

RADIO DE-REGULATION--A VIEW FROM THE UNITED STATES

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I'M DELIGHTED AND HONORED TO BE INVITED BY THE PRESTIGIOUS
RADIO ACADEMY TO ADDRESS THE UNITED KINGDOM RADIO FESTIVAL.

AND I ESPECIALLY APPRECIATE THE GRACIOUS INTRODUCTION. IN
FACT, I APPRECIATE ANY GRACIOUS INTRODUCTION FROM ANY
UNREGULATED ENTITY. YOU SEE -- MANY INTRODUCTIONS IN THE UNITED
STATES SEEM FORMULATED FOR THE PURPOSE OF TESTING A SPEAKERS'
TOLERANCE FOR HUMOR.

IN A RECENT SPEECH TITLED "FCC -- FROM CRISIS TO CRISIS,"
THE MC (MASTER OF CEREMONIES) AN OLD FRIEND, INTRODUCED ME
SAYING, "THE CRISIS SITUATION AT THE FCC HAS BECOME SO
PERVASIVE, IT HAS CAUSED OUR SPEAKER TODAY MANY A SLEEPLESS
AFTERNOON." OF COURSE, THE EMCEE WASN'T FROM A REGULATED
INDUSTRY.

ANOTHER TOASTMASTER WITH A LIGHT SMIRK INTRODUCED ME AT MY "INSIDE VIEW OF REGULATORY WASHINGTON" SPEECH WITH "AND NOW HERE'S THE DOPE FROM WASHINGTON, JIM QUELLO." THEY SAY HAPPENINGS COME IN THREE SO I WASN'T TOO SURPRISED RECENTLY WHEN A LETTER ADDRESSED ONLY TO "THAT IDIOT AT THE FCC" FOUND ITS WAY TO MY OFFICE IN-BOX. I QUIETLY DISPATCHED IT TO ANOTHER OFFICE.

MY SENSE OF HUMOR SEEMS DESTINED TO BE TESTED EVEN IN MY OWN OFFICE. LAST WEEK I WORE A SILK TIE FROM CHINA WITH A DESIGN OF A BEAUTIFUL HAND PAINTED PANDA. A LONGTIME ASSOCIATE REMARKED IT WAS A VERY DISTINCTIVE TIE, BUT HE REMINDED ME THAT PANDAS MATE ONLY ONCE YEAR AND SAID "NO DOUBT YOUR WIFE GAVE IT TO YOU."

SO IT'S NICE TO BE HERE WHERE I AM TOASTED RATHER THAN ROASTED.

I'M PARTICULARLY PLEASED TO BE IN ENGLAND, THE LAND THAT GAVE THE WORLD RICHARD THE LION-HEARTED, SHAKESPEARE, THE DUKE OF WELLINGTON, CHURCHILL, ---- AND THEN, ESPECIALLY FOR THE AMERICAN INTELLIGENTSIA, BENNY HILL.

ANYWAY IN AMERICA AND I ASSUME IN ENGLAND, WHICH IS OUR MOTHER COUNTRY, WHETHER OR NOT YOU ARE NOW WILLING TO ACKNOWLEDGE IT, A SENSE OF HUMOR IS ESSENTIAL TO SANE SURVIVAL IN THE GOVERNMENT REGULATORY WORLD. EVEN CANDIDATE RONALD

REAGAN WHO WAS ADVOCATING SENSIBLE DE-REGULATION SPEAKING TO THE ANNUAL CONVENTION OF THE NATIONAL ASSOCIATION OF BROADCASTERS, BROUGHT DOWN THE HOUSE WITH "ANYONE WHO GETS IN BED WITH BIG GOVERNMENT IS LIKELY TO GET MUCH MORE THAN JUST A GOOD NIGHT'S REST." PRESIDENT REAGAN APPROPRIATELY NOW HAS UPGRADED HIS SENSE OF HUMOR.

IN THE PAST FEW YEARS, THE FCC HAS DONE MORE THAN ANY FCC IN HISTORY TO GET GOVERNMENT OFF INDUSTRIES BACK. I THINK IT HAS WORKED WELL FOR THE AMERICAN PUBLIC AS WELL AS FOR THE INDUSTRY. AND I HOPE IF THIS IS THE TREND OR THRUST IN ENGLAND, IT WILL WORK AS WELL FOR YOU AS IT HAS IN THE UNITED STATES.

OF COURSE, WE HAVE DIFFERENT SYSTEMS AND I'M NOT FAMILIAR WITH THE DETAILS OF YOUR GOVERNMENT REGULATIONS.

SOME OF THE SPECIFIC DE-REGULATORY MOVES IN THE USA MAY NOT APPLY TO YOU, BUT I CERTAINLY CAN RECOMMEND THE PRINCIPLE OF DE-REGULATION AS SERVING EVERYONE. I'LL GIVE YOU A FEW SIGNIFICANT DE-REGULATORY MOVES OF THE PAST FEW YEARS: THE GOVERNMENT LICENSE FOR RADIO WAS EXTENDED TO SEVEN YEARS FROM THREE YEARS, THE RENEWAL FORMS WERE SIMPLIFIED FROM A COMPLICATED DETAILED REPORT TO A POSTCARD, ALL COMMERCIAL ADVERTISING LIMITATIONS WERE REMOVED, THE REQUIREMENT TO FORMALLY ASCERTAIN THE NEEDS OF THE COMMUNITY WERE ELIMINATED, PROGRAM CONTENT REGULATION IS BEING ELIMINATED OR DE-EMPHASIZED.

RESTRICTIONS WERE REMOVED FROM DIRECT BROADCASTING OF HORSE RACING. THERE WERE MANY OTHER DE-REGULATORY MOVES REMOVING REGULATORY UNDERBRUSH. THE OVERALL RESULT WAS MASSIVE ELIMINATION OF UNNECESSARY PAPERWORK, SUBSTANTIAL SAVING OF MAN HOURS AND MONEY FOR BOTH GOVERNMENT AND INDUSTRY. IMPORTANTLY, IT PROVIDED BROADCASTERS FREEDOM TO PROVIDE PROGRAMS FOR PUBLIC ACCEPTANCE RATHER THAN FOR GOVERNMENT COMPLIANCE. IN SHORT, "THE PUBLIC'S INTEREST THEN DEFINES THE PUBLIC INTEREST."

THERE IS SOME DIFFERENCE IN DE-REGULATION OF COMMERCIAL FROM NON-COMMERCIAL PUBLIC STATIONS. PUBLIC STATIONS ARE STILL NOT AUTHORIZED TO ADVERTISE EXCEPT FOR BRIEF UNDERWRITING CREDIT.

BECAUSE OF LIMITED TIME, I'LL NOW CONCENTRATE MY REMARKS ON THE PERTINENT QUESTIONS THAT IBA WAS GOOD ENOUGH TO PROVIDE.

MY REMARKS ARE BASED ON A PERSPECTIVE OF 28 YEARS OF EXECUTIVE MANAGEMENT IN LARGE COMMERCIAL RADIO AND TV PROPERTIES, 11-1/2 YEARS AS AN FCC COMMISSIONER AND ALSO AS CHAIRMAN OF THE TEMPORARY COMMISSION ON ALTERNATIVE FINANCING FOR PUBLIC TELECOMMUNICATIONS, 1981-1983. THIS LAST SOUNDS LIKE A STODGY MOUTHFUL, BUT IT REPRESENTED THE VERY FIRST TIME THE U.S. CONGRESS, BY STATUTE, FORMED A SPECIAL COMMISSION TO STUDY ALL ALTERNATIVE MEANS OF FUNDING PUBLIC BROADCASTING. CONGRESS, THROUGH THIS SPECIAL COMMISSION, ALSO AUTHORIZED AN 18 MONTH COMMERCIAL ADVERTISING EXPERIMENT FOR 10 REPRESENTATIVE

PUBLIC TV AND RADIO STATIONS. EXPERIENCE WITH THIS COMMERCIAL ADVERTISING ON PUBLIC STATIONS MAY BE USEFUL TO A BCC CONTEMPLATING ADVERTISING AS A SOURCE OF REVENUE. I'LL BRIEFLY LIST A FEW OF THE PROBLEMS WE ENCOUNTERED ON INTRODUCING ADVERTISING TO NONCOMMERCIAL PUBLIC STATIONS. (SUMMARIZE PROBLEMS AS MENTIONED IN TCAF REPORT.)

NOW FOR THE ALL IMPORTANT 7 QUESTIONS: I HAVE TEN COPIES OF DETAILED WRITTEN ANSWERS I'LL LEAVE WITH MR. BROWN. I'LL VERBALLY SUMMARIZE THE PRINCIPAL ANSWERS TO YOUR QUESTIONS AT THIS TIME.

QUESTION 1 - PART 1: WHAT HAS U.S.A. RADIO DEREGULATION MEANT TO: THE PRACTITIONERS, THE AUDIENCE?

QUESTION 1 - PART 2: CAN YOU CITE EXAMPLES WHERE YOU WISH YOU HADN'T DEREGULATED OR AREAS WHERE YOU WOULD PREFER REGULATIONS TO EXIST?

QUESTION 2: WHAT SOURCES OF FINANCE ARE AVAILABLE TO THE U.S. RADIO WHICH ARE AS YET UNTAPPED BY U.K. RADIO? DO THEY HAVE ADVANTAGES, E.G., SPONSOR PRESSURE ON EDITORIAL CONTENT OF PROGRAMMING?

QUESTION 3: WHAT TECHNICAL REQUIREMENTS ARE MADE OF U.S. RADIO STATIONS? FOR EXAMPLE, DO STUDIOS AND TRANSMITTERS HAVE TO REACH CERTAIN STANDARDS? IS STANDBY EQUIPMENT MANDATORY?

QUESTION 4: WHAT GENERAL ARRANGEMENTS FOR PAYING FOR PHONOGRAPHIC MUSIC APPLY IN THE U.S.A.? WHAT ABOUT "NEEDLETIME" RESTRICTIONS?

QUESTION 5: WHAT PROGRAM QUALITY CONTROL IS EXERCISED BY THE FCC?

QUESTION 6: IN THE U.K., THE BBC AND ILR SIMULCAST ON FM AND AM. WE ARE RELUCTANT TO CHANGE BECAUSE ONLY 23% OF THE PEOPLE LISTEN ON FM; THE OTHERS FIND AM EASIER TO HANDLE. WHAT IS THE EXPERIENCE IN THE U.S.A.? DO PEOPLE FIND EACH WAVEBAND EQUALLY ATTRACTIVE?

QUESTION 7: IS U.S. RADIO BETTER OR WORSE THAN BRITISH AND WHY?

I HAVE BEEN INVOLVED IN RADIO DURING MOST OF MY LIFE, BOTH AS A BROADCASTER AND AS A MEMBER OF THE FEDERAL COMMUNICATIONS COMMISSION. I BELIEVE IN RADIO'S UNIQUE SERVICE, AND I BELIEVE IN THE PUBLIC'S ABILITY TO RECOGNIZE QUALITY PROGRAMMING AND TO MAKE IT PROFITABLE FOR THE BROADCASTER WHO OFFERS IT. I AM NO DOUBT PREJUDICED TOWARDS THIS VIEW BY MY EXPERIENCE, BUT I WOULD EXPECT THAT BRITISH RADIO WILL RESPOND TO CONSUMER DEMAND BY BECOMING SOMEWHAT MORE LIKE AMERICAN RADIO IN THE FUTURE. MY ONLY SUGGESTION IS THAT YOU WORK TO RETAIN THE BEST OF THE SUPERB SERVICE YOU NOW OFFER, WHILE OPENING UP OPPORTUNITIES FOR COMPETING SERVICES THAT CAN MEET CONSUMER DEMAND.