

Government Holds Back Television

SIGNIFICANT is the gratuitous warning of the chairman of the Federal Communications Commission against public acceptance of television receivers now being offered by the manufacturers. It highlights the repressive character of governmental monopoly and quasi-monopoly. It proves anew that the tendency of this kind of monopoly, because it is clothed with power and with the sacerdotal mantle of paternalism, is to interfere with progress.

Chairman James L. Fly tells us not to buy these receivers because better ones will be made. Hasn't that been true of every piece of merchandise and every service that has ever been put on the market? When the hook and eye were made somebody had the idea of a zipper, and it was because of the increased use of one type of fastener that inventors and manufacturers applied themselves to producing a better one. Since the original "flivver" every year has brought out a better automobile; every buyer knows his new car will soon be obsolescent, and looks forward to buying the next improvement. If prospective buyers were to wait for perfection there would be no advancement; for buyer-acceptance of existing services is the stimulant needed by entrepreneurs to render better services.

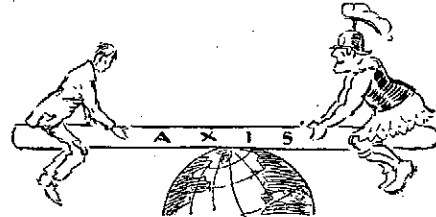
And if the market is to be restricted until perfection is attained how will we know when the ultimate is achieved? Will the politicians tell us? Must we do without until these vote-created Olympians shout "Buy"? Will they refund our money on the morrow when invention belies their dictum of perfection? And (banish the thought) may not these politicians have a personal interest in the market value of their own stamp of approval?

Commissar Fly is also concerned about a "fair charge" for a television program. "By implication," says the New York Times editorially, "the Commission may examine books and fix charges." By implication it may do more than that; it may determine what wages may be paid to artists on commercial programs, it may determine the charge for radio time, it may and will (if the "fair charge" principle is legalized) censor and define the programs. Give a government official an antenna and he'll take the whole broadcasting station.

The only fair charge for anything is what the people will pay in a free market. The only unfair charge is that resulting from a monopolized or "rigged" market. And government interference with the market is one form of "rigging." Government regulation always results in the curtail-

ment of supply, and price is the market equation between supply and demand.

But the most significant lesson we learn from this latest paternalistic invasion of the market is this: that government monopoly or government control tends to curtail technological advance. Private monopoly, bad as it is, is subject to some competition; it has not the power to discourage



invention. Right now the electric power monopoly is being seriously threatened by the use of individual plants; the railroad monopoly was cracked wide open by the motor truck; telegraphic communication had to share the field with the teletype.

Why is this not true of government monopoly? Because when a commissar is ensconced in his job he fights any change that might threaten it.

And he likewise opposes any change in the law that might destroy the monopoly which he is trying to regulate. Mr. Fly did not attack the two legal instruments which enable the monopolists-of-the-air to foist their inferior instruments on the market, and to force their programs on the public.

The first privilege is patent monopoly. He who through this monopoly controls the sending apparatus controls also the type of receiver that can be used. The bottle-neck of improvement in receiver sets is the ownership of the broadcasting patents. Thus, the F. C. C. is dependent on another bureaucracy—the United States Patent Office. Both grant monopoly privileges.

The second privilege of the monopolists-of-the-air is the absolute ownership of air channels. This is granted them by the F. C. C. If these channels were leased to the highest bidders—that is, at the going rental charge—the backbone of the monopoly would be broken. The open bidding system would bring into the market the ablest broadcasting entrepreneurs, those who would produce programs that met with the greatest consumer-acceptance.

The problem of technological improvement is not to be solved in political regulation, but in the abolition of the political privileges which create monopolies.