Mr. BROOKS. If they ran every 2 years like I do, the real opportunity to lose that license would upgrade, perhaps, their devotion to duty.

Mr. HYDE. Well, they are under continuing public inspection and examination. We do try to——

Mr. BROOKS. What can the public do about them actually? Turn them off like the telephone service—you get mad at the telephone company and you tell them to take it out. Where do you go from there?

Mr. HYDE. Unlike the telephone service, this is a competitive industry and as a matter of fact there are many choices of program material in most every community and this gives the public an opportunity to tune into a different program, and their influence is felt.

There are some very significant policy statements by the Commission and with your permission I would supply that to you.

(The information to be supplied follows. More detailed materials have been submitted for the subcommittee files.)

CRITERIA USED IN EVALUATING APPLICATIONS FOR NEW STATIONS

1. Parties seeking to become licensees of broadcast stations must show that they are legally, financially and otherwise qualified to become licensees and that their proposed programing will serve the needs and interests of their service area.

2. The Commission first determines whether an applicant is legally and otherwise qualified, e.g., in the case of an individual, whether he is an adult citizen of the United States, whether he has been convicted of a serious crime or a violation of law which bears on his character qualifications; in the case of a partnership or corporate applicant, the applicant's ability to do business in the proposed locale, whether it has a record of law violations which bears on its qualifications to be a licensee. If the applicant is already the licensee of an existing station, the Commission examines his record to see if his operation has met Commission standards. The nature of the ownership and control of the applicant must also be examined to establish compliance with the Commission's multiple ownership rules. 47 CFR 73.35, 47 CFR 73.240 and 47 CFR 73.636.

3. All applicants must establish that they have sufficient funds available to construct and operate the proposed station for 1 year without revenue. In the event they cannot show sufficient funds to absorb a year's operating costs without reliance on expected revenue, they are given the opportunity of proving that adequate revenue is available.

4. The selection of FM and TV frequencies is governed by a table of assignments which tells applicants which channels can be used in a given locale. Since there is no table for AM radio, the applicant must search for a frequency on which to operate without causing or receiving interference to an extent defined by the Commission's rules.[1]

CRITERIA USED IN EVALUATING RENEWAL APPLICATIONS

5. An examination of the station's financial situation is made at the time its renewal application is filed for the purpose of determining whether the applicant is financially able to continue the operation of the station.

6. Prior to renewal time the technical operation of a cross section of the stations is inspected by the Commission's Field Engineering Bureau. Where the inspection discloses operation contrary to the requirements of the Commission's rules, notices of the violation are sent to the licensee and he is required to take the necessary corrective action without delay. In addition each licensee must submit at renewal time its transmitter logs for a composite week. Where the logs reflect that the technical operation of the station is substandard or is not in accordance with the terms of the license, the license is not renewed until compliance is achieved. Continued failure to meet technical standards will result in a hearing on the renewal application.

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[1] The criteria used in evaluating programing and commercial proposals are discussed under the processing of renewal applications.