

12-1994

Reflections on the Sixtieth Anniversary of the Communications Act of 1934

Stanley S. Hubbard
Hubbard Broadcasting, Inc.

Follow this and additional works at: <https://www.repository.law.indiana.edu/fclj>



Part of the [Communications Law Commons](#)

Recommended Citation

Hubbard, Stanley S. (1994) "Reflections on the Sixtieth Anniversary of the Communications Act of 1934," *Federal Communications Law Journal*: Vol. 47 : Iss. 2 , Article 18.

Available at: <https://www.repository.law.indiana.edu/fclj/vol47/iss2/18>

This Essay is brought to you for free and open access by the Law School Journals at Digital Repository @ Maurer Law. It has been accepted for inclusion in Federal Communications Law Journal by an authorized editor of Digital Repository @ Maurer Law. For more information, please contact rvaughan@indiana.edu.



JEROME HALL LAW LIBRARY

INDIANA UNIVERSITY
Maurer School of Law
Bloomington

Reflections on the Sixtieth Anniversary of the Communications Act of 1934

Stanley S. Hubbard*

Television first came to the public's attention in the United States in 1938, after RCA demonstrated television at the Chicago World's Fair. Mr. S.E. Hubbard, my dear dad, who was a great broadcast pioneer, having built his first radio station in 1923,¹ was very taken by the concept of television, and he prevailed upon his friend, David Sarnoff, to sell to KSTP—our radio station in St. Paul, Minnesota—a television camera, which we believe was the first such commercial sale, at least to a non-RCA owned station. In the summer of 1938, KSTP arranged a live downtown demonstration of television in downtown Minneapolis. Six mirror reflector television sets were installed at the Radisson Hotel and an American Legion parade could be viewed by interested persons on television monitors located inside the hotel.

* President and Chief Operating Officer, Hubbard Broadcasting, Inc.

1. We believe that S.E. Hubbard's first radio station, WAMD in Minneapolis, Minnesota, was the first successful radio station built and operated to rely solely on the sale of advertising. Mr. S.E. Hubbard's thought was, in his own words, "If you put something on the radio other than a fat lady singing opera to the accompaniment of a piano, then perhaps you could get enough people to listen so you could sell advertising." At that time, radio stations were owned by companies such as Westinghouse Electric, some newspapers, and in one instance, a grain company General Mills, which was known as the Washburn Crosby Company (WCCO). There was not much thought about popular programming, and it was very common to have portly ladies, such as opera performers, sing to the accompaniment of the piano—obviously not a very popular program option for the great majority of people. (I am *sure* that today my dear dad would not have talked about the "fat lady.") Further, in 1923, it was not technologically possible to pick up recorded music from a stylus, transmit it directly to a transmitter, and then directly over the air. The only music available for radio broadcast was live music. In those days, all sizeable cities had ballrooms. Popular dance bands would travel the country and play at the ballrooms. My dad made an agreement with the Marigold Ballroom in Minneapolis whereby, if they would give him studio space, he would broadcast their bands live every night. Thus, he called the station WAMD—Where All Minneapolis Dances.

In 1941, the United States entered World War II and the further development of television was postponed. After the war, as soon as the Federal Communications Commission (FCC or Commission) commenced receiving applications, my dad filed for a construction permit to build a television station on Channel 5 in St. Paul, Minnesota. To put my dad's bold action in filing the application in perspective, the attitude towards television and the economics thereof in 1947-49 should be considered. In 1947-48, very few people had any interest in investing in television. Television was considered by those in the "know" to be nothing more than a foolhardy attempt to compete with movie theaters. I can remember going to school and being told by schoolmates whose fathers were bankers, or otherwise prominent in business, that my dad was "crazy and foolish," and he was certain to lose any money he put into television. An example very close to home, which has been related to me by my dear wife Karen, was that her father, who was an M.D., refused for many years to buy a television set because, in his words, "Television was going to be nothing more than a fad."

My dad's first big problem with starting a television station was twofold: to obtain the money necessary to build the station and to receive a construction permit from the FCC. Getting the financing was difficult because the radio station with its comparatively limited revenues was our sole means of livelihood and provided insufficient income for the construction of a television station. Also, we did not have access to the \$1 million which was required to finance the proposed television operation. For many years, my dad had transacted business with the First National Bank in St. Paul, and when he asked the bank to assist him with the money required to build the only television station allocated to St. Paul, Minnesota, the bank refused. Moreover, I well remember now disappointed my dear dad was when a group of officers of the First National Bank² "filed on top" of his application and sought the construction permit for Channel 5 themselves. This occurrence made the funding appear to be impossible because, if your hometown bank will not help you, and if indeed such "movers and shakers" of the city's largest bank were going to compete with you for the construction permit, you obviously had a monumental problem. Thus, an atmosphere was created which further discouraged people from investing in a business which was generally considered to be gimmicky and a fad. What to do? My dad, who did not himself have the money and who

2. The First National Bank of St. Paul has changed owners more than once since that time, and today we enjoy very good relations with the ethical and fine First National Bank Corporation, headquartered in Minneapolis.

could not borrow from the local major bank—using the radio station as collateral—was truly in a bind. But being extremely honest, smart, tough, and creative, my dad developed a course of action.

He decided to go to Washington to talk to anyone who could be helpful to him. Also, he was tipped off by a friend that the Mellon Bank of Pittsburgh was a forward-looking bank that might be willing to listen to his proposal. Being a radio pioneer, my dad was not unfamiliar with Washington as there had been many long train trips to Washington in connection with the building of KSTP radio. So off my dad went to his favorite hotel, the Mayflower. In Washington, he became totally frustrated because, other than his Minnesota Senators, he could not find anyone willing to help him. While sitting in his room at the Mayflower Hotel late one afternoon, he recalled when then Vice President Harry S. Truman came to St. Paul. Some of us remember the War Bond Drives, and my dad led a War Bond Drive in St. Paul. A park in downtown St. Paul was renamed "Victory Park" and a pole, much like ones currently in use in the United Way drives, was erected. As people purchased bonds, the red line on the pole climbed towards the goal. At that time, Vice President Truman had come to St. Paul to speak at a breakfast arranged by my dad and other civic leaders on behalf of the Bond Drive, and Mr. S.E. Hubbard met the then Vice President. When my dad recalled this meeting, on the spur of the moment, he picked up the phone and called the White House and asked to speak to the President. The President's secretary answered and said, "Just a moment." President Truman came on the line, and said, "I remember you, Stan. We had breakfast at the St. Paul Athletic Club when I was there for the Bond Drive. What can I do for you?" My dad began to relay his problem to the President, and the President said, "Stan, what are you doing right now?" My dad said, "Nothing," and the President said, "Can you come over to The White House?" My dad said, "I sure can," and immediately went!

Anyone who knew President Truman or who has studied him knows that he did not look kindly upon wealthy entrenched interests picking on a little guy. After listening to my dad, the President picked up the phone and called the Chairman of the FCC and said, "I am here with my friend, Stanley Hubbard, and we have to have a hearing so he can get his license issue settled." The Chairman of the FCC, Lawrence Fly, said to the President, "Mr. President, we can't schedule a hearing soon because we are backed up for months." Whereupon the President said, "then have a night hearing." Of course, while such political intervention with the FCC might not be tolerated today; at that time, the FCC held what I believe was the first and only night hearing in the history of the development of television.

At that hearing, my dear dad espoused his beliefs—a belief in the importance of public service, which he also passed on to me, my sister, and brother on an almost daily basis during our growing years and later in my years of business with him. Subsequently, I did the same with my children. My dad summed up his approach to the broadcast business with the following statement: “If you provide public service, then profit will take care of itself.” We received the license and my dad was able to conclude a deal with the Mellon Bank whereby he borrowed \$1 million. My now deceased brother Richard and I went with my dad and mother to Pittsburgh to complete the million dollar deal. I remember how happy and excited my dad was when he came out of the bank with a check for \$1 million. He said that Mr. Ralph Euler, who was the Mellon official in charge of this transaction, said to him, “Stan, we would much rather bet on people than on horses.”

Even though we now had the money to build the station, the business atmosphere and general opinion about the prospects for the success of television remained as earlier. People thought my dad and others like him were “nuts” to try to build a TV station without the resources of a newspaper or a Westinghouse Electric and that it was tantamount to business suicide. I remember as a young man of thirteen, fourteen, and fifteen years old, traveling with my dad to NAB conventions in Chicago, and hearing prominent radio people refer to my dad as a “traitor” to the radio industry because he was going into television. I remember my dad telling these same people, “Get into television. Do it now before it is too late.” And I also remember seeing many of these same people, years later, when they had become disgruntled and bitter old men because they did not get into television. In that connection, I remember going to a meeting in Minneapolis in 1947 or 1948 when my dad hosted a group of western Wisconsin, Minnesota, North Dakota, South Dakota, and Iowa broadcasters at a gathering where the then Chairman of the FCC, Lawrence Fly, made an impassioned plea to those present “to get into television.” My dad and Lawrence Fly told these radio broadcasters of their belief that television was going to be a great thing for the American people and that it would also become a great business. Few heeded the call.

In the early high-risk days when television was young, I always felt that applying for a license was similar to people “staking a claim in the old West.” The spectrum was there, but no one really wanted it. No one knew what to do with it; and without truly courageous people such as my dear dad who risked everything that he and our family had to develop television, there would not be any television. Anyone who was there to see the beginning of television and who might look back will realize that it was

only because of the courageous people that we have our great television service. It is interesting to note that unlike other "natural resources," broadcasters are not depleting the earth of something precious. We are not reducing the reserves of oil, gas, coal, iron, or gold, or the reserves of any other precious resource. Through their risk taking, broadcasters are creating a valuable resource that otherwise would be nothing but vacant ether.

As the issues of today, such as spectrum fees and the Social Compact, are reexamined, I believe it would be prudent to recall the early history of the development of television, the business risks assumed by those early entrants and the public service they provided that led to making television so successful.

It has been a fun forty-seven years, and I think it should be clear to everyone that television is here to stay.

