

HEINL RADIO BUSINESS LETTER

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No. 1128

FCC ORDERS BETTER U. S. INTERNATIONAL BROADCASTS

American short-wave international broadcasting stations will be able to hold their own with those of Germany, Great Britain, or Italy, Government officials believe, when the new rules adopted by the Federal Communications Commission this week become effective.

Increased power, cultural and good-will programs, and directive antennas are to be required of all international stations so that they will be sure to reach listeners in the countries to which the broadcasts are directed.

To defray the cost of this improved technique and to spur the commercial broadcasting stations to improve the service the FCC agreed for the first time to lift the stations out of the purely experimental field. International stations hereafter will be permitted to carry commercial programs under strict restrictions.

There are now 13 international short-wave stations licensed by the FCC, but only about half of these are performing anything like adequate service. All stations were ordered to submit applications for license renewals by July 1st, and it is expected that the less active of the stations may be denied renewals. Practically all that continue operation will have to boost their power as the rules require a minimum of 50 KW.

The most active of the international broadcasters, who up to this time have borne the cost of experimentation without any financial return, are those operated by the National Broadcasting Company, the Columbia Broadcasting System, General Electric, Westinghouse Electric & Manufacturing Co., The Crosley Corporation, and the World-Wide Broadcasting Foundation.

The decision to permit international stations to carry commercial advertising, it is understood, was adopted as a result of an investigation of more than a year by the Inter-departmental Committee of Government officials headed by Frank R. McNinch, Chairman of the FCC.

The Administration agreed to the plan, it is said, as an alternative to outright government broadcasting, such as proposed in the establishment of a Pan American short-wave station, or Federal subsidies to privately-owned stations.

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The United States is determined that American short-wave broadcasting will equal if not surpass that of the countries whose broadcasts are financed by the Government outright or by means of a Government-sanctioned monopoly. The principal objective is to build up good-will in the Latin American countries, where the Nazis have long battled via ether waves for political and economic advantages.

The new rules, which become effective immediately stipulate that a licensee of an international broadcast station "shall render only an international broadcast service which will reflect the culture of this country and which will promote international good-will, understanding, and cooperation".

Commercial or sponsored programs must meet the following specifications:

- "1. Commercial program continuities gives no more than the name of the sponsor of the program and the name and general character of the commodity, utility or service, or attraction advertised.
 - "2. In case of advertising a commodity, the commodity is regularly sold or is being promoted for sale on the open market in the foreign country or countries to which the program is directed in accordance with subsection (c) of this section.
 - "3. In case of advertising an American utility or service to prospective tourists or visitors to the United States, the advertisement continuity is particularly directed to such persons in the foreign country or countries where they reside and to which the program is directed in accordance with subsection (c) of this section.
 - "4. In case of advertising an international attraction (such as a world fair, resort, spa, etc.) to prospective tourists or visitors to the United States, the oral continuity concerning such attraction is consistent with the purpose and intent of this section.
 - "5. In case of any other type of advertising, such advertising is directed to the foreign country or countries and to which the program is directed in accordance with subsection (c) of this section and is consistent with the purpose and intent of this section.
- "(c) The areas or zones established to be served by international broadcast stations are the foreign countries of the world, and directive antennas shall be employed to direct the signals to specific countries. The antenna shall be so designed and operated that the signal (field intensity) toward the specific foreign country or countries served shall be at least 3.16 times the average effective signal from the station (power gain of 10).

A license for an international broadcast station will be issued, the rules state, only after a satisfactory showing has been made in regard to the following, among others:

- "1. That there is a need for the international broadcast service proposed to be rendered.
- "2. That the necessary program sources are available to the applicant to render an effective international service.
- "3. That the technical facilities are available on which the proposed service can be rendered without causing interference to established international stations having prior registration and occupancy in conformity with existing international conventions or regulations on the frequency requested.
- "4. That directive antennas and other technical facilities will be employed to deliver maximum signals to the country or countries for which the service is designed.
- "5. That the production of the program service and the technical operation of the proposed station will be conducted by qualified persons.
- "6. That the applicant is technically and financially qualified and possesses adequate technical facilities to carry forward the service proposed.
- "7. That the public interest, convenience and necessity will be served through the operation of the proposed station."

The new rules governing the experimental service eliminate the former general and special experimental license and divide the licensees of this service into three groups. Class One experimental stations are stations licensed for general or specific research or experimentation for the advancement of the radio art along lines which are not specifically directed to any proposed or established radio service. Class Two experimental stations are stations licensed for research and experimentation in radio directed toward the development of a proposed or established service. Class Three experimental stations are licensed to individuals as defined by the Communications Act, interested in radio technique solely with a personal aim to conduct experiments on his own behalf, requiring the use of radio facilities for a limited time.

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NAB CODE TO BAN PROPAGANDA BROADCASTS

The National Association of Broadcasters' proposed new voluntary code of self-regulation for radio broadcasters will ban religious hatred, dramatization of political campaigns and "hidden propaganda" and will require the broadcasting of both sides of controversial subjects, according to Edward M. Kirby, Director of Public Relations. Speaking at the biennial meeting of the National Council of Women in New York this week, he said the code will be put in final draft next week and submitted for approval at the convention of the Association in Atlantic City on July 11 and 12.

A committee of eleven representatives of all types of radio station operation, as well as of the three major networks - National, Columbia and Mutual Broadcasting Companies - has had the code in preparation since last December, Mr. Kirby said, and only slight modifications will be made in it before it is submitted to the broadcasters. Neville Miller, President of the Association, is Chairman of the Code Committee and Mr. Kirby is a member.

The code, Mr. Kirby said, has been designed to assure fairness in radio broadcasting and programs arranged along peaceful and democratic lines. The responsibility for the "proper use of the radio", he observed, "lies squarely on the shoulders of the broadcasters".

The agreement will provide that no religious hatred or racial prejudice shall go on the air and that if there are two points of view on a subject, both sides must be broadcast to permit listeners to evaluate controversial matters, Mr. Kirby said.

According to the code, the broadcasters will make a continual study of children's programs as to subject and advertising matter and will prohibit programs that encourage children to go, for instance, "in strange places" seeking cartons, boxes and other evidence of advertised products to win prizes.

Hidden propaganda, such as the promotion of products on a safety or educational program, will be banned and educational matter will be better prepared and made more interesting, according to the code, which also will require advertisers to live up to the regulations of the Federal Trade Commission, the Federal Communications Commission and the Pure Food and Drug Act.

Political broadcasts, under the code, cannot be dramatized, Mr. Kirby said, because it would place campaigns on an emotional level and take them out of the realm of debate and "logical exposition". News broadcasts would be limited strictly to "factual reporting", although news commentators would reserve the right to express their own opinions.

The code is expected to go into effect in the Fall.

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SUPER-POWER ARGUMENTS DUE AT FCC HEARING

With oral argument on the proposed rules governing standard broadcast stations scheduled for June 1st, renewed pleas for super-power authorization are to be made by spokesmen for clear channel outlets.

The subject of the hearing will be the recommendations of the Special Committee which drafted a report after lengthy hearings. The Committee comprises Commissioners Norman S. Case, Chairman, and T.A.M. Craven and George Henry Payne.

Its recommendation with regard to super-power was that the maximum power of standard broadcast stations be 50 KW, and that super-power be made the subject of further study.

Briefs attacking this regulation have been filed with the Commission by Louis G. Caldwell, counsel for the Clear Channel Group, and Duke M. Patrick, attorney for Station WLW which early this year was forced to reduce its power from 500 KW to 50 KW.

Philip G. Loucks, as Counsel for the National Association of Broadcasters, has filed a brief attacking other provisions of the proposed regulation. Evading the controversial power issue, the NAB attacked proposals to fix financial requirements for an applicant, to make residence a requirement of eligibility for a local station permit, to limit licenses to one year, and to prohibit the commercial use of experimental facilities.

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RANGE OF U. S. BROADCASTS EXTENDED TO LINERS

The range of reception of American short-wave radio programs was recently extended when the Electrical Division of the Department of Commerce expanded its world-wide distribution of advance schedules of American short-wave broadcasts to include steamships operating between the United States and foreign countries. The new service was inaugurated by John H. Payne, Chief of the Electrical Division.

This service enables radio operators aboard ship to readily select radio programs for the entertainment of their passengers from the wide variety of broadcasts transmitted by all the United States short-wave stations. The offer of the Electrical Division to make these programs available to ocean liners was accepted by the European and eight United States Steamship lines operating more than 100 of the largest passenger vessels now in service.

Although the service of supplying advance schedules of American broadcasts to steamships was only recently inaugurated, the Electrical Division for several years has been supplying these schedules to more than 300 localities throughout the world, through the cooperation of the Foreign Offices of the Department of Commerce and the Consular Offices of the State Department, with the object of obtaining foreign publication of the programs.

The publication of United States radio programs in various foreign periodicals, makes it possible for the citizens of those countries to know the subject and exact time of these broadcasts. As a result American broadcasts are listened to more frequently in foreign countries than if attention were not called to them by these programs.

The programs are compiled by the Radio Manufacturers' Association from advance material provided by the privately owned radio stations in the United States using short wave frequencies. Many of the regular feature programs that are broadcast domestically in the United States are also transmitted by short wave to other countries. In addition, there are many short-wave news and entertainment broadcasts from the United States in various languages, including German, Italian, French, Portuguese and Spanish, which are prepared and used on short wave only.

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N.Y.C. STATION UPHELD IN RELIGIOUS BROADCASTS

Station WNYC, New York's municipal radio station, has a legal right to broadcast the programs at communion breakfasts of departmental Holy Name Societies, State Supreme Court Justice Bernard L. Shientag ruled this week in dismissing an injunction suit brought by Joseph Lewis, veteran campaigner against governmental assistance to religion.

Mr. Lewis contended that such broadcasts violated the provisions of the State Constitution prohibiting gifts of public money for the furtherance of a religious sect, according to the New York Times.

"What this contention overlooks is that the broadcast is not made for the benefit of the Holy Name Society", Justice Shientag wrote. "It is made because it is of interest to the listening public. For that purpose the city may, of course, expend its money or property."

The opinion noted that the broadcasts were not made from churches but from hotels and restaurants and that they were specifically authorized by a local law passed in 1930 when a similar action was pending in the courts. It also observed that speakers at the breakfasts included non-Catholics as well as Catholics and that the speeches were frequently about topics of general interest.

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It cannot be truthfully contended that the broadcasts are discriminatory since the proceedings of the St. George Society, an organization of Protestant city employees, are also to broadcast over the station, the opinion added. The standards applied, the Court said, are the same as would be applied upon the broadcast of the proceedings of any other public function of city employees.

"The broadcast of the proceedings of a Holy Name Society is no more a use of the station for the private purposes of the HolyName Society than is the giving of concert by a private orchestra in Central Park a use of city park property for the private purposes of the orchestra", the Court said.

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RADIO HAS SPURRED WORLD TRADE, SAYS SARNOFF

Radio has spurred world trade and the progress of civilization, David Sarnoff, President of the Radio Corporation of America, said in an address Thursday night at the World's Trade Dinner at the New York World's Fair.

"Civilization has progressed as communication has gone forward, and our modern age is tuned to the electric signal", he said. "The telegraph and telephone gave modern industry its great impetus. Radio has augmented those services amazingly, not only by providing an unprecedented method of reaching great masses of people instantly and simultaneously, but also by giving the world faster and more direct contacts.....

"As we have gained more intimate contacts with the rest of the world, we have learned that international trade is more than a matter of intellectual bargaining among men and nations. A meeting of the minds is not enough. There should also be a meeting of the hearts.

"It is with this belief that the American system of radio has become international in scope.

"In distributing at home the programs which come from abroad, the tradition of American free speech is extended to the ideas of the whole world. The door of welcome is thrown wide open, whoever speaks on the air. It is left to the American people to make up their own minds about the world issues. Radio's only concern is that they be given every chance to know the facts."

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FCC RULING ON S-W STATIONS CALLED DANGEROUS

"More light needs to be thrown on the ruling of the Federal Communications Commission directing that international broadcast stations must 'render only an international broadcast service which will reflect the culture of this country and which will promote international good-will, understanding and cooperation', the New York Times stated editorially this week. "Such a ruling could doubtless be interpreted so broadly as to mean little more than the general test, already applied to domestic stations, of whether their service is 'in the public interest'. But it could easily lend itself, also, to an interpretation that might bring about a real censorship.

"This would involve definite dangers. If our international broadcast programs are to be censored so that they shall not offend this or that foreign Government, it is only a step to the argument that it is at least as desirable to censor our domestic programs so that they shall not offend our own Government. It is not practical to consider the feelings of foreign rulers more tenderly than the feelings of our own. Censorship of all kinds has an inevitable tendency to spread.

"A ruling such as the Federal Communications Commission has just announced, moreover, must tend to give our Government a responsibility for private utterances that it would not otherwise have. To announce that only those programs will be authorized which promote international good-will, to imply that no program will be permitted that has the Government's disapproval, will be certain to give the impression abroad that any program which it does permit will have the Government's positive approval. If a speaker on such a broadcast, for example, though he has no official standing, attacks the policies of Japan in the Orient, the Japanese Government may want to learn from ours whether it considers this attack likely to 'promote international good-will'. If it were the announced policy of our Government to allow the utmost practicable freedom of speech in international broadcasts, it would not assume responsibility for what was said. Nothing whatever should be done to encourage the impression that our private international broadcasting stations will be used as an instrument to reflect our Government's foreign policy.

"This is not to deny that the question of the control of international as of domestic broadcasting involves some delicate problems. The Government does have a responsibility in relation to radio broadcasting that it does not have toward the older forms of publication. But the responsibilities it assumes should never be greater than the necessities of the case require. Certainly, those responsibilities should be general, not specific."

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 ::: TRADE NOTES :::
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James V. McConnell, Assistant to Roy Witmer, NBC's Vice President in Charge of Sales, has been appointed to the newly created post of National Spot and Local Sales Manager. Mr. McConnell will head up all sales activities of NBC's owned, operated and programmed stations which are under the supervision of William S. Hedges, Vice-President in charge of the recently augmented Stations Department.

Radio's first official day at the New York World's Fair is being held today (Friday), when "WMCA-Day" and is being celebrated on the grounds of the Flushing Meadows with a two-hour broadcast originating in the Hall of Special Events.

"...bee as in broadcasting" is the title of a report on Summer radio advertising published this week by the Columbia Broadcasting System. Experience of four typical year-round advertisers on CBS is cited, with facts and figures on the efforts and results of their radio selling. The book also summarizes pertinent data on the extent and nature of Summer audiences for 1938 and 1939.

Changes in the Wagner Labor law, including repeal of the provision for "closed shop" agreements, have been recommended by the Radio Manufacturers' Association in a detailed brief filed May 23rd with the Senate Education and Labor Committee. Fair and equitable principles, including careful scrutiny of voting in employee elections, and equality of employers under the law were recommendations made in the RMA brief. It was presented at the opening of testimony by industry following several weeks of examination, by the Senate Committee, of NLRB and union witnesses.

Continued increase in radio sales this year was indicated in the April collections of the 5 percent Federal radio tax. The U.S. Bureau of Internal Revenue reported that the radio tax collection last April were \$286,584.97, an increase of 24 percent over the April 1938 radio tax collections of \$231,055.49. This continued the increase during the previous months this year. April excise taxes on mechanical refrigerators, however, decreased, amounting to \$848,640.07 last April against \$1,097,320.79 in April 1938.

The monthly index of radio advertising in Printer's Ink out this week shows for April an increase of 11.8 percent over 1938, but a decline of 3.6 percent from March. Farm paper advertising was off 4.9 percent from 1938 in April, but up 17.4 percent from the preceding month. Direct-mail volume was off 0.3 percent from 1938.

LICENSE OF WHOM RENEWED DESPITE COMPLAINTS

The Federal Communications Commission this week renewed the license of Station WHOM of Jersey City, renewal having been held up since November because of complaints that it broadcast an anti-Semitic program. Commissioner George Henry Payne voted against the renewal, which was announced without comment.

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TELEVISION OF DERBY USES NEW FILM SCREEN

Television had one of its biggest days in London when "lookers-in" saw England's biggest sporting event - the Derby - from start to finish, according to a correspondent of the New York Times.

"Five of the biggest motion-picture theatres in London put the program on their screens and were jammed", the correspondent reported. "The doors of some of them had opened an hour early to accommodate the crowds. Although a brilliant sun made the screen look slightly gray and blurred wide angle shots, the view of the race itself was pronounced excellent.

"A private demonstration of what is hoped will prove the solution of one of the worst problems of television - how to throw images on a sufficiently large screen to be seen by a large number of people - was given at the studios of the Electric Musical Industries at Hayes. It had a good reception.

"Its makers contend that this screen is as large as the ordinary movie screen and at the same time allows a clearer definition of the image than is presently possible. It is said that this process, which was developed by the company in secret, is fully completed. If its makers' claims are accurate, it will go far toward turning motion-picture theatres into television studios.

"British Broadcasting Corporation mobile television units did wonders with the race. One camera took the horses from the starting post for about the first mile to Tatenham Corner, while another followed them down to the finish. A third was established near the enclosures. In addition to the actual race, the cameras showed paddocks, number boards and views of the huge crowd.

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DUE TO MAY 30TH BEING A HOLIDAY AND THE GOVERNMENT DEPARTMENTS CLOSED ON THAT DAY, THERE WILL BE NO ISSUE OF THIS SERVICE NEXT TUESDAY (DECORATION DAY).

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GREECE IN MARKET FOR TRANSMITTING EQUIPMENT

"Although nothing has been given out officially, it is understood that the Greek Government is considering a more elaborate system of broadcasting stations as an alternative to the purchase of two small transmitters (10,000 and 5,000 watt) for Salonika and Jannina or Corfu", according to the American Commercial Attache at Athens. "The new suggestion involves moving the present medium-wave Athens transmitter (15,000 watt) to Salonika and purchasing a new 50,000 watt station for Athens. A 5,000 watt transmitter would be needed for the Corfu region in any case.

"The comprehensive proposal submitted by Telefunken some time ago included the present Athens installation (15,000 watt grid modulated transmitter, with speech and studio equipment, antenna and acoustical treatment of studio but no building construction), two further medium-wave stations of 100,000 watt and 5,000 watt respectively with similar extras, and one 10,000 watt short wave transmitter. The total bid is reported to have been 240,000,000 drachmas (slightly over \$2,000,000), payable in 10 annual installments without interest and including 3 spare power plants. These terms were conditional upon Telefunken receiving a monopoly of broadcasting activities in Greece over a period of years.

"Only the 15,000 watt station actually was purchased and installed near Athens, with a total outlay for imported Telefunken equipment of approximately 11,000,000 drachmas (about \$95,000). It has proved inadequate, however, since reception is reported as very bad at Salonika and various other points. At the same time it is felt that a 50,000 watt station would be quite sufficient in place of 100,000 watt as at first suggested.

"The most serious problem is that of payment terms. Telefunken's proposals were attractive in this respect, but it was recognized that the price quoted has been raised accordingly. The general opinion in official and trade circles appears to be that no less than 50 percent were added on this account. Moreover, Greece prefers not to give a broadcasting monopoly to any foreign company. A lower quotation and something in the way of payment facilities might get the contract for an American manufacturer. The business is not only of importance in itself, but could have a far reaching effect upon future sales of radio receiving sets and many other lines.

"Based on such American quotations as are available here, it does not appear that the necessary equipment for a 50,000 watt and a 5,000 watt station should cost more than \$200,000 at the outside. Technical assistance, incidental installation expenses and generous commissions might conceivably bring the total up to \$400,000. Even so, there is an enormous gap between this figure and the prices quoted by Telefunken.

"If the Greek Government considered paying Telefunken \$200,000 annually for 10 years, it might be possible to buy the two new stations from the United States, paying perhaps \$125,000 annually for three years. So large a portion of all trade between the United States and Greece is now conducted on a cash basis that a sum of this kind would still leave total American commercial credits in Greece at a level far below what used to be considered normal."