

March 4, 1982

Statement of FCC Commissioner James H. Quello
Concurring in the Result
in which Commissioner Joseph R. Fogarty concurs

In re: AM Stereophonic Broadcasting, Docket No. 21313

I generally hold the now prevailing view that there are many things that government doesn't do well and that the marketplace can often be relied upon instead of government regulation. The marketplace, I believe, is generally superior to government in the allocation of resources, in pricing and in setting acceptable levels of quality for goods and services. One thing that the marketplace doesn't do very well and something government should be prepared to do, it seems to me, is to establish technical standards in the interest of nationwide compatibility where there is a perceived desire or need for such compatibility.

The marketplace has very little competence to determine the relative merits of one technical standard versus another over the short term since its decisions are generally influenced by marketing efforts more than by technical superiority. To expect the American public to select a nationally compatible AM stereo system in a reasonable period of time from among even the five systems now before this Commission is sheer folly. In the first instance, the decision as to what system to select falls upon the broadcaster. He must guess which system will gain enough public acceptance over time to survive. It is at that point that the public must cast its votes with each broadcaster principally with a view toward avoiding, if possible, early obsolescence of receivers. Should two or more incompatible systems develop within a listening area, competition for listeners effectively takes place only until stereo receivers are purchased. From then on, the purchaser is "locked" into the system selected insofar as stereo is concerned.

I am appalled that it has taken this Commission five years to decide that it cannot decide this issue. We have vacillated, temporized and rationalized this matter until I believe the Report and Order is correctly stating that a viable standard can no longer be set. The Commission's credibility has been damaged sufficiently to bring into serious question whether we can fairly and in a reasonable period of time act responsibly to provide the basis for a compatible AM stereo system for this country. While this state of affairs is not my preferred outcome, the Report and Order appears to be merely a concession to the practical realities in this unfortunate situation.

Therefore, I concur in the result.

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