

Feb. 1984

Brief Report on Stewardship and Regulatory
Principles

Commissioner James H. Quello
Federal Communications Commission

If broadcasters and telecommunicators were asked if they are better off today than three years ago (pre-Reagan), the answer would have to be a resounding "yes."

The current Commission under Chairman Mark Fowler has done more than any FCC in history to get government off industry's back. I was happy to support the Chairman's major "unregulation" thrust which deregulated radio broadcasting and also resulted in massive elimination of outmoded or unduly intrusive regulations and unnecessary paperwork. The FCC also vastly simplified license renewal procedures and engineering licensing requirements.

While communications regulations were being replaced by marketplace competition, the FCC introduced many additional communications facilities to the marketplace providing for expanded service for the public. Commission action promulgated new or expanded service in DBS (direct broadcast satellite), MDS (multipoint distribution service), LPTV (low power television), teletext, cellular radio, and cable as well as continued growth in the number of AM and FM radio and UHF stations. The current FCC also authorized subcarrier service for radio and TV and expanded the ways public broadcasters could creatively raise additional funds, thus enhancing their self-sufficiency.

Philosophically, I agree with the Chairman that the government is often over-intrusive and that many of the agency's rules and regulations either should not have been established or have outlived their usefulness. In fact, before Chairman Fowler's appointment, I considered myself the most deregulatory of all Commissioners.

I expressed my thoughts early in the new administration in a speech October 5, 1981, at an NAB regional conference in Atlantic City, New Jersey.

I stated:

I never thought I'd see an FCC Chairman more unregulatory than I. We finally have one. He is Mark Fowler who financed his way through college working at a radio station. He has a sense of humor, too. He said 'he had the looks for radio.' I tell you he has the smarts for Chairman. He is a Republican and I am a moderate Democrat, but important Commission processes, regulations and unregulation transcend or defy party lines. Under his Chairmanship, the FCC seems destined to usher in a new era of freedom and deregulation for communications. The majority of the FCC now advocate a free enterprise marketplace approach to broadcast regulation rather than the old public trustee concept. So now with a new regime in place, there is good news from Washington tonight -- at least for broadcasters and advocates of full First Amendment rights. The government mood is now more deregulatory -- as the new Chairman characterized it -- it's unregulatory.

Needless to say, the Chairman has lived up to his unregulatory promise, and I am glad I was on board to support his initiatives.

It is a matter of record that I proposed total deregulation in testimony before the House and Senate Communications Subcommittees some time ago. (See attached statement, Comments before House Subcommittee on Communications, September 13, 1978.) I tried to raise a bipartisan deregulatory flag, but not enough people saluted. The mood and will of the public have changed since that time. Sensing the new public mood, the "Reagan" Chairman and Commission are making First Amendment progress heretofore considered unattainable.

I believe the Constitutional freedoms of speech and press include the electronic press and are essential to our form of government. However, I am seriously concerned about the issue of absolute access to information demanded by the press. I am becoming increasingly appalled by over-adversarial members of the press who are hostile to the government of their own country. Also, the persistent journalistic zeal to discredit and embarrass its own government is causing concern to an increasingly perceptive American citizenry.

My agonizing over this press issue is from the unusual perspective of former combat infantry battalion commander in the 45th Division in World War II, a former radio newscaster, a 28-year broadcast executive and a 9½ year FCC Commissioner. A recent Time magazine cover story reported that public respect for the press is at an all-time low. U.S. News and World Report, The Washington Times and The Wall Street Journal also published articles critical of the press. Surveys, letters and phone calls from the public following the invasion of Grenada strongly supported the government exclusion of media during the first few days. This development is particularly troublesome to me because I find myself agreeing with these critics of the press, yet I'm a staunch advocate of First Amendment rights. I am certainly not advocating government involvement in news direction.

However, with freedom and rights come responsibility. I believe reporters and editors should have reasonable access to report events as they observe them to the people. But reporters cannot expect advance access to top secret information nor should they be permitted to intrude in sensitive military operations. That would be contrary to the national interest. Reporters, broadcast or print, have a vested interest in scoops, in revealing unknown information and picturing events in a dramatic audience-grabbing manner. They build audiences, reputations and strong bank balances that way. This is particularly true of TV commentators and reporters.

I do not have any ready solutions except to suggest it is perhaps time for analysis and self-policing by broadcast news executives and reporters. They cannot continually claim that the First Amendment sanctifies all behavior or mandates access to all information regardless of sensitivity or the national interest.

Broadcast news and public affairs coverage is increasing in importance. I believe the major impact of TV and radio on the American way of life today is in news and news analysis -- not in entertainment programs. I think most people agree that broadcasting today is most remembered and respected for its hours of exceptional journalism -- and that the greatest benefit most Americans derive and expect from broadcasting is information. Recent research indicates more Americans are getting initial news from TV and radio than from newspapers. This potential for molding public opinion poses an enormous responsibility and opportunity. No practical broadcaster will ignore the audience mandate for comprehensive objective coverage of news and public affairs. I firmly believe that full First Amendment rights will generate more top level management emphasis on news and public affairs. Owners, executives and broadcast managers of the future must more and more assume roles of publishers and editors-in-chief. With full press freedom, stations and networks will have added incentive for more comprehensive reporting and for larger news staffs capable of more investigative and detailed "on-the-spot" reporting.

This freedom best serves the overall public. The press should be unfettered by direct government pressure or by indirect pressure responding to citizen activist groups demanding special broadcast consideration for their own private social and political philosophies through government-mandated access. I further believe newsmen have the right to be wrong and that news executives have the responsibility of seeing that they are not wrong too often. I believe newsmen have the right and obligation to seek the truth -- the facts. I also believe freedom of speech applies to government officials -- they should be able to criticize the press, including the broadcast press, without raising the ominous spectre of censorship.

My speech before the national convention of Independent TV Stations, as reported by the trade press, aptly summarizes my current concerns and feelings:

Broadcast managers should think more about responsibility and news fairness than about 'ratings, money and power,' FCC Comr. Quello said in speech at convention. 'The American public is getting fed up with rude, arrogant, unknowing newsmen,' Quello said. He said that while much public hostility may be directed at networks, 'independents will get some of the fallout.' To avoid that, he said, independents -- who have more control over their product -- should put more emphasis on truth, decency and responsible news.

'Reporters have a right to be wrong,' Quello said, 'but someone, a managing editor or a licensee, has the responsibility to make sure that he's not wrong too often.' Former broadcaster Quello said he would welcome seeing more people with news backgrounds in station management. Said he: 'I think maybe there is a little more room for an objective search for truth rather than the search for ratings, money and power.'
(TV Digest, January 23, 1984, p. 4)

With respect to the formulation of communications policy, I am pro-competitive and generally believe that marketplace solutions are in most cases superior to regulatory ones. I believe regulation can best be accomplished with a constructive attitude toward the regulated industries and in a spirit of mutual cooperation. Adversarial proceedings should be reserved only for egregious violations. I don't equate "bigness" with "badness" in telecommunications because American industry faces strong foreign competition in what has become a truly international telecommunications marketplace. One of the highest government priorities must be to preserve America's preeminent position in world telecommunications.

While I did not advocate the forced divestiture of the Bell System, I am hopeful that some long-term benefits may be derived from the emerging competitive environment. I believe the Administration and some members of Congress have taken a positive, reasoned position with respect to the FCC's

attempt to move toward a more competitive telecommunications marketplace.

My experience has made me quite aware that the FCC is an arm of Congress and rightfully subject to continuing oversight. As a member of a regulatory agency, I have tried to be cognizant of the needs and interests of the public and to act responsibly on issues articulated by the public's elected representatives in Congress. I have tried to adhere to the wishes of Congress as expressed in the Communications Act of 1934, as amended. I shall do my best to responsibly implement any amendments or revisions of the Act that may be enacted into law.

There are many difficult decisions ahead for the Commission in the vital field of telecommunications, and I believe my previous Commission experience could lend continuity to ongoing policy issues. I also believe my practical experience in communications, particularly in the important and contentious commercial and public broadcast fields and my 9½ years years of observing and implementing the telecommunications explosion in cable, DBS, MDS, teletext, STV, LPTV, cellular radio and other services will be helpful as even more new technologies evolve and new needs are identified.

I'm attaching a summary of my activities as Chairman of the Temporary Commission on Alternative Financing for Public Telecommunications (TCAF). I was appointed by Chairman Fowler to head this congressionally-mandated Commission. I have also included the two TCAF reports mandated by Congress as well as a few sample statements and speeches that present a broad view of my deregulatory philosophy.

Naturally, I shall be happy to supply any other information that may be useful.