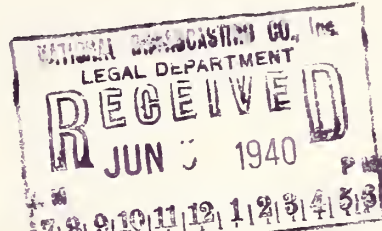


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1239

June 4, 1940

BROWDER BROADCAST BRINGS DEMAND FOR LAW CHANGE

Demands that the Communications Act be changed to permit radio stations to refuse to carry Communist addresses and a renewal of a proposal for a Congressional investigation of radio this week followed on the heels of the broadcasting of the Communist Party convention from Madison Square Garden.

Representative Cox (D.), of Georgia, ranking majority member of the powerful House Rules Committee, suggested the Congressional inquiry while admitting that it is too late in the session for action by the present Congress.

Press reaction in leading newspapers was a bit wary of the idea of banning Communists from the air, but the New York Times suggested that the time of the party might be curtailed in view of the limited interest.

The Federal Communications Commission was silent officially, but a spokesman for the FCC pointed out that under the Communications Act that the Commission could not intervene. A letter of protest from former Representative John J. O'Connor, of New York, however, was referred immediately to the FCC Legal Division for advice.

The Columbia Broadcasting System started the discussion by asking revision of the Communications Act, which requires that all political parties be treated alike, and apologizing to its listeners before carrying Earl Browder's address.

James L. Fly, Chairman of the FCC, called at the White House last Friday and it is believed he discussed the question.

Representative Cox in a brief speech in the House on Monday said:

"Mr. Speaker, on yesterday the broadcasters announced that they were compelled by law to broadcast the proceedings of the Communist convention. I happen to hold in my hand the law. It compelled no such thing.

"Mr. Speaker, in view of the fact that Mr. Sarnoff, who heads the R.C.A., inspired the editorial Public Enemy No. 1, carried in a recent issue of Colliers, and in view of the further fact that he is the close associate of the brother-in-law of Mr. Molotov, Premier of Russia, and in consideration of the further fact that it has been said for a long while that subversive activities were freely carried on in this organization, I want to make the observation that we have about reached the point where

we should investigate the broadcasting business. It is too late in the session to undertake such an investigation now, but we can get to it early in the next Congress."

Referring to the subject in reply to questions asked at her press conference, Mrs. Franklin D. Roosevelt declared that so long as the Communist party was a legally constituted party it should receive the freedom of speech accorded to other parties. She declined to say whether she favored outlawing the Communist party, as has been proposed in several bills in Congress. That was for Congress to decide.

She maintained that protection was needed against "Fifth Column" activities, but emphasized that any steps taken should be under existing law and that people should "keep their feet on the ground" and avoid hysteria.

Amendment of the 1934 Communications Act to permit radio broadcasters certain discretionary powers of censorship in the matter of extension of their facilities to political candidates, and to some extent over the subject matter to be broadcast by candidates and others, was suggested last Friday by Senator Burton K. Wheeler (D.), of Montana, and representatives of the radio industry.

"The present law was drafted so as to preserve the right of free speech in the United States and to see to it that each candidates for public office had a right to express his views, whether we agreed with them or not", Senator Wheeler said.

"I think that the law probably should be changed because of the fact that it, perhaps, goes too far in this respect. It goes so far as to make it impossible for a broadcaster to censor a statement even if it contains libelous matter. The law certainly should be amended in that respect, at least."

Senator Wheeler's statement was made on the floor of the Senate during debate on the transfer of the Bureau of Immigration and Naturalization to the Department of Justice.

Mr. O'Connor in a telegram to the FCC said, in part:

"I hereby protest against the National, Columbia, and Mutual Broadcasting Systems, broadcasting to the nation on Sunday next the proceedings of the 11th Annual Convention of the Communist Party and demand that you enforce law and your regulations and forbid this broadcast to this non-American, godless group on the ground that the Communist Party is not a legal or recognized political party in the State of New York, or elsewhere, and has no standing as such not having received sufficient votes at the last gubernatorial election to qualify it as a political party, nor is Browder 'a legal qualified candidate for public office' because the necessary petitions placing him in nomination have not yet been filed and cannot be filed until some time in October. Rather is the group a direct and admitted representative and agent of Soviet Russia, pledged to 'overthrow' our Government."

In reply, CBS called Mr. O'Connor's attention to its statement of Thursday in which it pointed out the Communications Act compelled broadcasters to treat all candidates for public office alike and for this reason, Columbia recommended a change in the law which would permit refusal of time to candidates of any political party proven to be subservient to a foreign power. The text of Columbia's statement is as follows:

"The radio law requires broadcasters to give the same treatment to all candidates for any public office. In compliance with this law we have arranged to carry on Sunday evening, June 2nd, a fifteen-minute talk by Earl Browder on the Communist Party's representation that, at that time, he will be the duly nominated candidate for the presidency.

"It is obvious that when the Congress enacted the Communications Law, present conditions and their dangers were not apparent. Columbia is, of course, obedient to the laws of the United States but it is of the belief that the Communications Law should be changed so that no broadcaster is compelled to give time to the candidates of any political party if it is proven to be subservient to a foreign power."

A spokesman for the Federal Communications Commission agreed with the interpretation of the law put forward by the National, Columbia and Mutual Broadcasting systems. They held, as did this spokesman, that the law compelled broadcasters to allow time to all parties if it gave or sold time to any one party. However, it was asserted that the broadcasters could refuse time to all parties or their candidates.

Commented the New York Times:

"Mr. Browder's free time on the air may wisely be curtailed in the interests of economy and proportion. It is absurd to devote national networks to a product in which only a few thousand people are interested. But Mr. Browder spouting through the ether is no menace to anybody but himself or to any cause but his own."

Neville Miller, President of the National Association of Broadcasters, in a statement explaining the broadcasters' position, concluded:

"Undoubtedly, in enacting these provisions of the Federal Communications Act, Congress was particularly interested in providing for the protection of freedom of speech, and prohibiting censorship. Recent developments in Europe have brought to our minds many dangers which then were not realized and which may require a reconsideration of the subject. However, in the meantime, radio stations have no alternative - they must obey the law as written."

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WHEELER ASKS \$5,000 MORE FOR TELEGRAPH PROBE

Senator Wheeler (D.), of Montana, this week introduced a resolution in the Senate asking for an additional \$5,000 to carry on the telegraph investigation ordered by the Senate Interstate Commerce Committee. The resolution follows:

"Resolved, That the Committee on Interstate Commerce, authorized by Senate Resolution 95 of the first session of the Seventy-sixth Congress, and Senate Resolution 268 of the third session of the Seventy-sixth Congress, to investigate the telegraph industry, is hereby authorized to expend from the contingent fund of the Senate, in furtherance of the purposes of the above-mentioned resolutions, \$5,000 in addition to the amount heretofore authorized for said purposes."

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REAPPOINTMENT OF BROWN TO FCC FORECAST

Thad H. Brown is expected to be reappointed for a seven-year term as a member of the Federal Communications Commission prior to expiration of his present term June 30th.

An Ohio Republican, Colonel Brown is the only remaining member of the former Federal Radio Commission now sitting on the FCC. He was named a member of the Radio Commission on January 21, 1932, after having served as General Counsel since 1929. He was carried over as a member of the FCC upon its creation on July 11, 1934, having been named for a six-year term.

Several months ago Colonel Brown was planning to retire from the FCC to reenter private law practice in Ohio and Washington. It is understood, however, that he has decided to forego such plans.

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ZENITH SHOWS SPECTRUM "YESTERDAY AND TODAY"

A clear diagram of the radio spectrum showing the positions of television "Yesterday and Today" has been prepared by Eugene F. McDonald, Jr., President of the Zenith Radio Corporation.

The graph is based on the recent decisions of the Federal Communications Commission with regard to both frequency modulation and television transmission.

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PAYNE ASSAILS HANLEY IN TEXAS RADIO CASES

Commissioner George Henry Payne has written an inter-office memorandum to his colleagues criticizing the conduct of James H. Hanley, former member of the Federal Radio Commission, in the so-called Texas revocation cases.

Mr. Payne said that his investigation of the cases, in which he recommended the revocations "indicate clearly that James H. Hanley, for a number of years, has been involved in a professional capacity in the activities of Dr. James O. Ulmer".

After quoting from correspondence and asserting that Mr. Hanley had given "false and misleading evidence", Commissioner Payne concluded:

"Most of the Texas revocation cases I have heard, by the similarity of their violations and the steps taken to disguise such violations, show a single mind at work. In each case, facts have been suppressed and conditions created to cover up the true ownership which, in fact, rested in James G. Ulmer.

"These manipulations required a knowledge of general law, of the Radio Act of 1927, of the Communications Act of 1934, and of the rules of the Commission, which Ulmer did not possess. The inference is inescapable that Hanley guided Ulmer in a complicated scheme of deception. That Hanley was fully aware of what he was doing is clearly indicated by the letters quoted and by others.

"It must be remembered that Hanley is a member of the bar who had served as a member of the Federal Radio Commission. High standards of ethics should therefore be expected of him.

"In my opinion, irregularities on the part of Hanley, sufficiently grave to warrant further investigation, have been revealed in these cases. I therefore recommend to the Commission that the matter be referred to the Law Department for further study and for a formal report to the Commission based thereon, with recommendations as to such disciplinary action as may be deemed appropriate."

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BRITISH BAN RADIOS IN AUTOS AS DEFENSE MEASURE

Great Britain, acting under its war-time emergency powers, last week banned all radios from automobiles, effective Sunday. The order was said to apply even to automobiles in storage.

The order was issued in connection with a new set of national defense regulations.

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STUDEBAKER URGES MOBILIZATION OF RADIO, PRESS, MOVIES

A suggestion that all educational forces, including the radio, press, and movies cooperate in focusing national attention on this country's major's problems, such as unemployment, was made last week by Dr. John W. Studebaker, U. S. Commissioner of Education, at the annual meeting of the American Association for Adult Education in New York City.

"Is it practicable to suggest that all educational forces, including the various newer twentieth century instruments for engendering public understanding, might join in some plan to focus widespread attention upon particular public problems for a period long enough to make a considerable proportion of the American people acquainted with the important facts bearing on our major national questions, and with the various programs of action suggested for their solution?" he said.

"For example, let us suppose that the American Newspaper Publishers' Association were to take the initiative in approaching the major political parties, the news magazines, the radio broadcasting companies, the motion-picture industry, the American Library Association, the National Education Association, etc., to arrange for the appointment of a committee to study means of co-operation for civic education. Perhaps the committee might select a non-partisan and representative board of experts to canvass the major public issues, and to plan a method for the concerted treatment of one of these issues each month or every two months by all the major instruments of communication, harnessing newspapers, magazines, motion pictures, radio, schools, study clubs, extension classes, forums, etc., in a vast democratically managed, cooperative program for the sustained intensive effort to understand the selected problem and the alternative proposals for its solution. To illustrate further, let us suppose that the board of experts should decide that the first problem to be thoroughly canvassed is, 'How Shall We Deal With Unemployment?'

"Certainly here is a problem deserving of the concerted attention of the American people. Its various aspects impinge upon the life of every man, woman, and child in the country. Youth in cities and in rural villages, the middle-aged worker, the trade unionist, the politician, the banker, the baker, the candlestick maker must pass judgment upon the private efforts and public programs designed to assist in a solution of this problem. And yet what concerted, carefully organized, and continuous attention has the problem been given by the agencies which today exercise the most effective educational influence, i.e., press, radio, motion pictures?

"The problem might be, 'What policy shall America follow in foreign affairs?' or it might be, 'What road promises to lead us out of the dilemma of farm surpluses and undernourished people?' Or, 'How can we give youth a balanced life of schooling, work, and recreation?' Or, 'What to do about the rising national debt?'

"Let our board of experts, acting under the direction of the Committee on Communication and Public Affairs, mobilize the facilities of the radio industry, the motion-picture industry, the publishing industry, assisted by all the various formal and informal agencies of adult education, to devote during one or two months continuous and intensive treatment of this unemployment question. Break the question down into an examination of the causes of our present situation, foreign and domestic, technological and scientific, social and economic. Discuss and appraise the impact of unemployment on different age groups. Canvass the possibilities for dealing with unemployment at different age levels. Consider and appraise the measures undertaken by Government such as CCC, NYA, and WPA."

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DOUBLE CALL-LETTERS ARE BEING ELIMINATED

To prevent confusion and in the interests of simplification, the Federal Communications Commission is moving to eliminate the few remaining double call-letter designations retained by standard broadcast stations as a result of past consolidations.

Accordingly, the Commission is writing letters to WICD-WMBF, The Isle of Dreams Broadcasting Corporation, Miami, Florida, and WSYR-WSYU, Central New York Broadcasting Corporation, Syracuse, N. Y., suggesting that they dispense with one-half of their respective combinations, and allowing them to make such choice.

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McNUTT SEES EDUCATION BOON IN FM AWARD

Federal Security Administrator Paul V. McNutt last week declared that a ruling just issued by the Federal Communications Commission granting educational institutions the exclusive use of previously assigned ultra-high frequency radio bands may "provide the greatest stimulus to education our Nation has yet experienced".

Mr. McNutt's comment came after he had received a report from John W. Studebaker, U. S. Commissioner of Education, which contained the FCC ruling. The ruling affirmed the right of educational agencies to exclusive use of radio bands as set forth in a decision of the Commission in 1937 which opened up ultra-high frequency channels for the first time to commercial broadcasting.

The FCC ruling following a hearing on frequency modulation on "static-less" broadcasting, popularly known as "F-M". More than 300 educational institutions requested retention of the high frequency bands. The National Committee on Education by Radio also supported the proposal.

In his report to Federal Security Administrator McNutt, the Commissioner of Education declared this "history-making" ruling will have a "deep-rooted and fundamental effect on our people."

Dr. Studebaker, who represented State Departments of Education and the 300 educational organizations at the hearing, estimated that the decision would permit the erection of as many as 3,000 local broadcasting stations.

"Each station", the Commissioner explained, "would greatly enrich the school curriculum, stimulate adult education and correspondence courses, and permit closer contact between local governments and the people in thousands of American communities."

He requested school superintendents and education boards to study the educational possibilities of "F-M" broadcasting for the purpose of establishing their own stations. The U. S. Office of Education, he added, would revise immediately its guide to school administrators on the development of ultra-high frequency radio broadcasting.

"The cost of erecting and operating an ultra-high frequency broadcasting station is moderate compared to similar costs in conventional stations", Dr. Studebaker explained. After declaring that some of these cost estimates were as low as \$5,000, the Commissioner said sufficient money for a trained radio teaching staff might be obtained through a slight increase in the size of conventional classes, thus bringing to entire school systems the advantages of the best in art, music, education, and modern thought.

The Commissioner said that in addition to sending lessons by radio to classrooms, either to supplement teachers' efforts or to provide new teaching techniques, ultra-high frequency broadcasting would prove helpful in instructing shut-ins. "In fact", Dr. Studebaker emphasized, "this system is expected to carry the torch of learning into the farthest corners of the land and the most out-of-the-way hamlets and farmhouses."

The number of radio production groups and colleges and universities offering radio courses is expected to increase rapidly as the result of this FCC decision.

Commercial broadcasting over ultra-high frequency channels also will help educational radio, in the opinion of Commissioner Studebaker. "Production of inexpensive receiving sets for F-M reception will be helpful to schools, while commercial broadcasting in ultra-high frequency channels adjoining the educational bands will bring educational programs within range of all sets", he said. Organizations represented through Commissioner Studebaker in the hearing on frequency modulation before the Federal Communications Commission included the National Education Association, the National Council of Chief State School Officers and the National Congress of Parents and Teachers. Howard Evans represented the National Committee on Education by Radio.

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 ::: TRADE NOTES :::
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The National Broadcasting Company is circulating reprints of two articles by J. M. Greene, Circulation Manager of the network, from Printers' Ink on "Radio Station Coverage - Day and Night". The articles explain in non-technical language how to estimate the coverage of individual radio stations.

May billings of the Mutual Broadcasting System totaled \$322,186, representing an increase of 37.2 percent over May, 1939, and also representing the highest May figure in the history of the network. The figure for May, 1939, was \$234,764. Mutual's cumulative billings for the first five months of 1940 also were the largest in the network's history. 1940's figure totaled \$1,731,843, an increase of 24.1 percent over 1939's first five months when the figure of \$1,396,049 was reached.

Finch Telecommunications, Inc., is starting a drive limited at this time to trade papers to promote the sale of its facsimile sets. The company is offering a combination scanner priced at less than \$1,000 for stations, and a home recorder in the \$100 to \$125 retail bracket. The new receivers provide double the speed of previous Finch models, giving 1.3 inches a minute across four columns, 8.5 inches.

The marine divisions of both the Commercial Telegraphers Union, affiliated with the A. F. of L., and the American Communications Association, affiliated with the C.I.O., issued sharp protests last week against the offer of the United States Maritime Commission to train 200 CCC boys as marine radio men. Both groups said that there were already more trained radio operators than there were jobs and that training the CCC boys would only add to the present widespread unemployment in the industry.

The consolidated net account of the Philco Corporation, covering the three months ended on March 31, and including all subsidiaries, disclosed a net income of \$375,638 after all charges, including taxes, depreciation, amortization, loss from foreign exchange and minority interest. Net sales for the period amounted to \$11,154,129.

The combined income account of the Philco Corporation and its subsidiaries, Philco Radio and Television Corporation and its subsidiaries, for 1939 shows a net income of \$1,886,229 after all deductions, and contrasts with a net loss of \$222,477 for 1938. Net sales for 1939 aggregated \$45,421,078, against \$30,527,655 for 1938.

The consolidated balance sheet as of March 31, 1940, shows current assets of \$16,590,494, including cash of \$6,850,348, notes and accounts receivable, less reserves, of \$6,150,034 and merchandise inventories of \$3,260,374, while current liabilities totaled \$3,749,686.

The Federal Communications Commission has cancelled a construction permit issued W. B. Dennis on July 12, 1939, for a radiobroadcast station at Plainview, Texas. This action was taken after the permittee admitted, as a result of a show cause order issued March 12 last, that he made misstatements relative to his financial position in applying for the permit. The station, which had been assigned the call letters KWBD, proposed to operate daytime on 1200 kilocycles with 100 watts power.

Frank E. Chizzini, Assistant Manager of NBC's Radio Recording Division in New York since 1935, will take up his duties as Central Division Radio Recording Manager on June 10. Recent developments have made clear the growing importance of Chicago as a center for the creation and distribution of radio transcriptions for spot advertising, which is largely responsible for Mr. Chizzini's transfer to Chicago, NBC explained.

With the presentation of a half-hour musical program dedicated to radio listeners from coast to coast last Saturday, June 1, Station KROD, of El Paso, Texas, became the 119th member of the Columbia Broadcasting System.

The Federal Communications Commission has announced its proposed findings of fact and conclusions, proposing to grant the application of Pawtucket Broadcasting Company for a new station at Pawtucket, Rhode Island, to operate on the frequency of 1390 kilocycles with power of 1 kilowatt, unlimited time, subject to the condition that Paul Oury shall not have any interest in the proposed station or be associated with it as manager or in any other capacity.

Robert W. Friedheim, for the past three years sales representative of the NBC Radio-Recording Division has been appointed Sales Manager of the Eastern Division, C. Lloyd Egner, Manager of the Division, announced this week. Willis B. Parsons, formerly manager of the NBC Institutional Promotion, who was transferred to the Radio-Recording Division to handle promotion and advertising, becomes Assistant Sales Manager of the Eastern Division.

The Federal Communications Commission has announced its proposed findings of fact and conclusions, proposing to grant the renewal of license for Station WAAB, The Yankee Network, Inc., Boston, Mass., for the main and auxiliary transmitters; and deny the application of The Mayflower Broadcasting Corporation for authority to establish a new station on 1410 kc., 500 watts night, 1 KW day, unlimited time (the facilities of WAAB).

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GOVERNMENT TELEGRAPH RATES EXTENDED

The Federal Communications Commission has formally extended for the next fiscal year its existing provisions with respect to rates for Government telegraph communications. The formalities of Commission Order No. 58, which expires June 30, are continued with the exception that Alaska specifically will be included in the domestic rate structure, and charges for certain Government messages to outlying points are changed to reflect 50 percent of the corresponding commercial rates.

In general, Government messages retain priority over private messages and "shall be sent at charges not exceeding 60 per centum of the charges applicable to commercial communications of the same class, of the same length, and between the same points in the United States, which shall be deemed herein to include Alaska, except that the charges for serial messages and the timed wire service shall not exceed 80 per centum of the charges applicable to like commercial serial messages and timed wire service between the same points in the United States; provided, however, that the minimum charge for day messages shall be 25 cents, for day letters 45 cents, for night messages 20 cents, for night letters 30 cents, for serial messages 54 cents, and for timed wire service 45 cents."

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RADIO UNION SCORES "WAR HYSTERIA"

The officers of District 4, United Electrical, Radio and Machine Workers of America, a C.I.O. affiliate, declared in a statement made public at Newark, N.J., last week, that President Roosevelt was leading a campaign to create a "war hysteria" and "reactionary members of Congress and the employing interests" were taking advantage of it "in the hope and expectation that it will provide an opportunity to take from labor its recent social and economic gains." The statement, approved by the Executive Board of the district, added:

"When Hitler was destroying the German trade unions, murdering his own people and grinding them under an iron heel, many reactionaries who now call most loudly to stop him in the name of civilization let it be known that perhaps he had the right idea, maybe we should even apply such methods in the United States. * * * It should be obvious that the British and French ruling cliques that delivered Czecho-Slovakia over to Hitler so readily cannot be entrusted to defend democracy or the cause of the whole people anywhere."

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