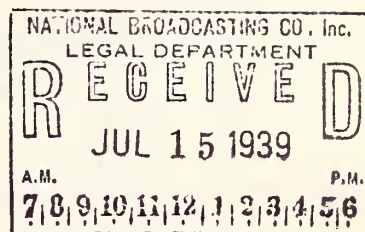


# HEINL RADIO BUSINESS LETTER

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## TEETH PULLED FROM CODE ADOPTED BY NAB

With most of its teeth extracted, a modified code of standards for self-regulation of the broadcasting industry was adopted by the National Association of Broadcasters this week at Atlantic City.

The code, as revised, is in much less specific language in its regulatory provisions than was the document drafted by a special committee a few weeks ago. Several provisions, such as those prohibiting dramatized political broadcasts and setting up standards of business ethics for the industry, were eliminated.

Portions of the code dealing with religious broadcasts, news commentators, and children's programs have been toned down from the original proposals.

The code does retain the proposed prohibition against the sale of radio time for controversial discussions and proscribes that member stations shall allot free time to all factions equally for such public forums.

A limitation of advertising time on programs in proportion to the length of the period likewise has been retained.

A resolution subsequently adopted by the convention sets forth specifically certain unethical types of advertising that cannot be accepted by member stations.

Although the original code was scheduled to become effective coincident with the return to standard time, the new code will become operative at a time and under machinery to be determined by the Board of Directors.

Promulgation of the NAB code was an outgrowth of FCC hearings last Fall in the chain-monopoly inquiry at which time David Sarnoff, President of the Radio Corporation of America, proposed that the industry adopt a code of self-regulation.

The text of the new NAB code follows:

### "CHILDREN'S PROGRAMS

"Programs designed specifically for children reach impressionable minds and influence social attitudes, aptitudes and approaches and, therefore, they 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 a child's imagination and love of adventure should be removed. It does mean that programs should be based upon sound social concepts and presented with a superior degree of craftsmanship; that these programs should reflect respect for parents, adult authority, law and order, clean living, high morals, fair play and honorable behavior. Such programs must not contain sequences involving horror or torture or use of the supernatural or superstitious or any other material which might reasonably be regarded as likely to over-stimulate the child listener, or be prejudicial to sound character development. No advertising appeal which would encourage activities of a dangerous nature will be permitted.

"To establish acceptable and improving standards for children's programs, the National Association of Broadcasters will continuously engage in studies and consultations with parent and child study groups. The results of these studies will be made available for application to all children's programs.

### "CONTROVERSIAL PUBLIC ISSUES

"As part of their public service, networks and stations shall provide time for the presentation of public questions including those of controversial nature. Such time shall be allotted with due regard to all the other elements of balanced program schedules and to the degree of public interest in the questions to be discussed. Broadcasters shall use their best efforts to allot such time with fairness to all elements in a given controversy.

"Time for the presentation of controversial issues shall not be sold, except for political broadcasts. There are three fundamental reasons for this refusal to sell time for public discussion and, in its stead, providing time for it without charge.

"First, it is a public duty of broadcasters to bring such discussion to the radio audience regardless of the willingness of others to pay for it.

"Second, should time be sold for the discussion of controversial issues, it would have to be sold, in fairness, to all with the ability and desire to buy at any given time. Consequently, all possibility of regulating the amount of discussion on the air in proportion to other elements of properly-balanced programming of allotting the available periods with due regard to listener interest in the topics to be discussed would be surrendered.

"Third, and by far the most important, should time be sold for the discussion of controversial public issues and for the propagation of the views of individuals or groups, a powerful public forum would inevitably gravitate almost wholly into the hands of those with the greater means to buy it.

"The political broadcasts excepted above are any broadcasts in connection with a political campaign in behalf of or against the candidacy of a legally qualified candidate for nomination or



election to public office, or in behalf of or against a public proposal which is subject to ballot. This exception is made because at certain times the contending parties want to use and are entitled to use more time than broadcasters could possibly afford to give away.

"Nothing in the prohibition against selling time for the presentation of controversial public issues shall be interpreted as barring sponsorship of the public forum type of program when such a program is regularly presented as a series of fair-sided discussions of public issues and when control of the fairness of the program rests wholly with the broadcasting station or network.

#### "EDUCATIONAL BROADCASTING

"While all radio programs possess some educative values, broadcasters nevertheless desire to be of assistance in helping toward more specific educational efforts, and will continue to use their time and facilities to that end and, in cooperation with appropriate groups, will continue their search for improving applications of radio as an educational adjunct.

#### "NEWS

"News shall be presented with fairness and accuracy and the broadcasting station or network shall satisfy itself that the arrangements made for obtaining news insure this result. Since the number of broadcasting channels is limited, news broadcasts shall not be editorial. This means that news shall not be selected for the purpose of furthering or hindering either side of any controversial public issue nor shall it be colored by the opinions or desires of the station or network management, the editor or others engaged in its preparation or the person actually delivering it over the air, or, in the case of sponsored news broadcasts, the advertiser.

"The fundamental purpose of news dissemination in a democracy is to enable people to know what is happening and to understand the meaning of events so that they may form their own conclusions and, therefore, nothing in the foregoing shall be understood as preventing news broadcasters from analyzing and elucidating news so long as such analysis and elucidation are free of bias.

"News commentators as well as all other news casters shall be governed by these provisions.

#### "RELIGIOUS BROADCASTS

Radio, 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 and to administer broadly to the varied religious needs of the community.



## "COMMERCIAL PROGRAMS AND LENGTH OF COMMERCIAL COPY

"Acceptance of programs and announcements shall be limited to products and services offered by individuals and firms engaged in legitimate commerce, whose products, services, radio advertising, testimonials and other statements comply with pertinent legal requirements, fair trade practices and accepted standards of good taste.

"Brief handling of commercial copy is recommended procedure at all times.

"Member stations shall hold the length of commercial copy, including that devoted to contests and offers, to the following number of minutes and seconds:

### "Daytime

Fifteen-minute programs - 3:15

Thirty-minute programs - 4:30

Sixty-minute programs - 6:00

### "Exceptions

"The above limitations do not apply to participation programs, announcement programs, "musical clocks", shoppers' guides and local programs falling within these general classifications.

"Because of the varying economic and social conditions throughout the United States, members of the NAB shall have the right to present to the NAB for special ruling local situations which in the opinion of the member may justify exceptions to the above prescribed limitations.

"Resolved, That the National Association of Broadcasters in convention assembled hereby adopts the code as presented; and

"That the incoming Board of Directors be authorized to devise the machinery necessary to insure compliance of members with the code and to determine date of taking effect."

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GEDDES HONORED BY TRADE EXECUTIVES

Bond Geddes, Executive Vice President-Secretary of the Radio Manufacturers' Association, has been elected Vice President of the Washington Trade Association Executives, comprising over 300 representatives of trade organizations represented in the National Capital. Mr. Geddes has been active in the work of industrial organizations, and last Fall was elected to the Board of Directors of the American Trade Association Executives, the national organization.

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## FTC READY TO ISSUE RADIO FAIR TRADE RULES

Final action has been taken by the Federal Trade Commission on the long-pending fair trade practice rules for the radio manufacturing industry, according to Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association. The rules are scheduled for announcement and official promulgation next week.

There is no advance information on the merchandising rules and advertising practices which will be contained in the Commission's final decision. Rules under consideration have covered use of the terms "all wave", "world wave" and similar advertising; use of "push money" or "spiffs"; advertising of "ballast" tubes, and prohibition of commercial bribery, defacement of trade marks and other practices.

The Commission's decision will come almost exactly four years after initiation of proceedings by the RMA set Division, when Arthur T. Murray was Chairman, in July 1935. The final public hearing in the ensuing trade practice "conference" was held December 7, 1937.

What virtually amounts to a merchandising code governing all interstate sales of radio will be incorporated in the "fair trade practice rules" to be promulgated by the Commission. The rules will represent the Commission's final decision and opinions of the law governing interstate sales and advertisement of radio.

Although originally proposed to apply only to receiving set manufacturers, since the initiation of the proceedings four years ago the Commission's jurisdiction has been enlarged by the Robinson-Patman and Wheeler-Lea Acts, so that the new rules will apply to distributors and any dealers selling radio in interstate commerce as well as manufacturers, and to tubes and accessories as well as receiving sets, according to information from Commission officials.

Promulgation by the Commission and publication of the radio "fair trade practice" rules in "The Federal Register" will be the final action in the long-pending proceedings. The Commission also will send notices to individual radio companies asking for their acceptance, or "adherence", to the rules but with no time limit for such individual company action. Involved, however, are several citations against individual companies which have been suspended under the proceedings for the industry trade practice conference.

A set of proposed rules was submitted by RMA on August 29, 1935. The first public hearing before the Commission was held April 7, 1936. Tentative rules of fair trade practice were proposed by the Commission on November 22, 1937, but these were disapproved by the RMA Board of Directors and a simpler codification of rules urged by the Association at the final hearing December 7, 1937. James M. Skinner, of Philadelphia, was Chairman of the RMA



special committee in the final proceedings, which have been under advisement by the Commission over a year. Also participating in the development of the rules was the special RMA Committee on Fair Trade Practices of which Commander E. F. McDonald, President of the Zenith Radio Corporation, of Chicago, is Chairman.

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## UNETHICAL ADVERTISING BARRED BY NAB RESOLUTION

Supplementing the code of ethics adopted for the broadcasting industry, the National Association of Broadcasters adopted a resolution specifying 13 types of unethical advertising that member stations should not accept. The resolution follows:

"Whereas, the phrase 'accepted standards of good taste' as used in the N.A.B. Code is possible of different interpretations in different parts of our country, and, whereas a more or less uniform interpretation is necessary because in radio broadcasting wide areas often are covered, therefore, be it resolved

"That any interpretation of the phrase 'accepted standards of good taste' shall, in addition to the common interpretation such phrase would have in any community, include the following;

"Member stations shall not accept for advertising:

- "1. Any spiritous or 'hard' liquor.
- "2. Any remedy or other product the sale of which, or the method of sale of which constitutes a violation of the law.
- "3. Any fortune telling, mind reading, character reading, by handwriting, numerology, palm reading, or astrology, or advertising related thereto.
- "4. Schools that offer questionable or untrue promises of employment as inducements for enrollment.
- "5. Matrimonial agencies.
- "6. Offers of 'homework' except by firms of unquestionable responsibility.
- "7. Any race-track 'dopester', or tip-sheet publication.
- "8. All forms of speculative finance. Before member stations may accept any financial advertising it shall be fully ascertained that such advertising and such advertised services comply with all pertinent Federal, State and local laws.
- "9. Cures and products claiming to cure.
- "10. Advertising statements or claims member stations know to be false, deceptive or grossly exaggerated.
- "11. Continuity which describes, repellently, any functions or symptomatic results of disturbances or relief granted such disturbances through use of any product.
- "12. Unfair attacks on competitors, competing products or upon other industries, professions or institutions.
- "13. Misleading statements of price or value or misleading comparisons of price or value."

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LOTTERY SALES OF RADIOS HIT BY FTC ORDER

The Federal Trade Commission has ordered James I. Silver, trading as Silver Manufacturing Company, Silver Sales Company, and World-Wide Radio Company, 2868 Elston Ave., Chicago, to discontinue misleading representations and lottery methods in selling radios, fountain pens and other novelty merchandise.

Radios were found to have been represented in a fashion tending to deceive buyers into believing they were R.C.A. sets, when in truth only tubes or other parts had been made by a manufacturer operating under a limited R.C.A. license.

It was also found that the respondent advertised to the effect that his agents could obtain radio sets from the respondent at factory prices and save up to 50 per cent, when in fact the respondent was not the manufacturer of the sets offered but only the middle-man and did not sell radios at factory prices or at the saving advertised.

The Commission's order directed the respondent to cease representing directly or by inference that radios not made by the Radio Corporation of America are "R.C.A." radios; that the respondent is a manufacturer, until that is a fact and that his purchasers obtain a 50 per cent or other saving, and to cease implying that merchandise supplied to agents is free when they are required to pay therefor or perform certain services to obtain it.

The order also prohibits the sale of merchandise by lottery or the supplying to others of lottery devices for use in such sale.

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ONLY "SAMPLE" RADIO CENSUS IS EXPECTED

The Census Bureau probably will not include a count of radio sets in the 1940 population census, according to present indications and despite the requests of the Federal Communications Commission. Lack of funds and facilities are grounds given for probable omission of radio ownership questions. A "sample" or partial census of radio ownership, however, may be taken by the Government.

The Radio Manufacturers' Association and the National Association of Broadcasters have been supporting the FCC request for a count of radio sets in the 1940 census. The Commission stressed that data would assist in securing valuable information on set ownership and in dealing with licensing problems. Census officials, however, state that similar requests have been received for forty similar commercial tabulations and that it appears impossible to provide a radio census, except in limited scope, next year. In the previous 1930 census the RMA secured inclusion of a question on radio set ownership.

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## CONGRESS GETS S-W BILL AS FCC HEARING OPENS

As a public hearing opened before the Federal Communications Commission on one section of the new rules governing international broadcasts by U. S. radio stations, Representative Cochran (D.), of Missouri, introduced a bill in the House to repeal the restrictions.

The National Association of Broadcasters, meeting in Atlantic City, adopted a resolution opposing the FCC rules as its special counsel, Swager Sherley, and others attacked the regulation at the hearing.

The hearing was restricted only to the section of the FCC international rules relating to the type of programs that must be broadcast. Among those who were represented at the hearing were:

Westinghouse Electric & Manufacturing Co., by G. S. Law, E. D. Johnston, H. L. Lohnes and F. W. Albertson; National Association of Broadcasters, by Swager Sherley; Columbia Broadcasting System, by Paul A. Porter; Crosley Corporation, by Duke M. Patrick; General Electric Company, by L. D. Coffman; Isle of Dreams Broadcasting Corporation, by H. L. Lohnes; National Broadcasting Company, by P. J. Hennessey, Jr.; WCAU Broadcasting Co., by Paul A. Porter; National Committee on Education, by S. H. Evans, Secretary; and World Wide Broadcasting Corporation, by M. M. Jansky and A. B. Landa.

The hearing, granted upon petition of the American Civil Liberties Union, will involve the question of whether Section 42.03(a) of the rules applicable to International Broadcast Stations should be modified, revised or amended. These rules, which apply only to stations operating on the frequencies assigned to international broadcast stations were issued on May 23, 1939, and have been effective since that date.

Section 42.03(a) 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 goodwill, understanding and cooperation. Any program solely intended for, and directed to an audience in the continental United States does not meet the requirements for this service."

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## NAB ENDS CONVENTION WITH ELECTIONS

With the election of five Directors at large, the National Association of Broadcasters ended its annual convention at Atlantic City on Thursday.

Among the resolutions adopted was one thanking the Federal Communications Commission for extending the license period of radio stations from six months to a year. The resolution stated, however, that the NAB will continue to fight for a three-year license as allowed by law.

The broadcasters decided to seek a solution with the radio manufacturers of the dispute over the push-button type sets, the sale of which "will in five years, at the present rate of distribution, seriously reduce possible listening audience of independent stations".

Directors-at-large elected by the Association were Frank M. Russell of Washington; Harold Hough, of Fort Worth, Texas; George Norton, of Louisville, Ky.; Don Elias of Asheville, N.C.; John Elmer of Baltimore, and Harry Spence of Aberdeen, Wash.

The Board of Directors announced that it would establish a detailed plan of code compliance which will be announced at the next meeting of the Board in September.

One of the highlights of the convention was an international broadcast in which the movies and newspapers were represented Wednesday night.

Neville Miller, President of the Association, spoke at the dinner and introduced Will Hays, President of the Motion Picture Producers and Distributors of America, who spoke from Hollywood, and James G. Stahlman, publisher of The Nashville Banner and former President of the American Newspaper Publishers' Association, who talked from London, England.

The program went on the air over a National Broadcasting Company hook-up.

"I am told that we are making radio history tonight", Mr. Miller said. "This is the first time that the radio and the motion pictures and now the press have addressed you from the same radio program. It is significant, I believe, because it marks the first time that the appointed leaders in these three fields step before you on common ground. The cornerstone of each industry - the press, the motion picture and the radio - is based on the constitutional guarantee of freedom of speech and freedom of press. We have but to look abroad to see what happens in the destruction of human liberties when these guarantees are taken away."

Mr. Stahlman said it was the obligation of the radio, screen and press to maintain their freedom. "With Europe gone haywire", he declared, "you of the radio and screen and we of



the press have no higher obligation to the American people than to oppose every effort from within and without to encroach on man's right to think, speak and worship as he pleases."

Mr. Hays stressed the freedom of the motion picture in America.

The Copyright Committee of the Association was authorized to enter into negotiations for a new contract with the American Society of Composers, Authors and Publishers, to take effect when the present one expires on Dec. 31, 1940. The broadcasting stations pay the Society for the use of music on which it holds copyrights.

"The Copyright Committee", the resolution further stated, "if in its judgment no good purpose is served by postponement of its dead-line, is authorized to prepare such measures as are necessary and expedient to enable the industry to provide sufficient music for its requirements without ASCAP on the expiration of the existing ASCAP contract."

A paper by Orrin E. Dunlap, Jr., Radio Editor of the New York Times, on "Television, Facsimile, Their Future Effect on Broadcasting", was read to the delegates by Edward M. Kirby, Director of Public Relations of the Association. Mr. Dunlap was unable to attend the meeting.

Stephen Early, Secretary to President Roosevelt, addressed the Association Tuesday on "Radio and Its Relation to the Government" at the morning session. He told the delegates that "so long as radio serves democracy it will remain free" from censorship. He emphasized, however, "that this is solely my personal belief."

"The myth of censorship and the fallacy that broadcasters goose-step to official pressures seem to a side-line observer to be the twin bogey-man of radio", Mr. Early said. "In my opinion freedom from official censorship, freedom from domination by any administration or political party rests with the radio itself. So long as its operations reflect the 'doctrine of fair play' as expressed by the statutes governing political broadcasts, so long as programs are interesting, informative and clean - in brief, so long as radio serves democracy, it will remain free."

"No columnist, interpreter or broadcaster who misinterprets, misquotes or invents news out of a clear, blue sky survives long. The good sense of the American people catches on to the fact that he is a perverter rather than a purveyor of news. In the same way the American people soon lose confidence in the type of individual who seeks to stir up prejudice against race, against religion or against color. Thus I can conceive of no permanent danger within our country, even though great temporary harm is often done to our national welfare by such people."

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 :::: TRADE NOTES ::::  
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Appointment of Anton Bundsmann, a veteran of fifteen years' experience in the Broadway theater and in motion pictures, and Donald Davis, stage and motion picture writer, to the television staff of the National Broadcasting Company, has been announced by Thomas H. Hutchinson, manager of NBC's Television Program Division. Mr. Davis will be television's first staff script writer.

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The story of how radio, unknown 20 years ago, has come to be the greatest factor, next to eating and sleeping, in the lives of 99,000,000 persons in the United States, will be presented in a series of eight programs over Columbia Broadcasting System's nationwide network beginning Monday, July 17, from 9 to 9:30 P.M., EST. The series is to be called "So This Is Radio."

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Maj. Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America, warned against the threatened loss of traditional American freedom in an address this week at the University of Virginia Institute of Public Affairs, Charlottesville, Va.

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Use of lottery methods in the sale of fishing tackle, silverware, rifles, radios, cups, blankets and other articles is alleged in a Federal Trade Commission complaint issued against Rose Greenberg, trading under the name of Central States Supply Company, 537 South Dearborn St., Chicago. The respondent is alleged to have furnished others with push cards for use in the sale of her merchandise to ultimate consumers.

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Gerald Maulsby, formerly Assistant Director of Program Operations for the Columbia Broadcasting System, has been appointed Production Manager for the network. He succeeds John S. Carlile, who recently resigned following an extended leave of absence. LeRoy Passman, who has been serving as Maulsby's assistant, takes over his former duties. Both new appointments take effect immediately.

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The Federal Communications Commission this week granted permits for the erection of three new broadcasting stations. The applicants are: Richland, Inc., Mansfield, O., for 1370 kc., 250 watts power, daytime only; Northwest Broadcasting Co., Fort Dodge, Ia., 1370 kc., 250 watts, daytime, and 100 watts at night, specified hours; Coastal Broadcasting Co., Brunswick, Ga., 1500 kc., 250-100 watts power, unlimited time.

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