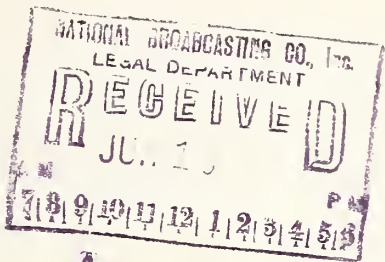


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF JUNE 7, 1940

Broadcasters Warned Against Hysteria In News Reports.....	2
Radio Exports Slump In April, U.S. Report Shows.....	4
Foreign Amateur Communication Banned By FCC.....	5
Fly Invited To RMA Convention Next Tuesday.....	6
War Fails To Halt German Television.....	6
High Frequency Allocations Specified By FCC.....	7
Thad Brown Reappointed For 7-Year Term.....	8
Fly Optimistic Over Television Prospects.....	8
Minimum Operating Schedule Rule Amended.....	9
British To Control Domestic Prices Of Radios.....	9
Power Company To Use Radio To Guard Capital's Utilities.....	9
Trade Notes.....	10
TWS Telegraph Service Held Discriminatory.....	11
Zenith Plans FM Receiver Manufacturing For Fall.....	12

No. 1240

g
L
my
H.L.

BROADCASTERS WARNED AGAINST HYSTERIA IN NEWS REPORTS

Representative Karl E. Mundt (R.), of South Dakota, this week warned broadcasters to keep radio news reporting free of "hysteria" and criticized some of the commentators on the air in an extension of remarks in the Congressional Record.

"I am sure that every Member of Congress realizes that the European war has confronted us all with the problem of considering the significance which the unpredictable factor of broadcasting war news has upon the steady nerves and clear thinking which must play an important part in public opinion if America is to make the wisest decisions in the present crisis", he said.

"Never before has war with all its horror and hatred been brought into the living rooms of America through the almost universal ownership of receiving sets which now exists in this country. I am sure radio executives are giving constant and careful consideration to the perplexing problem of how far to go in dramatizing over the radio the horrific scenes which are taking place daily in battle-torn Europe. Radio has a grave responsibility, today, to live up to the privileges of free speech and uncensored discretion which it enjoys in America and which it is my personal hope it may always continue to enjoy in this country.

"I feel confident that the best guaranty radio can have that its freedom will not be curtailed is to demonstrate clearly in this crucial period that it merits the tremendous responsibilities of self-control which it now enjoys."

Continuing, he added: "What part should radio play in reporting the tragedies of a great war? Mr. Speaker, I have no answer to offer to that question but I merely propound it for the serious consideration of us all. I propound it, too, with the fervent hope that radio executives themselves will use increasing care and restraint so as not to permit the splendid convenience of radio to become a destructive wartime device in America. In wartime, I presume radio would be one of the first facilities taken over by the Government and a war involving America might spell the end of private ownership and operation of radio in this country since its influence would be needed in maintaining public morale and solidifying sentiment. Happily, America is not at war and American radio companies are privately owned and operated - incidentally they are now practically unique in all the world in this respect - and they are providing by and large the best radio programs available on the air. It would be most unfortunate if careless or overzealous commentators on the air should misuse their freedom and render such disservice to American clear-headedness that this country would be forced to pass regulatory legislation circumscribing or censoring

radio reporting. I believe the radio executives of this country recognize this danger and are sincerely trying to prevent abuses of their privilege from jeopardizing the advantages which they hold from licenses granting them virtual monopoly over favored air waves. * * * *

"That there has already been too much of a tendency to overdramatize war news and to permit apoplectic appeals and horrific hysteria to color radio dispatches is evidenced by a study of the pages of the Congressional Record itself. On one day last week, I counted references made by more than a dozen Senators and Congressmen to 'hysterical radio reporting' which they decried as unfortunate at a time when the people of America need to search their souls and investigate the deepest recesses of their minds to arrive at decisions and conclusions which will best serve democracy and humanity in this dark hour. It does not seem possible that these Senators and Congressmen were all wrong and that radio is all right - radio, itself, should correct the excesses and emotionalism which have given rise to such frequent complaints on the floor of this House.

"Newspapers, more experienced in the business of conveying news than are radio chains, are exercising commendable good taste and good judgment in their reports of war news today. Aside from a few rather notorious exceptions, the news is presented without editorial coloration, and the scourge of atrocity stories and horror pictures which prevailed during the World War and preceding our entrance into it have been held down to a minimum. Many papers have even risen to new heights of public service by carrying by-lines or boxed notices to the effect that 'all news coming from European capitals and battlefields during wartime is subject to censorship at its source.' Such frankness and candor on the part of our better-class newspapers is a splendid token of public service and merits the commendation of all readers - it is a fine manifestation of the tradition of freedom of the press which is inherent in this country.

"On the other hand, especially among radio commentators who inject their personal opinions and emotions in to the news, too frequently an attempt is made to create an 'illusion of integrity' which leads the unwary listener to believe that what he hears is more factual or fulsome and reliable than what he reads. Obviously, such is not the case because newspapers and radio stations, alike, are limited by the same conditions in foreign countries and are all circumscribed by the same foreign censors and the same propagandists who are in the business of distorting the facts for military or psychological purposes.

"Radio might do well to follow the examples of newspapers in reminding their public that all news is subject to censorship at the source and that in wartime it is impossible to discriminate between what is factual and what is pure propaganda in communiques and messages originating from foreign sources. In fact, a few radio programs are already issuing such precautionary announcements in connection with programs of war news, but too

many programs still utilize commentators whose egotism stirs them to try to create an 'illusion of integrity' about themselves which, knowingly or unwittingly, tends to give prestige to their remarks which is not merited.

"Mr. Speaker, I do not want to conclude this discussion without saying a good word for the fine features of radio war reporting which I wish to commend as frankly as I have criticized the occasional excesses which it is heir to. The nightly round-up of war news from European capitals in which radio reporters from each belligerent country discuss the news which their respective censors permit, is a commendable and serviceable contribution to the group knowledge of America. So, too, are the fine, informative, and factual reports and analyses of NBC's Major General Fuqua, and of Columbia's Maj. George Fielding Elliott. Without engaging in personal dramatics, and without any hysterics, these two authorities bring to the public regular reports of war movements and developments, and their programs are of a public-serving nature. In contrast with the frequent extremes in excitation engaged in by Columbia's Kaltenborn - and to a lesser degree by NBC's Baukhage - the previously discussed programs never provoke cloakroom discussions in Congress about the dangers of unlimited radio war news."

X X X X X X X X

RADIO EXPORTS SLUMP IN APRIL, U.S. REPORT SHOWS

April exports of American electrical equipment totaled \$11,811,777, a decrease of \$1,159,957, or 8.9 percent from the preceding month's figure of \$12,971,734, the Electrical Division, Bureau of Foreign and Domestic Commerce, of which John H. Payne is Chief, announced this week.

Despite this decrease, the volume of April shipments continued at a level well above average, and represented a 25 percent increase over similar shipments during the corresponding month of 1939. Similarly, total electrical shipments during the first 4 months of the current year, which amounted to \$46,133,458, surpassed the volume of the same period in 1939 by \$11,752,496, or 34.2 percent.

Reaction from the abnormal trade increases of March was most evident in the radio and refrigerator fields. Radio receiving set exports, which had totaled 92,226 units valued at \$1,073,925 in March, fell off considerably in April to register a total of 33,113 sets which sold for \$655,679. Several other divisions of the radio trade also showed losses, foreign sales of radio receiving tubes falling from \$305,925 to \$269,233; receiving set components down to \$447,921 from the March total of \$592,832; and loudspeakers off slightly from \$23,192 to \$22,988. On the other hand, however, a fairly large increase was noted in exports of transmitting sets, tubes and parts which rose from \$243,953 in March to \$363,488 during the month under review. A smaller increase was also made in shipments abroad of receiving set accessories which jumped from \$44,785 to \$60,180.

6/7/40

FOREIGN AMATEUR COMMUNICATION BANNED BY FCC

Immediate ban on amateur radio communication with foreign stations was ordered this week by the Federal Communications Commission as a measure of national defense. There are approximately 55,000 amateurs licensed by the Commission.

This prohibition, however, does not apply to amateur communication between licensed amateur stations in the continental United States and its territories and possessions; nor does it apply to United States citizens authorized to operate amateur stations in the Philippine Islands or the Canal Zone when such persons are communicating with amateurs in the United States.

Order No. 72, pursuant to Section 303 of the Communications Act and in accordance with Article 8, Section 1, General Radio Regulations (Cairo Revision, 1938) annexed to the International Telecommunications Convention (Madrid, 1934), as issued today, reads in the main:

"IT IS ORDERED, That amateur radio operators and amateur radio stations licensed by the Federal Communications Commission shall not exchange communications with operators or radio stations of any foreign government or located in any foreign country; Provided, however, that this Order is not intended to prohibit the exchange of communications between licensed amateur operators and licensed amateur stations in the continental United States and licensed amateur operators and licensed amateur stations in the several Territories and possessions of the United States, or between licensed amateur operators and licensed amateur stations in the Continental United States and United States citizens authorized to operate amateur stations in the Philippine Islands or the Canal Zone, or between licensed amateur operators and licensed amateur stations in the several Territories and possessions of the United States.

"IT IS FURTHER ORDERED, That all Rules and Regulations of the Commission inconsistent with this Order BE, AND THE SAME ARE HEREBY, SUSPENDED, pending the further Order of the Commission.

"This Order shall become effective immediately."

FCC officials said the amateur broadcasting order was purely precautionary. They pointed out that the law permits licensing only of citizens for such broadcasting. The amateurs are able to do a very good job of policing themselves and generally have done so, it was added.

6/7/40

European countries sometime ago prohibited amateurs from carrying on foreign communications so that actually the FCC order will not affect recent amateur operations.

The American amateur radio operator must be a citizen of this country and operate his station in a building owned by a citizen. It is unlawful for the amateur to install his transmitter in a building owned by an alien.

Heavy penalties, even imprisonment are provided for unlawful radio operation. The FCC may close down and seal a station, if that be necessary. Means are at hand for the quick detection of stations operated unlawfully.

When a license to operate a station is issued to a citizen, it is only after extensive examinations reveal his ability to operate and to maintain it in the manner prescribed by law.

X X X X X X X X X X

FLY INVITED TO RMA CONVENTION NEXT TUESDAY

James L. Fly, Chairman, and Commissioner T.A.M. Craven have been invited to attend the convention of the Radio Manufacturers' Association in Chicago next Tuesday and Wednesday, it was learned this week. They have not decided whether they will be able to attend.

One of the major issues to be discussed by the radio manufacturers is the FCC's recent challenge to the industry to reach an agreement on television transmission standards before commercialization is authorized.

X X X X X X X X X X

WAR FAILS TO HALT GERMAN TELEVISION

Television programs are being continued in Germany in spite of the war, the official German news agency reports. Recently the German-Italian football match and international winter sports competitions at Garmisch-Partenkirchen were televised, it states.

X X X X X X X X X X

The Federal Communications Commission this week granted the applications of the Nevada Broadcasting Company and the Las Vegas Broadcasting Company, both for new stations in Las Vegas, Nevada, the Nevada Broadcasting Company to operate on 1370 kc., with power of 100 watts night, 250 watts day, unlimited time, and the Las Vegas Broadcasting Company to use 1420 kc., with the same power and unlimited hours of operation.

X X X X X X X X X X

HIGH FREQUENCY ALLOCATIONS SPECIFIED BY FCC

Specific allocations of frequencies in the band 116,000 to 119,000 kilocycles, and in the band 156,000 to 162,000 kilocycles, have been approved by the Federal Communications Commission in accordance with Order No. 67 to become effective June 18 as follows:

<u>Frequency</u> <u>kc</u>	<u>Allocation</u>	<u>Frequency</u> <u>kc</u>	<u>Allocation</u>
116,050	Special Services and experimental	117,550	Marine Fire
116,150	Police	117,650	Special Services and Experimental
116,250	Experimental	117,750	Police
116,350	Coastal and Ship Harbor	117,850	Special Emergency
116,450	Special Services and Experimental	117,950	Relay Press
116,550	Police	118,050	Special Services and Experimental
116,650	Special Emergency	118,150	Police
116,750	Relay Press	118,250	Experimental
116,850	Special Services and Experimental	118,350	Coastal and Ship Harbor
116,950	Police	118,450	Special Services and Experimental
117,050	Experimental	118,550	Police
117,150	Relay Press	118,650	Experimental
117,250	Special Services and Experimental	118,750	Relay Press
117,350	Police	118,850	Special Services and Experimental
117,450	Forestry	118,950	Forestry
156,075	Broadcast	156,375	Fixed
156,225	Fixed	156,525	Special Services and Experimental
156,675	Broadcast	159,225	Broadcast
156,825	Broadcast	159,375	Broadcast
156,975	Experimental	159,525	Fixed
157,125	Fixed	159,675	Fixed
157,425	Fixed	159,825	Special Emergency
157,425	Special Services and Experimental	159,975	Broadcast
157,575	Broadcast	160,125	Fixed
157,725	Experimental	160,275	Fixed
157,875	Fixed	160,425	Special Services and Experimental
158,025	Fixed	160,575	Fixed
158,175	Special Services and Experimental	160,725	Fixed
158,325	Broadcast	160,875	Forestry
158,475	Broadcast	161,025	Broadcast
158,625	Police	161,175	Broadcast
158,775	Fixed	161,325	Special Services and Experimental
158,925	Fixed	161,475	Fixed
159,075	Special Services and Experimental	161,625	Fixed
		161,775	Experimental
		161,925	Broadcast

6/7/40

Frequencies between 116,000 and 119,000 kilocycles are assignable on an experimental basis only in the service for which allocated until January 1, 1942.

Frequencies between 129,000 and 132,000 kilocycles, and between 140,000 and 144,000 kilocycles, are also available for experimental purposes in accordance with the rules and regulations governing such service.

X X X X X X X X X X

THAD BROWN REAPPOINTED FOR 7-YEAR TERM

President Roosevelt this week nominated Col. Thad H. Brown to succeed himself as a member of the Federal Communications Commission. His present term expires on June 30 and the new term is to be from June 30, 1940, to June 30, 1947. The nomination has been referred to the Senate Committee on Interstate Commerce.

X X X X X X X X

FLY OPTIMISTIC OVER TELEVISION PROSPECTS

Some indications of the industry's getting to work on television and trying to do the job constructively and to move forward were noted this week by James L. Fly, Chairman of the Federal Communications Commission.

Answering a question at a press conference as to whether the Commission saw any indication of the television industry getting together, Mr. Fly told newsmen that the question of the industry's agreement was not the sole question. The prime question, he said, was one of satisfactory performance. The Commission, Mr. Fly stated, was not concerned with an agreement in the sense of commercial interests getting together and agreeing on a scheme to satisfy their own business interests. The Commission will rely on engineering opinion as to efficiency and actual improvement of television standards.

"What we are shooting at", Chairman Fly said, "is a level of performance and looking for engineering opinion on the merits of standards."

Television was not deadlocked, he said. On the contrary, it has been put on a basis for engineering advance. The Commission, he added, is ready to make a substantial number of grants which would allow the public to participate in experimentation.

X X X X X X X X X X

MINIMUM OPERATING SCHEDULE RULE AMENDED

Section 3.71 of the Minimum operating schedule - broadcast rules of the Federal Communications Commission - has been amended to read as follows:

"Except Sundays, the licensee of each standard broadcast station shall maintain a minimum operating schedule of two-thirds of the total hours that it is authorized to operate between 6 a.m. and 6 p.m. local standard time, and two-thirds of the total hours it is authorized to operate between 6 p.m. and midnight, local standard time, except that in an emergency when, due to causes beyond the control of the licensee, it becomes impossible to continue operating, the station may cease operation for a period of not to exceed 10 days, provided that the Commission and the Inspector in Charge shall be notified in writing immediately after the emergency develops."

X X X X X X X X

BRITISH TO CONTROL DOMESTIC PRICES OF RADIOS

Control of British domestic prices of radio sets is to be widely extended by a Board of Trade order effective June 10 issued under authority of the Prices of Goods Act 1939, the American Embassy at London reports. The prices of most of the more important classes of materials used in the manufacture of the goods on this list will also be controlled. Fixed prices are not established but any undue increases in the prices of specified goods may be made the subject of complaints to the appropriate price regulation committee.

X X X X X X X X X X

POWER COMPANY TO USE RADIO TO GUARD CAPITAL'S UTILITIES

Permission to install a "special emergency" radio transmitter at the Benning power plant, which would fit in with War Department plans for protection of the National Capital's utilities, was requested this week by the Potomac Electric Power Co., of the District of Columbia Zoning Commission.

By use of the transmitter, "trouble shooting" repair trucks could be instructed to go to points where repairs are needed, as police squad cars now are directed from headquarters. The transmitter would operate on a frequency of 2,276 kc. with a power of 1000 watts. Permit to construct and operate the transmitter was approved by the Federal Communications Commission January 15.

A War Department spokesman revealed that anti-sabotage plans are now in the hands of the Washington Provisional Brigade for the protection of the gas, electric, water, transportation and communication utilities.

X X X X X X X X X X

6/7/40

::: TRADE NOTES :::
::: TRADE NOTES :::
::: TRADE NOTES :::

Gross client expenditures for NBC network facilities increased 9.0% in May over the corresponding month in 1939, and for the eighth consecutive month topped the four million dollar mark. Total billings last month were \$4,034,622 compared with \$3,702,102 in May 1939 and \$4,041,518 in April 1940.

Gross billings for the NBC-Red Network in May were \$3,216,940 compared with \$3,025,538 for May 1939 and \$3,128,685 in April, an increase of 6.3% over last year. Gross expenditures for the NBC-Blue Network for May totalled \$817,682 against \$676,564 for the same period last year and \$912,833 for April - an increase of 20.9% over last year.

Farnsworth Television and Radio Corporation will spend 50 percent more for advertising in 1940 than in 1939, Pierre Boucheron, General Sales Manager, has announced. Full page and half-page ads will run in three national weeklies between Labor Day and Christmas. The budget also includes radio broadcasting in 54 principal cities from coast to coast. The Capehart Division will use full pages in four other magazines to promote the deluxe Capehart and the Capehart-Panamuse.

Paul Porter, Columbia Broadcasting System attorney in Washington, will take a leave of absence - for an administrative position with the New Defense Commission, according to Leonard Lyons, New York Broadway columnist.

Gross billings for time on the Columbia Network - prior to deductions for agency commissions and time discounts to sponsors - totaled \$3,570,727 during May, 1940. The May figure brings the five-month cumulative total for 1940 to \$17,313,159.

The Federal Communications Commission has ordered common carriers engaged in the international telegraph field to file with the Commission not later than September 15 statements showing traffic with foreign countries for each year from 1936 to 1939 inclusive. The order applies to cable and radio both. It requires that these statistics be analyzed separately for each foreign terminal, and by classes of messages, and revenues collected. Such statements must be furnished in triplicate, under oath.

The Crosley Radio Corporation, Cincinnati, has been granted a modification of license by the Federal Communications Commission to add 17,800 kc. to its frequencies used by the international station WLWO.

The existing ratio between charges for ordinary and urgent telegraph messages in the international service is not unjust or unreasonable, nor does it create any discrimination in charges between classes of users, nor does it subject the users of the urgent service to any undue or unreasonable prejudice or disadvantage. So the Federal Communications Commission holds in its proposed report (No. T-9(a)), pursuant to Telegraph Division Order No. 12, on the subject of such rates.

X X X X X X X X

TWS TELEGRAPH SERVICE HELD DISCRIMINATORY

The TWS (times wire service) classification of telegraph communications is "unjust and unreasonable" and results in "unjust and unreasonable discriminations" declares the Federal Communications Commission in a proposed report (No. T-9) - an order which would require the telegraph companies to stop such discrimination and delete the TWS classification from their tariffs. The companies have twenty days within which to file exceptions and briefs.

The timed wire service is offered by Western Union, Postal, Mackay, and Continental telegraph companies, and constitutes a class of message not specifically authorized by the Communications Act. The Commission finds that under TWS practices, the companies "offer a service to a special group of telegraph users at rates which are not available to the public as a whole; printer connections, which qualify a person to receive the TWS rate, are furnished or refused by the companies in their discretion, depending upon the volume of business to be expected and the competitive situation existing; extensions of TWS rates to persons not having printer connections are made by the companies on an arbitrary basis; the companies adopt varying and arbitrary bases for the fixing of charges applicable to TWS messages accepted "over-the-counter"; the companies apply the same standards of transmission and delivery to TWS messages as are applied to full rate messages, although generally a TWS message is sent at a lower charge than a full rate message of the same length; the companies give priority to the transmission and delivery of TWS messages over day letter messages, although generally the charge for a TWS message is lower than that for a day letter message of the same length." In brief, the Commission holds that the companies "give to a small group of their customers, arbitrarily chosen, service equal to the full rate service which is a like communication service, and better than the day letter service which is a deferred service, at charges lower than those exacted from the general public for full rate telegrams and day letters."

However, the utility of TWS service when provided upon an equitable orderly and non-discriminatory basis, is recognized by the Commission, and the order will accordingly be without prejudice to the filing of appropriate tariffs.

X X X X X X X X

ZENITH PLANS FM RECEIVER MANUFACTURING FOR FALL

The Zenith Radio Corporation, of Chicago, will shortly start producing frequency modulation receivers of advanced design, Commdr. Eugene F. McDonald, Jr., President, stated in his annual report to stockholders this week.

Commander McDonald stated that for the seventh consecutive year, Zenith has operated at a profit and this is the fourth consecutive year that it has paid a dividend of \$1 a share to all shareholders.

Regarding television, he said:

"The recent ruling of the Federal Communications Commission setting the wave band for frequency modulation now clears the way for the manufacture of this type of receiver. The company will very shortly place into production, for Fall delivery, a line of frequency modulation receivers of advanced design.

"The company has been broadcasting regular programs from its frequency modulation station in the tower of the Chicago Towers Club on North Michigan Avenue, Chicago, under an experimental license, but now that the Federal Communications Commission is prepared to grant commercial licenses, application for such license has been made and, when granted, the station will be operated on a commercial basis.

"The management's position with regard to television remains unchanged and until such time as it considers television ready for the public, it does not propose to be stamped into the premature production of television receivers for sale.

"The company's television broadcasting station has been transmitting regular experimental programs daily, Monday through Friday, and continues to be the only licensed television station in the Chicago area."

The report continues:

"The European war has adversely affected the company's export business on radios to Europe and the near East. It has, however, increased the possibilities for business in South America where a larger volume is anticipated than has heretofore been obtained from this source

"While there is at present considerable concern throughout the country regarding general business conditions, the war abroad and the coming political campaigns here at home have been, and we expect will continue to be a stimulus to the radio business. We anticipate good business during the summer and fall but in view of the general situation, we are endeavoring to conduct our operations on a most conservative basis."

X X X X X X X X X