

HEINL RADIO BUSINESS LETTER

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No. 1348

B U L L E T I N

The Federal Communications Commission at its Tuesday meeting granted a petition of the National Broadcasting Company and the Columbia Broadcasting System to postpone the proposed network regulations from July 30th to September 16th.

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POSTPONEMENT OF NETWORK RULES IS EXPECTED

The National Broadcasting Company and the Columbia Broadcasting System, without opposition of the Mutual Broadcasting System, this week made a formal request for postponement of the effective date of the FCC monopoly-chain regulations until September 16.

The Commission was scheduled to consider the petition at its meeting Tuesday afternoon, and it was expected that the request would be granted.

The FCC released the joint NBC-CBS statement at the close of a conference between representatives of the networks and Chairman James L. Fly, who had indicated previously his willingness to grant a postponement under proper safeguards.

The joint statement follows:

"On petition from National and Columbia, without opposition by Mutual, the Commission is being requested to postpone the effective date of its Order of May 2, 1941, from July 30 to September 16, 1941. This postponement is being requested by National and Columbia in order to permit more time for the discussions that have been going on during the past ten days in which the various problems that confront the Commission and the networks are being explored.

"The officials of the networks are hopeful that the additional time will permit of a satisfactory solution of the various problems involved."

Chairman Fly agreed with the networks to present the motion to the Commission at its meeting Today (Tuesday) and expressed appreciation for the cooperative attitude of the network officials and for their willingness to devote themselves continuously to a discussion of the problems.

Chairman Fly, at a press conference on Saturday, had stated that whatever time is necessary to accomplish adjustments probably would be granted. He said he would be inclined to recommend more time under a particular rule.

He said that the heads of the networks had been in for three conferences during the past week and had held numerous meetings among themselves in Washington and New York. All the conferences, he said, had been of a constructive nature and everybody was in a splendid mood. He expressed optimism over the ultimate outcome.

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A different report came from Broadcasting, trade magazine, which stated:

"Anything but optimism prevailed among the major networks last Friday after their top executives had conferred three successive days with FCC Chairman James L. Fly on modification of the radical network monopoly rules, still scheduled to become effective August 2.

"When the secret informal conferences recessed Friday forenoon, to be convened again Monday (July 21), only one topic -- time options -- had been discussed, and no solution was in sight even on that issue.

"Though Chairman Fly steadfastly has declined to recede from the 'principles' enunciated in the eight rules, several of which are no longer in controversy, it nevertheless was expected that before the Aug. 2 deadline something would be worked out. Chairman Wheeler (D. Mont.), of the Senate Interstate Commerce Committee, who instigated the conference method, has not participated in the sessions but is sitting on the sidelines, keeping posted on every development.

"NBC and CBS representatives appeared pessimistic because of the slow progress, while MBS conferees, apparently supporting the rules in toto, were represented as just as well satisfied to see them go into effect as written."

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FAVORABLE ACTION SEEN ON RADIO PRIORITY REQUEST

The Priorities Division of the Office of Production Management is understood to have agreed to a plan for allocation of a limited amount of aluminum and other vital materials to the radio industry for the manufacture of radio and television receivers this year and next.

An announcement is expected to be forthcoming within a few days. Conferences have been held over a period of several weeks, and an accord is said to have been reached.

One report was that sufficient scarce metals will be allocated to permit the manufacture of 2,000,000 receivers. Another report was that the industry plans to turn out 25,000 television receivers within the year if granted a priority rating.

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FCC PREPARES FOR PRESS HEARING DESPITE CHALLENGE

Barring a last-minute alteration in plans, the Federal Communications Commission will open its investigation of newspaper ownership and control of radio stations on Wednesday at 10 A.M. in the auditorium of the Archives Building.

The Newspaper-Radio Committee, through Harold Hough, its Chairman, followed the lead of the American Newspaper Publishers' Association in challenging the authority of the FCC in filing a request to be heard.

The FCC was scheduled to consider the petition filed by Elisha Hanson, counsel for the ANPA, at its Tuesday afternoon meeting. No delay in the hearing was expected, although Chairman James L. Fly indicated that the petition might be set down for oral arguments as requested by ANPA.

Meanwhile, Arthur T. Robb, Editor of Editor & Publisher, declined an invitation from the FCC to testify at the hearing on the ground that the Commission does not have authority to make the inquiry.

The Hough petition denied the right of the FCC to lay down any rules, or regulations affecting broadcasting ownership and differing from "those generally promulgated". To do so, said the petition, would interfere with freedom of the press and violate other constitutional guarantees.

At the opening of the hearings July 23, said the Newspaper Radio Committee, it would not be in position to present evidence, but, making studies now, it wished to be in position to speak as the hearings developed.

From appearances already filed, it was shown that many interested persons will not be ready to testify this week, but it was indicated by the FCC Chairman that the Commission will hear available evidence and then present data collected by the Commission's investigating unit.

Station WGN, Inc., owned and operated by the Chicago Tribune, in filing a formal appearance, said it reserved the right to question the power of the Commission in this matter.

The file of appearances disclosed a new network of frequency modulation stations is being formed, and that a number of newspapers which have made application for FM stations are stockholders in the new venture, which is known as the American Network, Inc., a Delaware corporation. It disclosed to the Commission that 23 individuals and organizations, including newspapers, contributed \$500 each to defray the cost of making studies before incorporation.

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The projected new network informed the Commission it desired to offer evidence to show "the adverse effect which prohibition against ownership or operation of an FM station by newspaper publishers or interests would have on the organization and operation of the proposed network. Such an order would preclude several of those who have indicated their desire and interest in joining the new network and aiding in financing and operating it from doing so, it was asserted.

While Commission experts are understood to have a mass of data collected over a period of weeks by the investigating unit, it was disclosed that attorneys for the unit have met difficulties in efforts to obtain data from various sources in the radio field.

Although a number of subpoenas calling for the production of papers and documents were issued, it was learned that the only ones which were served were those where the parties were willing to accept services.

In one instance, it was said, the attorneys were met with a refusal of their requests for data, and were invited to serve the subpoenas, which they are alleged to have refused to do. It was said they did not want the authority for the hearing tested on the matter of issuance of subpoenas.

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FCC STAFF OF 515 FORMS DEFENSE UNIT

The Federal Communications Commission has a staff of 515, mostly technicians which has been mustered by the Field Division of the National Defense Operations Section headed by George E. Sterling to man the 91 monitoring stations that have been established throughout the United States and its territories. Of the staff, 99 are designated as monitoring officers, 126 assistant monitoring officers and 255 as operators.

There are 11 supervisors at as many primary monitoring stations, eight of them with assistants. The monitoring officers, their assistants and most of the operators are located at the secondary stations.

The primary stations are equipped with long-range, high frequency direction finders, long-distance intercept apparatus and machines for recording propaganda programs from abroad as well as foreign-language programs on United States stations.

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OPACS SAYS RADIO PARLEY UNNECESSARY

A conference planned for the entire radio industry, similar to the automobile, refrigerator and other industry conferences, by the Office of Price Administration and Civilian Supply (OPACS) is regarded as unnecessary by OPACS, and will not be called, according to the Priorities Committee of the Radio Manufacturers' Association. OPACS officials also have assured RMA that radio is regarded as "essential" and that there will be preference allocations for maintaining supplies of radio repair and maintenance parts to keep in operation receiving sets now in the hands of the public. Allocations of materials for new radio production are still under consideration.

The reason that OPACS has cancelled its plan for a general radio industry conference, similar to that of the automobile, refrigerator and other industries, held recently, is because the RMA, through its Priorities Committee, in previous conferences has already submitted extensive briefs, memoranda and statistics on radio requirements for civilian use. Also, RMA has previously held conferences with many OPACS officials.

Communications, regarded as including the 50,000,000 radio sets now in public use, has already been classified by OPACS on its "essential" industry list. Pursuant to this policy of supplying adequate repair and maintenance parts for consumer goods now in use, OPACS, on July 12, issued a formal allocation order for such repair and maintenance parts for automobiles, household refrigerators and a few other articles. RMA has been advised by OPACS officials that radio receiving sets in public use are similarly regarded as "essentials" of communication, and that OPACS' action to provide radio repair and maintenance parts for such privately-owned receivers will follow in due course, with a similar priority allocation order for radio repair parts to OPM.

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D.C. RADIO TOWERS ASKED IN NAVAL BILL

Construction of three 150-foot radio towers for the Naval Air Station in Anacostia, D.C., is needed for the simultaneous transmission and receipt of messages, Rear Admiral Ben Moreell, Chief of the Bureau of Naval Construction, told the House Naval Affairs Committee last week as it took up a \$300,000,000 expansion program for shore facilities.

Admiral Moreell said it was planned to put up the towers near St. Elizabeth's Hospital, which would take them out of air-traffic lanes, and was the best available site.

Representative Cole, R., of New York, remarked that the Navy tore down radio towers in one spot and put them up in another, referring to the Arlington (Va.), towers.

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CRANEY PROPOSES ORGANIZATION OF "INDEPENDENTS"

Ed Craney, friend of Senator Wheeler (D.), of Montana, and operator of Station KGIR, Butte, Mont., is trying to organize the independent broadcasters to supplant the National Association of Broadcasters.

His trade association would admit no network or network-owned stations. He made an attack upon the NAB because "it can't represent us as independent broadcasters, at the White House, in the Capital, before the FCC, or with the Department of Justice".

In a letter prepared for circulation to independently-owned stations, Mr. Craney attacked what he described as "industry boondoggling" and ascribed to the networks domination of the NAB. In parallel columns he gave his version of industry activities - one devoted to copyright and the other to regulatory problems under the NAB dating back to the "good old days before 1932".

Mr. Craney's outburst followed his own resignation from the NAB several weeks ago, largely as a result of the St. Louis NAB convention episode, which has seen the resignation of nearly a score of stations from the trade group. MBS, which has broken off with NAB and its president, Neville Miller, is understood to be fostering a reorganization, and a half-dozen of its most important stations are among those that have resigned. In addition at least two other station owners are reported to be promoting what amounts to blanket resignations.

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TWO-YEAR LICENSES UNDER CONSIDERATION

Two-year licenses for broadcasters are being considered seriously by the Federal Communications Commission, according to Chairman James L. Fly.

He told a press conference Saturday that negotiations for "workable modifications" of the Commission's new regulations governing chain broadcasting had made "very considerable progress". He added that he felt "pretty optimistic about the ultimate outcome" of the negotiations which he is conducting with representatives of the three major networks.

The Commission Chairman made it clear no definitive conclusion had been reached at the conferences, which are being continued early this week. Any proposed changes in rules tentatively agreed upon by network representatives would be the subject of formal applications to the Commission.

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Mr. Fly said there has been considerable complaint about the option time of networks, particularly in cases where much had been set aside and little used. There had been consideration of the question of extending the limitation of option time as fixed in the new rules. There had been no extensive discussion up to this time, he said, of disposal by NBC of its Blue network or of rate control.

Despite the August 2 deadline for the new rules, Mr. Fly suggested that stations affected stand pat under their present system until there was further definite action by the regulatory body, in the light of the discussions now going on.

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SOVIET EMBASSY SETS UP WASHINGTON STATION

The Russian Government, after consultation with the State Department, has constructed a powerful short-wave radio in Washington to make possible direct communication between the government in Moscow and the Soviet Embassy here.

The apparatus has been set up on the estate of the late Rudolph Kauffmann, 2607 Military Road, N.W., which the Embassy has leased. The Embassy has assigned a number of its staff to permanent work at the radio setup. The State Department monitors the messages that pass through the apparatus.

The apparatus thus far has been used only for receiving purposes, but it is equipped with a rhombic antenna, which, frequently, is an adjunct of a transmission station. The antenna is strung around four towers set on the ground.

Communications by normal channels between Washington and Moscow have suffered interruption recently, especially since the outbreak of the German-Russian war. The State Department was cut off from the American Embassy in Moscow for 48 hours after the war began.

The question of whether the apparatus' use is to be limited to receiving signals or whether it will be used also for transmission is something the State Department and the Federal Communications Commission are unwilling to discuss. Section 310a of the Communications Act forbids the licensing of a transmitting station controlled by a foreign government or its representative, but the problem has never arisen whether a diplomatic mission needs a license.

The British Embassy has a receiving apparatus of moderate power. One factor in the considerable size of the Soviets' apparatus is that it is a diversified receiver, which can catch a signal that the ordinary receiver would not be able to get.

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The State Department authorized construction of the apparatus so the Soviet government would approve similar construction by the American Government in Russia if the United States wanted one. The Navy Department for three years has been broadcasting to American Embassies and Legations a news bulletin prepared by the State Department. Already this short-wave bulletin service reaches Moscow, but there is no transmission from Moscow to Washington.

A Soviet Embassy spokesman said there was nothing about the station that was worthy of public interest in it.

"Just some people listening to the news from Moscow", he said.

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FCC COMMENDED FOR DEFENSE OF FREE SPEECH

The American Civil Liberties Union recently commended the FCC's attitude on free speech, as reflected both in the Network Monopoly Report and in an opinion involving WAAB, Boston.

In its review of the year, the Union cited that radio, as the single greatest instrument of free speech, has been strengthened not only by the two-year-old code of the National Association of Broadcasters, but was reinforced by an order of the Commission directed to WAAB, whose license "was challenged on the ground of favoritism" in the discussion of public issues.

"The Commission", contended the report, "held that a station is operating in the public interest only if it affords equal facilities to all sides of controversial questions.

"Even more important from the point of view of long-range effect on free speech was the Commission's monumental report on the monopoly practices of national networks. Diversity in ownership and control is an obvious requirement for greater freedom on the air; and the Commission directed its order to restore a greater degree of freedom and competition. The Commission also insisted, during the political campaign, that candidates for national office must be afforded equal facilities even in States where their parties were not on the ballot".

In what it described as a "Balance Sheet of Civil Liberties", the Union commended the FCC decision in the WAAB case, the monopoly report and the FCC action in "insisting on the rights of candidates in the national election to equal facilities on the radio, even in States where national candidates were not on the local ballot".

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KENTUCKY LISTENING CENTERS REHABILITATED

A complete rehabilitation of the equipment in the University of Kentucky's forty listening centers in southeastern Kentucky is planned for the near future because of a gift of thirty-eight new battery and two electric radio sets to the University. The gift, made by radio station WHAS, Louisville, as a part of their policy in furthering the University's work in equalizing listening opportunities for those portions of Kentucky remote from radio stations, will enable the University to replace every one of the sets now in use by new ones of the most modern design.

The listening center system was started by the University of Kentucky in 1933 for the purpose of providing facilities for listening to educational and other worthwhile broadcasts. While the number of radio receivers in the Kentucky mountains has increased several hundredfold since that date, the centers are still proving their usefulness as focal points for educational listening activities. Last Fall a similar system of listening centers was started in eastern Tennessee.

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:::: TRADE NOTES ::::

The Board of Directors of the American Society of Composers, Authors and Publishers last week announced the election of thirty-three new members to the Society. Of this number, twenty-six are writers and seven are publishers. This brings the total membership of ASCAP to 1,192 writer members and 146 publisher members.

The first commercial FM station that has no alliance with any existing broadcast interest went on the air last week when W47A, serving Albany and Schenectady, N.Y., began regular programming. Operated by the Capitol Broadcasting Company, an independent concern devoted solely to FM, W47A will be heard 16½ hours daily, and 18½ hours on Saturdays. Its coverage is to embrace some 6,500 square miles in mid-state New York.

The Columbia Broadcasting System has accepted the invitation of the government of Mexico to hold the first Latin American Conference of the "School of the Air of the Americas" in Mexico City, on August 14, 15 and 16.

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ETHRIDGE, SARNOFF APPOINTED TO DEFENSE JOBS

Two outstanding figures in the radio industry were given special defense jobs by the President last week.

Mark Ethridge, former President of the National Association of Broadcasters, and General Manager of Station WHAS, Louisville, was appointed Chairman of a committee to investigate complaints of discrimination against Negroes seeking work in defense industries and the government.

Other members are David Sarnoff, President of the Radio Corporation of America, Philip Murray, President of the C.I.O.; William Green, President of the A.F. of L., and two Chicago Negroes, Milton P. Webster, Vice-President of the Brotherhood of Sleeping Car Porters, and Earl B. Dickerson, an attorney.

The committee was created under an Executive Order of June 25, which reaffirmed the policy of the government against discrimination in the hiring of defense and government workers because of race, creed, color or national origin.

Serving without pay, the Committee will investigate complaints and take steps to redress grievances.

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CUBA CONSIDERS FOR DEFENSE CONTROL OF RADIO

The establishment of a system for efficient control of radio throughout Cuba, is regarded in Havana as one of the primary defense needs, according to a Havana dispatch to the New York Times.

At present the authorities are greatly handicapped by lack of proper technical equipment. No efficient vigilance can be maintained over channels utilized by communication companies, vessels in Cuban waters or the regular commercial broadcasting stations. Nor is it possible to locate clandestine transmitting stations with accuracy and rapidity. Also, stringent regulations are needed to give the National Radio Bureau adequate authority to deal with violators.

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The Italian government has silenced American radio correspondents at Rome, according to information received by the National Broadcasting Company from David Anderson, its representative in the Italian capital. Anderson gave no explanation of the Italian order. The government had "removed facilities", he said in his radiogram to NBC headquarters at Radio City.

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