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# The Murky Origins of the BBC



A view of the British Broadcasting Corporation (BBC) Headquarters in London, United Kingdom on July 14, 2023

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# Chaos of the Ether

## Or “The Second Marconi Scandal”: On the origins of the BBC

I have previously discussed the role of the press and broadcast media in undermining peace in the years preceding the British declaration of war against Hitler’s Germany. My research led me to examine the origins of the British Broadcasting Corporation, which I found to be closely related to the forming of the Radio Corporation of America (owner of the National Broadcasting Company) and the Columbia Broadcasting System, long-dominant and first two broadcasting corporations in the USA.

The role of the small Jewish minorities in the USA and Britain in the forming of each of these corporations, and in ownership and management of major media organisations ever since, has been of historic importance. By the late 1930s, the BBC, NBC and CBS were all actively assisting the forces aiming at war with Germany. In the cases of both Britain and America, the first two decades of what came to be called public broadcasting set the trend for the relationship between the media, the public, and the state that exists now.

### **Marconi and Isaacs**

The BBC was intentionally founded as a broadcasting monopoly reliant on technology patented by Marconi’s Wireless Telegraph Company. The BBC’s founders followed the example of Guglielmo Marconi himself. According to James Crowther, Marconi *“aimed from the first at a monopoly of wireless”, following “his first patent, the first in wireless, with every possible patent of each conceivable improvement”, trying to “establish an impregnable defensive*

*position”* around his innovations. [1](#) His family wealth and connections *“helped him to secure financial support for founding the first wireless company in 1897”*. [2](#) An American subsidiary followed.

The Marconi Company produced a series of innovations but was of limited financial success under Marconi’s management. [3](#) Looking to delegate so as to focus on research, in 1909 Marconi was recommended *“a very young but fairly experienced businessman”*, Godfrey Isaacs, by whom he was impressed, *“chiefly because of [Isaacs’] City connections, and his influence with finance houses in London and Europe”*. After a trial period, Isaacs became Marconi’s managing director. [4](#) In March the following year, his brother Rufus, Liberal MP for Reading, became Solicitor-General in the government of Herbert Asquith, and in October the same year became Attorney-General and the second professing Jew in a British cabinet. [5](#)



***Marconi and Godfrey Isaacs***

Godfrey Isaacs *“set out first to consolidate the Company’s hold on*

*the key wireless patents. Then he sought to increase turnover by offering new technical services, by using aggressive salesmanship to capture business from rivals in established markets, and by building up the financial interest of the parent company in associate companies abroad*". [6](#) Guglielmo Marconi had lobbied the British government to adopt his *"imperial wireless chain"* project, which would create a vast state monopoly with his firm as the sole supplier. Largely due to the persistence of the new managing director and his *"vague threats about the possibility of selling the Marconi system to Germany if the British government was not interested"*, the government took the proposal with increasing seriousness, eventually contracting Marconi as the construction supplier — less than the full monopoly sought but a lucrative and prestigious contract. [7](#)

In March 1912, *"having virtually concluded the dealings with the English government"*, Isaacs and Marconi travelled to New York, *"ostensibly for a legal action against the American Marconi Company's chief rival, the United Wireless Company of America, over a question of patent infringements"*. United Wireless was in a perilous state due to corruption and mismanagement and the Marconi action aimed to *"eliminate their rival"* before new owners could revive it and *"obtain the assets"* of the company; in order to benefit by making use of the newly-acquired assets, Marconi needed to increase its working capital by issuing new shares. *"The directors of American Marconi insisted that, before they would agree to the increase in capital, the English company should guarantee the 'whole amount to be subscribed'."* [8](#)

The assets were acquired successfully. The parent company's aggressive attempts to enact the guarantee, and the coincidence of the RMS *Titanic* disaster in April, which caused a surge of demand for Marconi's ship-to-shore communication devices, led to the infamous Marconi Scandal of that year; Godfrey and Rufus Isaacs, with their brother Harry, along with the Chancellor of the Exchequer, David

Lloyd George, and a senior government whip, Alexander Murray, were accused of insider trading, though were not found by Parliament to have done wrong. [9,10](#) The Postmaster-General, Herbert Samuel (born Eliezer ben Pinchas Shmuel), the first professing Jew in a British cabinet, was accused of favourable treatment of Marconi's imperial wireless project. [11](#)



***Herbert Samuel***

## **David Sarnoff and RCA**

The career of David Sarnoff, a Jewish immigrant to the US from a village near Minsk, began at the American Marconi Company. Sarnoff appears to have excelled as a wireless operator when wireless technology was primarily used for shipping communication. Guglielmo Marconi had expected his own innovations to result in 'wireless telephony' between two individual parties. According to Ronald Coase, in about November 1916 Sarnoff wrote to Isaacs envisaging "*the possibility of a broadcasting service*", wherein sound would be transmitted openly to all those with the ability to receive and listen to it. [12](#)

Sarnoff, at the age of 25, had in the US already become a *“spokesman for the industry, in his capacity as secretary of the Institute of Radio Engineers”*. [13](#) When the USA declared war on Germany in April 1917, the government *“took control of all high-powered radiotelegraphy stations, including those of the Marconi Company”*. [14](#) By the end of 1919, the government, especially the Department of the Navy and the protectionist element in Congress, compelled American Marconi to yield its assets to the new Radio Corporation of America, which, according to Eugene Lyons, was *“the old American Marconi Company in a revised corporate form, with major ownership and dominant control vested in General Electric”*. RCA’s articles of incorporation obviated foreign control. [15](#) Owen Young, the first chairman of RCA, was a senior executive at General Electric, which was firmly aligned with the business and political interests centred upon J P Morgan. [16](#)

David Sarnoff began at RCA as the commercial manager, but with great influence over the whole company. As Eugene Lyons describes:

*“At the time RCA was born, research engineers ... were concentrating on a transmitter for radiotelephony. Point-to-point communication still seemed the essence of the challenge. Almost at once Sarnoff began to press them to switch priorities, to concentrate their energies on apparatus for household reception and transmission geared to the same purpose.”* [17](#)

Sarnoff’s intention of bringing about a broadcasting service required the ‘pooling’ of patents held by RCA with those of other, potentially rival, firms. As Lyons says,

*“Young’s business acumen solved the problem by drawing Westinghouse into the GE-RCA pool. Through an agreement that became effective in mid-1921, the Westinghouse*



*storehouse of radio patents and licenses became accessible to GE and RCA. In return, Westinghouse won a 40 percent share in all manufacturing for RCA, with GE retaining 60 percent for itself.”*

United Fruit also owned some important wireless patents and joined the ‘Radio Group’ patent pool. [18](#)



***David Sarnoff***

Sarnoff’s long-term strategy consisted of gathering and leveraging patents and excluding most, or if possible, all rivals from being able to compete; thus, though RCA separated from Marconi, both companies were led by men driving at very similar cartelist or monopolist strategies relying on Marconi’s patent power. [19](#) Historians, especially Lyons, portray Sarnoff as a public-spirited visionary, but even the most laudatory accounts clearly show that he resembled a baron ruling a fief, and was as willing to deprive the

public of the benefits of innovation as he was to deliver them. [20](#)

## Chaos of the ether

The American government and its favoured business partners had effectively nationalised wireless technology to an extent sufficient for the needs of the navy. The private, small-scale use of the same technology was of doubtful legality but had occurred sporadically in both the US and UK after it became possible. The US Secretary of Commerce from March, 1921, Herbert Hoover, a 'co-operationist' (between the government and the largest businesses), issued a hopeful decree: *"There were ... an estimated 14,000 amateur radio operators and in January 1922 the Department of Commerce ordered them to stop sending signals[.]"* [21](#) He had already attempted unsuccessfully to deprive small companies of radio licences, but for his purposes the Radio Act of 1912 had been found wanting. Thus *"Hoover called his first radio conference in Washington DC from 27 February to 2 March 1922 to ask for industry advice on regulation."* [22](#) David Sarnoff had by then already been a leading 'industry adviser' for the best part of a decade and was an advocate for the interests of RCA, which were then largely in manufacturing and selling wireless equipment.

In Britain, according to Asa Briggs, *"[d]uring the first years of broadcasting experience it was not distaste for American advertising which influenced the first British critics of American broadcasting, but alarm at the 'chaos of the ether' in the United States."* [23](#) That alarm was carried across the Atlantic by F. J. Brown, the British Post Office's Assistant Secretary, who attended the conference in February 1922 and transcribed a speech by Hoover. Hoover argued for broadcasting to be distinctly more restricted and centralised than the press and raised the threat of *"material of public interest"* being *"drowned in advertising chatter"*, though he *"did not say that it was already happening. ... The conference recommended an outright ban on 'direct' advertising citing a shortage of wavelengths; a decision Brown would highlight upon his return to London."* [24](#)



As Ian McIntyre says, in Britain “...*the Wireless Telegraphy Act of 1904 vested the power to license all transmitters and receivers in the Post Office*”; the Post Office was not yet licencing any transmission other than occasional experiments. [25](#) The BBC-approved historian Briggs treats Brown’s portrayal as accurate:

*“The multiplicity of radio stations and the scarcity of wavelengths led to interference and overlapping, ‘a jumble of signals’ and a ‘blasting and blanketing of rival programmes’. Even in America itself, despite its tradition of free enterprise, there was pressure for government ‘policing of the ether’. The government’s powers... were quite inadequate to control the new medium. A few Americans were even tempted to look with approval on the British Post Office.”* [26](#)

Yet, according to David Prosser, who attends more closely to the details,

*“ ‘...so-called interference by amateur radio operators was exaggerated’. The real problem was that early radio transmitters could not adhere to a wavelength with any degree of accuracy and receivers similarly tended to drift.”* [27](#)

Interference among stations appears to have been imaginary at the time Brown reported back. *“Reports of actual interference between stations would not appear until October (by which time negotiations to establish the BBC were concluded), and then only on one occasion in New York.”* [28](#) Brown himself reported hearing radio in America *without* interference. *“That Brown was ‘certain’ stations interfered with one another, yet what he heard was ‘quite clear’, remains a puzzle. Pressed on this question in later evidence to a parliamentary committee, Brown admitted ‘chaos’ may have been an exaggeration but ‘experts’ had assured him ‘there was a good deal’.”* [29](#)

The 'chaos of the ether' was less an empirical statement than an implicitly normative one based on growing opposition among businessmen and politicians to competition; the "*tradition of free enterprise*" mentioned by Briggs had already been partially supplanted by 'progressive', cartelist 'co-operation' from Morgan, Rockefeller, Kuhn, Loeb and other major business interests and politicians since at least the turn of the century. [30](#) To allow a market in broadcasting would go against their wishes. Additionally, from the start, the manufacturers of wireless equipment were important military contractors. The broadcasting operations established on either side of the Atlantic became seen as strategic assets by the state, as became especially evident in the Second World War.

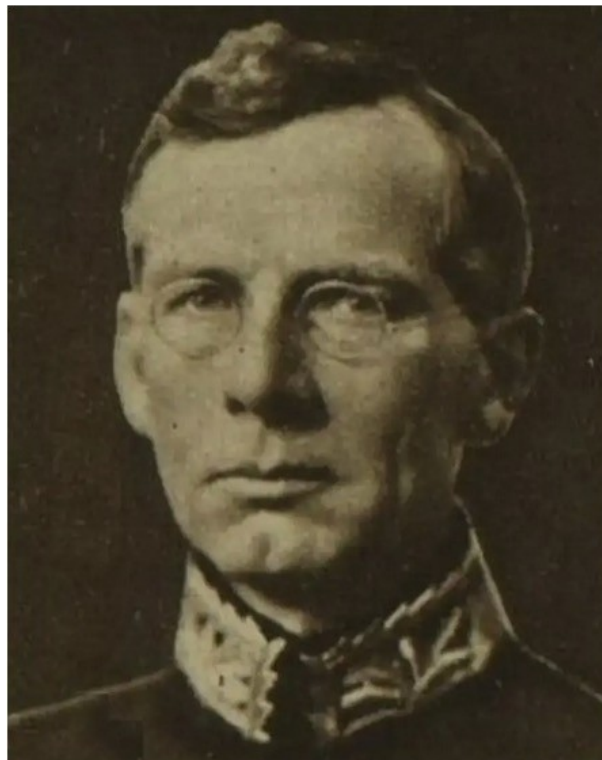
### **Difficulty of selection**

According to Prosser, when Brown returned to London, he found that "*the Postmaster General faced mounting pressure from manufacturers and amateur enthusiasts to allow regular broadcasting. ... By April, twenty-four firms had applied for transmitting licences*". Brown anonymously briefed *The Times*, saying that "*...wireless has become a 'perfect craze' with 'a great deal of mutual interference between stations ... [that] the [U.S.] Government has had to appoint a committee with a view to imposing restrictions'*." [31](#)

Brown's selective reporting helped make the case for a highly restrictive application of the broadcasting laws in Britain, the likes of which Hoover wanted for the USA but was at that time unable to secure. Briggs attributes to Brown's advice an answer by his superior, the Postmaster-General, Frederick Kellaway, in Parliament in April 1922.

Kellaway asserted that "*a large number of firms broadcasting ... would result only in a sort of chaos*" which would compel him "*to lay down very drastic regulations indeed for the control of wireless*

*broadcasting”, which, nevertheless, Kellaway said was “what we are now doing at the beginning”. [32](#) The deception succeeded. “Within three weeks, the Wireless Sub-committee agreed that broadcasting should be allowed between the wavelengths 350-425 metres from 5 PM – 11 PM weekdays and all day on Sundays and the decision was made that advertising should be prohibited.” [33](#) “[N]ews not previously published in the Press” would “be banned”. [34](#) Most aspiring broadcasters were ruled out. “In early May, Kellaway announced that a ‘limited number of radio telephone broadcasting stations’ were to be permitted, but this time added that only ‘bona fide manufacturers of wireless apparatus’ were invited to... ‘cooperate’,”, a euphemism for forming a cartel. Kellaway stated that, faced with “the difficulty of selection” among applicants, limiting the number of providers was necessary. [35](#) Thus, in the first place, “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.”[36](#)*



**Frederick Kellaway**

Kellaway stated that he wanted “*no danger of monopoly*”; Prosser says this was an allusion to “*Marconi’s market dominance*”. [37](#) A statement from Godfrey Isaacs in April had implied that he expected or intended that Marconi would be granted sole control of broadcasting, probably because of its patents. [38](#) This did not eventuate, but at any rate, as Ronald Coase says, “*the manufacturers’ main interest was not in the operation of a broadcasting service but in the sale of receiving sets*” [39](#) The scheme soon to be agreed on and approved by the Post Office would oblige the public to buy from an approved list of suppliers. As McIntyre says, “*[t]he origins of British broadcasting ... were almost purely commercial*” in that the manufacturers’ profits were a priority.[40](#)

## **Formation of the company**

The Marconi company was ideally positioned to be the prime beneficiary of the Post Office’s scheme. Isaacs, more than anyone else, also determined what the scheme would be at a meeting of the ‘Big Six’ manufacturers in May 1922. A written account of the meeting was only discovered or revealed in 2018 and, according to Prosser, “[a]lthough the meeting was chaired by Sir Evelyn Murray, the Secretary of the Post Office, it is Godfrey Isaacs, the managing director of Marconi, who emerges from the pages of this transcript as the dominant force in the room.” [41](#)



**Godfrey Isaacs**

Contrary to myths prevailing before the transcript was discovered, the Post Office *“was prepared to issue multiple licences”*, or at least to allow discussion along such lines, and *“Metropolitan Vickers, the Manchester-based company formed out of British Westinghouse and still associated with its American former owner, resisted the idea of a single provider and called for competition”*. [42](#) *‘Met-Vick’, “along with the Radio Communication Company ... and the Western Electric Company ... constituted the nucleus of a possible ‘second group’.”* The ‘first group’ comprised Marconi, the General Electric Company [plc](#) (unrelated to the US firm of similar name), and British Thomson-Houston. As Briggs says:

*“There were definite business links between the Marconi Company, GEC, and BTH. The Marconi Company and GEC jointly owned a valve-manufacturing company, while BTH, linked with the American General Electric Company, had a common interest with the Marconi Company through the Radio Corporation of America and a patent-sharing agreement.”* [43](#)

The Marconi group had the trump card. *“Isaacs made clear that he didn’t believe a ‘transmitting station can be erected to work efficiently’ without using Marconi patented technology, which he would only make available to a single scheme.”* [44](#) The strongest concurrence to Isaacs’ view came from Hugo Hirst (born Hugo Hirsch), chairman of GEC, which he had co-founded with his fellow Jewish immigrant from Germany, Gustav Binswanger. [45](#) After strenuously protesting, Metropolitan Vickers, the last resisters, *“[fell] into line behind a single scheme”* in June.[46](#)

Isaacs also successfully demanded a licence fee scheme that would guarantee revenue for the manufacturers. Thus *“[w]hat emerged was a single broadcaster operating at arms-length from the Post Office providing a ‘public service’ with national content shared between regional stations, funded by a licence fee with advertising*

*prohibited.*" [47](#) Historian of the Marconi company Tim Wander credits Isaacs with "*deftly negotiat[ing] a coming together of the disparate wireless-producing companies ... in order to create the new British Broadcasting Company*" and lauds him as "[t]he man who made the BBC". [48](#)

## John Reith

Isaacs' importance in the founding of the BBC only began to be publicised after the meeting transcripts emerged in 2018. Until then, historians appear to have universally attributed its creation and its ethos to the Post Office and then to John Reith, the company's first general manager. [49](#) Reith's appointment was, in fact, a further manifestation of the power of the patent-rich 'first group' at the May meeting: Marconi led by Isaacs, GEC led by Hirsch and British Thomson-Houston acting for the American Morgan-controlled General Electric, part-owner and partner of David Sarnoff's RCA. Contrary to myth (and the BBC's own website), it was Sarnoff, not Reith, who first declared that the mission of public broadcasters was to "*inform, educate and entertain*".

Reith, responding to an advertisement, applied to become general manager of the new Company (the British Broadcasting *Corporation* came later) in October 1922, with the Company due to begin operating at the start of 1923. Though he appears to have had little involvement in politics before this time, he had spent some of the previous months as an *aide-de-camp* to William Bull MP, a Tory supporter of Austen Chamberlain (brother of Neville and son of Joseph), who was, at that time, working for a continuation of the existing coalition government under David Lloyd George, Liberal Prime Minister since 1916. Between applying for the BBC job and being interviewed, Reith was introduced privately to Lloyd George. [50](#) The coalition lost power in the election of November.

Reith appears to have been chosen for the job *before* his interview in



December. According to Asa Briggs:

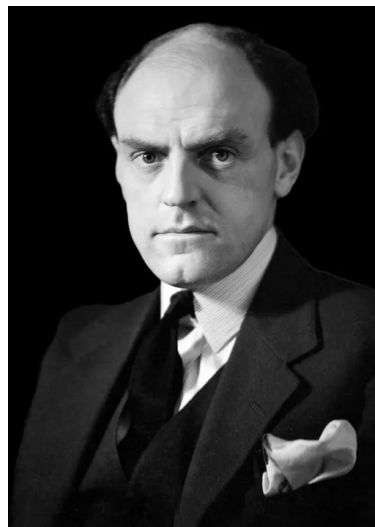
*“... unfortunately there are no surviving records in the BBC archives or elsewhere of what was happening behind the scenes. There is not even a surviving short list of the six people seriously considered for what was to be a strategic post in British twentieth-century history.”*

Kellaway was said to have been considered but “moved instead after the Coalition Government’s defeat to the more lucrative post of Managing Director of the Marconi Company.” [51](#) When Isaacs died in 1925, Kellaway replaced him as Marconi’s member of the BBC board.

Reith was interviewed by his former employer, William Bull MP, who was a director of the British branch of Siemens, and William Noble, a director at Hirsch’s GEC. According to Ian McIntyre,

*“Noble greeted him ‘with the cordiality of an old friend’. The previous night, Reith had ‘put all before God’, but that was the limit of his preparation:*

*“ ‘They didn’t ask me many questions and some they did I didn’t know the meaning of. The fact is I hadn’t the remotest idea as to what broadcasting was. I hadn’t troubled to find out. If I had tried I should probably have found difficulty in discovering anyone who knew.’ ”* [52](#)



**John Reith**

As Briggs says, Reith was “ignorant of broadcasting”. [53](#) He continues:

*“The following day Noble, who at the end of the interview ‘almost winked as if to say it was all right’, telephoned Reith to tell him that the Board was unanimous in offering him the post. Reith had asked for a salary of £2,000, but Isaacs insisted on seeing Reith before he would agree even to a lower figure of £1,750. At this second interview, when the dominating figure in the talks leading up to the incorporation of the BBC met for the first time the man who was to be the dominating figure in the events which followed its foundation, all went off well and Reith was approved. In his formal letter of acceptance he noted that the General Manager would ‘have the full control of the company and its staff’, and would be ‘responsible to the Directors’.” [54](#)*

According to Tim Wu, “...his selection was something of a mystery, even to him”. [55](#) Reith attributed it to the divine:

*“He believed that he was called to the BBC not by Bull or Noble (who chaired the committee which interviewed him) but by Providence. ‘I am properly grateful to God for His goodness in this matter’, he wrote in his diary.” [56](#)*

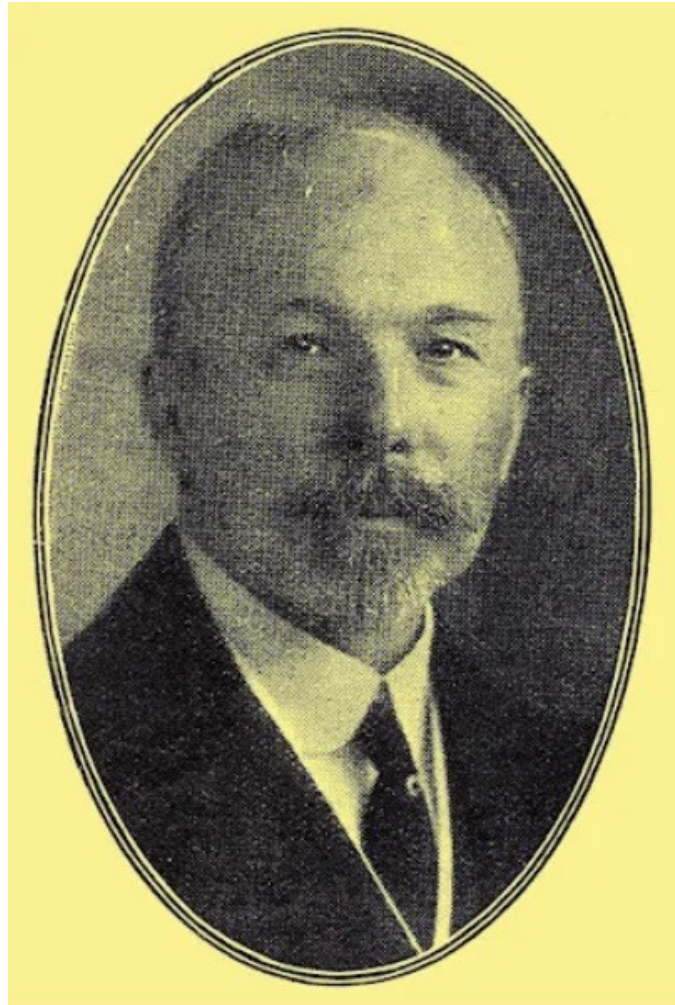
With due respect to Providence, there are reasons to suspect that Reith’s appointment owed to more material factors, specifically the interests of GEC, BHT and Marconi and their directors. [57](#) Reith certainly accorded closely with those interests. Better still for them, he added to the covetous demands of the Company’s directors for safe and protected revenues his own arguments for the BBC in ‘high’ terms of quality and public service. He and the board, with Isaacs and Noble foremost, also intoned the myths Brown had brought across the ocean and devised their own. [58, 59](#)

## Robbery

The BBC board made no secret of its desire to force higher prices on listeners. In the autumn of 1922, soon after the BBC was announced and before it began operating, firms began to import radio components and market them partly assembled with instructions for completion. They *“could thereby avoid buying the more expensive British-made sets which bore the BBC mark”* and *“avoided the necessity of paying royalty to the BBC on the purchase price of the apparatus—they might even evade paying royalty to the Marconi Company”*.

Briggs’ particular mention of Marconi suggests that they received royalties that even the other big manufacturers did not. As *“the market was flooded with foreign-made parts ... the revenue of the BBC both from royalties and licences was far smaller than had been anticipated when the Big Six went into combination. The estimated 200,000 licence-holders were proving extremely difficult to recruit.”*<sup>60</sup> The BBC board issued a statement castigating *“importers”* who were *“prepared to reap where others have sown”*, and who would *“rob the British radio industry of its protection and ... jeopardize good standards of broadcasting”*.<sup>61</sup>

The board simultaneously asserted that *“[t]he initiative which had led to the formation of the BBC had come from the Post Office”*. William Noble, speaking at the Sykes Committee in Parliament in 1923, asserted that *“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.”*<sup>62</sup> Nobody knew better than the authors of these statements that they inverted the truth.<sup>63</sup> As we have seen, the Post Office was prepared to issue multiple licences while Marconi’s patent power enabled Isaacs to ensure that there would be only one.



***William Noble***

### **“Sportsmanship”**

After Kellaway joined Marconi, less than two months after leaving his position as Postmaster-General, his successors were reluctant to enforce the BBC’s demands, contrary to Noble’s claim that the scheme was “*the desire*” of the Post Office. As the licence fee was the means by which listeners were compelled to buy equipment from the member companies of the BBC, the board lobbied for its enforcement. They complained in a meeting with Brown in January 1923 that no prosecutions were being made and that “*police action was necessary*”. [64](#) Neville Chamberlain, the Postmaster-General until March, was “*entirely unhelpful*” and “*scoffed*” at the idea of enforcement when Reith and Noble lobbied him informally in

February. [65](#) Chamberlain's successor, William Joynson-Hicks, was even less congenial at first.

In Parliament, William Bull repeated Noble's assertion that Isaacs and Hirsch's scheme had been the Post Office's idea. Joynson-Hicks appears to have known better, referring to the negotiations of the previous year, and attributed the agreement to Kellaway personally; Kellaway, writing in *The Times*, threw the potato to Chamberlain who threw it back, and Kellaway dissembled to evade attribution for a scheme he had carefully framed as Postmaster-General and of which he was, by then as a director of Marconi, a leading beneficiary. [66,67](#)



### ***Hunting for pirates***

Joynson-Hicks, struggling to adjudicate, had a committee appointed with Frederick Sykes, son-in-law of the Prime Minister, Andrew Bonar Law, in the chair. It began hearings in May, on which sat John Reith and to which the BBC board and Reith argued that *“it was ‘one of the fundamental essentials of the Agreement’ that there should be no evasion”* and that *“the only satisfactory way of preventing evasion was to prosecute people who did not possess wireless*



*licences*". Detection was often possible thanks to the "*prominent outdoor aerials*". In Briggs' words, "*Although it might have been difficult to prosecute all offenders, the psychological and moral effect of prosecuting a few known offenders would have been very great.*" [68](#)

By the time the committee reported, another new Postmaster-General, Laming Worthington-Evans, had been won over by Reith in private and the licence fee began to be enforced in earnest. "*Post Office motor vans*" were sent out "*not to detect but to intimidate*" the "*scroungers*", "*eavesdroppers*" and "*pirates*" who showed a dearth of "*sportsmanship*" by using equipment lacking the required BBC marque. [69](#) The public began to be habituated to obey the broadcasting monopoly and its directors.



***Get one. Or get done.***

## **Press and advertising ban**

While the Post Office granted royalty rights, protection and licence enforcement to selected radio manufacturers, it also helped secure the revenue of the major newspapers. The BBC was prohibited from



broadcasting *“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’.”* [70](#) The intention was to ensure that the BBC could not make newspapers obsolete. The ban on advertising on the BBC worked to the same effect.

The BBC’s monopoly on broadcasting obviated the threat of commercial radio stations competing with the newspapers for advertising space. No wonder, then, that the Newspaper Proprietors’ Association under Harry Levy-Lawson, the first Viscount Burnham and owner of the *Daily Telegraph*, who sat on the Sykes Committee, *“thought that newspapers had nothing to fear from broadcasting”* and supported a single broadcasting authority. [71](#)

The leading newspapers benefited from the existence of the BBC long after its formation. From 1929, commercial stations based in continental Europe began to gain the use of relay stations in Britain, a combination which *“could break the BBC’s monopoly with the ordinary British listener”*. As Briggs notes:

*“Two conceptions of broadcasting... — public service broadcasting by a public corporation — the other, commercial broadcasting ... were in danger of clashing ... . In the conflict of conceptions the BBC had the full support of the press, which sent deputations on its own account to the Post Office to protest against foreign commercial broadcasts. It also agreed through the Newspaper Proprietors’ Association and the Newspaper Society that newspapers would not make use of foreign stations for advertising or publicity purposes.”* [72](#)

Thus, the BBC’s monopoly, granted by Parliament, was a pretext for the prohibition of commercial broadcasting which would have

competed with the press for advertisers, the press, or at least the largest and most organised section thereof, lobbied to maintain it even as the BBC gradually eroded the founding restrictions on its own news operations. [73](#)

## Royalties

Reith's advocacy for the BBC in its earliest and most commercial phase secured for the wireless cartel most of the profits available in broadcasting's most rapid period of growth. These came from royalties on devices sold and a share of each licence fee paid. As McIntyre says, the BBC board "*saw the royalty system as 'the cardinal principle on which broadcasting was established' "*, i.e., as "*the bulwark that protected the manufacturers against competition from foreign sets and components*".

In June 1923, fortunate to deal with the new, sympathetic Postmaster-General, Reith secured an extension of the royalties and a higher share of revenue from each licence fee paid. The agreement with the Post Office caused the number of licences issued to rise from 180,000 at the start of October 1923 to 414,000 just ten days later and more than 1.1 million by the end of 1924. [74](#) In October 1923:

*"Godfrey Isaacs, by far the toughest of the members of the Board, made a special telephone call to Reith congratulating him and telling him that he could not find adequate words to express his admiration. Reith was surprised, for Isaacs was usually 'so undemonstrative'."* [75](#)

As we have seen, the "main interest of the manufacturers was not in broadcasting" but rather in selling receiver sets. [76](#) Reith appears to have delivered receiver sales far beyond their expectations.

He also presented the BBC to Parliament and the public in a better light than they could have done themselves. Reith's own interest,

beside pleasing his directors, *was* increasingly in broadcasting as such, and he had, according to his own precepts, higher ambitions for it.

According to Briggs:

*“In retrospect the company shell in which broadcasting was so successfully developed between 1922 and 1926 appears at best as temporary, something to be discarded when the organization grew and when the radio industry had ceased to have a compelling motive for continuing to sponsor broadcasting.”* [77](#)

That motive diminished as the increase of receiver sales passed its steepest phase. Reith’s ambitions grew, and by his own description he acted more and more on a *“high conception of the inherent possibilities of the service”*. [78](#)

## **Beneficiaries**

Until 2018, historians typically credited the founding of the BBC to that “high conception” and to Reith personally. [79](#) The role of Godfrey Isaacs was only partially known and was generally condoned. In light of the transcript of the May 1922 meeting, it became clear that Isaacs, primarily supported by Hirsch and armed with essential patents, effectively presented the market and the state with a choice between a manufacturers’ cartel and a continuing prohibition on broadcasting, a field in which other countries were rapidly advancing. Directors of Marconi and GEC then falsely asserted that the advantageous scheme had been pressed upon them by the Post Office.

In fact the Post Office under Frederick Kellaway acted as though it had been bought. Kellaway professed openness to multiple broadcasters in 1922 but assisted in fulfilling Isaacs’ demands. Before the meetings of the Big Six, Kellaway refused requests for permission

from any other prospective broadcasters. At the meetings, though alternatives were discussed freely, Marconi's control of essential patents predictably ensured that Isaacs' scheme prevailed.

The best outcome for Marconi was one in which sales as a manufacturer were guaranteed; that is what Kellaway and Isaacs' actions delivered as if by design. Within two months of leaving his post, Marconi rewarded Kellaway with a directorship; a month later he speciously attributed the creation of the cartel to his successor, Neville Chamberlain.

How fortunate it was for Kellaway and his new employer that his then-assistant F. J. Brown brought back from America just the right misinformation to forestall the emergence of 'chaos', i.e., an open market. Though the manufacturer's cartel lasted only five years, and in its most lucrative form only for two, those were the plum years. [80](#) Marconi, GEC and the other founding companies appear to have had little complaint when the BBC became a 'public corporation' in 1927. [81](#) GEC went on to become one of the biggest companies in Britain and, under its managing director Arnold Weinstock, acquired Metropolitan-Vickers and British Thomson-Houston in 1967 and Marconi in 1968. [82](#)

A diligent investigator of what could be called the second Marconi scandal would inspect afresh the affairs of one of the suspected would-be beneficiaries of the first, the Prime Minister, David Lloyd George. Kellaway's proposals for prohibiting advertising and imposing a licence fee were initiated by Sir Henry Norman, Chairman of the Wireless Sub-Committee of the Imperial Communications Committee and an old ally of Lloyd George. [83](#) John Reith's first appointment at the BBC, his secretary, was Miss F. I. Shields who had been recommended to him by Frances Stevenson, the secretary, lover and later second wife of David Lloyd George. [84](#) Recall that Reith met Lloyd George two months earlier between applying for the BBC job and his cursory interview.

The BBC's relationship with the press through the 1920s was negotiated at a joint committee presided over by Lord Riddell, a long-standing friend and benefactor of Lloyd George; it was under Lloyd George's premiership that Levy-Lawson had been made Viscount Burnham by the latter's friend, King George V. [85](#) Levy-Lawson's father Edward, the first Baron Burnham, had been a rare member of [King Edward VII's 'Jewish court'](#) who continued in royal favour after the "cosmopolitan king's" death. Baron Burnham's father, Joseph Levy, owned the *Daily Telegraph* at the time of the 1881-82 riots in the Russian Empire; the paper echoed the [alarmist reporting](#) of the *Jewish World* and *The Times*, helping sway British public opinion in favour of accepting tens of thousands of Jewish 'refugees'.



***David Lloyd George and Arthur Balfour***

Lloyd George had much in common with his ally of several decades Winston Churchill, including wanton spending and personal dependence on favours and gifts. Like Churchill, Lloyd George was a friend and comrade of wealthy and powerful Jews, including the Isaacs brothers, Herbert Samuel, Chaim Weizmann and others, and

like Churchill could generally be relied upon to side with Jews, especially Zionists, in all matters. He secured British control over Palestine at the Versailles conference in 1919. And in the following year, he appointed Herbert Samuel as the first High Commissioner of the British administration there.

Churchill became the Colonial Secretary in 1921, and in 1922 issued his famous white paper on Palestine calling for the greatest possible increase in the Jewish population. Churchill became more explicit in the 1930s about his intention to make Jews the majority. In 1923, Pinhas Rutenberg founded the Palestine Electric Corporation with Rufus Isaacs as a director; the Corporation was a joint venture between Rutenberg, the British state, the British element of the World Zionist Organisation, the aforementioned American General Electric and others. The senior Liberal peer Alfred Mond, the first Baron Melchett, later a founding member of the [Focus](#) along with Churchill and Lloyd George, was another director.

The BBC broadcast *“a tribute on 11 April 1931 by Sir Herbert Samuel and Chaim Weizmann, who spoke at a dinner in honour of Lloyd George in recognition of his services to the ‘Jewish people’.”*

[86](#) Weizmann credited Lloyd George with co-initiating the Balfour Declaration. [87](#)

Isaacs, Hirsch, Kellaway and Reith got what they wanted; Britain was saddled with a state broadcaster which, ever since, has worked to indoctrinate and discipline the public. The BBC today avows an [anti-White ideology](#) and pacifies the public in favour of [foreign rapists of British children](#). It avoids the need for revenue from external advertisers (though it advertises [favoured books gratis](#)).

A century after the original agreement with the Post Office, the BBC is spared from having to satisfy customers, instead drawing upon the sordid racket referred to as the licence fee, which entails thousands of ordinary Britons being fined and imprisoned every year for their



lack of “sportsmanship”. Still, its supporters can remind us of the corporation’s benevolence in sparing Britain from “the chaos of the ether”.

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## Footnotes:

[1](#) *Six Great Inventors (3rd ed.)*, James Crowther, 1960, p138

[2](#) *The Marconi Scandal and Related Aspects of British Anti-Semitism, 1911-1914*, Kenneth Lunn, 1978, p1

[3](#) Lunn, p2

[4](#) Lunn, p3

[5](#) The ability of Jews to sit in Parliament owed to [the lobbying of Lionel de Rothschild](#) in the previous century. Lionel’s friend Benjamin Disraeli was of Jewish ancestry but professed Christianity.

[6](#) *Marconi*, W P Jolly, 1972, p190

[7](#) Lunn, p222

[8](#) Lunn, p4-5

[9](#) *David Sarnoff*, Eugene Lyons, 1966, p60. Also see Lunn, p4-5. Eugene Lyons, a biographer of Sarnoff, was also a Jewish immigrant from the same village and was Sarnoff’s junior by seven years.

[10](#) “[GK] Chesterton... made much of the fact that Godfrey Isaacs had been at the head of or implicated in no less than twenty bankrupted companies, and someone with a sandwich board with words to this effect had wandered up and down the street outside Godfrey’s office.” <https://counter-currents.com/2016/03/the-marconi-scandal/>

[11](#) We mention five different Postmaster-Generals in this essay; it was a vital position in relation to telecommunications.

[12](#) Coase adds “doubtless the same idea had occurred to others.” *The Origin of the Monopoly of Broadcasting in Great Britain*, Ronald Coase, *Economica (New Series)*, Volume 14, Number 55, August 1947, p190.

[13](#) Lyons, p75

[14](#) Lyons, p76

[15](#) Lyons, p80-4

[16](#) J P Morgan, son of the famous financier of the same name, had influenced

the US in favour of joining the Great War on Britain's side and profited enormously from the outcome. Morgan partners, and Morgan senior himself, had since the start of the century been leading advocates of 'progressivism', 'preparedness' for war and 'elasticity' in money.

[17](#) Lyons, p97

[18](#) Lyons, p94-5. "All manufacturing was to be done by GE, all marketing and communications services rested with RCA. By means of a cross-licensing arrangement, each organization had full access to wireless patents held by the other. Not a word was said, forthrightly, about broadcasting; even at the end of 1919 its business potential was underrated or ignored—except by the commercial manager." Lyons, p84

[19](#) Sarnoff became president of RCA in 1929.

[20](#) To be discussed in a future article.

[21](#) *Marconi Proposes*, David Prosser, *Media History*, Volume 25, Number 3, p5

[22](#) Prosser, p3

[23](#) *The Birth of Broadcasting*, Asa Briggs, 1961, p64

[24](#) According to Hoover, "...the wireless has one definite field, and that is for the spread of certain pre-determined material of public interest from central stations. This material must be limited to news, to education, to entertainment, and the communication of such commercial matters as are of importance to large groups of the community at the same time. It is, therefore, primarily a question of broadcasting, and it becomes of primary public interest to say who is to do the broadcasting, under what circumstances, and with what type of material. It is inconceivable that we should allow so great a possibility for service, for news, for entertainment, for education, and for vital commercial purposes, to be drowned in advertising chatter, or to be used for commercial purposes that can be quite well served by our other means of communication." Prosser, p4, 6. "Note also here the morphing of Hoover's original phrase that it is 'inconceivable' that the ether should be used for 'advertising chatter' to there being already a 'mass of "advertising chatter"'." Prosser, p10

[25](#) *The Expense of Glory*, Ian McIntyre, 1993, p120

[26](#) Briggs, *Birth*, p64

[27](#) Prosser, p5. Prosser is a BBC employee.

[28](#) Prosser, p5. "The first issue of *Radio Broadcast* in May 1922 (published several weeks after Brown's visit) counted 'altogether, according to present

available information ... more than twenty stations which broadcast extensively'." The magazine described the experience as one of "watching and waiting", which "does not suggest the editor of Radio Broadcast felt the airwaves were overly congested by this time. In New York, where 15 stations operated on a single frequency, an agreement was reached in July 1922 for allocation of time. Reports of actual interference between stations would not appear until October (by which time negotiations to establish the BBC were concluded), and then only on one occasion in New York."

[29](#) Prosser, p1-2. Brown "...failed to communicate another, and ultimately for American broadcasting, more significant development. Toll broadcasting, defined as 'broadcasting where charge is made for the use of the transmitting station' ..." Prosser, p6

[30](#) See *The Progressive Era*, 2017, by Murray Rothbard which draws heavily on *The Triumph of Conservatism*, 1963, by Gabriel Kolko.

[31](#) Prosser, p7-8

[32](#) Briggs, *Birth*, p67-8

[33](#) Prosser, p8

[34](#) *The BBC*, Asa Briggs, 1985, p29

[35](#) Coase, *Origin*, p208. See also Briggs, *Birth*, p159. The *Daily Mail* and *Daily Express* were among newspaper applicants for broadcasting permission. In the 1950s, selection must have ceased to be perceived as a difficulty, as the state selected various private consortia to broadcast alongside the BBC.

[36](#) Coase, *Origins*, p210. My emphasis.

[37](#) Prosser, p9 and McIntyre, p120

[38](#) "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 be allocated between the various companies." *British Broadcasting – A Study in Monopoly*, Ronald Coase, 1950, p9

[39](#) Coase, *Study*, p18-19

[40](#) McIntyre, p120

[41](#) Prosser, p11

[42](#) Prosser p11, 13

[43](#) Briggs, *Birth*, p108

- [44](#) Prosser, p11, 13, 16 and Briggs, *Birth*, p108
- [45](#) Prosser, p12. GEC was originally named after Binswanger.
- [46](#) Prosser, p13
- [47](#) Prosser, p16
- [48](#) [Godfrey Isaacs and the BBC, Tim Wander, 2024](#). “We can identify the exact moment the BBC was conceived. It was not the Post Office that proposed the BBC, but Godfrey Isaacs of Marconi.” Prosser, p16
- [49](#) The BBC itself published a [history](#) omitting mention of Isaacs or Sarnoff.
- [50](#) McIntyre, p116
- [51](#) Briggs, *Birth*, p137. Kellaway’s move to Marconi was [mentioned in Parliament](#).
- [52](#) McIntyre, p116
- [53](#) Briggs, *BBC*, p43
- [54](#) Briggs, *BBC*, p45
- [55](#) *The Master Switch*, Tim Wu, 2011, chapter 4
- [56](#) Briggs, *BBC*, p44
- [57](#) The other directors of the BBC are listed [here](#).
- [58](#) [William Noble was remarkably supportive of a scheme he claimed had been imposed on his firm by the Post Office](#).
- [59](#) “ ‘BBC programmes are often rendered farcical’, Noble complained [in January 1923], ‘by interference caused by amateurs tuning up and causing disturbance and by the transmission of messages’.” Briggs, *Birth*, p148. This appears to be a fabrication.
- [60](#) Briggs, *Birth*, p146-7
- [61](#) Briggs, *Birth*, p160-1
- [62](#) Briggs, *Birth*, p180-2
- [63](#) Briggs, *Birth*, p160-1
- [64](#) Police action “should be preceded by the publication of an official notice in the newspapers stating that the Postmaster General was aware that many unlicensed sets were being used and that their owners would immediately be prosecuted.” Briggs, *Birth*, p147
- [65](#) Briggs, *Birth*, p149
- [66](#) “Sir William Bull, who was the only director of the BBC who was also a

member of parliament, reminded Joynson-Hicks that it had been the Post Office which had suggested this arrangement. The Postmaster-General equivocated, saying that it had been ‘the result of numerous negotiations between the Broadcasting Company and the then Postmaster-General.’”  
Briggs, *Birth*, p161-2

[67](#) “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.” Coase, *Origins*, p201, note 4

[68](#) Briggs, *Birth*, p166

[69](#) Briggs, *Birth*, p192, 220

[70](#) Coase, *Origins*, p204. Reuters had been founded by Paul Reuter (born Israel Josaphat) and came under the control of Roderick Jones; Jones’ acquisition was financed by Mark Napier and Starr Jameson, the latter being chairman of the British South Africa Company, an imperial company chartered by the British state and closely associated with the De Beers company and Cecil Rhodes, Alfred Beit, Nathan Rothschild and Ernest Oppenheimer.

[71](#) Briggs, *BBC*, p48-9 and Coase, *Origins*, p58

[72](#) *The Golden Age of Wireless*, Asa Briggs, 1965, p359. My emphasis.

[73](#) Reith was able to liberate the BBC from its newscasting restrictions in stages over the 1920s and 30s. Briggs, *Golden Age*, p159. The BBC also created its own press: *Radio Times* became one of the best-selling publications in the country (nearly 3 million weekly sales in 1938) and it, *World Radio* and *The Listener* became very profitable for the BBC. Briggs, *Golden Age*, p281

[74](#) Briggs, *Birth*, p192

[75](#) Briggs, *Birth*, p199-200 and McIntyre, p129-30

[76](#) Coase, *Origins*, p200

[77](#) Briggs, *Birth*, p401

[78](#) Briggs, *Birth*, p180-2

[79](#) Reflecting on his early days at the BBC, Reith wrote in 1949 that:

“The trade had put me in office, [he wrote in his autobiography,] expected me to look out for them; there was a moral responsibility to them. But I had discerned something of the inestimable benefit which courageous and broad-visioned development of this new medium would yield. There lay one’s commission; and there need be no conflict of loyalties. Whatever was in the interests of broadcasting must eventually be in the interests of the wireless trade.” Briggs, *Birth*, p176

[80](#) According to Briggs, broadcasting “was a curiously competitive industry, despite its continued pressure for protection.” Briggs, *Birth*, p196. It would be truer to say that broadcasting was curiously protected despite pressure for competition. The pressure for protection was from Marconi, GEC and their allies, precisely because the industry would otherwise have been competitive.

[81](#) Marconi continued as a major supplier of microphones, recording equipment and other devices to the BBC throughout the 1920s and 1930s. Briggs, *Golden Age*, p97/100. Kellaway faithfully continued Marconi and Isaacs’ patent-centric approach: “[W]ith the demise of the Company some of the old issues of 1922 were re-emerging in the relations between the constituent companies which made up the BBC. At the meeting of 12 November Kellaway on behalf of the Marconi Company argued that the British Broadcasting Company was in no way obliged to transfer the use of its patent rights to the new Corporation. The question of patents remained troublesome and complicated long after the new Corporation was founded, although the Corporation itself escaped serious difficulties: it was fortunate that its sole concern was with broadcasting.” Briggs, *Birth*, p387. Unfortunately Briggs does not elaborate on the continuing patent question.

[82](#) Metropolitan Vickers and British Thomson-Houston had merged in 1928.

[83](#) Norman also sat on the Sykes Committee in 1923 along with Reith and Viscount Burnham. He wrote an article which “cleared the way for a small number of wireless manufacturers to be favoured over other potential applicants in the award of transmitter licences. He explicitly linked advertising, dismissed as ‘chatter’ about clothing, to interference in the United States. As for who would pay for broadcasting, ‘since the organization and cost – no trifling matter – will be with the commercial object of selling receiving apparatus, the answer is obvious’: the manufacturers.” Prosser, p10

[84](#) McIntyre, p120. Frances Stevenson was the second wife of David Lloyd George both in the sense that he was in a relationship and had a separate home with her before his first wife died and that she became his wife in law *after* his first wife died.



[85](#) Briggs, *Golden Age*, p154

[86](#) “The BBC motto, Nation Shall Speak Peace Unto Nation, is... derived from an early Semitic language exhortation, from the Old Testament prophet, Isaiah, an Israelite [Isaiah 2:4].” [\*Jews and the British Broadcasting Corporation \(1922-1953\)\*, Michael Jolles, 2004.](#)

[87](#) [Jewish Telegraphic Agency report, April 13th 1931.](#)

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