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# The Origin of the Monopoly of Broadcasting in Great Britain<sup>1</sup>

By R. H. COASE

## I. THE GENESIS OF BROADCASTING IN GREAT BRITAIN

SUCCESS in the transmission of speech and music by radio did not immediately lead to proposals for the establishment of a broadcasting service.<sup>2</sup> At first the transmission of sound by radio was regarded simply as a new means for sending messages and as its original name, wireless telephony, indicates, was considered to be a new kind of telephone. This point of view is well illustrated by the following quotation from what appears to be the first book published in Great Britain which was wholly devoted to wireless telephony. "The possible fields in which wireless telephony may be utilised are many and diverse, but those in which its commercial application is probable are relatively few. One reason at least for this statement is to be found in the competition of the old established wire telephone, and in the much greater secrecy of wire communication over wireless. As a well-known writer has recently aptly put it: 'A wireless telephone talk is a talk upon the house-tops with the whole world for an audience.' The practical utilisation of wireless telephone methods is therefore confined almost entirely to cases where the wire telephone cannot be used, or is rendered unreliable from exterior causes. Wireless telephony's most important field is consequently for long distance, and especially trans-ocean work, and for communication with ships."<sup>3</sup> And this writer goes on to instance as especially important uses, amongst others, communication with moving railway trains and with aircraft.<sup>4</sup> But there were some who thought of other uses for wireless telephony. Mr. A. C. C. Swinton had drawn attention in November, 1918, to the possible

<sup>1</sup> It is a pleasure to record the helpfulness with which all my requests for information have been met. I am especially indebted to Sir Frank Gill, Mr. Tom Clarke and Mr. E. S. Byng. Information was also very kindly given to me by the Marconi Company and by the *Daily Mail*. But my greatest debt is to the British Broadcasting Corporation which gave me access to their archives and to their collection of press cuttings; and to the Post Office which allowed me to consult the unpublished Minutes of Evidence of the Sykes Committee of 1923. The officials of both the British Broadcasting Corporation and the Post Office gave me the greatest assistance. But it is essential to make clear that I alone am responsible for the accuracy of the facts as I have stated them in this article, and for the opinions which I have expressed. There are two other debts that I must acknowledge. The first is to Miss L. Levy whose efficient work as research assistant made this study possible. The second is to the Economics Research Division of the London School of Economics which financed the research on which this article is based.

<sup>2</sup> For an historical account of the inventions which led to broadcasting, see H. M. Dowsett, *Wireless Telegraphy and Broadcasting*, 1923, Vol. I, pp. 1-53.

<sup>3</sup> P. R. Coursey, *Telephony Without Wires*, 1919, p. 356.

<sup>4</sup> *Op. cit.*, p. 357.

distribution of news by this means. But what he had in mind was a service similar to that of the tape machine. He pointed out that it would be possible to receive and print news messages transmitted by special distributing stations. He also mentioned the possibility "in the near future" of a public speaker addressing "an audience of thousands scattered, maybe, over half the globe". But there is no suggestion here of a broadcasting service. And the report of Mr. Swinton's talk in the *Wireless World* goes on to say: "But by far the most fascinating and important problem spoken of was that of wireless distribution of electrical energy in bulk."<sup>1</sup>

The idea of a broadcasting service must have occurred to some workers in this field. We know that David Sarnoff, then of the American Marconi Company, in a memorandum to the Managing Director written at a much earlier date (about November, 1916), envisaged the possibility of a broadcasting service,<sup>2</sup> and doubtless the same idea had occurred to others. But in general, even among the experts in the field, there seems to have been little, if any, awareness of the potentialities of the discovery of wireless telephony for use in transmitting news, talks, discussions, commentaries, plays and concerts to people in their own homes.<sup>3</sup>

The first major experiment in wireless telephony in Great Britain which had the character of broadcasting was that made by the Marconi Company early in 1920.<sup>4</sup> A new transmitting station of 15 kilowatts was built at Chelmsford, and from February 23rd to March 6th, there were two daily transmissions of speech and music.<sup>5</sup> The object was experimental—to obtain reports on the quality of reception from different places and with different types of receiving sets.<sup>6</sup> Although these transmissions had the character of broadcasting, the primary purpose was not to entertain or instruct the listeners.<sup>7</sup> The next event, and one which attracted considerable attention, was the broadcast by Dame Nellie Melba on June 15th, 1920. This was sponsored by the *Daily Mail* and the broadcast was made from the Chelmsford station of the Marconi Company.<sup>8</sup> During the summer of 1920 some additional transmissions were made. One experiment which was

<sup>1</sup> For the section of Mr. Swinton's address dealing with wireless telephony, see the *Journal of the Royal Society of Arts*, November 22nd, 1918, pp. 14-15. A report of this talk (and the comment given in the text) appeared in the *Wireless World* for April, 1919, p. 32.

<sup>2</sup> See G. L. Archer, *History of Radio to 1926*, pp. 112-113, where Mr. Sarnoff's memorandum, which foreshadowed the main features of a modern broadcasting service, is reproduced.

<sup>3</sup> See, for example, W. T. Ditcham, "The Progress of Wireless Telephony", *Yearbook of Wireless Telegraphy and Telephony*, 1920, p. 922.

<sup>4</sup> The earlier experiments were concerned with transmissions which were directed to particular places. The intention was not to broadcast.

<sup>5</sup> See A. R. Burrows, *The Story of Broadcasting*, pp. 47-48.

<sup>6</sup> See Frank P. Swann, "A High Power Wireless Telephony Installation", *Wireless World*, May 1st, 1920, p. 79; and P. P. Eckersley, *The Power Behind the Microphone*, p. 37.

<sup>7</sup> Compare P. P. Eckersley, *op. cit.*, p. 38. "The idea of broadcasting was thus generated as a result of an experiment designed for quite another purpose."

<sup>8</sup> For an account of how this broadcast came to be given, see Tom Clarke, *My Northcliffe Diary*, pp. 150-151. For an account of the broadcast itself, see the *Daily Mail*, June 16th, 1920.

made in co-operation with the Press Association was a test of the efficiency of wireless telephony in the sending of news to newspaper offices.<sup>1</sup> But after the summer of 1920, wireless telephony broadcasts cease.<sup>2</sup>

Why did these experimental broadcasts stop? The reason appears to have been that the Post Office disapproved of them and refused to licence further broadcasts. According to Mr. P. P. Eckersley, the Post Office wrote to the Marconi Company "and said that the experimental broadcasting transmissions must cease because they were interfering with important communications . . ."<sup>3</sup> There is no official statement which is explicit about this matter. But in reply to a parliamentary question about experiments in the distribution of news by wireless telephony, after what appears to be a reference to the experiments carried out in collaboration with the Press Association, the Postmaster General, Mr. Illingworth, added, "It was also found that the experiments caused considerable interference with other stations, and for the present the trials have been suspended".<sup>4</sup> This is presumably a reference to the Post Office's communication to the Marconi Company.

But broadcasting did not altogether cease in Great Britain. There was still the work of the amateurs. "In London district there had been few evenings in the week since 1920 without entertainment of some kind—all this, however, on low power and in so far as it was broadcasting, technically against the law."<sup>5</sup> And Mr. A. R. Burrows remarks, "the number of tests requiring the assistance of gramophone records seemed somehow to increase week by week".<sup>6</sup> By the end of 1921, "it was possible any evening in all parts of Great Britain to listen in to well-known amateur stations at work". These included "frequent programmes of speech and music".<sup>7</sup> In addition, broadcast concerts from the Hague, which had started in May, 1920, and which continued throughout this period, were heard by the amateurs in Great Britain. And towards the end of 1921, concerts were broadcast from the Eiffel Tower which could also be heard in Britain.<sup>8</sup>

<sup>1</sup> See *The Times*, July 20th, 1920, and the *Wireless World*, August 7th, 1920, p. 396.

<sup>2</sup> The latest experimental telephony broadcasts by the Chelmsford station to which I have been able to find a reference are those on August 28th, 29th and 30th, 1920. See the *Wireless World*, October 2nd, 1920, p. 490.

<sup>3</sup> P. P. Eckersley, *op. cit.*, p. 38. Compare also B. L. Jacot and D. M. B. Collier, *Marconi—Master of Space*, where it is said, after a reference to the Melba concert, that the Postmaster-General "sent a protest, deploring that a national service such as wireless telegraphy should be put to such a frivolous purpose" (p. 123). In the *Wireless World*, October 16th, 1920, p. 518, there is a reference to "Chelmsford's inability to transmit speech".

<sup>4</sup> See Parliamentary Debates, House of Commons, November 23rd, 1920.

<sup>5</sup> "History of the Wireless Society of London", *Wireless World*, November 25th, 1922, p. 257.

<sup>6</sup> See A. R. Burrows, *op. cit.*, p. 57.

<sup>7</sup> See H. M. Dowsett, *op. cit.*, Volume II, p. 171.

<sup>8</sup> As an indication of the scale of the activities of the amateurs at this time, it should be pointed out that there were at the beginning of 1921 150 amateur transmitting licences and over 4,000 receiving licences. These figures were given by Captain Loring, the Post Office representative, at the second conference of wireless societies, March, 1921.

At the second conference of wireless societies called by the Wireless Society of London on March 1st, 1921,<sup>1</sup> one item on the agenda was "The possibility of regular telephone transmission from a high power station to include all matters of interest to amateurs and to be on different definite wavelengths for calibration purposes". Mr. E. Blake, who appears to have been the Marconi Company representative at the conference, said that the Marconi Company had applied to the Post Office for a temporary licence to carry out "a somewhat humbler programme for amateurs than was suggested on the agenda". The Marconi Company's application had not been refused but "the Post Office required some very good evidence that such a programme would really be welcomed by amateurs and had suggested that the views of the Institution of Electrical Engineers or of the Committee of the Wireless Society of London should be obtained. . . . The intention of the Marconi Company was to transmit for a mere half hour or so once a week". Mr. Blake said the Marconi Company did not feel justified in asking for more than that and explained that it was proposed that the transmissions should consist of both telegraphy and telephony. This proposal received general support, although the President of the Wireless Society of London (Major J. Erskine Murray) remarked that "C.W. (Continuous Wave) and the rest of the programme is very much more important than telephony, although the latter, perhaps, is more amusing".

The attitude of the Post Office was made clear by Captain F. G. Loring, the Post Office representative at the conference. He said: "As to the possibility of regular telephone transmissions, that will be favourably considered by the Post Office when it is put forward, but we do not like it coming from the Marconi Company, as it puts us in rather an awkward position. It would come very much better from the Wireless Society. The Marconi Company's representative will, I am sure, understand what I mean. The application will be much easier for us to deal with if it comes from an organisation like the Wireless Society than from a firm. We cannot give the Marconi Company preferential treatment over any other firm, so that if they asked for permission to send out for half an hour every week, half a dozen other companies could come along, and we should have to give them similar permission, whereas if the Wireless Society were to apply it would make it much easier for us. The question of wavelengths is a very difficult one because at the present time it is not easy to find wavelengths which do not interfere with genuine work".<sup>2</sup>

Following this conference, fruitless negotiations continued for nine months between the Wireless Society of London and the Post Office.<sup>3</sup> It needs to be emphasised that these negotiations were not

<sup>1</sup> This account of the conference is based on the minutes published in the *Wireless World*, April 16, 1921, pp. 42-52.

<sup>2</sup> See the *Wireless World*, April 16, 1921, p. 51.

<sup>3</sup> See the *Wireless World*, January 21st, 1922, p. 665.

concerned with the establishment of a broadcasting service. The licences granted to the amateurs (both for transmitting and receiving) were for experimental purposes. And the reason for setting up the proposed broadcasting station was to aid in their experimental work—although the motives of some, at least, of the amateurs were no doubt mixed. The Post Office agreed in August, 1921, to the transmission by the Marconi Company of signals by wireless telegraphy for amateurs but permission for wireless telephony was withheld.<sup>1</sup> While these negotiations were proceeding, amateurs (particularly those belonging to the provincial societies) became restive and letters began to appear in the *Wireless World* from September, 1921, onwards urging that telephony transmissions should be started in Britain. There was also at this time an appeal for subscriptions in order that the concerts from the Hague should not be discontinued. And this naturally strengthened the feeling that there ought to be telephony transmissions in Britain.

On December 29th, 1921, a petition signed on behalf of 63 wireless societies representing 3,300 members was handed to Post Office officials, asking for wireless telephony transmissions in Great Britain. It included the following passage: "We would point out that it is telephony in which the majority of our members are chiefly interested, this being the most recent achievement in wireless and that in which, for moderate distances at all events, improvements such as avoidance of distortion, and the production of really articulate loudspeakers and such like, are most required.

It is therefore primarily to serve the scientific purpose of improving the receiving arrangements that we desire to have telephony included . . ."<sup>2</sup>

When the petition was handed in at the Post Office, the representatives of the wireless societies "voiced a national resentment that public services such as wireless Time and Telephony should be left to our neighbours to provide, and that permission to transmit Weather Reports, news and music by wireless telephony should be refused to Companies competent and willing to do so without interference with the defensive services of the country".<sup>3</sup>

As a result of the petition, the wireless societies were informed in a letter, dated January 13th, 1922, that the Postmaster General "has now authorised the Marconi's Wireless Telegraph Company to include a programme of 15 minutes telephony (speech and music) in the weekly transmission from their Chelmsford station for the benefit of wireless societies and amateurs".<sup>4</sup> The first broadcast took place on February 14th, 1922. It was made from a station at Writtle (near Chelmsford) which was operated by the Marconi Scientific

<sup>1</sup> See the *Wireless World*, March 4th, 1922, p. 754.

<sup>2</sup> See the *Wireless World*, January 21st, 1922, p. 665.

<sup>3</sup> See the *Wireless World*, January 21st, 1922, p. 649. This comment clearly refers to a service with aims wider than those mentioned in the petition.

<sup>4</sup> See the *Wireless World*, March 4th, 1922, p. 754.

Instrument Company. Mr. P. P. Eckersley was in charge of the broadcasts and their character is well described in his book.<sup>1</sup> The station continued to give its weekly programme until January 9th, 1923. "This was to be the first broadcasting station in Great Britain to do regular and advertised transmissions."<sup>2</sup>

## 2. PROPOSALS FOR A BROADCASTING SERVICE

The first regular broadcasting station in Great Britain was that set up at Writtle. But its main purpose was to assist amateurs in their experiments; not to provide a broadcasting service. Furthermore, although the Writtle station preceded in point of time the establishment of a broadcasting service, it would probably not be true to say that the ultimate provision of such a service was made more likely or even brought forward to any considerable extent in time by the opening of the Writtle station. The position has been described by Mr. P. P. Eckersley:

"Many declare that if it had not been for Writtle, and the interest that Writtle stimulated, broadcasting would never have come to England.

While I, as a worker at Writtle, and one who was responsible for the artistic and the technical side of the transmission, am much flattered by the suggestion, I am still unconvinced.

Broadcasting came about because those interested came over from the States and pointed out what vast sums of money were being made there, what interest broadcasting was creating, and how England had got left behind. This I think was the great stimulant—American broadcasting. It had nothing to do with the then unhonoured and unsung transmissions, attracting no notice in the ordinary Press, and of which the general public was wholly ignorant. This is not false modesty, it is the truth, and while, of course, the Writtle transmission may have raised to fever pitch the enthusiasm of real wireless amateurs, I think it did little to attract general notice."<sup>3</sup>

A simple study of dates confirms the truth of this analysis. The Writtle transmissions did not start until February 14th, 1922. Yet we know that already by March of that year (before any conclusions could be drawn from the experience of the Writtle broadcasts) a number of radio manufacturers had applied to the Post Office for permission to broadcast.<sup>4</sup> The reason for these applications is quite clear. Experience in the United States had shown that there was a large market for receiving sets once a broadcasting service had been

<sup>1</sup> P. P. Eckersley, *op. cit.*, pp. 41-43.

<sup>2</sup> P. P. Eckersley, *op. cit.*, p. 40.

<sup>3</sup> P. P. Eckersley, *Captain Eckersley Explains, a reply to his numerous correspondents* (1923), p. 2. None the less, the practical example which the Writtle transmissions furnished may have had some effect in easing the course of the negotiations leading to the establishment of a broadcasting service.

<sup>4</sup> See F. J. Brown, "The Story of Broadcasting in England", *Radio Broadcast*, June, 1925, p. 176, and "Broadcasting in Britain", *London Quarterly Review*, January, 1926; and also Mr. F. J. Brown's evidence to the Sykes Committee, May 2nd, 1923.

provided.<sup>1</sup> Radio manufacturers were therefore anxious that a broadcasting service should be established in order to create a demand for their receiving sets. On April 3rd, 1922, the Postmaster General announced in the House of Commons that the whole question was being referred to the Imperial Communications Committee in order to obtain the views of the other Departments.<sup>2</sup>

The next public move was a statement issued on April 19th, 1922, by Mr. Godfrey Isaacs, Managing Director of the Marconi Company.<sup>3</sup> He said that "They were only waiting for the necessary facilities—and he thought the Government were going to give them". The Marconi Company's programme was "to supply instruments to the householder on hire". They planned to set up broadcasting stations in different parts of the country and to transmit on particular wavelengths, "if we get assistance, as I have no doubt we will, from the authorities" so that only those hiring the particular receivers would hear the programmes. Mr. Godfrey Isaacs' reason for preferring the hiring of instruments was that "Modifications would be introduced from time to time in the apparatus, and once a man had bought his property, he would not feel happy if soon after he had to buy something better". He added that if the public wanted to buy the apparatus they could do so.<sup>4</sup> A noteworthy omission in Mr. Isaacs' statement is that he makes no reference to the repercussions which the Marconi Company plan would have on those of the other companies which desired to start broadcasting or to the problem of how the wavelengths would

<sup>1</sup> The first regular broadcasting station in the United States was that established by the Westinghouse Electric and Manufacturing Company in Pittsburgh. This station started operating in November, 1920. During World War I, the Westinghouse Company had set up two experimental stations, one at the plant in Pittsburgh and one at the home of Dr. Frank Conrad (an employee of the Company). After World War I, Dr. Conrad continued his experiments. He sent out interesting programmes (largely gramophone records) and his station was considered to be one of the best amateur stations in the United States. An advertisement of a local department store in a Pittsburgh newspaper for radio receivers which could be used to receive the programmes sent out by Dr. Conrad attracted the attention of Mr. H. P. Davis of the Westinghouse Company. It resulted in the decision (made early in 1920) to build a broadcasting station at Pittsburgh; the return for the outlay coming from the sale of receiving sets and the advertisement for the Westinghouse Company. Other stations were opened by the Westinghouse Company late in 1921 and other companies followed suit. See H. P. Davis, "The Early History of Broadcasting in the United States", in *The Radio Industry, The Story of its Development*, pp. 189-225; and G. L. Archer, *History of Radio to 1926*, pp. 199-242. Visiting Englishmen were greatly impressed by the "broadcasting boom". Mr. F. J. Brown, in a letter written in February, 1922, from the United States, said of the Westinghouse Company: "They . . . are stated to be selling receiving sets (varying in price from \$30 to \$150) at a rate of 25,000 a month, and are quite unable to meet the demand. Other people are following suit, and it is likely that there are now between 200,000 and 300,000 receiving sets in use". See F. J. Brown, "The Story of Broadcasting in England", *Radio Broadcast*, June, 1925, p. 175. In his evidence to the Sykes Committee on May 2nd, 1923, Mr. F. J. Brown stated: "Before I left", which was in March, 1922, "the number was said to have increased to 500,000 . . .". In an article in *The Times* of May 8th, 1922, Sir Henry Norman stated that the number of receiving sets in the United States was believed to be 750,000.

<sup>2</sup> See Parliamentary Debates, House of Commons, April 3rd, 1922.

<sup>3</sup> See *The Times*, April 19th, 1922, p. 12.

<sup>4</sup> I have been informed by the Marconi Company that an important activity at this time of the Marconi Marine Company was the hire and maintenance of wireless apparatus for ships. This arrangement was preferred by shipowners to outright sale and this probably had some influence on Mr. Isaacs' views.

be allocated between the various companies. It may be that he thought it impolitic to refer publicly to these questions at that stage. Or perhaps he imagined that, in the event, the Marconi Company would be bound to undertake the operation of all the broadcasting stations. This would not have been an unreasonable expectation. The Marconi Company was the only British company with experience in the operation of broadcasting stations and was, in fact, operating the only broadcasting station at work in Great Britain. Furthermore, the Marconi Company claimed to control many master patents in connection with broadcasting.<sup>1</sup>

This Marconi Company plan brought a letter of protest in *The Times*.<sup>2</sup> The writer (Mr. H. H. Brown) objected to the "reception of telephony so controlled that the hire or purchase of the instruments of a particular firm was an almost essential preliminary". And he went on to say: "I suggest that rather than place one firm in a privileged position, they should raise the annual charge for a 'receiving' licence sufficiently to defray the cost of a 'broadcasting' station".

In the meantime, the Wireless Sub-Committee of the Imperial Communications Committee held its first meeting on April 5th, 1922. A further meeting of this Committee was held on April 22nd, 1922.<sup>3</sup> The report of this Committee was not published but its main terms can be gathered from a speech of the Postmaster General, Mr. Kellaway, in the House of Commons on May 4th, in which he stated that he was adopting the recommendations of this Committee, and also from two articles by Sir Henry Norman, Chairman of the Wireless Sub-Committee of the Imperial Communications Committee, in *The Times* for May 8th and May 9th, 1922.

The main recommendations of the Committee appear to have been:

- (1) Broadcasting stations should be set up in Great Britain.
- (2) The wavelength band of from 350 to 425 metres should be allocated for this purpose.
- (3) The country should be divided into the areas around London, Cardiff, Plymouth, Birmingham, Manchester, Newcastle, Glasgow or Edinburgh (but not both) and Aberdeen and one or more broadcasting stations should be allowed in each of these areas.

<sup>1</sup> See A. R. Burrows, *op. cit.*, p. 64. Compare also the evidence of Mr. E. H. Shaughnessy (at that time engineer in charge of the Wireless Section of the Engineer-in-Chief's Department, General Post Office) on 14th June, 1923, to the Sykes Committee: ". . . in order to establish a transmitting station for broadcasting; I think one must necessarily use some of the Marconi Company's patents. Whether these patents are valid or not, they have not been fought in the courts, and I think they must use them; so that in this country, at any rate, the transmitting stations would be a monopoly of the Marconi Company". Mr. Shaughnessy went on to point out that it could cease to be a Marconi Company monopoly only if they were prepared to licence others.

<sup>2</sup> See *The Times*, April 25th, 1922.

<sup>3</sup> See Parliamentary Debates, House of Commons, August 4th, 1922.

- (4) The power of the stations should be  $1\frac{1}{2}$  kilowatts.
- (5) Only *bona-fide* British manufacturers of wireless apparatus should be allowed to broadcast. For this they should pay the Post Office an annual fee of £50.
- (6) No advertising should be allowed. Mr. Kellaway makes no mention of this in his speech. But Sir Henry Norman says in his article: "Of course every big retail house would like to shout the merits and low prices of its taffetas and tulle, its shirts and shoes. There is no room for this".<sup>1</sup>
- (7) Those possessing receiving sets should pay an annual licence fee of 10s. Sir Henry Norman says that "This is necessary in order to locate apparatus in times of need and so that the user knows the conditions with which to comply". There is no suggestion that the licence fee should be used to pay the costs of the broadcasting service.
- (8) There would have to be regulations regarding the news that the broadcasting stations would be allowed to transmit.

Mr. Kellaway stated in his speech on May 4th: "What I am doing is to ask all those who apply—the various firms who have applied—to come together at the Post Office and co-operate so that an efficient service may be rendered and that there may be no danger of monopoly and that each service may not be interfering with the efficient working of the other". This corresponds with the statement by Sir Henry Norman that "the commercial firms are to arrange amongst themselves how to share sites, times and wavelengths".

What is clear is that at this time, there was no publicly expressed view that there ought to be a monopoly of transmission in the case of the British broadcasting service. Sir Henry Norman envisaged the possibility of there being ultimately a State broadcasting station. But that was clearly something for the future which did not affect the immediate arrangements. At the beginning of May, 1922, it appeared, at least to those outside official circles, that the broadcasting stations were to be operated independently by various firms manufacturing radio receiving sets.<sup>2</sup> Sir Henry Norman, who must have been very well informed on Government policy, said of the companies, "Each will announce its own service and there will be a natural rivalry to furnish the most attractive programmes, since hearers may

<sup>1</sup> This is in accord with the view of a Post Office official returning from the United States in a statement to *The Times* on April 7th. "Such an important service was not to be drowned by advertising chatter or used for commercial purposes that could be quite well served by other means of communication."

<sup>2</sup> Compare H. de A. Donisthorpe: *Wireless at Home*, which must have been written about this date: "The authorities are now granting licences to various companies so that they may erect wireless telephony stations . . ." (p. 8).

conclude that the firm supplying the best entertainment in the clearest manner is the most likely to make good apparatus".<sup>1</sup>

### 3 THE NEGOTIATIONS

The meeting which the Postmaster General had foreshadowed took place at the General Post Office on May 18th, 1922. The representatives of the 24 firms<sup>2</sup> which had applied for licences to broadcast had been invited to attend. These firms all appear to have been radio manufacturers.<sup>3</sup> The Chairman of the meeting was Sir Evelyn Murray, Secretary of the Post Office. He explained that it would be impossible to grant all the applications which had been made and the firms "were asked to arrive at some co-operative scheme among themselves".<sup>4</sup> Whatever the impression may have been earlier as to how broadcasting was to be organised in Great Britain, it was made clear at this meeting that the Post Office was in favour of a single broadcasting company.<sup>5</sup>

The larger firms, however, divided themselves into two groups.

<sup>1</sup> Mr. F. J. Brown's statement that "The Committee (that is, the Imperial Communications Committee) recommended that an endeavour should be made to induce the various manufacturing firms to co-operate in the establishment of a single Broadcasting Company" in "The Story of Broadcasting in England", *Radio Broadcast*, June, 1925, p. 176, appears to me to be inconsistent with this view expressed by Sir Henry Norman, who as Chairman of the Wireless Sub-Committee, can be presumed to know what the recommendations were.

<sup>2</sup> Other accounts give the number as 19, 20 or 23 firms. But 24 is the figure given by the Postmaster General. See Parliamentary Debates, House of Commons, August 4th, 1922.

<sup>3</sup> In the *B.B.C. Yearbook* for 1928, in the section entitled "The Press and Broadcasting", there is a statement that "Before it was determined that broadcasting in Great Britain was to be under unified control", that is, presumably, before the Autumn of 1922, "some elements in the newspaper industry" thought of establishing broadcasting stations. This is, without question, a reference to the proposal by the *Daily Mail* to set up a *Daily Mail* Marconi Company broadcasting service (probably early in May, 1922). This "came to nothing because of Post Office opposition". (See Tom Clarke: *My Northcliffe Diary*, p. 874.) Mr. Tom Clarke informs me that the attitude of the Marconi Company was also lukewarm. The account in the *B.B.C. Yearbook* goes on to say that "some of the great stores and other leading advertisers contemplated operating their own wireless services as adjuncts to their publicity". Although it sounds plausible, I have been unable to find any confirmation of this statement. The same statement had been made earlier by Lord Gainford in an address delivered on the 2nd June, 1927. See the *Annual Report of the Royal Cornwall Polytechnic Society*, 1928. This section of the *B.B.C. Yearbook* also suggests that the newspapers agreed at this time not to operate broadcasting stations: "Having agreed not to exploit broadcasting as against each other, the newspapers formed a united front". Unfortunately, the records of the Newspaper Proprietors' Association were destroyed in an air raid and it is not possible to make a direct check of this statement. But it is not consistent with the fact that in April, 1923, the *Daily Express* applied to the Postmaster General for a licence to broadcast during the hours not allotted to the B.B.C. (See the *Daily Express* for April 5th, 7th, 14th, 1923.) And Mr. Tom Clarke informs me that he does not know of any such agreement. And he also informs me that had there been any agreement (even of a verbal nature) between the newspapers before the end of 1922, he would surely have been told of it in view of the broadcasting "stunts" which he was organising on behalf of the *Daily Mail*. I think, therefore, that we may take as certain that there was no such agreement between the newspapers in this early period. It seems probable that, apart from the *Daily Mail* application, there was no serious attempt by anyone other than radio manufacturers to start a broadcasting service in the period up to May, 1922. This may have been due to the known opposition of the Post Office to the use of broadcasting for advertising. But the fact that newspapers other than the *Daily Mail* did not attempt to start broadcasting stations cannot be attributed to an agreement between them.

<sup>4</sup> See the evidence of Mr. F. J. Brown to the Sykes Committee, May 2nd, 1923.

<sup>5</sup> See the evidence of Sir William Noble to the Sykes Committee on May 8th, 1923, question 237.

One group comprised the Marconi Company, the General Electric Company and the British Thomson-Houston Company. The other group consisted of the Metropolitan-Vickers Company together with the Western Electric Company<sup>1</sup> and the Radio Communication Company.<sup>2</sup> It must have become apparent at this first meeting that it would prove difficult to bring these two groups to agree on a single scheme. For the official statement issued after the meeting, in spite of the desire of the Post Office for a single scheme, had as its concluding section: "The best means of attaining these objects seemed to lie in co-operation among the firms concerned, and it was suggested that one or possibly two groups should be formed which should become responsible, both financially and otherwise, for the erection and maintenance of the stations and the provision of suitable programmes. In accordance with these suggestions, it was arranged that the representatives of the various firms should collaborate in the immediate preparation of a co-operative scheme, or at the most of two such schemes, for consideration by the Post Office authorities".<sup>3</sup>

On May 23rd, the representatives of the firms met at the Institution of Electrical Engineers, the Chairman of the meeting being Mr. (now Sir Frank) Gill of the International Western Electric Company.<sup>4</sup> At this meeting, a smaller Committee was appointed to draft a scheme. The discussions on this Committee do not seem to have gone very smoothly. But whatever the detailed course of the discussions may have been, the final result was that the two groups failed to come to any agreement for a single broadcasting company and "they reported to those who appointed them that one broadcasting company appeared impossible but that two broadcasting firms would probably be formed which would operate independently".<sup>5</sup> The differences which caused the negotiations to break down "were other than technical differences"<sup>6</sup> and it can therefore be presumed that they concerned the conditions on which the Marconi Company would be willing to furnish its patents to the other companies.<sup>7</sup> The Postmaster General was informed of this failure to reach an agreement by a deputation—presumably at the meeting on June 16th.<sup>8</sup> The Postmaster General stated at this meeting that he would be

<sup>1</sup> Now Standard Telephones and Cables Ltd.

<sup>2</sup> B.B.C. Archives. It should be noted that the Metropolitan Vickers Company Ltd. were associated with the American Westinghouse Company, and the Western Electric Company were associated with the American Company of the same name.

<sup>3</sup> See *The Times*, May 19th, 1922.

<sup>4</sup> Not Mr. Godfrey Isaacs, Managing Director of the Marconi Company, as reported in *The Times*, May 24th, 1922.

<sup>5</sup> See paragraph 5 of the statement submitted on behalf of the British Broadcasting Company to the Sykes Committee, May 8th, 1923, by Sir William Noble and Mr. (later Sir Archibald) McKinstrey.

<sup>6</sup> Evidence of Mr. A. McKinstrey to the Sykes Committee, May 8th, 1923.

<sup>7</sup> Compare A. R. Burrows, *op. cit.*, p. 64: ". . . the delicacy of the situation was not generally understood—quite apart from the desire of the Government and the Post Office that broadcasting should be free from the irregularities so apparent in America, the patent situation required much clearing up, as the Marconi Company claimed to possess many master patents governing wireless telephony".

<sup>8</sup> See Mr. Kellaway's statement, Parliamentary Debates, House of Commons, August 4th, 1922.

willing to licence the two groups of manufacturers but not more—and no doubt he made it clear that he hoped the manufacturers would in the end be able to agree on a single broadcasting company.<sup>1</sup> The scheme for independent working which the Post Office would have been willing to sanction was that in London there would be one station belonging to each group, but that the rest of the country would be divided between them.<sup>2</sup>

Following the meeting with the Postmaster General, a sub-committee was appointed consisting of Mr. (now Sir Archibald) McKinstry (of the Metropolitan Vickers Company) and Mr. Godfrey Isaacs (of the Marconi Company). The task of this sub-committee was to draw up an agreement on matters of common interest such as, for example, the allocation of wave-lengths. "During the protracted discussion of this sub-committee the difficulties of operating two companies became so apparent that negotiations for the formation of one company were carried on between the two members, resulting in their being able to report to their respective groups a basis for the formation of one company, which was ultimately agreed to".<sup>3</sup>

There is no question that the difficulties in formulating these common conditions must have appeared formidable. But there were other factors at work which helped in bringing about the agreement to form a single broadcasting company. First of all, there was the evident desire of the Post Office, a Department with which all firms must have wanted good relations, that there should be a single broadcasting company. Secondly, there seems little question that the Marconi Company was itself in favour of a single company.<sup>4</sup> And no doubt this made it willing to make concessions on the points which had led to the breakdown of the earlier negotiations. Thirdly, it must not be forgotten that the main interest of the manufacturers was not in broadcasting as such. Their aim was to sell receiving sets and they wanted a broadcasting service to be established in order to be able to do this. Consequently, the interest of the groups in preserving their independence in the case of the broadcasting service was not particularly great.

The agreement to form a single broadcasting company was reached on August 11th, 1922.<sup>5</sup> At the end of August, a draft of the Articles of Association was sent to the Post Office.<sup>6</sup> On September 12th, 1922, a meeting was held at the Post Office to discuss the Postmaster General's

<sup>1</sup> Mr. Kellaway said in his speech on August 4th in the House of Commons: "... there may be two; I hope myself, in the interests of broadcasting, there will be only one . . ."

<sup>2</sup> Compare *Nature*, August 5th, 1922, p. 197.

<sup>3</sup> See paragraph 9 of the statement submitted on behalf of the British Broadcasting Company to the Sykes Committee, May 8th, 1923, by Sir William Noble and Mr. (later Sir Archibald) McKinstry.

<sup>4</sup> Compare the following statement of Mr. Godfrey Isaacs: "I think the Postmaster General has acted very wisely", *The Broadcaster*, August, 1922, p. 18.

<sup>5</sup> See *The Times*, August 19th, 1922.

<sup>6</sup> See *The Times*, August 24th, 1922.

suggested modifications to the draft Articles of Association.<sup>1</sup> By October, all differences had been resolved and on October 18th, a meeting, at which representatives of about 200 firms were present, was held at the Institution of Electrical Engineers to ratify the draft Articles of Association. At this meeting, the Chairman, Sir William Noble<sup>2</sup> was able to say that there was "complete agreement with the Postmaster General".<sup>3</sup> The British Broadcasting Company was registered on December 15th, 1922. The Licence to broadcast was not, however, issued to the Company until January 18th, 1923.<sup>4</sup> The delay appears to have been due to difficulties in negotiating an agreement with the Press on the question of news broadcasts.<sup>5</sup>

But the start of broadcasting in Great Britain did not wait for the conclusion of these lengthy negotiations. The delay in setting up a service had caused considerable dissatisfaction and in consequence it was decided to begin broadcasting before all the details of the scheme had been worked out and agreed. The date fixed for the official start was November 14th, 1922. On that day, broadcasting began from the Marconi Company's station at Marconi House, London. On November 15th, it began from the Metropolitan Vickers Company's station at Trafford Park, Manchester. Both these stations had been operating on an experimental basis during the Summer.<sup>6</sup> And the next day, November 16th, broadcasting began in Birmingham from a station operated by the International Western Electric Company for which the General Electric Company had provided space in their works at Witton. This station had been set up in October at Oswaldestre House, London, by the International Western Electric Company for experimental purposes and was later removed to Birmingham when it was decided to start broadcasting.

<sup>1</sup> See *The Times*, September 13th, 1922.

<sup>2</sup> Sir William Noble had been Engineer-in-Chief of the Post Office and on retiring had joined the General Electric Company. He had become Chairman of the Committee in the Summer of 1922 when Mr. (now Sir Frank) Gill went to the United States.

<sup>3</sup> See *The Times*, October 19th, 1922. According to Sir William Noble's statement submitted to the Sykes Committee, May 8th, 1923, "about 400 representatives were invited".

<sup>4</sup> The Postmaster General who actually signed the Licence was Mr. Neville Chamberlain, Mr. Kellaway having resigned on October 19th, 1922. Later Mr. Kellaway joined the Board of the Marconi Company. There followed in April, 1923, a curious argument as to which Postmaster General had been responsible for the scheme. Sir W. Joynson Hicks (who had become Postmaster General after Mr. Neville Chamberlain) said in the House of Commons that Mr. Kellaway had made the agreement. Mr. Kellaway thereupon wrote to *The Times* saying that the agreement was made by Mr. Chamberlain three months after he had left the Post Office. Mr. Chamberlain replied in a speech that "this was a transparent quibble. He had only put his name to it and not altered a word". Mr. Kellaway then wrote another letter to *The Times* in which he claimed that "this involved the most startling evasion of responsibility". See *The Times* for April 21st, 23rd, 24th and 26th, 1923.

<sup>5</sup> B.B.C. Archives.

<sup>6</sup> See A. R. Burrows, *op. cit.*, p. 68, and *The Times*, November 14th and 15th, 1922. The dates on which broadcasting started from the various stations are given in Appendix II to the Crawford Committee Report, 1926. (Cmd. 2599.)

#### 4 THE BROADCASTING SCHEME<sup>1</sup>

The broadcasting scheme was built around the British Broadcasting Company. The capital of this company was to be subscribed by British radio manufacturers—and they alone could be members. Each member agreed not to sell any apparatus for listening to broadcasts unless the components were British made and they also agreed to pay the company, according to a scale laid down in the agreement, a royalty on all sets and main components manufactured. Any British radio manufacturer could become a member of the Company by subscribing for at least a £1 share and by entering into the Agreement with the Company. The licence which the Post Office issued for receiving sets required the listener to use a set manufactured by a member of the British Broadcasting Company and 50 per cent. of the licence fee was paid over to the Company. Thus, the funds that the company had at its disposal came from three sources: the subscribed share capital, royalties on sets and components, and 50 per cent. of the licence fee.<sup>2</sup> There is no question that the willingness of manufacturers to subscribe the capital of the broadcasting company and to pay the royalties was dependent on their expectation of obtaining profits from the sale of receiving sets.<sup>3</sup> To make sure that the demand for receiving sets which would follow the institution of the broadcasting service would increase the sales of members of the British Broadcasting Company, it was provided that the listener could only use sets manufactured by members of the Company and these in their turn had to

<sup>1</sup> The broadcasting scheme was embodied in (i) the Memorandum and Articles of Association of the British Broadcasting Company, (ii) the Licence granted to the Company by the Postmaster General and (iii) the Agreement made between the Company and its members. For the Licence and Agreement, see *Wireless Broadcasting Licence*, Cmd. 1822, 1923. It was provided in the Licence that the Articles of Association could not be altered without the consent of the Postmaster General; the important clause in the Memorandum could not be altered except in accordance with a clause in the Articles which requires the consent of the Postmaster General; and the Agreement was incorporated as a Schedule to the Licence. In consequence, no substantial change in the arrangements was possible without the agreement of the Postmaster General.

<sup>2</sup> It is not certain at what stage the idea was conceived of using the licence fee (or part of it) to finance the broadcasting service. Mr. F. J. Brown said, in his evidence to the Sykes Committee on May 2nd, 1923, "I do not quite know where the suggestion first came from, the papers do not show definitely . . .". The first reference I have been able to find is in a letter to *The Times* of April 25th, 1922, by Mr. H. H. Brown. The suggestion was also put forward in another letter to *The Times* of June 6th, 1922, by Captain W. H. M. Marshall. It was advocated by Sir D. Newton in the House of Commons on June 16th, 1922. It was clearly under discussion before the decision to form a single broadcasting company was reached. See *Nature*, August 5th, 1922, p. 197. The running costs for the eight broadcasting stations were estimated at £120,000 per annum. The number of receiving sets which would be sold within 12 months was commonly estimated at 200,000. So 50 per cent. of the licence fee of 10s. would yield the Company £50,000, or about 40 per cent. of the running costs. See the evidence of Mr. F. J. Brown to the Sykes Committee on May 2nd, 1923.

<sup>3</sup> See, for example, Mr. (now Sir Archibald) McKinstry in his evidence to the Sykes Committee on May 12th, 1923, question 589: "The position is that the British Broadcasting Company was formed by the manufacturing firms merely to broadcast in the hope that the interest created by broadcasting would make the public buy receiving sets, and they are looking for their profit, not from the British Broadcasting Company, but from the sale of sets."

use British components.<sup>1</sup> All members of the Company agreed to pool (without payment) all patents needed for broadcast transmissions.<sup>2</sup>

The scheme was very ingenious ; and so too were the arrangements which regulated the relations of the six main companies<sup>3</sup> to the others. The share capital of the Company consisted of 100,000 £1 cumulative ordinary shares, on which the maximum dividend which could be paid was 7½ per cent. per annum. The six firms which had been primarily concerned with initiating the broadcasting scheme each subscribed for 10,000 shares and it was provided that they could not hold, in total, more than 60,006 shares. Any application from another firm had to be granted in full. If the granting of all applications would bring the issued share capital above 100,000 shares, all holdings in excess of 10 shares were to be reduced *pro rata* to make the total of holdings equal to 100,000 shares. The provisions regarding the directors were similarly detailed. The number of directors was to be not less than six or more than nine ; six were to be appointed by the six main firms and two could be appointed by members of the Company other than the six main firms ; and the directors could also appoint an additional director who would be permanent Chairman of the Company.<sup>4</sup>

The Licence which was granted to the Company ran from November 1st, 1922, to January 1st, 1925, and gave the Company permission to operate eight broadcasting stations. The Company had "to transmit efficiently" from each of these stations on every day (including Sundays) "a programme of broadcast matter to the reasonable satisfaction of the Postmaster General".<sup>5</sup> The Licence also laid down the hours of broadcasting (which could be any hour on Sunday and between 5 and 11 p.m. on weekdays), the wavelengths (which had to be from 350 to 425 metres), and the power (which was to be fixed by the Postmaster General but was not to exceed 3 kilowatts). The Postmaster General had the right of inspection of any apparatus ; and the Company was compelled to transmit, if requested by a Government Department, any "communiqués, weather reports or notices issued as part of any programme or programmes of broadcast matter". The Postmaster General also had the power to take possession of the stations in an emergency.

<sup>1</sup> The decision that for a period of two years licences should contain a provision that only British apparatus should be used was taken early in July. See *The Times*, July 12th, 1922. But it was also decided that those who constructed their own receiving sets should not be subject to this condition. See Parliamentary Debates, House of Commons, July 27th, 1922. This was incorporated in clause 25 (3) of the Licence. This provision was to have very important consequences not foreseen at that time.

<sup>2</sup> This provision was in the Agreement.

<sup>3</sup> These were : the Marconi Company, the Metropolitan Vickers Company, the Western Electric Company, the General Electric Company, the British Thomson-Houston Company and the Radio Communication Company.

<sup>4</sup> Lord Gainford, a former Postmaster General, was appointed the first Chairman.

<sup>5</sup> The six main firms also gave an undertaking to the Post Office that if the three sources of funds mentioned were not sufficient to cover the expenses of the Company during the two years of the Licence, they would themselves furnish the necessary money. This was not included in the Licence ; it was an "honourable understanding". See the Minutes of Evidence to the Sykes Committee, questions 287-291 and 638-640.

There were in the Licence two important limitations on what the Company might broadcast. The first concerned the transmission of news. It was provided that the Company should not broadcast any news or information in the nature of news "except such as they may obtain from one or more of the following news agencies, viz. :—Reuters Ltd., Press Association Ltd., Central News Ltd., Exchange Telegraph Company Ltd., or from any other news agency approved by the Postmaster General".<sup>1</sup>

The other limitation concerned advertising. The clause in the Licence ran : "The Company shall not without the consent in writing of the Postmaster General receive money or other valuable consideration from any person in respect of the transmission of messages by means of a licensed apparatus, or send messages or music constituting broadcast matter provided or paid for by any person, other than the Company or person actually sending the message. Provided that nothing in this Clause shall be construed as precluding the Company from using for broadcast purposes without payment concerts, theatrical entertainments or other broadcast matter . . . given in public in London or the provinces". The exact legal force of this clause is rather obscure. It is clearly aimed at preventing advertising. But in fact it was not interpreted as prohibiting sponsored programmes ; and there were in fact some sponsored programmes broadcast in 1923, 1924 and 1925.<sup>2</sup> Lord Riddell, who gave evidence to the Sykes Committee on behalf of the Newspaper Proprietors' Association, doubted whether this was legal.<sup>3</sup> But the British Broadcasting Company clearly thought that it was and it is unnecessary here to unravel the legal problem.

So far nothing has been said about the nature of the legal monopoly granted to the British Broadcasting Company. The reason is a simple one—the Company had no legal monopoly and there was nothing to prevent the Postmaster General licensing another broadcasting company. Now this was not the view of the directors of the Company at the time it was formed. They believed that they had been granted an "exclusive licence".<sup>4</sup> The evidence to the Sykes Committee<sup>5</sup> of the Solicitor to the Post Office in which he pointed out that there was no legal monopoly caused some annoyance to the directors of the Company. They explained that when, in the course of the negotia-

<sup>1</sup> The newsagencies had early been concerned to safeguard their interests following the introduction of broadcasting. See, for example, the statement of Colonel Joseph Reed, Chairman of the Press Association Ltd., *The Times*, May 10th, 1922. Various meetings were held which resulted in this clause being included in the Licence. See Sir William Noble's evidence to the Sykes Committee on May 8th, 1923, question 395.

<sup>2</sup> See Lincoln Gordon, *The Public Corporation in Great Britain*, p. 182. A broadcast sponsored by Harrods is referred to in the evidence to the Sykes Committee, questions 1555 and 1556. And there were a few sponsored broadcasts in 1924 and 1925. See the *Radio Times*, January 9th, 1925.

<sup>3</sup> In his evidence to the Sykes Committee on May 29th, 1923, question 1556.

<sup>4</sup> See paragraph 10 of the statement submitted on behalf of the British Broadcasting Company to the Sykes Committee by Sir William Noble and Mr. (later Sir Archibald) McKinstry.

<sup>5</sup> On May 2nd, 1923.

tions, they had wanted to include a clause in the Licence which specifically said that they were to have an exclusive licence, the Solicitor to the Post Office had replied that they "were already sufficiently protected".<sup>1</sup> They also recalled the very great efforts which the Post Office had made to bring about a single broadcasting company and claimed that this gave them a "moral monopoly".<sup>2</sup> It was made clear that if another broadcasting company was allowed, it would not be able to derive any revenue either from the British Broadcasting Company's share of the licence fee or from the royalties paid by the manufacturers.<sup>3</sup> Furthermore, it was doubtful whether any other company could broadcast at all without the use of patents controlled by members of the British Broadcasting Company; and there seems little reason to suppose that they would have been willing to allow a competing broadcasting company to use their patents.<sup>4</sup> So whatever the legal position may have been, it must have appeared, when the British Broadcasting Company was formed, that for practical purposes a monopoly had been granted. And so it was to prove.

## 5 POST OFFICE POLICY

It is broadly true to say that the establishment of the broadcasting service in Great Britain as a monopoly was the result of Post Office policy. The attainment of the monopoly was no doubt made easier by the necessity for some agreement as between the radio manufacturers on the question of patents and by the fact that the manufacturers' main interest was not in the operation of a broadcasting service but in the sale of receiving sets. But the obvious desire of the Post Office for a single company was decisive.<sup>5</sup> There can be no question that if the Post Office had wanted to bring about competing broadcasting systems, it would have been possible to do so. Although the two groups may, at the end of their long negotiations, have preferred to have a combined system, they would have been willing to operate independently if the Post Office had wanted them to do so.<sup>6</sup>

<sup>1</sup> See the evidence of Sir William Noble to the Sykes Committee, May 8th, 1923, question 237.

<sup>2</sup> See the evidence of Sir William Noble to the Sykes Committee, May 8th, 1923, questions 274-279.

<sup>3</sup> See the evidence of Mr. F. J. Brown to the Sykes Committee on May 2nd, 1923, and of Sir William Noble on May 8th, 1923, question 240.

<sup>4</sup> See the evidence of Sir William Noble to the Sykes Committee, May 8th, 1923, question 238.

<sup>5</sup> Compare the evidence of Sir William Noble on May 8th, 1923, to the Sykes Committee, question 279: "It was the desire of the Post Office that we should have one Company, and one Company only, and we fell in with the view and eventually the two sides which were in opposition to each other agreed to the view of the Post Office to have one Company . . ."

<sup>6</sup> See the evidence of Sir William Noble to the Sykes Committee on May 8th, 1923, question 353: "*Mr. Trevelyan*—The groups would have been content rather than not start at all to each have a Broadcasting Licence at the start. The actual arrangement for a single Company was really thrust on you by the Post Office. *Sir William Noble*—That is so". It is true that had the Post Office insisted on independent operation, this would have happened. And consequently the fact that the Post Office favoured a monopolistic organisation was decisive. But the statement that the "arrangement for a single Company was really thrust" on the radio manufacturers is too sweeping. The Post Office at one stage agreed to independent operation and suggested the outline of such a scheme. Subsequently the firms concerned agreed to a combined scheme; and in reaching this decision the preference of the Post Office for a single Company was only one of the factors at work.

I shall therefore examine in this section the basis of Post Office policy towards broadcasting and attempt to discover the reasons which led it to favour a monopoly.

The Post Office derived its powers to control wireless telephony in the early 1920's from the Wireless Telegraphy Act of 1904. In this Act it is provided that in order to operate apparatus either for transmitting or receiving wireless signals, it was necessary to have a licence and also that this licence may be in a form and with conditions determined by the Postmaster General.<sup>1</sup>

At first, the Post Office thought of wireless telephony, as did others, as simply a new method of transmitting messages and therefore as requiring co-ordination with other means of communication and particularly with wireless telegraphy. Thus, the Postmaster General in an answer to a parliamentary question on wireless telephony on April 20th, 1920, said: "I am giving every possible facility for its further development, but its progress must be co-ordinated with that of wireless telegraphy".<sup>2</sup> And later in the same year, in the answer in which the Postmaster General alluded to the suspension of the Marconi Company experiments in broadcasting, he goes on to add: "Experiments are, however, being made to test the practicability of using high-speed wireless telegraphy for news and commercial services, and promising results have been obtained".<sup>3</sup> Much the same attitude was shown in 1921.<sup>4</sup>

That wireless telephony was considered to have only limited uses and therefore to be of no particular importance, would itself be sufficient to explain the Post Office's lack of encouragement to experiments in broadcasting. But there is, I believe, another factor which should be taken into account. The allocation of wavelengths was the responsibility of the Wireless Sub-Committee of the Imperial Communications Committee. On this Committee there were three Service representatives, one Post Office representative and the representatives of certain other Departments. It was, therefore, a Committee on which the Services were strongly represented.<sup>5</sup> Now we know that it was with reluctance that the Services agreed to wavelengths of 325 to 450 metres being allocated to broadcasting (and then only with restrictions on the hours of service).<sup>6</sup> It seems clear that their opposition would have been very much stronger at an earlier date. The Post Office

<sup>1</sup> See the evidence of Mr. R. W. Woods, Solicitor to the Post Office, on May 2nd, 1923, to the Sykes Committee.

<sup>2</sup> Parliamentary Debates, House of Commons, April 20th, 1920.

<sup>3</sup> Parliamentary Debates, House of Commons, November 23rd, 1920.

<sup>4</sup> See the comments of a "high official of the Post Office" on Colonel Carty's experiments, *The Times*, April 13th, 1921, and an answer to a parliamentary question by the Postmaster General, Parliamentary Debates, House of Commons, July 11th, 1921.

<sup>5</sup> See the evidence given by Mr. E. H. Shaughnessy on June 14th, 1923, to the Sykes Committee.

<sup>6</sup> See Sir Henry Norman's statement regarding this in the Minutes of Evidence to the Sykes Committee, May 31st, 1923, question 1909.

would have had to exert considerable pressure on the Service Departments—and this they were probably unwilling to do.

But in the Spring of 1922 came the applications from the manufacturers. These had been influenced by events in the United States. But so, too, was the Post Office. Mr. F. J. Brown, Assistant Secretary of the Post Office, had spent the winter of 1921-22 in the United States; he had taken a great interest in broadcasting developments, had discussed the subject with many of the leading authorities in the United States and had attended some of the meetings of Mr. Hoover's first Radio Conference. In the United States at that time there was no effective regulation of the number of broadcasting stations. It seems that the only regulation was of the wavelength on which stations could broadcast—and the only wavelength then allowed was, for most stations, 360 metres. The need for some regulation of the number of stations was evident; and Mr. F. J. Brown was impressed by this as well as by the great strides broadcasting was making in the United States.<sup>1</sup>

The way in which this question was treated in Great Britain led some to conclude that a monopoly was needed in order to prevent interference. Consider the following argument taken from a speech in the House of Commons by Mr. Kellaway, the Postmaster General. ". . . it would be impossible to have a large number of firms broadcasting. It would result in a sort of chaos, only in a much more aggravated form than that which has arisen in the United States of America, and which has compelled the United States, or the Department over which Mr. Hoover presides, and who is responsible for broadcasting, to do what we are now doing at the beginning, that is, proceed to lay down very drastic regulations, indeed, for the control of wireless broadcasting.

It was, therefore, necessary that the firms should come together, if the thing was to be efficiently done. You could not have 24 firms broadcasting in this country. There was not room . . . and it was suggested to them that, for the purpose of broadcasting information, whatever it might be, they should form themselves, if possible, into one group, one company."<sup>2</sup>

Mr. Kellaway does not say that it is necessary to have a monopoly in order that there should not be interference; but the wording would be very liable to cause the incautious listener to imagine that this was so. Certainly many at this time seem to have been confused by the way the problem was presented. For example, a witness before the Sykes Committee<sup>3</sup> having said "It is arguable that there must be one central Broadcasting Authority", was immediately answered by Lord Burnham in the following words: "Is it not a fact; already it

<sup>1</sup> See the articles by Mr. Brown already referred to in note 4, page 194.

<sup>2</sup> Parliamentary Debates, House of Commons, August 4th, 1922.

<sup>3</sup> Mr. F. W. Challis of the Electrical Importers and Traders Association.

is common knowledge ; that in America the want of regulation has meant very chaotic conditions".<sup>1</sup> And there are many other examples.<sup>2</sup>

But we cannot, of course, assume that the Post Office officials shared this view. It was obvious to them that the possibility of interference made necessary not a monopoly but a limitation in the number of broadcasting stations. Why then was it Post Office policy to bring about a monopoly ? Mr. E. H. Shaughnessy, who was Engineer in charge of the Wireless Section of the Post Office, was asked, when giving evidence to the Sykes Committee, about the necessity for a monopoly in transmission. He first referred to the problem of the Marconi Company's patents.<sup>3</sup> But he went on to say that "if they were prepared to licence people, then you would have a very large number of firms asking for permission probably, and some of them might be sufficiently wealthy to put up decent stations—most of them would not—you would have a very great difficulty in acquiescing, you could not acquiesce in all demands. And then you would have the difficulty of selecting the firms which the Post Office thought were most suitable for the job, and whatever selection is made by the Post Office, the Post Office would be accused of favouring certain firms. So that the solution of the problem seemed to be to make all those firms get together to form one Company for the purpose of doing the broadcasting".<sup>4</sup> There can be little doubt that here we have the main reason which led the Post Office to favour a monopoly. The difficulty of selection if there was not a monopoly must have been in the minds of Post Office officials for some time. It was this problem, as we have seen, which caused the Post Office early in 1921 to prefer to deal with an application from the Wireless Society of London rather than with one from the Marconi Company. Captain G. R. Loring, the Post Office representative, then said : "We cannot give the Marconi Company preferential treatment over any other firm, so that if they

<sup>1</sup> See the Minutes of Evidence of the Sykes Committee, May 29th, 1923, questions 1394 and 1395.

<sup>2</sup> The witnesses who appeared before the Sykes Committee on behalf of the National Association of Radio Manufacturers agreed that to avoid unnecessary confusion, broadcasting licences should be granted to one body only. When this was questioned, Mr. G. Burney replied : "We have had a little knowledge of what has happened in the States ; it is for that reason that we think it should be under one Authority". See the Minutes of Evidence of the Sykes Committee, May 15th, 1923. Another example is to be found in C. A. Lewis, *Broadcasting from Wübin* (1923). Mr. Lewis was Deputy Director of Programmes in the British Broadcasting Company. He says : "It may be asked, why did the Postmaster General give an exclusive right to one company only to broadcast ? The reason for this is a purely physical one. Assuming the stations to be of a given power and range it is found it is impossible to operate more than eight stations without causing interference between them. The chaotic state of affairs in America, where a large number of stations are transmitting on a narrow band of wavelengths and no form of control exists, was an object lesson in what *not* to do, and consequently the control was put into one company's hands . . ." (pp. 15-16). This is in line with a statement issued by the British Broadcasting Company on April 17th, 1923, in which it was said that the initiative which led to the formation of the Company came from the Post Office "knowing that if the chaos in the United States was to be avoided one broadcasting authority was essential". See the *Manchester Guardian*, April 18th, 1923.

<sup>3</sup> See page 196 above.

<sup>4</sup> See his evidence to the Sykes Committee, June 14th, 1923, question 3095.

asked for permission . . . . half a dozen other companies could come along, and we should have to give them similar permission, whereas if the Wireless Society were to apply it would make it much easier for us".<sup>1</sup> This point of view was reaffirmed when, in April, 1923, the *Daily Express* applied to the Post Office for a broadcasting licence. Of this, Mr. F. J. Brown said: "The answer which the Postmaster General caused to be sent to this application was this. That he did not want to give facilities to one particular newspaper or organisation which he could not give to other newspapers and organisations and he asked the *Daily Express* how they would propose to meet that difficulty".<sup>2</sup>

There can be no question that there was a very real danger of creating monopolistic conditions in other fields if broadcasting licences were granted to particular firms. The nature of this danger was made evident when the Marconi Company, in April, 1922, proposed to set up broadcasting stations.<sup>3</sup> And Mr. F. J. Brown has said: "It was . . . contrary to the policy of the British Government to grant a monopoly of broadcasting to one, or even to two or three, manufacturing firms, as this would place them in a superior position to their competitors for pushing the sale of their goods".<sup>4</sup> This aspect of the question seems to have been constantly in the mind of the Post Office. A large number of the modifications to the draft scheme which were put forward by the Postmaster General during the course of the negotiations seem to have had as their aim the protection of the interests of the smaller firms.<sup>5</sup>

But it so happens that the plan for independent operation by the two groups which was evolved in the course of the negotiations was one which avoided this particular difficulty. All radio manufacturers would have been free to join one or other of the groups; none could have been penalised by the existence of independent broadcasting companies. Yet the Post Office still preferred that there should be a monopoly. The reason is fairly clear. There would still have remained the problem of the allocation of wavelengths and districts between the two groups. And the Post Office could not have avoided responsibility for the solution of these difficult problems. And there is also reason to suppose that the Post Office considered that it would be more economical to have one company instead of two or more.<sup>6</sup>

<sup>1</sup> The *Wireless World*, April 16th, 1921, p. 51. For the context in which this statement occurs, see page 192 above.

<sup>2</sup> See his evidence to the Sykes Committee, May 2nd, 1923. The account given in the *Daily Express* of April 14th, 1923, of the Postmaster General's reply is in almost the same words.

<sup>3</sup> See page 195 and 196 above.

<sup>4</sup> See "The Story of Broadcasting in England", *Radio Broadcast*, June, 1925, p. 176.

<sup>5</sup> B.B.C. Archives.

<sup>6</sup> See F. J. Brown, "Broadcasting in Britain", *London Quarterly Review*, January, 1926, p. 30. "Moreover, it was clear that if the stations were to be efficient, and if their programmes were to be satisfactory, a very large expenditure would be necessary; and that if the stations duplicated one another there would be great waste of money." It will be remembered that it was part of the plan for independent operation that the two groups should each operate a broadcasting station in London.

I have described the arguments which led the Post Office to favour a monopolistic broadcasting organisation. The Post Office did not itself wish to operate the broadcasting service.<sup>1</sup> Consequently the only solution was to attempt to establish a single broadcasting company. But the problem to which a monopoly was seen as a solution by the Post Office was one of Civil Service administration. The view that a monopoly in broadcasting was better for the listener was to come later.

<sup>1</sup> See Mr. Kellaway's statement, Parliamentary Debates, House of Commons, June 16th, 1922: "I do not regard it as desirable that the work should be done by the Government, and I do not contemplate a condition of things under which the Post Office will be doing this work."