve two functions. First, the discussion will show how constant has been the Commission's concern with competition. Second, this review will show how frequently the Commission has been faced with decisions involving considerations that are relevant to the hypotheses of this study.

The Commission's concern with restraints of trade has been evinced in two ways. First, the Commission, in deciding whether to grant an application, has considered past antitrust violations. In deciding which of two applicants should be allowed to construct a television station in Denver, the Commission investigated past antitrust actions

¹Section 309(a), Communications Act of 1934, 1 R. R. 10:88a.

involving stockholders.¹ In another case, the Commission investigated before granting a transfer of a television station to NBC. Later an antitrust suit involving the transfer was brought against the network and its parent company, the Radio Corporation of America.² The Supreme Court's verdict clarified the FCC's role in enforcing the antitrust laws:

The Communications Act does not give Federal Communications Commission power to decide antitrust issues as such, and action by Commission under the act does not prevent enforcement of antitrust laws in federal courts, and therefore Commission's approval of agreement for exchange of television stations did not bar civil antitrust action. . . .³

Chief Justice Warren discussed the second method that the Commission employs in guarding against restraints of trade: applications of the public interest standard to bar practices and applicants that might hinder the full play of competition.⁴ In employing this method, the Commission refuses grants to applicants who have attempted to restrain

¹Aladdin Radio and Television, Inc., et al., 9 R. R. 1, 8-10.

²United States of America, Appellant, v. Radio Corporation of America and National Broadcasting Co., Inc., 79 S. Ct. 457, 460.

³Ibid., p. 457.

⁴Ibid., pp. 467-68.

trade or to harm competitors in ways that might be analogous to restraints punishable by the Sherman Act and other anti-trust laws even when the practices do not necessarily constitute full-scale violations; the practices are disapproved because they would not promote the public interest. For example, the Commission refused a construction permit for a radio station to a newspaper owner who had tried to destroy a radio station through refusal to print advertisements from some firms that advertised on the radio station.¹ In proposing the Regulations on Chain Broadcasting in 1941, the Commission made it quite clear that it was not determining whether the network practices to be outlawed were anti-trust violations:

While many of the network practices raise serious questions under the antitrust laws, our jurisdiction does not depend on a showing that they do in fact constitute a violation of the antitrust laws. It is not our function to apply the antitrust laws as such. It is our duty, however, to refuse licenses or renewals to any person who engages or proposes to engage in practices which will prevent either himself or other licensees or both from making the fullest use of radio facilities. This is the standard of public interest, convenience or necessity which we must apply to all applications for licenses and renewals.²

¹Mansfield Journal Co. (FM) v. Federal Communications Commission, 180 F. (2d) 28, 32.

²U. S., FCC, Report on Chain Broadcasting (Washington: U. S. Government Printing Office, 1941), p. 83.

Thus the Commission, in deciding among applicants for broadcast facilities, considers past antitrust actions and also considers as part of the public interest standard both full-blown and budding restraints of trade.

In addition to minimizing restraints of trade, the Commission has adopted rules to promote long-range objectives. The objectives are (1) effective competition within areas served by broadcasting facilities, and (2) a large number of licensees, so that the public will receive entertainment and information from competing, independent sources. The large number of licensees is expected to help in assuring that no single licensee is able to exercise such power over competing licensees as to make effective competition impossible.

A rule that promotes the first objective for AM radio is called the "duopoly rule."¹ It prohibits the licensing of more than one AM station to a single party when the primary coverage areas of the two stations will overlap substantially, except upon a showing that the public interest would be served by such ownership. This rule was honored as a principle before it became a rule.

¹U. S., FCC, "Rules and Regulations," Section 3.35.

In 1936, owners of the Centennial Broadcasting Company wanted a second station in Dallas, Texas. The Commission refused the grant, saying that the new station would add nothing "by way of novelty or as a general advancement over the programs now being received in that area."¹ Four similar applications were refused in 1938. In all four cases the Commission mentioned the desire to promote competition,² and in one of the cases the Commission explored the consequences of duopoly at some length:

Station WREN, Station WDAF, and Station KMBC, which serve substantially the same area, now compete on equal terms, each having the same day and night power. If the transfer were to be approved by the Commission, Stations WREN and WDAF would be owned and controlled by the same interests and would compete with Station KMBC, thus creating a situation in the service area of these stations in which, instead of three equally powerful mutually competitive stations, there would be one station having as a competitor the owner and operator of two equally powerful stations. This would obviously place Station KMBC at a serious competitive disadvantage as well as materially reduce competition in the area.³

Upon similar grounds the Commission refused to grant a

¹ East Texas Broadcasting Co. (KGKB) et al., 2 FCC 402, 408.

² Carolina Advertising Corp. et al., 6 FCC 230, 235, and The Colonial Network, Inc., 5 FCC 654, 664.

³ R. R. Jackman, et al. (WREN), 5 FCC 496, 500.

second Louisville station to the owner of Station WHAS.¹

During the forties and fifties came rules and amendments to the effect that no single body may control more than a specified number of broadcast outlets. The Commission set numerical limits on the number of AM, FM, and TV stations that can be controlled by one person or corporation and instituted duopoly rules for FM radio and television.² These rules seem aimed at achieving the second objective cited above.

A double standard has existed concerning the granting of two licenses for stations of different types to one owner in one town. The Commission granted FM stations to AM licensees for reasons explained by H. H. Goldin, the Chief of the Commission's Research and Education Division:

After some initial doubts the Commission accepted this virtual merger of AM and FM; this acceptance was partly based on the assumption that FM as the superior technical aural service would eventually supersede AM as the dominant aural broadcast service, and it was felt that permitting joint AM-FM operation would facilitate the transition to FM. For a variety of reasons, however, FM has failed to establish itself as a competitive broadcast service.³

¹The Louisville Times Co. et al., 5 FCC 554, 559.

²U. S., Congress, House, Committee on Interstate and Foreign Commerce, Network Broadcasting, House Report No. 1297, 85th Cong., 2d Sess., 1958, p. 84.

³H. H. Goldin, "Economic and Regulatory Problems in the Broadcast Field," Land Economics, XXX, No. 3 (August, 1954), 232.

The Commission has also been willing for owners of AM stations to operate television within the same town. However, in some cases in which applicants were competing for television construction permits, the person not affiliated with an AM station has been awarded a preference.¹

The Commission early became concerned over the lessening of competition that could occur when newspaper owners were licensees of stations in the town served by the newspaper. As early as 1936 a Commissioner dissented from a grant of a radio station to a newspaper for reasons that would later be adopted by the FCC as a consideration in competitive hearings for broadcast licenses. Commissioner Stewart said:

It is not clear from the opinion that consideration was given to the matter of the public interest involved in the granting of a broadcast station license to an applicant controlled by a newspaper. Broadcast stations and newspapers are the two principal sources of current public information and enlightenment; in a more mundane field they are the two principal media of local advertising and two of the principal media of national advertising in any community.²

Throughout the thirties the Commission granted several

¹The Radio Station KFH Co. et al., 11 R. R. 1, 4, 115-116.

²United States Broadcasting Corp. (WARD) et al., 2 FCC 208, 241.

licenses to newspaper owners, often noting that the newspaper and the radio station would be operated separately.¹

In granting a construction permit to the Bell Broadcasting Company in Temple, Texas, the Commission noted, in 1936:

Identity of control exists between the Temple Daily Telegram, a local news publication, and the applicant herein, the stock ownership in each organization being held by the same persons. Testimony was introduced in this connection indicating that the broadcasting station here proposed, and the newspaper, will be operated independently of each other.²

The importance of the separate operation provision became evident in the ruling on an application for a station in San Diego, California. In this 1936 case, the FCC did not grant the construction permit. One reason among several was: ". . . it is proposed to operate the station, not as an independent business but as an adjunct and subsidiary to the newspaper business."³ The Commission's concern over newspaper ownership of radio stations reached a peak in 1941 when the FCC ordered an investigation to determine whether a rule or policy should be formulated concerning further grants to newspaper owners. The Commission stated

¹Harold M. Finlay and Eloise Finlay, 4 FCC 356, 357, and Mason City Broadcast Co. et al., 3 FCC 116, 123.

²Bell Broadcasting Co., 3 FCC 90, 91.

³Union Tribune Publishing Co., 3 FCC 451, 453.

the issue in its Seventh Annual Report:

In deciding whether or not to license a station to a newspaper, a variety of considerations may be relevant in determining the public interest, convenience, and necessity. For example, newspaper ownership of a station may make available to the listening public a wider supply of news due to the licensee's superior news-gathering facilities, or, on the other hand, the newspaper's desire to protect its newspaper investment may cause it to limit the broadcasting of news in the interest of wider newspaper circulation. While the unified operation of newspaper and station might bring financial stability to the joint enterprise, it might also result in unfair competitive advantages and eventual monopoly.¹

After the hearing, the Commission decided against a specific rule prohibiting newspaper ownership of broadcasting facilities.

The FCC did announce its intention of continuing to favor diversification as a policy.² By 1954, according to Commissioner Rosel Hyde, the Commission's philosophy had "matured" so that newspaper ownership was scarcely, if at all, a bar to getting a television license.³

Another aspect of the Commission's desire to equalize competition among the mass media has been the problem of UHF television stations' ability to compete with VHF stations.

¹U. S., FCC, Seventh Annual Report, 1941, p. 25.

²9 Federal Register, 702-3.

³"FCC Policy 'Matured' on Newspapers' Bids," Editor and Publisher, January 23, 1954, p. 51.

During the early 1950's, it became obvious that UHF stations, because their signals would not customarily extend as far as the signals of VHF stations and because many television sets were not equipped to receive UHF stations, were hard put to survive. Audiences, advertisers, and networks all gravitated to the VHF stations.¹

The FCC has shown its concern. For example, in deciding whether to eliminate a VHF channel from an area served by UHF stations, the Commission said that one consideration would be: "Whether, taking into account all the local circumstances, the elimination of a VHF channel would be consistent with the objective of improving the opportunities for effective competition among a greater number of stations."²

Probably the most ambitious project of competition-equalization was the promulgation of the regulations on chain broadcasting. Here the Commission was working to equalize competition among agencies it licensed and agencies it did not license. The regulations restricted the number of hours that a network could demand of a station, thus giving

¹For a discussion of the problem, see U. S., Congress, Network Broadcasting, op. cit., passim.

²U. S., FCC, "Amendment of Part 3 of the Commission's Rules and Regulations Governing Television Broadcast Stations," 13 R. R. 1582.

other program sources--including other networks--more ability to compete for a station's time. The Commission stated that it would not license stations having contracts under which the stations promised to broadcast the programs of only one network; this made it more possible for several networks to compete for a station's time. The regulations removed one aspect of network control over a station's rates to non-network advertisers. This made it more feasible for stations to compete with networks for national advertising.¹ The regulations forced NBC to sell one of its radio networks, thus increasing the number of national networks and making it almost impossible for one network to achieve dominance of a market through control of two stations in one town.² Had the network affiliation contracts of 1941 been possible during the advent of television, there would have been only two independent, national television networks instead of three (excluding the now defunct Du Pont network), and the single-station television market would have been denied programs from one of these two networks.

¹U. S., FCC, Report on Chain Broadcasting, op. cit., pp. 91-92.

²Sydney W. Head, Broadcasting in America (Boston: Houghton Mifflin Co., 1956), p. 141.

All the Commission policies in support of competition reach their fullest interplay in the hearings on competitive applications for broadcast facilities. The above considerations may be divided into two general policies: The Commission supports diversification and opposes concentration. In promoting diversification the Commission has looked favorably upon the applicant who controls fewer media of mass communications. But the Commission is not always faced with a clear choice between one applicant who controls other media and another applicant who does not; often the Commission must choose between two applicants, both of whom have extended holdings. For example, in the Richmond Newspapers decision, the Commission noted:

As between two mutually exclusive applicants, preference on the factor of diversification of control of media of mass communications will be given to applicant which controls a clear channel station and two FM stations, one in the city in question and the other in another city, and a 16% stockholder in which, some of whose officers and directors interlock with the applicant, owns a number of motion picture theatres, as compared with applicant which owns the only local newspapers, controls AM and FM stations in the city, and is also connected through stockholders with the only daily newspapers in two other cities and in the state, AM, FM and television stations in another city, and newspapers and AM, FM and television stations in a different state.¹

¹Richmond Newspapers, Inc., et al., 11 R. R. 1234, 1236.

The diversification policy has not been strongly enforced when there was only one applicant for a construction permit.¹

The policy favoring diversification has also been held to disfavor persons connected with networks. In a competitive hearing, an applicant including as a stockholder the President of the Texas State Network was refused a construction permit for a station in Abilene, Texas. One reason given was that as a network president he would wish to build up the audience of an existing network station in Abilene. This might conflict with his desire to use the proposed station as a full competitor with that network outlet.² In considering a grant to Wabash Valley Broadcasting Corporation, the Commission disfavored an applicant because one of the stockholders was an officer of the American Broadcasting Company. His position, it was felt, might create difficulties for other stations in the area that might wish an ABC affiliation; however, the construction

¹For a discussion of this, see "Diversification and the Public Interest: Administrative Responsibility of the FCC," Yale Law Journal, LXVI, No. 3 (January, 1957), 365-96. For instances in which owners with many media in one region were given television construction permits without hearings, see Southern Newspapers, Inc., 10 R. R. 59-60, and Birney Ames, Jr., 10 R. R. 1192-3.

²Abilene Broadcasting Co. et al., 12 FCC 576, 585.

permit was granted.¹

The second prong of the policy against granting new licenses to owners of mass media may be termed a policy opposing "concentration." In considering concentration, the FCC notes the number of mass media owned by the applicant in the vicinity of the facility for which application is made. In these cases the Commission also is concerned with the number of competing media in the area. Concentration is sometimes considered a weaker threat if the area has sufficient media to prevent the applicant's obtaining dominance of mass communications in the area.²

Other aspects of the Commission's concern with competition might be cited; one example would be the study of the competitive effects of licensing stations of more than 50 kilowatts power.³

In harmony with the belief that the public interest standard is paramount in Commission actions, the summary of advantages that the Commission expected to flow from

¹Wabash Valley Broadcasting Corp. et al., 11 FCC 341, 342-3.

²Evansville Television, Inc., et al., 11 R. R. 411, 456-7.

³U. S., FCC, Report on Social and Economic Data Pursuant to the Informal Hearing on Broadcasting, 1938, pp. 56-57.

competition, when given by H. H. Goldin, was almost entirely concerned with advantages to the public rather than to the broadcaster:

The benefits which the Commission expects to flow from competition relate both to the business practices and to the programming of stations. On the business side, the existence of competition is presumed to provide a greater assurance that advertisers, large and small, will receive fair and equitable treatment in obtaining access to radio facilities and that undue concentration of economic power will be avoided. On the programming side the competition of stations vying with one another for audience is expected to encourage programming attractive to the public and reflecting community tastes and needs. Further, by limiting multiple-station ownership and by discouraging cross-ownership of communications media, the Commission seeks to maximize diversity of program sources and ideas, to foster the free flow of news, and to encourage the airing of diverse and conflicting views, attitudes, and opinions in the public interest.¹

From this summary one might gather that the Commission has given little thought to the protection of the broadcaster from trade restraints. But, looking at the Commission policies from another vantage point, it becomes obvious that the broadcaster has been protected in many ways. The deintermixture plans, by removing VHF channels from areas served by UHF stations, have enabled UHF broadcasters to survive; this has been the effect, even if the policy has been pursued

¹Goldin, op. cit., p. 228.

so as to provide better service for the public. The duopoly rules have kept one broadcaster from obtaining dominance through ownership of a number of stations greater than the number owned by other broadcasters in the town. By refusing licenses to persons guilty of illegal trade restraints, the Commission has protected licensees from applicants who would continue such policies as operators of stations. By favoring diversification and opposing concentration, the Commission has protected licensees--to some extent--from combinations of stations that would have such market power as to place owners with few stations at a denials. By considering newspaper ownership as a minus factor in competing hearings for broadcast facilities, the Commission has protected licensees from owners who would use their double ownership as an instrument to achieve dominance over the market. The network regulations gave licensees more freedom to set rates for national advertising. These rules also gave broadcasters more freedom to choose their network and their programming. It will be noted that in most of these cases the existing licensee has been given some protection through the denial of a request made by a newcomer or non-licensee. It should also be remembered that all these denials have been made in the name of protection of the public's interest

in better service.

In one area the existing broadcaster has not been protected, and the licensee has almost invariably been denied a request in order to grant a privilege to a new-comer. In this area, it is the public interest which the Commission has held supreme. The protection of the existing licensee has rarely been granted in cases involving economic injury pleas. It is the Commission's policy toward economic injury that is most relevant to this study, and this matter is treated in detail in the next section of this chapter.

Economic Injury: The Heavy Burden of Proof

It might be well to begin this discussion of the Commission's attitude toward the entry of new stations with a statement of some of the major features of policy that have remained fairly constant throughout the Commission's history. First, in dealing with the pleas of broadcasters that they will be injured by new competition, the Commission has consistently held that the public's interest must be the controlling consideration. This will be evidenced by many cases cited below. Second, the Commission has often ruled that a plea of economic injury is speculative; the effects of competition, according to the Commission, depend

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upon too many variables to allow for a decision in a hearing. Third, the Commission has usually been willing to listen to a broadcaster's claim. Fourth, the Commission has usually given the broadcaster the burden of proof in economic injury proceedings.

The years before 1940 may be considered the era in which the Commission was seeking a principle for dealing with economic injury cases. During most of this period the Commission had one policy that had the effect of sometimes protecting an existing licensee from new competition. This was the policy of deciding whether a community needed a new station. Although there are a number of cases in which need was not established and in which the existing radio station did not get its new competitor, a close examination of many of these instances reveals that the construction permit was often refused on several grounds along with lack of need. One of the earliest cases occurred in 1930. A station in Abilene, Texas, protested to the Federal Radio Commission, the FCC's predecessor, that there was not "sufficient patronage to support two such stations."¹ The Court of Appeals noted that the existing station had failed to

¹ Ansley v. Federal Radio Commission, 46 F. (2d) 600.

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render "efficient service" and that "much objectionable matter had been broadcast." Even so, the fact that the new station would create interference, the fact that Texas had its share of stations, and the FRC's statements that neither the needs nor economic support could justify the new station were followed by the court's agreement with the FRC's refusal of a grant.¹ An application for a fourth station in San Diego, California, was refused because of insufficient need, but other grounds for the decision were insufficient planning and newspaper ownership.²

On the other hand, in spite of the protest of a station in Rock Island, Illinois, the Commission decided that there was a need for the Palmer School of Chiropractic (Call letters KICK) to establish a station in nearby Davenport, Iowa.³ Likewise, a need was established over the protests of an existing licensee in the matter of F. W. Atkinson who wished to operate a station in Watsonville, California.⁴ Need was not established, and a grant was not

¹ Ibid., pp. 600-601.

² Union Tribune Publishing Co., 3 FCC 451-53.

³ Red Oak Radio Corp. (KICK) et al., 1 FCC 163-66.

⁴ F. W. Atkinson, 3 FCC 137-141.

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made to the Colonial Network which wished to have a station in Providence, Rhode Island. The refusal was made partly because the parent corporation of the Colonial Network already controlled one station in Providence; thus, as the Commission said, the grant would not "have the effect of establishing or augmenting competitive conditions."¹

The doctrine of need was dropped finally in the matter of F. W. Meyer who in 1938 asked to operate the sixth station in Denver, Colorado. Two Denver stations intervened in the proceeding, and at first the FCC ruled against Meyer saying that there was no need for another station:

The applicant has not sustained the burden placed upon him by showing that the existing stations in the city are not adequately supplying the local needs of the community as to program service, and that the proposed station would fill said need. The fact that there are a number of business firms that desire the use of proposed station for advertising purposes, and that a good many of them cannot afford to pay the rates charged by the existing stations and would buy time over the proposed station at the lower rates proposed, does not in itself justify the granting of the additional facilities sought.²

In 1939 the Commission reversed itself and said: "It should be noted that nothing in the Communications Act, our rules

¹ Colonial Network, Inc., 5 FCC 654, 659-664.

² F. W. Meyer, 7 FCC 544, 550.

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and regulations, or our policy requires a finding of a definite need to support the grant of an application."¹

In one sense the decisions of the thirties are quite different from the decisions of later years. The difference lies in the repeated willingness of the Commission during its first years of existence to decide whether a community could support an additional station. For example, in refusing a construction permit for a station in Fall River, Massachusetts, the Commission said:

There is nothing in the testimony before the Commission to encourage the belief that two local broadcast stations in Fall River would find sufficient financial support to sustain themselves, nor that the existing station could survive the reasonably expected rivalry of the Fall River Herald News Publishing Company, and since the performance of the existing station is acceptable and sufficient the application for permit to construct another station should be denied.²

In the matter of Saginaw Broadcasting Company, the FCC declared that "The establishment of more than one station would not be economically justified."³ It has been noted above that the FRC refused a second station in Abilene, Texas, partly upon the ground that, as the Court of Appeals

¹ F. W. Meyer, 7 FCC 551, 558.

² Fall River Herald News Publishing Co., 5 FCC 377, 381.

³ Saginaw Broadcasting Co. et al., 4 FCC 110, 115.

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paraphrased the Radio Commission: ". . . neither the radio needs nor the economic support of Abilene and vicinity justified the construction and operation of such a station as was applied for by appellant."¹

The first economic injury cases reflect the indecision of both the Commission and the courts on four related issues; three of these issues would be decided in 1940 when the Supreme Court would hand down its verdict in the Sanders Brothers case. The first issue involved whether the broadcast industry should be considered a public utility. This was not an academic question. If broadcasting should be considered a utility, then the FCC had the task of considering the effects of competition; public utilities were subject to regulation by the government of rates and profits. In one way broadcasting was like the utilities; it was under the standard of public interest, convenience, and necessity.² Two decisions of the Court of Appeals will show the conflict within the judiciary. In the Pulitzer case, the Court said that broadcasting was not, in every sense, a utility:

¹Ansley v. Federal Radio Commission, 46 F. (2d) 600-601.

²For a discussion of this, see Robert D. Heinl, "Is a Broadcasting Station a Public Utility?" Public Utilities Fortnightly, VI, No. 6 (September 18, 1930), 344-349.

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But we have never said that a radio broadcasting station is a public utility in the sense in which a railroad is a public utility. Generally speaking, that term comprehends any facility employed in rendering quasi public service such as waterworks, gas works, railroads, telephones, telegraphs, etc. The use and enjoyment of such facilities the public has the legal right to demand; but its right to the use and enjoyment of the facilities of a privately owned radio station is of a much more limited character. . . . But the power of Congress has not yet been extended to the point of fixing and regulating the rates to be charged by the licensee or the establishment of rules requiring it to serve alike the entire public in the use of its facilities. Nor has Congress assumed the right to limit the profits on the basis of its investment or otherwise.¹

In the Yankee Network case, the Court compared the situation to that existing under the Transportation Act in which the Interstate Commerce Commission was given power to consider economic factors in dealings with the nation's transport facilities.² In the 1935 Jenny Wren case also appears a comparison of broadcasting to transport in this dissenting opinion:

In these circumstances it may be said, somewhat as was said by Mr. Justice Brandeis of a like condition in the transportation field, the act recognizes the preservation of the earning capacity, and conservation of the financial resources, of the individual broadcasting station as a matter of national concern, for the

¹Pulitzer Publishing Co. v. Federal Communications Commission et al., 94 F. (2d) 249, 251.

²Yankee Network, Inc., v. Federal Communications Commission, 107 F. (2d) 212, 220-222.

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reason that the property employed must be permitted to earn a reasonable return or the system will break down; thus indicating, as it seems to me, an identical or reciprocal interest between the owner and the public, in which it is the right of either to see that competition between stations is not carried to the point of destruction.¹

And if the courts and the Commission were to protect the interests of licensees, was it possible to predict the harm that competition would cause? This was the second issue upon which there was conflict during the thirties. It has already been noted that the Commission seemed to consider itself able to decide whether there was sufficient support for an additional station. In 1933, the Court of Appeals accepted the FRC's decision concerning an additional station near Omaha:

. . . it does not appear that the operation of the applicant station in the Omaha area would to any appreciable extent curtail the advertising business of appellants, or that there is not sufficient business in that area to care for the advertising needs of all interested stations.²

Later that same year the court rejected a plea that a grant of additional hours to an existing station would harm another

¹Sykes et al. v. Jenny Wren Co., 78 F. (2d) 729, 734.

²Woodmen of the World Life Insurance Association (Station WOW) v. Federal Radio Commission et al., 65 F. (2d) 484, 485.

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licensee. The Court said that the plea of economic injury was "so vague, problematical, and conjectural as not to furnish a present substantial objection to the Commission's decision."¹ It should be added that the verdict turned upon a number of other grounds.²

The third issue centered around the matter of intervention in proceedings. Could a licensee pleading economic injury protest before the Commission made a grant to another party, or must a licensee wait until after the grant was made and then carry its protest to the Court of Appeals? The Jenny Wren case illustrates the division of opinion. The Commission said that the Jenny Wren Company which operated a station near Kansas City must wait until after the grant of additional hours to a Kansas City station was made. The Court of Appeals agreed, but there were two justices who dissented.³

The fourth issue was perhaps the most crucial. Was it necessary for the licensee to plead that the public would be injured, or could he protest merely that he himself would

¹WGN, Inc., v. Federal Radio Commission et al., 68 F. (2d) 432, 433.

²Ibid., pp. 432-34.

³Sykes et al. v. Jenny Wren Co., 78 F. (2d) 729-35.

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suffer? WGN had not protested that the public would suffer;¹
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 injury to the public:

. . . we are by no means in agreement with the contention frequently urged upon us that evidence showing economic injury to an existing station through the establishment of an additional station is too vague and uncertain a subject to furnish proper grounds of contest. On the contrary, we think it is a necessary part of the problem submitted to the commission in the application for broadcasting facilities. In any case where it is shown that the effect of granting a new license will be to defeat the ability of the holder of the old license to carry on in the public interest, the application should be denied unless there are overweighing reasons of a public nature for granting it.²

But in the Yankee Network Case, the court--while not ignoring the public interest standard as a criterion--favored protection of the "equities" of existing stations:

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 part. The Commission has control of that situation, by virtue of its power to grant or deny licenses.³
 [Emphasis in the original.]

¹WGN, Inc., v. Federal Radio Commission et al., 68 F. (2d) 432-34.

²Great Western Broadcasting Association, Inc., v. Federal Communications Commission et al., 94 F. (2d) 244, 248.

³Yankee Network Inc., v. Federal Communications Commission, 107 F. (2d) 212, 219.

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The court gave an extremely high priority to the protection of licensees:

The rapidly increasing number of stations and the resulting competition for advertising as well as program "talent" has just as dangerous possibilities as electrical interference. The public interest requires not merely that a maximum quantity of minimum quality service shall be given. If competition is permitted to develop to that extent, then "the larger and more effective use of radio in the public interest" cannot be achieved.¹

The policies and precedents were difficult to find. In what sense was radio like a public utility? When should a licensee be allowed to protest? Should any injury to him be considered enough to justify withholding a license from another applicant, or was it necessary for him to demonstrate injury to the public? And could the Commission or the Court determine whether a licensee would, in fact, be injured by the grant? One year after the 1939 Yankee Network decision came a Supreme Court verdict that provided many of the answers.

In 1936, before the Yankee Network case, the Telegraph Herald in Dubuque, Iowa, began a legal process that was to last five years and that would be the landmark case in economic injury. Two applications reached the Commission within a few months of each other; the Telegraph Herald applied for a construction permit to build a radio station

¹Ibid., p. 223.

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⁴ Ibid

in Dubuque, Iowa, and the Sanders Brothers Radio Station asked permission to move from East Dubuque, Illinois, to Dubuque, Iowa. The FCC gave Sanders Brothers permission to plead economic injury in the original 1936 hearing on whether the Telegraph Herald should be given a construction permit,¹ but the Commission did not deny the Telegraph Herald a construction permit. Thus Sanders Brothers took its plea to the Court of Appeals, and claimed:

The Commission erred in failing to find that the operation of the station proposed in Dubuque, Iowa by the Telegraph Herald will result in a financial and economic injury to the appellant, will result in a large loss of operating revenue to the appellant, will further increase its net losses, will impair the service rendered by the appellant to its listening audience, and will destroy the ability of the appellant to render programs of high type and in the public interest.²

Justice Groner, one of the judges in the Great Western Case, took part in the Sanders Brothers case.³ The court said that the Commission was obligated to make findings of fact on the matter of economic injury.⁴ And the decision included

¹Telegraph Herald (KDTH), 8 FCC 389, 390-91.

²Sanders Brothers Radio Station v. Federal Communications Commission, 106 F. (2d) 321, 323.

³Ibid.

⁴Ibid., p. 324.

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some familiar sentiments from the Great Western case:

On application for license to construct radio broadcasting station, the Communications Act of 1934 contemplates that consideration shall be given to equities of existing stations, and where it is shown that the effect of granting a new license will be to defeat the ability of the holder of an old license to carry on in the public interest, the application should be denied unless there are over-weening reasons of a public nature for granting it.¹

But the Sanders Brothers affair was not ended. The case went to the Supreme Court where the FCC argued that economic injury is not a basis for refusing a license and that Sanders Brothers was not a party aggrieved with standing to carry a plea to the Court of Appeals.² In 1940, Mr. Justice Roberts delivered the opinion. Sanders Brothers did indeed have standing to protest, he reasoned:

Congress had some purpose in enacting Section 402(b)(2) [a section of the Communications Act governing the right of appeal]. It may have been of opinion that one likely to be financially injured by the issue of a license would be the only person having a sufficient interest to bring to the attention of the appellate court errors of law in the action of the Commission in granting the license.³

¹ Ibid., p. 321.

² Jacob W. Mayer, "Sanders Brothers Revisited: Protection of Broadcasters from the Consequences of Economic Competition," Kentucky Law Journal, XLIX, No. 3 (Spring, 1961), 376.

³ Federal Communications Commission v. Sanders Brothers Radio Station, 309 U. S. 470, 476-77.

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But the broadcasting industry was not a utility; the Commission, Justice Roberts said, did not have the power to regulate the licensee's business dealings as is done with utilities.¹ The verdict also included two paragraphs that would provoke a quarter-century discussion concerning whether the first paragraph or the second was more important. The words of the second paragraph would appear with little change in many future pleas of economic injury:

Resulting economic injury to a rival station is not, in and of itself, and apart from considerations of public convenience, interest, or necessity, an element which the Federal Communications Commission must weigh, and as to which it must make findings, in passing on an application for a broadcasting license.²

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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, and, indeed, the Commission's practice shows that it does not disregard that question. It may have a vital and important bearing upon the ability of the applicant adequately to serve his public; it may indicate that both stations--the existing and the proposed--will go under, with the result that a portion of the listening public will be left without adequate service; it may indicate that, by a division of the field, both stations will be compelled to render inadequate service.³

¹Ibid., pp. 474-75.

²Ibid., p. 470.

³Ibid., pp. 475-76.

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That decision did not resign the Sanders Brothers Radio Station to its fate. From Sanders Brothers came a quick, new plea of economic injury with words startlingly similar to those of the Supreme Court:

The granting of the Telegraph Herald application will adversely affect the public interest in that because of the competitive situation, either (a) petitioner's station and the proposed Telegraph Herald station will both go under, thus leaving the listening public without adequate service, or (b) petitioner's station and the proposed Telegraph Herald station will both be compelled to render inadequate service, or (c) one of the two stations will go under with the public receiving inadequate service from each during the period they both continued in operation.¹

The protest was answered with one of the Commission's rationales for a belief that competition improves program service:

The Commission cannot assume this consequence, especially since it has been the Commission's experience that the addition of a competitive station in a community does not bring about the disastrous results predicted by petitioner. On the contrary, as a general matter, competition usually stimulates advertising. This is so because, as the Commission has frequently stated, competition in radio broadcasting means, insofar as listeners in a particular community are concerned, a wider choice of programs. A heightened listener interest may very well result in a greater amount of advertising expenditures because of increased listener hours resulting in increased revenues for both stations.²

¹Telegraph Herald (KDTH), 8 FCC 389, 393.

²Ibid., p. 395.

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Thus the Sanders Brothers' plea was denied, and after five years of litigation the Telegraph Herald was free to build its station in Dubuque.

A few months later came World War II, and following the war radio stations flowered. No doctrine of need was in existence to slow down the growth. The major policy that protected broadcasters from new competition was the Communications Act requirement that applicants for broadcast construction permits be financially qualified.¹ The FCC determined that new owners should be able to operate for a period until revenues could put the stations on a profit-making basis.² This policy also had the effect of helping to guarantee that competition would be effective; the newcomer would have sufficient resources to withstand the onslaught of competition from the established station during the first months of operation. Although some stations were refused construction permits for lack of financial qualifications, the number of radio stations tripled between 1946 and 1960. From 996 stations in operation in 1946 the number

¹Section 308(b), Communications Act of 1934, 1 R. R. 10:88.

²"Engineered Births for Radio," Broadcasting, January 14, 1963, pp. 29-30.

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grew to 3,451 in 1960.¹ This did not include FM or television stations. And during this period some radio income disappeared; radio income before taxes declined from \$57,122,000 to \$51,281,000.² One thing that did not disappear was the economic injury case.

In answer to a 1948 protest from Cullman, Alabama, the Commission affirmed a policy not specifically authorized in the Sanders Brothers decision. Station WKUL followed the relief-promising argument in the Sanders case. It pleaded that a second station would be against the public interest in that it would result in the destruction of the older station, the depreciation of the quality of service rendered by station WKUL, or the discontinuance of the proposed new station because of insufficient revenues to cover its cost of operation.³

The Commission delivered a detailed exposition of its belief that the result of allowing a second station

¹Address by Frederick W. Ford, Commissioner, Federal Communications Commission, before the Kentucky Broadcaster's Association, October 19, 1961, p. 1. (Mimeographed.) The figures exclude network owned and operated stations.

²Ibid., p. 2.

³L. E. Duffey and B. C. Eddins, d/b as The Voice of Cullman, 14 FCC 417.

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to operate in a community could not be foreseen. After this, the FCC declared: ". . . the Commission has determined that, as a matter of policy, the possible effects of competition will be disregarded in passing upon applications for new broadcast stations."¹

In the early fifties, the Court of Appeals for the District of Columbia delivered a decision that was a harbinger of things to come. When the FCC granted a construction permit for a Dallas station that would cause a station in Durant, Oklahoma, to lose as much as 41% of its listeners, the Durant station protested. The court cited the Sanders Brothers decision, and said that mere loss of profit to an existing radio station would not be an adequate basis for denying a license to a newcomer. The court added that if the grant of the license would make it financially impossible for the existing station to continue operations or to maintain a high level of service, the resultant loss of service might be adverse to the public interest and warrant denying the new license. The principle would apply, the court said, in cases like this one in which the station would be harmed through interference from

¹L. E. Duffey and B. C. Eddins, d/b as The Voice of Cullman, 14 FCC 770, 776.

another station. The case was remanded to the Commission.¹

In 1952, one event made intervention with an economic injury plea simpler for the broadcaster. An addition to Section 309 of the Communications Act made it possible for a "party in interest" to intervene under certain circumstances in cases involving grants made without hearings.² Four years later, when the Commission denied intervention in a hearing to a party pleading economic injury, the Court of Appeals struck down the Commission's denial and said: "The Commission may not deny intervention to a party in interest who makes timely application therefor, merely because it thinks his participation would not aid its decisional process, nor require the application to show that intervention will be of positive assistance to the Commission in determining whether the public interest will be served by a grant."³

The Commission, swimming against the tide of economic injury cases, took two more steps to decrease

¹Democratic Printing Co. v. Federal Communications Commission et al. 202 F. (2d) 298, 302fn., 305.

²"Economic Injury Charges Delay Three More Grants," Broadcasting, April 13, 1953, p. 48.

³Elm City Broadcasting Corp. v. United States et al., 13 R. R. 2199.

broadcasters' hope of success. First, when two stations in Laurel, Mississippi, protested the grant of a third station, the FCC emphasized once again the speculative nature of any allegations of injury:

The possibility that competition between radio stations may result in detriment to the public by reason of lowered quality of program service or the complete elimination of one of the competitors is, as a practical matter, a fact which is incapable of proof. Even if these possible effects were capable of proof, it is doubtful whether they should prevent the Commission from issuing a license to an otherwise qualified applicant. However, oral argument will be held on the policy and legal questions raised.¹

Then the Commission dealt with the statement in the Sanders Brothers decision which implied that the effect of competition should be considered. The Court had said: "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, . . ."²

The FCC interpreted the statement as follows:

As we see it, the Court at this point in the Sanders opinion was not so much directing the Commission as to what factors it must consider, but rather re-serving the question of whether such factors should be considered--which was not then before the Court--

¹Carrol F. Jackson and D. N. Jackson, d/b as American Southern Broadcasters (WPWR), 11. R. R. 1054.

²Federal Communications Commission v. Sanders Brothers Radio Station, 309 U. S. 470, 475-76.

for further deliberation by the Commission. Our deliberations lead us to the conclusion that consideration of such factors would, in fact, be contrary to the entire regulatory scheme, as laid down by Congress in the Communications Act, which is designed for a competitive broadcasting industry and not for an industry where government seeks to guarantee a business enterprise greater security than it can obtain by its own protective ability.¹

The Commission elaborated on this interpretation in an answer to a protest from Cleveland, Tennessee. And after a detailed restatement of its belief that broadcasting was intended by Congress to operate on a competitive basis, the Commission declared: "We take this opportunity now to disclaim any power to consider the effects of legal competition upon the public service in the field of broadcasting."² The Sanders Brothers case had made it clear that injury to a broadcaster was not a reason for refusing a license; now the Commission was saying that it could not consider the public interest harm that might be involved in such competition.

That disclaimer lasted 16 months. On July 10,

¹Carrol F. Jackson and D. N. Jackson, d/b as American Southern Broadcasters (WPWR), 11 R. R. 1054, 1057.

²R. B. Helms, Carl J. Hoskins, and Jack T. Helms, d/b as Southern Enterprises (WCLE), 22 FCC 605, 612.

1958, the Court of Appeals stripped away the rulings in the American Southern and Southeastern Enterprises matters to reaffirm the opposing interpretation of the Sanders Brothers doctrine. The case involved a grant of an AM station in Bremen, Georgia, which was approximately 11 miles from a station in Carrollton. The Carrollton station claimed that it would be forced to give up some of its public service programs if the new station went on the air. After the FCC refused relief, the Court took the case and said: "We hold that, when an existing licensee offers to prove that the economic effect of another station would be detrimental to the public interest, the Commission should afford an opportunity for presentation of such proof and, if the evidence is substantial (i.e., if the protestant does not fail entirely to meet his burden), should make a finding or findings."¹

The FCC then took the matter and attempted to determine whether the public would be injured if the station in Bremen, Georgia, were built. The Carrollton station maintained that its audience would be diverted, and its ability to sell advertising would be reduced. The new

¹Carroll Broadcasting Co., Appellant, v. Federal Communications Commission, Appellee, 258 F. (2d) 440-43.

station's presence would force advertising rates downward with a resultant reduction in income. This would cause the station to discard certain unsponsored programs. Staff size would decrease, and the first person to be eliminated would be the part-time employee who worked on "College in the Country," an adult education program. The second staff member to go would be the local news editor.¹ To all this the FCC responded:

. . . protestant has overlooked or minimized the fact that even if these conditions were to materialize, the public would also be acquiring a new service and a choice of services in compensation for the loss of some WLBB programs. This is a persuasive factor in the Commission's mind. To be weighed against the speculative injury to the public interest from competition is the real and permanent injury to the public resulting from the restriction of competition.²

The station in Bremen was given its construction permit.³

During the fifties, while the Commission was maintaining its inability to consider economic injury in AM radio, a situation in television gave rise to some developments that, at first glance, seem to contradict the FCC's radio policy. It soon became apparent that UHF television stations had difficulty remaining on the air

¹West Georgia Broadcasting Co. (WWCS), 27 FCC 161, 166-67.

²Ibid., p. 174.

³Ibid.

when VHF television signals were available to the UHF stations' audiences.¹ The FCC, by 1954, had authorized 236 commercial UHF stations, but only 124 were on the air; by 1957, only 86 commercial UHF stations were operating. During these three years the number of commercial VHF stations on the air increased from 256 to 389.²

Because of the problems faced by UHF licensees, the Commission seemed to offer more protection to UHF stations than was given to radio licensees. In one case, for example, a VHF station in Louisville, Kentucky, wanted to move its transmitter so as to give Lexington its first grade A VHF service. Lexington had two UHF stations, both of which had undergone losses.³ One of these UHF stations was affiliated with the network that the VHF station would provide. The Commission decided not to allow the VHF station to provide service to Lexington; the hearing examiner's reasons were:

Whether either or both of the UHF stations in Lexington will survive the impact of a grant of WHAS' proposal cannot be predicted with accuracy. It is certain, however, that a grant would adversely

¹U. S., Congress, Network Broadcasting, op. cit. pp. 31-33.

²Ibid., p. 31.

³WHAS, Inc. (WHAS-TV), 31 FCC 273-77.

affect the ability of these stations to continue to obtain national advertising. For with the coverage the proposed operation of WHAS would have in the Lexington area, it would be possible for national advertisers by purchasing only WHAS to have access to a market it now may reach only by purchasing one of the existing Lexington UHF stations in addition to a Louisville VHF station. The advertiser under such circumstances may find it more economical to do so. Moreover, the impact the proposed operation would have on station WKYT is even more self-evident since these stations now are affiliated with the same network. The denial of the WHAS proposal will make it more likely that such stations can survive.¹

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It would appear and it is concluded that in the instant case the public interest requires the preservation of the UHF services in Lexington, Ky., free from the competitive impact which would result if the present application of WHAS should be granted.²

The Court of Appeals, in another case, forced the Commission to postpone its decision that a predominantly UHF area should receive an allocation--not a grant of a construction permit--of a second VHF station. In the Greylock case, the public interest was a major factor, but loss to Greylock was clearly another:

It is quite clear that, if the new allocation of a VHF station is made temporarily, all of Greylock's plans, programs, and commitments, both for revenue and for expenditure, must be upon a conditional basis; its future is undetermined. . . . Obviously operation upon such a basis causes losses in comparison to operation absent such pending contingencies; and

¹ WHAS, Inc., 31 FCC 286, 367.

² Ibid., p. 368.

that such losses cannot be recouped is also obvious.¹

No public interest is served by an immediate allocation. Under present allocations the area is predominantly--seven to one--UHF. Only one VHF station is operating, and some of the national networks in their competition with one another must use one of the two UHF stations now in operation. The public has bought and is buying its receiving sets in the light of those facts. . . . If the Commission decides to allocate permanently another VHF channel, it seems to be agreed that the UHF stations will fold.²

The court refused to vacate its earlier stay of an FCC order that would have allocated Channel 10 to Vail Mills, New York. The stay was to remain in effect until the FCC decided whether and to what extent it wished to make areas all UHF or all VHF.³

In another case, however, UHF stations were not granted cancellation of VHF license grants. The verdict differed from that of the Greylock case, in which the UHF stations had no way of knowing that the Commission would later "drop-in" a VHF outlet. In the Coastal Bend case, the VHF allocations had been provided before the UHF stations began operation; thus, they had been warned that they might

¹ Greylock Broadcasting Co., Petitioner, v. United States of America and Federal Communications Commission, Respondents, 231 F. (2d) 748, 749.

² Ibid., p. 750.

³ Ibid., p. 748.

later receive VHF competition.¹

The WHAS and Greylock cases would give the impression that the FCC and the court were departing from precedent by protecting UHF licensees more than they were protecting the licensees of AM radio stations. But the distinction is illusory. In the first place, the basic principle upon which both types of cases were decided was the same; the Commission was protecting the UHF licensees in order to provide more competition and to promote the public interest. This was expressly stated in the Commission's decision to remove allocation of a VHF channel from Elmira, New York:

It should be emphasized that in deleting Channel 9 from Elmira our primary purpose is not to insure the profitable operation of particular UHF licensees. Rather, we wish to ensure more effective competition among a greater number of stations in order that the public in Elmira and the surrounding area will be afforded more and better television service.²

A second reason for treating AM radio and UHF television cases differently lay in the fact that there was less speculation concerning the fate of UHF-VHF competition than in the case of an AM radio station competing with another AM station. UHF stations were finding it difficult to compete

¹ Coastal Bend Television Co., Appellant, v. Federal Communications Commission, Appellee, 231 F. (2d) 498.

² "Amendment of section 3.606, Table of Assignments, Television Broadcast Stations," 22 FCC 315.

with VHF stations for very specific reasons: the ability to reach fewer homes because television sets were not equipped for UHF, the smaller coverage area of the UHF station, and the consequent difficulty of obtaining network affiliation because the networks wished their programs to reach the largest possible number of homes.¹ A related difference between the radio and television cases lay in the pleas made. Radio licensees often based their appeals on deterioration of service; some UHF licensees pleaded that their stations would quite likely be forced off the air. This difference is one of degree; as has been noted above, many of the radio licensees also claimed that they would be forced to suspend operations.

In following the mandate of the Carroll decision, the Commission continued to receive economic injury cases. In a protest concerning an application for a second AM station in Auburn, New York, the Commission stated that, if the town should have only one station, the FCC should decide whether the new station or the old would better serve the public interest. The protesting station was required to submit a renewal application so that the Commission could compare

¹U. S., Congress, Network Broadcasting, op. cit., pp. 221-23.

the service to the public that would be rendered by the two.¹
The protest was dropped.²

When television broadcasters in 19 cities complained of the impact from various types of community antenna systems, repeaters, satellite stations, and translators that brought to smaller markets the signals of distant TV stations, the Commission investigated the matter and agreed to consider, following the Carroll decision, the protests of economic injury on a case by case basis.³ Some of these systems were outside the Commission's power and could not be regulated by the FCC.⁵ The broadcasters complained that when national advertisers knew they could reach a small market through one of these systems, the advertisers would buy time on the metropolitan station carried to the smaller market by the system in preference to using the local television station.⁵ Too, the national advertisers were often unwilling to provide

¹Herbert P. Michels (WAUB), 17 R. R. 557-560.

²Atom Broadcasting Corp. (WAUB) et al., 17 R. R. 560d.

³"Inquiry Into the Impact of Community Antenna Systems, TV Translators, TV 'Satellite' Stations, and TV 'Repeaters' on the Orderly Development of Television Broadcasting," 26 FCC 415, 436-37.

⁴Ibid., p. 412.

⁵Ibid., p. 413.

network programs for the television stations in small markets. When the network programming was carried to the town through some kind of repeater, network advertisers became even more unwilling to provide programming for the local station.¹ The Commission felt that programs from distant stations were no substitute for a local station that could serve the individual needs of the community and could bring programs to rural people who would not or could not be served by the auxiliary systems.²

Pursuant to this preference for the local television station, the FCC, in February, 1962, denied a microwave grant to Carter Mountain Transmission Corporation through fear of harm to the public interest from damage to the local television station in Riverton, Wyoming. The Commission, in explaining its decision, carefully picked its way to the root issue in the case:

As was pointed out by the case of Carroll Broadcasting Co. v. FCC, . . . injury to a licensee is not necessarily injury to the public, nor is the private economic injury to a licensee by any means always, or even usually reflected in public detriment. Thus, the economic injury to the licensee standing alone was not the motivating factor which warranted the action taken by the Commission in this proceeding. However,

¹Ibid., p. 414.

²Ibid., p. 412.

when the economic impact is of such a nature as to result in an adverse effect on the public interest, then it is incumbent upon the Commission to make a determination as to where the best over-all public interest lies.¹

The decision did not flatly deny Carter Mountain the facility it sought; the FCC said that the application would be reconsidered if Carter Mountain would insist that the CATV avoid duplicating the local station's programming and would carry the local signal.² In May, 1963, the Court of Appeals upheld the Commission's refusal of the grant.³

During the early sixties a number of spokesmen both for broadcasting and for the Commission had wondered if perhaps too many AM radio stations had been licensed. FCC Commissioner Robert E. Lee suggested a moratorium on AM applications.⁴ Commissioner Frederick Ford questioned whether the "free wheeling grants" were actually serving the public interest on an overall basis.⁵ LeRoy Collins,

¹Carter Mountain Transmission Corp., 22 R. R. 194h, 194i-194j.

²Carter Mountain Transmission Corp., 22 R. R. 193, 194e-194f.

³"FCC Upheld in CATV Case," Broadcasting, May 27, 1963, p. 64.

⁴"Lee Recommends Freeze on New AMs," Broadcasting, May 15, 1961, p. 84.

⁵Address by Frederick W. Ford, op. cit., p. 8.

President of the National Association of Broadcasters, said that his views differed from those of the then FCC Chairman, Newton Minow.

I could not be in more disagreement with Chairman Minow, who has said he feels the road to better programming in broadcasting lies through additional stations on the air and additional competition. If he will check, I believe he will find that where there is a reasonable number of radio licenses in a market, the services generally are superior. The reason is that good operators can earn enough with a reasonable amount of advertising at reasonable rates to allow for reasonable public-service efforts. Increasing competition beyond the reasonable-support potential in any community does not produce better programming or better broadcasting. In fact, experience shows the very opposite to be true.¹

FCC Commissioner Rosel Hyde warned broadcasters against seeking government protection against competition because of the regulation of business operations that might follow such a policy.²

In May, 1962, the Commission's concern over the possible overpopulation of the United States by AM stations was translated into a partial freeze on acceptance of

¹LeRoy Collins, "Freedom Through Responsibility," Freedom and Responsibility in Broadcasting, ed. John E. Coons, (Evanston: Northwestern University Press, 1961), pp. 11-12.

²"Hyde Hoists Warning Flag," Broadcasting, December 11, 1961, p. 69.

applications for AM construction permits.¹ At the suggestion of Newton Minow, the Commission, in January, 1963, met with representatives of the National Association of Broadcasters to determine whether the number of AM radio stations should be permanently limited. The NAB recommended three steps:

- (1) stricter engineering standards which would have the effect of making a construction permit more difficult to obtain,
 - (2) the encouragement of mergers, and (3) stricter requirements of financial ability to construct and operate the station.²
- This third requirement, like the first, would slow the growth of the number of licensees.

This chapter has documented the fact that a number of broadcasters have complained that their service would deteriorate if competition were increased. Also, a number of cases have been cited to show that the FCC, in dealing with these complaints, has considered the broadcasters' appeals "speculative" and has been reluctant to refuse the entry of a competing medium in view of the clear congressional intent that broadcasting should operate on a competitive basis.

¹27 Federal Register, 4626-28.

²"Engineered Births for Radio," Broadcasting, January 14, 1963, pp. 29-31.

The cases have repeatedly included statements by the Commission to the effect that injury to the broadcaster is not a basis for a plea; only an injury to the public can justify a refusal of a construction permit to an applicant. The public interest is the paramount standard upon which all such pleas must be judged.

The next question to be answered is: How might competition affect the program service in AM radio? Chapter III of this study is an attempt to provide reasons to support the belief that competition could be followed by one change that the Commission would consider a deterioration of program service. The change discussed in the next chapter is, of course, only one of many possibilities.

CHAPTER III

THE AM RADIO BROADCASTER AND HIS FIRST LOCAL

RADIO COMPETITION: A RATIONALE

Because this study rises directly from a belief that two FCC policies may conflict, it seems necessary to begin by substantiating the existence of the policies.

First, the Federal Communications Commission and its predecessor, the Federal Radio Commission, have both gone on record as favoring a "balanced" or "diversified" program schedule for broadcasting stations. As early as 1929 in the third annual report of the Federal Radio Commission, appears the statement:

The entire listening public within the service area of a station, or of a group of stations in one community, is entitled to service from that station or stations. If, therefore, all the programs transmitted are intended for, and interesting or valuable to, only a small portion of the public, the rest of the listeners are being discriminated against. This does not mean that every individual is entitled to his exact preference in program items. It does mean, in the opinion of the commission, that 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 questions, weather, market reports, and news, and matters of interest to all members of the family find a place.¹

This statement is quoted at length for two reasons. First, it includes the major reason for which the Commission continued to favor program balance, the desire for service to minority groups. Second, the statement enumerates the program types that the Federal Communications Commission would also wish to have included in schedules; later they would be called entertainment, news, religious, agricultural, educational, discussion, and talks.²

The classic statement of a need for program balance may be found in the 1946 "Blue Book" in which the Commission again said that the broadcaster should serve the needs of minority groups as well as majorities.³ And in 1957 the Commission said that it placed "primary reliance upon a balanced format containing suitable amounts of the several categories and types of programs."⁴ Indeed, the reliance

¹U. S., FCC, Third Annual Report of the Federal Radio Commission (Washington: U. S. Government Printing Office, 1929), p. 34.

²U. S., FCC, "Application for Renewal. . ." op. cit.

³U. S., FCC, Public Service Responsibility of Broadcast Licensees (Washington: U. S. Government Printing Office, 1946), pp. 12-15.

⁴Mike M. Vukelich, E. E. Krebsbach, and Robert E. Coffee d/b as Hi-Line Broadcasting Co. et al., 22 FCC 891, 914.

upon these program categories has been such that station license renewals have, from time to time, been postponed because the stations revealed in their license renewal applications that the station schedules contained insufficient amounts of certain program types. For example, in charging a group of Atlanta stations with program imbalance, the Commission stated: ". . . it has been the experience of the Commission that minimal showings for agricultural, educational, discussion and talk programs in the program structure are sometimes indicative of the failure on the part of the licensee to maintain a program service designed to serve the needs and interests of the community."¹ Thus, in summary, the Commission has considered program balance a major--and perhaps a primary--criterion in judging the program service of broadcast licensees.

The extent to which the Commission has adopted various policies to encourage competition has been documented in the previous chapter. What has not been documented in this paper is the often-stated belief of FCC personnel that competition improves programming. In the early Presque Isle matter, the

¹U. S., FCC, unpublished letter, quoted in "Atlanta Stations Prepare Defense to Program-Imbalance Charge," Broadcasting, April 14, 1958, p. 62.

Commission reasoned: "It is implicit in the idea of free competition that public interest cannot possibly be adversely affected by the failure of an existing station to survive due to increased competition, because this result cannot follow unless the new station's competitive efforts enable it to render a superior public service."¹ Ten years later the FCC ruled: "It is the judgment of Congress that the competition between stations to survive furnishes the best incentive to render the best possible service."² The Report on Chain Broadcasting declared that "competition is the incentive for both the old and the new to develop better services."³

While these statements were being made, some members of the Commission had qualifications to state. The Commissioners who did not want to issue the rules on chain broadcasting said that an over-abundance of stations could lower the quality of service rendered by licensees.⁴ A

¹Presque Isle Broadcasting Co., 8 FCC 3,9.

²L. E. Duffey and B. C. Eddins d/b as The Voice of Cullman, 14 FCC 770, 776.

³U. S., FCC, Report on Chain Broadcasting, op. cit., p. 56.

⁴Ibid., p. 120.

report issued in 1938 said, "It is axiomatic that too many divisions of the radio audience would result in reducing the quality of programs to the public."¹

Nothing would be easier than to dismiss the above statements with the conclusion that the FCC has been inconsistent. Such a conclusion would be equivalent to saying merely that among the hundreds of men who have been spokesmen for the Commission there have been disagreements.

It cannot be denied that improvements in programming are possible or even likely under conditions of increasing competition. As one broadcaster in the sample put it, "Competition may keep you from doing some things you'd like to do, but it'll keep you out in the hot sun doing a remote because you know if you don't, the fellow across the street'll get the jump on you." And as another broadcaster in the sample told a friend who was distressed over coming competition: "If you haven't been doing the things you ought to do, it's time you started doing them." This study is concerned with only one type of change in programming--a change that the Commission would not consider an improvement. The study questions whether program balance, a primary criterion

¹U. S., FCC, Report on Social and Economic Data. . . ,
op. cit., p. 18.

in judging programming, is likely to improve under increased competition in AM radio.

Rationale for Hypothesis I

In building a rationale to show why radio program schedules would tend to become less balanced in one direction under conditions of increasing competition, it is necessary to start with the proposition that an established broadcaster will consider a second radio station in his town a threat. To find out whether this was the case, a questionnaire was sent to broadcasters who had experienced the coming of a second radio station into their towns. The questionnaire went to broadcasters who, according to a preliminary survey, might be eligible for inclusion in the sample. It was not possible to send questionnaires to all the stations included in the sample for the reason that some of the stations (according to the lists of employees in Broadcasting Yearbook) no longer have employees who were present when the second station in the town began program tests. Many of the stations whose executives answered the questionnaire were later dropped from the sample for not meeting some of the requirements. The figures cited below are for the total who answered the questionnaire; separate figures are shown in Appendix II

for the broadcasters who were included in the sample.

All the broadcasters answering the questionnaire (unless the questionnaire was filled out by someone other than the person to whom it was sent) had been associated with radio stations with power between 250 watts and 1 kilowatt when a second station of similar wattage began program tests in the town. Of the 65 broadcasters answering the questionnaire, 53 answered "yes" to the question, "Was the fact that a second station was operating in your town a cause of concern to you?" As a basis for concern, 42 broadcasters listed "possible loss of advertising revenue," and 33 listed "possible loss of audience." Additional responses to the question provided these further bases for concern upon the advent of a second station:

Lack of funds for continued public service programs.

Rate cutting on prices of radio advertising; copying of our programs; lowering of broadcasting standards because of low calibre operations.

Competition for advertising dollar prevented use of personnel for useful public service activities.

We had to cut down on public service time to combat entertainment shows on competitive station.

Loss of revenue forced economy and lower standard of programs.

Dividing audience to make it necessary for advertisers to spend more money for same total tune-in.

Deterioration of rate structure.

Second station is race-station--mine standard.

Lower rates, decrease in profit.

We have subsequently come to realize that two stations were feasible.

Severe rate cutting--as much as 50% below our established rate.

Our rates for advertising are at our 1940 level. Our cost of operation with a reduced staff is greater.

Price cutting--unfair competition.

Change in character image of radio.

Feared we might have two mediocre stations instead of one good one.

Unethical methods of operation.

Because we had built a good clean strong operation. Rates stabilized and it's a proven fact that a second station or more muddies the water, and when that happens, rate cutting starts, and while we have ignored this, it is a serious problem, and then the government still expects public service.

Rate cutting by the new station.

Lack of revenue to maintain quality programming.

You must always be concerned about competition.

Rate cutting.

Deterioration of service.

Operates on reduced rates making it difficult to maintain our rates.

Some similar write-in responses were found on other parts of the questionnaire:

Program costs are flexible and are the first to suffer in a retrenchment program. Instead of one good station, you have two poor ones.

Competitor does not spend as much as we do on staff, net service, news, program tools, has lower overhead, under-sells on rates, thereby causing some deterioration in our own rates, less revenue.

In a small market, one station with reasonable revenue can deliver better service than two stations having to trim operational costs to stay in business.

The profit squeeze on radio stations comes primarily from cut rates by many stations plus the depreciation of the dollar.

It has (through cut rates) prevented us from raising our rates--as needed--to meet increasing overhead.

Greatest concern with me, the owner and manager, is cheap rates--30 cent spots which deteriorate the image of radio as a medium.

The conclusions in the above comments concerning deterioration of programming must be qualified by the recognition that the broadcasters are here advocating their cause; this is by no means a criticism of the broadcasters, but it understandably might give a color to their conclusion. The above answers do illustrate, however, the not surprising tendency for broadcasters to dislike competition. Another reason for believing that some broadcasters consider a second station a threat would be the fact that more than

75 broadcasters (combining radio and television) have gone to the expense of hiring a lawyer to protest the grant of an additional station to their towns. A list of economic injury cases is contained in Appendix I.

Assuming, then, that broadcasters do feel threatened by the advent of a second station, we must ask in what ways the threat would operate. The second station means that for the first time the established station will be faced with rival salesmen from a local radio station in his town attempting to sell radio advertising. As an aside, it should be mentioned that two broadcasters in the sample have said that the new station considered the older station's clients to be "prime targets" for sales. The reason given by these broadcasters was that the older station's advertisers were already conditioned to using radio; thus, they would be more likely to buy time than would be persons who had never advertised on radio. Tangential evidence for a belief that the newer stations did in fact attempt to sell some of the older station's sponsors lies in the fact that 49 out of 55 stations in the sample saw a decline in revenue after the second station began broadcasting. Of course, the revenue decline could have occurred through recession, shrinkage in size of the town, incompetent

salesmen, and a number of other causes.

In what ways may the fear of losing audience be construed as a threat? In order to promise sales results to a prospective sponsor in return for his advertising dollars, the broadcaster must give the sponsor reason to believe that his message will be heard. Before the advent of a second station, anyone listening to local radio listened to the older--and only--station. Even if we assume that no member of the older station's audience listened to the newer station, the second station could still be a threat so long as sponsors did not know or believe that the older station's audience was as large as before. We can infer that audience-size was important to the broadcasters if we look at two answers. As has been mentioned before, the broadcasters expressed a fear of losing audience. In addition, 37 broadcasters said that an audience survey was more important to them after the coming of a second station; 23 said such a survey was not more important.

The questionnaire also indicated that some broadcasters see an increase in expenses after the coming of the second station. The tentative nature of this increase must be emphasized. Thirty-six of the stations in the sample increased the number of hours they were on the air after the

second station arrived; some of these increases were extremely small. Only 8 stations out of the 55 decreased the number of hours on the air. This figure is derived from the total hours listed on the renewal applications for the composite week. It is not maintained that the increase occurred because of the competition. It does seem logical, however, that a broadcaster would fear to let his audience go to the rival station because his station was not on the air. Expenses can go up in other ways: 26 broadcasters answering the questionnaire said that they hired additional salesmen after the second station began operations; 37 said they did not. The hiring of a salesman does not necessarily bring an increase in expenses; salesmen can be hired on a commission-without-salary basis. There are two extremely small indications that expenses may have increased in other ways for a minority of the stations in the sample; 40 broadcasters said they commissioned surveys before the second station began operations; 49 cited the results of a survey made during the first two years after the second station's arrival. This may show an increase in expenditures for surveys after the arrival of the second station. Twenty broadcasters said they increased the number of remote broadcasts after the coming of the second station; 7 said they decreased the

number of remotes. Of course, to the extent that these remotes were sponsored, revenue from them can have more than covered the increase in expenses. Too, it cannot be said with any degree of security whatever that the increase in remotes was a result of the second station's arrival; even though the local competition might give the older station a desire to make its programming more distinctive through remotes, the increase in remotes may have occurred through the greater availability and popularity of remote equipment.

A decrease in revenue is more painful for a radio station than for some businesses in which the product for sale is purchased from a wholesaler or is manufactured. When faced by a decrease in revenue, the businessman who buys from a wholesaler can often decrease his purchases; the manufacturer faced with a decline in orders can often decrease his output and thus cut down on his costs. For the broadcaster faced with declining revenue, the problem is more difficult; whether time is sold or not, he must remain on the air. It is true that he may apply to the Commission for a decrease in hours, or he may shorten his hours slightly without an application to the Commission. But in broadcasting it is difficult to decrease output more than a limited extent. It is, of course, possible to

substitute less expensive programs for more expensive ones.

If a broadcaster considers a new station a threat to audience and revenues, and if he wishes to maximize his revenues, he will attempt to win back his audience and sponsors. To win back his audience, he will need to provide programs that will attract listeners; one part of winning sponsors is convincing the sponsor that his sales message will be heard. If a broadcaster wishes to win back his audience and revenue from a competitor, what changes would he make in his program schedule? It seems likely that the first program types to be decreased would be those that are least likely to attract a large audience.

In an attempt to determine which of the program types listed on the FCC's renewal application forms will be least likely to attract large audiences, seven difficulties appear. First, no surveys have been found that use precisely the program definitions listed on the renewal applications; the definitions on renewal applications were apparently designed to help broadcasters to classify their programs with some degree of uniformity; the program definitions on surveys were, as nearly as can be ascertained, designed to gauge audience preferences. The second difficulty in using

these surveys lies in the fact that many do not include a study of relative preferences for some of the program types listed on the renewal applications. Nielsen, for example, does not include "sports, religious and other miscellaneous categories."¹ A third difficulty lies in the fact that many of the surveys conducted during the period considered in this study were for television programming rather than for radio; some researchers have found that program preferences for one medium are not the same for the other.²

A fourth problem is the most crucial of the seven; even if the surveys tell us precisely what the least popular program types are, a leap in logic must be made in order to assume that broadcasters agree with the surveys. The fifth difficulty lies in the variation of audience preferences depending upon locality. As will be discussed below, the preferences of farm listeners are not identical with the preferences of town listeners. Sixth, any preference study based upon programs that were heard is based upon which programs were available; this is a severe restriction in citing the results below. Even when the surveys ask

¹Cited in Leo Bogart, The Age of Television (New York: Frederick Ungar Publishing Co., 1956), p. 111.

²For example, ibid., p. 116.

which program types a person would like to hear, the answers will probably be based in part upon pleasant experiences with listening in the past. And finally, radio's programming and way of being used have changed so much during the period from 1948 to the present that any survey made in 1949 may not be applicable to 1960.

After all these warnings, we ask the question, "Which program types would tend to be least popular?" Surveys are almost unanimous in saying that religious programs are not the favorite program type. In a study made before 1953, MacLean found religion appearing only once in the rankings of eight audience groups concerning their five favorite program types. The audiences were classified as to sex and whether they lived in metropolitan areas, a small city, a village, or a rural area. The study was limited to readers of the local newspaper. The only group ranking religion as one of five favorites was village women for whom it was the fifth most popular type. The study report contains no information concerning methodology.¹

A detailed study of preferences for programming in

¹Malcolm S. MacLean, Jr., "Mass Media Audiences: City, Small City, Village and Farm," Journalism Quarterly, XXIX, No. 3 (Summer, 1952), 271, 278.

New Haven, Connecticut, and its suburbs revealed that 27.7% of the households in 1952 regularly listened to one or more religious programs.¹ Religion was thus the third most popular program type on radio. This figure must be clarified; listeners seeking religion often listened to only one program.² And, to an extent, Catholics listened to Catholic programs, and protestants listened to protestant programs.³ In light of this fact, the audience for any one program could be quite small. Too, the figures must be accepted with caution because of a lack of knowledge concerning how many radio religious programs were available, at what hours they were broadcast, and with what programs they were in competition on other stations. All these factors could affect the size of the audience. Of course, it cannot be assumed that New Haven's preferences are like those of the towns represented in the sample. The interviews in this study were performed with a supposedly carefully chosen sample that would be typical of the New Haven population (with its suburbs) and would represent 5% of the households.⁴ Two

¹ Everett C. Parker, David W. Barry, and Dallas W. Smythe, The Television-Radio Audience and Religion (New York: Harper and Brothers, 1955), p. 201.

² Ibid., pp. 196, 198. ³ Ibid., pp. 207-210.

⁴ Ibid., pp. xv, 16.

studies that were made just before the period used in the study for which this chapter is a rationale found somewhat similar rankings. The Lazarsfeld-Kendall study made in 1947 found that approximately one-third as many people wanted religious programming as wanted the most popular program type: news. This study was based upon 3,529 personal interviews in which persons were shown a group of cards with a program type written on each card and were asked to identify program types they liked. Among rural dwellers, 24% liked religious programs as compared with 73% that liked news broadcasts. Of the persons living in cities and towns, 23% wanted religious programs as compared with 73% that wanted news broadcasts.¹ The relative popularity of the two program types is similar to that shown in an earlier survey by Lazarsfeld and Field. The earlier survey was conducted using a procedure very similar to that used in the later study.² S. Watson Dunn analyzed information gained from research that used diaries distributed to persons living in central Illinois in 1949. Each adult family member was

¹Paul F. Lazarsfeld and Patricia L. Kendall, Radio Listening in America (New York: Prentice-Hall, Inc., 1948), pp. 18, 115, 139.

²Ibid., pp. 21, 147.

given a diary which was kept for one week. From the 1,388 usable diaries, he discovered that the largest audience for religion consisted of rural women 60 years of age and older who said that religion accounted for 5.8% of their listening. This finding must be qualified for two reasons: First, the eight radio stations that were available to the listeners devoted only 1.9% of their joint schedules to what Dunn defined as religion. Thus, there was little opportunity for a great amount of listening. Too, he analyzed little more than half of the available programming of the stations.¹ Senger, in analyzing similar diaries for a neighboring county in Illinois in 1947 found that even on Sunday when religion would be expected to make up a large portion of radio schedules, religious programming never ranked higher than fifth in amount of time devoted to it by urban listeners, and never higher than fourth among men of either farm or urban residence. Farm women, however, in single radio homes, ranked religion as high as "variety-quiz" and music, the most popular Sunday program types. For farm women in multiple radio homes religion was the fourth most popular

¹S. Watson Dunn, "Qualitative Analysis of Listening in Radio Class Programming," Journalism Quarterly, XXIX, No. 2 (Spring, 1952), pp. 175-6, 179.

type.¹

Agricultural programming is, according to the evidence, greatly desired by one minority of the audience and scarcely desired at all by other groups. MacLean, in the study discussed above, found that rural men rated agricultural programs of two types ("livestock and grain," and "farming") in second and third place among their five preferences; farm women ranked "farming" programs in fourth place but did not choose as one of their five preferences programs on "livestock and grain." No other groups ranked programs of either type anywhere in their five preferences, and MacLean stated that persons who did not live on farms rarely said they liked farm programs.² Among the results in an Alfred Politz Research, Inc., study was the statement that the audience for farm programs giving market and price information was 15,260,000; the audience for general farm service information was 10,640,000; this was compared with an audience of 82,130,000 for news and an audience of 79,220,000 for music. Few details of procedure were given for this study other than that it involved a nationwide

¹Frank Benedict Senger, Jr., "Comparison and Analysis of Radio Listening Habits in Single and Multiple Radio Homes in Two Illinois Counties" (unpublished Master's Thesis, Graduate College, University of Illinois, 1949), pp. 4, 5, 45, 52.

²MacLean, op. cit., pp. 278-9.

sample of persons 15 years of age and older, that the results were given in terms of cumulative listening over a period of a month, and that it measured listening both in and out of the home.¹ The order of preference for the two types of farm programs--as nearly as the definitions can be said to agree--would imply equivalent rankings in the Politz and MacLean studies. Lazarsfeld and Kendall found a similar preference order in their 1945 and 1947 studies; talks on farming were desired by 13% of the men interviewed in 1945 and by 16% of the men interviewed in 1947; livestock and grain reports were desired by 14% of the men in 1945 and by 17% in 1947. These programs were less popular with women. The preferences were for daytime only, and can be compared with statements that 65% of the men in 1945 wanted daytime news programs; 61% of the men in 1947 expressed a wish for daytime news.² Bogart, in summarizing a 1953 Kansas study of TV owners by Forrest Whan, noted the same order of preference; news was first for both men and women; radio talks on farming attracted 14% of the men and 6% of the women.³ The surveys seem to agree that agricultural programs

¹"Radio: Who Listens, When, Where," Broadcasting, February 24, 1958, p. 130.

²Lazarsfeld and Kendall, op. cit., p. 21.

³Bogart, op. cit., p. 116.

do not attract majority audiences.

Discussion programs create a problem of definition of terms in that surveys often lump these programs with other categories. In the Parker-Barry-Smythe study, the nearest equivalent to "discussion" is "public issues, education, and information." These researchers found that two households regularly listened to 2 such programs as compared with 148 households that regularly listened to 2 news programs. None of the 3,406 households with radio sets listened regularly to more than 2 of these programs.¹ In evaluating this information, the availability of such programming should be kept in mind.

Dunn found that discussion programs were given 2.3% of the program time on the eight radio stations available to his sample; the largest audience was college educated urban women who said that discussion programs accounted for 2% of their listening.² The two Lazarsfeld studies found that for evening listening slightly more than half as many people wanted "talks or discussions about public issues" as wanted news broadcasts. In 1945, 40% wanted

¹Parker, Barry, and Smythe, op. cit., 194, 196-7.

²Dunn, op. cit., p. 178.

discussion as compared with 76% that wanted news. The preferences for 1947 are very similar; listeners wanting talks or discussions about public issues numbered 44% of the sample as compared with 74% wanting news. The daytime preferences were very much lower; no more than 22% of the respondents wanted such programming during the day.¹ And, as a number of studies will show, most of radio's listening during the fifties occurred in the daytime.

In citing studies on the relative popularity of educational programs, the difficulties of definition become acute. Senger, for example, lists as an educational program the University of Chicago Round Table, which might be considered by some to be a discussion program.² Lazarsfeld and Kendall also define education as including program types that could be classified as something else on the FCC license renewal application:

It is well known that educational programs have low ratings. Even the most successful discussions of public affairs or the most effective dramatizations of historical events have only small audiences when they are compared with major entertainment programs.³

¹Lazarsfeld and Kendall, op. cit., p. 21.

²Senger, op. cit., p. 57.

³Lazarsfeld and Kendall, op. cit., p. 35.

Regardless of the grossness of the definition, Senger found educational programs to account for small proportions of the listening among his sample. The largest proportion of listening to educational programs among men was a group that spent 7.5% of its radio time in listening to what Senger described as education; this is compared to 23.6% of the time spent by this group with news programs. Among women, one group in another county devoted 8.1% of its time to the "University of Chicago Round Table"; this group devoted 35.5% of its time to Charlie McCarthy.¹ Once again, it must be remembered that the stations probably made available more news and comedy than education. Nothing that seems comparable to education appeared in any of the preferences in the MacLean study. The same seems true of both Nielsen and Whan research. Some detailed information is available, however, from a study of the audience of the educational radio station in Madison, Wisconsin. From a random sample of persons interviewed in the town, and suburbs, it was learned that 39.3% of the people never listened to the educational station and only 20% listened

¹ Senger, op. cit., pp. 47, 63.

1 hour or more per day.¹ The results may be slightly in error because women and persons with high school education were over-represented in the sample;² both this study and the Lazarsfeld study cited earlier found that persons with more education would more often prefer what Lazarsfeld and Kendall often called "serious" programs and what the Wisconsin research referred to as "educational" programs.³

If it is true that educational, agricultural, religious, and discussion programs attract audiences smaller than the audiences for other program types, it is necessary to go one step farther and attempt to find out whether broadcasters believe this to be true. It cannot be assumed that broadcasters have read all the surveys cited here. However, the two Lazarsfeld research projects were sponsored by the National Association of Broadcasters, and several of the questions were tailored to suit the needs of station executives.⁴ Some tangential evidence for the belief that broadcasters do

¹ Bruce H. Westley and Philip P. Anast, An Audience for Educational Radio, (Madison, Wisconsin: University of Wisconsin Television Laboratory, Research Bulletin No. 13, 1960), pp. 3, 7.

² Ibid., p. 3.

³ Ibid., p. 20, and Lazarsfeld and Kendall, op. cit., p. 39.

⁴ Ibid., pp. iii, 151.

believe these programs to be less popular lies in the relative proportion of time devoted to the four program types before the entry of the second station. If we assume that broadcasters wanted to maximize their audiences, partly in an effort to maximize profits, it may be assumed that they would make an effort to broadcast programs that they believed would be acceptable to their audiences. It is not maintained here that audience desire is the only determinant of the program service; other determinants of great importance would be cost of preparation and availability of program material. Nonetheless, it can be stated here that entertainment was the program type broadcast most by every broadcaster in the sample; in 39 of the 55 cases, news was the second highest program type, and it tied for second place in two other instances. These computations are based on the renewals before the advent of the competing station. Both the MacLean and Lazarsfeld studies found news to be the most popular program type.¹ The Parker-Barry-Smythe study placed news in first place for persons who regularly listened to one or more programs; for persons

¹ MacLean, op. cit., p. 278, and Lazarsfeld and Kendall, op. cit., p. 21.

regularly listening to at least two programs, news dropped to fifth place.¹ News could logically be expected to fill less of a radio schedule than entertainment because of the greater ease of producing record-shows and because the supply of news is not unlimited. A further slight bit of evidence for the belief that some broadcasters believe education, agriculture, religion, and discussion to be less popular than entertainment and news lies in the fact that the Commission has often had difficulty in encouraging broadcasters to schedule such programs.²

The talks category on the renewal applications was excluded from consideration because the category can include sports programming which is often quite popular. Parker, Barry, and Smythe placed sports as the favorite radio type for persons who listened regularly to two or more programs; it was second for persons who listened to one or more on a regular basis.³ Bogart, in reporting a summary of the Whan 1953 Kansas survey, also placed sports as the second most popular category for men; it was considerably

¹Parker, Barry, and Smythe, op. cit., p. 196.

²U. S., FCC, Public Service . . . , op. cit., passim.

³Parker, Barry, and Smythe, op. cit., p. 198.

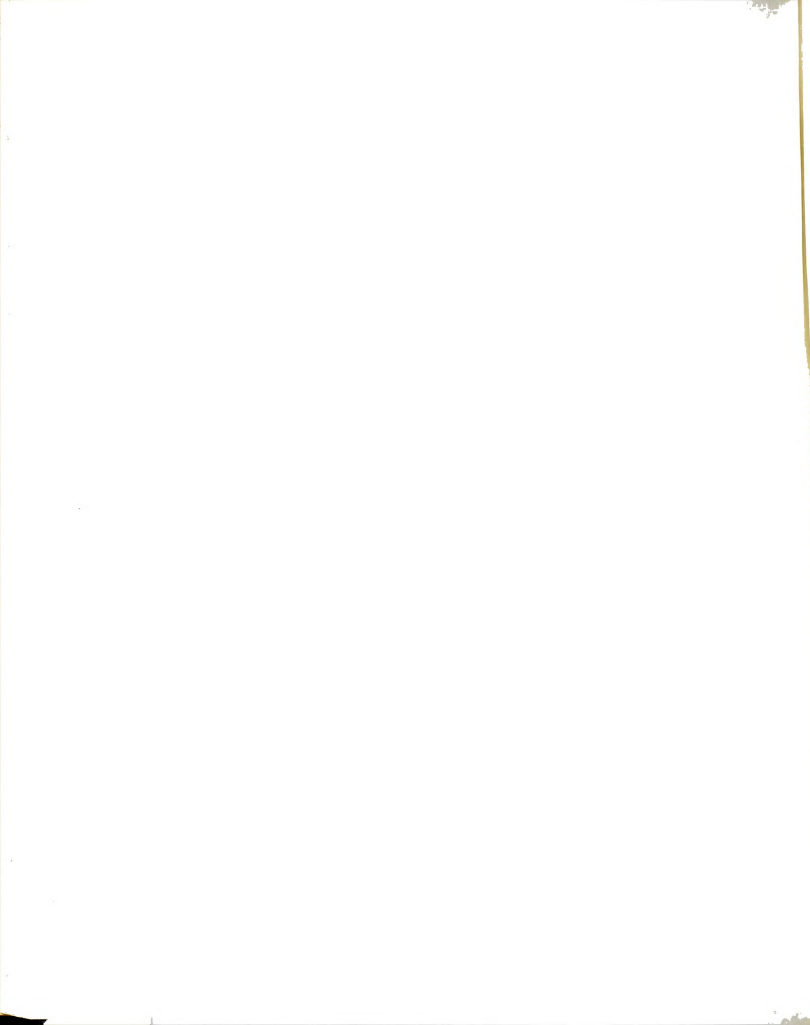
less popular with women.¹ Lazarsfeld and Kendall also found that for men sports programming was the second favorite type for daytime listening; once again, women were far less interested.² The MacLean study included the finding that for men in a metropolitan area, a small city, and a village, sports was the second favorite program type; farm men and women of all four areas did not mention sports at all as one of the five favorites.³ These studies encouraged the decision to eliminate the talks category from consideration. It was felt that sports programming, as a portion of talks, might show an increase following the entry of the second station. Because it would be impossible, in examining the renewal applications, to determine which part of the talks category was sports and which was not, the talks category was eliminated from consideration.

If the broadcaster believes his audience to prefer some program types over education, agriculture, religion, and discussion, and if, with the recognition that new competition has come into his community, he feels a compulsion to make his programming more attractive so as to

¹Bogart, op. cit., p. 116.

²Lazarsfeld and Kendall, op. cit., pp. 21-22.

³MacLean, op. cit.



lose as few audience members as possible, he may decrease the proportion of time devoted to the four program types considered in the study. The decrease may be mitigated by a number of factors; among these factors would be the desire to have the station license renewed, unwillingness to offend certain groups (as he might if he cancelled the ministerial alliance's devotional program, for example) the popularity of individual programs of the four types, and whether certain of these programs are sponsored. Too, as one broadcaster in the sample said, he had stoutly refused to broadcast "paid religion," broadcasts from what he considered undesirable religious groups, despite competitive pressures. Other broadcasters might not be so stout in their refusals; the change in policy that could involve accepting such programs might actually increase the amount of religious programming. One other factor that might mitigate the decrease is the need to fill unsold time as cheaply as possible; this could lead to broadcasting a taped program supplied by a state university.

As a part of the non-preferred status of these four program types among audiences, there is another audience characteristic that could lead to a decline in education, agriculture, religion, and discussion. A number of surveys

have indicated that audiences listen while they are engaged in other activities; listeners nowadays tend to use radio as a background medium. A study by Rolf B. Meyersohn and William N. McPhee included these words:

As a matter of fact, people in this study were asked, would they like any broadcast service at all at such times as breakfast, supper, on retiring, in the early morning, in the car, and the like? The generic answer for many such occasions was "nothing more than a radio." Radio is preferred, not because it is better or more pleasing or more absorbing, but precisely because it is not.¹ [Emphasis in the original]

While it is absurd to make forecasts of how far such work-radio trends will go--and how far it does go will in part depend again on suitable programming--yet this notion of radio-while-you-work is very much in accord with the whole drift of radio trends as displayed in the present case studies. It is toward a routine background for any and all activities.² [Emphasis in the original]

This study was based upon approximately 200 interviews in television homes in major cities unlike the smaller towns utilized in the study undertaken here.³

A number of other studies corroborate the finding that people listen to radio while engaged in other activities.

¹[Rolf B. Meyersohn and William N. McPhee], "Broadcast Evolution: From Radio to Radio," Broadcasting, January 23, 1956, p. 79.

²[Rolf B. Meyersohn and William N. McPhee], "Radio and the Fight for Time," Broadcasting, January 16, 1956, p. 86.

³Ibid., p. 84.

A J. Walter Thompson mail survey among housewives provided the following conclusions regarding the activities that occurred while these housewives were listening to the radio: Among the housewives, 69.5% listened during housework; 33% listened while driving; 30.7% listened while eating; 13.5% listened while lying in bed; 3.1% listened while reading; 2.1% listened while "getting ready in morning." Only 18.7% of the housewives listened without some other activity. No details of survey procedure were given other than that the study was national and "among" 3,200 members of the agency's housewife Family Advisory Staff.¹

An account of a Politz study in television areas included the following summary of the use of radio:

What "other things" do people do while listening? Some of the findings (and these figures do not include people who are doing nothing but listening): 13,000,000 adults in TV areas listen before breakfast, while they shave, cook, etc.; 17,200,000 listen while they eat breakfast; 12,600,000 listen between breakfast and lunch, while they're doing housework, driving, etc.; and 10,200,000 listen between lunch and dinner while they're occupied with similar chores; 9,000,000 listen while they eat lunch; 10,500,000 while they eat dinner. Between then and bedtime, the number of listeners who are also doing other things drops to 6,500,000--but during this period 11,100,000 others

¹"Radio--an Individual's Medium," Media/scope, IV, No. 6 (June, 1960), p. 86.

are doing nothing but listening.¹

This conclusion was based upon 4,985 personal interviews with persons 15 years of age and older.²

Senger discovered as early as 1947 that women in multiple radio homes listened more than women in single radio homes. He interpreted the finding as follows:

In multiple radio ownership, radios are often located in the kitchen, the bedrooms, and other areas of the house besides the central living room. This makes it possible for women in these homes to listen more as they go about their household duties.³

Senger cited another study in which women in single radio homes listened as much as women in multiple radio homes.⁴

Some indirect evidence exists to indicate that people listen to radio while engaged in other activities. One type of data concerns the hours at which most listening occurs. It cannot be said that because most radio listening occurs during the day that all audience members are engaged in other activities, but it seems scarcely likely that the highly popular morning hours would find millions of persons

¹"Politz Study Affirms Penetration of Radio," Broadcasting, July 27, 1953, p. 32.

²Ibid., p. 31.

³Senger, op. cit., pp. 17-18.

⁴Senger, op. cit., pp. 25, 28.

doing nothing except listening to radio. A 1961 study by Alfred Politz Research, Incorporated, found that audience size declined after 6 p.m.--when the majority of people would presumably be at leisure. The largest audiences gathered between 7 a.m. and 9 a.m. when most people would be expected to be preparing for work. The study used more than 1,000 interviews plus diaries in 5 metropolitan markets; the data concerned habits of individuals rather than households, and interviews were conducted only with persons at least 15 years of age. These metropolitan areas would be dissimilar to most of the areas to be cited in the study for which this chapter is a rationale, but there seems no reason to believe that living habits would be sufficiently different to make the finding of the study inapplicable.¹

A study by the same firm found a similar pattern of listening in 1958; little was said about methodology except that the sample was nationwide and that the respondents were again persons of 15 years of age and older. The data concerned listening both inside and outside of homes.²

¹"Radio's Still Indomitable, Study Finds," Broadcasting, August 28, 1961, p. 48.

²"Radio: Who Listens, When, Where," Broadcasting, February 24, 1958, pp. 130, 134.

A 1953 survey of homes in Eastern Massachusetts found that listening in non-television homes increased from 6:00 a.m. to 8:00 a.m., decreased slightly until 9 a.m., increased sharply until the noon hour, and then declined rapidly until mid-afternoon when there was an increase.¹ The survey is in general agreement with the Politz studies quoted above except that for the Massachusetts homes the highest listening was at 12:30 p.m. Respondents were limited to persons who had requested extension service publications, and most of the questionnaires were filled out by housewives.² Thus the study's findings are limited to a particular type of person, and may not be applicable to the population as a whole. However, the Eastern Massachusetts listening curve is very similar to one described in a survey of Whitman County, Washington, a predominantly rural area. The only difference lies in the fact that listening was greatest in the morning of weekdays, rather than at noon. The survey was conducted among 300 families who filled out diaries; the data were gathered in 1955, two years later than

¹William D. Alford, Radio-Television Listening Habits in Eastern Massachusetts (Amherst, Mass.: Office of Information, Extension Service, University of Massachusetts, 1953), p. 7.

²Ibid., p. 2.

the Massachusetts survey.¹ Nielsen figures released in 1959 also stated that listening was greatest in the morning; 14.2% of all radio homes listened in the morning as compared with 11.2% that listened in the afternoon and 7.4% that used radio in the evening. Details of methodology were not given.² The implication of all these studies is that radio listening is greatest when people would presumably be engaged in a simultaneous activity.

The location of radios may also indicate something about the nature of the listening. If radios are in rooms where people are customarily engaged in non-leisure activities, the presumption that they listen to radio while they are busy with something else will be strengthened. A Politz survey reported in 1954 found that 35.3% of more than 10 thousand households had radio sets in kitchens; 37.5% had radios in bedrooms, and 9.5% had radios in dining rooms. The survey utilized personal interviews of a national sample.³

¹Mark Munn, "The Profile of Station Personality," Journal of Broadcasting, II, No. 1 (Winter, 1957-58), 13-14, 17.

²"The Broadcast Audience in 1959," Broadcasting, February 9, 1959, pp. 100-101.

³National Survey of Radio and Television Sets Associated with U. S. Households (New York: Advertising Research Foundation, Inc.), 1954, pp. 11, 25.

A study made eight years later, in May, 1962, was conducted by R. H. Bruskin Associates. The findings are very similar to those in the Politz survey. Radios were in the kitchens of 55.8% of the families; 65.6% of the families had radios in a bedroom. Only 40.2% had radios in living rooms. No information concerning method was given for the study except that it was "nationwide."¹

All these studies have been cited to make one point: If listeners use radio when they are engaged in other activities, often when they cannot give radio their full attention, will they want programs that call for thought or sustained attention? It would seem that the listener who wants a background for other activities would want programs that can yield a reward without demanding concentration in exchange. Programs of education, agriculture, religion (except religious music), and discussion would not seem customarily adapted to serving as background.

The fight for audience would occur in a context in which each station would take account of the other station's programming. If the older station's management sees that

¹Kevin B. Sweeney, "How Radio is More Efficient as an Advertising Medium," Media/scope, VII (March, 1963), p. 43.

the new rival is broadcasting popular music at a time period when the older station broadcasts a religious program, the older station's manager may feel that he is losing his audience for this period. Thus, he may move--or perhaps even cancel--the religious program. There are not sufficient write-in comments in the questionnaires from broadcasters to act as evidence for a belief that broadcasters take account of each other's programming, but a few comments may illustrate what may happen: one broadcaster, after saying that he had decreased religion, education, and discussion--but not agriculture--said: "Second station is more of a record and news station, which forced above changes." Another executive wrote: "We had to cut down on public service time to combat entertainment shows on competitive station." Two stations in the sample said that the new station tried to copy the older. A fifth said, "Naturally, when there is competition, it does force one from time to time to make program changes depending on what the opposition is doing and also depending on what the surveys show." One of the broadcasters quoted above, in a more detailed letter said:

The new station was operating with a minimum budget. With the advent of the "Top 40 Format" they did little news work, using network news only, with no local news. The balance of their time was spent in playing Top 40 records with their public service work confined

strictly to very brief announcements (15-30 seconds). At the same time we were still giving 15 minute programs to 4-H Clubs, F.F.A., F.H.A., Social Security, etc. It is not difficult to understand that our audience ratings suffered. Listeners today are lazy. They do not seem to want to be informed--just entertained. This resulted in our being forced to curtail much worth-while public service work.

Thus, as the two stations take account of each other's programming, in the desire to attract audiences, the amount or placement of education, religion, agriculture, and discussion can be changed.

In addition to the desire to hold his audience, the broadcaster can feel other pressures to decrease the amount of education, agriculture, religion, and discussion. The entry of a second station into a community means that the available advertising revenue must be expanded to support the new station or that the older station must lose some advertisers to the new station. Indeed, 49 out of the 55 stations in the network and non-network samples did see a decline in total broadcast revenue after the second station began program tests. Twenty of the broadcasters in the sample who answered the questionnaire said that they worked harder to cut costs after the second station's advent; 6 said they did not. If broadcasters do make an effort to cut costs, which costs can they cut? One

of many costs that can be decreased is program costs. Let us suppose that a broadcaster has expended a certain amount of money on an unsponsored educational program. As an example, we shall use "College in the Country," a program that Station WLBB in Carrollton, Georgia, said would be omitted if the FCC authorized a station in Bremen, Georgia. In cutting expenses to meet the decrease in revenue, WLBB said it would be necessary to dismiss the man who handled this adult education program.¹ As revenues became smaller, a station could save money by placing in the time slot occupied by an educational program a show less expensive to produce. Such a program might well be a disk-jockey program involving nothing more than announcing and playing records. This is not to say that education, agriculture, religion, and discussion always require great outlays in production expenses. A religious program may involve nothing more than opening a microphone for a minister who prepares his own devotional and who is scheduled by the ministerial alliance. An agricultural program may require no more expense or effort than a phone call to the county extension agent who plans what he will say. In such cases the

¹West Georgia Broadcasting Co. (WWCS), 27 FCC 161, 166-67, 171.

agricultural or religious program can actually give the board operator a chance for a coffee break.

There is still another way in which the coming of a second station can bring about a decrease in education, agriculture, religion, and discussion. One broadcaster in the sample described the situation that developed with his station after the coming of his new competition:

. . . our chief engineer and assistant engineer, operating under the false assumption that we were getting rich, filed and obtained a second station for this community. Prior to their filing, our log was becoming too heavy commercial-wise and we were getting ready to put a 25% rate increase into effect. This was postponed because of their filing. Prior to actually going on the air, they used our rate card down the line, and began selling time. Unable to sell at our rates, they offered a "30% discount for the first 3 months."

Once you make such an offer, it is very difficult to renew an account at a higher rate, and so their 30% discount remained in effect. This naturally resulted in reduced revenue for us. We had to combat it by holding our rates, but selling 30-second spots where we had once sold 1-minute spots. This resulted then in increasing the quantity of spots to maintain the same revenue.

Two other broadcasters in the sample mentioned in personal interviews the need their stations felt to increase the number of spots and the amount of commercial time to meet lower-priced competition. And one-sixth of the broadcasters answering the questionnaire wrote in rate-cutting

as a reason for fearing the advent of a second station.

If the broadcaster needs to meet lower rates and wishes to keep revenue at its older level, he will need to sell more commercials or programs. If he sells more commercials at the lower rate, he will need more places into which he can put them. Another broadcaster has described the need for more commercial time as competition increases. Marshall Pengra delivered this address in the hearings on the White Bill in 1947:

Broadcaster X applies for a radio station. In his application he states that he expects (eventually) to operate his station on a 70-30 percentage basis. . . . He eventually expects to have 70 per cent of his time sold and on a commercial basis and the other 30 per cent will be sustaining time--no income from it. During the first year of operation his progress is comparatively slow, and he has far less than 70 per cent of his time sold commercially. . . . Two more years of hard work pass and things are looking up. . . . The station is building itself up inside as well as outside, and, lo and behold, the station manager finds that he has reached the point of having 70% of his air time sold commercially. . . . And just at this point, what happens? A new station is granted in his area and goes on the air. Bingo--competition! News print loosens up at the local newspaper a bit and more advertising space is available over there. . . . Wages haven't dropped a bit and the squeeze is on. If competition forces an advertising rate decrease because the two stations split up the audience, how can he keep his head above water unless he steps over the 70 per cent commercial deadline? . . . Can he cut down his staff and let the

other station beat him out?¹

If the broadcaster must find more places to put commercials, he can simply leave more room for spots in existing programs; perhaps he will begin to schedule 6 minutes of time for commercials in each quarter-hour instead of 4. But he can also find more room for commercials by cutting down on programs that do not lend themselves to the insertion of a great many commercials. Disk-jockey programs can accept a 1 minute spot (or more) between each record; a religious program, except perhaps a program of recorded hymns, is less susceptible to an increased number of commercials. The same can be said of some educational and discussion programs. Thus, it is possible that decreased revenue, by bringing a decrease in rates, can lead to a need for more commercial time. This could cut down on the amount of programs that are less easily sponsored. It seems entirely possible, however, that rates can go down without a greater need for commercial time.

A decrease in the four program types can also occur through a circumstance that does not imply that the older

¹ National Association of Broadcasters, Broadcasting and the Bill of Rights (published by the Association, 1947), pp. 106-07. A similar rationale is given in this book by another broadcaster, Frank Pellegrin, on p. 66.

station is attempting to schedule less of these four program types. The program resources for education, agriculture, religion, and discussion are not boundless. The number of churches, civic organizations, county extension agents, and schools is limited. It may be expected that some of the requests for time that formerly went to the older station because it was the only one in town may be diverted to the newer station. It is also possible for the newer station to hire away from the older some of its personnel; in one station in the sample, the newer station hired the older station's farm director; in this case it did not lead to a decline in agricultural programming.

Another factor must be emphasized; changes can occur for a multitude of reasons that have nothing to do with competition. For example, one station in the sample wrote to the Commission:

Regarding the program schedule, even within the last two weeks our schedule has changed considerably. The changes were unforeseeable at the time of our application. For example, one of the changes was made because a minister who for seventeen years had used three hours weekly is no longer able to broadcast.

The change occurred after the end of the period used in the study for this station; thus the change does not affect the percentages in the study. Other changes of this nature may

have occurred, however; normally the renewal application would not reveal them.

Network stations might be expected to show smaller changes than would non-network stations. First, network stations might possibly be less affected by the influx of competition than non-network stations; this difference would probably be a small one. Network stations would have a source of revenue that non-network stations would not have. This factor should not be over-rated for the stations in this sample. Only 10 of the network stations received as much as 10 thousand dollars for any of the four years surveyed.

But why would these stations be willing to devote so much of their schedules to network programming if the network paid them so little? The answer may provide a clue to the second reason why network stations could be somewhat less affected by competition. The network affiliation, especially in the years before television's full flowering, helped to garner an audience.¹ The audience-gathering power of the radio networks in the late forties and early fifties made it easier for the network to sell local merchants.

¹U. S., Congress, Network Broadcasting, op. cit., p. 603.

The merchants wished to have their advertisements near the popular network programs. As one broadcaster in the sample said, "Everybody wanted to be next to Charlie McCarthy." Thus, during those early years between 1948 and 1952, the network station would have an advantage to offer the local merchant that would help to protect the network station from competition. This protection was only partial, of course. But the network stations lost this protection; in 1948, the first year to be covered by this study, the network stations accounted for 79.3% of the minutes listened to radio, according to Nielsen figures; the non-network stations gathered only 20.7% of the minutes listened. The network station had lost much of its dominance by 1957 when all network stations combined accounted for just 54.6% of the minutes listened and the independent stations accounted for 45.4%.¹ A similar trend occurred in the relationship between network and local revenue. Radio stations during these years became less dependent upon network advertising and more dependent upon local advertising.² Thus, network

¹Ibid., p. 604.

²Ibid., p. 605. Figures supplied by Printer's Ink in 1963 would support those in the report cited here and would say that the trend has continued since 1957, the year in which the Network Study Staff released its report. The Printer's Ink report is nothing more than a graph. Sweeney, op. cit., p. 42.

stations would appear to be more like the non-network stations in dependence upon local revenues during recent years; the desirability of network programming in the early years of the period would seem to give the network stations a certain amount of protection.

There is a third reason for expecting network stations to behave in a manner unlike that of non-network stations. The network station has a source of programming--including educational, agricultural, religious, and discussion programs--that the non-network station does not have. The network station might not eliminate a network discussion program that was carefully produced and that featured prominent persons because the program involved no production expense for the station and would be able to attract a larger audience than would a local discussion program that was less well-produced and that included less interesting persons.

Rationale for Hypothesis II

In constructing a rationale for Hypothesis II--the prediction that the towns will have more education, agriculture, religion, and discussion with two stations than with one--it must be noted that because stations cannot

operate legally without a license, the license is, to say the least, a valuable asset. It has been noted earlier that the Commission favors a program schedule including some programs from most or all of the types listed on the renewal application form. If stations do not conform to the Commission's desires, they face the possibility of a hearing to determine whether their licenses should be renewed.¹ Thus, the stations would seemingly need to provide some kind of program balance to avoid the inconvenience of a hearing and to protect their investments in the station. Further, a new station coming to a community might wish to ingratiate itself with community groups that would support educational, religious, or discussion programming.

It should be noted that sometimes broadcasters' desires to ingratiate themselves with community groups or the Commission--insofar as those desires are exemplified in the scheduling of these four program types--are rather weak. One station not included in the sample devoted no time to any of the four program types in two consecutive renewals; it did, however, provide many spot announcements

¹Walter B. Emery, Broadcasting and Government: Responsibilities and Regulations (East Lansing: Michigan State University Press, 1961), pp. 36-39.

for community groups. One newer station of a pair expended .7% of its schedule to religion and no time to agriculture, education, or discussion. Another newer station omitted the latter three types but gave 2% of its schedule to religious programs. A third newer station omitted the last three types but devoted .75% of its schedule to religion.

Rationale for Hypothesis III

To build a rationale for Hypothesis III, we must ask and attempt to answer the question: Why would broadcasters feeling a severe decline in revenue be more likely to show a greater decrease in the four program types than would broadcasters feeling a smaller decline in revenue? The reasons for believing that a revenue decline may be connected to a decline in the four program types are given in the rationale for Hypothesis I. The reasons for believing that the severity of the revenue decline may be related to the size of the change in programming are three in number:

First, a small decrease in revenue is less likely to wipe out a station's profit margin than is a large decrease. Thus, a small decrease may require no expense-cutting. The greater the decrease, the greater the need for expenses to be cut. And among the expenses to be cut

could be some programming costs. The need to cut expenses combined with the desire to hold audiences would increase the possibility that expenses for less popular programs would receive a high priority on the lists of cuttable costs.

Second, the greater the actual decline in revenue, the greater the grounds for worry about the competition. The broadcaster might adopt a "wait and see" attitude or make small changes upon the arrival of the second station; a large shrinkage in bank deposits and sizable defections of advertisers would emphasize the need for sizable changes in programming so as to gain back the losses and to convince advertisers that the audiences are still listening to the older station.

Third, the greater the actual decline in revenue, the greater the likelihood of decreased rates--and perhaps the greater the likelihood that the rate decrease will be a big one. The more rates decline, the greater will be the need to compensate for the reduction in rates by selling more commercials and by finding more places to put them. As has been said before, commercials can be clustered in existing programs without decreasing the number of periods devoted to education, agriculture, religion, and discussion; but a sizable decrease in revenue would seem to create a

greater need for more commercial time than would a small decrease.

In evaluating this third possibility, it should also be remembered that some of the programs of the four types could have been scheduled before the second station's arrival at times impossible or difficult to sell at any price. Programs in these time periods might remain in the schedule. It should also be kept in mind that some of the educational, agricultural, discussion and religious programs may be sponsored and/or may be extremely popular. An Iowa station, for example, would probably have little difficulty selling a farm program; a Sunday church service may be paid for by a local church. A number of other situations may occur to mitigate the events predicted in this rationale. Appointing the general manager's wife to the post of radio chairman for the local Parent Teacher Association may affect programming. The possibilities are endless.

Rationale for Hypothesis IV

Many of the studies cited above can be used to explain why Hypothesis IV might be supported by the evidence. According to this hypothesis, we would expect to find a shift of programs of these four types out of the daytime hours and into the hours after 6 p.m. and before 7 a.m.

If a broadcaster believes that the daytime hours are the ones for which he attracts the greatest number of listeners, he may wish to keep those listeners through popular program types and to give his sponsors sales results by scheduling commercials during these popular hours.

The studies agree generally that radio audiences are larger during the hours from 7 a.m. to approximately 6 p.m. The 1961 Politz results referred to above found that there was some decline in the size of the radio audience after 6 p.m. and more after 8 p.m. This study was based on interviews and diaries in large cities unlike the towns used in the sample for the study for which this chapter is a rationale.¹ But Politz found a similar trend in a national study that was not limited to metropolitan areas; in 1958 the audiences between 5 and 7 a.m. and 7 to 10 p.m. numbered between 18 and 19 million; the lowest daytime audience between these periods was more than 22 million who listened between 1 and 4 p.m. These estimates measured cumulative listening for an "average day."² Ross

¹"Radio's Still Indomitable . . .," op. cit., p. 48. For a more optimistic study of nighttime radio see, "Night-time Radio has 45 Million, RAB Says," Broadcasting, August 28, 1961, p. 50. That study makes no comparison with daytime hours and is measured on a broad, cumulative base.

²"Radio: Who Listens . . .," op. cit., pp. 132, 134.

and Bostian, in a 1957 study of Wisconsin farmers found that of 523 rural families that were randomly selected to keep diaries, very few listened at night. The peak hours were in the early morning, especially at 7 a.m. when 20.2% of the men and 23.8% of the women were listening. The farm men began their listening a bit earlier than the women; 22.4% of the men were listening by 6:30 and almost as many were in the radio audience by 6 a.m. The farm women, however, began their listening a bit later; 13.8% were listening by 6 a.m. and 17.8% were in the radio audience at 6:30.¹ It could be expected that these farm families would rise earlier than many urban families. Meyersohn and McPhee said, ". . . in the field of nighttime entertainment radio is hopelessly outclassed and outmoded. . ."² When Western Union made a telephone survey in Charleston, South Carolina, it found that 11.7% of the households were listening to radio at the most popular time, between 10 a.m. and noon; only 3.3% were listening at the worst time, 8 to 10 p.m.

¹John E. Ross and Lloyd R. Bostian, "Communications Activities of Wisconsin Farm Families in Wintertime," Journal of Broadcasting, II, No. 4 (Fall, 1958), 319, 321-26.

²[Meyersohn and McPhee], "Broadcast Evolution . . .," op. cit., p. 78.

The period that attracted the second smallest audience was from 6 to 8 p.m. when only 6.3% of the homes were listening to radio. The study covered approximately 1 out of each 17 homes in Charleston that had telephones; 1,819 calls were completed. No calls were made before 8 a.m.¹ Bogart, in summarizing a number of commercial surveys, said:

TV's inroads have been greatest in evening hours. Radio has shown its greatest strength in holding audiences at times when people are either least at leisure or most apt to be away from the living room, waking up, dressing, eating, driving, working, going to sleep.²

Meyersohn and McPhee also noted that radio was penetrating into the waking-up and going-to-sleep times.³ If this be so, perhaps radio is reaching an early morning audience. Nielsen figures for a survey made in January, 1959, show that the audience from 6 to 8 a.m. was 3.6 "million homes per minute." This is the lowest figure for any daytime hour and is lower than any hours before 8 p.m. when the audience for the following two hours drops to 2.8 "million homes per minute." Methodology was not described

¹ "WU Surveys Charleston TV Viewers," Editor and Publisher, August 10, 1957, p. 28.

² Bogart, op. cit., p. 109.

³ [Meyersohn and McPhee], "Radio and the Fight. . .," op. cit., p. 86.

for this survey; it should be noted that the morning figures pertain only to weekdays; the evening figures are for the entire week.¹ The morning hours cited in the Nielsen survey include one hour that is considered by other surveys to be a time for considerable radio listening. For example, a study of Broome County, New York, in 1955 includes the statement that the rural audience for radio was greater at 7 a.m. than at any other time during the morning.

The audiences shrank after 9 a.m. and during the rest of the morning were even smaller than were the audiences between 6 and 7 a.m. This may merely signify that these rural listeners rose earlier than would town listeners; 31.2% of the farm families were listening at 7 a.m. as compared with 26% of the non-farmers who lived in the same area but worked in town. This is compared with 14.7% of the farmers who were listening at 6 a.m. and 19.7% of the non-farmers who were listening at that hour. Later in the morning the listening in the farm homes got as low as 4.6% of the families; as few as 7.2% of the non-farm families were listening at some part of the morning. The figures may indicate merely that farmers rise early and so do people

¹Radio 59, (Chicago: A. C. Nielsen Co., 1959), p. 6.

who must drive into town to work. The data were 550 interviews.¹ A Pulse Survey found that radio's adult audience (over 18 years of age) was smaller between 6 and 7 a.m. than at any other daytime hour before 6 p.m. This 1960 study was conducted in metropolitan areas, and methodology was not described.² The survey of Eastern Massachusetts described earlier also found that listening was lower at 6 a.m. than at any time during the day; a great many more families were listening by 6:30, however, but listening was higher throughout the remainder of the morning and until mid-afternoon than at 6:30 a.m.³

Mention must be made of the automobile listening which is heaviest in the early morning and late afternoon, according to the surveys. Bogart said that car radios "add nearly a fourth to the in-home radio audience at around five o'clock on weekday afternoons in winter months."⁴ According to a Politz survey cited above, the highest

¹Charles E. Ramsey and Robert A. Danley, Some Effects of the Fringe Migration on Channels of Communication (Ithaca: New York State College of Agriculture, April, 1957), pp. 1, 6.

²"More Ears Than Eyes in Day?," Broadcasting, September 5, 1960, p. 72.

³Alford, op. cit., pp. 5, 7.

⁴Bogart, op. cit., p. 117.

automobile listening occurred between 4 and 7 p.m.; second highest was between 7 and 10 a.m.¹

Even if the surveys do indicate that daytime hours are more popular, there remains the question of whether the broadcasters know about or agree with the surveys. A number of the studies reported here are citations from Broadcasting Magazine, a trade journal directed to broadcasters. Thus, broadcasters have had an opportunity to learn about the relative popularity of radio during various parts of the day. Too, the majority of the broadcasters answering the questionnaire indicated that they had commissioned surveys; this fact would indicate an interest in audience research and a desire to learn their audiences' listening habits. If the audiences for the stations in the sample behaved as did the audiences in these surveys, or if the broadcasters believe their audiences to have equivalent listening habits, the broadcasters would have the information for tailoring their programming accordingly.

When there was only one station in the town, the broadcaster had no fear that his audience would turn to a different local station; with a second station, an element

¹"Radio: Who Listens . . .," op. cit., p. 134.

of rivalry among local stations is introduced. The desire for Commission approval would mean that the usually less popular program types would need to be kept in the schedule to some extent. But the broadcaster can avoid losing the audience during the most popular hours by scheduling unpopular programs at times when he has fewer listeners to drive away, times that may be harder to sell, and times that would bring the sponsor smaller sales.

But what of weekends? Is Saturday and Sunday listening so different from weekday listening that using the same hours for the entire week would give misleading results in testing this hypothesis? The majority of the surveys cited above did not test weekend listening, and it seemed impossible to derive a rationale for deciding how broadcasters would view their weekend audiences. Some broadcasters might consider Saturday and Sunday as periods in which the unpopular programs might be "dumped." Others might wish to capitalize on the listeners traveling in automobiles. It was decided that the difficulty warranted omitting the weekends from consideration and limiting the testing of this hypothesis to the Monday through Friday period.

CHAPTER IV

PROCEDURE USED IN TESTING THE HYPOTHESES

Procedure for Hypothesis I

The raw data for the first three hypotheses were license renewal applications filed with the Federal Communications Commission between December, 1948, and the spring of 1963. During this period stations requesting renewal of their licenses were asked to submit the logs for seven days selected by the Commission. These days were scattered throughout approximately eight months that usually occurred in two calendar years. The seven days include one of each of the seven days of the week and are thus termed a "composite week." Using the logs for these days, the stations compute the percentages of time devoted to each of the program categories that have been discussed throughout this paper. These percentages are entered on the renewal application.

The period before 1948 was not included because the Commission used different program categories during that period. An experimental form using the categories considered in this study was introduced in 1947; however, it was optional

for part of the period and slightly different in format from the present form.¹ No renewals were included that were due before December, 1948, when the present form was first used. Two network stations included in the sample used the experimental form even though their renewals were due on or after December 1, 1948.

Stations that met the requirements set forth in Hypothesis I were chosen from all the stations located in the continental United States.

Before choosing the stations for the sample, it was necessary to prepare some reference materials that were needed but non-existent. Because it was necessary to know which stations had undergone transfers of control or assignments of license, a catalog of transfers and assignments was prepared. The catalog covered transfers reported in Broadcasting Magazine from the first week of 1948 to the spring of 1963. The reports of ownership changes in Broadcasting Yearbook are incomplete and often inaccurate. Before the 1958 issue, ownership changes were not reported; many times a station can

¹The course of the adoption of the new renewal form may be traced in 12 Federal Register 4351-4353, 7079-7082, and 13 Federal Register 2718-2721, 3585-89, and 5662. Also see "Comment Invited on 'Blue Booked' Forms," Broadcasting, June 30, 1947, p. 17.

undergo a transfer or assignment without changing the name of the corporation.

It was, of course, necessary to know which towns had possessed radio and television stations during the period. It was not possible to gauge this merely by using the listings in a current Broadcasting Yearbook. Many stations have changed location or ceased operations since 1948. Therefore, it was necessary to compile a list of all towns in the continental United States that have been listed in the yearbooks issued since 1948 as possessing a broadcasting station.

For reasons that will be discussed later, it was necessary to know the distance of radio stations from the nearest commercial broadcast station. With the catalog of call letters it was possible to make a map showing the locations of radio stations listed in the Broadcasting Yearbooks as being on the air since 1948. The maps in Standard Rate and Data¹ publications were judged to be too inaccurate for use in the study. A highway atlas provided maps of

¹The maps are contained in recent issues containing spot radio rates and data. (Skokie, Illinois: Standard Rate and Data Service), passim.

individual states of sufficient size to enable the gauging of distance.¹

With these materials it was possible to choose the stations for the sample. From all the stations in the continental United States the pairs that best possessed the following characteristics were chosen:

1. The older and newer stations of each pair had to be licensed to serve the same community. It would seem that stations in different communities, even if their coverage areas overlapped, would draw from different groups of advertisers; thus, effects of new competition would be mitigated. In the questionnaire mentioned earlier, older stations of the pairs were asked to indicate what percentage of their revenue they derived from adjoining towns at least 10 miles away that possessed radio stations. Of the 26 stations in the sample whose executives answered the questionnaire, only two said they received 10% or more in revenue from such towns. This finding must be qualified by the recognition that after the questionnaire was sent, it was learned that it would be necessary to use some non-network stations that were less than 10 miles from other radio stations. Three non-network

¹Rand McNally Road Atlas (38th Ed.; New York: Rand McNally and Company, 1962).

stations were less than 10 miles by highway from the nearest town with a radio station. One of these answered the questionnaire with the statement that it received less than 10% in revenue from other towns with radio stations located at least 10 miles away.

Three other steps were taken to minimize the number of stations that served more than one town having a radio station. All stations listed in Broadcasting Yearbooks as being licensed to serve more than one town were discarded as were the stations that contained a subhead by the yearbook entry showing concern with another town. One station containing its main studios in a town to which it was not licensed was discarded; the town in which the main studios were located had several radio stations. Any such subhead or double entry in any yearbook dated from 1948 to 1963 was sufficient to bar a station from consideration. Also, any double-town entry in the Sales Management Survey of Buying Power¹ was sufficient to disqualify a station. It was felt that disposable income--a crucial factor as will later be shown--could not be gauged with sufficient accuracy if the station attempted to serve a town in which it did not have

¹The survey is published each year as one issue of Sales Management Magazine.

studios or if the station was in one town closely linked to another. However, one station was included even though it was located in a county listed in the Survey of Buying Power as a metropolitan area. The community in which this station was located was not given a disposable income figure jointly with the major city nearby, and the non-network pairs of stations were so rare that it seemed necessary to include this station. In the network sample, all stations located in communities that were less than 10 miles on a straight line basis from towns having commercial radio or television stations were barred from consideration.

2. Pairs of stations were used only if the older station had been on the air for a composite week used in one of its renewal applications before the second station began operations. It was felt that by comparing data from renewal applications--rather than the programming promises in license applications--it would be possible to gain a more realistic portrait of some aspects of the older station's performance. The FCC has discovered that parties applying for construction permits often make promises that do not match later performance.¹ Further, it was necessary for the second station to begin program tests after the last day of one composite

¹U. S., FCC, Public Service . . . , op. cit., passim.

week used by the older station and before the first day of the older station's next composite week. Because the FCC has no record of the date stations go on the air, it was necessary to learn starting dates from telegrams that authorized program tests in conjunction with stray mentions of the starting dates that are found in letters in station files. The starting dates listed in Broadcasting Yearbook were far too inaccurate to be used.

3. Communities under consideration had to contain only two commercial AM stations (after the new station's entry) and no commercial FM stations other than companion FM stations of one of the AM stations. Also, the presence of a commercial television station during the period considered was sufficient to disqualify a community. These restrictions were made in an effort to avoid (1) situations in which markets were so glutted with stations that the effects of new competition would be mitigated or more difficult to isolate, and (2) situations in which there were so many stations that some might offer a specialized program service.

4. The pairs of stations chosen were those in which neither station was affiliated with a national network (ABC, CBS, MBS, or NBC) during the period considered, or those in which the older station was affiliated with one national

network during the entire period. For reasons discussed below, it is not possible to know with absolute certainty whether a station was or was not affiliated with a network. For Hypothesis I the network and non-network stations were computed separately. To obtain a sample, it was necessary to use one non-network pair in which the newer station had a slight relationship with a national network. In this instance the newer station broadcast less than 2% of network programming during the composite week. There was no evidence to indicate that any station in the sample was network-owned.

5. Originally it was hoped that all pairs in which the older station had been granted an assignment of license or transfer of control during the period could be eliminated. It was felt that proportions of time devoted to the program types could change through changes of management. For example, one owner with a fondness for religious programming could be followed by an owner who abhorred them. There were sufficient network pairs to make it possible to omit all network pairs in which the older had undergone any transfer of control or assignment of license during and between the two composite weeks. There were not sufficient non-network pairs to make this possible, however. Thus, it was necessary to include six pairs of non-network stations in which the older

station underwent partial changes of ownership during the period. The terms of the transfers are included later in this chapter.

6. In addition, one network pair was omitted because the older station had undergone a hearing for programming violations between the two composite weeks. It was felt that such a hearing might affect the program percentages in the following renewal.

In testing Hypothesis I, it was believed that a simple decrease in the program types would be insufficient to support the hypothesis. To give this support, it was felt that the older station of the pair must have shown a decrease greater than that shown by a station that resembled the older station as much as possible but that did not receive new local broadcast competition during two composite weeks. For each older station of a pair, five matching stations would be chosen; these would be the ones in continental United States that most resembled the older station in wattage, hours of operation (daytime only or unlimited hours), disposable income,¹ period in which renewal applications were

¹The actual term is "Effective Buying Income Estimates." Disposable income is here used for the sake of brevity. See Sales Management Survey of Buying Power, 1950-1962, passim.

filed, distance from the nearest commercial broadcast station, and ownership of a companion FM station. From these five would be chosen the one that most resembled the older station in the proportion of its schedule devoted to the four program types in the first of two renewal applications. Then the matching station would have to meet one final test. Two financial statements filed with the Federal Communications Commission would be examined. These would be the statements covering the two years in which the bulk of the days of the two consecutive composite weeks fell. If the station showed a revenue decrease of as much as 3%, it would be discarded, and financial statements for the station showing the next best resemblance to the program percentages of the older station would be examined. This process would continue until matching stations without revenue decreases were found for all the older stations of the pairs.

The survey of renewal applications for the network stations revealed that the majority of network stations did not show decreases in the four program types. Thus, plans to choose matching stations for the network sample were discarded.

The reasons for including each of the above-mentioned criteria as a determinant in choosing the matching stations are as follows:

1. It was felt that the matching stations should resemble the older station in wattage because wattage determines in part the area covered by the station and thus its value to advertisers. Wattage is, of course, a gross measure; ground conductivity, terrain, employment of a directional antenna, population density, and frequency are other major determinants of area reached by a station.

2. Whether the station was licensed for unlimited hours or for daytime only was used as a criterion because a difference in the number of hours available could make a difference in the proportion of hours devoted to programs not customarily sought by a majority of listeners. For example, according to a number of studies cited in Chapter III, during the period used in this study, evening hours become less valuable. Thus, stations licensed for evening operation, when deciding how to schedule their programs of the four types, could face problems different from those confronting stations licensed for daytime only operation.

3. Disposable income was used as a criterion because it would seem that the prosperity of a community would partly determine the ability of two stations to survive and the profit margin of a single station. A community with 50 million dollars to spend would seem to provide--all other things being

equal--more dollars for radio advertising than would a community with 10 million dollars to spend. It should be emphasized that the figures given in Sales Management are approximations; the estimates, the publication's authors admit, may be awry by as much as 8%.¹ The editors define their estimate as follows:

Let us start with "national income," which in any year consists of the money received by all the traditional "factors of production of land, labor and capital." This is what you get if you add the wages and salaries received by all wage earners and salaried employees, the profits of all firms whether incorporated or not, and payments of interest, dividends and other types of property income, such as rentals to landlords, etc. "Personal income" excludes the profits of business enterprises from national income in order to emphasize the distribution of income among individuals receiving either wages, salaries, profits or property income. Then, in order to indicate how much of this income is available for the purchase of goods and services produced by these factors of production, we deduct all tax payments to federal, state and local governments. The Government calls the result "disposable personal income."

In recent years, Government statisticians have included "imputed rentals of owner-occupied homes" in the above definitions of income (and we have followed suit).² (Emphasis in the original).

¹Sales Management Survey of Buying Power, May 10, 1959, p. 13.

²Ibid., p. 17. This definition, almost entirely without change, appeared in the surveys after 1950. The 1950 survey's definition seemed to agree in most particulars with the later one except in wording. At any rate, it was not necessary to compare figures in one survey with figures in another one. Some of the earlier surveys used a figure that excluded payments to U.S. nationals living abroad. See Sales Management Survey of Buying Power, May 10, 1954, p. 22.

4. A fourth criterion was distance from the nearest station. It was felt that the distance of a station from its nearest commercial competitor would determine to some extent how isolated the station was from salesmen of rival stations who would attempt to sell in the town. Also, in choosing the matching stations, it became obvious that matching the stations by distance also provided--to a limited extent--an equivalence of population density for the competitive station and its matching station. This meant that to some extent the older station of the pair and the competitive match would both have an approximately equivalent number of persons in the area outside the community's city limits to serve with broadcast programs. The effect of this control must not be over-emphasized. Another benefit stemming from the matching of distance involved a slight amount of geographical control that occurred; if audiences in widely different parts of the country do have differing tastes in programming, then it is wise to avoid comparing a station in the mountain states with a station in the south, for example. The control of distance, to some extent, encouraged the finding of a matching station that would be located in the same general section of the country.

Distances from the nearest commercial broadcast station were computed on a straight-line, point-to-point, city-to-city basis. If the nearest town having a broadcast station was a metropolitan area, the distance was computed from the edge nearest the town in which the sample station was located rather than from the center of the metropolitan area. This method of computing distance often meant that the distances were as much as a third less than the distance that would be traveled by automobile. This seemed a fairer method, however, than computing the distances by automobile; a curving road does not hinder radio waves.

5. A fifth criterion was the year in which renewals were due. Economic conditions have varied during the period; the importance of television was different in 1950 from what it was in 1960; views on programming can have changed during the period. Thus, it seemed necessary to find a matching station that submitted its renewal application at a time close to that used by the competitive station. The rule was: The majority of the days of the composite week for the matching station's first renewal to be used in the study were required to fall not more than one year earlier or later than the majority of the days of the composite week used by the station receiving an increase of competition.

6. Matching the stations according to the presence or absence of a companion FM station seemed necessary because of the possible effect of the FM station upon the AM station's revenues and programming. During much of the period FM stations were not profit-makers. Some evidence for this lies in the number of FM stations that ceased operations during the first part of the period.¹ Thus, the FM station could have been a drain upon the AM station's revenues.

7. Choosing five matching stations for each competitive station seemed necessary because of the need for using a matching station that would be similar to the competitive station in the proportion of its schedule devoted to the program types in the first of the two renewals to be surveyed. This similarity was considered important because of the fact that a station devoting 15% of its schedule to the four program types can show a 4% decrease in its next renewal with little fear of Commission action. A station devoting 5% of its schedule to the four program types can scarcely show a 4% decrease without the likelihood that the station's programming will be questioned. If 5 matching stations were

¹Head, op. cit., p. 145. Also see "FCC Actions," Broadcasting, 1953-54, for listings of the number of FM stations deleted in each preceding month.

available, it was considered likely that one would be found that would be quite similar to the older station of the pair in the proportion of time devoted to the four program types.

8. Because it had become necessary to use non-network stations that had undergone some degree of transfer, it could be argued that the matching stations should also undergo as nearly as possible the same type of transfer. On the other hand, the effects of a transfer are difficult to gauge. The rules of thumb that one hears concerning radio station operation may or may not hold true in all cases. For example, it can be argued that the general manager actually runs the station and that the president has little to do with the operation. This may be true in a majority of cases, but no one can argue that it holds true in all cases. The silent partner whose name appears only on applications filed with the Commission and who has no official position with the station may exercise no voice or a very loud one in the station's affairs. Facts about the transfers for the competitive stations were carefully weighed before the stations were included in the sample; it seemed quite likely--but not certain--that there had been continuity of management. However, the use of matching stations that had undergone transfers seemed to admit further possibility of error. Therefore,

stations that had undergone a transfer consisting of more than a name change were omitted from consideration.

Also omitted whenever possible were stations that had undergone transfers during the calendar year in which the second renewal was filed. An early perusal of station files revealed the difficulty of gauging exactly when a new owner began to operate the station. In a few cases transfers occurred months or even years before Commission consent was obtained. Further, a man expecting to give up a station might have less interest in convincing the Commission that he has done a good job than would a man who expects to continue earning his livelihood from the station. In two cases in which matching stations were extremely rare, stations were selected even though they had undergone transfers in the calendar year after filing their second renewal.

9. Stations located in towns with educational stations were omitted except in one case in which the matching stations for an older station were quite rare because of high disposable income and the fact that the first renewal for the older station of the pair was filed quite late in the period. This meant that the matching stations had to be chosen from a two year period instead of from a three year period. The commercial station in a town with an educational station was

used only after ascertaining that the educational station in both its composite weeks covering the period had broadcast no commercials whatever. Thus, the educational station was not a competitor for advertising with the commercial station. Commercial stations in towns with educational stations were usually omitted because it was felt that they would give community groups an outlet that would otherwise go to the commercial station. On the other hand, if the educational station had been in operation during the entire period used in the study (and for many years before the period, as in this case) the alternate outlet for community expression would seem to have no new impact that could change the commercial station's programming during the period. Of course, the relationships between two broadcast outlets in the same town can have many results.

Two problems arose in choosing the matching stations. Matching stations were quite rare for some of the stations in the sample that had extremely high or extremely low disposable income. At the same time it was felt that no station should be used as a match for more than one station; such duplication would result in giving undue emphasis to the behavior of one station, and also would provide problems in statistical analysis. Also it seemed important that the best

available matches be used for each station. Thus, it was decided that when a station was the best match for more than one of the competitive stations, it would be included in the five for both. If a conflict developed involving the need for one station to be used as a match for more than one competitive station, the matching station would be used for the competitive station with the higher disposable income. Because of the high priority that should be given to finding the best possible matching stations, the ruling was made that no renewal application (not call letters) could be used more than once. This meant that a matching station could be used for more than one competitive station provided that the two renewal applications were not duplicated. Thus, two renewals filed in the late forties and early fifties could be used as a match for one competitive station; two renewals filed in the late fifties from the same station could be used as a match for another competitive station. It was felt that the problem of such duplication would be minimized by the fact that the competitive stations devoted such widely varying proportions of their schedules to the four program types. This proved to be the case. Even after the first correction for revenue decrease, there was no duplication of call letters or renewal applications in the matching stations.



Only with the extreme correction for revenue decrease, described in the next chapter, was there duplication of call letters; in no case were the same renewal applications needed as a match for more than one station. To minimize this possibility of overlap, when there was a sixth matching station that was almost as good as the five, the sixth was included as an alternate in case one of the five matching stations proved unsuitable for some reason.

It was impossible to know before studying the station files that a station would indeed be usable. Some of the reasons for which some stations had to be discarded will illustrate why this is true. Two of the stations chosen as possible matches had to be discarded because fires took them off the air during part of a composite week; one of these stations could not file program percentages because the logs for the composite week were burned. Another station completed a transfer after the beginning of the first composite week; the only date that had been available from the listings of FCC actions in Broadcasting Magazine was the date the transfer was granted; this occurred considerably before the start of the first composite week. Another station's renewal was in hearing status for three years; thus, when the renewal was granted in 1950, the application was one using the form

without the program categories called for in this study. Another station operated on program tests for more than two years; thus, it filed no renewal application for the first composite week to be used in the study. Another station went off the air for financial reasons a few months after the end of the second composite week; because financial stability was one of the requirements for the matching stations, this station was discarded as a possible match. An awareness of these possibilities may be useful for persons contemplating a study using station files.

One principle was given extremely high priority in choosing the matching stations. It was felt that the matching stations chosen should be those with the greatest likelihood that they would be usable. It seemed highly desirable to have--after the examination of the station files--five acceptable matching stations from which to choose the single best. Thus, in instances when it was impossible to gauge the nature of a transfer from the entry in Broadcasting Magazine, the station was discarded. This affected no more than five or six stations. And concerning one matter, a likelihood that a station was unusable was sufficient to cause its discard. This matter concerned network affiliation. From the Broadcasting Yearbooks and the station files, it is impossible

to know the exact date upon which a station ended a network affiliation. The matching stations were required to have no affiliation with a national network during the period. The yearbooks tell only whether a station was an affiliate at a certain deadline date; and in at least one case a manager in the sample said that he ended his network affiliation before a yearbook listing his station as an affiliate went to press. The network contracts on file with the Commission are confidential, and the ones for the first years of the period used in this study are in the Commission archives. The renewal applications tell only whether a network affiliation is contemplated and the percentages of time that were devoted to network programming during the composite week. The percentages could have as easily been for a regional network as for a national one. And, of course, affiliation with a regional network does not bar a station from consideration. Thus, if a yearbook entry said that a station was affiliated with a network on December 15, 1955, and the composite week that the station would have used began on December 4, the station was discarded. This was done even though some stations could have ended their network affiliations without notifying the yearbook staff.

After this discussion of the reasons for setting up the various criteria, we are ready to describe the steps in choosing the matching stations from among those for which data sheets were filled out:

1. All the stations with the same wattage as the older station of the pair were chosen. Two older stations that had changed wattage were considered to have the wattage they possessed during the majority of the days of both composite weeks. Matches with this wattage were chosen.

2. From this group were selected the stations whose disposable income for the year in which the newer station went on the air fell within a range selected for each of the older stations of the pairs. No attempt was made to average disposable incomes for a number of years because the figures tend to become less accurate as the number of years following a complete census is increased.¹ The midpoint of the range of disposable income from which each matching station would be chosen was the exact disposable income of the older station's community for the year in which the newer station began operations. The range extended downward from this midpoint to the extent of half of the tens of millions figure

¹Sales Management Survey of Buying Power, May 10, 1959, pp. 13-14.

for the older station and then upward to the extent of half of the tens of millions. For example, if the older station's town had a disposable income between 30 and 40 million dollars, the range would extend downward for half of 30 million and upward half of 30 million. Thus, if the station's disposable income was \$35,306,000, the range would be from \$20,306,000 to \$50,306,000. To obtain matches for three stations with extremely high and extremely low disposable income, it was necessary to extend the range slightly.

3. From the group of stations satisfying the above requirements were chosen the stations that matched the older station as far as being licensed for daytime only or unlimited hours operation was concerned.

4. From the remaining stations were selected the stations most like the older station of the pair in distance from the nearest commercial station. Because of the difficulty of measuring distances exactly, and because station transmitters may be located outside city limits, the stations were placed within 5 mile intervals using as a midpoint the distance of the older station from its nearest broadcast competitor. For stations whose distance had changed during the period through the start of operations by a new station in a town that had not possessed a radio station at the beginning of the period,

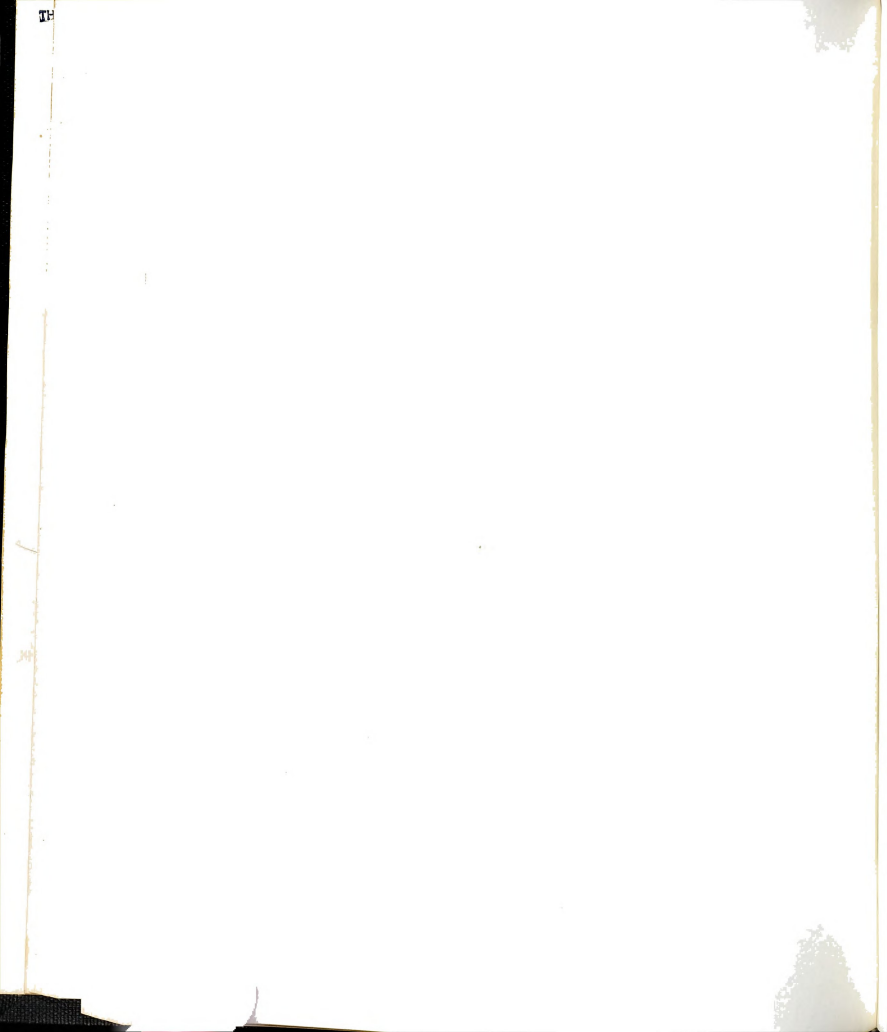
the shorter distance was used. If there were not 5 stations within the ten mile interval (5 miles less to 5 miles greater than the distance of the older station from its nearest commercial broadcast competitor) the stations nearest the outside limits of the interval were chosen.

5. From the remaining stations were chosen those that used exactly the same composite week as the older station of the pair. If there were not five of these, the ones whose distance best matched that of the older station and whose first renewal fell either one year before or one year after the first renewal of the older station of the pair were used. The affect of this criterion, in combination with the use of disposable income for the year the newer station of the pair began operations was that the disposable income figure for the matching station was in a central year of the period covered by the two composite weeks. In no case did the newer station of a non-network pair begin earlier than the third year of the five years covered by the two composite weeks. Using a central year for the matching stations as well as for the pair stations placed the disposable income figure at a midpoint in any growth or decline experienced by the community in question.

6. If more than five stations remained, those that matched the older station in possession or lack of a companion FM station were chosen first.

Four stations in the sample were in communities for which no listing of disposable income was given in the Sales Management Survey of Buying Power. It seemed unfortunate to omit these stations which were in the communities likeliest to be too small to support two radio stations. The sample was already so small as to be unlikely to give conclusive results. Although one finds listings for towns having less than 4 million dollars in disposable income, it would be a mistake to assume that all towns not listed have disposable income smaller than this. New towns are added as the Census Bureau makes information available; thus they are added only at irregular intervals.¹ However, the calculations would seem to bear some relationship to the wealth of the town except in cases in which the growth had been extremely rapid. The best solution seemed to involve choosing as matches for these stations other stations in towns for which disposable income listings were not available for the year in which the newer station began operations. Then the other criteria could be

¹Sales Management Survey . . . , 1954, op. cit., p. 11.



followed in order. Instead of beginning with disposable income, the stations that were given no disposable income listing and that matched the older station of the pair in year of filing its renewal application plus wattage and hours were selected. From this group were chosen the stations that matched on a basis of distance and the other criteria. It should be mentioned that the procedure seemed quite successful by two criteria: Three of the four stations with no disposable income listings were indeed lower in revenue than the majority of stations in the sample; three of these stations were in the bottom seven of the nineteen stations in a ranking of revenue for the last year the stations were alone in their markets; the fourth station with no disposable income was third from the top in revenue. By another criterion the matching stations seemed to support the idea that the procedure was successful; the matching stations chosen for three of the stations with no disposable income listings matched the older stations of the pairs in revenue better than did many of the stations for which disposable income listings were available.

One final problem remained. One station in the sample was in a town with no disposable income listing and had changed wattage during the period. Fortunately the station

had been on unlimited hours throughout the period. For this station the matching stations chosen were those that used unlimited hours and the same composite week as the older station. It was not even possible to judge wattage on a basis of whether the station had operated a greater number of the days of the composite week under one wattage or the other; the change in power occurred between the two composite weeks. From the group of stations that met the above criteria were selected the stations that best matched the older in distance and absence of a companion FM station.

The statistical techniques employed were the binomial test and the Wilcoxon Signed Rank Test.

Procedure for Hypothesis II

The sample used in testing Hypothesis I was also used for Hypothesis II. This hypothesis was an attempt to find out whether each town had access to more of the program types with two local stations than with one. The first operation involved multiplying the percentage of the schedule devoted to the four program types by each older station with the number of hours the station was on the air to give the hours the older station devoted to the four program types in each period. The same operation was performed on a renewal

application for the newer station. The hours for the second renewal of the older station and the hours for the newer station were added to give a total number of hours of the four program types available to the town. This total was compared with the number of hours given to the four program types by the older station when it was the only station in its town. If the two stations together provided more hours of these programs for the audience than did the older station when it was alone, the instance was considered to support the hypothesis.

One reservation must be made in interpreting the results. In 1951 the Commission changed its schedule that determined when a station's renewal would be due. Before 1951 and until 1954 when the changeover to the new system was completed, the factor that determined when a renewal application would be due was the frequency upon which the station broadcast. Since the changeover was completed, the state in which a station is located is the determining factor.¹ Thus, in some cases the newer station's renewal application described a period different from the period described in the second renewal of the older station. The renewal application used

¹16 Federal Register 4803-4804.

in the computations was the first one filed by the newer station except in a few cases in which the station began program tests less than seven months before the renewal application was due; in these cases the second renewal application was used. A seven month cut-off was used because this is the approximate minimum length of the period covered by a composite week. If the station had been on the air as much as seven months, it could, in representing its programming, use a period approximately as long as would a station using a standard composite week. If the station had been on the air less than seven months, the days chosen were often all from one calendar week and could have been stuffed with programming calculated to please the Commission. Too, if the station had been on the air an extremely short period before filing its first renewal, the computations would represent the first stumbling attempts at programming and might not be typical of what the station would later provide for its community. Four of the newer stations, because of going on the air late, followed the approved procedure of using seven consecutive days. One station chose its own days "at random." None of the older stations followed such procedures.

The significance of this hypothesis was determined by using a simple binomial test.

Procedure for Hypothesis III

In determining whether the decrease in programming was related to a decrease in revenue, percentage figures were derived for both revenue decreases and decreases in programming. For some computations the total proportion of time devoted to the four program types in the first renewal application was considered to be a total of 100%; the amount of decrease was then transformed into a percentage showing its proportion to the amount in the first renewal. Thus, a 2% decrease for a station that had devoted 10% of its schedule to the program types in the first composite week would become a 20% decrease; a 2% decrease for a station that had devoted 20% of its time to the program types would become a 10% decrease. The Spearman Rank Correlation Coefficient using both the raw percentages and altered ones was employed.

The adjustment in percentages would, it was felt, make allowances for the fact that a station's decrease varies in significance with the amount of time that the station had given to the program types originally. A 2% decrease when the station has given only 4% of its schedule to the program types, it was felt, represents more of a change in policy than a 2% change for a station showing a decline from 27% to 25%.

One word must be said concerning the reason for choosing the total broadcast revenue figure rather than profits as the criterion. The stations do not maintain uniform bookkeeping systems, and breakdowns of executive salaries are not provided in the financial statements. Thus, a manager-owner's salary can be quite great, and the station can still show an apparent loss. A station can--as one station did--show a loss before the entry of a second station and then show a profit for the first year of the new station's operation. What the profit figure did not tell was that the station had slashed expenses by some 13 thousand dollars. Revenue had declined more than 9%. The total broadcast revenue figure, it was felt, would remain relatively objective, no matter what the bookkeeping system.

In six instances the second station went on the air sufficiently early that the first full year of its operation did not represent part of the second composite week for the older station. A plan to make separate computations using the later revenue figures for these stations was not adopted because of the large number of instances in which the first full year of the second station's operation represented the last part of the composite week for the older station. It should be mentioned, however, that at least three of the six

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stations showed no substantial change in revenue in the second year of the new station's operation as compared with the first. One station that showed an increase in the first year showed a further increase in the second; two others showed changes of 4% or less. Another, after showing a decrease of 2.67% showed a further decrease of 5.5%. Thus, the computational difference would have been very small. The financial statement for one of the stations was not available.

Flaws in the Sample

Originally it was hoped that the study could be done without using any stations that had asked for a transfer of control during the period to be considered. Originally, also, it was planned to use no network stations. It became apparent that there were not sufficient non-network pairs to provide a sample without transfers. It also became clear that the non-network pairs were so few in number that they represented only a relatively atypical portion of the stations in the United States. There were sufficient network pairs to provide a sample in which the older station had undergone no transfers during the period. Among the non-network pairs available, six older stations had maintained sufficient continuity of ownership despite transfers that, it was felt,

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they could be included in the sample. The terms of the transfers are as follows:

1. A parent company, after purchasing all the outstanding capital stock of a broadcasting company (before the period considered), continued the original plan to close out the broadcasting company and transfer its assets to the parent company. Later, when the parent company was contemplating a television station, it decided to place its "radio and TV properties in a separate corporation and to bring in an experienced TV manager as a minority stockholder." The parent company kept 550 out of 700 shares of the issued and outstanding stock.

2. A 25% stockholder in a station sold his 25% to the wife of another 25% stockholder. In this case 75% of the stock remained in the same hands during the entire period.

3. In a third case, the 50% owner who was also the general manager and news director (as well as chief engineer according to some Broadcasting Yearbooks issued during the period) bought out the 50% interest of his partner.

4. The 98% owner of a fourth station set up a new corporation in which he would keep 80% and give 18% more of the stock to his wife and son. A request for transfer of the remaining 80% was made after his death and two weeks after the

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period considered in the study. According to the file, the wife had been general manager for ten years upon the death of her husband. The son also was an employee of the station throughout the period. Both the wife and son had owned some stock throughout the period. The husband died before the end of the second composite week.

5. In the fifth instance, a 50% owner purchased 4.17% of additional stock. A brother of the 50% owner was a minority stockholder; considering the two as a group in privity would give them majority ownership before the transfer. The two principal executives of the station remained the same, according to Broadcasting Yearbook, throughout the period.

6. The parent company of a corporation owning a radio station was transferred from two sisters (who together owned 53%) to a brother who had owned 47% before the transfer. Both before and after the transfer, the brother was president of the corporation owning the station. When asked on a questionnaire for Hypothesis IV if the station had undergone a transfer since January 1, 1960, the respondent said "no," even though the transfer described above occurred during the period of the study.

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A second type of flaw involved two older stations of non-network pairs that were not on the air for a full standard composite week before the second station's entry. Both these stations, however, were given alternate days by the FCC; thus, the licenses did not not have opportunity to choose days that would show their programming in a favorable light. And in both cases the days chosen covered a period approximately equivalent in length to the period covered by the standard composite week. Of course, both of the first composite weeks for these stations covered a period when the second station had not begun program tests. One showed a program increase; the other showed a decrease.

A third flaw involved the fact that one of the newer stations of a pair--not an older station--formed a limited service affiliation with a national network. This station broadcast only .8% of commercial network programming during the composite week, and 1.1% of sustaining network programming. It was hoped that this limited amount of network service would have little effect upon the programming of the older station.

A fourth flaw involved the fact that a few of the stations submitted percentages that did not total 100. The differences were fairly small (2% to .001%) in every case

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except one. This was a non-network station whose percentages totaled 89%. The station was included after an assurance by the general manager (who occupied that position when the renewal application was filed and who was not told the terms of any hypotheses) that the figure for entertainment programming should have been 67% instead of 56%. He had not made a complete re-examination of all the logs, however. All the other stations would have shown a decrease or increase in actual hours even if the percentage discrepancies were considered as being entirely within the four program types. These variations were taken account of, to some extent, by using a statistical technique that permits some inequalities among the figures. Nonetheless, this flaw must be kept in mind in interpreting the results. One station whose figures totaled 131.3% was discarded; the FCC asked the station to submit a revised list of program percentages at the time of renewal in 1953; the list was not in the files. The station was later sold, and the present management has none of the records dating back to 1953; this station had shown a 21.2% decrease in the four program types.

One station's figures were obtained from an application for transfer rather than from a renewal application. The figures were submitted with logs; thus they were meant

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to represent the station's past operation. Also, these figures were the program promises of the man who hoped to be the future owner. Thus, the person filing these percentages would have a desire to please the Commission just as would the person asking for a license renewal. This transfer represented a composite week that fell entirely after the start of the second station's operation.

One of the non-network stations was approximately 2 miles from the edge of a large city; thus, the station could be considered to be in competition with the city's stations. The station, after showing steady revenue increases during the last two years it was alone in its community, saw a sizable decrease in total broadcast revenue upon the second station's entry. This would imply that the two stations were somewhat in competition with each other. Thus, the station was included in the sample. It did not show a decrease in the four program types.

It was possible to exclude network stations that were less than 10 miles from the nearest commercial broadcast station. This was not possible if a sample of non-network pairs was to be obtained. Although only one of the non-network pairs was less than 6 airline miles from a town with a commercial broadcast station, 7 of the non-network pairs were

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in towns less than 10 airline miles from such towns. Only 3 were less than ten highway miles from the nearest commercial radio station; one was less than 10 highway miles from a television station.

One of the non-network pairs was in a town containing an educational AM station. This station broadcast no commercial announcements during either of the composite weeks used in filing its renewal applications. Thus, it was not a commercial competitor of the AM stations.

Of the four non-network pairs that came closest to meeting the requirements of the hypothesis but that were discarded from consideration, three showed decreases in the four program types, and one showed no change. One of these stations was discarded because the percentages on its first renewal totaled 131.3%. The other two that showed decreases underwent complete transfers during the composite week before the second station's entry; one based its program percentages on the programming of one month following the transfer; the other used the standard composite week, during part of which the station had been under different management. The station that showed no change in the program types filed identical figures on three consecutive renewal applications. It underwent three 50% transfers during the period; two of

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these stemmed from the death of a 50% owner; the third transfer resulted from the withdrawal of a partner. The network pairs experienced no transfers other than name changes of the corporation. Although five of the older network stations of the pairs submitted percentages that did not total 100, the largest variation discovered was .12%. One station filed percentages totaling 99.00% in one renewal and 98.88% in the next.

Another qualification must be made. The matching stations were not always close to the competitive stations in the amount of total broadcast revenue that was being received. In part the difference can be attributed to the wide range of disposable income it was necessary to employ in order to find stations that would be matches in the other criteria. Table 1 shows the revenue in thousands of dollars; figures for the competitive stations are given in thousands for the last year before the entry of the second station; figures for the matching stations are for a mid-year of the period. Stations with no disposable income are marked with an asterisk; it can be seen that for three of these the matching stations are certainly as good as any for the stations with disposable income.

Table 1.--Revenue
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Table 1.--Revenue for older stations of pairs and matching stations.

Revenue for Older Stations of Pairs	Revenue for First Choice Matching Station	Revenue for Second Choice Matching Station
122	98	
121	89	102
116*	32	
116	100	183
114	55	68
114	77	108
107	119	79
104	82	
103	132	
83	246	
80	54	
79	130	
69*	58	
59	77	
52	79	
51*	54	51
45*	67	
34	32	64
33	48	

One network pair had to be discarded because one portion of the file for the older station could not be located. The file was not found when a request was made for it in December. A two-months search was made from late February until late April.

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Procedure for Hypothesis IV

In testing Hypothesis IV to find out if stations rescheduled their education, agriculture, religion, and discussion programs following a second station's entry, the raw material was reports on radio program logs for five days (Monday through Friday) of one week in September, 1960, and an equivalent period in 1962. Logs more widely separated in time might have shown a more accurate picture of station adjustment to new competition, but the logs seemed unavailable. Stations usually request that the logs submitted with their renewal applications be returned, and the stations are not, except in special circumstances, required to keep their logs more than two years.¹ Depending upon the memories of station personnel--especially when personnel can move from one station to another--seemed to offer less than minimum reliability.

In choosing the sample for the hypothesis, it was necessary to know which communities in the United States had seen the entry of a second AM broadcast station between September, 1960, and June, 1962. Because the programming of the older station for September, 1962, would be analyzed, pairs in which the newer station began program tests after

¹U. S., FCC, Rules and Regulations, Vol. III, September, 1961, Section 3.112.

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June, 1962, were omitted; it was believed that if a station began later than June, the older station might not have adjusted its program schedule by September to compensate for the competition. A list of stations that had begun program tests was compiled from data in the License Division of the Commission's Broadcast Bureau.

To obtain a sample of sufficient size, it was necessary to loosen the requirements that were used for the previous hypotheses: The newer station could have power of as much as 5 kilowatts; either station could be affiliated with a national network. Either station could have undergone a transfer of control like those permitted the non-network stations used in testing Hypothesis I. No stations were used that had undergone a complete change of control later than the calendar year of 1959. Although stations in towns containing television stations were not considered, pairs were not disqualified even if their towns contained satellite TV stations. Stations classified as religious or educational under the criteria for Hypothesis I were disqualified. Stations in communities less than ten miles from towns with commercial radio stations were also excluded from the sample. None of the pairs used in the analysis was located in towns with educational AM or FM stations.

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A letter and a questionnaire were sent to each of the older stations of the pairs and to two matching stations for each of the older stations. It was hoped that one of the matching stations would respond to the questionnaire. The questionnaire was sent three times without a completely satisfactory response. This was despite the fact that the third mailing was accompanied by a letter from Dr. Walter B. Emery; his letter did encourage some additional broadcasters to respond. More than 50% of the questionnaires were returned.

The matching stations were the ones in the United States that were most like the older station of the pair in wattage, disposable income, network affiliation, distance from the nearest commercial broadcast station, and ownership of a companion FM station. A check was made to eliminate stations that had undergone changes of ownership during the period, and a question concerning changes of ownership was included in the questionnaire. Every station that received local competition and 11 of the 12 matching stations used said they had undergone no change of ownership after January 1, 1960. One matching station did not answer the question; it was later learned that this station had undergone a partial

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transfer in February, 1960, seven months before the first week used in the study.

In two instances in which neither matching station answered the questionnaire, matching stations that were most like the older of a pair (that had answered the questionnaire) in wattage and disposable income were chosen from the matching stations that had responded and that were not being used as matches for another station.

The matching stations were chosen to receive the questionnaire in accordance with the following priorities:

1. A list was made of all stations in communities whose disposable income was within a range of one million dollars more or one million dollars less than the older station of the pair for the year 1961. This year was used because it represented a midpoint in the period to be considered, and thus would allow to some extent for growth or decline experienced by the communities in question.
2. From this list were chosen those stations whose wattage matched that of the older station of the pair.
3. From the stations remaining were chosen those that matched the older station of the pair in having or not having an affiliation with a national network. When possible,

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stations that were affiliated with the same network as the older station were used.

4. Distances were computed, and stations were selected in accordance with their similarity to the older station in distance from the nearest commercial broadcasting station. Stations were chosen on a basis of whether the distance figure was within five miles of the distance for the older station of the pair. In some cases it was necessary to choose matching stations that were outside the five mile interval; in no case was it necessary to use a matching station that was less than ten miles from its nearest commercial broadcast station.

Five of the stations that received their first local broadcast competition were located in communities with extremely high disposable income. For these it was necessary to broaden the range in choosing the matching stations; for two of the stations the range was broadened to 10 million dollars; for the two with the largest disposable income, the range was broadened to 14 million. One station had disposable income three times as great as the second highest in the sample; finding a matching station that resembled this station in a way that could be called meaningful was impossible; too, the station was barely 10 miles from one of

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Two stations in the sample were in communities that were given no disposable income figure. Both of these were in southern states with many stations located in towns having no disposable income listing. As matches for these stations, stations within the same state but in towns with no disposable income figure were chosen. From a list of such stations were selected the stations most like the older of the pair in wattage and network status. From the remaining stations, the two selected were stations that best matched the older of the pair according to the distance criterion.

The questionnaires were analyzed to derive a percentage figure showing the proportion of the programs of the four types that appeared in the evening and early morning hours as defined in the hypothesis. If the older station of the pair showed a greater increase in the proportion of these four program types that were broadcast in the evening and early morning hours than any increase shown by the matching station, the instance was considered to support the hypothesis.

The statistical technique used in analyzing the results was the binomial test.

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CHAPTER V

RESULTS OF THE STUDY

Before discussing the results, it is necessary to make two major reservations. First, as was noted in the previous chapter, the sample contained a number of flaws. The second reservation concerns the results of the statistical tests. For two of the four hypotheses the results are mixed; some tests showed statistical significance whereas others did not. Because of the flaws in the sample and the mixed statistical results it is necessary to conclude that the study needs to be repeated with more reliable data than were provided by the renewal applications.

Results of Hypothesis I

The survey of renewal applications for the 55 stations included in the sample revealed that 13 of 19 non-network stations showed decreases in the four program types after the second station began operations. This ratio is significant at the 10% level (but not at the 5% level) if we use a one-tailed binomial test and assume that the number of stations showing increases and decreases would be evenly divided by chance. Actually, a slight majority of the

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matching stations in some groups showed decreases, so the assumption is questionable.

The majority of the network stations did not show decreases in the four program types; only 15 of the 36 pairs of stations showed decreases; thus, for the network stations it was considered unnecessary to choose matching stations.

The non-network stations.--The non-network stations that received local broadcast competition were compared with the matching stations in seven different ways. The first comparison was between the competitive stations and the matching stations that were most like the competitive stations in the proportion of the schedule devoted to the four program types at the beginning of the period; this comparison made no allowance for revenue decreases of the matching stations. After totaling the increases and the decreases, the smaller figure was subtracted from the larger. The competitive stations showed a mean decrease in the program types of 1.391%; the matching stations showed a mean increase of .358%. The figures for all the comparisons are shown in Table 2.

For the second comparison the matching stations were altered so as to remove all the stations that saw a decline in total broadcast revenue of as much as 3% according

Table 2. Total and average increases and decreases for competitive and matching non-network stations.

Raw Percentages	Competitive Stations	First Matching Stations (No Revenue	Second Matching Stations (First Revenue	Third Matching Stations (Extreme Revenue
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Table 2. Total and average increases and decreases for competitive and matching non-network stations.

Raw Percentages	Competitive Stations	First Matching Stations (No Revenue Correction)	Second Matching Stations (First Revenue Correction)	Third Matching Stations (Extreme Revenue Correction)
Total Increase	17.15%	36.64%	33.30%	47.96
Total Decrease	43.585	29.84	24.78	19.00
Net Increase		6.80	8.52	
Net Decrease	26.435			28.96
Mean Increase		.358	.448	
Mean Decrease	1.391			1.524
Altered Percentages				
Total Increase	110.81	233.77	195.85	157.56
Total Decrease	373.05	225.38	190.17	274.04
Net Increase		8.39	5.68	
Net Decrease	262.24			116.48
Mean Increase		.441	.299	
Mean Decrease	13.802			6.130

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to two financial statements; these were the financial statements that covered the years including the majority of the days cited in the two composite weeks used in the study. For the four stations removed by this criterion were substituted the stations that were second in matching the competitive stations in proportion of time devoted to the four program types. The difference between the competitive stations and the matching stations remained substantially the same. As compared with the competitive stations' decrease of 1.391%, the matching stations showed a mean increase of .448%. Both these comparisons, using the Wilcoxon Signed Rank Test, show a difference which is statistically significant at the 5% level.

The third computation altered the matching stations to accord with a more extreme definition of revenue decrease. According to this definition, any matching station would be removed if it showed a revenue decrease of 3% or more in any of three financial statements; these would be the statements for the year in which the majority of the days of the first composite week fell in addition to the two years in which all of the days of the second composite week fell. This third year was used in the belief that if the station saw a revenue decrease in a mid-year, it might have altered its programming, and could possibly not have reverted to the

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It was not possible to obtain a complete sample of matching stations by this criterion; four matching stations for one competitive station all showed revenue decreases under this definition; the fourth actually failed to file financial statements for two of the years, and so was disqualified; the financial statements that were available, however, showed that the station had suffered revenue decreases. The computation used matching stations that satisfied the criterion in the eighteen cases in which the stations were available; for the one station for whom a matching station could not be found, the station that was earning more money at the end of the period than at the beginning was used. In this comparison, the difference between the two groups of stations disappears. Although the competitive stations showed a slightly greater number of decreases (13 to 12), the matching stations showed even greater decreases than the competitive stations; the matching stations showed a mean decrease of 1.524%. This comparison must be considered in light of four facts. First, as Table 3 shows, whether a station's revenue went up or down seemed to have little obvious effect upon a decision to change the amount of the program types. Second, the third revenue correction removed

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Revenue Change	
64.20%	I ^a
56.94	I
43.03	I
36.06	I
33.19	I
29.99	I
28.30	I
26.65	I
22.71	I
17.07	I
13.59	I
13.21	I
12.65	I
12.52	I
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Table 3. Comparison of revenue changes and program changes for matching stations.

Revenue Change		Program Change		Revenue Change		Program Change	
64.20%	I ^a	4.90%	I	9.76	I	7.30	D
56.94	I	8.12	D	8.70	I	2.20	D
43.03	I	3.32	D	8.21	I	.30	D
36.06	I	.03	I	8.11	I	1.90	D
33.19	I	2.60	I	3.02	I	.66	D
29.99	I	3.60	D	3.00	I	1.50	I
28.30	I	12.00	D	1.40	I	7.00	I
26.65	I	15.40	I	1.09	I	2.30	D
22.71	I	1.60	I	3.53	D	2.02	I
17.07	I	1.70	I	6.50	D	1.00	D
13.59	I	1.00	D	8.21	D	9.80	D
13.21	I	2.81	D	10.31	D	6.20	I
12.65	I	1.17	I	15.96	D	4.38	D
12.52	I	2.75	D	37.50	D	1.32	I
10.75	I	.24	D				

^aThe letter "I" signifies increase; the letter "D" signifies decrease.

a station that showed a 26% revenue increase in comparing the two financial statements because the middle year was an even better one. It is true that three of the stations that are discarded for the extreme revenue decrease had bad middle years; revenue decreases were 3.1%, 6.2%, and 13.8%. Third, the introduction of the second and third choices of stations brought stations that provided a greater proportion of the programs at the beginning of the period than had the

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competitive stations; thus these matching stations were better able to show a large decrease in the programs than were the competitive stations. The fourth consideration in citing this comparison lies in the fact that it does not represent the matching stations when they are considered as a group of 71 stations as a whole. The entire group of matching stations was almost exactly evenly divided in amount of increase and decrease. The third group of matching stations certainly was not.

The fourth comparison of the competitive and matching stations involved an alteration of the percentages to adjust for inequalities in the proportion of the decreases. The percentage change was considered as a portion of the amount of time devoted to the program types in the first renewal application. Thus, if a station devoted 10% of its schedule to the four program types in the first renewal but only 8% in the second renewal, the 2% decrease was considered to be a 20% decrease. Using this method, the three groups of matching stations were again compared with the competitive stations. The competitive stations showed a mean decrease of 13.802%; the matching stations that were not corrected for revenue decreases showed a mean increase of .441%. The second group of matching stations (comparing two financial statements to remove any stations that showed revenue decreases

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of 3% or more) showed a mean increase of .299%. Both these groups, using the altered percentage figures, show significance at the 5% level, using the Wilcoxon Signed Rank Test. Thus, the differences are again statistically significant.

The alteration of the percentage figures makes a great difference in the matching stations containing the extreme revenue correction. The difference stems from the fact that some of the stations in this group differed vastly from the competitive stations in the proportion of their schedules devoted to the four program types at the beginning of the period. Compared with the competitive stations that showed a mean decrease of 13.802%, the matching stations with the extreme correction showed a mean decrease of 6.130%. Using the Wilcoxon Signed Rank Test, the two groups of stations did not differ significantly with respect to decrease. ($P < .20$).

The final comparison must be made between the competitive stations and the matching stations as a whole. This comparison must be qualified because there are not equivalent numbers of matching stations for all the competitive stations. If we cite each matching station only once (some could have matched more than one competitive station), and omit all stations failing to meet the requirements, we have 36 stations that showed decreases in the four program

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types and 32 stations that showed increases; three showed no change. Increases and decreases are approximately evenly divided; this was not the case with the competitive stations. The mean decrease was .0117%. From this it can be seen that the first two groups of matching stations tend to support the hypothesis a bit more than does the group of matching stations as a whole. On the other hand, the third group of matching stations is far less favorable to the hypothesis than the matching stations as a whole.

In summary, it may be said that six of the seven comparisons show greater decreases for the competitive stations than for the matching stations. All seven comparisons show a greater proportion of decreases without regard to size among the competitive stations. Of the six comparisons for which a statistical analysis was done, the difference is significant at the 5% level in four comparisons and is significant at the 20% level in one other.

What of the individual program types? Were there any that tended to decrease more than others? In the main the answer must be "no." However, there were two program types that were less likely than the others to increase. These were religion and discussion. Table 4 shows the results for both network and non-network stations. From this table it is possible to see that no single program type was notably less

Table 4. Inc

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Table 4. Increases and decreases divided by program type.

	Non-Network Stations			Network Stations		
	In-crease	De-crease	No Change	In-crease	De-crease	No Change
Religion	5	13	1	14	19	3
Agriculture	9	7	3	21	12	3
Education	7	10	2	21	12	3
Discussion	6	9	4	13	20	3

likely to suffer than any other. The few broadcasters who mentioned in the questionnaire having increased or decreased one of these program types would support the result concerning religious programming; 17 out of 25 mentioned having decreased such programs; in the sample, this seemed more likely to decrease than any other type; agricultural programming seemed the type most likely to increase following the coming of the second station. Corrected percentages for the non-network stations and the matching stations are listed in Appendix V.

The network stations.--Of the 36 network pairs, 15 of the older stations showed decreases in the four program types, and 21 showed increases. In the rationale, reasons for expecting the network stations to show smaller decreases

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Table 5 shows this. It can be seen that the network stations in the late fifties have begun to behave more like the non-network stations in the sample. The stations showing decreases are slightly clustered in the period after 1954; the stations that did not show decreases after the second station began operations are slightly clustered in the earlier years.

The numbers are quite small, but from this table it can be seen that after 1954 almost twice as many network stations showed decreases as showed increases. Before 1954 the opposite is true; more than twice as many network stations showed increases as showed decreases.

Another descriptive fact to note is that whether a station showed a decrease or increase seemed to depend in part upon which network affiliation the station possessed. Here the differences are quite small and could easily have occurred by chance. However, it should be mentioned that almost two-thirds of the stations that showed decreases were

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Table 5. Decreases and increases in the four program types for network stations according to the year the second station began operations.

Year of the Second Station's Arrival	Number of Stations Showing Increases	Number of Stations Showing Decreases
1949	4	0
1950	6	4
1951	3	0
1952	1	1
1953	2	1
1954	3	4
1955	1	0
1956	0	0
1957	0	3
1958	1	2

affiliates of the Mutual Broadcasting System; slightly less than half of the stations that showed increases were Mutual affiliates. On the other hand, no affiliates of the Columbia Broadcasting System showed decreases, and only one affiliate of the National Broadcasting Company showed a decrease. A slight majority of the affiliates of the American Broadcasting Company showed decreases. As Table 6 shows, the numbers are too small to have meaning.

Table 6. Sta
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Table 6. Stations divided by increase and decrease in the four program types and by network affiliation.

Name of Network	Number of Stations Showing Increases	Number of Stations Showing Decreases
ABC	3	5
CBS	3	0
MBS	10	9
NBC	5	1

One severe qualification must be made here. A great majority of the network stations in the sample decreased the proportion of their schedules that was devoted to network programming during the period. And the stations that showed decreases in the four program types took slightly less programming from the networks before they received their first competition than did the stations that showed increases in the four program types. For the network stations that showed increases in the four program types, the mean amount of network programming broadcast during the first composite week was 47.41%. For stations showing decreases, the mean amount of network programming was 45.11%. Also, the stations that decreased the four program types also decreased network programming more than did the network affiliates that increased the program types. The mean decrease in network programming

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for stations showing increases in the program types was 2.96%; the mean decrease for stations showing decreases in the program types was 7.88%. There is no significant correlation between the decreases or increases in programming and the increases or decreases in the amount of network programming using the Spearman Rho Correlation.

Results for Hypothesis II

Hypothesis II predicts: The entry of a commercial AM radio station into a community containing only one other commercial AM radio station will be followed by a net increase for the community of religious, agricultural, educational, and discussion programs, when the stations meet all the requirements set out in Hypothesis I.

This hypothesis is overwhelmingly supported by both the network and non-network samples. Among the non-network stations, only one pair broadcast less than the older station had broadcast alone; among the network stations, two pairs provided less than the one station had scheduled when it was the only station in the town.

It will be remembered that a few of the stations answering the questionnaire mentioned that they had altered their programming because of the programming on the other station. Another broadcaster mentioned that the rival

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station copied his programming. It is more than interesting that among the 28 stations that showed decreases in the four program types are only six instances in which the newer station provided more than the older station had offered alone. On the other hand, among the 27 stations that showed increases in the four program types are 12 instances in which the newer station had offered more of the programs than had the older station when it was alone. This is fragmentary evidence for a theory that needs further testing. This would imply that one of the factors determining whether a station increases or decreases the amount of the four programs it provides is the programming of the other station.

A prompt word of caution must be offered here. As has been mentioned before, the classification of programs has been assigned entirely to some 110 broadcasters, their staffs, and their lawyers. In comparing the two renewals of the older station, the ground is somewhat firm in that both renewals would stand some likelihood of being made out--or at least reviewed--by one person. But in comparing the renewals of the older station with the newer, it must be remembered that the personnel computing one renewal would be different from the personnel computing the other. This ground is very marshy indeed.

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It must also be remembered that the programming of the newer station--even if this tentative theory should later be supported--would be only one of many factors determining whether the older station decreased or increased the amount of these four program types. The popularity of individual programs, the profit margins of stations, the policies and beliefs of management, the attitudes of the audience, and a multitude of other factors could well affect the decision-making.

In Tables 7 and 8 the percentages of time devoted to the four program types have been computed as hours and minutes. Among the non-network stations in only 4 out of 19 instances did the coming of the second station double the amount of these four program types available to the community from commercial, local stations. Among the network pairs in 16 out of 36 instances the town had twice the amount of these programs with two stations as compared with one. For the sample as a whole (both network and non-network stations) the addition of a second station did bring a net increase in the program types in all but 3 instances. But in more than half the cases, doubling the number of stations did not double the amount of these program types available to the community.

Table 7. Total time devoted to the four program types by the non-network stations.^a

Older Station's Twenty	Older Station's Second	Increase	Decrease	New Station's Renewal	Both Stations	Increase for Community
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Table 7. Total time devoted to the four program types by the non-network stations.^a

Older Station's First Renewal	Older Station's Second Renewal	Increase	Decrease	New Station's Renewal	Both Stations	Increase for Community
13:00	18:30	5:30		36:50	55:20	42:20*
12:45	13:00	:15		:40	13:40	:55
6:05	4:30		1:35	10:20	14:50	8:45*
3:45	1:45		2:00	3:40	5:25	1:40
11:55	15:05	3:10		8:35	23:40	11:45
9:10	9:55	:45		10:15	20:10	11:00*
21:55	21:40		:15	19:50	41:30	19:35
18:00	16:15		1:45	4:40	20:55	2:55
19:10	18:00		1:10	18:50	36:50	17:40
18:10	19:20	1:10		5:45	25:05	6:55
9:30	7:00		2:30	10:30	17:30	8:00
14:35	6:45		7:50	10:25	17:10	2:35
10:55	8:10		2:45	4:20	12:30	1:35
10:25	7:25		3:00	6:15	13:40	3:15
13:30	10:10		3:20	8:10	18:20	4:50
21:55	16:50		5:05	8:45	25:35	3:40
14:40	21:45	7:05		9:45	31:30	16:50*
16:25	17:40	1:15		1:45	19:25	3:00
10:40	3:50		6:50	5:05	8:55	0:00

^aComputed to the nearest 5 minutes.

* Signifies that in this instance the town had twice as much of these program types with two stations as with one.

Table 8. Total time devoted to the four program types by the network stations.^a

Older Station's First Renewal	Older Station's Second Renewal	Increase	Decrease	New Station's Renewal	Both Stations	Increase for Community
11:50	11:05		:45	10:35	21:40	9:50
25:05	28:05	3:00		4:45	32:50	7:45
11:15	12:10	:55		19:50	32:00	20:45*
20:45	23:20	2:35		23:00	46:20	25:35*
14:45	16:10	1:25		7:45	23:55	9:10
14:55	10:25		4:30	12:55	23:20	8:25
16:35	9:00		7:35	11:10	20:10	3:35
13:20	26:55	13:35		12:25	39:20	26:00*
24:25	20:40		3:45	20:50	41:30	17:05
11:05	13:15	2:10		5:05	18:20	7:15
17:55	22:55	5:00		16:25	39:20	21:25*
10:25	12:20	1:55		11:55	24:15	13:50*
13:50	13:05			4:45	17:50	4:00
4:40	4:50	:10		10:15	15:05	10:25*
4:45	5:00	:15		9:10	14:10	9:25*
16:55	21:25	4:30		8:40	30:05	13:10
11:50	12:40	:50		18:10	30:50	19:00*
12:00	4:15		7:45	12:10	16:25	4:25
9:50	10:50	1:00		9:00	19:50	10:00*
14:55	14:10		:45	6:00	20:10	5:15
10:20	14:20	4:00		:40	15:00	4:40
9:50	6:40		3:10	12:20	19:00	9:10
11:55	9:40		2:15	8:35	18:15	6:20

9:25*
13:10
19:00*
4:25

14:10
30:05
30:50
16:25

9:10
8:40
18:10
12:10

7:45

:15
4:30
:50

5:00
21:25
12:40
4:15

4:45
16:55
11:50
12:00

9:50	10:50	1:00		9:00	19:50	10:00*
14:55	14:10		:45	6:00	20:10	5:15
10:20	14:20	4:00		:40	15:00	4:40
9:50	6:40		3:10	12:20	19:00	9:10
11:55	9:40		2:15	8:35	18:15	6:20
15:05	11:05		4:00	7:05	18:10	3:05
9:05	9:30	:25		8:30	18:00	8:55
15:45	12:20		3:25	15:20	27:40	11:55
9:45	14:40	4:55		3:20	18:00	8:15
9:25	11:35	2:10		15:05	26:40	17:15*
9:45	19:15	9:30		9:40	28:55	19:10*
11:05	7:55		3:10	:55	8:50	0:00
10:30	7:15		3:15	2:20	9:35	0:00
9:25	11:25	2:00		10:35	22:00	12:35*
13:00	9:45		3:15	16:55	26:40	13:40*
10:50	9:30		1:20	22:30	32:00	21:10*
9:00	14:10	5:10		11:30	25:40	16:40*
8:55	13:05	4:10		10:00	23:05	14:10*

^a Computed to the nearest 5 minutes.
*

Signifies that in this instance the town had twice as much of these program types with two stations as with one.

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Table 9. R

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2.67

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One other question must be answered: Did the newer station, by offering fewer of these program types than the older station provided, gain a mighty weapon with which to damage the older station's revenues? The answer is in Table 9 where the revenue decreases for the older stations are listed. One group of revenue decreases is for the

Table 9. Revenue decreases divided according to whether the newer station provided more of the program types than the older station offered during the first composite week.

Newer Station Provided at Least One Hour More	Difference of Less Than ^a One Hour	Newer Station Provided At Least One Hour Less
2.92 Increase	22.11	10.47 Increase 5.74
1.71 Increase	2.23	13.01 Increase 10.27
1.16 Increase	8.81	4.13 Increase 2.76
22.12	.40	20.25 16.29
6.97	1.27	21.58 .07
2.67	29.98	14.12 17.38
18.46	6.88	11.19 8.26
10.30	11.78	16.35 12.93
13.65	19.51	11.22 4.51
7.95	1.46	40.80 17.45
3.35	9.02	11.21 5.98
19.52		17.00 14.68
3.58		29.60 39.53
13.81		6.82 18.68
15.60		21.26
Mean decrease: 8.81%		Mean Decrease 12.70%

^aAlso included in this group are instances in which the newer stations either chose their own days to represent their programming or used seven consecutive days just before filing the application. It was felt that either of these situations could allow the stations to show their programming in a better light than might have been the case.

older station whose new competition provided as much as an hour more of the program types than the older station had offered in its first renewal. The second group shows decreases for stations whose competition offered as much as an hour less. In the center are the decreases for stations whose new competition came within an hour of offering the same amount as the older station. Also listed in the center column are instances in which the newer station either chose its own days to represent its programming or used a consecutive week instead of the standard composite week. In these instances, it was felt that the management, in an effort to please the FCC, could have broadcast programming that was not typical of its usual operation. The stations whose competition offered more showed a mean decrease of 8.81%. The stations whose competition offered less showed a mean decrease of 12.70%. Among the 15 stations whose competition broadcast more of the program types than they themselves had broadcast while alone in their markets, only 7 showed decreases of 10% or more; among the 29 stations whose competition broadcast less are 19 with revenue decreases of 10% or more. The large differences among individual stations resulted in an insignificant statistical difference between the two groups, according to a t-test ($t = 1.12$).

A comparison of the stations by the same criteria using the renewal of the older station after the arrival of the second station shows that the difference between the two

groups tends to disappear. Some of the stations with large revenue decreases also decreased the amount of the program types so that the older stations were broadcasting less than the newer station. By this comparison ten of the 17 instances in which the newer station was broadcasting more are cases in which the older station saw a revenue decrease of 10% or more. Also, 19 of the 27 instances in which the newer station was broadcasting less than the older station are cases in which the older station saw a revenue decline of 10% or more. What has happened is simple; 7 stations--6 of which showed sizable revenue decreases--decreased the amount of the four program types enough that the newer station was broadcasting more than the older station. Three of these stations were originally within one hour of broadcasting the same amount as the newer station. On the other hand, four stations--that experienced revenue decreases of 6.88% or more--increased the amount of the program types so that in the second composite week the older stations were broadcasting more than the newer stations. The tendency--if such a small number of instances can be called a tendency--seems to be for stations with large revenue decreases to "out-do" the newer station, either in going below the amount of the programs broadcast by the newer station or in going above. Table 10 shows the shift. The stations with large revenue decreases



are now almost entirely out of the center column which shows revenue decreases for pairs that were broadcasting almost identical amounts of the program types. The difference was one hour or less. Also included in this center column are instances in which the newer station either chose its own days for the composite week or in which the newer station reported on seven consecutive days.

Table 10. Revenue decreases divided according to whether the newer station provided more of the program types than the older station offered during the second composite week.

Newer Station Provided at Least One Hour More	Difference of Less Than One Hour	Newer Station Provided at Least One Hour Less
13.01% Increase	2.23*	10.47 Increase 6.88
2.92 Increase	8.81	4.13 Increase 4.51
1.71 Increase	5.74	20.25 17.45
1.16 Increase	2.67	21.58 5.98
22.12	.40*	14.12 11.78
22.11	.07	11.19 14.68
6.97	1.27*	11.22 39.53
16.35	18.46	40.80 18.68
21.26	1.46*	11.21 13.81
16.29	9.02*	17.00 15.60
10.30	3.35	29.60
13.65		6.82
29.98		10.27
7.95		2.76
19.51		17.38
19.52		8.26
3.58		12.93
Mean decrease: 11.22%		Mean decrease: 13.69%

* Signifies that the newer station either chose its days for the composite week or used seven consecutive days.

Results of Hypothesis III

Hypothesis III predicts that among the stations showing proportionate decreases in the four program types, the stations with the larger revenue decreases will also show relatively larger decreases in the program types. The stations with smaller revenue decreases will show relatively smaller decreases in the four program types.

Before discussing the results, it is necessary to question whether the revenue decreases can indeed be attributed to the start of operations by a second station. There are two bits of evidence to indicate that there may be a relationship. Among the stations that showed revenue decreases, 32 showed revenue increases during the last two years they were alone in their communities; only 15 showed revenue decreases during the last two years they were alone. The two figures do not total 55 because six stations did not show revenue decreases, 2 stations were not in operation for two full years before the start of the second station, and financial statements for two of the stations (one of which did not show a revenue decrease) were not available for one of the years. There is one other bit of evidence that would seem to relate the revenue decrease to the start of the new station. Among the stations that showed revenue decreases,

21 actually received greater total broadcast revenues for the year the second station began operations than during the last year the stations were alone. This seems to imply no relationship until we note that in 16 of these instances the second station started operations in the second half of the year; in the other five instances, the second station went on the air in May or June. On the other hand, among the stations that showed revenue decreases for the year the second station went on the air, 14 newer stations went on the air during the first half of the year, as compared with 12 that went on the air during the second half. Among these 12 were 8 that went on the air not later than September. Thus, there seems to be some relationship between the time of the year that the second station went on the air and whether the older station showed a revenue decrease for that year. Two stations not cited in the above calculations include one in which the financial statement for the year the second station went on the air was apparently not filed and one for which the financial statement for the last year the station was alone was missing. For these two stations the revenue decrease was computed using the available statements. In the instance in which the revenue decrease was computed by comparing the year the second station went on the air with the first full

year that both operated, the second station did not begin program tests until December; thus we are comparing a full year of operations by two stations with a year in which the older station was alone for 11 months.

It is necessary to make one strong qualification concerning the results of this hypothesis. It is obvious that many stations showed revenue decreases but did not show decreases in the four program types. It is not possible to support a hypothesis, with the data available, saying that a station showing a decrease in revenue will also show a decrease in the four program types. However, there are some small indications that the stations showing increases in the four program types did suffer slightly smaller revenue decreases than did the stations that showed decreases in the four program types. Whereas 12 of the stations showing program decreases also showed revenue decreases of more than 15%, only 7 of the stations showing increases had revenue decreases of 15% or larger. Also interesting is the information that the average revenue decrease for the stations showing decreases in the four program types was 12.16%; the average revenue decrease for the stations showing increases in the four program types was 10.13%. Using a t-test, this difference is not statistically significant at the 5% level.

Another very faint indication that the size of the revenue decrease may bear some relationship to the decision to increase or decrease the four program types may be seen when we take a second look at the non-network stations. Two of these stations showed decreases in the four program types but did not show decreases in revenue. One of these two stations lengthened its schedule by more than forty hours; thus although the station decreased the proportion of time it devoted to the program types (and proportion is the criterion in this study), it actually increased the amount of time devoted to the program types by about 15 minutes. Thus, the station does not in one sense violate the concept that revenue decrease is followed by a decrease in the program types. This is the only station in either sample for which a proportionate decrease was not also a decrease in clock hours of the program types. The other non-network station that showed a decrease in the four program types but did not show a decrease in revenue actually showed a revenue increase of 2.92% for the first full year the second station was on the air; however, during the previous two years (including the year the second station went on the air in August) this station had suffered a revenue decline of 29.4%. Thus, although it is not possible to say that this station suffered a revenue decrease after a competition increase, it is



obvious that the station suffered both a revenue decrease and a competition increase. It is also true that the two smallest revenue decreases occurred to stations that showed no decrease in the four program types. Even after this explanation there are four stations out of 19 that do not fit the pattern that would emerge if it were possible to support the hypothesis that revenue decreases are followed by decreases in these programs.

Another factor may have some slight relationship to the decision to decrease the four program types. This factor is the total broadcast revenue of the station before the second station began operations. If we compare a ranking of the stations that showed decreases with a ranking of the stations that showed increases, it becomes noticeable that the median revenue for the stations that showed increases was considerably higher than the median for the stations that showed decreases. The figure is the total broadcast revenue for the last year before the second station began program tests. Figures are given in thousands in an effort to make the stations more difficult to identify. The median revenue for stations showing increases in the four program types was 113 thousand dollars; the median revenue for the stations showing decreases was between 99 thousand and 96 thousand.

Because of the wide variation in revenues, this figure is not significant at the 5% level using a t-test, and little significance should be attached to it. One thing that can be seen from Table 11 is the fact that among the 15 stations that earned the greatest broadcast revenues before the second station's entry, only 4 showed decreases in the program types following the entry of the second station; on the other hand, among the 15 stations that earned the smallest revenues before the second station's entry, a slight majority (nine) showed decreases following the entry of the second station. Also, the non-network stations (which were more prone than the network stations to decrease the amount of the program types) were less prosperous than the network stations; 11 network stations had revenues greater than the revenues of the most money-making non-network station; the network station with lowest total revenues earned more than the bottom three non-network stations. The figure for the one station whose financial statement for the last year it was alone was not available is included in the table; the figure cited is the one for the year in which the new station went on the air in November.

If a tendency for stations with higher revenues to be less likely to show decreases in the four program types does

Table 11. Total broadcast revenue for stations showing increases and decreases in the four program types. (In thousands of dollars)

Network Stations Show- ing Increase in Program Types	Network Stations Show- ing Decrease in Program Types	Non-Network Stations Show- ing Increase in Program Types	Non-Network Stations Show- ing Decrease in Program Types
	265		
225			
182			
	161		
158			
145			
144			
143			
139			
133			
122	129	122	121
118			

	115	116	116
114	113		114
113			114
	100		107
			104
			103
97	99		
94	96		
	94		
81	84	83	80
	81		
79		79	
76			

	74		
	73		
	71		
	71		
69			69
64			
58			59
			52
			51
47		45	
		34	33

indeed exist, the tendency is also worthy of an attempt at explanation. The difference may possibly be accounted for by the simple fact that the stations with greater revenues were better able to retrench without making this alteration in programming. They were not immune to revenue decreases; the 7 network stations with the greatest revenues ranged in revenue changes from an increase of 1.16% to a decrease of 19.51%; the 7 network stations with the lowest total revenues ranged from an increase of 4.13% to a decrease of 18.68%.

Table 12 shows the data that was used to test Hypothesis III to learn whether a positive correlation exists between the size of the revenue decrease and the size of the program decrease. Using the altered percentage figures (in which the decrease was computed as a percentage of the proportion devoted to the program types in the first renewal), the result of a Spearman Rho Correlation shows significance at the 5% level; the raw percentage figures did not show such significance even though the stations with revenue decreases greater than the median also showed program decreases almost twice as great as the decreases for stations whose revenue decreases were less than the median. The raw percentage figures showed a correlation of .159. The altered percentages showed a significant correlation of .396.

Table 12. Stations showing decreases in program types ranked according to revenue decrease.

Program Decreases for Stations Showing Small Revenue Decreases (Corrected Percentages) ^a	Program Decreases for Stations Showing Large Revenue Decreases (Corrected Percentages)
30.720	26.086
25.233	14.096
21.379	45.714
20.888	54.857
15.471	23.076
15.434	31.412
9.848	21.949
8.179	25.675
28.225	65.050
24.675	.370
32.926	56.521
6.896	67.727
6.097	27.338
25.818	30.273
Mean program decrease for stations showing small revenue decrease (Raw percentages): 2.22%	Mean program decrease for stations showing large revenue decrease (Raw percentages): 4.12%

^aRaw percentages are not given because of the possibility that the stations might be identified with such figures.

The extreme difference between the two correlations can be accounted for by the wide variation in the proportion of time that was devoted to the four program types at the beginning of the period. The largest decrease was almost 10%; three stations that showed larger revenue decreases were incapable of showing such a large decrease because they had

devoted less than this proportion of their schedules to the program types during the first composite week. The altered percentage figures compensate for these differences, but it can be argued that the compensation is not entirely just. If two stations operate 90 hours per week each, a 2% decrease for one is equivalent in hours to a 2% decrease for the other, despite the variations in the amount of the four program types during the first composite week. The logical solution would be to use a t-test which would compare the mean decreases for two groups of stations: those who did not suffer a revenue decrease or suffered a decrease less than the median, and those that suffered a revenue decrease of more than the median. The temptation had to be foregone; a t-test requires interval data, and this author does not wish to defend the proposition that the renewal application percentages offered such exactness. Thus, it cannot be said with confidence that the hypothesis is supported.

The correlation using the altered percentage figures revealed something that is fairly obvious from a close look at the table; other factors account for a large part of the change. The correlation of .396 shows that the relationship between revenue decreases and program decreases accounts for about 16% of the variability. Some of the other factors that

could account for the change are the programming of the new station, the popularity of individual programs, the beliefs of management, the tastes of the audience, the profitability of the station before the second station's entry, and certainly the way the programs are classified in filling out the renewal applications.

If there is a relationship between the amount of revenue decrease and the amount of program decrease, would there also be a relationship between the amount of program increase and the revenue decreases? In other words, would the stations that showed the smallest decreases in revenue also show the largest increases in the four program types? Table 13 shows that the opposite is true. Using the Spearman Rho Correlation, there is a significant difference at the 5% level using both the raw and the altered percentage figures. The correlation for the raw percentage figures was .379; the altered percentage figures gave another significant correlation of .384. The relationships account for approximately 14% of the variability.

Results of Hypothesis IV

Of Hypothesis IV it may safely be said that no significant results whatever were discovered. Only twelve of the stations that received their first local broadcast competition

Table 13. Stations showing increases in program types ranked according to revenue decrease.

Program Increases for Stations Showing Small Revenue Decreases (Corrected Percentages)	Program Increases for Stations Showing Large Revenue Decreases (Corrected Percentages)
3.06	.63
7.18	7.39
104.76	26.31
18.95	4.36
17.33	55.19
6.48	50.00
11.80	46.37
5.74	27.74
18.42	48.81
2.94	17.56
10.26	19.07
101.30	38.36
4.54	43.33
5.13	
Mean program increase for 14 small revenue decrease stations (Raw percentage): 2.15%	Mean program increase for 13 large revenue decrease stations (Raw percentages): 3.30%

answered the questionnaire. Of these, two broadcast no programs of the four types in the extreme early morning or in the evening during either the week before receiving competition or the week after. Three others showed no change in the proportion. Of the seven remaining stations, three showed the predicted change and in the second week placed a greater proportion of their education, agriculture, religion, and discussion in the early morning hours and in the evening hours.

Four showed the opposite change and placed a greater proportion of these program types in the daytime hours during the second period. But a greater number of the stations that remained alone in their communities showed the predicted change than did the stations that received local broadcast competition; 5 of the stations that remained alone showed an increase in the proportion of these programs broadcast in the extreme early morning and in the evening. Three of the stations that got no competition placed a greater proportion in the daytime: four showed no change. Two stations that remained alone broadcast no programs of the types in the early morning and evening during either of the two weeks included in the sample.

Table 14 shows the comparison of the stations that received local broadcast competition with stations that did not. In part, the lack of change may stem from the fact that relatively small amounts of these program types were broadcast during the day in the first weeks. Thus, the stations had little in this category to shift to the evening hours. Most of the discussion programs were being broadcast in the evening hours before the second station began operations. The majority of the programs broadcast during the day were devotional programs of various types scheduled usually in the morning in addition to agricultural programs scheduled

Table 14. Hours at which stations broadcast programs of the four types divided according to whether the stations had local competition.

Stations that Received Competition					Stations with no Local Competition				
Before Competition			After Competition			Week in 1960			Week in 1962
Total Min.	Morn. Eve. Min.	%	Total Min.	Morn. Eve. Min.	%	Total Min.	Morn. Eve. Min.	%	Total Min.
468.5	204.5	43.6	734.5	142.5	19.4	755	150	19.9	615
590	150	25.4	590	150	25.4	289	69	23.9	245
246.5	132.5	53.7	227.5	132.5	58.2	265	150	56.6	265
155	0	0	115	0	0	284	0	0	279
90	45	50	120	60	50	312.5	0	0	298.5
501.5	208	41.5	638.5	218	34.1	660	150	22.7	665
130	40	30.8	177	87	49.1	260	90	34.6	260
192.5	69.5	36.2	134.4	23.2	17.3	120	25	20.8	315
165	95	57.6	213	124	58.2	238.5	166	69.6	322.5
475	25	5.3	475	25	5.3	410.5	150	36.5	458.5
239.7	96	40	456	6	1.3	45	0	0	220
250	0	0	250	0	0	975	0	0	1125
									75
									6.7

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around the noon hour and in the early morning. Nine of the twelve stations broadcast--by their classifications--no educational programs during weekdays (between 7 a.m. and 6 p.m.) even before the second station began operations. The other three aired a total of 85 minutes of education on weekdays before the second station began program tests. Six of the twelve stations broadcast no discussion programs during weekdays before the second station arrived. The other six stations broadcast a total of 6 hours and 28 minutes of discussion programs during weekdays. Two hours and 20 minutes of this discussion was a program entitled "Morning With _____." Agricultural and religious programs were broadcast during weekdays; two broadcasters said they scheduled religious programs only on weekends; one broadcaster said that his agricultural programs were aired only on Saturday. Thus, perhaps the results would have been different if the questionnaire had requested information concerning Saturday and Sunday. The agricultural programs were, many of them, early morning programs--many scheduled for periods earlier than 7 a.m. even before the second station arrived. A large proportion of the other programs were brief market reports scheduled at noon. For these, the station might well have been able to find a sponsor; thus, the coming of competition

would not have necessitated moving these programs. Some of the religious programs were apparently recorded hymns that might well have been as acceptable as other types of recorded music. At any rate, the hypothesis is certainly not supported by the small bit of evidence available.

The insignificance of the results is increased through the recognition that the matching stations had slightly less nighttime hours than did the competitive stations; even with this lack of time, the matching stations showed a greater shift to the nighttime hours than did the competitive stations. Omitted from the calculations were the hours devoted to a Nixon-Kennedy debate which was broadcast by two stations and a four hour polio drive program. It was felt that these programs would not represent the stations' regular schedules. One station submitted information concerning its programming in 1961 instead of 1960; the station was included because the 1961 week represented a period before the second station began program tests.

CHAPTER VI

SUMMARY: TOWARD A RATIONALE FOR STUDIES TO COME

This chapter represents an attempt to summarize and interpret the findings of the study. More numerous than the findings are the tendencies that appear in this sample with insufficient strength for even tentative conclusions but with sufficient force to lead to speculation.

The clearest conclusion is that in most cases the addition of a second AM radio station does bring a net increase for the community of the total of the four program types. But the increase, in a slight majority of cases, did not amount to the doubling of the amount of these programs. And the two stations did not always provide--according to their calculations--more of the program types than had the one station alone. The amount of increase that the community could expect seems to vary considerably with the stations' network status. For the non-network stations only 4 out of 19 communities had twice as many of the programs with two stations as with one; for the network stations, 16 out of 36 communities had twice as many programs

with two stations as with one. It is impossible, with the available data, to know how much of the increase represented programs that were broadcast at the same time over both stations. If the two stations broadcast Sunday religious programs at the same hour, for example, the amount of increase would be altered so that the community would have a choice of two programs but not as much of an increase in hours devoted to the program types.

Competition may or may not be related to the small net increase for the towns through the coming of the second station. The communities may have had too few program sources for doubling the program types; the number of churches, schools, public officials, and civic groups is not unlimited. Further, the new station's executives could have been, in some instances, newcomers to the town, people unacquainted with program sources and thus unable to build as many programs using local people as could the older station, whose personnel had lived longer in the town. But if we rank the towns' populations, as given in the Sales Management Survey of Buying Power for the year of the new station's entry, and divide the stations into a high population group (all above the median population) and a low population group (all below the median, including the four towns for which

no population figure was given), there is little support for the theory that availability of program sources was related to the failure to double the program types. In the high population group are 12 of the stations that doubled the amount of these program types; in the low population group are 8.

Some measurements would support a conclusion to the effect that the non-network stations do decrease the amount of education, agriculture, religion, and discussion after the entry of a second station. Other tests would not give significant support to this hypothesis. The majority of the network stations did not show this decrease. Why would network stations behave differently? Three reasons have been given in the rationale: The network stations during the late forties and early fifties (when the majority of the network stations that did not show decreases received their competition) had the popular network programs that aided the stations in attracting audiences and sponsors who wanted to capitalize on the audiences attracted by these programs. Second, the network stations had a source of revenue that the non-network stations did not possess. Finally, the network stations had a ready source of some programs that could be classified as education, agriculture, religion or discussion.

One form of measurement would support the hypothesis that among the stations showing decreases in the four program types there is a positive correlation between the size of the revenue decrease and the size of the program decrease. Another form of measurement would not support the hypothesis.

In analyzing the program decreases of the network stations, it is important to remember that the stations that showed decreases used less network programming at the beginning of the period than did the network stations that showed increases. The difference in the average amounts of network programming used during the first composite weeks is quite small and could easily occur by chance. Too, the network stations that showed decreases in the four program types also decreased the amount of programming they took from the networks more than did the network stations that showed increases in the four program types. There is no significant correlation between the changes in the proportion of the program types and the changes in the proportion of network programming, but it must be remembered that if the network decreased the amount of education, agriculture, religion or discussion that it provided for the affiliate, the station may have found it impossible to fill the period with a program of a similar type. Under

this circumstance, the decrease in the four program types could have occurred through a circumstance having nothing to do with competition. On the other hand, the station may have decided, under the pressure of competition, that a network program of one of the four types would not draw the audience that a local program of another type would bring. The factors are very much intertwined here, and with the information available it seems impossible to separate them.

It cannot be said that the large increases in the four program types are a relic of the days when the networks gave stations power over competition. Of the 13 stations showing the largest program increases, 9 received their competition in 1952 or later. Of the 13 stations with the smaller program increases, 9 received their competition in 1951 or before. Thus, the stations that showed the great increases in the four program types received their first local competition relatively recently.

How can the relationship between program increases and revenue decreases be explained? First, perhaps the stations showing increases began to broadcast paid religion. Of the 19 stations that showed increases in the amount of religion, 15 are among the stations that showed increases in the four program types as a whole. Such a

majority is not found in a survey of the other 3 program types. Only 18 of the 30 stations that increased the amount of agriculture also increased the total proportion of the program types; only 16 of the 28 that increased the amount of education showed increases for the program types as a whole; only 13 of the 19 that increased the proportion of discussion showed increases for the program types as a whole.

Second, it may be that some of the stations unable to sell their time gave it away to civic, educational, and religious groups. Third, perhaps some of the stations filled their unwanted time with sustaining programs from their networks. Sustaining programs have traditionally been considered the ones designed for minority groups,¹ and among these could be found some of the programs of the four types; the definitions cannot be said to coincide in all-- or perhaps even most--instances. In the financial statements, stations included among their sustaining network programs those that were available for local sponsorship. At any rate, 12 of the 21 network stations that increased the total amount of the four program types also increased the

¹U. S., FCC, Public Service . . . , op. cit., passim.

amount of network sustaining programs they carried. Only 4 of the 15 stations showing decreases in the total program types increased the amount of network sustaining programs in their schedules.

In speculating upon some of the factors that may have contributed to the decision to decrease the amount of the four program types, we have some elements that appear as indistinct shapes hidden under a blanket; it is hoped that these factors may be separated later for testing.

A first factor influencing the decision to decrease the amount of education, agriculture, religion, and discussion may be the amount of these programs on the newer station. Among the 28 stations that showed decreases in the four program types, only 6 had new local competition that broadcast more of these programs than the older station had broadcast when it was alone. One other fact must be emphasized: The relationship is far from invariable. Almost half the stations that increased the amount of the four program types also had competition that broadcast less than the older station had broadcast when it was alone.

There is some highly tentative evidence indicating that the older station may suffer a larger revenue decrease

if the new station provides less agriculture, education, religion, and discussion. It seems logical that a station with less of the four program types may in some cases be able to promise advertisers larger audiences and may have more spaces into which commercials can be fitted.

A wisp of information--scarcely deserving the term "evidence"--exists pointing to the possibility that the amount of revenue the station was receiving before the arrival of the second station may be related to the decision to decrease the amount of the four program types. It seems possible that a station with a high revenue might be able to retrench without lowering the amounts of these programs more easily than could a station with low revenue.

Some fragmentary hints were found indicating that the stations that decreased the four program types also suffered slightly greater revenue decreases than did the stations that increased the programs. In the sample, however, were almost as many exceptions to this rule as there were stations supporting the finding.

Another factor that may contribute to the decision to change the proportion of the program types could be the network affiliation that the station possesses. As was noted in the previous chapter, CBS and NBC affiliates were

less likely to show decreases than were affiliates of ABC and MBS. This is very flimsy evidence, indeed, but the range does fit the usual hierarchy of desirability given to the networks. The most desirable network to national advertisers from 1949 to 1954, according to gross billings, was CBS; second was NBC; considerably below either of these networks was ABC, and much lower was MBS.¹ It is also true--either in support of the theory or as an alternate explanation--that the CBS affiliates suffered relatively small revenue decreases (.40, 6.88, and 11.78%). Further, we can note that the NBC affiliates suffered less than some stations. The five NBC stations that showed increases in the program types ranged from a revenue increase of 1.16% to a decrease of 17.38%. The largest revenue decrease for an NBC station was for the only such affiliate to show a decrease in the program types; that station's revenue decrease was 19.52%.

One other factor--for which there is no real evidence--must be mentioned as a possible contributing cause: the belief that this is the way broadcasters are supposed to behave upon the advent of competition. The economic injury cases including pleas that the public interest would suffer

¹Head, op. cit., p. 165.

if the additional station began operations have been duly reported in Broadcasting Magazine. That some broadcasters believe that their programming will be harmed when another station enters their town is witnessed by the questionnaires cited above. A general manager who told the FCC that his programming would suffer--as two in the sample did--might be downright sheepish about submitting a renewal application after the advent of competition showing a more balanced program schedule than the station had offered without local broadcast competition.

No evidence was found to support the belief that stations schedule more of their education, agriculture, religion, and discussion in the early morning and evening hours after the coming of competition than before. The lack of difference may stem in part from the fact that so little of these programs was broadcast during the popular daytime hours before the coming of competition.

How may the information in this study be used? Although the results should never lead the FCC to change its policies, it is hoped that the study in conjunction with later ones, may help the Commission to predict with some reliability the effects that various licensing policies might produce. A knowledge of the behavior of stations



under varying conditions of competition may give the Commission some knowledge to weigh along with all the other factors that must be considered in determining policy. The programming offered by stations is a major element in deciding where the best interests of the public lie.

Second, it is hoped that this study may provide some specific information for the discussion of the relationship between prosperity and programming. The argument has been long, but the evidence has been lacking.

Third, had this study found no relationships, the prospects for later studies would have been dimmer. Perhaps this study can provide a base for the later ones that will determine first if the relationships found here exist among other stations of similar type, and, second, if the relationships may be found among stations under different conditions.

Suggestions for Further Research

With such a flawed sample as was used in this research, with such mixed statistical results, and with such imprecise program classifications, the findings are open to question. Therefore, the first suggestion for further research is the expression of a hope that the hypotheses in

this study will be tested again to determine whether the results will be repeated.

Earlier in this chapter have been mentioned a number of variables that need to be sorted out for study: How much does the newer station's programming affect the programming of the older station? Are stations with greater revenue less likely to decrease certain program types following the entry of a second station? What aspects of a newer station's programming affect the revenue decrease of an older station?

Also, it seems necessary to find out whether stations that are less exposed to competition will show greater amounts of these program types. The matching stations gave a slight indication that this may not be the case. What role does a revenue decrease--without a competition increase--play in changing the amounts of these program types in station schedules?

In addition to studying the amount of these program types in station schedules, it seems necessary to learn about changes in program quality. How does station policy change as a town's broadcast revenues are split among more and more stations?

Three broadcasters answering the questionnaire

discussed in the rationale are now in towns that contain three radio stations. They stated that the effect upon programming was greater when the third station was added. To what extent is this true? What happens in the market with many stations?

What is the role of the transfer as far as program balance is concerned? One broadcaster predicted that the greatest decreases in the four program types would occur immediately after a station had changed hands--especially when the station had previously been losing money.

What of the revenues of the second station? If the amount of these four program types that the newer station provides is related to the newer station's revenue, and if the newer station's programming affects the programming of the older station, is the programming the town will receive the result of a chain reaction starting with the revenues of the newer station?

This study has carefully excluded those stations that changed network affiliation; it is possible that the stations changed or dropped a network through concern over competition. Do the conclusions in this study apply to stations that do not remain network affiliates throughout a period or that change network affiliation?

What happens to the older station's programming over a longer period of time? Two of the stations in this sample that showed great increases in the four program types showed decreases of approximately 15% in the second renewal after the entry of the second station. Finding a sample for a long period of time will be difficult because of the problems of changes in wattage and ownership. Nevertheless, this is a pertinent matter.

And after all these studies of AM radio, equivalent studies can be done using FM radio and television. The relationship between profits and programming has as many facets as a sapphire.

APPENDIX I

FEDERAL COMMUNICATIONS COMMISSION DECISIONS AND
COURT VERDICTS PERTINENT TO A STUDY OF ECONOMIC INJURY

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FEDERAL COMMUNICATIONS COMMISSION DECISIONS AND COURT VERDICTS PERTINENT TO A STUDY OF ECONOMIC INJURY

It cannot be said that all the cases cited in this list concern pleas of economic injury. A few are concerned with the FCC and courts' consideration of economic criteria in determining whether a community needed a new station. A few others are cases in which the courts or the Commission made statements pertinent to economic injury even though the case did not involve a plea of economic injury. A third group involves precedents that were later used in economic injury cases. A final caution must be made: A plea of economic injury can assume many shades; some of the cases do not concern damage done directly through the grant of an additional station to a community. Other Commission actions have, from time to time, been held by broadcasters to work economic damage.

T. E. Allen and Sons, Inc. 9 R. R. 197.

Carrol F. Jackson and D. N. Jackson d/b as American Southern Broadcasters (WPWR). 11 R. R. 1054.

Ansley v. Federal Radio Commission. 46 F. (2d) 600.

- F. W. Atkinson. 3 FCC 137.
- Atom Broadcasting Corp. (WAUB) et al., 17 R. R. 560d.
- Beaumont Broadcasting Association. 5 FCC 139.
- Dages I. Boyle (WEKY). 9 R. R. 885.
- Camden Radio, Inc., v. Federal Communications Commission et al.
220 F. (2d) 191.
- Carroll Broadcasting Co., Appellant, v. Federal Communications
Commission, Appellee. 258 F. (2d) 440.
- Carter Mountain Transmission Corp. 22 R. R. 193, 194h.
- Channel 16 of Rhode Island, Inc. 10 R. R. 377.
- Clarksburg Publishing Co., Appellant, v. Federal Communications
Commission, Appellee. 225 F. (2d) 511.
- Coastal Bend Television Co., Appellant, et al. v. Federal
Communications Commission, Appellee. 231 F. (2d) 498.
- Colonial Network, Inc. 5 FCC 654.
- Colorado Radio Corp. v. Federal Communications Commission.
118 F. (2d) 24.
- Community Broadcasting Co. et al. 4 FCC 422.
- Courier Post Publishing Co. v. Federal Communications
Commission. 104 F. (2d) 213.
- Cumberland Valley Broadcasting Co., Inc. (WBMC). 11 R. R. 840.
- Curtis Radiocasting Corp. 6 FCC 7.
- Deep South Broadcasting Co. (WSLA). 14 R. R. 1001.
- Deep South Broadcasting Co. (WSLA). 26 FCC 605.
- Democrat Printing Co. v. Federal Communications Commission
et al. 202 F. (2d) 298.
- Durham Broadcasting Enterprises, Inc. (WTVD). 17 R. R. 296.
- Eastland Co. v. Federal Communications Commission. 92 F.
(2d) 467.

Elm City Broadcasting Corp. v. United States et al. 13 R. R. 2199.

Eugene Television, Inc. 9 R. R. 601.

Evening News Association (WWJ). 8 FCC 552.

P. K. Ewing, Jr. and F. C. Ewing, a Partnership, Doing Business as Ewing Broadcasting Co. 10 FCC 393.

Fall River Herald News Publishing Co. 5 FCC 377.

Florida Broadcasting Co. v. Federal Communications Commission et al. 109 F. (2d) 668.

Walter T. Gaines (WGAV). 25 FCC 1387.

Gerico Investment Co., Appellant, v. Federal Communications Commission, Appellee. 240 F. (2d) 410.

Goss v. Federal Radio Commission. 67 F. (2d) 507.

Great Western Broadcasting Association, Inc., v. Federal Communications Commission et al. 94 F. (2d) 244.

Sam Klaver and Nathan Belzer d/b as The Great Western Broadcasting Co. 6 FCC 536.

Greenville Television Co., Appellant, v. Federal Communications Commission, Appellee. 221 F. (2d) 870.

Greylock Broadcasting Co., Petitioner, v. United States of America and Federal Communications Commission, Respondents. 231 F. (2d) 748.

Gulf Coast Broadcasting Co. 4 FCC 103.

Havens and Martin, Inc. et al. 6 FCC 237.

Hazelwood, Inc. 7 FCC 443.

George A. Hormel, II (KQAG). 16 R. R. 274a.

Independent Broadcasting Co. 9 FCC 40.

Walter A. Duke, d/b as Iredell Broadcasting Co. (WDBM).
12 R. R. 573, and 13 R. R. 996.

R. R. Jackman, et al. (WREN). 5 FCC 496.

Sykes et al. v. Jenny Wren Co. 78 F. (2d) 729.

Journal Co. 2 FCC 180.

Kaiser Hawaiian Village Radio, Inc. 22 FCC 941.

Martin Kariq. 19 R. R. 1084, 1086.

Kentucky Broadcasting Corp. 6 FCC 776.

KWK, Inc. 10 R. R. 489.

Lebanon Broadcasting Co. et al., Transferors, and Triangle Publications, Inc. (Radio and Television Division), Transferee. 22 FCC 949.

Arthur Lucas. 5 FCC 464.

Magnolia Petroleum Co. et al. v. Federal Communications Commission. 76 F. (2d) 439.

Metropolitan Television Co., Petitioner, v. United States of America, Federal Communications Commission, Commission, Respondents. 221 F. (2d) 879.

Mansfield Journal Co. v. Federal Communications Commission.
173 F. (2d) 646.

Mason City Broadcast Co. et al. 3 FCC 116.

F. W. Meyer. 7 FCC 544, 551.

Herbert P. Michels (WAUB). 17 R. R. 557.

Midland Empire Broadcasting Co. 22 FCC 753.

Midwest Television, Inc. 9 R. R. 611.

Montana Network (KOOK). 14 FCC 1179.

- National Broadcasting Co., Inc. 15 R. R. 965.
- New Britain Broadcasting Co. (WKNB-TV) et al. 13 R. R. 915.
- Ohio Valley Broadcasting Corp. 10 R. R. 452.
- Eugene DeBogory trading as The Paris Broadcasting Co. 2 FCC 422.
- Juan Piza. 5 FCC 327.
- Edwin G. Polan, Albert S. Polan, and Lake Polan, Jr., a Partnership, dba Polan Industries. 8 R. R. 398.
- Pote (Station WLOE) v. Federal Radio Commission. 67 F. (2d) 509.
- Presque Isle Broadcasting Co. 8 FCC 3.
- Pulitzer Publishing Co. v. Federal Communications Commission et al. 94 F. (2d) 249.
- J A. Gallimore tr/as Radio Cleveland (WCLE). 11 R. R. 348.
- Charlie H. Parish, Jr., and Charlie H. Parish, Sr., d/b as Radio Tifton (WTIF). 11 R. R. 1167.
- Radio Wisconsin, Inc. et al. 10 R. R. 1224.
- Red Oak Radio Corp., (KICK), et al. 1 FCC 163.
- Red River Broadcasting Co., Inc. (KGFK). 1 FCC 215.
- Dorrance D. Roderick. 3 FCC 616, 623.
- Hyman Rosenblum, et al., Transferors, and Lowell J. Thomas et al., Transferees. 22 FCC 1432.
- Saginaw Broadcasting Co. et al. 4 FCC 110.
- Salinas Broadcasting Corp. et al. 9 R. R. 192.
- Sanders Brothers Radio Station v. Federal Communications Commission. 106 F. (2d) 321.

Federal Communications Commission v. Sanders Brothers Radio Station. 309 U. S. 470.

Y. W. Scarborough and J. W. Orvin. 6 FCC 186.

South Bend Tribune (WSBT) et al. 6 FCC 783.

R. B. Helms, Carl J. Hoskins, and Jack T. Helms, d/b as Southeastern Enterprises (WCLE). 22 FCC 605, 13 R. R. 139.

Spartan Radiocasting Co. 10 R. R. 177.

Spartanburg Advertising Co. 7 FCC 498.

Summit Radio Corp. 7 FCC 619.

Sunshine Broadcasting Co. v Fly et al., as Federal Communications Commission. 33 F. Supp. 560.

Telegraph Herald et al. 4 FCC 392.

Telegraph Herald (KDTH). 8 FCC 389.

Tri-State Broadcasting Co., Inc., v. Federal Communications Commission. 96 F. (2d) 564.

Tri-State Broadcasting Co. (Station KTSM) v. Federal Communications Commission. 107 F. (2d) 956.

Tri-State Television, Inc. 10 R. R. 1049.

Union Tribune Publishing Co. 3 FCC 451.

United Theatres, Inc., et al. 8 FCC 489.

Valdosta Broadcasting Co. et al. 11 FCC 769.

Leon S. Packard, Lewis H. Stebbins, and Alden C. Packard, doing business as Valley Broadcasting Co. 4 FCC 288.

Valley Telecasting Co. (WFRV-TV). 12 R. R. 196e.

Van Curler Broadcasting Corp., Petitioner, v. United States of America and Federal Communications Commission, Respondents. 236 F. (2d) 727.

- Versluis Radio and Television, Inc. 9 R. R. 102, 104.
- Video Independent Theatres, Inc. (KVIT). 17 R. R. 150a.
- L. E. Duffey and B. C. Eddins, d/b as The Voice of Cullman.
14 FCC 417, 770, and 1076.
- Ward v. Federal Communications Commission. 108 F. (2d)
486.
- West Georgia Broadcasting Co. (WWCS). 23 FCC, 255, 27 FCC 161.
- WGN, Inc., v. Federal Radio Commission et al. 68 F. (2d) 432.
- WHAS, Inc. 31 FCC 273, 286.
- WHEC, Inc., et al. 9 R. R. 172.
- WJR, The Goodwill Station, Inc. 13 R. R. 763.
- WMBD, Inc., et al. 11 R. R. 533.
- WMIE-TV, Inc., Assignor, and Storer Broadcasting Co., Assignee.
11 R. R. 1091.
- WOKO, Inc. v. Federal Communications Commission. 109 F.
(2d) 665.
- Woodmen of the World Life Insurance Association (Station WOW)
v. Federal Radio Commission et al. 65 F. (2d) 484.
- Wrather-Alvarez Broadcasting, Inc. 14 R. R. 213.
- WWSW, Inc. 14 R. R. 492.
- Yankee Network, Inc. (WAAB). 7 FCC 209.
- Yankee Network, Inc. v. Federal Communications Commission.
107 F. (2d) 212.

APPENDIX II

ANSWERS TO QUESTIONNAIRE CONCERNING
ATTITUDES TOWARD COMPETITION

APPENDIX II

ANSWERS TO QUESTIONNAIRE CONCERNING ATTITUDES TOWARD COMPETITION

The questionnaire was sent to 101 broadcasters; 65 answered. The totals presented below represent the total answers received; some of the broadcasters who answered are from stations that were later excluded from the sample. Some questions have responses that do not total 65 because some broadcasters did not answer all the questions. Because the additional responses were often illuminating, they are included along with the totals. Numbers in parentheses and comments marked with an asterisk signify the totals and comments from stations in the sample.

1. Do you think it was wise for the Federal Communications Commission to permit a second AM radio station to operate in your city?

Yes: 30 (9)

*"But very unwise to permit a third station to operate here."

*"A second station, yes, but a third station, which now exists, No!"

"We now have three; then it would be no."

No: 33 (16)

"Too small: 10,000 population."

"If the public gained anything, the action would be fine."

No answer: 2 (1)

2. How many AM radio stations do you think your city can support financially?

One: 32 (13)

"If the station is to do the public service job expected of it, it certainly cannot devote the major portion of its time to meeting competition for revenue."

Two: 32 (12)

*"Very definitely two are all that are desirable and two are all that can be supported."

"There are three here."

"A 3 station town: Two good ones; three or more lousy ones."

*"It can support two by adding an increase in operating costs of radio time buyers. It was not necessary as few advertisers use only one of the stations."

Three or more: 0

No answer: 1 (1)

3. Excluding network and national spot accounts, to what extent does your station depend for advertising revenue upon nearby towns or cities that have radio stations located at least ten miles from the city limits within which your station operates?

10% or less: 53 (23)

10 to 25%: 8 (1)

25 to 50%: 1 (0)

More than 50%: 2 (1)

*"No stations": 1 (1)

4. Have you gained a larger percentage of your revenue from nearby towns like those mentioned in the preceding question since a second station began operating in your city?

Yes: 6 (2 and 10% or less in both cases)

No: 54 (23)

"They all try to sell here."

No answer: 5 (1)

5. Did you conduct or commission any audience survey(s) before the second station started operating in your city?

Yes: 40 (15)

"We do not and have never sold on basis of surveys or ratings. We have always felt they were unreliable."

No: 24 (11)

"We have never bought a survey as we do not feel they give a true picture. However, several of our large accounts have had surveys before signing contracts with us, and that kind of a survey means something as we in no way will influence by reason our money doesn't pay the bill."

"Don't know": 1

6. Since a second station began operating in your city, is an audience survey more useful to you?

Yes: 36 (12)

"And with a third station more so."

*"Regional, yes; local, no.": 1 (1)

No: 23 (12)

"Except our own indices."

*"Can't depend on small market surveys."

"No surveys": 3 (1)

No answer: 2

7. Did a survey show a change of as much as 5% in the size of your audience during the first two years after a second station started operating in your city?

Yes: 32 (15)

No: 17 (5)

"Not to the best of our observation."

"Don't know": 2

?: 2 (1)

*"Cannot recall": 1 (1)

"Not applicable": 1

"No surveys": 1

"None made": 2 (2)

"Surveys before and after were not comparable": 1

No answer: 6 (2)

8. During the first two years after the second station started operating in your city, did the size of your audience decrease?

Yes: 32 (15)

*"Some."

*"We assume there was some decrease."

"Dropped, then swung back to norm."

No: 24 (9)

Those answering "yes" to both questions 7 and 8 indicating a decrease of as much as 5%: 24 (11)

Those who answered "yes" to question 7 but "no" to question 8 indicating a decrease of less than 5%: 8 (4)

Those who answered "no" to both questions 7 and 8 indicating an increase of less than 5%: 16 (5)

Six broadcasters answered one question but not the other (4).

No answer, "don't know," "?" and "Not applicable": 9 (2)

9. Was the fact that a second station was operating in your city a cause of concern to you?

Yes: 53 (23)

"But not as great as when two more were added."

"Probably."

No: 11 (3)

"Business went up. On number 3 went down."

No answer: 1

10. If the answer to the preceding question is "yes,"

what was the basis of your concern?

Possible loss of advertising revenue: 10 (4)

*"Deterioration of rate structure."

"Our rates for advertising are at our 1940 level; our cost of operation with a reduced staff is greater."

"Lack of revenue to maintain quality programming."

"We have subsequently come to realize that two stations were feasible."

Possible loss of advertising revenue and possible loss of audience: 32 (16)

"Change in character image of radio."

"Price cutting--unfair competition."

*"Loss of revenue forced economy and lower standard of programs."

"Deterioration of service."

*"Lower rates, decrease in profit."

*"Severe rate cutting--as much as 50% below our established rate."

"Feared we might have two mediocre stations instead of one good one."

"Rate cutting."

*"Rate cutting on prices of radio advertising; copying of our programs; lowering of broadcasting standards because of low calibre operations."

*"Second station is race station--mine standard."

Possible loss of audience: 1

Other reason(s): 9 (4)

"You must always be concerned about competition."

*"Competition for advertising dollar prevented use of personnel for useful public service activities."

"Because we had built a good, clean, strong operation, rates stabilized, and it's a proven fact that a second station or more muddies the water, and when that happens, rate cutting starts, and while we have ignored this, it is a serious problem, and then the government still expects public service."

- "Rate cutting by the new station."
- *"Dividing audience to make it necessary for advertisers to spend more money for same total tune-in."
- "Unethical methods of operation."
- *"We had to cut down on public service time to combat entertainment shows on competitive station."
- "Operates on reduced rates making it difficult to maintain our rates."
- *"Lack of funds for continued public service programs."

No answer: 13 (2)

11. Did the revenue of your station change as much as 5% during the first two years after the second station started operating in your city?

Yes: 49 (19)

- "Upward."
- *"Up."
- *"Net revenue."
- "Increased 15%."
- *"Increase."
- "Up 10% per year."
- "More."

No: 12 (7)

No answer or "don't know": 4

12. During the first two years after the second station started operating in your city, did the revenue of your station show any decrease?

Those who answered "yes" to both questions 11 and 12 indicating a decrease of 5% or more: 33 (16) One in the sample specified "net revenue."

Those who answered "yes" to question 11 but "no" to question 12 indicating an increase of 5% or more: 16 (3).

Those who answered "no" to both questions 11 and 12
indicating an increase of less than 5%: 12 (7)

No answer: 4. (0)

13. Do you feel that the presence of the second station in
your city contributed to a decline in revenue?

Yes: 31 (16)

"And, of course, the advent of TV that reduced our share
of national advertising."

*"Some."

*"Through rate cutting."

No: 27 (10)

"Just meant more work and longer hours."

"It caused harder sell. Number 3, however, did hurt
like hell."

*"But it has (through cut rates) prevented us from raising
our rates--as needed--to meet increasing overhead."

*"Not in first two years."

"At first": 1

No answer and "not applicable": 6

14. Do you feel that the presence of a second station in your
city contributed to a decline in audience?

Yes: 36 (16)

*"Audience was stable in numbers. Had to decline if second
station had any audience."

"Of course."

*"Some."

No: 22 (9)

"Some": 1

"Don't Know": 1 (1).

No answer: 5

15. After the second station began operating, did you increase your effort to reduce costs?

Yes: 42 (20)

"Reduced employees from 12 to 7 then added 2 salesmen.
Sales gained 2; program lost 3."

"Not at once, but as revenues fell and operating cost increased, we had to cut back."

*"Nominally as always."

No: 19 (6)

"Continued to grow. On Number 3 we finally automated to live."

Yes and no: 1

"Always working on this because the government places an image that causes increase of expense." : 1

No answer: 2

16. After the second station began operating, did you hire additional salesmen?

Yes: 26 (10)

*"Not immediately, but within 3 years."

No: 37 (16)

"Had to increase expense in travel and return calls, etc."

No answer: 2

17. During the first two years after the second station came into your city, did you find it harder to earn the same profit you earned before the new station's arrival?

Yes: 47 (20)

*"Because of power increase and increased overhead."

"Impossible. Market too small. Listening audience split so merchants split budgets. No increase in total dollars."

"Competitor does not spend as much as we do on staff, net service, news, program tools, has lower overhead, undersells on rates, thereby causing some deterioration in our own rates, less revenue."

No: 17 (6)

"Up on 2; down on Number 3 to a loss."

No answer: 1

18. Did you make changes in your program schedule because there was a second station operating in your community?

Yes: 37 (16)

"Some."

No: 27 (10)

*"Not because of its presence, but to meet changing appetites for radio programming--yes, we have gradually changed."

"Not necessarily--we for 22 years have continuously made changes in programming, hoping to better our fare."

*"We merely intensified our efforts to improve what we were already doing."

*"No basic changes."

No answer: 1

19. If the answer to the preceding question is "yes," what was the nature of the change in programming?

Increase in the number of contests: 22 (9)

Inclusion of more local news: 29 (11)

Broadcasting of more sports: 13 (5)

"Joined a sports network."

Increase in the amount of religious programs: 8 (5)

Decrease in the amount of religious programs: 17 (9)

Increase in the amount of music: 20 (11)

Decrease in the amount of music: 2 (1)

In addition, one broadcaster specified that recorded music was increased, but live music was decreased.

Increase in the amount of agricultural programs: 9 (3)

"Arranged for three adjacent county extension service agents in addition to those already carried."

Decrease in the amount of agricultural programs: 8 (6)

Inclusion of more national news: 13 (7)

Inclusion of less national news: 8 (2)

"Dropped national network to cut costs."

"Dropped Mutual network."

Increase in the amount of educational programs: 10 (5)

Decrease in the amount of educational programs: 6 (2)

Increase in the amount of discussion programs: 12 (3)

Decrease in the amount of discussion programs: 11 (4)

Increase in the number of remotes: 20 (7)

*"Including mobile unit."

"By wire and 3 shortwave mobile units."

Decrease in the number of remotes: 7 (4)

- "Do not have program staff."
- "Program costs are flexible and are the first to suffer in a retrenchment program. Instead of one good station you have two poor ones."
- *"Decreased the number of operating hours daily by three and increased the number of hours of combination operation."
- *"Second station is more of a record and news station, which favored above changes." (increase in contests, decrease in religion, agriculture, education, and discussion, decrease in remotes, and increase in music).
- "In general, we 'sharpened up' in all phases of operation."
- "Greater emphasis upon news and special events."
- *"Change in type of music; change in school spots covered."
- "Definite switch to 'good music' format."
- *"Faster paced programming. 'Pace' throughout the day rather than many individual programs--music, news, sports, special features."
- *"Network change from Mutual to NBC."
- "We find increased program refinement and expanded program facility much, much more difficult because of the business--however small--decrease in a very restricted small market--rural area. However, we have never sacrificed programwise."
- *"More dramatic local news coverage."
- "Yes, we tossed them out. (Religion, education, and discussion.) All audience killers had to go."
- "With Number 3 chopping us to death, we full-automated, layed off six, replaced all but the salesmen with top people. Nine total do what we used to do with 18 to 20."
- "Cancelled network contract; went music-news (Top 40 type)."
- "Accent on music, news, sports, and civic service."
- "Eliminate some good but costly programs."
- "Editorials."
- "Principal change was in nature of music--deletion of country music, specializing in better music, leaving country and rock and roll to other stations."

Final Comments from the questionnaire:

- *"The profit squeeze on radio stations comes primarily from cut-rates by many stations plus the depreciation

of the dollar."

"We have always programmed in the public interest--operating a broadcast service to the area served. We are a 23-year-old operation known as a pioneer station in this state, with same ownership and management since inception. In recent years the FCC has granted nothing but what are termed as 'licensed juke boxes.' The present dilemma concerning too many AM stations is the fault of the FCC."

*"This station tried to copy our format--good music, heavy news, and community events. Greatest concern with me the owner and manager is cheap rates, 30 cent spots which deteriorate the image of radio as a medium."

"We have built our operation on strong local coverage of events and news and good music. We've never been a so-called top 40 station, but we direct our efforts to the adults. If the FCC is going to press for long ownership, public service, and strong local coverage in every way, it is going to have to reciprocate and give the good stations protection and help--instead of continually adding more stations to muddy the waters. The point of no return is here."

"Saturation of radio stations has decreased radio's stature in eyes of merchants who figure audience is obviously sliced into small pieces. In a small market, one station with reasonable revenue can deliver better service than two stations having to trim operational costs to stay in business."

"With a greater staff it was possible to generate more local live musical programs. Such activities require a lot of local promotion. We have an auditorium studio that seats 400 that has not been used for two years."

*"Our station (the first station) has been on the air here for 28 years. The second station has been here 10 years. The second station changed management every year for the first five years of operation. The third station has been here 2 years and has been for sale for the past year. There is no justification for the existence of the third station."

*"The facts on two and three stations definitely change the picture."

"I estimate it takes 10,000 people in a town to support a shirttail radio station. A town with 20,000 people plus an agricultural area will support one good one plus one low cost."

"Obviously it is a good two station market. However, it happens there are three stations here and that cuts into the revenue some for all concerned. Naturally when there is competition, it does force one from time to time to make program changes depending on what the opposition is doing and also depending on what the surveys show. Audiences do switch from time to time again depending on the type of fare being offered."

APPENDIX III

QUESTIONNAIRES AND LETTERS

Department of Television and
Radio
Journalism Building
Michigan State University
East Lansing, Michigan
October 16, 1962

Mr.
Radio Station

Dear Mr. _____:

The enclosed is a 2 minute questionnaire for a doctoral thesis concerning the current freeze on AM radio allocations. You can do me a great favor by checking the blanks after each of the questions and then sliding the questionnaire into the enclosed stamped envelope.

Please do not sign the questionnaire; your station will not be identified in any way with the results. Only a summary of the answers from about 75 stations will be included in the thesis, and I shall throw away the envelope with the postmark after receiving your answers.

If you would like a copy of the results, please include this letter with your answers.

And to you, of course, will go my hearty thanks for your help.

Very truly yours,

(Miss) Mickie Newbill

QUESTIONNAIRE FOR
BROADCASTING EXECUTIVES

Please return to:
Mickie Newbill
Department of Television
and Radio
Michigan State University
East Lansing, Michigan

1. Do you think it was wise for the Federal Communications Commission to permit a second AM radio station to operate in your city? Yes_____ No_____
2. How many AM radio stations do you think your city can support financially?
One_____ Two_____ Three or more_____
3. Excluding network and national spot accounts, to what extent does your station depend for advertising revenue upon nearby towns or cities that have radio stations located at least ten miles from the city limits within which your station operates?
10% or less_____ 10 to 25%_____ 25 to 50%_____ More than 50%_____
4. Have you gained a larger percentage of your revenue from nearby towns like those mentioned in the preceding question since a second station began operating in your city? Yes_____ No_____
5. Did you conduct or commission any audience survey(s) before the second station started operating in your city? Yes_____ No_____

6. Since a second station began operating in your city,
is an audience survey more useful to you? Yes_____ No_____
7. Did a survey show a change of as much as 5% in the
size of your audience during the first two years
after a second station started operating in your city?
Yes_____ No_____
8. During the first two years after the second station
started operating in your city, did the size of your
audience decrease? Yes_____ No_____
9. Was the fact that a second station was operating in
your city a cause of concern to you? Yes_____ No_____
10. If the answer to the preceding question is "yes,"
what was the basis of your concern? Possible loss
of advertising revenue_____ Possible loss of
audience _____ Other reason(s) _____

11. Did the revenue of your station change as much as
5% during the first two years after the second
station started operating in your city? Yes _____
No _____
12. During the first two years after the second station
started operating in your city, did the revenue of
your station show any decrease? Yes _____ No _____

13. Do you feel that the presence of the second station in your city contributed to a decline in revenue?
Yes_____ No_____
14. Do you feel that the presence of a second station in your city contributed to a decline in audience?
Yes_____ No_____
15. After the second station began operating, did you increase your effort to reduce costs? Yes_____ No_____
16. After the second station began operating, did you hire additional salesmen? Yes_____ No_____
17. During the first two years after the second station came into your city, did you find it harder to earn the same profit you earned before the new station's arrival? Yes_____ No_____
18. Did you make changes in your program schedule because there was a second station operating in your community?
Yes _____ No _____
19. If the answer to the preceding question is "yes," what was the nature of the change in programming?
- Increase in the number of contests _____
 - Inclusion of more local news _____
 - Broadcasting of more sports _____
 - Increase in the amount of religious programs _____
 - Decrease in the amount of religious programs _____
 - (RELIGIOUS PROGRAMS include all sermons, religious news, music and drama, etc.)
 - Increase in the amount of music _____
 - Decrease in the amount of music _____

Increase in the amount of agricultural programs_____

Decrease in the amount of agricultural programs_____

(AGRICULTURAL PROGRAMS include all programs containing farm or market reports or other information specifically addressed to the agricultural population.)

Inclusion of more national news_____

Inclusion of less national news_____

Increase in the amount of educational programs_____

Decrease in the amount of educational programs_____

(EDUCATIONAL PROGRAMS include programs prepared by or in behalf of educational organizations, exclusive of discussion programs.)

Increase in the amount of discussion programs_____

Decrease in the amount of discussion programs_____

(DISCUSSION PROGRAMS include forum, panel, and round-table programs.)

Increase in the number of remotes_____

Decrease in the number of remotes_____

Other change (Please specify.)_____

For your convenience, I have used the familiar program definitions formulated by the FCC. Again, thank you very much.

Mickie Newbill

C
O
P
Y

Department of Television
and Radio
Journalism Building
Michigan State University
East Lansing, Michigan
September 20, 1962

This letter is an offer of 5 dollars to you or to some staff member you select for about 30 minutes of very important help with a doctoral thesis concerning schedule changes in certain types of programs. You can do me a great favor by returning the completed questionnaire in the enclosed stamped envelope.

Please do not sign the questionnaire; your station will not be identified in any way with the results. Only a summary of the answers from about 60 stations will be included in the thesis.

If you would like a copy of the results, please put an "x" after the statement below, and enclose this letter. As soon as I receive the questionnaire, I shall send a check to you. If you choose to have someone other than yourself fill out the questionnaire, the check will be made out to the person whose name you write in the blank below. If possible, the person who fills out the questionnaire should be someone highly familiar with your programming back to 1960.

And to you, of course, will go my hearty thanks.

Very truly yours,

(Miss) Mickie Newbill

I would like a copy of the results. _____

The check should be made out to _____

I prefer that you not send a check. _____

Department of Television and Radio
Journalism Building
Michigan State University
East Lansing, Michigan
December 5, 1962

Mr. _____, General Manager
Radio Station _____
P. O. Box _____
_____, _____

Dear Mr. _____:

Enclosed is a copy of a letter I sent you some weeks ago.

You could have two perfectly good reasons for not answering my questionnaire. Perhaps you were bothered by such a brazen offer of money for a kind of help that you usually give as a favor. I offered you that five dollars only because station executives are notoriously busy; I knew you would not have time to dig through logs yourself, but I hoped you might be willing to impose upon a staff member if you knew that he would get something out of it.

Or perhaps you were hesitant to give out this information without knowing more about why I need it. This doctoral thesis is an attempt to find out if stations with their first local competition find it necessary to cut down on educational, agricultural, religious, or discussion programs or to schedule them at different times. It may be that the traditional attitude toward the benefits of competition needs to be changed.

Your answer is especially important; to compute this, I have to check the difference between stations that do have new local competition and stations as similar as possible that do not. So, every questionnaire that is not returned means two that cannot be used for the thesis.

You might be interested in knowing which of all the stations in the United States is most similar to yours according to nine characteristics. But I can't tell you. Even people reading the thesis won't be able to figure it out. Please do not sign the questionnaire; the offer

Mr. _____, General Manager

Page 2

December 5, 1962

to keep everything completely confidential still stands. So does the offer of five dollars to the person on your staff who fills out the questionnaire. The check will be sent to you--unless you tell me otherwise by checking the blank below.

Two other offers still stand: my willingness to send you a summary of the results, and earnest gratitude for your help.

Sincerely yours,

(Miss) Mickie Newbill

I would like a copy of the results. _____

Please do not send a check. _____

March 14, 1963

Mr. _____
Radio Station _____
P. O. Box _____
_____, _____

Dear Mr. _____:

A few weeks ago one of my graduate students sent you a questionnaire that is part of a doctoral study. Miss Newbill is trying to find out if stations with their first local competition find it necessary to cut down on educational, agricultural, religious, or discussion programs or to schedule them at different times. A copy of Miss Newbill's letter to you is enclosed.

I would appreciate it very much if you would take a little time to fill out the questionnaire and return it to me. While Miss Newbill is doing a study to meet her doctoral requirements, let me say that the University is very much interested in the outcome of the study. Numerous leaders in broadcasting are interested in the research, and our purpose is to do a study that will serve the interests of the industry.

Your answer is especially important; Miss Newbill must check the difference between stations that do have new local competition and stations as similar as possible that do not. So, every questionnaire that is not returned means two that cannot be used for the study.

We will be glad to send you a copy of the results. She and I ask that you not sign the questionnaire. And your answers will be kept completely confidential; no station's call letters or location will be mentioned in the study.

Won't you please reply promptly? Many thanks for your assistance.

Sincerely yours,

Walter B. Emery, Acting Chairman
Department of Television and Radio

QUESTIONNAIRE FOR BROADCASTING EXECUTIVES

HOW TO FILL OUT THE QUESTIONNAIRE: On this sheet and the one stapled to it, please put information copied from logs for the days Monday through Friday, September 26, 27, 28, 29, and 30 of 1960. The other two sheets of the questionnaire cover a different five days.

The questionnaire is concerned only with religious, agricultural, educational, and discussion programs as defined below. For each program that you name in the first column, please give the exact starting and ending times as they appear on the logs, including a mention of whether the time was A.M. or P.M. These starting and ending times should be entered in the second and third columns.

Then in the last column, please check the days of the week each program you name was broadcast.

If a program was broadcast at different hours during the week (For example, at 10 A.M. on Monday and at 3:30 P.M. on Wednesday), please list all the hours at which the program was broadcast.

	BELOW ENTER TIME PROGRAM BEGAN IN-	BELOW ENTER TIME PROGRAM ENDED IN-	BELOW ENTER PROGRAM WAS AIRCAST
SECTION I: Below in this column enter names of all RELIGIOUS programs appearing on logs (Sermons, religious news, music, and drama, etc.)	MENTION OF WHETHER A.M. OR P.M.	MENTION OF WHETHER A.M. OR P.M.	MENTION OF WHETHER A.M. OR P.M.

Please return to:
Mickie Newbill
Department of Television and
Radio

Journalism Building
Michigan State University
East Lansing, Michigan

PLEASE FILL IN BLANKS:

SIGN ON TIMES GIVEN ON LOGS

MONDAY SIGN ON _____

TUESDAY SIGN ON _____

WEDNESDAY SIGN ON _____

THURSDAY SIGN ON _____

FRIDAY SIGN ON _____

SIGN OFF TIMES GIVEN ON LOGS

MONDAY SIGN OFF _____

TUESDAY SIGN OFF _____

WEDNESDAY SIGN OFF _____

THURSDAY SIGN OFF _____

FRIDAY SIGN OFF _____

SECTION I: Below in this column enter names of all RELIGIOUS programs appearing on logs (sermons, religious news, music, and drama, etc.).

Below enter TIME PROGRAM BEGAN IN- INCLUDING ENDING IN- PROGRAM WAS Aired

Below enter BELOW ENTER TIME PROGRAM OF THE WEEK EACH DAYS

SECTION II. Below in this column, enter names of all AGRICULTURAL PROGRAMS appearing on logs (Programs containing farm or market reports or other information specifically addressed to the agricultural population).

SECTION III. Below in this column enter names of all EDUCATIONAL PROGRAMS (Programs prepared by or in behalf of educational organizations exclusive of discussion programs).

SECTION IV. Below in this column enter names of all DISCUSSION PROGRAMS (Forum, panel, and round-table programs).

Below enter TIME PROGRAM BEGAN IN- CLUDING MENTION OF WHETHER A.M. OR P.M.	Below enter TIME PROGRAM ENDED IN- CLUDING MENTION OF WHETHER A.M. OR P.M.	Below check days of the week each program was aired
		Mon Tues Wed Thu Fri

For your convenience, I have used the familiar program definitions formulated by the FCC. Thank you very much for your great help.

Mickie Newbill

And please answer these questions about your station:

1. What is your station's wattage? _____
2. Does the owner of your station also operate an FM station in your city? Yes _____
No _____
3. Has your station changed ownership since January 1, 1960? Yes _____ No _____
4. Is your station affiliated with ABC, CBS, NBC, or MBS? Yes _____ No _____
5. Is your station owned by an educational or religious institution? Yes _____ No _____
6. Does your community contain a commercial television station? Yes _____ No _____

QUESTIONNAIRE FOR BROADCASTING EXECUTIVES

HOW TO FILL OUT THE QUESTIONNAIRE: On this sheet and the one stapled to it, please put information copied from logs for the days Monday through Friday, September 17, 18, 19, 20, and 21 of 1962. The other two sheets of the questionnaire cover a different five days.

The questionnaire is concerned only with religious, agricultural, educational, and discussion programs as defined below. For each program that you name in the first column, please give the exact starting and ending times as they appear on the logs, including a mention of whether the time was A.M. or P.M. These starting and ending times should be entered in the second and third columns.

Then in the last column, please check the days of the week each program you name was broadcast.

If a program was broadcast at different hours during the week (For example, at 10 A.M. on Monday and at 3:30 P.M. on Wednesday), please list all the hours at which the program was broadcast.

SECTION I: Below in this column enter TIME PROGRAM BELOW ENTER BELOW CHECK DAYS
names of all RELIGIOUS programs appearing BEGAN IN- ENDED IN- OF THE WEEK EACH
on logs (Sermons, religious news, music, CLUDING CLUDING PROGRAM WAS AIRED
and drama, etc.) MENTION OF Mon Tues Wed Thu Fri
WHETHER A.M. WHETHER A.M.
OR P.M. OR P.M.

Please return to:
Mickie Newbill
Department of Television and
Radio
Journalism Building
Michigan State University
East Lansing, Michigan

PLEASE FILL IN BLANKS:
SIGN ON TIMES GIVEN ON LOGS

MONDAY SIGN ON _____
TUESDAY SIGN ON _____
WEDNESDAY SIGN ON _____
THURSDAY SIGN ON _____
FRIDAY SIGN ON _____

SIGN OFF TIMES GIVEN ON LOGS

MONDAY SIGN OFF _____
TUESDAY SIGN OFF _____
WEDNESDAY SIGN OFF _____
THURSDAY SIGN OFF _____
FRIDAY SIGN OFF _____

SECTION II. Below in this column, enter names of all AGRICULTURAL programs appearing on logs (Program containing farm or market reports or other information specifically addressed to the agricultural population).

SECTION III. Below in this column enter names of all EDUCATIONAL programs (Programs prepared by or in behalf of educational organizations exclusive of discussion programs).

SECTION IV. Below in this column enter names of all DISCUSSION Programs (Forum, panel, and round-table programs).

Below enter TIME PROGRAM BEGAN IN- CLUDING MENTION OF WHETHER A.M. OR P.M.	Below enter TIME PROGRAM ENDED IN- CLUDING MENTION OF WHETHER A.M. OR P.M.	Below check days of the week each program was aired
		Mon Tues Wed Thu Fri

For your convenience, I have used the familiar program definitions formulated by the FCC. Thank you very much for your great help.

Mickie Newbill

And please answer these questions about your station:

- 1. What is your station's wattage? _____
- 2. Does the owner of your station also operate an FM station in your city?
Yes _____ No _____
- 3. Has your station changed ownership since January 1, 1960? Yes _____ No _____
- 4. Is your station affiliated with ABC, CBS, NBC, or MBS? Yes _____ No _____
- 5. Is your station owned by an educational or religious institution? Yes _____ No _____
- 6. Does your community contain a commercial television station? Yes _____ No _____

APPENDIX IV

WORK SHEETS

HYPOTHESIS I AND II

Older Station	Newer Station
Call letters_____	Call letters_____
Location_____	Location_____
Wattage_____AM_____	Wattage_____AM_____
Duplicating FM_____	Duplicating FM_____
Program tests began_____	Program tests began_____
_____	_____
FCC says program tests began_____	FCC says program tests began_____
_____	_____
Network_____	Network_____
Ownership change_____	
Owner_____	Educational FM_____
_____	Educational AM_____
_____	Television_____
Did revenue decline?_____	

Disposable income for year of newer station's entry_____	
Distance from nearest station_____	

First composite week dates for older station_____	
Second composite week dates for older station_____	
Date of first application_____	Date of second application_____
Percentages in first renewal application	Percentages in second renewal application
Religious_____	Religious_____
Agricultural_____	Agricultural_____
Educational_____	Educational_____
Discussion_____	Discussion_____
TOTAL_____	TOTAL_____

OLDER STATION

Call letters _____ Location _____

Program tests began _____ Any transfers during period? _____

Older application

Name of applicant _____

Date of application _____

Power: Night _____ Day _____

Hours: Unlimited _____

Daytime only _____

Limited _____ Share time _____

Minimum weekly schedule of
operation _____

Total hours _____

Number of 14-1/2 minute
periods _____Actual broadcast hours
(per week) _____What year's composite week?
_____What network affiliation?

Program Types

Religious _____

Agricultural _____

Educational _____

Discussion _____

TOTAL: _____

Is there any reason for not including this station in the
sample? _____ If so, state: _____

Comments _____

Newer application

Name of applicant _____

Date of application _____

Power: Night _____ Day _____

Hours: Unlimited _____

Daytime only _____

Limited _____ Share time _____

Minimum weekly schedule of
operation _____

Total hours _____

Number of 14-1/2 minute
periods _____Actual broadcast hours
(per week) _____What year's composite week?
_____What network affiliation?

Program Types

Religious _____

Agricultural _____

Educational _____

Discussion _____

TOTAL: _____

NEWER STATION

Call letters _____ Location _____
Program tests began _____
Name of licensee _____
Date of application _____
Power: Night _____ Day _____
Hours of operation: Unlimited _____ Daytime only _____
Limited _____
Share time _____
Minimum weekly schedule of operation: _____
_____ Total hours _____
Number of 14-1/2 minute periods _____
Actual broadcast hours (per week) _____

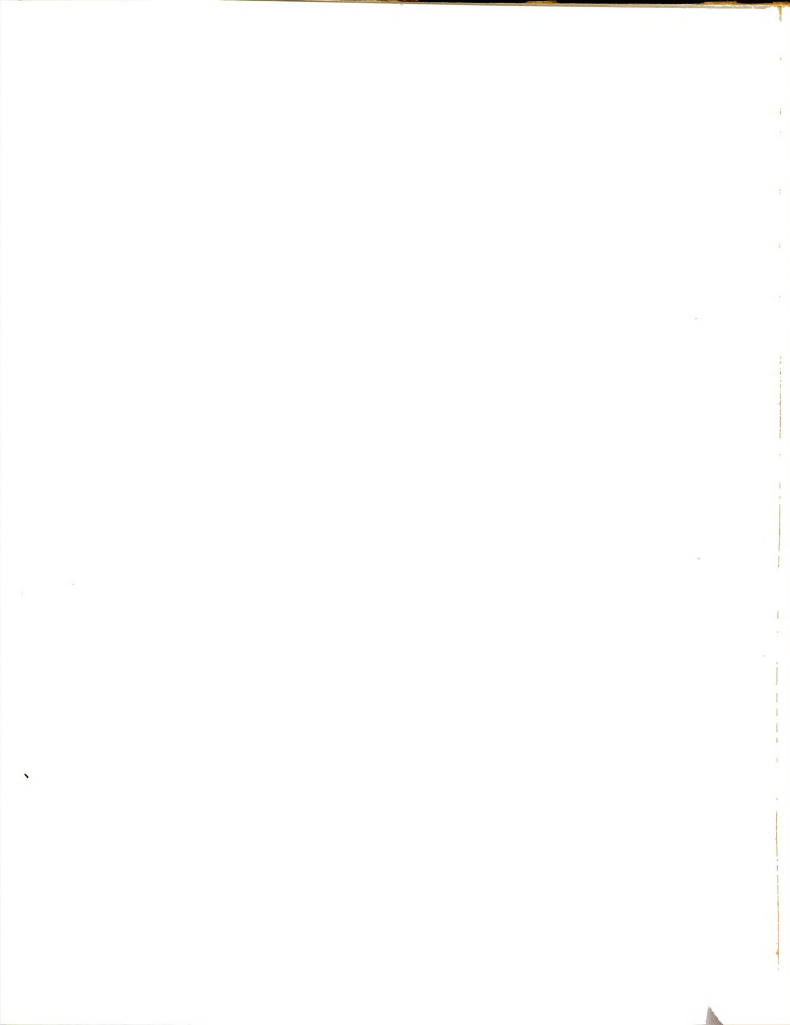
PROGRAM TYPES

Religious _____
Agricultural _____
Educational _____
Discussion _____
TOTAL _____

Did a transfer result in the use of days other than the
customary composite week? _____

Is this station unusable for any reason? _____

If so, state: _____



1948

Call letters _____
 Frequency _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1952 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____
 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1956

Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1949

Call letters _____
 Frequency _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1953 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____
 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1957

Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1950
 Call letters _____
 Frequency _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1954 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____
 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1958
 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

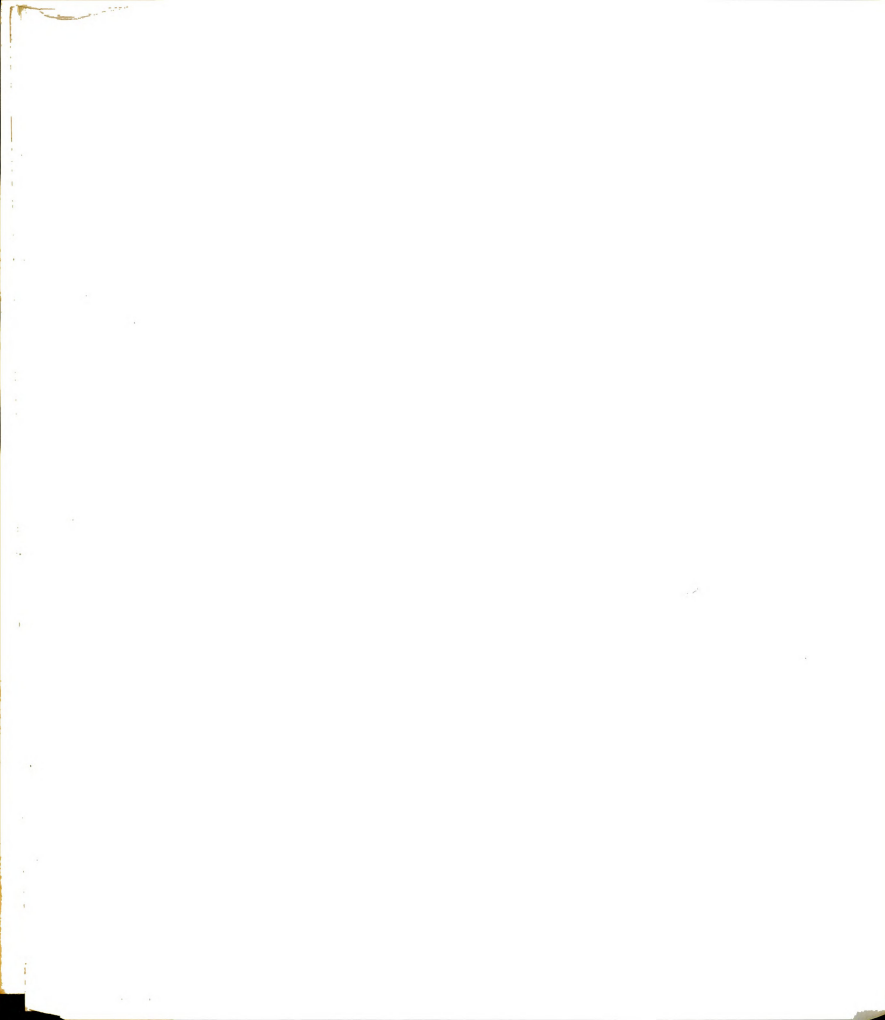
LOCATION _____
 1951
 Call letters _____
 Frequency _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1955 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____
 Ed. or Rel. _____
 Disp. Income _____
 Distance _____

1959
 Call letters _____
 Wattage _____
 Dup. FM _____ TV _____
 Network _____
 Transfer _____
 Owner _____

 Ed. or Rel. _____
 Disp. Income _____
 Distance _____



LOCATION_____		
1960	1961	1962-63
Call letters_____	Call letters_____	Call letters_____
Wattage_____	Wattage_____	Wattage_____
Dup. FM_____TV_____	Dup. FM_____TV_____	Dup. FM_____TV_____
Network_____	Network_____	Network_____
Transfer_____	Transfer_____	Transfer_____
Owner_____	Owner_____	Owner_____
_____	_____	_____
Ed. or Rel._____	Ed. or Rel._____	Ed. or Rel._____
Disp. Income_____	Disp. Income_____	Disp. Income_____
Distance_____	Distance_____	Distance_____
_____	_____	_____

MATCHING STATION

For what station is this a match?

Call letters____ Location____

Call letters____ Location____

Program tests began____ Any transfers during period____

Older Application

Newer Application

Checked?____

Checked?____

Date of application____

Date of application____

Name of applicant____

Name of applicant____

Power: Night____ Day____

Power: Night____ Day____

Hours: Unlimited____

Hours: Unlimited____

Daytime only____

Daytime only____

Limited____ Share time____

Limited____ Share time____

Minimum weekly schedule of
operation____Minimum weekly schedule of
operation____Number of 14-1/2 minute
periods____Number of 14-1/2 minute
periods____Actual broadcast hours per
week____Actual broadcast hours per
week____

What composite week?____

What composite week?____

What network affiliation?

What network affiliation?

Are network columns filled
in?____Are network columns filled
in?____

Do percentages total 100?____

Do percentages total 100?____

Program Types

Program Types

Religious____

Religious____

Agricultural____

Agricultural____

MATCHING STATION.--Continued.

Educational_____

Discussion_____

TOTAL:_____

Educational_____

Discussion_____

TOTAL:_____

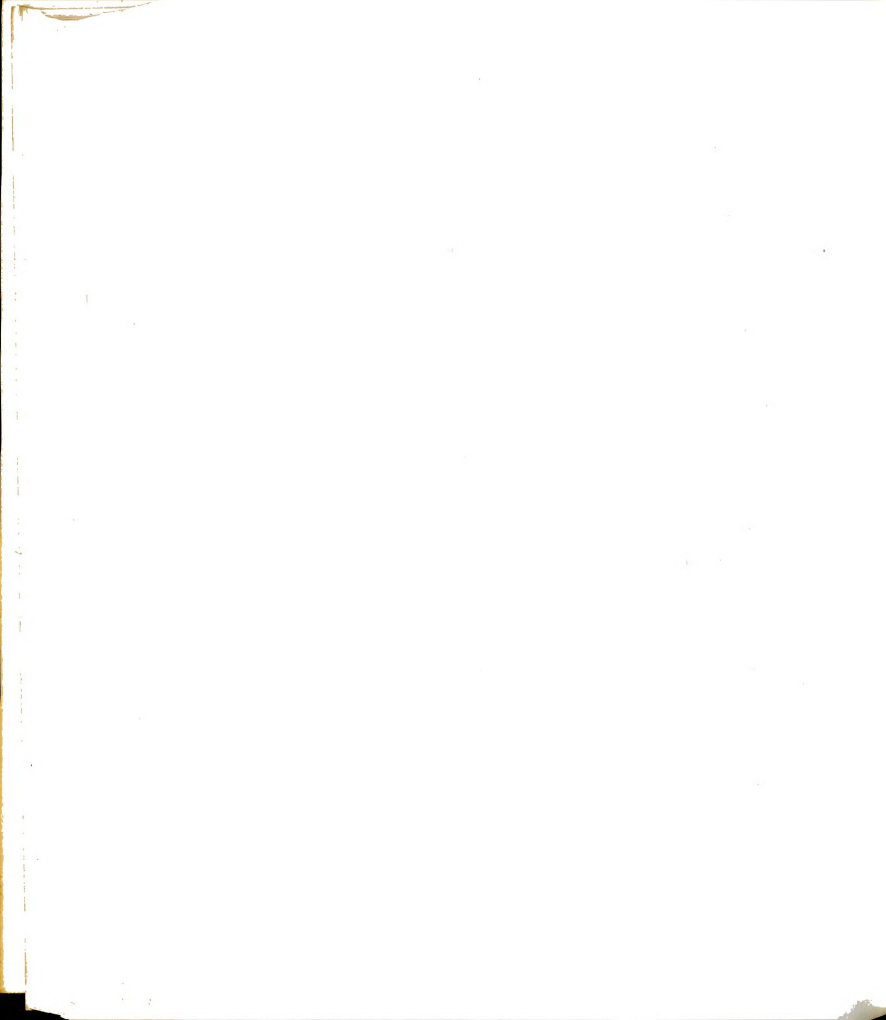
Is there any reason for not including this station in the
sample?_____

If so, state:_____

COMMENTS:_____

APPENDIX V

PROGRAM CHANGES FOR NON-NETWORK STATIONS THAT
RECEIVED COMPETITION AND FOR MATCHING STATIONS
THAT DID NOT RECEIVE COMPETITION



PROGRAM CHANGES FOR NON-NETWORK STATIONS THAT
RECEIVED COMPETITION AND FOR MATCHING STATIONS
THAT DID NOT RECEIVE COMPETITION
(Altered Percentages)

Stations Receiving Competition		Stations Without Competition (No revenue correction)	
Amount of Change	Increase or Decrease	Amount of Change	Increase or Decrease
38.36	I	9.49	I
25.23	D	5.79	D
20.89	D	24.44	I
56.52	D	15.43	I
19.07	I	40.49	I
6.48	I	.25	I
.37	D	54.80	I
14.10	D	6.06	D
6.10	D	13.48	I
.63	I	11.18	D
24.67	D	51.71	D
54.86	D	15.99	D
26.09	D	16.50	I
30.27	D	20.00	I
25.82	D	2.00	D
23.08	D	37.63	D
43.33	I	38.89	I
2.94	I	70.00	D
65.05	D	25.02	D
Number of Decreases: 13		Number of Decreases: 9	

Stations Without Competition (First Revenue Correction)		Stations Without Competition (Extreme Revenue Correction)	
Amount of Change	Increase or Decrease	Amount of Change	Increase or Decrease
9.49	I	32.45	D
5.79	D	5.79	D
2.45	D	26.00	I
15.43	I	15.43	I
40.49	I	40.49	I
.25	I	.25	I
54.80	I	37.50	D
6.25	D	6.25	D
12.15	D	12.15	D
11.18	D	11.18	D
51.71	D	51.71	D
15.99	D	15.99	D
16.50	I	16.50	I
20.00	I	20.00	I
2.00	D	18.37	D
37.63	D	37.63	D
38.89	I	38.89	I
20.00	D	20.00	D
25.02	D	25.02	D
Number of decreases: 11		Number of decreases: 12	

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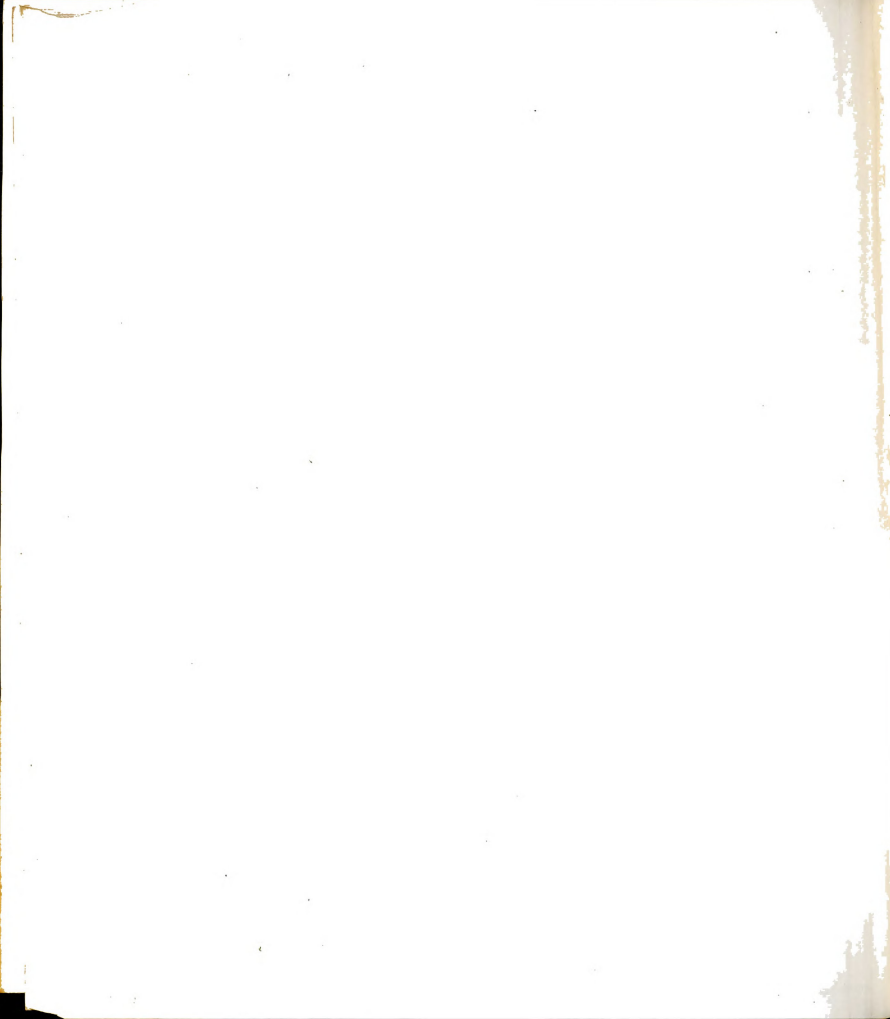
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