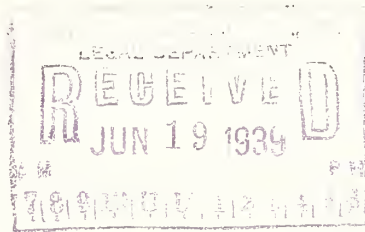


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2400 CALIFORNIA STREET

WASHINGTON, D. C.

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FCC INQUIRY SLATED BY APPROPRIATIONS COMMITTEE

The Federal Communications Commission will be given an appropriation to continue operations after July 1, when its present funds run out, but the price will be another grilling of the Commissioners by a sub-committee of the House Appropriations Committee.

As members and employees of the FCC became alarmed over the prospect of payless pay-days, Representative Woodrum (D.), of Virginia, announced that the FCC estimates will be considered in connection with the last Deficiency Bill, hearings on which will be held next week.

Upon request of Representative Wigglesworth (R.), of Massachusetts, chief critic of Chairman Frank R. McNinch, however, an executive hearing will be held before the funds are voted, Mr. Woodrum said.

At the same time it appeared likely that Mr. McNinch will escape the probe on the excuse of ill health. He has been away from the Commission for several weeks, and though his aides continue to predict his early return, some of his colleagues believe he will not be back on the job until after the FCC appropriation is reported to the House.

Due to the necessity for action before June 30, Mr. Woodrum indicated that the FCC appropriation may be detached and rushed through Congress before the less urgent items in the Deficiency Bill.

The \$2,000,000 estimate submitted by the Budget Bureau, providing for expansions of the Communications Commission, is not expected to be approved. The appropriation probably will be limited rather closely to the \$1,700,000 carried in the last fiscal FCC bill.

The House Appropriations Committee early in the current session refused to make an appropriation for the FCC in the Independent Offices Supply Bill because of the disclosure that President Roosevelt had asked for a complete reorganization of the Commission.

Since then, however, the McNinch-Wheeler Bill to set up a three-man regulatory agency with almost dictatorial powers over radio has been pigeon-holed for this session at least by Chairman Wheeler, of the Senate Interstate Commerce Committee. There is little likelihood that either a Senate or House investigation of the FCC or the radio industry will be ordered during the recess.

Meanwhile, rumors are becoming more prevalent that Chairman McNinch will not return to the FCC at all and that he will be transferred to another Federal post, possibly a judgeship, as soon as his health permits.

Just who may succeed him as Chairman is a matter of speculation. One report is that the post may go to the "baby" member of the Commission, Frederick I. Thompson, Alabama newspaper publisher, because of the friction between other members. This intro-Commission friction, however, has all but disappeared since the departure of Mr. McNinch on his last leave of absence.

As one of the Commissioners remarked: "We are getting along fine now that the Chairman is away."

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STRICT SELF-REGULATION RADIO CODE DRAWN BY NAB

Culminating three months' study of the industry's problem, a Special Committee of the National Association of Broadcasters under the chairmanship of Neville Miller, President of NAB, this week released its proposed code for self-regulation of commercial broadcasting.

More strict and far-reaching than the NRA Code, the NAB proposal is expected to encounter opposition among some of the broadcasters when it is submitted to the NAB convention in Atlantic City July 10-13.

If the code is approved, it will become effective on September 24, coincident with the change from daylight saving to standard time. The code is the organized industry's answer to suggestions of Government control or censorship of radio programs.

Basic provisions of the code follow:

- I. The Yardstick of Good Taste:
Radio is an invited guest in the home.
The yardstick of good taste and a decent regard for the social sensibilities, therefore, shall be applied to all matter broadcast.
- II. Religious Broadcasts:
To every American, the Bill of Rights guarantees the privilege to worship as conscience dictates, without fear of intimidation or reprisal. Radio, therefore, which reaches men of all creeds and races simultaneously, may not be used to convey attacks upon another's race or religion. Rather it should be the purpose of the religious broadcast to promote the spiritual harmony and understanding of mankind, to administer to the religious needs of the community and to contribute to the spiritual nourishment and uplift of the individual.

- III. The Broadcasting of Controversial Public Discussion:
 Carrying out their mission as instruments of democracy in providing avenues for the discussion of public matters, member stations shall at all times hold their facilities in readiness, consistent with proper program balancing, for the free and open discussion of public questions of general interest.
 Because listeners possibly in no other way could be assured of the opportunity to hear the opposing views on any controversial subject discussed, time will not be sold for such discussions, nor will such discussions be permitted on sponsored advertising programs, unless representative spokesmen from at least two clearly defined and different sectors of public opinion participate in the same program at the same time.
 The right of a speaker to express his opinion shall be modified only by conformity with existing laws, including the laws of libel and slander and the standards of good taste.
- IV. Political Broadcasts:
 A political broadcast is any broadcast in connection with a political campaign in behalf of or against the candidacy of a legally qualified candidate for public office, or in behalf of or against a public proposal which is subject to ballot.
 In accordance with the law, stations will extend fair and equal treatment to opposing candidates for the same office. The same equality of treatment will extend to the allocation of time in behalf of, or in opposition to, public proposals which are subject to ballot.
 Every political broadcast and every political announcement must be fully identified as such.
- V. News Broadcasts:
 In the handling of news, accurately gathered and swiftly broadcast, radio renders one of its greatest services to the American people whose democracy is dependent upon immediate access to the facts of the day. Without bias or editorial opinion, member stations shall continue to broadcast factual news stories obtained from accredited news sources.
- VI. Propaganda:
 Broadcasters will make every effort to distinguish between clear and concealed attempts to influence public opinion. In no case shall material be broadcast unless it be honestly identified as to sponsorship or source.
- VII. Educational Broadcasting:
 Radio not only has the duty of filling current program wants in accordance with fixed and diverse program tastes, it recognizes also an obligation, in line with its public service mission, to contribute to the spread of education and culture, which will eventuate in an elevation of such wants and tastes.

VII. (continued)

Toward such ends, member stations will continue to provide time and facilities adequate to the area served.

VIII. Children's Programs:

Programs designed exclusively for children, reaching impressionable minds, and influencing social attitudes and approaches, require the closest supervision of broadcasters in the selection and control of material, characterization and plot.

This does not mean that the vigor and vitality common to child adventure and imagination be removed. It means simply that programs be based upon sound social concepts and presented with a superior degree of craftsmanship. To establish acceptable and improving standards for children's programs, the National Association of Broadcasters will continually engage in studies and consultations with parent and child study groups. The results of these studies will be applied to all children's programs as a basis of minimum requirements necessary before any program becomes acceptable for broadcasting by member stations.

IX. Acceptance of Commercial Programs and Announcements:

Acceptance of programs and announcements for radio advertising purposes shall be strictly limited to products and services offered by individuals and firms who are engaged in legitimate commerce; whose products, services, advertising claims, testimonials and other statements comply with all legal requirements, fair trade practices and accepted standards of good taste.

X. Standards of Practice:

In order that this basic code may be interpreted and extended to meet changing social conditions, the National Association of Broadcasters, through its Headquarters in Washington, will establish such facilities as may be necessary for the continuous evolvement of a Standards of Practice through which each member station may find a guide for the uniform application of basic principles herein outlined. The Standards of Practice will include such other operating and ethical procedures as may be determined, from time to time, to increase the public acceptance of radio advertising, and thus fortify the economic foundation of the American System of Broadcasting in its continued ability to provide a free and unfettered means of mass communication, and to further contribute to the economic and social development of the nation.

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NO LEGISLATION ON PHONE REPORT SEEN THIS SESSION

Due to the controversial nature of the recommendations of the report on the telephone industry submitted by the Federal Communications Commission to Congress this week, Capitol Hill observers predicted that no legislative action will be taken this session.

The report, which is a modification of the original "proposed report" drafted by Commissioner Paul A. Walker, after lengthy and expensive hearings, was filed more than a year after the first draft, which aroused a storm of criticism. The new proposal for stricter FCC control of the telephone industry stirred up scarcely a ripple of excitement.

The report was unanimously adopted and signed by the entire Commission, Frank R. McNinch, Chairman, Norman S. Case, T.A.M. Craven, George Henry Payne, Frederick I. Thompson, Thad H. Brown, and Paul A. Walker, Commissioners.

The report consists of approximately 900 mimeographed pages and deals with the history, development, magnitude, and operating practices of the telephone industry, with particular reference to the Bell System. Pointing out the savings to telephone subscribers of more than \$30,000,000 through reductions in rates resulting directly from the investigation, the result justifies the Congressional reference that "the American people are entitled to know if they are being over-charged for this service even though they may be satisfied with the service", the report states.

The appropriation from Congress to conduct the investigation totalled \$1,500,000. Thus is shown a direct return of more than \$20.00 in savings to telephone users for every \$1.00 that the investigation cost the taxpayers. Annual savings alone of \$12,000,000 by reductions in interstate toll rates that became effective in January, 1937, followed conferences between the American Telephone and Telegraph Company and representatives of the Commission.

The report points out the necessary for strong regulatory powers over the telephone industry, both through the agencies of State regulatory bodies and the Federal Government, and in connection therewith says, "The efforts of individual States to ascertain many of the basic facts necessary for effective telephone rate and service regulation within their borders, have at all times been hampered and have frequently been rendered largely negatory by reason of their necessarily limited jurisdiction, many essential elements of Bell System organization and practices being beyond their control", and further says, "So long as the Bell System continues to be organized upon its present basis the individual States must continue to look to the Federal regulatory agency to afford them many elements of the essential factual background of telephone regulation. Not only, therefore, is an

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adequately staffed and properly organized Federal regulatory agency important in itself, but there is need for such a body to act in some measure as a cooperating agency with the States."

In connection with regulation the report emphasizes that "There is evidence to indicate that improper influence has been brought to bear upon legislative and regulatory bodies charged with the duty of fixing rates for Bell System Companies." The Commission states in its report that "This practice is clearly against public interest, is condemned, and should not be countenanced by any regulatory body."

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WELLS REELECTED PRESIDENT OF RMA

Albert S. Wells, Chicago radio manufacturer, President of Wells-Gardner & Co., was reelected President of the Radio Manufacturers' Association at its session closing its fifteenth annual convention at the Stevens Hotel, Chicago, on Wednesday.

The Radio Manufacturers' Association also elected Directors for the ensuing year and opened the annual radio parts show at the Stevens Hotel, which will run through Saturday. Wednesday night the radio industry's annual banquet was held at the Hotel Morrison's "Terrace Casino".

Other officers elected by the Radio Manufacturers' Association included Leslie F. Muter, of Chicago, as Treasurer. Directors elected included Ben Abrams, of New York; Power Crosley, Jr., of Cincinnati; James S. Knowlson, and Commander E. F. McDonald, Jr., of Chicago; Glenn W. Thompson, of Columbus, Indiana; B. G. Erskine, of Emporium, Pa.; H. E. Osmun, of Milwaukee; J. McWilliams Stone, of St. Charles, Ill.; J. J. Kahn and James C. Daley, of Chicago; Octave Blake, of S. Plainfield, N.J.; Ernest Searing, of Philadelphia, and Ray F. Sparrow, of Indianapolis. Bond Geddes, of Washington, was reelected Executive Vice President of the Association, and John W. Van Allen, of Buffalo, was reappointed General Counsel.

As has been his custom at the annual meetings, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, took the guests, officers and Directors of the RMA for an afternoon's sail on Lake Michigan on his yacht "Mizpah".

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RMA DIRECTORS WARN AGAINST TELEVISION ENTHUSIASM

The Directors of the Radio Manufacturers' Association this week in Chicago adopted by unanimous vote a resolution warning the radio industry and the public not to become too enthusiastic over the immediate prospects of television.

In a statement authorized by the Board and issued by A. S. Wells, President, the RMA Directors expressed the opinion that 90 percent of the geographical area of the United States will have to wait for some time before it is served by television stations.

The text of the statement follows:

"By unanimous action the Board of Directors of the Radio Manufacturers' Association, in its annual convention at the Stevens Hotel, authorized its President, A. S. Wells, to make the following statement on television for the Association and the Industry:

"The membership of the Radio Manufacturers' Association includes practically all of the U. S. makers of television sets.

"No group has so great a stake in the development of television. No group has a greater faith in the future of this art, or a firmer belief in its eventual growth from its experimental stage to that of one of the country's great services.

"They would like to present television to the whole country, but because of the many problems involved, it will be a long time before such a reality can be achieved.

"They feel that this statement is necessary because of the nation-wide interest in this matter; because television has suffered from over-statements; and because the inauguration of television in New York may arouse false and ungrounded hopes in the minds of the people throughout the country.

"As a matter of fact, television is something that those living in New York may now have in a limited way, and a few additional stations are in prospect at the present time, while others will probably develop when a solution to the financial side of such broadcasting can be found. In all probability, however, over 90 percent of the geographical area of the United States will not be served for some time to come, for the economic questions are serious ones and will have to be solved by broadcasters in the future.

"Even where television is available, it must be remembered that for technical reasons it can only be received to the optical horizon. The average useful reception distance from the antenna on top of the Empire State Building in New York (the world's tallest building) is only fifty miles. This means that

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the horizon, or useful distance from any building or mast less in height than the Empire State Building will be considerably less than that available in New York.

"It must also be remembered that television broadcasting is on an experimental basis. The experimental character of such broadcasting, or telecasting, as it is properly called in television, means that the program will be on a trial basis, and until experience has been gained in the kind of programs that are of real service to the public, they cannot be broadly duplicated over many stations. Therefore, these programs for some time to come will, of necessity, be limited at best to a few hours a day.

"Even where television is available, or may become available, it must be considered as a supplemental service to radio broadcasting, and for that reason will not render the modern radio receiving set obsolete any more than an aeroplane renders the modern automobile obsolete. These are and will be different types of services."

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NINE APPLICATIONS CLASH WITH RADIO PACT

The Federal Communications Commission announced this week that final action on nine applications pending before the Commission was being withheld because the facilities requested conflict with or involve the North American Regional Broadcasting Agreement. This Agreement, which was drawn up at the Havana Conference in December, 1937, allocates frequencies for standard broadcast stations on the North American Continent. The Agreement has already been ratified by the Governments of the United States, Canada, and Cuba and awaits only ratification by the Government of Mexico to become effective.

The nine applications on which action is being withheld are as follows:

Evening News Press, Port Angeles, Wash.; KVL, Inc. (KEEN), Seattle, Wash.; Michael J. Mingo, Tacoma, Wash.; Tacoma Broadcasters, Inc., Tacoma, Wash.; Radio Service Corp. (KSEI), Pocatello, Idaho; St. Lawrence Broadcast Co., Ogdensburg, N.Y.; Cuyahoga Valley Broadcasting Co., Cleveland, Ohio; South Bend Tribune (WSBT), South Bend, Ind.; King-Trendle Broadcasting Corp., Grand Rapids, Mich.

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HEARING ORDERED IN S-W RULES CONTROVERSY

A public hearing was ordered this week for July 12 by the Federal Communications Commission on the question of whether the new rules governing the operation of international broadcasting stations should be modified, revised, or amended.

The FCC decision culminated growing criticism of the rule which stipulated that an international station must broadcast programs which "reflect the culture of this country and which will promote international good-will, understanding, and cooperation."

The regulation was viewed with alarm by the radio industry, the American Civil Liberties Union, and members of Congress on the ground that it verged too close to Government censorship of radio. The hearing was granted upon the filing of a petition by the Civil Liberties Union.

"The Commission is of the opinion", the announcement said, "that an open public hearing to discuss the merit of the new regulations is desirable, particularly in view of the fact that the application of the rules has been misunderstood in some quarters."

Chairman Wheeler, of the Senate Interstate Commerce Committee, criticized the regulation on the Senate floor this week and said he hoped the FCC would decide to reconsider and hold a hearing. Senator Johnson (R.), of California, echoed the wish.

Previously the National Association of Broadcasters had filed a formal request for a hearing with the FCC. The Commission ignored this petition, however, in acting on the request of the Civil Liberties Union.

Among the last to join in the demand for reconsideration was Representative Celler (D.), of New York. In a letter to Chairman Frank R. McNinch, he said:

"I am disturbed with one of the regulations recently promulgated by your Commission, which provides as follows: '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.' What is 'international good-will' to one, may be international ill will to another. Furthermore, what is meant by 'understanding'; and what is meant by 'cooperation'? There is no common definition of these words, and therefore the language used is somewhat vague.

"If I were scheduled to speak on one of the four international broadcasting stations, and were suddenly stopped on the score that I was not promoting 'international good-will, understanding, and cooperation', I would be deeply resentful against

the broadcasting company that sought thus to interrupt or scotch my efforts.

"Whether or no there is involved in this regulation a degree of censorship, I will not state at this juncture. But if there is censorship, then the regulation would be without force and effect, because the Federal Communications Act of 1934, (section 326), denies the Commission the right to exercise power of censorship over radio communication. That section, likewise, denies the Commission any right to interfere with freedom of speech.

"Frankly, I do not think the Commission is on firm ground. I do hope therefore that earnest reconsideration will be given the regulation in question."

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THREE NEW STATIONS TENTATIVELY AUTHORIZED

The Federal Communications Commission this week announced its proposed findings of fact and conclusions proposing to grant the applications of Saginaw Broadcasting Company, Saginaw, Mich., and Gross and Shields, Saginaw, Mich., both for new stations in that city, to operate on 1200 kc., with 100 watts night, 250 watts daytime, specified hours, and 950 kc., with 500 watts power, daytime hours, respectively.

Richland, Inc., of Mansfield, O., also was given tentative authorization to construct a new broadcasting station for operation on 1370 kc. with 250 watts, daytime, in proposed findings of fact, which are subject to final approval.

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NAB-ASCAP COPYRIGHT PARLEY OPENS

Conferences between representative committees of the National Association of Broadcasters and the American Society of Composers were under way this week in New York City months before expiration of current station and network contracts - for performance of ASCAP's repertoire by radio.

Members of the NAB Copyright Committee, presided over by President Neville Miller, decided to begin conversations with the Society at a meeting in New York early this month. A report on the negotiations will be made by President Miller to the forthcoming NAB Convention in Atlantic City July 10-13.

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NETWORK REPORT NOT EXPECTED BEFORE FALL

There is little likelihood that the Federal Communications Commission will make its complete report to Congress with regard to the chain-monopoly investigation at this session, it was learned this week.

While an interim report may be filed if Congress does not adjourn before late Summer, FCC officials said that recommendations will not be ready for submission before Fall.

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::: TRADE NOTES :::

The interconnected RCA police radio systems of two Illinois towns were the instruments recently used by a posse of Federal, county and municipal peace authorities in capturing a heavily armed desperado, wanted for murder and mail robbery, without firing a shot. Floyd Bruce, indicted for murdering a messenger in a \$25,000 postal robbery in Guthrie, Ky., and his wife, Helen, were the principals in the chase.

The Berlitz School of Languages, Washington, lists short-wave broadcasts from a dozen foreign speaking countries in its advertising now, with the comment: "You can understand all of them - Come to Berlitz."

Five-year contracts, effective this Fall, have been signed by the Columbia Broadcasting System with two of its basic network stations, WJR, Detroit, and WGAR, Cleveland. Established in 1922, WJR broadcasts with 50,000 watts day and night at 750 kilocycles, and has been a CBS affiliate since 1937. WGAR, with 5,000 watts daytime and 1,000 at night, operates at 1,450 kilocycles, was established in 1930, and has been a member of CBS for four years.

W. B. Lewis, CBS Vice President in Charge of Broadcasts, has announced the appointment, effective July 35d, of Charles Vanda to the newly created post of Western Program Director of the Columbia Broadcasting System. In his new capacity, Mr. Vanda will devote entirely to network programs the time he formerly divided between network, regional and local programs.

General Electric Company this week placed on sale a line of five receivers for use in the New York area for television. Only one of the five G-E models shown, the de luxe all-wave radio and television receiver which tops the line, employs a mirror to reflect the picture received. Another model utilizes a 12-inch picture tube with which the image can be viewed directly on the front of the cabinet. The other three receivers employing nine, and five-inch picture tubes, are all the direct-viewing type.

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