

"The American System:" Herbert Hoover and the development of broadcast advertising

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Submitted to the Broadcast Education Association History Division

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Even as their profits have soared to new levels, American radio stations collectively have seen their listenership decline in recent years, at least in part because of higher commercial spot loads. Up to 22 minutes per hour is filled with commercials on some stations. A survey by the research company Arbitron found that 42 percent of listeners have noticed the greater number of commercials, and many of them say they are listening less to radio as a result [1]. The response of some stations has been to seek ways to cram even more commercials into the hour. A computerized system called “Cash” removes pauses in talk-radio programs, compressing each hour and allowing for up to five additional commercial minutes per hour [2]. Meanwhile, primetime advertising on radio's offspring, television, increased more than 16% over seven years [3].

At the same time, concern over the effect of broadcast advertising on society grows. As television advertising increasingly target teens and pre-teens [4], advertisers have approached child psychologists to learn how to better target children, causing alarm on the part of some in the psychology profession [5]. An article in *Advertising Age*, the advertising industry's top trade journal, suggested that politicians are correct to raise questions about the targeting of inappropriate broadcast advertising to children [6].

Such a state of affairs would have been unimaginable to many early radio broadcasters and listeners, for whom any sort of advertising was seen as antithetical. Others might have predicted that once advertising worked its proverbial nose under the tent, the hypercommercialism that is the norm today would be the result.

Arguably, one man was more influential than any other in the early development of American broadcasting: Herbert Hoover, Secretary of Commerce. Under the original Radio Act of

1912, the Department of Commerce had jurisdiction over the fledgling radio broadcasting industry, which exploded into the American consciousness beginning in 1920 with very little warning. While, at this stage, the extent of government regulatory authority over the fledgling industry was very limited, Secretary Hoover became the man all eyes turned to for direction.

Surprisingly, given the enthusiasm of today's Republican Party for a thoroughly deregulated, thoroughly commercial system of broadcasting, Hoover opposed "direct" advertising on radio. But he was even more opposed to governmental control of broadcasting via a funding system of receiver license fees, as practiced in Europe. Hoover successfully steered American broadcasting away from undue government control. But, perhaps distracted by the more pressing problems of frequency allocations and interference between stations, Hoover never proposed an alternative system of funding, and broadcasting moved inevitably toward outright commercialism, which came to be known as "the American system."

From Secretary Hoover's comments and others during the formative days of broadcasting, it appears that Hoover found himself caught between two strongly held ideals: a belief in free enterprise and opposition to government controls, including listener license fees, which the government would impose annually on all radio receivers; and a fervent distaste for commercialism. While Hoover waited for a solution to emerge that would satisfy both of these conflicting values, the train left the station. By the end of the 1920s, "direct" advertising had already begun to take hold on radio.

A reader who sees the current system of American broadcasting in a positive light will likely see wisdom in Secretary Hoover's reluctance to support any ideas -- such as an annual fee on the owners of radio receivers -- that tended to give the federal government what Hoover saw as excessive influence over broadcasting. A reader who deplores American broadcasting's commercialism will likely read Hoover's forceful statements against "obtrusive" advertising with a

certain degree of frustration, wishing that, somehow, he could have led broadcasting in a different direction.

Hoover was a leading proponent of a philosophy known as "corporate liberalism." As a corporate liberal, Hoover sought cooperation between government and business in order to maintain a stable, moderate society, seeking a balance between what he saw as three key elements of the social order under capitalism: capital, labor and the public at large. Hoover favored minimalist government, but would be comfortable with using the power of the government, through the Department of Commerce, to encourage industrial self-regulation through trade associations [7].

"The very essence of equality of opportunity and of American individualism is that there shall be no domination by any group or combination in this republic, whether it be business or political," Hoover wrote. "On the contrary, it demands economic justice as well as political and social justice. It is not system of laissez faire. I feel deeply on this subject because during the war I had some practical experience with governmental operation and control. I have witnessed not only at home but abroad the many failures of government in business. I have seen its tyrannies, its injustices, its destructions of self-government, its undermining of the very instincts which carry our people forward to progress." [8] Such a philosophy would lead Hoover to prevent the domination of broadcasting by a single company or by the federal government, and would also restrain him from advocating a government-imposed ban on advertising, which he considered censorship.

When Hoover published his memoirs in 1952, he ruefully admitted that excessive commercialism had marred broadcasting. Yet, he remained steadfastly against anything smacking of governmental control. "As I pointed out in my first statement in 1922, broadcasting, then just beginning its use of advertising, could go wild in this direction," Hoover wrote. "It has

often done so. The dignified presentation of the sponsor has too often been abandoned for hucksters' tattle, interlarded into the middle of programs and tiresomely continued at the end." [9]

Even in 1952, well into the era of television, Hoover feared a public revolt against the commercial "misuses of radio" that would result in much stronger governmental control of broadcasting [10]. What he, and many other early broadcasting pioneers, failed to foresee was the degree to which the public would become accustomed to even the most aggressive, intrusive advertising. The revolt that Hoover and others predicted never came.

As early as the 1920s, a few observers understood what listeners truly wanted from radio. James C. Young, a prolific article writer in the early days of radio, presciently observed that the listener would not object to advertising if the programming was sufficiently entertaining. "What he [the listener] seems to care about principally is the quality of entertainment offered for his amusement," Young wrote [11].

As in the 1920s, Hoover in 1952 still saw the answer to the excesses of advertising in self-regulation, consistent with his philosophy of corporate liberalism. "They [the evils of overcommercialism] might be much reduced by resuming the annual conferences of the early twenties and by making an effort to develop codes of ethics to apply not only to stations, but to speakers," he said [12]. But in this, Hoover held on to a cherished but essentially discredited belief. The National Association of Broadcasters had in place a "code of good practice" as early as 1929, half of which spoke to the excesses of advertising [13]. Not only this, but the conferences of the 1920s had themselves failed to prevent the overcommercialization of broadcasting in the first place.

However uneasy Hoover might have been with over-the-air advertising, his political philosophy would not let him accede to a government-dominated system of broadcasting. Although he was not directly referring to the issue of government support of broadcasting when he

spoke as a candidate for president in 1928, it might just as well have been his topic. "It is a false liberalism that interprets itself into the government operation of commercial business," Hoover said. "Even if governmental conduct of business could give us more efficiency instead of less efficiency, the fundamental objection to it would remain unaltered and unabated. . . . It would stifle initiative and invention." [14]

From the beginning, it was understood that broadcasting would require some regular means of financing. Westinghouse put on the air what is generally regarded as the first broadcasting station, KDKA in Pittsburgh, to generate demand for the radio receivers it manufactured. Other companies and organizations put stations on the air expressly to promote themselves. But as early 1922, the publication *Radio Broadcast* understood that some other way of financing radio broadcasting would have to emerge. The magazine suggested "endowment of a station by a public-spirited citizen" in a fashion similar to the funding of public libraries by Andrew Carnegie, or municipal financing in the same way that cities funded schools and museums. *Radio Broadcast* also advocated a "common fund . . . controlled by an elected board," with contributions coming from the public and other sources, similar to today's Corporation for Public Broadcasting. It is striking that none of the early funding methods suggested by *Radio Broadcast* included advertising [15]

It is useful to understand the lofty ambitions many in the public held for broadcasting in the early days. Hoover received this letter from a radio listener in Columbus, Ga.:

Judging from what I can hear of the radio phone, it will be the quickest means possible of uplifting humanity if properly used. . . . An acquaintance of mine who is uneducated, on account of having a son who is an electrician, has in his house a splendid machine. He hears every day and night from Cuba, California, Canada or any station in the U.S. He can talk every morning on a new subject and for an hour he can interest his fellows with something from some lecture he heard the night before or a good sermon on Sunday. . . . Now suppose every school house in the whole country had a radio phone and it was arranged so that all in the school district, old and young, could listen in for an hour or two every night. Then send out the best lectures and best music and best sermons. Don't you think people would soon see life from a different standpoint? [16]

Hoover himself saw broadcasting as first and foremost a public service, not a purely commercial enterprise. Indeed, Hoover is credited with being the first to advance the notion that broadcasting must serve in the "public interest" at the First National Radio Conference in February 1922. "It becomes of primary public interest to say who is to do the broadcasting, under what circumstances, and with what type of material," Hoover said. "It is not the ability to transmit but the character of what is transmitted that really counts." For the first time in history, Hoover noted, it was possible to communicate with millions of people at once. The idealistic Hoover saw this as an opportunity to elevate the national discourse. "An obligation rests on us to see that it is devoted to real service and to develop the material that is transmitted into that which is really worthwhile," he said. [17]

Still, one pragmatic listener, whose letter to an early station was published in *Radio Broadcast* magazine, recognized that, even when radio stations owned and operated by churches, department stores, newspapers or other concerns broadcast entirely without overt "advertising," their motives were not altruistic by nature. "Broadcasting of any kind is advertising, be it religion, politics, or merchandise. . . . The much-discussed Broadcast Listener receives entertainment – infrequently; you [the radio broadcaster] receive notoriety, which brings you hard, iron dollars – or you wouldn't do it," the writer observed [18].

In the public debate over radio advertising, another writer prophetically foresaw the coming domination of the advertising agencies in the production of network radio programs [19], but naively failed to anticipate the extent to which the presence of advertising on the radio would grow. "We often hear fear expressed over the fact that our best studios may sooner or later be operated by advertising agencies and that radio broadcasting will become an out and out advertising

medium," R.F. Yates wrote. "We don't know what could be more out and out advertising than radio is at the present time." [20]

Throughout the 1920s, Hoover and his aides carried on an extensive correspondence with the public on the topic of radio advertising. Many of the writers proposed plans for government control of broadcasting.

Although Hoover once suggested that "government bureaus" might be among the institutions that would foot the cost of broadcasting [21], he clearly was uncomfortable with anything smacking of government control. In September 1922, he received a letter from Kendall Banning, the editor of *Popular Radio* magazine. In the early days of radio, stations broadcast on a shoestring, and many listeners criticized the quality of programming. Ironically, Hoover himself criticized the playing of phonograph records over the air [22], which decades later would become a staple of radio programming. Banning proposed to upgrade the quality of radio programming through a plan to organize a network for the transmission of cultural programs from universities and museums, directed by a national committee to be appointed by Hoover. Banning advocated: ". . . a plan not only for raising the radio broadcasting programs to the highest level, but also for placing these programs under the general direction of high authorities to the end that they may be coordinated and made to serve a real public service." [23]

While paying respect to Banning's desire for a higher grade of programming, Hoover pointedly rejected the editor's plan:

I am troubled over the notion of the Government appointing a committee to supervise such matters. I have been a strong contender for the Government's keeping out of any such attempt to censor or influence radio broadcasting as it leads to many difficulties. Is it not possible for the various elements concerned to develop amongst themselves such a movement without reliance upon the Government? [24]

Gene Brown, the managing editor of the newspaper *This Week in Boston*, also had in mind a system for upgrading the quality of entertainment on radio. It is striking how little regard the newspaper editor held for free speech issues related to broadcasting:

The United States government should create a radio department which would be nothing more or less than an amusement bureau for the entire United States, to be broadcasted [sic] under certain rules and regulations from ten broadcasting stations strung along the continent, using a wave length of 460 meters ample to furnish the territory surrounding the nation. . . . Of course, to make this a success, all commercial broadcasting stations would have to be dismantled [25].

Brown estimated the cost of his proposed system at \$4,600,000 per year, including talent fees. He advocated a \$15 license fee per radio receiver, generating \$54 million annually, a tidy profit for the federal government [26].

Hoover politely and promptly responded to Brown's letter, but again showed no inclination to accept receiver license fees as a means of financing radio broadcasting, citing the problem of collecting the fees from listeners. Hoover said the cost of collecting the fee would be too high and the logistics too difficult. "In fact, this appears to me to be the weak link in the whole radio development," he wrote. [27]

Hoover frequently received complaints from listeners about the increasingly commercial nature of broadcasting. "There are really only four Detroit stations which are worth listening to: WWJ, WYR, WCX and WGHP," a Detroit woman wrote. "Such as WTHO, WMBC and WAFD and a few others are abominable. . . . WAFD advertises all the cheap stores in the city offering prizes, this does not interest real listeners, and for that we have newspapers." [28]

In his replies to these complaints, it is apparent that Hoover's natural inclination to limit the government's involvement in broadcasting was stronger than his aversion to advertising. Harold Phelps Stokes, an assistant to Hoover, replied to a *New York Mirror* editorial that stated: "The *Mirror* calls upon Secretary Hoover for enforcement of the regulations regarding advertising by radio broadcast." Stokes wrote: "I believe you are under a misapprehension because there is no

federal authority of any kind by which the Secretary of Commerce may suppress advertising or in any way interfere with the character of radio programs. His very limited authority extends only to questions of interference between stations." [29]

From the letters that remain in the Hoover archives, it appears that there was no strong public opposition to listener license fees. Indeed, Hoover from time to time received letters from the public calling for the imposition of some form of licensing fees and government control as ways of upgrading the quality of programming. No letters were found opposing license fees.

A letter sent to Hoover by Harry S. Davega of New York City said broadcasting should serve an educational function, and that the only way for this to happen was for the U.S. government to collect listener fees. "The broadcasting could be financed without any burden by the Government [on listeners] by imposing a tax on radio supplies and equipment which [tax] is paid by the manufacturer," Davega wrote. "It would also be possible to license the people who desire to receive broadcasting and who are using receiving sets. This could be done in a manner similar to automobile licenses in all states of the Union." [30]

Another listener emphasized his opposition to over-the-air advertising in proposing a licensing fee on listeners. "This business should not be commercialized," he wrote. "It may be in time demonstrated the government should have a closer supervision over the sending stations and that in order to pay the cost that a small annual tax might be levied upon all receiving sets. I do not believe the people would object to paying such a tax to the government." [31]

One listener directly connected his call for listener license fees with a call for an improved quality of programming:

Let there be a small annual license charge by the Government, for every set in use. Let this charge be not over \$3 per year, possibly \$2 is adequate. By proper enactment of law, empower every Post Office to issue such radio license, so that everyone may readily procure a license. . . . At these stations, provide the very finest talent for music, lectures and addresses, and thus lift our programs above the ordinary and amateur class, to the highest possible plane [32].

But Hoover's assistant, Paul S. Clapp, was very firm in his reply to Mr. Johnson's letter. Mr. Hoover had always opposed a government tax on radio receivers, Clapp wrote. "This method has been adopted in England," he said, "and has resulted in a stifling of the development of radio [presumably, this refers to the domination of radio by the quasi-governmental British Broadcasting Corporation]." Clapp defended the existing system as providing good service to millions of Americans [33].

While many listeners and early broadcasters alike opposed any form of advertising, the debate soon began to revolve around the distinction between "indirect" and "direct" advertising. Indirect advertising allowed the sponsor's name to be mentioned, but allowed no direct selling of a product or service [34].

Hoover received a thoughtful letter from Rhey T. Snodgrass of Snodgrass and Gayness Advertising. Snodgrass' letter held out the ultimately futile prospect that broadcast advertising could be kept mild and unobtrusive. Snodgrass advocated a "middle course" between direct advertising and a government ban on commercialism. The style of advertising he described would be considered indirect advertising :

To confirm my feelings in this regard, I recently had the privilege of broadcasting a story from one of the large stations in which I talked of the general class of wares produced by a certain large manufacturer and advertiser and yet my talk was so free from commercialism, so thoroughly "ethical," that it could not possibly be criticized. Hundreds of letters were received from private radio operators, commenting favorably and asking for more of this sort of entertainment [35].

As the fledgling radio industry boomed, it soon became apparent that existing regulations were not adequate to govern it. Listeners routinely might receive several stations at once hovering around the same frequency. Hoover decided to call the leaders of the industry together for the first of what became four conferences. It was typical of Hoover to seek the counsel of industry leaders, a trait for which Hoover received both praise and criticism [36].

Inevitably, topics other than interference would be addressed. At the First National Radio Conference in February 1922, the secretary spoke with striking forcefulness against the threat of commercialism. "It is inconceivable that we should allow so great a possibility for service, for news, for entertainment, for education, and for vital commercial purposes, to be drowned in advertising chatter, or for commercial purposes that can be quite well served by other means of communication," Hoover said [37].

But Hoover understood that some means of financial support had to be provided for the fledgling radio industry. He rejected the European model of license fees imposed on the owners of radio sets. "I believe that such a plan would most seriously limit the development of the art and its social possibilities and that it is almost impossible to control," Hoover said. The secretary said anyone ought to be allowed to "operate a receiving station," i.e., own and use a radio, without paying a fee to the government for the privilege. Who would do the transmitting was the bigger question. And what would be their motivation? He hopefully suggested that the answer might already exist in the practice of public and private institutions operating radio stations for the goodwill and promotional value of the broadcasting. "It is at once obvious that our universities, our technical schools, our government bureaus are all of them willing and anxious to distribute material of extremely valuable order without remuneration," he said. "Also judging from the applications that we have had, any number of merchants are prepared to distribute entertainment provided they are allowed to interlard discussion as to the approaching remnant sale." With this comment, Hoover, still adamantly opposed to radio advertising, perhaps unconsciously acknowledged how difficult it would be to avoid some form of commercialism [38].

In early 1924, Hoover still was looking for some solution to the problem of funding radio broadcasting that would allow the stations to operate free of excessive government control, avoid imposing license fees on listeners, and yet, also steer clear of blatant commercialism. He

observed that the cost of radio broadcasting had reached \$5 million per year, but stations were receiving no direct revenues. They received only the good will that came from providing the service, Hoover said, or in the case of the stations operated by the manufacturers of radio receivers, a boost in the sales of their products. Hoover questioned if those inducements for broadcasting would be sufficient to sustain the young industry. Like others at the time, he firmly believed the public would not tolerate blatant advertising. "It can be said at once if radio broadcasting shall be overwhelmed with advertising the radio audience will disappear in disgust," he said. Hoover offered no solution to the problem, but, perhaps showing more confidence than he truly felt, predicted some satisfactory system of providing revenue would emerge [39].

Hoover's question about the future of stations transmitting for the purpose of gaining publicity for their operators or out of a sincere sense of public service proved prescient. The number of nonprofit broadcasters, many affiliated with colleges and universities, declined from more than 200 in 1927 to 65 in 1934, losers in the reallocation of channels, power and hours of operation, as part of the Radio Act of 1927 [40].

As previously stated, one of Hoover's reasons for opposing a system of listener license fees was that such a system would be difficult to enforce. Intriguingly, a memo from the Department of Commerce's Supervisor of Radio W.D. Terrell to Hoover's assistant Christian A. Herter suggests that the Department actually considered the feasibility of imposing a system of license fees, if a satisfactory collection system could be found: "Do you know anything about the receiving sets advertised in the attached circular [?]. I should be much interested in learning how the use of the receiving set can be controlled so that a monthly fee can be charged for its use." [41] No further reference to this inquiry is found in the files. But the next year, Hoover again alluded to the difficulty in collecting license fees: "I do not believe there is any practical method of payment from the receivers." [42]

Of course, the British Broadcasting Corporation already was collecting annual license fees from its listeners. The chief engineer of the BBC, Capt. P.P. Eckersley, good-naturedly acknowledged at the Third Radio Conference that collecting the fees was not without problems, but generally said the system worked satisfactorily. "The idea was that every person who made, bought, borrowed, stole, or otherwise got a receiver, would take out a license, because it was the rule of the country that he take out a license," Eckersley said. "And, of course, everyone obeyed the law (laughter). . . . This license would cost then shillings, of which the government would have five shillings and the company (BBC) five shillings. And so we should have our revenue." [43] Hoover, obviously, was not convinced.

In Hoover's public comments on the funding of broadcasting, it is possible to see him intellectually wrestling with the issue. At the Third National Radio Conference hosted by the Department of Commerce in October 1924, Hoover reiterated his opposition to governmental control of broadcasting or a monopoly of business interests. "It is inconceivable that such a situation could be allowed to exist," he said [44]. Yet in almost the same breath, Hoover explained his distaste for commercialism, the most obvious alternative to a system involving extensive government control. "I believe that the quickest way to kill broadcasting would be to use it for direct advertising," Hoover said, noting that listeners could not avoid broadcast advertisements as newspaper readers could skip ads. But he hinted that he might now view indirect advertising differently than direct advertising. "To what extent it [radio] may be employed for what we now call indirect advertising I do not know and only experience with the reactions of the listeners can tell," the commerce secretary said [45].

The idea that "direct" advertising was an evil to be avoided was virtually unchallenged during the early days of radio broadcasting. A.E. Davies, a representative of WIP in Philadelphia, which was operated by a department store, expressed the view that broadcast advertising could

backfire on the advertiser. "The department stores, one of which I represent, will not transfer advertising to their radio stations," Davies predicted. "A department store cannot take the chance at this time of antagonizing the public that comes to its counters to buy its merchandise. We had tried in a few small cases, as an experiment, to put across indirect advertising, with more or less disastrous results. . . . Advertising is one of the things that the public, in my estimation, do not want." But Davies cautiously added, "It may come." [46]

In fact, advertising already was gaining a foothold on radio. WEAJ in New York City, operated by the American Telephone and Telegraph Co., led the way. The WEAJ concept was "toll broadcasting," similar in concept to present-day "infomercials," in which advertisers would buy large chunks of air time and provide their own programming. At the Third Radio Conference in Washington, D.C., in October 1924, AT&T representative W.E. Harkness' confidently, and prophetically, asserted that listeners would not object to advertising, even if it was plainly labeled. Still, Harkness was careful to characterize the advertising as "indirect."

Harkness said: "We have been broadcasting or providing facilities for broadcasting for others besides ourselves, which has been looked upon and classed as indirect advertising. . . . Recently, we have been trying out an experiment . . . namely, very distinctly to tell the public that it [advertising] is being paid for, to see what the reaction of the public is, and it is interesting to note that there has been no unfavorable reaction in telling the public that the matter has been paid for." [47]

Harkness gave this example of "non-offensive" indirect advertising on WEAJ. The announcement is from "The Gold Dust Twins," one of the first advertiser-sponsored programs:

"The harder their day's work to 'brighten the corner where you are,' the lighter are the hearts of Goldy and Dusty, the Gold Dust Twins, for whose use of the radio the Gold Dust Corporation pays. And all their light-hearted philosophy tonight will come over the air to you in the strumming of the banjo and the playing of the piano and the singing of songs." [48]

Radio Broadcast published a listener's letter in support of WEAF's style of indirect advertising, but the writer warned of the consequences of what he called "blatant" advertising:

No one objects to WEAF's announcer telling us that we are indebted to the Goodrich Company for the excellent entertainment afforded by the Silvertown Cord Orchestra; or the Eveready Hour; or the Goldust Twins; or Roxie; or Atwater Kent. All advertising; all household words; but none of them insistent or in the least objectionable. How long do you think and audience would listen to the "A & P Gypsies" if every number were followed by a dissertation on the quality and price of their beans and pickles? A single, dignified announcement is quite sufficient [49].

A 1925 survey by the Atwater Kent Co., a major manufacturer of radio sets, found little public opposition to broadcast advertising. Eighty percent of 5,000 radio listeners receiving a questionnaire on the topic responded and "only one in four thought there was too much advertising. More than seventy-five-and-a-fraction percent thought there was not too much." [50]

Ironically, the powerful corporations that dominated the early era of radio did not at first consider advertising as their best potential source of revenue. At least the public statements of David Sarnoff, vice-president and general manager of the Radio Corporation of America, who would soon become the president of the National Broadcasting Company, gave no sign of it. Rather, as quoted in the April 24, 1924 edition of the *New York Times*, he believed that broadcasting would be supported largely through the sale of radio receivers manufactured by the corporations that dominated the early period of radio. "Broadcasting in my judgment, will be primarily supported by the radio industry itself and from its returns on the sale of radio apparatus," Sarnoff said. "A fair method of determining the amount to be paid by each member of portion of the industry will be worked out, and this will be based on a percentage of the sales price of radio devices." [51] In this, Sarnoff referred to the various patents held by industry giants, RCA, AT&T, General Electric and Westinghouse.

The powerful Sarnoff pushed for the establishment of "super-power" stations, which would be operated by RCA and the other industry giants. "To my mind, in national broadcasting of one

form of another lies the answer, and the only answer that I can perceive, to the economic question of who is going to pay for broadcasting," he said. "You cannot have paid talent at 563 or 583 small stations at the same time." [52]

But an article in *Radio Broadcast*, with striking common sense, explained why Sarnoff's vision of the broadcasting industry being self-supporting without all-out advertising could not succeed. "Unfortunately, no manufacturer and not even a group of manufacturers could afford to broadcast throughout the entire country day in and day out in return for the sale of radio receivers and radio accessories," wrote A.C. Lescarboua. "Existing receivers, some of them several years old, have long since received their quota of broadcasting many times over." [53]

Opponents of "super-power" stations, which, in Sarnoff's view, might be as few as two or three stations covering the entire country, saw a monopoly emerging. Sarnoff responded that his proposal did not constitute a monopoly because a competing system of networking local stations via wire communications also was available. Sarnoff assured the public that fairness would be a guiding principal for RCA superpower stations, and he shrewdly aligned himself with Hoover, who, of course, had spoken strongly against any form of monolithic control. "I say that there is nothing in this situation which relates to monopolies or control of the air," he said. "We stand squarely on the platform which Secretary Hoover has announced on more than one occasion, about the freedom of the air." Sarnoff proclaimed RCA's record of providing radio access to all political parties and religious groups as proof of its good intentions [54]

Some members of the public remained skeptical. In a letter to the editor of the *Springfield, Mass., Republican* during the debate leading up to the passage of the Radio Act of 1927, placing radio under the regulation of the Federal Radio Commission, H.L. Crossman wrote:

Under Mr. Hoover's guidance, radio has degenerated from an inexpensive means of recreation for the man in moderate circumstances to a medium of exploitation of the radio buying and listening public at the hands of the industry. . . . The radio bureau [within the Commerce Department] as it

operates today shows palpable discrimination in favor of such financial powers as the General Electric Co., the Westinghouse Co., and their lusty offspring, the Radio Corporation of America

As an example, Crossman wrote that WBZ in Springfield, owned by Westinghouse, was allowed to increase its power from 2,000 to 5,000 watts despite a recommendation against the power increase by the Department of Commerce district supervisor [55].

But Hoover himself, on record as opposed to government control of broadcasting, had also spoken strongly in opposition to any sort of private-broadcasting monopoly. "I can state emphatically that it would be most unfortunate for the people of this country to whom broadcasting has become an important incident of life if its control should come into the hands of any single corporation, individual or combination," Hoover said. Making reference to the control of radio patents held by the major manufacturers, Hoover said a broadcasting monopoly would be just as harmful as a cartel of newspaper owners [56].

Hoover continued to warn against the ills of direct advertising. But as time went by, he seemed resigned to the idea of indirect advertising, as in his remarks to the Fourth (and final) Radio Conference in November 1925. "If we can distinguish on one hand between unobtrusive publicity that is accompanied by a direct service and engaging entertainment to the listener and obtrusive advertising on the other, we may find [a] solution," he said [57].

Almost a full year earlier, Hoover was quoted as having told Paul B. Klugh, the executive chairman of the National Association of Broadcasters, that "he saw no reason for a censorship of radio publicity," returning to a theme of opposition to censorship that was central to his opposition to government funding and control of broadcasting [58]. Presumably, this opposition to "censorship" would extend to advertising.

Hoover's apparent shift toward at least tacit acceptance of indirect advertising reflected his basic acceptance of free-market principles and his opposition to government involvement, except

to help industry resolve otherwise insurmountable problems. Hoover may have disliked advertising, but his basic principles kept him from acting decisively to prevent it from gaining a foothold [59]. Many years after the debate over broadcast advertising had been settled, Hoover explained to an interviewer how he came to accept indirect advertising: "I felt that if an advertiser, at the opening of a broadcast, announced that he was contributing this to [the] public interest and it would be realized that he was doing it for advertising purposes and then leave the subject until it got to the end . . . I thought that would commend more customers than annoying the public with the kind of commercials we were getting." [60]

Also, the minutes of the four National Radio Conferences of the 1920s show that problems of interference between stations and other technical issues by far occupied the greatest amount of Hoover's attention and energies, and may have distracted him and others from concentrating on the issues of how to fund broadcasting.

Finally, at the Fourth National Radio Conference, a committee on advertising and publicity approved a resolution strongly opposing "direct" advertising. "The conference deprecates the use of radio broadcasting for direct sales effort," the report said. Even indirect advertising could be "detrimental to the interests of both the public and the broadcasting station," the committee commented. The appropriate place for advertising was in the print medium, the committee said.

But the committee, taking its cue from Hoover, ultimately left the issue up to the broadcasters themselves:

The conference concurs in the suggestion of the Secretary of Commerce that the problems of radio publicity should be solved by the industry itself, and not by Government compulsion or by legislation. . . . The conference urges upon all owners of radio broadcasting stations the importance of safeguarding their programs against the intrusion of that publicity which is objectionable to the listener, and consequently detrimental to others in the industry, as well as to the reputation of the individual broadcasting station [61].

In a relatively short time, the distinction between indirect and direct advertising became increasingly meaningless.

Direct advertising received a tremendous boost from the development of broadcast networks NBC in 1926 and CBS in 1928. By 1930, radio advertising generated \$100 million in revenue. The growth of the networks themselves was boosted by the Federal Radio Commission, which had been created by the Radio Act of 1927. The FRC reallocated frequency assignments, creating a system of clear-channel, regional and local stations. The networks quickly dominated programming on the clear-channel and regional stations [62].

As time went by, opposition to broadcasting's commercialism became more and more diffuse. As broadcasting historian Robert W. McChesney noted: "Critics could either abide by an unsatisfactory commercial system or they could call for undesirable government regulation of an unsatisfactory commercial system. It was difficult to mount much enthusiasm for the latter, and those campaigns that did call for increased regulation ran head-on into public misgivings about the possibility of government censorship." [63]

In 1930, Merlin Aylesworth, the president of NBC, testified before a Senate committee. Aylesworth stoutly pronounced his opposition to direct advertising. When a senator asked him what was meant by "direct advertising," Aylesworth replied, "I mean stating prices." Anything else presumably now was fair game [64].

Of course, eventually even the aversion to stating prices would disappear. The next year Aylesworth elevated broadcast commercialism to a matter of national policy. "We believe that the interests of the listener, the client and the broadcaster are best served under our American system of broadcasting by frankly recognizing the part that each plays in its development," Aylesworth said. "With this thought in mind, and after long consideration, the company has decided to alter its policy with reference to the mention of price in commercial announcements." [65]

Still, many continued to be appalled by the increasing commercialism of broadcasting. By the late 1920s, organizations such as the Association of College and University Broadcasting Stations, the National Committee on Education in Radio and others put pressure on Congress to consider reform of broadcasting. In 1932, the Senate passed a resolution calling for the Federal Radio Commission to investigate “the use of radio facilities for commercial advertising purposes.” But by this time, the commercialization of radio was so much a part of broadcasting that it had become enshrined in rhetorical phrases such as “the American system.” [66]

Indeed, in 1937, CBS president William S. Paley, seizing upon the phrase used previously by NBC president Merlin Aylesworth, commented: “He who attacks the fundamentals of the American system [of broadcasting] attacks democracy itself.” [67] The FRC report strongly supported broadcast advertising, noting that if the government limited radio sponsorship to simple announcements of support, as in “indirect advertising,” advertisers might cut their use of radio and “such non-use would immediately and inevitably be reflected in a decrease both in quantity and quality of programs made available to the public.” [68]

Conclusion

While it is tempting to blame (or credit) Herbert Hoover with giving us our present-day system of commercial broadcasting, with all its pleasures and excesses, it is probably unrealistic to do so totally.

As powerful an influence as Hoover had over the early development of broadcasting, the drift toward commercialism may have been inevitable given the circumstances of the time, regardless of Hoover’s wishes. The corporate powers RCA, Westinghouse, General Electric and AT&T held most of the crucial patents for the new technology, and, in the American system of free-enterprise, it would have been most surprising if some sort of for-profit system had not emerged.

Also, while Hoover received numerous listener complaints about broadcast advertising and suggestions for listener-fee-supported broadcasting, by and large the listeners grew to accept advertising as long as the programs entertained them. Obviously, advertisers found that the public responded to their commercial messages with open pocketbooks.

Still, it is apparent from Hoover's public statements and private correspondence that part of him strongly objected to radio advertising. The Department of Commerce regularly received letters from listeners proposing a system of license fees on listeners and manufacturers that could have funded American radio as broadcasting is funded in Great Britain and many other nations, especially in the early 1920s, so Commerce likely could have implemented such a system without a great deal of resistance. But Hoover's free-market sensibilities and aversion to direct government control of business ultimately proved stronger. As he waited for some alternative system of funding radio broadcasting to emerge, while focusing most of his attention on more pressing problems, his opposition to so-called "indirect" advertising weakened. Once indirect advertising gained a foothold, and it became apparent there would be no widespread opposition from the listeners, it was only a matter of time before all impediments to broadcast advertising would fall.

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Lit review

British/European system of license fees

Stations operated by public and private institutions

"direct" and "indirect" advertising

emergence of broadcast advertising in 1920s and 1930s

criticisms of broadcast advertising

criticisms of the content of broadcasting
 listeners acceptance of advertising
 listeners attitudes toward quality of programming

Did broadcasters truly oppose direct advertising?

Hoover's policies profoundly influenced the direction that American broadcasting would take as it developed, first from a primarily local medium, then to a medium dominated by network programming, and ultimately, into television.

In Hoover's public statements and private correspondence, it is possible to see the shape of American broadcasting taking form. Radio and television in the U.S. today – for better or worse -- are very much the product of the actions Hoover took, and did not take, in the 1920s

[comment on 1926 Zenith case which established that Hoover had very limited powers. Did Zenith case discourage Hoover from regulating advertising? Did Hoover try in other ways to exert greater power than Dept. of Commerce actually had, while claiming limited power in area of regulating advertising?]

When Hoover spoke at the annual Radio Exposition in New York on Sept. 12, 1925, his comments on radio advertising were among his most expansive to date. And he remained adamant that any method of assessing listener fees must be avoided:

In the fashion we have developed the organization of radio in the United States, the listener is free from any direct charge for programs. And in this we differ from the methods of foreign countries who seek to support broadcasting by tax on the listener. A few years ago, much anxiety was expressed that we could not maintain good programs of entertainment and the delivery of public information without devising some tax upon the listeners. It has been my aspiration that we should keep the home free from constant annoyance of any attempt to assess the cost of broadcasting upon each receiving instrument. And I have believed that the industry would develop far more rapidly in this matter than if we supported the European plan. But beyond this, support by taxation means a limited number of government controlled broadcasting stations, and therefore, much less variety in programs, much less competitive endeavor to please the listeners and above all constant dangers of censorship (Hoover, Sept. 12, 1925, p. 3)

Hoover, H. (1925, Sept. 12). "Address to Fourth Annual Radio Exposition," West Branch, IA: Hoover Presidential Library, Box 491, p. 3.

Several influential advertising professionals promoted the idea of broadcast advertising in a campaign between 1927 and 1932. For example, Frank Arnold, the director of development for NBC (a subsidiary of Sarnoff's RCA), gave a series of 13 lectures on radio advertising that were

later published as a book, *Broadcast Advertising: The Fourth Dimension* (Smulyan, 1994, p. 73-74). Arnold sought to settle uneasiness over commercialization of the airwaves:

There are sustaining programs, paid for entirely by the station. . . . Then you have sponsored programs, paid for by the advertiser, during the presentation of which mention is made of the advertiser and his product. . . . At no time is the advertising or sponsored program allowed to encroach too much on the field of the sustaining program and the time will never come when the programs of our great broadcasting systems will be 100% commercial. . . . It was early discovered that the radio audience would not permit the sponsor of a program to talk unduly about this own product, even though he was paying for the entertainment, and that the most favorable reaction came when the sponsor made himself known indirectly. A good-will program sponsored by the national advertiser and carrying an announcement to this effect at the opening and close of his period on the air was found to be not only satisfactory, but resulting [sic] in thousands of good-will expressions, and eventually developing an increased volume of tangible business (Arnold, 1931, p. 40, 54-55)

Following the Fourth Radio Conference in 1926, Hoover himself reacted politely but resolutely to statements made before the Joint Hearings of the Senate and House Patent Committees in a letter to Sen. William M. Butler:

If you think wise, I should like to submit the following statements for inclusion in the Committee records. I have continuously opposed any policy whereby the Government would undertake to place a charge upon the listener through a license fee placed upon radio receiving sets, such as is done in some foreign countries. I have expressed this view at the First Radio Conference in 1922, and have repeatedly reaffirmed it in various statements since (Hoover, Jan. 30, 1923).

Similarly, in a March 6, 1928 telegram responding to a letter from T.L. Southack of Boston, Hoover again asserted the limited power of the Department of Commerce to regulate broadcast advertising, but seemingly still held on to the idea that, somehow, advertising could be limited to the less blatant, "indirect" variety :

[The] Department has no regulation regarding broadcasting of advertising matter and is not authorized to regulate it. Recommendation was made at radio conference of nineteen twenty-two as follows: "It is recommend that direct advertising in radio broadcasting service be absolutely prohibited and indirect advertising be limited to a statement of the call letters of the station and of the name of the concern responsible for the matter broadcast subject to such regulations as the Secretary of Commerce may impose." (Hoover, March 6, 1928)