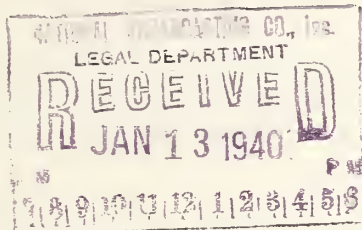


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BROWN TO BE COCA COLA ATTORNEY AFTER RESIGNING

The real reason for the expected resignation of Thad H. Brown from the Federal Communications Commission was disclosed this week along with the "inside story" of how he got the job.

Commissioner Brown, who was reported a fortnight ago to be planning to quit the FCC to practice law, will be the Washington attorney or representative for the prosperous Coca Cola Company, of Atlanta, it was learned, at a salary which well exceeds the \$10,000 a year of his Government income.

From a highly reliable source it was learned that he obtained the job through his friendship with former Governor James M. Cox, who has recently spread his newspaper publishing and radio broadcasting activities into Atlanta, home of Coca Cola.

Mr. Cox, one-time Democratic nominee for President, on December 12 acquired control of WSB, 50,000 watt station, along with a 40 percent interest in its sister NBC outlet, WAGA, a regional station. He bought the famed Atlanta Journal in the same transaction.

It was after this deal had been approved by the FCC that the story came out regarding Commissioner Brown's intention to resign from the FCC early this year.

When a Washington correspondent for a newspaper syndicate serving Ohio papers learned of the Coca Cola job, reputedly obtained for Mr. Brown, a staunch Ohio Republican, by ex-Governor Cox, he thought he had a good story.

Commissioner Brown was out of the city at the time. Someone at his home confirmed the rumor of his resignation and law practice, but when he mentioned Mr. Cox and Coca Cola, the informant "hit the ceiling", according to a newspaper man's version.

When the correspondent refused to drop the story, Mr. Brown himself entered the picture and got in touch with the syndicate editor. He insisted the story was premature.

As a result, the newspaper report was published without any reference to Mr. Cox or Coca Cola. It did say, however, that Mr. Brown expected to represent "a soft drink company".

Commissioner Brown's term on the FCC does not expire until June, but it is expected that he will leave the Commission before Spring. In fact, he was due to leave this month, but the

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Cox story is said to have upset him so that he postponed the resignation.

Colonel Brown, former Secretary of State in Ohio, has been with the FCC ten years, first as General Counsel of the old Federal Radio Commission, and since 1932 as a Commissioner.

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PROCEDURE FOR FCC TELEVISION HEARING OUTLINED

The Federal Communications Commission announced this week that parties interested in the proposed television rules and regulations may appear in defense of, as well as opposition to the same at the public hearing scheduled to start at 10 o'clock next Monday morning, January 15, before the Commission en banc. Such participation will be limited, however, to evidence and argument in rebuttal to exceptions offered. Persons desiring so to participate may apply for time to the Commission at the hearing, at the close of the presentation of evidence and argument in support of objections.

The Commission also stressed that it will afford parties opportunity to be heard on specific recommendations of the Television Committee in addition to the proposed rules and regulations. The allocation table was cited as an example of such recommendations.

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HANDBOOK ON RADIO INSTALLATIONS ISSUED BY U.S.

The National Bureau of Standards has issued "Safety Rules for Radio Installations", consisting of practical advice how to set up a radio transmission station and the rules that must be observed under the National Electric Safety Code.

The handbook contains Part 5 of the fifth edition of the General Code. The present edition is the result of a revision of the rules in accordance with the procedure of the American Standards Association.

Copies may be obtained at ten cents each from the Government Printing Office.

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COMPETITION IMPROVES RADIO PROGRAMS, FCC DECLARES

"Competition in radiobroadcasting means, insofar as listeners are concerned in a particular community, a wider choice of programs, and consequently a heightened listener interest which may very well result in a greater amount of advertising expenditures because of increased listener hours with consequent increased revenues for both stations", the Federal Communications Commission stated this week in denying the petition of Virgil V. Evans, licensee of Station WSPA at Spartanburg, S. C., for rehearing or reconsideration of the Commission's grant to the Spartanburg Advertising Company of a construction permit for a new broadcast station at that place.

"In the radiobroadcast field public interest", the FCC said, "convenience and necessity is served not by the establishment and protection of monopolies, but by the widest possible utilization of broadcast facilities. Competition between stations in the same community inures to the public good because only by attracting and holding listeners can a broadcast station successfully compete for advertisers. Competition for advertisers which means competition for listeners necessarily results in rivalry between stations to broadcast programs calculated to attract and hold listeners, which necessarily results in the improvement of the quality of their program service. This is the essence of the American system of broadcasting.

"Experience has shown that the addition of a competitive station in a community does not bring about disastrous results sometimes predicted by the licensee of an existing station in the community. More often the protests of the existing station to the establishment of a new station spring not from a desire to insure its continued operation in the public interest, but rather from the purely private interest of seeking a monopoly in a field in which the interests of the public are best served by competitive operation."

The Spartanburg Advertising Company station proposes to operate on 1370 kilocycles, with a power output of 100 watts night, 250 watts day, unlimited time. Station WSPA operates on 920 kilocycles, with power of 1 KW, daytime hours.

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THREE RADIO FIGURES AMONG "YOUNG MEN OF 1939"

Radio took three places among America's 10 "young men of 1939" selected by Durward Howes, a biographer, of Los Angeles. This week he made public his sixth annual choice of the Nation's men ranging in age from 32 to 40. Among them were: Philo Farnsworth, 33, Philadelphia, for developing television's basic principles; Fulton Lewis, Jr., 36, Washington, D. C., radio news commentator for the Mutual Broadcasting System; and William S. Paley, 38, New York, N.Y., President of the Columbia Broadcasting System.

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BRITISH PLAN TO PUSH RADIO EXPORTS DESPITE WAR

British radio manufacturers are pushing the export trade despite the war, according to an article from "The Times Trade and Engineering", London, submitted to the Commerce Department by the American Commercial Attache.

The article, while stating that domestic radio sales rose at the outbreak of the war along with the retail price, indicates that local purchases have since dropped.

"The extent to which the war has given a fillip to radio may be judged from the fact that the number of licenses rose by 41,323 during September", the article said. "This is the largest monthly increase for some time, and is no doubt accounted for to some extent by the purchase of additional sets by many people for use in air-raid shelters and dug-outs and in reception areas.

"Though prices have risen by an average of about 10 per cent, owing to the increased cost of raw materials, manufacturers have been busy, particularly in the departments concerned with battery sets. The brisk demand for these is due to their independence of electricity supplies, and will continue; but in spite of criticisms of the B.B.C. programs public reliance on radio was never so great as it is now, and consequently the outlook for the industry generally is considered good.

"There are, however, certain difficulties in the way. Many factories have lost labor through the calling up of men for military service, and there is a possibility of a shortage of raw materials. But as the Government recognizes the vital part played by radio in news dissemination and in other ways a sympathetic attitude to the needs of manufacturers is expected.

"Another difficulty, and one which caused more than a little anxiety at the outset, was an announcement that the export of wireless valves and permanent magnets was to be prohibited except under license. As these components are vital parts of receiving sets, the whole of the export trade in the latter was threatened with extinction. The Radio Manufacturers' Association, however, promptly made representations to the authorities, who soon clarified the situation. It was laid down that the ban does not apply either to valves fitted into sets or to permanent magnets in loudspeakers which form an integral part of sets.

"With the path thus cleared for action, the trade intends to do everything possible to increase exports, and in this makers will, of course, be assisted by the lower value of the pound sterling. Special efforts will be directed towards the Dominions, where conditions are particularly favorable. In 1938, shipments of radio apparatus from this country to the Empire oversea amounted to £942,168, or practically half of the total sent to all parts of the world.

"The principal markets were New Zealand (£150,848), India (£149,079), South Africa (£144,779), Eire (£127,295) and Australia (£115,140). New Zealand's restriction of imports affects British prospects in that market seriously, but there is no reason why exports to other Dominions should not be developed."

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FREQUENCY MODULATION GROUP IS ORGANIZED

Anticipating the spread of frequency modulation broadcasting, the FM Broadcasters, Inc., has been organized with John Shepard, III, head of the Yankee Network, as Chairman.

The Federal Communications Commission has scheduled an informal engineering hearing on February 28 to investigate the new "staticless" radio transmission.

After organizing last week in New York, the broadcasters interested in frequency modulation development elected, besides Mr. Shepard, the following Directors:

Theodore C. Streibert, WOR; J. V. L. Hogan, WQXR; Ray Manson, Stromberg-Carlson; C. M. Jansky, Washington. D. C.; Carl Meyers, WGN, Paul Morency, WTIC; Walter Damm, WTMJ; and F. M. Doolittle, WDRC.

Philip Loucks, of Washington, D.C., was selected as attorney for the new frequency modulation group. The FMBI group will be incorporated as a Delaware corporation with main offices and headquarters in Washington.

Seventy-three persons attended the New York meeting and represented 43 groups or organizations who have a frequency modulation station, or who have a construction permit, or have applied or propose to apply for a FM license. A majority of the attending group signified their intention or interest in joining the newly organized FM Broadcasters, Inc.

The Board decided upon a yearly levy of dues of \$300 per annum, beginning with the calendar year January 1, 1940. This is to provide for the presentation of technical data and group recommendations for the FCC hearings. Persons representing more than one station for which licenses have been issued, will be required to join up each station separately for membership. An Executive Engineering Committee and a General Engineering Committee was appointed to prepare the necessary technical data for presentation to the Federal Communications Committee, relative to the Frequency Modulation hearings.

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"AN ABC OF THE FCC" GIVES FACTS ABOUT COMMISSION

A highly informative digest of the facts about the Federal Communications Commission was issued this week by the FCC under the title "An ABC of the FCC".

Prepared by George O. Gillingham, Public Relations Chief, the review covers ten mimeographed pages and is presented in question-and-answer style.

Some of the little known facts uncovered by the FCC biography are:

It employs more than 600 persons, 200 of which are in the field.

It has 26 field stations and seven monitoring units, with 115 inspectors, keeping check on radio activities.

About 65,000 radio stations of all types are licensed by the FCC. This includes 800 standard broadcast stations, 600 broadcast stations other than standard, 400 experimental stations, 3800 ship radio stations, 1800 aviation stations, 1100 police radio stations, 250 forestry stations, 54,000 amateur licensees, 300 coastal radio stations, 800 fixed radio stations, and the rest miscellaneous.

There are 5,000 commercial radio stations in the country, and more than 15,000 commercial operators were licensed last year. There are approximately 50,000 commercial operators of all classes under FCC jurisdiction.

"Has the FCC anything to do with national defense?" the review asks and answers:

"Besides performing important functions in connection with the preservation of neutrality, the Commission is expressly charged by its creative act with carrying out 'the purpose of the national defense'. The act gives the President special powers in respect to communications in the event of war or national emergency."

"Can the FCC censor programs?"

"No." Then follows a quotation from the Communications Act.

"Will the FCC consider individual complaints about a particular radio program?"

"Yes, if the complaint deals with any matter within the Commission's jurisdiction under the provisions of the Act."

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TOWNSENDITES OPEN FEEBLE DRIVE AGAINST NAB CODE

Somewhat feebly this week, the Townsendites opened a campaign in Congress against the NAB Code ban on sponsored controversial broadcasts. Representative O'Connor (D.), of Montana, inserted in the appendix of the Congressional Record a resolution adopted by the Billings Townsend Club, No. 1, of Billings, Mont.

The resolution read as follows, in part:

"Whereas the National Association of Broadcasters, representing about 90 percent of the American broadcasting stations, has issued an edict barring the purchase of radio time for discussion of controversial questions on the air; and

"Whereas said association still allows the discussion of political questions. discussions of the Federal Social Security Law, discussions of religious matters by persons not objectionable to the association, and also the discussion of the advantages of the use of cigarettes, all of which questions are highly controversial, and yet have refused to allow Dr. Townsend to discuss the Townsend plan, one of the most important economic issues before the American people today; and

"Whereas advertisers on radio programs, by their patronage, are, in effect, supporters of the unjust and tyrannical action of the broadcasters; and

"Whereas the legitimate radio field has been circumscribed by said rule to the detriment of radio users all over the United States: Now, therefore, be it

"Resolved by Billings Townsend Club No. 1, That our Senators and Representatives in Congress be urged to immediately demand that the Federal Communications Commission cancel the radio licenses of all stations adhering to the above-mentioned rule and denying the right of persons to discuss controversial questions on paid time. If such licenses are not canceled by the Federal Communications Commission, we urge our representatives in Congress to pass a bill requiring such action by said Commission, when the constitutional right of free speech is infringed or denied by any broadcasting station or chain of stations; Be it further

"Resolved, That we urge all persons believing in the right of free speech on the air to refrain from buying or using any products now advertised by any manufacturers over stations affiliated with the National Association of Broadcasters until the aforementioned rule be abrogated: Be it further

"Resolved, That we urge all persons to refrain from buying any more new radios until the freedom of the air can be assured:"

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LISTENER ASKS GOVERNMENT SUBSIDIZATION OF RADIO

A plea for Government subsidization of radio in order to limit commercial advertising on the air was made recently in the "letters to the editor" column of the Washington Post.

James P. Sinnot, of Washington, the author of the proposal, said, in part:

"It would seem that at this time the country might well give thought to the pollution of its highways of the air through the medium of the dreary and too frequent commercial announcements that clutter up even the finest of radio programs.

"It will be said, no doubt, by the radio monopolies that commercial sponsorship makes possible the broadcast of great artists in the theater, fine orchestras, the major football and baseball games, and boxing matches. This is no doubt true, under the existing conditions surrounding the radio industry. . . .

"The radio station under the present setup has no source of income except through the medium of the commercial broadcast. But it should have. Each station or chain should be proportionately subsidized by the Federal Government through the medium of a tax on radios, to be paid in part by the manufacturers and in part by the dealers. As it stands today, the manufacturer, through the medium of the dealer, sells the customer the medium through which the radio station forces him to listen to an advertising campaign.

"We hear a great deal of the need for a national theater and Government subsidization of grand opera. Why not Government subsidization of the radio?

"The stock defense of the great broadcasting chans in regard to commercial programs is that the listener is getting something for nothing. But is this true? Not any more than the assertion that because a man or woman buys an automobile he could not enjoy the beauties of the great scenic highways, and therefore should be happy to look at the billboards along the way that advertise things that he already knows about, favorably or unfavorably, as the case may be.

"It will not be necessary to eliminate the commercial program entirely, but it should be confined to a definite period and listed as such, so that if we have already learned how we can carry the football through the line like Andy Farkas, or hit the baseball like Joe DiMaggio, we will not have to listen to it all over again, and can wait for the big game or the orchestra, or star of the theater or screen, that we wish to hear."

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THE UNIVERSITY OF CHICAGO

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I. T. & T. REPORTS PROFITS FOR NINE MONTHS

International Telephone and Telegraph Corporation and subsidiaries earned consolidated net income, exclusive of German and Polish subsidiaries, of \$3,970,585 for the nine months ended September 30, 1939 as compared with \$5,990,060 for the nine months ended September 30, 1938, Sosthenes Behn, President, reported this week. The results of German and Polish subsidiaries for the nine months ended September 30, 1939, are not determinable because of the situation resulting from hostilities in Europe. The net income of these subsidiaries for the nine months ended September 30, 1938 amounted to \$165,759.

"The translation of net current assets of foreign subsidiaries into U. S. dollars and other exchange losses have resulted in a net foreign exchange loss of \$888,885 after deducting a profit on forward exchange transactions", the report stated. "This loss was caused principally by lower rates of exchange on September 30, 1939, as compared with December 31, 1938. The chief decreases resulted from the establishment, at or about the outbreak of the war, of official rates of \$0.02284 for the franc and \$4.02 for the pound, which were approximately the rates prevailing at September 30, 1939. A portion of the net foreign exchange loss, allocable to net current assets of subsidiaries in France and the British Empire, (after deducting the profit on forward exchange transactions) amounting to \$766,786 has been charged to the Reserve for Foreign Exchange which was set up in 1936 and a credit in like amount has been made to this reserve by an appropriation from earned surplus. The remainder of the foreign exchange loss for the period, amounting to \$122,099, was absorbed in the income account.

"Due to the uncertainty of the effect of the war operations and the extent to which restrictions may be imposed, it is impossible to estimate or to predict at this time the effect on the Corporation's cash and earnings resulting from the conditions created by the war in Europe. Cable revenues and revenues of telephone operating subsidiaries outside of Europe have improved since the outbreak of hostilities and the Corporation, in spite of the additional restrictions imposed since the outbreak of hostilities, has been able to transfer sufficient funds to enable it to cover its U.S. dollar requirements including interest and sinking fund requirements."

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