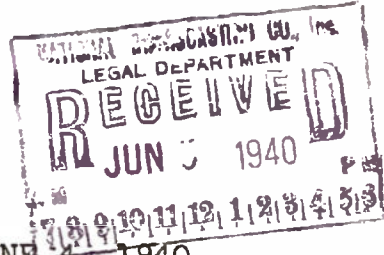


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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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."

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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 cooperation 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 1837 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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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."

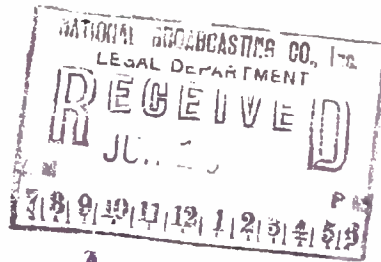
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BROADCASTERS WARNED AGAINST HYSTERIA IN NEWS REPORTS

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."

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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.

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.

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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.

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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.

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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.

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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> kc	<u>Allocation</u>	<u>Frequency</u> kc	<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

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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.

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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.

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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.

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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."

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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.

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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.

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::: TRADE NOTES :::
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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 - totalled \$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.

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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.

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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."

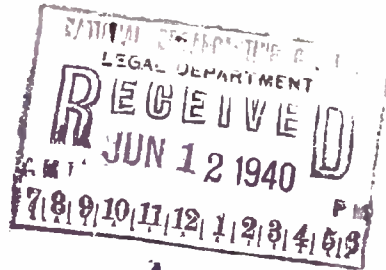
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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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No. 1241

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June 11, 1940

FCC MOVES TO BAR RADIO USE BY "FIFTH COLUMNISTS"

Step by step the Federal Communications Commission is tightening up on its regulations to forestall possible use of American radio facilities by "fifth columnists".

Some of its orders are merely precautionary, it appears, while others are the result of complaints. The amateurs, as in the European countries, were the first to be restrained although the Commission has great regard for the work of the "hams" as a class and has confidence in the self-policing of the amateur bands by alert and patriotic operators.

This week the Commission was understood to be studying the international broadcasts from this country and the domestic foreign language broadcasts.

Steps are being taken to revise the application forms for radio operator licenses, both commercial and amateur, to require definite proof of citizenship, rather than the mere statement to that effect required by the present forms. Commercial operators on shore and on shipboard, it was pointed out, are in a position to transmit information in code to foreign agents and therefore there should be more definite proof as to their citizenship claims.

"Fifth columnists", it was pointed out, would undoubtedly be willing to swear they were citizens. Even if they were later found to be aliens, it is doubtful if they could be found for indictment for perjury.

The Commission on Saturday took another step to block possible "fifth column" communications when it issued a sharp warning to all United States radio operators and ship station licensees that superfluous, unnecessary and unidentified communications from ship stations to other ships or to shore stations will not be tolerated, and added that violations in this respect will be vigorously prosecuted.

Both the general radio regulations annexed to the International Telecommunications Convention, adopted at Madrid in 1932 and the Communications Act of 1934 specifically prohibit the transmission of such communications. Moreover, the Commission announced, both the international regulations and the Communications Act place the radio service of a ship under the supreme authority of the master. This was taken as an indication that ship masters must keep a more stringent check on radio transmissions and receptions or suffer the penalties, along with their radio operators, for violations.

"The Commission intends to uphold vigorously these provisions of law and treaty and will hold ship station licensees, masters of ships and radio operators on board fully responsible for any violations", an FCC statement said.

Supplementing its earlier order prohibiting amateur radio communication with foreign countries, the Federal Communications Commission imposed an immediate ban on the use of all amateur portable and other amateur mobile stations operating in the continental United States, its territories and possessions except those stations using short-range frequencies above 56,000 kilocycles and except in the case of amateurs operating portable stations on June 22, and 23, 1940, in connection with the A.R.R.L. Field Day tests of portable transmitters which are designed for special use in time of emergency.

Several thousand stations are affected by the terms of this order; however, they did not operate regularly. Any amateur licensed by the Commission has been allowed to operate a portable station provided that advance notice, in writing, is given to the Commission inspector in charge of the district in which such operation is contemplated. Under suspended rules and regulations, this type of operation is now restricted indefinitely to the frequencies which, generally speaking, do not carry farther than the line of sight.

International broadcast stations, licensed to broadcast to particular countries, usually use foreign announcers because of their linguist ability. Although the broadcasting companies check closely on such announcers, the question has been raised as to whether veiled messages might be sent. These broadcasts could be checked by the Commission's monitoring stations, and it has been suggested that recordings be made of such broadcasts so there would be a permanent record to be checked by governmental agents.

One of the serious communications problems, which at this time appears to be insurmountable, is the reception of broadcasts in this country from foreign stations, many of which are believed to contain hidden messages to "fifth columnists" in this country. The only way of checking this is for close observation by Federal and local authorities of activities of individuals following such broadcasts.

Another problem is that of foreign language broadcasts over domestic stations. These are permitted and it is realized that messages to large groups of foreign listeners could be carried by using a language code, which would mean nothing to the casual listener, but would contain orders to those with the code key.

In planning a more thorough check on radio operator's licenses, the FCC is comparing present application forms with application blanks of the Bureau of Marine Inspection and Navigation for seamen and officers of ships. In order to obtain a

seaman's certificate the applicant not only must certify that he is a citizen, but must furnish proof in the way of a birth certificate, baptismal certificate or discharge from the Army and Navy, must furnish a picture to be attached to the records in the bureau and to the certificate and also fingerprints.

It was indicated this system undoubtedly would be used in applications for radio operator licenses. These licenses are for periods of three years each, so the Commission soon would be able to get a thorough check, even if it did not call for a complete relicensing in order to obtain proofs of citizenship in all cases.

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BUTCHER ANSWERS REP. MUNDT ON RADIO NEWS

Harry C. Butcher, Vice President of the Columbia Broadcasting System, last week told Representative Karl E. Mundt (R.), of South Dakota, that the radio networks are striving to keep the public informed on war news "honestly and conscientiously".

Mr. Butcher's letter, together with the CBS memorandum on war news broadcasts, issued at the outbreak of the war, were inserted in the Congressional Record along with further remarks by Representative Mundt, who earlier in the week complained that some of the radio news tended toward "hysteria".

Representative Mundt, in inserting the letter commented that Mr. Butcher had expressed "the keen appreciation which CBS has of the problems involved and the sincere steps which it has taken and is taking to guard against highly emotionalized speakers and programs whose broadcasts might render a disservice to the best interests of America".

Mr. Mundt added that "Mr. Butcher assures me that the other radio chains are also giving special consideration to the dangers of excesses in war broadcasting. Mr. Butcher's letter follows:

"Columbia Broadcasting System, Inc.
Washington, D. C., June 5, 1940.

"The Honorable Karl E. Mundt,
House of Representatives, Washington, D. C.

"Dear Mr. Congressman: As discussed with you on the telephone this morning, I am sending herewith a copy of a memorandum issued by the Columbia Broadcasting System, September 5, 1939, shortly after the outbreak of the war, governing general operations in connection with European war coverage. We have earnestly and conscientiously endeavored to follow the principles and instructions enunciated therein.

"I am also sending a copy of the NAB report for September 15, 1939, which carries on page 3717 the text of the memorandum of European war coverage as agreed to by all three networks. This agreement subsequently was approved insofar as it applied to individual station operations at the convention of the National Association of Broadcasters held later in September, in Chicago.

"I noticed in your statement in the Congressional Record, you state that Mr. Kaltenborn is on Columbia. Mr. Kaltenborn has not been on Columbia for some time.

"To repeat what I told you on the phone, I think your statement in the Congressional Record indicates that you have given a great deal of thought to this subject, as have the executives of the broadcasting networks and stations generally. We appreciate the responsibilities placed upon us by these trying times and are attempting, I believe with considerable success, to inform the public honestly and conscientiously. Certainly Columbia is making every effort in this direction.

"Of course, you realize that the networks and the stations largely obtain their news from the press associations. In the case of Columbia our press association news is supplemented by our own reports by our own men - incidentally all American citizens - from European points. The press associations in general have done their traditionally magnificent job and the service rendered by radio would be virtually impossible without benefit of services by these agencies.

"The nature and the facts of the war news definitely create grave concern with the listeners but neither radio nor the press has any control over the gravity of the news. Columbia, and I believe the other networks, have risen to their responsibility. Certainly our response from listeners everywhere indicates a generous approval of our efforts and a warm appreciation of the service rendered.

"With best regards, I am,

Sincerely yours,
(Signed) Harry C. Butcher"

Representative Mundt, in commenting further in the Record, said:

"Mr. Speaker, I am also attaching to these remarks the two enclosures which Mr. Butcher sent me, showing specifically how the radio industry is recognizing its responsibilities and endeavoring to exercise self-restraint, good taste, and justice in shaping its policies in the handling of war news. I am confident that a continuance of this careful attention to the problem by radio executives themselves, combined with a thoughtful re-dedication to the careful observance of the self-restraint they have imposed, can provide a far better solution to the problem than any congressional action which might threaten or restrict the use of free speech on the air. I believe a study of these self-imposed restrictions, together with a review of recent radio programs must convince any reader that with a few unfortunate - although rather conspicuous - exceptions, radio is now trying hard to live up to the standards of public service it has set for it-

self in the attached regulations. It is to be hoped that exceptions to the rule will not be permitted to mar the record.

"I have every confidence that American radio is trying to do a sincere and sensible job of reporting war news to America. In conversation with Mr. Butcher, he told me of how certain radio commentators had been discontinued because their methods were on the side of the hysterical rather than the factual, and he assured me that radio was constantly watching its programs to keep them in harmony with the best interests of the country. It is encouraging to us all to be assured that so young an institution as radio in the field of reporting is already building a tradition and establishing standards which indicate it is paralleling the record of the American press in richly meriting the important responsibilities reposed by the rights and privileges which it enjoys.

"I am frank to say that I do not quite share Mr. Butcher's enthusiastic endorsement of the degree to which radio is conforming with the admirable code it has established for itself. As vice president of the Columbia Broadcasting Co., however, Mr. Butcher may be excused for being somewhat inclined to play down radio's excesses and errors and to stress its commendable features.

"I have heard too many Members of Congress condemning 'hysterical radio commentators' and 'upsetting radio programs' and have read too many editorial complaints and letters of protest to believe that radio is blameless and that its self-imposed restrictions are either quite inclusive enough or quite sufficiently respected. But radio is young in this field of public service, and I am encouraged and gratified by the fact that, first, it has recognized that the war situation reposes unusual responsibilities upon it; second, it has set up a set of voluntary regulations to govern its handling of war news; third, it has replaced some of its more hysterical and least stable announcers and commentators by men and women with a greater devotion to factual reporting and less of a flair for amateur dramatics; and, fourth, it is keeping alert to the situation and is endeavoring to further regulate itself as new needs for such restraints become evident.

"Radio has thus demonstrated its desire and determination to protect its privileges by the intelligent course of establishing its own restrictions against public-venalizing excesses. As a firm believer in the significance of free speech, I am sure this method has many advantages over the various proposals for intensified Government regulation and supervision which are beginning to be discussed informally, and rather too generally, in the congressional cloakrooms.

"If war should come to America or if America should inject itself into foreign war, complete Government censorship and perhaps Government ownership and operation of radio would probably follow as the night the day. Personally, I would abhor this action but there is little reason to doubt its eventuality. It is altogether too possible that privately owned and operated radio would never again prevail in America should we be drawn or driven into war.

"One has only to look at the harrowing experience of the railroads since the Government took them over in the World War to realize what Government-operated radio would do to this great industry if we should go to war again. Too, once a political administration tasted the intoxicating blood of power which would come from Government radio, it is extremely unlikely, and contrary to all the lessons of history, that private businessmen would ever again be given the right to own and operate the radios, determine what programs to use or decline, and hold virtual monopolies over favored airwaves for private profit. Private radio would, in all likelihood, be one of the first and one of the permanent casualties of another war involving America. But America is at peace.

"I know it is the hope of Members of Congress and radio executives alike that the peaceful progress of this country can go ahead without new regulations and restrictions being placed on the radio industry. I hope a faithful devotion to the following self-imposed radio regulations (C.B.S. European war coverage - a Memorandum Governing General Operations for the Information of the Organization, September 5, 1939) and a frequent reevaluation of their adequacy by radio itself will prevent emotional excesses and broadcasting bad taste which might goad a disillusioned America to insist on Congressional action to prevent abuses which I am sure radio itself is ready, willing, and able to prevent."

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LOHR'S SUCCESSOR TO BE ELECTED JULY 12

A new President of the National Broadcasting Company will be elected at the next regular meeting of the NBC Board of Directors on July 12, David Sarnoff, Chairman, said this week.

Lenox R. Lohr tendered his resignation as NBC President last Friday. He informed the Board that he had received an invitation to become President of the Chicago Museum of Science and Industry and desired to accept the position. He requested that he be relieved of the NBC presidency which he has held since 1936, as soon as convenient so that he can return to Chicago, where he was previously engaged as General Manager of the Chicago Century of Progress.

Mr. Lohr, in his letter of resignation to Mr. Sarnoff, wrote:

"It is an action which I cannot take without expressing, both to you and to the Board, my appreciation for your kindnesses to me and my deep sense of obligation to the members of NBC's staff who so loyally and faithfully have worked to maintain the company's preeminence in radio."

Mr. Lohr accepted the Chicago post, according to Col. A. A. Sprague, because of his "devotion to Rufus Dawes" and is giving up a highly remunerative position at a "great financial sacrifice to himself".

Mr. Sarnoff expressed his high regard for Mr. Lohr and for the faithful services rendered by him to the company and to the broadcasting industry and added that in accordance with his request, Mr. Lohr's resignation will be accepted at the next regular meeting of the NBC Board July 12th.

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MONOPOLY REPORT PROMISED THIS WEEK BY FLY

Chairman James L. Fly, of the Federal Communications Commission, stated at his weekly press conference Monday that the long-delayed monopoly report probably will be submitted this week by the FCC Committee to the full Commission. The FCC will decide whether or not to release it before acting, but it is expected that the report will be made public.

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EARLY MORNING LOCAL BROADCASTS ARE AUTHORIZED

Early morning broadcast service to many rural sections now denied such service is invited by Federal Communications Commission action in authorizing daytime and limited-time standard broadcast stations to begin operation at 4 A.M., local standard time.

Many farmers and other dwellers in rural areas arise before sunrise and in the past have had to rely upon distant broadcast stations for program service. The new ruling will permit local stations generally to start broadcasting earlier, thus furnishing farm communities with general news and vital information concerning local weather conditions and agricultural market reports at the beginning of the work day.

Although some interference may result from this new opportunity to broadcast between the hours of 4 A.M. and sunrise, the Commission believes that the overall effect of its order will be to benefit particularly those residents of farming areas who have heretofore not had such early local program service.

The new order of the Commission does not change any of the rules and regulations regarding standard broadcast operations which apply to the regular broadcast day, which is defined as that period of time between local sunrise and 12 midnight local standard time. Additional hours are granted during the experimental period which is defined in Section 3.10 of the Commission's rules as that time between midnight and local sunrise; consequently, any interference which may result to standard broadcasting will be experienced chiefly during the "experimental period".

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FLY UNABLE TO ATTEND RMA CONVENTION

Chairman James L. Fly, of the Federal Communications Commission, stated this week he would be unable to attend the RMA convention in Chicago this week due to the pressure of business before the Commission.

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CHANGES MADE IN STANDARDS BUREAU BROADCASTS

The U. S. Bureau of Standards announces that the following changes have been made in the standards of frequency and musical pitch broadcast from the Bureau's radio station WWV at Beltsville, Md.: (a) The frequency of 20 megacycles per second has been replaced by 15 Mc/sec; (b) announcements are given by voice only, not by telegraph keying; (c) announcements during the musical-pitch broadcasting are given every 5 instead of every 10 minutes; (d) the ionosphere bulletins have been discontinued.

The standard-frequency broadcasts now include: Standard radio frequencies; standard time intervals (seconds pulses); standard audio frequency; and standard musical pitch (440 c/sec). The last-named, and its carrier, a standard, 5 Mc/sec., are broadcast continuously, day and night.

Those desiring full details should write to the National Bureau of Standards, Washington, D. C., for a copy of Letter Circular LC591, "Standard of Frequency and Musical Pitch Broadcast by National Bureau of Standards".

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The Potomac Electric Power Company of Washington, D.C., has been given permission to erect a special short-wave transmitter east of the Benning power plant to give emergency calls to company repair trucks and other emergency vehicles.

The plan contemplated by Pepco is intended to expedite the company's emergency repair services, but the plan also anticipates eventualities such as sabotage should the United States become embroiled in war, officials said. It was explained the plan envisioned use of the transmission to emergency vehicles in any need that might arise in case of sabotage or bombings.

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 ::: TRADE NOTES :::
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David Sarnoff, President, and Edward J. McGrady, Vice President, of the Radio Corporation of America, have been elected to an Advisory Committee that will advise George A. Sloan, newly-appointed Commissioner of Commerce for the City of New York.

Fifty-seven graduates of the Capitol Radio Engineering Institute, Washington, were urged to prepare themselves for a totally different world with new industries and opportunities by Prof. Louis Denton Bliss, head of the Bliss School, at their graduation dinner Friday night in the Willard Hotel,

The New York Curb Exchange has removed from listing the old common stock of the National Union Radio Corporation, \$1 par value, and admitted to listed trading the new common stock, thirty-cent par value, which has been issued in share-for-share exchange.

Complying with an order of the Federal Communications Commission that all international stations operate with a minimum power of 50 kw., the National Broadcasting Company this week applied to the Federal Communications Commission for permission to double the power of its two 25,000 watt short-wave stations serving Europe and Latin America.

A spokesman for NBC explained that with doubled power and other improvements specified in the application, the stations WRCA and WNBI at Bound Brook, N.J., "will increase their effectiveness in acquainting foreign listeners with world news and American official attitudes."

Commissioner George Henry Payne this week submitted a report to the Federal Communications Commission recommending that the revocation orders issued against Stations KSAM, Huntsville, Texas, and KAND, Corsicana, Texas, be affirmed.

Transradio Press Service and the British United Press had had their licenses cancelled in Canada as of July 1, according to Transport Minister C. D. Howe, with the proviso that such permits would be granted as usual on that date if those two services produced proof of the bonafides of their news sources.

WLOL, new 1,000 watt radio station in Minneapolis-St. Paul, becomes a Mutual network affiliate on June 17, the day the station begins operations. This affiliation will give Mutual full-time coverage in the Twin Cities. The new station is Mutual's 131st affiliate. It is operating on 1,300 kc.

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CAN'T PUT ANYONE ON OR OFF THE AIR, SAYS FCC

Recent events have prompted the Federal Communications Commission to reiterate that, having no authority to censor radio programs, it can neither put anybody off the air nor on the air. The FCC release apparently was an answer to complaints against the broadcasts of the Communist convention.

In the matter of broadcast time for candidates for public office, the FCC pointed out the Communications Act specifies: "If any licensee (station) shall permit any person who is a legally qualified candidate for public office to use a broadcasting station, he shall afford equal opportunities to all other such candidates for that office in the use of such broadcasting stations. . . ." and shall have "no power of censorship" over the material so broadcast. However, there is no requirement that the station must give such time in the first place, for Section 315 of the Act stipulates: "No obligation is hereby imposed upon any licensee to allow the use of its station by any such candidate."

Under the statute injunction against interference with individual radio programs, the Commission has had to advise inquirers that it is equally without authority to:

Censor statements of radio commentators, as requested by a New York man.

Require a national network to grant time to a Florida man to discuss national defense.

Deny the radio to "pressure groups interested in involving the United States in the present European conflict", as demanded by a New York woman.

Accede to request by a California woman that "pressure be put on radio stations to allow only 'sane' and 'unbiased' programs, which cut out all propaganda for war".

Pass on the type of wording of advertising announcements, as suggested by many listeners.

Likewise, the Commission has no authority to handle a New Orleans request that a radio station be made to employ six musicians instead of a trio.

Take action on complaint of a Peoria, Illinois, property owner relating to the height of his neighbor's aerial.

Help a New York woman develop a radio device for detecting and destroying enemy airplanes - or perfect a District of Columbia inventor's radio horn.

FCC's first printed general information booklet, "An ABC of the FCC", 13 pages, pocket size, is now being distributed on request.

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RADIO REVOLUTIONIZES WARFARE SAYS WOR'S MILITARY EXPERT

Radio broadcasting, along with the gasoline engine, has revolutionized warfare more than anything else since the invention of gunpowder, according to Major Leonard J. Nason, whose military analyses are a feature of WOR-Mutual's coverage of the European War.

While most people realize the importance of broadcasting as a weapon in the international propaganda battle between the Allies and Germany, the fact that radio plays an even more important war role as an actual instrument of battle has been generally overlooked, Major Nason pointed out.

Use of pack transmitters by front-line infantry, and larger two-way sets by artillery, aerial, and mechanized units have greatly facilitated the German advances, he said.

Radio is a far more effective means of battle communication than the telephone. "In the first World War", Major Nason recalled, "the first thing that happened in any offensive was the destruction of phone lines by the enemy bombardment." The Major cited the case of the second Battle of the Marne in 1918: The Germans crossed the Marne at four in the morning but many of the Allied units did not receive news of the crossing until 9 A.M., and some commanders were not able to get a complete picture of the situation until late in the afternoon.

"Such a situation would not happen in modern warfare if the army is radio equipped", Major Nason explains. "Today front line units are equipped with portable radios and transmitters, and are in direct communication by voice with their units and division commanders and also with the chief of operations. A verbal order can be given and heard simultaneously by every unit in a large field army. A battlefield movement that, under old conditions, would have taken two or three days now can be completed in an hour!"

The Germans, according to Major Nason, are reported to have arranged some audible signal from GHQ by radio, so that every unit of the army down to the platoon can be launched simultaneously into a major offensive. This is extremely important, because if necessary the attack can be postponed by radio at the last minute. In the last war, the Major pointed out, general attack orders were transmitted by messengers, and once they had left GHQ there usually was no stopping the attack, even though the enemy might have discovered the plans.

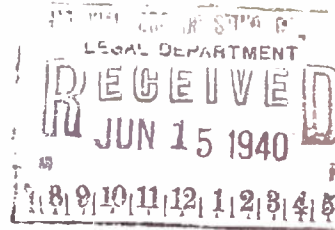
"It is highly probable that in the recent battles, the British and French Armies in the field were not able to apply radio voice communication as widely and effectively as the German Army", Major Nason stated. "In fact, I don't believe that before this War, the British and French had any voice radio installations for infantry at all. The French and British had planned to fight a position, or static war, where they would have ready facilities for communications by telephone."

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HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.



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CURB ON NETWORKS SEEN AS MONOPOLY REPORT IS RELEASED

Unless the national emergency prevents or the Administration intervenes, the Federal Communications Commission is expected to take steps to curb the control exercised by the major radio networks over the broadcasting industry, especially over the activities of affiliated stations.

This was indicated as the FCC hurriedly released its long-delayed report on the monopoly investigation just as Commissioner Thad Brown, Chairman of the Monopoly Committee, was summoned before the Senate Interstate Commerce Committee and given a severe grilling by Senator Tobey (R.), of New Hampshire.

While the report, which is highly critical of the combination of the broadcast industry by the networks, particularly the National Broadcasting Company and the Columbia Broadcasting System, has not yet been approved by the full Commission, it is likely that Chairman James L. Fly will go along with the three-man committee in pressing for special regulations to govern the chains.

The significance of the monopoly report, based on a two-year investigation, will not be determined, observers believe, until the FCC decides what steps to take to cure the abuses cited by the Committee. The Committee, which included Commissioners Paul A. Walker and Frederick I. Thompson, did not advocate any action that would break up the networks but recommended that the advantages of the chain system of broadcasting be retained while the evils be eliminated.

The Committee said that no amendments to the Communications Act are necessary and pointed out that the FCC has authority "to make special regulations applicable to radio stations engaged in chain broadcasting". If any further authority is found to be needed later, the report stated, amendments to the radio law may be proposed to the next Congress.

The report is expected to encounter some opposition on the Commission itself, particularly if the Commission proposes too drastic curbs on the networks in whatever regulations may be drawn up. If the national defense emergency grows in seriousness, the whole report may well be put aside for the present.

"The heart of the abuses of chain broadcasting is the network-outlet contract", the Committee declared. Accordingly, it recommended "reformation" of these contracts to eliminate such abuses while retaining the advantages of chain service.

The 1300-page report of the Committee "reveals at every turn the dominant position of the network organizations in the field of radiobroadcasting." It is based upon more than 10,000 pages of testimony and nearly 800 exhibits, largely obtained through hearings which continued for 73 days, in an investigation pursuant to a Commission order of March 18, 1938.

The Committee found that the interests of affiliated stations "have been subordinated to the interests of the network owned and controlled station". It points out that of the 660 standard broadcast stations operated in 1938, more than half - 350 - were on major networks and included almost all of the country's high-powered stations. The 660 stations were owned by 460 persons. However, 87 of these persons owned more than one station and received approximately 52 percent of the total business of all commercial broadcast stations.

Apart from the stations affiliated with their networks, the National Broadcasting Company and the Columbia Broadcasting System in 1938 owned or controlled 23 stations, of which 15 were 50-kilowatt, unlimited time, clear channel stations. The record reveals that the chains have developed around these key stations and have been operated largely for their benefit.

"The predominance of network organization is evidenced by their disproportionate share of the income of the radio broadcasting industry", the Committee commented in reporting that of the \$18,854,784 net operating income of all the stations and networks for 1938, nearly half - \$9,277,352 - went to National and Columbia.

Examples of "arbitrary and inequitable practices" on the part of the networks in their relation with affiliated stations are cited by the report as follows:

"The provision that the outlet station cannot accept programs from any network other than the one to which it is bound by contract deprives the station of profitable business and the listening public of programs for which there is a demand.

"The practice of requiring stations to set aside all or a major portion of their broadcast time for the utilization of the networks, regardless of whether such time is used or not, places an undue burden upon the outlet station and lessens the ability of the station to serve the local needs of the community.

"The provision that non-network rates for national advertising business cannot be less than those of the network prevents the outlet station from entering into a healthy competition for advertising business.

"The provisions of the contract concerning the free use of the first converted hours (a nighttime hour or its equivalent in two daytime hours operation), combined with low initial compensating rates for the next hours, results in an inequitable distribution of proceeds from network broadcasting. Whereas Columbia and National had aggregate network time sales of \$44,313,778 for 1938, they paid to the 253 independently controlled stations on their networks only \$12,267,560, approximately one-half of which was paid to 25 of these stations with a relatively strong competitive position based on the need of the networks for their particular facilities.

"Moreover, the contracts generally cover periods of time far in excess of the period for which the station is licensed and bind the outlet to network policies far beyond the expiration date of the license."

The Committee found these "arbitrary contractual arrangements" further reflected in the program policies of the networks, mentioning:

"Outlet stations are required by their contracts to accept all commercial programs sent by the network organizations unless they are able to prove to the satisfaction of the networks that a particular program will not serve public interest. Since the outlet stations have only general advance knowledge of the content of the program, they have come to accept whatever the network chooses to forward to them.

"Furthermore, approximately 90 percent of the commercial programs sent by network organizations are produced by advertising agencies, so that the delegation of program responsibility by the licensee is carried one step further."

The Committee cited a number of instances in which chains have gone even farther than the regular network-outlet contract and have "actually taken over the management" of the affiliated station in violation of Section 310(b) of the Communications Act.

Pointing out that all but two of the 34 high-power, clear-channel stations and all the high-power regional stations are on the two major networks, the Committee reaches "the inescapable conclusion . . . that National and Columbia, directed by a few men, hold a powerful influence over the public domain of the air and measurably control radio communication to the people of the United States", adding: "If freedom of communication is one of the precious possessions of the American people, such a condition is not thought by the committee to be in the public interest and presents inherent danger to the welfare of a country where democratic processes prevail."

The policy of CBS and NBC of placing talent under exclusive contract, according to the report, has the effect of limiting the efforts of much of the best talent in the country to network programs and of arbitrarily restricting the programs of independent competing stations, as well as the communities in which these independent stations are located. These two networks between them control about 800 of the best known artists in the broadcast and concert field.

The report reveals the National Broadcasting Company a dominant factor in the field of electrical transcriptions, stating: "The Committee feels that such domination reacts to public disadvantage by penalizing independent stations which, not being members of a network, must make frequent use of electrical transcriptions."

The practices of Mutual, it is pointed out, differ somewhat from the general network operations. At the time of the hearings, Mutual took no options on the time of stations and received only a commission, not exceeding 15 percent, on the proceeds of network commercials. While it has an organization for selling network commercial program time to advertising agencies, the stations which served as Mutual outlets have the privilege of also selling the network time, for which they share commissions with Mutual. Also, Mutual has no program producing facilities.

"The business of broadcasting is the fastest growing source of advertising revenue in America", comments the report in showing that income from this source increased from \$28,000,000 gross in 1928 to \$165,000,000 ten years later. But unlike other big business enterprises, broadcasting is not the chief activity of its owners, but is operated principally as a "side line" to the main business.

Two-thirds of the nation's standard broadcast stations are operated as incidental to other businesses. In many cases, the actual owners of the stations do not personally operate them. In addition to the operation of approximately 300 stations by newspapers, 125 other stations are operated by businesses of various kinds. Two-thirds of all standard broadcast stations are licensed to corporations or are under their control.

Many of the largest corporations which control broadcast stations directly or indirectly are themselves controlled through proxy voting by a very small number of persons who, themselves, hold no material ownership interest in the companies, the report points out. For example, Radio Corporation of America, which owns the National Broadcasting Company, is controlled by three persons who between them own only 5,829 shares of a total of 9,864,502 voted by them.

The Committee's letter of transmittal accompanying the report summed up the recommendations as follows, in part:

"It is our opinion, based upon the extensive investigation which we have just completed, that public interest, convenience or necessity are adversely affected by inclusion in the network-outlet contracts of many of the contractual provisions discussed. . . . The elimination of arbitrary and inequitable contractual arrangements will tend to subject the networks to active competition and will render the independent station more secure within the industry, and better able to cope with the networks in all fields of network activity.

"The Committee believes that competition in the radio-broadcast field can be further enhanced by a revision of the so-called clear-channel policy, whereby new stations are refused access to clear channels regardless of the service which the new station would be able to render and regardless of how small the interference to the clear channel would be. The record evidences that all but two of the high-power clear channel stations in the United States are on the Columbia and National networks as well as all the high-power regional stations. The exclusive grant of a clear channel to a station which can only serve limited areas prevents people in other sections of the country from receiving service from stations which could otherwise operate on the clear channel frequency. In our opinion, the Commission should consider the wisdom and practicability of utilizing the clear channels so that people living in all sections of the United States can have the benefit of radio reception at present denied them.

"The Committee believes that the Commission should proceed at once to deal with these problems to the extent that Congress has given it authority in the Communications Act of 1934. In our opinion, the Commission possesses ample power under the Communications Act to redefine its licensing policy and require the elimination of inequitable and arbitrary contractual arrangements which affect the duty of the licensee to serve the public interest. The actual administrative experience which the Commission will obtain under its new licensing policy will enable it to suggest to the Congress the enactment of amendatory legislation if such is later found to be necessary.

"It is the opinion of the Committee that through the exercise of the powers of the Commission in dealing with the contractual relations between network and outlet, the potential advantages of chain broadcasting in this country can be retained. At the same time, the abuses which have prevented many of its potential advantages from being realized can be corrected. It is the Committee's belief that the excision of arbitrary and inequitable provisions from network-outlet contracts will eliminate many of the detrimental practices involved in chain broadcasting without sacrificing any of the benefits.

KNOWLSON ELECTED RMA PRESIDENT; DIRECTORS NAMED

James S. Knowlson, Chairman of the Board and President of the Stewart-Warner Corporation, was elected President of the Radio Manufacturers' Association Wednesday at the annual meeting in Chicago. He succeeds A. S. Wells, also of Chicago.

"Jim" Knowlson is a native Chicagoan, born there June 29, 1833, and was married to Miss Norah Eustis of Chicago. They have four children. Mr. Knowlson graduated from Cornell University (M.E. and E.E.) in 1905. He was electrical engineer of the General Electric Company, of Schenectady, 1905-09, and President of the Speedway Manufacturing Company. He is President and Chairman of the Board of Directors of the Stewart-Warner Corporation.

Mr. Knowlson is a member of the University, Chicago, Glen View, Commercial, Chicago Commonwealth, and Hinsdale golf clubs. He is a Sigma Psi, a Republican, an Episcopalian, and resides at Hinsdale, Ill.

Vice-Presidents chosen are: Paul V. Galvin, of the Galvin Manufacturing Co., Chicago; Roy Burlew, Ken-Rad Tube and Lamp Corp., Owensboro, Ky.; E. E. Osmun, Centralab, Milwaukee, Wis., and Donald MacGregor, of the Webster Co., Chicago.

Leslie F. Muter, of the Muter Co., Chicago, was re-elected Treasurer.

Among the Directors elected were: P. S. Billings, Paul V. Galvin, J. J. Kahn, and Donald MacGregor, all of Chicago; James T. Buckley and Ernest Searing of Philadelphia; H. C. Bonfig, of Camden, N.J., E. H. Vogel, of Fort Wayne, Indiana, David T. Schultz, of Newton, Mass., Octave Blake, of S. Plainfield, N.J., H. E. Osmun, of Milwaukee, Wis., Ray F. Sparrow, of Indianapolis, Ind., and James C. Daley, of Bellwood, Ill.

Necessity for the radio industry to meet its obligations in the present world and national situations was stressed at the opening of the Sixteenth Annual Convention. President A. S. Wells, of the Wells-Gardner Co., Chicago, and President of the RMA for the past two years, declared that the industry must prepare for the difficult problems and obligations now evident, together with more government regulation.

"This Association faces at the moment", he said, "as do all individually, a very critical time in its existence. That is true not only because of the fact that we have before us many controversial subjects but also because of the world situation which is forcing the government to assume more and more responsibility, so-called, toward industry. If we are to have more and more regulation by government, as seems obvious because of an apparent national necessity, it is much better that this Association, as well as all associations for that matter, be strong and

active so that they may function as they should function when making government contacts. We must recognize the fact that there will be more and more government regulation of all industry, and I think it is the belief of most of us that government regulation as it comes will come through trade associations, for the most part, when those associations show themselves to be strong and know what they are doing."

Several thousand radio distributors and dealers, as well as manufacturers, attended the annual radio industry meetings, including sessions of several allied industry organizations.

Steps toward nominations on the minimum wage committee of the Federal Wage-Hour Administration were taken by the RMA Board of Directors. A radio industry committee is planned later this year by the Wage-Hour Administration to consist of one-third each of representatives of the industry, labor and the public, with nominations for the industry group to be made by the Radio Manufacturers' Association.

The policy regarding maintenance of replacement parts for receiving sets also was considered by the Board of Directors and a committee appointed to arrange for a definite guaranty to the public in buying receivers that replacement parts will be available for the average life of the receiver.

The annual industry banquet was held Wednesday night in the Grand Ball Room of the Stevens Hotel, and the National Parts Trade Show was continued through Friday evening.

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LICENSES EXTENDED PENDING TREATY REALLOCATIONS

In order to permit further studies of the frequency assignments to stations under the North American Regional Broadcast Agreement, the Federal Communications Commission this week extended standard broadcast station licenses expiring August 1 for an additional two months to October 1. The Commission will announce at a later date the procedure with respect to the licensing of facilities which will be available under the provisions of this agreement.

The order applies to all standard broadcast stations, and automatically extends the expiration date of all licenses for which applications for renewals have been filed. Modified licenses to cover the new expiration date will not be issued.

Licensees who have not as yet submitted renewal applications are notified that in order to permit operation after August 1 applications for renewal, based on the present authorized facilities, must be filed. However, if an application for renewal covering the period beyond August 1 has been filed, it will not be necessary to refile such application under the new order.

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CRAVEN SEES COMMERCIAL TELEVISION AT EARLY DATE

Commissioner T.A.M. Craven, Chairman of the Special Television Committee of the Federal Communications Commission, believes that several competitive commercial television stations will be operating in the United States "at a relatively early date" unless the economic effects of the European war retards the industry's development.

He has so informed Senator Lundeen (Farmer-Labor), of Minnesota, in a letter replying to the Senator's inquiry as to why he voted for the recent FCC decision to withhold commercial television until the industry agrees on a single transmission standard. Commissioner Craven previously had opposed the FCC action in reopening the television inquiry.

Commander Craven said he does not agree with some of the details of the May 28th report but that he concurs with the Commission "in its broader objectives".

"It is my opinion", he wrote, "that the Commission intends to encourage actively the promotion of television as a service to the public in their homes. It is my belief that as soon as the scientists of the industry can come to an unbiased agreement with respect to the best current engineering practices for television, the Commission will authorize full commercialization to be undertaken by licensees of television broadcast stations. In the near future the Chairman of the Commission will call to Washington the leading television engineers of the country for the purpose of encouraging higher standards and coordinated approach to research. Thus, with this cooperation between the Commission and the industry, technical progress and agreement on basic standards of the best current engineering practice can be facilitated. In this connection I do not believe anyone will condone 'stalling' by any licensee, engineer, or manufacturer on the question of the best current engineering practices in television.

"In addition, the Commission intends to grant immediately several pending applications for television broadcast stations throughout the country. The Commission will authorize these licensees to transmit television programs while, at the same time, requiring them to keep their stations abreast of scientific progress by undertaking research leading to uniformity in the external performance characteristic of the transmitters.

"The foregoing appears to me to have the broad objective of facilitating rapid progress toward the adoption of proper uniform standards of current engineering practice for television. At the same time there is the intention of authorizing television broadcasting stations operated by private enterprise on a regular business basis as soon as this is consistent with the adoption of proper uniform engineering standards for transmitter performance. With such objectives television can move forward faster than it has in several years past, because the Commission again presents some incentive to the television pioneers of the Nation. The Commission's report indicates it will authorize full commercialization of television as soon as the engineering opinion of the

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industry is prepared to approve any one of the competing television systems.

"Since I am vitally interested in making constructive progress to start television as a vast new industry, with all its implications as to service and employment, I see no logical reason for insisting upon one method in preference to others, provided all of us can agree on something which is intended to stimulate progress. While I regret the Commission's rules will not permit immediate commercialization by experimental television station designed primarily to broadcast television programs, my colleagues prefer another method also designed to achieve progress on to the ultimate goal of good television service to the public. I recognize that other methods may possibly achieve the desired goal by a different route. Therefore, under the circumstances, I see no valid reason for dissenting in this respect. I am confident that the Commission will not delay authorizing commercial television by waiting unduly for the unknown inventions of the future.

"While I have advocated public trials of different television engineering developments, if such be necessary to get television started, I recognize that this procedure has disadvantages as well as advantages. I also recognize, and have also advocated, the desirability of the industry progressing uniformly and concurrently with respect to standards of engineering practice. Uniform standards should be the ultimate goal. Personally, I prefer that the Commission refuse to approve or disapprove standards at this time because of the disagreement among the engineers of the industry. However, I have no basic objection to the Commission prescribing such uniform standards from time to time, provided such standards are broad in base and subject to change; and provided further that such action does not preclude public trial of technical developments of the future. In this connection, any standards adopted or prescribed today will be changed in the future anyway, as new inventions are made, or as public opinion dictates. No one can stop inventive genius or control public opinion. For example, I cannot envisage either the television industry or the Commission being bound 10 years hence by the best engineering practices current today, even though standardization will influence the situation. Improvements undoubtedly will occur requiring frequent changes even in basic standards. While the problem of obsolescence is a factor to be considered, I do not believe that factor alone will or can stop progress or prevent changes for the better.

"Therefore, in connection with this engineering phase of the television problem, it appears useless for me to insist upon a specific procedure."

Commissioner Craven concluded that he had "discussed this reply to your inquiry with the chairman of this Commission. He informs me that we are in close agreement on the broad objective of facilitating progress in television", he added.

The correspondence was carried in the appendix of the Congressional Record on Wednesday.

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The Federal Communications Commission has granted the Mackay Radio and Telegraph Company special temporary authority for the establishment of a direct radiotelegraph circuit between New York City and Rome, Italy, employing existing facilities and frequencies authorized that company for use at Brentwood, N.Y. Request was filed because Commercial Cable Co. communications between New York and Rome have been interrupted. The Mackay company intends to provide direct radio service with Rome heretofore conducted by its associated cable company.

The National Broadcasting Company has been authorized by the Federal Communications Commission to use the short-wave radio channel of 11,820 kilocycles in improving its international broadcasting service, according to an announcement from Radio City. The new frequency, assigned to Station WNBI, Bound Brook, New Jersey, will go into service next week.

A complaint charging the use of lottery methods in connection with the sale of radios and other merchandise to ultimate consumers has been issued by the Federal Trade Commission against Leona Johnson and Aubrey M. Graff, individually and trading as Radio Distributors, 30 North Dearborn St., Chicago.

The Hotel Astor has signed a contract for a weekly series of commercial shortwave broadcasts to Latin America, according to L. P. Yandell, Director of International Commercial Broadcasting for the National Broadcasting Company. The Astor is the second hotel to buy foreign time on NBC.

WOL, Washington, this week filed suit in the New York Federal Court against the Wahl Eversharp Pencil and Blow Agency, seeking \$240,500 damages for alleged infringement of copyright. An injunction against the program "Take It Or Leave It" broadcast Sundays over CBS at 10 P.M. is also sought.

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ORDER ON AMATEUR PORTABLE TRANSMITTERS MODIFIED

The Federal Communications Commission this week amended its order banning use of licensed portable and portable-mobile amateur stations on frequencies below 56,000 kc., to permit domestic communication with such licensed equipment in the public interest during a "bona-fide" communications emergency when normal facilities are inadequate or non-existent, and to allow actual domestic testing and developing of this emergency use equipment on Saturdays and Sundays of each week, between sunrise and sunset, providing notice is given at least 48 hours in advance to the Commission's inspector in charge of the district in which such domestic operation is contemplated.

The FCC also interpreted its Order 73, which forbids operation of portable and portable-mobile amateur stations on frequencies below 56,000 kc. to not apply to an amateur who changes residence and moves his fixed station equipment accordingly.

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THAD BROWN GETS ROUGH TREATMENT AT SENATE HEARING

Commissioner Thad H. Brown was given one of the most severe grillings that a member of the Federal Communications Commission has ever had on Capitol Hill this week when the Senate Interstate Commerce Commission summoned him before a public hearing. Oddly enough, Colonel Brown got his roughest treatment from the Republicans although he was renominated for a seven-year term as a Republican from Ohio.

Senator Tobey (R.), of New Hampshire, conducted most of the inquisition, but he was assisted occasionally by Senator White (R.), of Maine, and Chairman Wheeler (D.), of Montana. The Committee adjourned without taking any action on the renomination as some of the members indicated they wanted to see the monopoly report before voting.

The questioning of the Commissioners ranged from inquiries as to what influence Tommy Corcoran and Ben Cohen have exercised over the Commission to what happened at a party given by several members of the Commission in a New York night club.

In most instances, Colonel Brown was able to evade a direct answer to the questions by either explaining that he did not know or that some other member of the Commission had handled the matter. He also explained from time to time that the answer could be found in the monopoly report, which was released just as he appeared before the Committee.

It is expected that Colonel Brown's nomination will come in at least for some discussion, if not opposition, when it reaches the Senate floor.

Senator Tobey pressed the Commissioner for details of what he termed a "brawl" at a dinner party in a New York "hot spot", according to the Associated Press. At one point he asked whether any women entertainers at the party came off the stage and "came in contact with members of the party".

"No", said Colonel Brown.

He also replied in the negative when Senator Tobey asked if one of the guests had "put his hand on one of the women's legs."

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CRAIG, CAREER MAN, A. T. & T. VICE PRESIDENT

Cleo F. Craig, who began his telephone career as a \$15-a-week equipment inspector, was elected Vice President of the American Telephone and Telegraph Company this week. In his new post Mr. Carig, who succeeds Theodore G. Miller, retired, will have complete charge of A. T. & T.'s long-distance service.

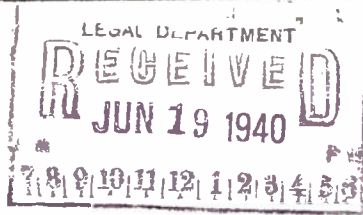
Mr. Craig has had a typical Bell System career, coming up through the ranks and serving in a diversity of territory. He was born in Rich Hill, Mo., and upon graduation from the University of Missouri in 1913, joined the St. Louis office of the Long-Lines Department of A. T. & T. as Equipment Inspector. He was soon moved to Kansas City, but returned to St. Louis in 1917 and by 1920 was made District Plant Superintendent. In 1922, Mr. Craig went to New York as Plant Accountant and remained until 1925, when he was appointed Division Plant Superintendent in Atlanta. In 1927 he returned to the New York headquarters and in 1933 became General Manager of the Long-Lines Department.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1243

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June 18, 1940

FCC ISSUES WARNING TO ALL COMMERCIAL OPERATORS

All classes of commercial radio operators were this week formally warned by the Federal Communications Commission to heed the strict letter of the law and international regulations which specifically prohibit superfluous and unnecessary personal chatter by radio. The Commission served notice that it intends to enforce these provisions vigorously, and that it will hold station licensees as well as commercial operators strictly accountable for any violation.

This warning applies to radiotelephone and radiotelegraph services both. It augments the Commission notice of June 10 which particularly cautioned ship radio operators and ship station licensees against transmission of superfluous, unnecessary or unidentified conversation.

The full text of the FCC formal notice follows:

"On June 10, 1940, the Commission issued a warning specifically addressed to ship radio operators and ship station licensees against the transmission of superfluous, unnecessary or unidentified communications. The purpose of this notice is to emphasize the importance of strict compliance with the previous notice and at the same time to call attention specifically that the provisions of statute and treaty prohibition the transmission of superfluous, unnecessary or unidentified communications apply to all commercial operators as well as those communicating from ship stations.

"The General Radio Regulations (Cairo Revision, 1938) annexed to the International Telecommunications Convention (Madrid, 1932), to which this Government is a party, and the Communications Act of 1934, specifically prohibit the transmission of superfluous, unnecessary or unidentified communications. The Commission intends to uphold vigorously these provisions of law and treaty and will hold all commercial radio operators and station licensees strictly accountable for any violations."

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RMA SETS UP POLICY COMMITTEE TO MEET NEW PROBLEMS

The Radio Manufacturers' Association, before concluding its convention in Chicago last week, set up a Policy or Executive Committee to make RMA a more effective industrial organization and to meet difficult problems ahead, according to Bond Geddes, Executive Vice-President.

The Committee comprises Ben Abrams, President of the Emerson Radio & Phonograph Corp., New York City; Dr. W. R. G. Baker, Managing Engineer, Radio Division, General Electric Company, Bridgeport, Conn.; H. C. Bonfig, Vice-President, RCA Manufacturing Co., Camden, New Jersey; James T. Buckley, President, Philadelphia Storage Battery Company, Philadelphia, Pa.; E. F. McDonald, Jr., President, Zenith Radio Corporation, Chicago, Ill.; A. S. Wells, President of the Wells-Gardner & Company, Chicago, Ill., and former RMA President; and James S. Knowlson, Chairman of the Stewart-Warner Corporation, Chicago, Ill., and newly-elected President, as Chairman. This Committee, it was said, will have general charge of RMA operations and activities.

Both Mr. Knowlson and Mr. Wells in their convention addresses emphasized the need to strengthen the industry's organization.

At the annual membership luncheon of RMA members, Mr. Wells stressed the necessity for the radio industry to meet its obligations in the present world and national situations.

"This Association faces, as do all individually, a very critical time in its existence", he said. "This is true not only because of the fact that we have before us many controversial subjects, but also because of the world situation which is forcing the government to assume more and more responsibility, so-called, toward industry. If we are to have more and more regulation by government, as seems obvious because of an apparent national necessity, it is much better that this Association, as well as all associations for that matter, be strong and active so that they may function as they should function when making government contacts. We must recognize the fact that there will be more and more regulation of all industry, and I think it is the belief of most of us that government regulation as it comes will come through trade associations, for the most part, when those associations show themselves to be strong and know what they are doing."

Another speaker at the RMA membership meeting was John H. Payne, Chief of the Electrical and Radio Division of the U. S. Bureau of Foreign and Domestic Commerce.

Thousands of radio distributors, dealers and servicemen were attracted to Chicago for the annual National Radio Parts Show, in the Exhibition Hall of the Stevens Hotel, jointly sponsored by RMA and the Sales Managers Club. The attendance was the largest in

several years, and the exhibits overflowed the Exhibition Hall. The Parts Show was again under the management of Ken Hathaway.

Many measures in behalf of the industry and to extend RMA activities were projected during the Chicago convention. Steps toward nominations on a minimum wage committee for the radio industry, to be appointed during the next few months by the U. S. Wage-Hour Administration, were taken. Preliminaries include nomination by RMA of industry representatives to the Committee which will consist of one-third each of industry representatives, labor and the public.

A policy for maintenance of replacement parts for receiving sets also was considered by the RMA Board of Directors. A committee will be appointed to arrange a definite recommended RMA guarantee regarding the period for availability of replacement parts. Another special committee to arrange weekly statistical reports for RMA parts and accessory manufacturers also was authorized.

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FLY TO ADDRESS NAB! WAR TO BE DISCUSSED

James Lawrence Fly, Chairman of the Federal Communications, will be the principal speaker at the convention of the National Association of Broadcasters in San Francisco August 4-7, according to the tentative agenda. It is expected that he will discuss radio and communications in the national emergency.

An entire session of the convention will be given over to a discussion of radio and the war. Special events directors of the major networks are expected to open this roundtable discussion. There also may be a speaker from one of the military departments on war developments and how radio can best cope with the emergency.

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STUDY RADIO, ADMIRAL KING ADVISES YOUNG MEN

Speaking in the American Forum of the Air over Station WOL, Washington, Sunday night, Rear Admiral E. J. King, of the General Board of the U. S. Navy, advised young men to study machines and to begin by studying automobiles and radio sets.

"If you know how your automobile works", he said, "You'll know how many machines used in national defense work, and if you know how your radio works, you'll know a very important part of national defense communications."

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RULE ON BROADCAST OF NAVAL TIME SIGNALS MODIFIED

Because of complaints that many radio stations have been forced to discontinue the broadcasting of Naval Observatory time signals due to an FCC ruling that the signal must be obtained directly from a Naval transmitter, the Federal Communications Commission has modified its original order of February 9.

In order to meet the former requirements, it was necessary that the Naval Observatory time signals be obtained by direct reception from a Naval radio station which was transmitting the time signal with relatively short circuits between the receiver and the broadcast transmitter. This required that stations which formerly obtained the time signals from the networks either discontinue the practice or make provisions for direct reception. A number of stations made such provisions; however, still others did not and, as a consequence, a large number of complaints have been received by both the Navy Department and the Commission in regard to the discontinuance of the rebroadcast of these time signals.

"The original requirements were made in order that the accuracy of the time signals might be improved so as to be acceptable for normal scientific purposes", the FCC explained. "However, upon receipt of the complaints mentioned above, this question was restudied and it appears that the time signals as transmitted by the various broadcast stations whether obtained by direct reception or by means of telephone lines, either local or national networks, are entirely satisfactory for the purposes of the average user provided no mechanical relays are used.

"Therefore, effective this date any broadcast station so desiring is hereby authorized to rebroadcast the Naval Observatory time signals or transmit the signals received from other sources provided no mechanical relays are used and that announcement of the time signal is made without reference to any commercial activity. Each licensee receiving the signals from wire lines should obtain and be prepared to inform any inquirers as to the actual time delay in transmission."

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A new song, entitled "WPA", which purports to describe in swing-tune lyrics certain advantages of working for the Work Projects Administration, has been banned by NBC and CBS for reasons of bad taste, it was disclosed last week.

Described as a "song novelty", and written by Jesse Stone, Negro song writer, the work makes slangy references to sleep, and to passing away the time. Although the broadcasting companies will have nothing to do with it, one phonograph concern has made three separate recordings of the song, and another has made one.

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KRKO DENIED RENEWAL; OUTSIDE CONTROL CHARGED

Denial of the application for renewal of license for Station KRKO, located at Everett, Washington, operated by Lee E. Mudgett on 1370 kilocycles, with 50 watts power, sharing time with KEEN at Seattle, was announced this week by the Federal Communications Commission.

The Commission in its Proposed Findings of Fact and Conclusions held that "the licensee, in the conduct of business and the exercise of rights associated with the operation of Station KRKO, has been dominated and directed by various persons who have provided funds in substantial amounts for the original acquisition of the station in 1934 and for its subsequent maintenance and operation . . . and the granting of the application for renewal of license for KRKO will not serve public interest, convenience or necessity."

Action of the Commission with reference to the granting of applications for renewal of licenses of stations in the radio-broadcast service is by the express provisions of the Communications Act limited to and governed by the same considerations and practice which affect the granting of original applications.

"Neither the letter nor the spirit of the licenses heretofore granted to Lee E. Mudgett for the operation of Station KRKO has been observed", the Commission explained, and "inasmuch as he has not been free to exercise the rights conferred therein, or to accept the responsibility thereby delegated to him, without intervention of outside influences, the granting of the application for renewal of license will not serve public interest, convenience or necessity."

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STATION OVER-RULED ON ECONOMIC PLEA IN COURT

Justice James W. Morris, of the U. S. District Court last week ruled that a radio station has no right to have the Federal Communications Commission protect its revenue against competition from another station.

Justice Morris dismissed the suit of Station KTSA, San Antonio, to compel the FCC to allow it to intervene in the proceedings by which Station KMAC sought more power and a change in frequency. KTSA claimed that its business would be harmed if KMAC's petition was granted.

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TELEVISION-TELEPHONE DEMONSTRATED AT N.Y. FAIR

The first public demonstration of what is called "the telephone of tomorrow", a combination of television and telephone equipment in a single operating unit that enables the speakers to see each other was staged Monday at the New York World's Fair.

Charles F. Kettering, Vice-President of General Motors in Charge of Research, participated in the demonstration.

The apparatus is not a true television-telephone, in that it uses coaxial cable connections rather than transmitting over the air by television frequencies, according to the New York Times. But it was explained that it could be hooked up on a coast-to-coast basis, and might be adapted to emergency situations where it was imperative that a government official, in Washington, for instance, knew he was talking to the right person at the other end of the line. This suggestion arose when it was recalled that German successes in the North were attributed to the interception of enemy phone calls by Norwegian-speaking Nazis.

Without emphasizing this rather melodramatic possibility of the new device, General Motors pointed to the demonstration as hinting "how television may in the future be used for utilitarian as well as for entertainment purposes."

"The use of such an apparatus, according to engineers, would be of great value in transacting certain kinds of business, and particularly in transmitting information of a secret nature intended only for the ears of a specific individual", officials pointed out. "Voice impersonation would be futile over a telephone hook-up of this kind."

The apparatus was set up by RCA television and General Motors research laboratories engineers.

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ENGLISH TEST RADIO RELAY AIR-RAID SIGNALS

An air-raid warning system which is operated over radio relay service lines was demonstrated at Dudley, England, recently, according to the "Electrical Review", published in London. It is stated that through its use a saving of £10,000 yearly would be effected in Dudley alone. A warning signal is transmitted from A.R.P. headquarters to the radio relay station and then relayed over the network to loudspeakers in the homes of volunteers who, if they desire, can listen to the radio relay program, in which case the signal would be superimposed.

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WAR BOOSTS SALE OF RADIO SETS IN U.S. AND CANADA

The broadcasts of news on the European war apparently have boosted the sales of radio receivers in the United States and Canada.

A forecast that the first half of 1940 will set an all time high record was made by New York manufacturers and distributors, according to the business page of the New York Times. A minimum gain of 25 percent has been chalked up since the first of the year, the report stated.

"This volume has not been entirely profitable to either manufacturers or dealers, as a good many sets have been dumped on the market since the start of the year at low prices", the Times said. "However, a currently popular model, the three-way portable, has been well maintained in price and is providing a substantial portion of sales."

The American Commercial Attache at Ottawa states that Canadian sales of radio receivers during March, as reported by the Radio Manufacturers' Association of Canada, numbered 19,559, as compared with 20,515 units in February and to 12,165 units in March 1939, according to a tabulation based upon returns from all but two of the twelve manufacturers in Canada. Sales in the first three months of 1940 numbered 60,165 as compared to 34,479 in the same months last year.

Inventories of companies reporting to the trade association as of March 31, 1940, totaled 57,371 units as compared to 48,023 units on hand at the end of February and to 39,271 units at the end of March 1939.

Detailed sales and inventory data, based on the report of the Radio Manufacturers' Association of Canada, are given in the following tables for the month of March. These figures are based on returns from all manufacturers except one Canadian firm and the branch of one American firm.

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THE FEDERAL COMMUNICATIONS COMMISSION LATE THIS AFTERNOON RELEASED FURTHER INFORMATION GOVERNING TELEVISION. DETAILS WILL BE GIVEN IN THE NEXT ISSUE OF THIS SERVICE.

R. D. H.

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 : : : TRADE NOTES : : :
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A scale of prices averaging 10 percent lower than last year marks the 1941 line of Silvertone radios of Sears, Roebuck & Co., it was announced last week at a meeting of Sears store executives and radio department heads at the Hotel Commodore, New York City.

Federal Judge John P. Barnes was notified last week in Chicago that the required majority of the stockholders had approved the reorganization plan for the Majestic Radio & Television Corp. The court set June 22 for a hearing on confirmation of the plan, which provides for a new company of the same name, with \$165,000 working capital.

A. E. Nelson, Manager of Stations KPO and KGO in San Francisco has been appointed an Assistant Vice-President of the National Broadcasting Company, Niles Trammell, Executive Vice-President, has announced. Mr. Nelson will continue as Manager of the San Francisco stations and will assist Don Gilman, Vice-President of the Pacific Division, on all matters pertaining to Pacific Coast operations.

PM, the non-advertising daily newspaper that appeared in New York this week, will devote considerable space to news about radio and radio programs. Its radio staff comprises John T. McManus, editor, formerly of Time Magazine; Judy Dupuy, formerly of Station WNEW; Henry Lieberman, formerly of the New York Times; and Jerry Franklin, formerly of Billboard.

Louis Jutze, trading as Reliable Radio Company, 7710 South Bishop St., Chicago, in a Federal Trade Commission stipulation, agrees to desist from advertising that the "Tee-Nie" crystal radio set is designed to operate in one's pocket or without ground or aerial connections; that it gives clear reception, implying that reception is obtainable without earphones; that he has sold any number of Tee-Nie radios in excess of the number actually sold; that the instrument's principle of operation is new or different, or that the product is more effective than other types of radios.

Forty-eight million persons heard President Roosevelt's address Monday, June 10, from Charlottesville, Va., according to a nationwide survey conducted during the broadcast by the radio statistical firm of C. E. Hooper, Inc. The figures were released by the Columbia Broadcasting System.

Check-ups made between 7:15 and 7:40 P.M. disclosed that 16,000,000 families had tuned in on the broadcast, with an average of three persons listening in on each family set. This does not include persons who may have heard rebroadcasts of the talk.

A resolution requesting judges of the State and local courts to refrain from participation in sponsored broadcasts was adopted recently by the Board of Trustees of the Los Angeles Bar Association, according to Editor & Publisher. While no judge was mentioned by name, it was understood the resolution was directed toward Municipal Judge Leroy Dawson, who has "presided" on a "Quiz Court" program broadcast from a Los Angeles theater once a week, sponsored by P.D.G. gasoline. Judge Dawson does not accept payment for this service, but designates a charitable institution to which the gasoline company sends a check. The resolution suggested that the judge in question either discontinue his participation in the program, or cause the sponsor, announcers, advertising agency and all others in charge of the program "to refrain from using his name or the name or title of his judicial office, directly or indirectly, in any way or manner."

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TELEVISION TESTS PUSHED, JAPAN SAYS

Television research in Japan is being carried out at a number of institutes and laboratories, including the technical research laboratory of the Broadcasting Corporation of Japan; the Electric Laboratory of the Communications Ministry; the Higher Technical School, of Hamamatsu; and the Tokyo Radio and Electric Co., Ltd., according to the Broadcasting Corporation of Japan. Experimental broadcasts of television were made recently for the benefit of the general public in Japan.

"The Technical Research Laboratory of the Broadcasting Corporation of Japan (devoted to study of the theory and application of radio-telephone), established in 1937 an experimental television station (J2PQ), made a test transmission for the first time last May", the report stated, "succeeding in transmitting photographs to the Tokyo Broadcasting House, 14 kilometers distant from the laboratory.

"Ever since then, intensive study and improvements have been sought, with several test transmission made public to popularize television. And after a considerable experimental period, television has been put on the streets at last.

"Regular television broadcasts are to be put out shortly."

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PORTER, CBS ATTORNEY, LOANED TO DEFENSE COMMISSION

Paul Porter last week was appointed Executive Assistant to Chester C. Davis, member of the National Defense Advisory Commission responsible for accommodating national agricultural problems and policies to the defense program, particularly with respect to maintenance of the parity system of agricultural and industrial prices.

Mr. Porter, Washington attorney for the Columbia Broadcasting System, has been granted a leave of absence to join Mr. Davis' staff. He was Executive Assistant to Mr. Davis when the latter was Administrator of the Agricultural Adjustment Administration.

Mr. Porter's responsibilities will involve close contact with various Government agencies such as - Office of the Secretary of Agriculture, the Surplus Commodities Corp., the Bureau of Agriculture Economics, the Agricultural Adjustment Administration, Reconstruction Finance Corp., and the Red Cross.

Harry C. Butcher, Vice-President of the CBS in Washington, received the following letter from President Roosevelt:

"The White House
Washington

June 6, 1940

Dear Harry:

I want to express to you, and through you to your associates of the Columbia Broadcasting System, my personal appreciation of your action in releasing Paul Porter to serve the National Defense Advisory Commission. I recall Mr. Porter's fine service with the Agricultural Adjustment Administration, and I am sure he can do important work in this new field.

Very sincerely yours,

(Signed) Franklin D. Roosevelt"

In a statement for the Columbia Broadcasting System, Mr. Butcher said: "All of us in Columbia regret the temporary loss of the services of Mr. Porter but are proud and happy to cooperate in this way in the furtherance of National Defense preparation."

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MACKAY OPENS DIRECT N.Y.C.-ROME CIRCUIT

A direct radio-telegraph service between New York and Rome was put into operation last week by the Mackay Radio and Telegraph Company, under special authority from the Federal Communications Commission, to handle the large volume of communications between this country and Italy.

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Permission to install the circuit was granted to facilitate traffic, which had to be moved on alternate routes since the interruption in the Italian cable to Rome. The Commercial Cable Company, which is affected by the break in the cable, turned over its messages to the Mackay company, with which it is associated, for transmission on the new circuit.

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POPPELE HEADS IMPORTANT FM COMMITTEE

J. R. Poppele, Chief Engineer of WOR, has been appointed Chairman of an important sub-committee of the Radio Manufacturers' Association on Frequency Modulation System to determine the proper polarization of antenna systems for FM receivers and transmitters.

Polarization has to do with the beaming or projection of ultra high frequency radio waves. There are two types of polarization: vertical and horizontal, with opinion divided between engineers as to the most effective. Mr. Poppele's committee will study the relative values of vertical antenna versus the horizontal antenna. FM transmitters now use the horizontal and the vertical systems of polarization.

Others serving on the committee are W. M. Angus, of General Electric Company; D. B. Smith of the Philco Radio and Television Corp.; R. M. Morris of the National Broadcasting Company; and D. E. Harnett of the Hazeltine Service Corp.

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RADIO-TELEPHONE SERVICE TO FRANCE BROKEN OFF

Following the French bid for peace Monday, radio telephone communication between New York and "all parts of France" was suddenly broken off, according to the American Telephone and Telegraph Company, while R.C.A. Communications announced that throughout the day no messages from France had been received in New York City.

The radio telephone service, which had been restricted to United States Government calls, was operated through London, from which the calls were relayed to Paris, and, after its fall, to Bordeaux.

The RCA, Western Union and Commercial Cable organizations reported that operations to France were continuing on the basis established after the fall of Paris.

According to this announcement, contact with the French capital and German-occupied areas in France is still interrupted, and messages for other French points are subject to delay, since priority is given to the heavy volume of official government traffic.

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WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, INC.
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TELEVISION DEVELOPMENT PUSHED BY FCC ACTION

The television industry was revitalized this week as the Federal Communications Commission took steps to promote nationwide construction of visual broadcasting stations and indicated that a conference will be held shortly on the question of selecting a uniform transmission standard.

While there was no official announcement, it was indicated that James L. Fly, FCC Chairman, will invite television engineers to confer in Washington in the very near future on transmission standards. The FCC has, in effect, promised to authorize complete commercialization once the industry agrees on the standard.

The FCC meanwhile has issued its new rules governing television broadcast station licensing and operations. (See story elsewhere in this letter.)

Opening television broadcast channels to an increased number of stations in leading cities from coast to coast, the Commission tentatively approved 23 applications for television stations in various sections of the country, and announced that it will consider 19 remaining applications and outstanding licenses in the immediate future.

"Most of these stations will be permitted to furnish television programs to the public", the FCC said, "and it is expected that when the industry has developed uniform transmission standards offering a satisfactory level of performance these standards will be adopted by the Commission as a basis for regular commercial television operation. Meanwhile, every television station licensee will undertake to carry on substantial research and experimentation on the different engineering problems and to assist in the development of television for widespread public service.

"With the completion of the projected stations, this country will have far more television broadcast stations than any other nation of the world.

"The complete list of applications which the Commission plans to grant promptly upon a proper showing of a program of research and development follows, with proposed channel assignments:

<u>City</u>	<u>Person or Firm</u>	<u>Channel No.</u>
New York	National Broadcasting Co.	1
	Columbia Broadcasting System	2
	Bamberger Broadcasting Service	6
	Allen B. DuMont Laboratories	4
Chicago	Zenith Radio Corporation	1
	Balaban & Katz	2
	National Broadcasting Co.	5
Los Angeles	Don Lee Broadcasting System	1
	Television Productions	4
	Hughes Tool Co.	2
Washington	Allen B. DuMont Laboratories	1
	National Broadcasting Co.	2
San Francisco	Don Lee Broadcasting System	1
	Hughes Tool Co.	2
Philadelphia	Philco Radio & Television Corp.	3
	* Radio Corp. of America (Camden)	5
	WCAU	5
Cincinnati	Crosley Corporation	1
Albany	General Electric Co.	3
Fort Wayne, Ind.	* Philo T. Farnsworth	3
West Lafayette, Ind.	* Purdue University	3
Passaic, N.J.	* Allen B. DuMont Laboratories	4
Iowa City	* Iowa State University	1 & 12

* Indicates stations primarily for laboratory research, or training; no public program service authorized.

Of the 19 cases held in abeyance, 16 are new applications and four are existing licenses under the old rules and regulations. In each instance the applicant may supplement his application and make satisfactory showing that a grant will result in engineering work which will tend to the development of a uniform system of transmission standards of acceptable technical quality.

"All licenses will be on a basis of research and experimentation tending to promote the development of television and to assist the engineers of that industry to reach an agreement upon uniform transmission standards which will permit the early and general commercialization of television", the FCC stated. "Until accord is reached on this vital point, no charges - either direct or indirect - may be made for the transmission of any type of television program.

"In order to put to the fullest possible public use the 18 regular channels (50,000-108,000 and 162,000-294,000 kilocycles) plus any 6,000 kilocycle band above 300,000 kilocycles (excluding 400,000-401,000 kilocycles), made available to television under Commission Order No. 67, the Commission will not, except for extraordinary cause, authorize any one television broadcast station to use more than one channel in the main seven channels constituting Group A (50,000-108,000 kilocycles)."

"At the same time, the Commission stipulates that no person, directly or indirectly, shall operate or control more than three public programming television stations in this important group of channels, or operate or control more than one such station in the same service area. This, however, does not apply to stations which do not transmit programs for public reception."

The three groups of high-frequency channels assigned to television are:

<u>GROUP A</u>		<u>GROUP B</u>		<u>GROUP C</u>
<u>Channel No.</u>	<u>Kilocycle Band</u>	<u>Channel No.</u>	<u>Kilocycle Band</u>	
1	50,000-56,000	8	162,000-168,000	Any 6000
2	60,000-66,000	9	180,000-186,000	kilocycle
3	66,000-72,000	10	186,000-192,000	band
4	78,000-84,000	11	204,000-210,000	above
5	84,000-90,000	12	210,000-216,000	300,000kc
6	96,000-102,000	13	234,000-240,000	excluding
7	102,000-108,000	14	240,000-246,000	band
		15	258,000-264,000	400,000-
		16	264,000-270,000	401,000kc.
		17	282,000-288,000	
		18	288,000-294,000	

The 11 channels in Group B (Channels No. 8 to 18 inclusive) and the auxiliary channels in Group C may be assigned to television stations for supplementary purposes as television relay stations.

No mobile or portable television station for direct public service will be licensed at this time, the FCC said.

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HOUSE REFUSES FUNDS FOR PHONE REGULATION

The House Appropriations Committee this week refused to allow the Federal Communications Commission a requested \$142,000 for salaries and expenses to carry out some of the recommendations for regulating the telephone industry. An estimate for this amount was left out of the last Deficiency Bill.

Commissioner Paul A. Walker, John B. Reynolds, Assistant Secretary, and Frank Warren, counsel, appeared before the Committee and sought to justify the request.

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MUNDT RAPS FCC MONOPOLY REPORT

While continuing his advice to broadcasting executives via the Congressional Record, Representative Karl E. Mundt (R.), of South Dakota, this week came to the defense of radio networks under fire in the Monopoly report of the Federal Communications Commission.

"Mr. Speaker, all Members of Congress are aware of the severe charges recently leveled at the American radio industry by certain Government officials charging it with 'monopolistic practices' and other unfair policies", he said. "Personally, I am unwilling to subscribe to these charges on the basis of available evidence. I think that the record of American radio, taken as a whole, is highly commendable. Great public service is rendered the public by radio through its practice of making available to speakers of opposing sides on controversial issues like periods of free time to present their arguments. To my knowledge radio has not yet been guilty of using its monopoly of favorite air waves and its protective licenses and permits to sponsor one set of protagonists against another or to freeze out opposing viewpoints. It is my sincere hope that radio will never permit itself to become guilty of such prejudicial practices because to my mind that would be a big step backward through providing potent arguments for more Government control or supervision and for substituting bureaucratic control - never very satisfactory and seldom very equitable - for self-restraint and fair-play codes which radio can much better provide for itself by a faithful recognition of the responsibilities which always attach themselves to such special privileges as radio presently enjoys."

Representative Mundt inserted in the Record a letter from H. V. Kaltenborn, together with his reply, and apologized for suggesting that the commentator had been dismissed by the Columbia Broadcasting System when he switched to the National Broadcasting Company recently.

Expressing the hope that "radio may redouble its efforts to avoid justifiable criticism", the Congressman set forth five factors for radio executives to consider.

"First. Ninety percent of present-day radio programs are free from substantial criticism by the public. That in itself is a high tribute to American radio. The 10 percent of radio programs which cause concern are the 'opinionated observations' of speakers who are either on the pay roll of the radio companies themselves or who speak 'for hire' for commercial sponsors. Radio cannot afford to ignore the significance as molders of public opinion which these 'opinionated observers' have and the delicate problem growing out of them concerning how far radio or commercial sponsors should go in employing 'speakers for hire' to shape public opinion.

"Second. Radio executives should study the advisability of setting up self-imposed regulations whereby sponsored programs by commercial groups, professional commentators, speakers working for pay and salaried reporters on sustaining programs, should not permit their personal prejudices, their individual opinions, their political philosophies, and their own viewpoints to color the programs in which they participate.

"Third. Radio's current policy of permitting conflicting sides of controversial questions to have equal opportunity with free radio time to present its arguments is Americanism in action. It is the essence of democracy and is highly commendable. But if speakers on commercial programs and those speaking on the sustaining programs of the big radio chains themselves attempt to influence public opinion and present lop-sided arguments on public questions they can well destroy and nullify the great democratic value of the prevailing policy of giving free time to all sides of a controversial question, because the professional commentators and speakers are on the air so much more frequently than the laymen.

"Fourth. Radio should recognize a responsibility for not permitting itself to be 'for sale to the highest bidder' on controversial questions, which is not shared by the newspaper business. The difference is clear-cut and obvious.

"Fifth. Excesses and abuses in the realm of these 'opinionated programs' by 'speakers for hire' are the danger zone around free radio in America. Government regulation could correct the abuses but I hope it will never have to come to that. In my opinion such coercion is unnecessary. Radio deserves the opportunity to eliminate these abuses for itself where they occur and to guard against their extension."

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OPERATORS ORDERED TO SHOW PROOF OF CITIZENSHIP

Approximately 100,000 radio operators holding United States licenses including amateurs, this week were ordered by the Federal Communications Commission to furnish proof of their citizenship before August 15.

The FCC action was one of the first steps taken to ferret out of the communication system any fifth columnists who may have slipped in under the rather flimsy proof now required as to citizenship. The Commission has full power to check its radio operators' citizenship, although it has not done so in the past, but has no authority over operators in other lines of communication, such as telegraph and telephone. It is probable, however, the FCC may seek other methods of checking these services.

The latest Commission order will require proof of citizenship by means of a birth certificate, naturalization papers or other satisfactory means, and the operators also will be required

to state the nationality and birthplaces of their parents, it was learned. Furthermore, they will be required to file their fingerprints with the Commission for the purpose of preventing the transfer of certificates fraudulently, in the same manner as is required for those serving as seaman aboard vessels of the United States.

While the communications statute requires that all operators be citizens, until now all that has been required is a sworn statement in the application. But it was pointed out that any foreign agent who might need a license for "fifth column" activities on land or aboard ship would have no objection to swearing to a falsehood.

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FCC ADOPTS NEW TELEVISION RULES

Following are the principal new rules governing experimental operations of television broadcast stations adopted this week by the Federal Communications Commission:

"Sec. 4.71 - Defined The term "television broadcast station" means a station licensed for the transmission of transient visual images of moving or fixed objects for simultaneous reception and reproduction by the general public. The transmission of synchronized sound (aural broadcast) is considered an essential phase of television broadcast and one license will authorize both visual and aural broadcast as herein set forth.

"Sec. 4.72 - Purpose A license for a television broadcast station will be issued for the purpose of carrying on research, which must include engineering experimentation tending to develop uniform transmission standards of acceptable technical quality, and which may include equipment tests, training of technical personnel, and experimental programs.

"Sec. 4.73 - Licensing requirements, necessary showing. A license for a television broadcast station will be issued only after a satisfactory showing has been made in regard to the following:

- "1. That the applicant has a definite program of research and experimentation in the technical phases of television broadcasting, which indicates reasonable promise of substantial contributions to the development of the television art.
- "2. That upon the authorization of the proposed station the applicant can and will proceed immediately with its program of research.
- "3. That the transmission of signals by radio is essential to the proposed program of research and experimentation.

- "4. That the program of research and experimentation will be conducted by qualified personnel.
- "5. That the applicant is legally, financially, technically, and otherwise qualified to carry forward the program.
- "6. That public interest, convenience or necessity will be served through the operation of the proposed station.

"Sec. 4.74 - Charges No charges either direct or indirect shall be made by the licensee of a television station for the production or transmission of either aural or visual programs transmitted by such station.

"Sec. 4.76 Operating requirements

"(a) Each licensee of a television broadcast station shall diligently prosecute its program of research from the time its station is authorized.

"(b) Each licensee of a television station will from time to time make such changes in its operations as may be directed by the Commission for the purpose of promoting experimentation and improvement in the art of television broadcasting."

After setting forth the allocations of channels in Groups A, B, and C, the rules limit their use as follows:

"(b) No television broadcast station will be authorized to use more than one channel in Group A except for good cause shown. Both aural and visual carriers with side bands for modulation are authorized but no emission shall result outside the authorized channel.

"(c) No person (including all persons under common control) shall, directly or indirectly, own, operate or control more than three television stations on channels in Group A, and no such person shall, directly or indirectly, own, operate or control on channels in Group A more than one television station which would serve in whole or substantial part the same service area as another station operated or controlled by such person. This paragraph (c) shall not apply to stations which do not transmit programs for public reception.

"(d) Channels in Groups B and C may be assigned to television stations to serve auxiliary purposes such as television relay stations. No mobile or portable station will be licensed for the purpose of transmitting television programs to the public directly.

"Sec. 4.78 - Power The operating power of a television station shall be adequate for but not in excess of that necessary to carry forward the program of research and in no case in excess of the power specified in its license."

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NEW RMA PRESIDENT CALLS ON FLY AT FCC

The first official duty of James S. Knowlson, newly elected President of the Radio Manufacturers' Association, was to call on Chairman James L. Fly, Chairman of the Federal Communications Commission in Washington. Mr. Fly had been invited to address the RMA convention in Chicago but was prevented from doing so by the war situation at the Capital.

Neither FCC or RMA had any comment to make regarding the visit but the assumption was that in addition to getting acquainted, Mr. Knowlson told Chairman Fly what steps were being taken to cooperate with the FCC in television. It is also possible that Mr. Knowlson may have called Chairman Fly's attention to the fact that David Sarnoff, President of the Radio Corporation of America, had voluntarily withdrawn from active participation in the Association and that from now on would be represented by H. C. Bonfig, Vice-President of the RCA Manufacturing Company located in Camden, New Jersey. Chairman Fly had charged Mr. Sarnoff and the RCA with dominating the RMA, to which charge the radio manufacturers replied that the voting power of all members was equal regardless of the size of the organization represented.

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PAYNE RAPS "PRESSURE" ON FCC IN KFGI REPORT

Commissioner George Henry Payne, one-time stormy petrel of the Federal Communications Commission, intimated that the Commission and its personnel in the past has been subject at times to "pressure" in recommending that the license of Station KGFT, Brownsville, Texas, be revoked.

A visit made by officials of the Eagle Broadcasting Company on Judge Eugene O. Sykes, then Chairman of the FCC, was described by Commissioner Payne in the report without comment. Judge Sykes, he said, told Ewol E. Wilson, President of the company, that it was unnecessary for him to report certain contracts under which KFGI's equipment was taken over by KRIS.

"In reporting on the last one of the so-called Texas cases", Commissioner Payne said, "I may say that the conditions prevailing in these cases do not arise from anything peculiar to Texas, nor from the lawlessness or cunning of any one person. These conditions, I believe, have resulted from the opinion held by a few that the Communications Act can be ignored, if only the right kind of pressure can be exerted upon the Commission or its personnel.

"There are some indications that equally distressing conditions may exist in other parts of the country, too.

"It seems to me that the Commission has taken a long stride in the right direction by these revocation orders and that racketeering in radio can be eliminated entirely by persistence and courage on the part of the Commission and its staff."

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 :::: TRADE NOTES ::::
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Frederic A. Willis, Assistant to the President of the Columbia Broadcasting System, has resigned to accept a position as Vice-President of the Thompson Automatic Arms Corporation and its subsidiary, the Auto-Ordnance Corp. Mr. Willis is a former U. S. Army officer and a cousin of the British Prime Minister, Winston Churchill.

The Federal Communications Commission this week tentatively affirmed the recommendations of Commissioner Payne to revoke the license of Station KSAM, Sam Houston Broadcasting Association, Huntsville, Texas. The station's operating assignment is 1500 kc, 250 watts, daytime only.

During M.I.T. commencement exercises in Boston in June, frequency modulation added another accomplishment to its record - radio transmission of photos through the air. Received on a General Electric frequency modulation home broadcast receiver at M.I.T., after being thrown 87 miles through space from Boston to Paxton and back again, the photographs were almost duplicate reproductions of the originals. The photos were made by Boston Record-American photographers and transmitted by Editor Walter Howey's Sound Photo System.

A. E. Nelson, General Manager of the San Francisco Division of the National Broadcasting Company, has been elected Assistant Vice-President by the Board of Directors. He will continue as Manager of Stations KGO and KPO.

The Federal Trade Commission has accepted from Detrola Corporation, 1501 Beard Ave., Detroit, radio and camera manufacturer, a stipulation in which it agrees to cease advertising that its "Detrola Candid Camera" or other camera having an actual shutter speed of 1/100th of a second, has a shutter speed of 1/200th of a second; or in any other way representing that the shutter speed of a camera which it sells is in excess of the actual speed attained.

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PALEY CALLS MONOPOLY REPORT BIASED, PREJUDICED

William S. Paley, President of the Columbia Broadcasting System, this week made the first formal reply upon the part of the radio industry to the Federal Communications Commission's monopoly report in a letter addressed to all affiliated CBS stations. He characterized the report as "the produce of bias and prejudice against network operations" and as "totally unwarranted by the evidence". His letter follows:

"The Columbia Broadcasting System has received a number of inquiries from its affiliated stations with reference to a report and press release dated June 12, 1940, of a special committee of the Federal Communications Commission dealing with network broadcasting. Because of your affiliations with our system, I feel that you would be interested in the immediate reaction of the Columbia officials to these documents.

"Perhaps first of all, it should be emphasized that these publications reveal merely the views of a special committee of three members of the Commission. In accordance with standard procedure, the committee report was made public pending its consideration by the full Commission. The views expressed therein are, therefore, in no sense to be taken as the authorized judgments of the Commission itself.

"The report is regarded by the Columbia Broadcasting System management as totally unwarranted by the evidence and as manifestly the product of bias and prejudice against network operations. We feel that the committee has made no serious attempt to evaluate the evidence presented by the networks or to consider the great public advantages which the American people have been able to enjoy solely through network competition, enterprise and ingenuity.

"While the committee declares that it proposes to retain all the advantages of network broadcasting, it must be pointed out that its conclusions, if made the basis of regulations, would necessarily have an opposite effect to the detriment of the networks, the stations and above all, the public. This is particularly true for networks, stations and public with respect to the criticism of exclusive affiliation of a station with a single network.

"In many important matters, which include the ratio of network and affiliate income, the report directly contradicts all the testimony found in the record. In several instances, portions of the report contradict one another. The overall impression given by this report is one of fashioning language in accordance with judgments predetermined before the hearing.

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"It is our purpose to file as soon as possible with the full Commission a thorough and comprehensive brief, pointing out the grave inaccuracies of this report, its numerous variances from the record and its thorough unreliability as a predicate for Commission action. We shall be pleased to send you a copy of our brief when it has been filed."

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ASCAP SENDS NEW TERMS TO BROADCASTERS

The American Society of Composers, Authors and Publishers mailed copies of its new radio license this week to owners and operators of broadcasting stations as well as to advertising agencies, stipulating its new demands for the right to use its music on the air, the New York Times reported. The contracts will become effective on January 1, 1941, for five years.

The new plan of the copyright pool classifies the broadcasters into four groups and taxes them with a sustaining fee and a percentage of their gross income. The new agreements set no sustaining figure for the groups and, in this respect, the stations will continue to be assessed individually, as in the past, although those in the higher brackets will be asked to pay more than those in the lower ones.

On the percentage basis, the groups will be taxed 3, 4, 5 and $7\frac{1}{2}$ percent respectively. Group 1 covers stations grossing under \$50,000 annually for the sale of time and facilities, while 2 takes in those taking in more than \$50,000 and less than \$150,000. Stations in the latter classification will have their sustaining fees reduced 25 percent. Group 3 takes in stations with a business in excess of \$150,000 and 4 covers the broadcasting chains.

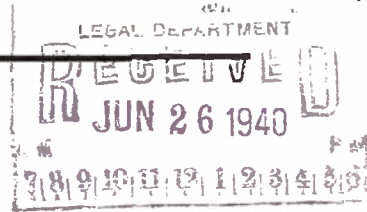
With this arrangement, according to the copyright pool, about 350 stations will get a 50 percent reduction in 1941, compared with 1939 and 1940; about 200 will be assessed $33\frac{1}{3}$ percent less, and "with very few exceptions" no individual station in the country will be asked to pay a larger percentage than in the past.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1245

LSM

June 25, 1940

RULES ISSUED FOR FM OPENS WAY FOR WIDE SERVICE

Frequency modulation was given a new name and authority to go ahead on a complete commercial nationwide service Saturday when the Federal Communications Commission issued rules governing regular FM program service.

The new service was formally designated "high frequency broadcast" to distinguish it from standard broadcast, but it is expected that the original FM name will continue as a label to the new type of broadcasting.

Rapid development of FM stations throughout the nation is expedited by Commission action in apportioning frequencies and otherwise stipulating operation of FM so as to make such broadcast available to as many American homes as possible. Under the rules just approved, FM facilities are, in effect, available to every community in the land.

Important in these rules is the requirement that the program service shall embody presentation particularly adapted to the high fidelity quality of this new method of broadcast. This, with its staticless qualities, assures the listening public an improved type of service.

Unlike standard (amplitude modulation) broadcast stations, FM stations will be licensed to serve a specified area in square miles. In places where one or more FM stations are located, their radius of service will be made as comparable as possible. Such parity of service is feasible because FM is not subject to objectionable interference as in the case of the older long distance type of broadcasting.

The public is assured of a reasonable amount of FM program service initially by the Commission requiring a daily, except Sunday, minimum operating schedule of at least three hours during the day and three hours at night. FM stations are further obligated to devote at least one hour each day and one hour each night to programs not duplicated simultaneously in the same area, which means programs distinct from standard broadcast. The latter provision is intended to demonstrate the full fidelity of the FM system.

Since facsimile makes its commercial debut under FM auspices, the Commission may now grant authority to a high frequency broadcast station for the multiplex transmission of facsimile and aural broadcast programs, provided the facsimile transmission is incidental to the aural broadcast and does not reduce the quality of the aural program or the frequency swing required for the transmission of FM or bring about interference on adjacent channels.

In carrying out the principles set forth in the Commission's recent report following enthusiastic praise for FM at the frequency modulation hearing, the band of frequencies extending from 43,000 to 50,000 kilocycles is apportioned for service areas in the following manner:

For cities or towns with a total population of less than 25,000 exclusive of adjacent rural areas, these channels are assigned: 48,900; 49,100; 49,300; 49,500; 49,700 and 49,900. This class of station will have a service area not to exceed 500 square miles except where definite need for a greater area is shown and no objectionable interference will result.

To serve populations of 25,000 or more within areas of less than 3000 square miles, these channels are assigned: 44,500; 44,700; 44,900; 45,100; 45,300; 45,500; 45,700; 45,900; 46,100; 46,300; 46,500; 46,700; 46,900; 47,100; 47,300; 47,500; 47,700; 47,900; 48,100; 48,300; 48,500, and 48,700. In this class, the applicant must specify a service area which shall comprise either a metropolitan district, a city, or a particular district having common cultural, economic, geographical or other characteristics to justify service to the area as a unit.

For areas in excess of 3,000 square miles, the channel assignments are: 43,100; 43,300; 43,500; 43,700; 43,900; 44,100, and 44,300. Here the applicant can serve two or more large cities or metropolitan districts and a large adjacent rural area; or, in exceptional cases, one city or metropolitan district and a large adjacent rural area.

One channel only will be assigned to a station. To avoid possibility of objectionable interference, FM stations serving the same area will not be assigned adjacent channels.

To safeguard the public against monopoly, the FCC rules state that no person or group can, directly or indirectly, control more than one FM station in the same area. Likewise, no person or group may control more than one such station, except upon showing that such operation would foster competition or will provide a high-frequency broadcasting service distinct and separate from existing services, and that such operation would not concentrate control in a manner inconsistent with public interest, convenience, or necessity. In this connection, the Commission declares that control of more than six stations by the same person or persons under common control is inconsistent with the public interest.

The Commission will not authorize the installation of a transmitter having a maximum rated power more than twice the operating power of the station. In employing transcriptions, methods of making announcements and other routine, high frequency stations will be governed largely by the same rules which apply to standard broadcast stations.

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The rules cover the basic principles believed necessary by the Commission to give FM a proper start commercially. They will be supplemented by Standards of Good Engineering Practice for High Frequency Broadcast Stations, to be made available this week, together with a chart to be used for determining the signal range of this type of station. The new application forms for high frequency stations will likewise be available shortly.

Applications will not be considered until the engineering standards and the new forms are ready. Thereafter, as soon as applications are received, the Commission will act on them promptly.

Practical operation and progress of FM will undoubtedly result in changes to these rules and standards from time to time. Meanwhile, the Commission insures both public and industry an orderly development of high frequency broadcast stations by requiring proof of performance by FM stations within one year from the date of inauguration of this type of service.

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LISTENERS' INTERESTS PUT BEFORE PROFITS BY FCC

Holding that showing of need is related to the protection of listeners and not solely to the protection of private interests, the Federal Communications Commission proposes denial of the application of Station WREN, at Lawrence, Kans., to move its transmitter from a point near Tonganoxie to Kansas, that State, and to establish its main studio in Kansas City, Mo.

"The primary purpose of removal of WREN to Kansas City is to obtain a larger population coverage of Kansas City and its environs in order to increase its advertising revenues and serve as a more effective outlet of the Blue Network", the Commission comments in its proposed findings of fact and conclusions. "If the transmitter is moved as proposed in the application, Station WREN would deliver satisfactory service throughout the Kansas City metropolitan area, but its service to Lawrence and other small communities in Kansas would be less satisfactory, and some rural portions of the present service area would be entirely deprived of service."

The FCC points out that the Kansas City metropolitan area is already served by at least six stations. "The essence of the applicant's proposal, therefore, is to move its transmitter to a large metropolitan area, which already receives service from an ample number of stations, from a semi-rural area where the existing service is relatively inadequate", it adds.

"In view of the loss or diminution of broadcast service to the area theretofore served, it is incumbent upon a station proposing such a change to establish a greater need for additional broadcast service in the new area proposed to be served than may exist in the area previously served. The question of need is an important consideration under such circumstances in order that certain areas may not, by a too liberal assignment of frequencies, have the benefit of an unduly large proportion of the limited broadcast channels available to the prejudice of other districts. It is true that the Commission stated in the F. W. Meyer case that the showing of a public need for additional broadcast facilities is not an essential prerequisite to support the grant of an application for a new station. However, this principle is not applicable in a case such as the present where an existing station proposes to change its location, and the respective interests of different communities and areas are, therefore, involved.

"The showing made by the applicant in support of the proposed change was predicated upon two factors: First that the applicant operates on a regional frequency and should, therefore, be regarded as a station established to serve the metropolitan district of Kansas City primarily; and second, that the increase in coverage which would result from the removal of its station to the Kansas City area would make the station a more effective outlet for the Blue Network programs of the National Broadcasting Company. Insofar as the first factor is concerned, it does not follow from the fact that a station is assigned a regional frequency that it must serve a metropolitan district regardless of other considerations which may be involved. The classification of stations under the Commission's rules and standards of engineering practice is purely for the administrative convenience of the Commission in allocating frequencies and is not a source of any right in licensees or applicants. Indeed, the simple answer to WREN's claim is that the applicant, having once asked the Commission to assign a regional station to the City of Lawrence, now takes the curiously inconsistent position that, by reason of that very assignment, this station should now be assigned to Kansas City. Insofar as the second factor is concerned, this is related more to the private interests of the applicant and the National Broadcasting Company than it is to the interests of the communities involved. The mere fact that the applicant hopes to better itself financially by moving from a small city to a large city is not a controlling consideration in determining whether public interest, convenience, or necessity would be served by permitting such a move."

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The new non-advertising afternoon daily "PM" is devoting three pages daily to news about radio programs and personalities. In its initial issue, moreover, it carried a schedule of radio news broadcasts on the front page under the heading "The Day's News by Radio". Two inside pages are devoted to a complete listing of selected programs of all of the metropolitan New York radio stations. The third page carries news and notes on programs, stations, and persons.

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DEFENSE COMMUNICATIONS COMMITTEE TO BE SET UP

President Roosevelt is expected to issue an Executive Order soon, possibly this week, setting up a Defense Communications Committee, James L. Fly, Chairman of the Federal Communications Commission, disclosed this week at a press conference.

Chairman Fly declined to divulge any details as to plans or personalities who will make up the committee pending White House action. He insisted, however, that it will in no sense seek to take over or control private radio activities.

The Committee will work in cooperation with the National Defense Commission, Mr. Fly said, and will map out plans for coordinating the over-all use of radio facilities in time of national emergency or war. The industry, he intimated, will be represented on sub-committees, while the Committee itself will be composed of responsible representatives of interested Government Departments.

The Committee will derive its authority from the Executive Order, which, in turn, will be based on Section 606 of the Communications Act, which gives the President full power to act in times of national emergency or war.

While the FCC has been cooperating with the Army and Navy and other Government Departments in drawing up the plan for the Committee, Mr. Fly insisted that the group would not attempt any censorship of radio programs.

The Government now has an agency for the allocation of radio frequencies to Government agencies, known as the Interdepartment Radio Advisory Committee, which consists of representatives of 13 governmental agencies. Under the present circumstances, this group is believed too unwieldy, however, and it is the plan to have a board with full authority to act on national defense needs, including coordination of military and civilian facilities.

The new board is expected to lay a framework whereby methods will be provided for military use of all facilities whenever they are required. However, it was indicated that the board may also go into the problem of protecting communication lines and radio facilities as well as laying down a plan for reaching the public in any particular area whenever the exigencies of the situation demand. The coordination plan would merely provide for the most efficient use of facilities, with full power to act. The program is designed to protect the facilities, to guard them against interruption and to provide for alternate facilities upon failure of any particular circuit or circuits.

One of the primary purposes of the plan would be to maintain radio broadcasting, because, as Chairman Fly pointed out, it would seriously affect the morale of the people if this were cut off. In wartime nations often "blackout" areas to prevent the use of radio signals as beams on which plane invaders might ride to military objectives.

It is known here that one of the most important factors in the success of German Army movements is the effective functioning of its communications. It is said the parachute troops largely were used to cut enemy communications behind the lines, but the "cuts" were made in such a way that they were promptly restored as soon as the German troops captured the areas.

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BROWN FACES FIGHT IN CONFIRMATION AFTER HEARING

Serious doubt as to whether Commissioner Thad Brown will be confirmed on his renomination to a seven-year term as member of the Federal Communications Commission was expressed following one of the juiciest hearings heard on Capitol Hill this year.

Senator Tobey (R.), of New Hampshire, has indicated he will oppose Commissioner Brown's confirmation both in the Interstate Commerce Committee and on the Senate floor despite the fact that Mr. Brown is a Republican. Hearings were concluded after a second session last Friday.

Senator Tobey demanded that the renomination be rejected after conflicting testimony about a party held in a New York night club by Donald Flamm, owner of WMCA, for members of the FCC. The Senator's bitterest attack was made on Mr. Brown after he continued to deny any recollection of an incident at the party following testimony by Commissioner T.A.M. Craven.

Commander Craven said that Commissioner Brown brought a woman to his table at the Diamond Horseshoe in New York and that Mr. Brown's glasses had been broken when the woman slapped him.

"There is a man nominated for reappointment for seven years to the Commission controlling radio and he has been guilty of conduct unbecoming a gentleman and telling falsehoods about that", Senator Tobey shouted.

Mr. Brown, under questioning, said he "had a drink or two", but heatedly denied he was "under the influence of liquor." Commander Craven said he had taken a drink but could not testify as to drinking by Mr. Brown or others.

"We have testimony that you took a strange woman over to introduce her, she slapped you and broke your glasses, and you have no recollection?" Senator Tobey pressed Commissioner Brown.

"I have no recollection of the incident", Mr. Brown replied slowly.

"I've heard of cases of mental aberration but this is exhibit No. 1", Senator Tobey shouted.

Commander Craven disputed Senator Tobey's charges that the party was a "drunken brawl" or that the Diamond Horseshoe was a "hot spot".

"I'd be proud to take my wife, mother or sister there", the FCC member said.

Earlier Senator Tobey charged that William S. Paley, President of the Columbia Broadcasting Co. engaged in a 1932 "stock rigging" which netted him "a cool million dollars."

In making the accusation, Senator Tober questioned the wisdom of the FCC's licensing of CBS to continue broadcasting.

"We think Columbia is doing a good job and public service", Commissioner Brown replied.

Senator Tobey also asked Commissioner Brown about payment by the National Broadcasting Co. of "625,000 to Frank Knox and the Chicago Daily News for one-half interest in" a radio station. The New Hampshire Senator noted that the station was valued at \$44,726 for "physical properties" and the amount paid was "some 1,400 percent of this value". This transaction, Senator Tobey said, was typical of inflated values on "good will values" of radio station transfers approved by the FCC.

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MONITOR STATION IN MASSACHUSETTS AUTHORIZED

The Federal Communication Commission is authorized to purchase a site and erect a building in Massachusetts for use as a radio monitoring station under provisions of a Senate bill passed last week by the House. Provision is made in the bill for expenditure of \$30,000. The bill, which goes to the White House, is as follows:

"That the Federal Communications Commission be, and it is hereby, authorized to purchase for the United States a suitable site in the State of Massachusetts, provided a suitable site now owned by the Government is not available for the purpose, and cause to be erected thereon, according to plans and specifications to be approved by it, a suitable building or buildings, for use as a radio-monitoring station or to modify or reconstruct existing buildings or facilities on such site for such purpose,

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and to provide the necessary associated antenna systems, roadways, power, water, and sanitary facilities, including the construction and installation of goniometric apparatus and including necessary outfits, apparatus, and equipment at a total cost of said site, buildings, and equipment of not to exceed \$30,000."

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FCC WARNS OF INCREASING AIR TRAFFIC CONTROL PROBLEM

Necessity for the development, for both airports and aircraft, of equipment to make use of the ultra-high frequencies for air traffic control is stressed by the Federal Communications Commission in connection with an order issued this week affecting four airports in the Los Angeles area.

"The control of air traffic in the vicinity of all the large cities of the United States is certain to present a serious problem in the future", warns the Commission. "Apparently, frequencies will not be available on the lower band, that is, from 200 to 400 kilocycles for this purpose. This Commission, under its rules, has assigned, for airport control purposes, ultra-high frequencies 130,860 kc., 131,420 kc., 131,840 kc., and 140,100 kc. Applicants for airport control stations are required to apply for one of these high frequencies in addition to 278 kc., the only other frequency available to this Commission for assignment for aircraft control."

The Commission adds:

"Equipment is not now available on a commercial basis to make use of the high frequencies specified for controlling air traffic. It is apparent, however, that use of these frequencies offers the only satisfactory solution of difficulties certain to be encountered in connection with air traffic in the vicinity of every large city in the United States. Especially is this true in view of the almost certain continuation of the present increasing trend of air traffic. The Commission desires to stress at this time the necessity for development, for both airports and aircraft, of equipment designed to make use of these high frequencies. The frequency 272 kc. is released for purposes of aircraft control on a temporary basis for a period ending May 1, 1942. It is believed that upon the expiration of this temporary period, high frequency equipment will have been developed and made available upon reasonable terms for use in controlling the movements of aircraft in the vicinity of airports."

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 : : : TRADE NOTES : : :
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A 10 percent increase in the radio excise tax is included in the national defense revenue legislation passed by the Senate last week. The super tax for national defense purposes will increase the radio excise tax from 5 to 5½ percent beginning July 1 and continue for five years. Some of the other so-called national defense tax increases are not limited in time, but the present legislation provides for definite limitation of five years on the radio tax at the 5½ percent rate.

WOR has just signed a three year lease for the forty-second floor and roof space of 444 Madison Avenue, New York City, and will transfer immediately its Frequency Modulation transmitting activities from Carteret, N.J., to the new location. Construction of an antenna tower will begin at once.

Communication was established with Holland Monday for the first time since May 14, according to a report from R.C.A. Communications, Inc. The announcement said the first connection was completed at 11 A.M., when the Berlin operator flashed back: "Yes, we will now accept traffic for Holland under the same conditions that apply to Germany."

Broadcast Music, Inc., formed by the National Association of Broadcasters, as opposition to the American Society of Composers and Publishers, has started a campaign to enlist assistance of the buyers of radio time and to show them the practicability of dispensing with ASCAP music, according to the business page of the New York Times. It is ready to offer the service of its arranging and composing departments without charge. BMI has communicated with the Association of National Advertisers, pointing out that it is a means of defense for advertisers who wish to protect themselves against "monopoly prices".

With acceptance by the Mutual Board of Directors of the North Central System's application for MBS membership, the Mutual Broadcasting System coast-to-coast network now totals 140 stations. The nine stations that make up the new affiliate are: KABR, Aberdeen, S.D.; KGCU, Bismark-Mandan, N.D.; KDLR, Devils Lake, N.D.; KLPM, Minot, N.D.; KVOX, Fargo-Moorehead, N.D.; KATE, Albert Lea, Minn.; KWNO, Winona, Minn.; KGDE, Fergus Falls, Minn.; and KRMC, Jamestown, N.D.

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RADIO ESSENTIAL TO NATIONAL DEFENSE, SAYS SARNOFF

American broadcasting services and national and international communication facilities "constitute the nerve system of our democracy", David Sarnoff, President of the Radio Corporation of America, declared in an address on "Communications in a Changing World" before the Institute of Public Affairs at Charlottesville, Va., last Friday.

"Our broadcasting services, and our national and international communication facilities, constitute the nerve system of our democracy", he said. "They speed the business of the nation. They keep our people informed on national and international affairs. They help to formulate public opinion and to express that opinion on vital matters affecting our democratic processes of government.

"These facilities and services are an efficient and essential arm of our national defense. They are invaluable assets of our nation in today's swiftly changing world. In these dark days we can only resolve that they shall ably serve and sustain our hope and courage, and increase our wisdom and understanding. With unity of purpose, they will help preserve the free institutions of America.

After outlining the progress of radio research since the first World War, Mr. Sarnoff commented:

"There will be those who may ask: What has become of the conception of communications drawing the world closer together, helping to forge the bonds of international understanding, and building a road to world peace? It is the bitter truth, that like many other instrumentalities devised by men of goodwill, communications also can be perverted for destructive purposes by makers of hate and war.

"But it is equally true that the universal means of communication which radio has brought into being remains the hope of mankind for that interchange of information, education, and culture by which alone the peoples of the world can understand the common problems of the world. It remains true that only through communications can there be that meeting of minds which must be obtained if world opinion is to establish and maintain peace.

"War has obscured but not destroyed this truth. Those who are trying to remake the world in the image of barbarism understand it clearly enough. They fear to expose their peoples to the interchange of intelligence, so they forbid them, under pain of imprisonment or death, to listen to anything other than the false propaganda of their own controlled broadcasting.

"Furthermore, when the history of our times is written, I am confident that the vastly broadened communications which science and research have given to the world, will get their due share of credit for quickening public opinion on the true meaning of the issues now to be decided by the free peoples of the world."

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MAJESTIC REORGANIZATION PLAN APPROVAL INDICATED

Federal Judge John P. Barnes indicated Saturday that he would confirm the plan of reorganization of the Majestic Radio and Television Corporation on Wednesday, according to an Associated Press dispatch from Chicago. He was informed at a hearing that the required two-thirds of the stockholders had approved the plan under Section 77b of the amended Bankruptcy Act.

James A. Sprowl, counsel for the company, named the six new Directors approved by the Creditors' Committee and purchasers under the plan. Those named were Parker McMahan, Chicago, Manager of the Service Department of the American Credit Indemnity Co.; Paul Baibourn, New York, Acting Treasurer of Paramount Pictures, Inc.; Allen B. Dumont, New York, President of the Allen B. Dumont Laboratories; Walter Glenn Scott, New York, industrial engineer; Elmer C. Upton, Wheaton, Ill., controller of the Balaban & Katz Corporation, and Curtis Franklin, New York, Director and Treasurer of the Allied International Investing Corporation.

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CBS ASKS PERMITS TO BUILD TWO 50 KW STATIONS

The Columbia Broadcasting System has filed an application with the Federal Communications Commission for permits to construct two new 50,000-watt international short-wave broadcast stations. One of these permits would grant an increase in power and provide for removal of CBS's present short-wave station, WCBX, from Wayne Township, N.J., to the location chosen for the new transmitters - a 1,200-acre tract on Long Island, New York.

CBS's plans call for transmitters custom-built for the particular tasks they are to perform. The equipment would operate with full power on each of the six bands between 6,000 and 22,000 kilocycles now allocated for this type of service.

Both also would be capable of delivering full power to several directional antennas with which they are to be employed. The antennas would have an effective gain of at least ten to one in the direction of maximum signal. Thus signals would have a strength equivalent to 500,000 watts.

Use of directional antennas is designed to concentrate energy for broadcasts to those countries for which programs are intended.

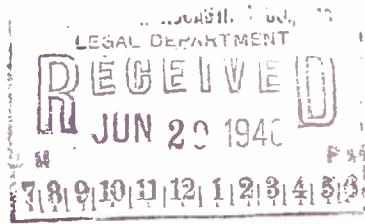
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2400 CALIFORNIA STREET

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FCC FIELD FORCE EXPANDED FOR NATIONAL DEFENSE

Preparing to aid national defense by keeping a 24-hour watch on the ether waves, the Federal Communications Commission this week disclosed plans for augmenting its field force by several hundred inspectors and other radio experts.

The additional force is needed to maintain a comprehensive 24-hour surveillance of all communication channels, inclusive of broadcast and other radio transmission, the FCC said. Present radio monitoring facilities will be supplemented with ten primary long-range direction-finder stations. These stations determine the bearings of unauthorized or otherwise suspicious communications. The mobile equipment, which includes direction finding apparatus, traces the origin of such transmissions.

In addition to increased monitoring duties, the field division will be required to watch radiotelegraph and radiotelephone circuits for superfluous signals, record same, and translate foreign language broadcast material. It must also make certain of the citizenship of several hundred thousand persons now charged with the responsibility of communications, as well as of their immediate families. This figure covers about 100,000 licensed radio operators, including amateurs; a like number of cable and wire operators, and other employees such as those of broadcast and other radio stations. It is necessary to know more about the private communications employees who daily handle official dispatches and other Government messages.

Another emergency task will be to guard against the possible misuse of electrical apparatus, including diathermy devices (now employed in many thousand offices of physicians), as transmitters in a manner which might jeopardize the nation's security. Still another undertaking will be to keep tab on possible use of transmitters which have been manufactured but not sold or licensed for authorized communication purposes.

The Commission now operates seven monitoring stations, in various parts of the country, which are largely devoted to making routine measurements of frequencies and determining the quality of emissions, as well as spotting interference. In the course of such work, they observe unlicensed operation incidentally. However, these monitoring stations as now manned and equipped could not cope with the additional work contemplated.

Congress recently authorized a new monitoring station for Massachusetts, but this is to relocate and improve the existing one. The new bases for mobile operation are being established at strategic points throughout the United States and its possessions.

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Routine functions of the field division, which now numbers less than 200 persons, embrace inspection of all classes of stations licensed by the Commission, and the issuance of licenses; investigation of complaints of interference and illegal operation; conducting field strength surveys and analyzing signal characteristics; inspecting ship and other marine radio stations, and general regulatory supervision.

During the last fiscal year the Commission investigated more than one thousand complaints of unlicensed operation, and the number of cases pressing for investigation is growing under the present situation. Experience gained in past investigation of unlicensed stations, particularly in the use of the ultra high frequencies, has demonstrated the advantage of an inter-radio communication system for the purpose of synchronizing operations and exchanging intelligence. The prospective new primary monitoring stations and mobile units will be equipped with transmitters and receivers so as to be able to more quickly run down unlawful operation.

Since the Commission is under Civil Service, the additional personnel will come from those rolls.

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PATRICK ASKS REFORMS IN FCC PROCEDURE

Reforms of the Federal Communications Commission in legal procedure were urged this week before the Attorney General's Committee on Administrative Procedure.

The Committee is holding hearings at the United States Court of Appeals Building, receiving information upon which to base recommendations for improvement of Federal agencies.

Duke Patrick, of the Federal Communications Bar Association, said the FCC was reluctant to grant hearings on applications for broadcasting licenses and was arbitrary in its ruling upon petitions to intervene in proceedings.

Mr. Patrick suggested that Trial Examiners for Federal commissions be organized under a separate agency, such as the Department of Justice, and assigned as needed.

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FCC REAFFIRMS STAND THAT COMPETITION IS DESIRABLE

The Federal Communications Commission this week reaffirmed its recently-adopted policy that competition in the broadcasting field is to be encouraged rather than prevented. In one case it denied a request for a rehearing based on the grounds that a station grant would cut into the revenue of an existing radio outlet, while in another it denied a rehearing on a modification of license.

The intent of Congress would be nullified and the U.S. Supreme Court declaration concerning the desirable effects of competition would be meaningless if the Federal Communications Commission were required to deny a radio station entry into the field merely because it would have an adverse effect on an existing station, the Commission declared in denying petition for a rehearing filed by WLEU Broadcasting Company, Erie, Pa., on the Commission's grant of a construction permit to the Presque Isle Broadcasting Co. for a new station at that place. The Commission said:

"It is a direct contradiction of the proposition that free competition is the basic principle of the American system of broadcasting to contend that the Commission is under a duty to consider the effect which competition may have upon the ability of an existing licensee to continue to serve the public. It is implicit in the idea of free competition that public interest cannot possibly be adversely affected by the failure of an existing station to survive due to increased competition, because this result cannot follow unless the new station's competitive efforts enable it to render a superior public service.

"The Supreme Court has made it perfectly clear that 'Congress intended to leave competition in the field of broadcasting where it found it' and to permit 'a licensee to survive or succumb according to his ability to make his programs attractive to the public.' A licensee is not entitled to be protected from competition and the Commission is under no duty to make findings on the effect of such competition on the licensee."

The Commission noted a vital distinction between the situation where an applicant is not financially qualified and the case where the applicant is so qualified, but points out that the petitioner does not allege that this applicant is not financially qualified but bases its complaint on the possible effect of competitive effort. The statute does not require the Commission to consider the latter factor but makes success or failure in the broadcasting business depend solely on a licensee's "ability to make his programs attractive to the public", the FCC held

WLEU, the only broadcast station in Erie at the present time, operates on 1420 kilocycles with 250 watts, unlimited time. It devotes approximately 40 percent of its time to NBC Blue Network programs. The Presque Isle Broadcasting Co., which received

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a construction permit March 13, proposes a local program service. There are 75 churches, 25 charitable organizations, 30 educational institutions, and more than 100 civic or social organizations in Erie. The Presque Isle Broadcasting Co. proposes to operate on 1500 kilocycles with 250 watts day and 100 watts night.

In another sense the FCC held that there is no statutory or other requirement that it withhold action on a broadcast application, which it deems in the public interest, in order to consider such application on a comparable basis with some pending application. The Commission denied petition filed by Station WCBD, Chicago, for rehearing of the grant, on May 8, of application by the Evangelical Luthern Synod for modification of license for its station KFUC, Clayton, Mo., to change frequency from 550 kilocycles to 830 kilocycles, with 1 kilowatt power to local sunset at Denver, and a petition for return of KFUC's subsequent application to increase power to 5 KW as a Class II station.

Station WCBD is scheduled for hearing on its application to change its frequency from 1080 kilocycles to 830 kilocycles with 5 kilowatts power daytime. In denying WCBD's first petition, the Commission commented:

"Before petitioner's application can be denied, it must be afforded an opportunity to be heard on any grounds which we have for denying the application, and if the only basis for denying petitioner's application is the superiority of the service rendered or possessed by Evangelical Luthern Synod (KFUC), petitioner will have ample opportunity to show that its operation as proposed will better serve the public interest than will the operation of KFUC as authorized by the instant grant. The grant herein to KFUC does not preclude the Commission at a later date from taking any action which it may find will serve the public interest."

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FRENCH RADIO SHUTDOWN BY ARMISTICE TERMS

One of the terms of the French-German armistice terms as reported by the British Ministry of Information is that "all wireless transmitting stations in French territory are to stop". This is expected to put a temporary end to all broadcasts from France either by short-wave or long wave.

Radiotelephone service with France was cut off last week, but an emergency radiotelegraph circuit between New York and Bordeaux was put into operation by R. C. A. Communications, Inc., under special authority of the Federal Communications Commission.

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FOUR STATIONS WORK OUT INTERFERENCE PROBLEM

Four unrelated radio stations in various parts of the country wanted to increase their respective power of transmission. To do this involved mutual interference. So, through the medium of the Federal Communications Commission, they worked out a directional antenna system that will enable them to cover more territory yet, at the same time, not "collide" with one another's transmissions.

The result of this get-together was climaxed when the Commission today (June 25) authorized construction permits as follows:

WAAT, Bremer Broadcasting Corp., Jersey City, N.J., to move transmitter to Kearney, N.J., increase power from 500 watts to 1 kilowatt, and increase hours of operation from daytime to unlimited time. WAAT operates on 940 kilocycles.

WAVE, Inc., Louisville, Ky., to move transmitter to near Jeffersonville, Ind., and increase power from 1 kilowatt to 5 kilowatts. WAVE operates on 940 kilocycles.

WCSH, Congress Square Hotel, Portland, Me., to increase power from 1 kilowatt night and 2½ kilowatts day, to 5 kilowatts unlimited time. WCSH operates on 940 kilocycles.

WDAY, Inc., Fargo, N. Dakota, to increase night power from 1 kilowatt to 5 kilowatts. WDAY has operated with 5 kilowatts day on the frequency 940 kilocycles.

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G.O.P. WOMEN GET THRILL OUT OF TELEVISION

One of the chief forms of feminine entertainment at the Republican Convention was "appearing on television", according to a staff correspondent of the Washington Post.

"Two companies are busy rounding up women to be interviewed, and are offering free advice on television clothes on the side", the paper said.

"It may sound funny in 1980, but the thought of being seen 200 miles is furnishing a big thrill.

"Off the face hats, black and white or dark blue and white dresses make the best television showing. Gay red hats fade away to gray and checked coats look terrible."

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NAB URGES CAUTION IN HANDLING FOREIGN LANGUAGE BROADCASTS

The Board of Directors of the National Association of Broadcasters is urging all broadcasting stations carrying foreign language programs "to exercise extreme precautions against the use of their facilities, wittingly, or unwittingly, to promote propaganda inimical to the interests of the United States".

The Board, at a meeting in New York, adopted the following resolution:

"RESOLVED, that the Board of Directors of the National Association of Broadcasters recognizes the importance of preserving freedom of speech and radio, and the necessity of serving the interests of that segment of the listening public which is most effectively reached by broadcasts in foreign languages. During the present period of emergency, stations carrying foreign language broadcasts are urged to exercise extreme precautions against the use of their facilities, wittingly or unwittingly, to promote propaganda inimical to the interests of the United States. Scripts should be carefully scrutinized in advance by station managers, and appropriate measures should be taken to guard against deviation from approved scripts."

In connection with the resolution, Neville Miller, NAB President, said:

"The Board, mindful of the traditions of free speech and free radio, and of the value of foreign language broadcasting to reach important groups of citizens, urgently recommends to all stations carrying foreign languages that in advance of their presentation,

"(1) All scripts in foreign languages be carefully read and appraised in the light of American national defense;

"(2) After the station's approval of such scripts, adequate and capable linguists in whom complete confidence may be reposed, shall be utilized to supervise active presentation on the air to prevent possible ad lib insertions or deviations from the scripts;

"(3) A complete file of continuity and script of all foreign language broadcasts should be kept.

"The Board further is of the opinion that the licensees of broadcasting stations operating in the foreign language field are capable of handling this problem intelligently and voluntarily and their service to national defense, both potential and actual, in maintaining intimate contact and understanding with foreign language groups should be maintained."

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LOS ANGELES GETS COASTAL TELEGRAPH LICENSE

The City of Los Angeles has been licensed by the Federal Communications Commission to operate a coastal telegraph station on frequencies 2274 and 4780 kilocycles with 50 watts power, unlimited time, for communication between that city's Department of Water and Power headquarters at Boulder City, Nevada, and its patrol launch on Lake Mead behind Boulder Dam. The applicant proposes to adjust his present special emergency radio Station KIKH, to the new service.

"Lake Mead is approximately 115 miles in length and is navigable for practically that entire distance", according to the applicant. "Vessels patrolling away from the home port at Boulder City may easily be disabled by hidden rocks or rough water. Since there are no supplies, and practically no human habitation along the lake shores, transportation on the lake is hazardous to both life and property. Vessels in the upper reaches of the lake are often five to seven hours, at top speed, away from the home port. Therefore, the need for communication is obvious if proper safeguards for the safety of passengers and equipment are to be taken."

The license was granted upon the express condition that interference will not be caused to any Canadian station. The applicant will hold itself open as a common carrier for coastal service on Lake Mead and, if need be, make such service available to other craft there.

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N.Y.A. WORKERS SET UP OWN RADIO SYSTEM

A new system of radio communications similar to that of the amateurs' American Radio Relay League is growing up in the United States.

Aubrey Williams, National Youth Administrator, disclosed this week that N.Y.A. workers were building on their own time a series of short-wave radio stations which could be used as an auxiliary government communications means in an emergency.

He said the stations, linking both coasts and stretching from the Canadian border to Puerto Rico, would be operated by N.Y.A. clubs during spare hours. In times of emergency they could be taken over by the government, he added.

The program contemplates the creation of trunk lines down the Atlantic Coast, connecting Maine and Puerto Rico; another in the Middle West linking North Dakota and Texas, and a third down the Pacific Coast. The trunk lines will be connected by laterals running from the Atlantic to the Pacific.

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FTC CHARGES MISREPRESENTATION IN TUBE DEVICE

Misrepresentation of an electrical and mechanical device for attachment to radio receiving sets is alleged in a Federal Trade Commission complaint issued against The Perfect Manufacturing Company, trading as R. E. Engineers, Madison Road, Cincinnati.

According to the complaint, the respondent represented that its device "Add-A-Tube" will give longer life to radio tubes, will improve radio reception, will make it possible to receive radio broadcasts from domestic and foreign stations which could not be received without use of this device, and will bring the user's radio up to date, when such are not the facts.

It is further alleged that the respondent advertised that use of its device will give any radio the tone, sharpness of selectivity and the static-free reception found in the most expensive radio sets on the market, will improve reception on every type of radio receiving set, will give the user's radio automatic volume control and guarantee clear local and long-distance reception, and will make an old radio receiving set as efficient as modern sets, when actually it will not accomplish all the results claimed.

Through the use of the name "Add-A-Tube", the complaint continues, the respondent implies that its device, when attached to a radio receiving set, gives the set an additional tube, when such is not a fact.

Alleging violation of the Federal Trade Commission Act, the complaint grants the respondent 20 days for filing answer.

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ONLY ONE "HAM" PROTESTS FCC RULING

As a result of its recent orders curtailing amateur radio activities in view of world conditions, the Federal Communications Commission has received but one letter of protest. It came from a California "ham". The Commission replied that it considers its action "not only entirely justified but necessary in the interests of neutrality and national defense". From responses received from amateur organizations and individual amateur operators throughout the country, the Commission "feels that the amateurs are fully appreciative of the reasons for the adoption of this temporary ban on amateur activities, and that the amateurs will full cooperate in its enforcement."

The Commission has received numerous letters from amateurs offering their services in the present situation. These offers run from a Kenmore, New York amateur's desire to "monitor

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radio transmissions in my spare time" to a Highland Park, Ill., amateur's proposal to form "a citizens' listening league" to combat Fifth Column activities.

"While the Commission desires not to assign duties in this respect", an FCC spokesman said, "it appreciates the desire to cooperate and advises such interested persons that if they are in a position to furnish information concerning unlicensed operation or other violation of the Communications Act and the Commission's rules and regulations they should communicate with the Inspector in Charge of the nearest FCC field office."

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TEXT OF FCC ORDER REQUIRING CITIZENSHIP PROOF

Following is the text of the order adopted by the Federal Communications Commission last week requiring that all commercial or amateur radio operators produce proof of American citizenship:

"Pursuant to authority contained in the Communications Act of 1934, as amended,

"IT IS ORDERED, That on or before the 15th day of August, 1940, each radio operator who holds an outstanding commercial or amateur radio operator license issued by this Commission, shall file with the Commission his response, under oath, to the attached questionnaire (Form No. 735) and shall furnish the additional data and documents required therein;

"IT IS FURTHER ORDERED, That on and after the date of this Order, each application for a new commercial or amateur radio operator license shall be accompanied by the applicant's response, under oath, to the attached questionnaire (Form No. 735) together with the additional data and documents required therein;

"IT IS FURTHER ORDERED, That on and after the date of this Order, each application for a renewal of a commercial or amateur radio operator license shall be accompanied by the applicant's response to the attached questionnaire (Form No. 735), together with the additional data and documents required therein; Provided, however, that such response need not be submitted with a renewal application if a response previously has been made pursuant to the first ordering paragraph herein.

"This Order shall become effective immediately."

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::: TRADE NOTES :::

World Radio Market reports issued recently by the U.S. Bureau of Foreign and Domestic Commerce include Nicaragua, Guadeloupe, Palestine and British Honduras.

The Federal Communications Commission has amended Paragraph 4(d) of Administrative Order No. 2, by adding the following language after the phrase, "applications for relay broadcast stations":

"Applications for consent to assignment of licenses or for consent to transfer of control of licensees of relay broadcast stations, when the Commission has on a prior date consented to a like assignment or transfer of control of the licensee of the standard broadcast station with which the relay stations are affiliated."

RCA Victor this week placed on the market a miniature "Personal Radio", which can be carried around like a book and sells for \$20. It weighs only 4½ pounds.

The Columbia Broadcasting System has released a new brochure, entitled "More for the Money", which reveals that CBS advertisers now reach their audiences at 43% less cost per listener than they did four years back. The determination of net circulation costs, a figure long desired by advertisers who want exact measurements on their advertising investment, was made by CBS after reviewing the gross circulation figures and the CAB program ratings. From these figures network statisticians show that the total audiences for median CBS half-hour evening programs (combining the increase in CAB ratings with the increase in radio families) have risen 154% in four years. CBS time and talent costs have increased very much slower than this. As a result, the net cost per 1,000 listeners, actually delivered the individual advertiser for a typical CBS half-hour evening program, dropped 43% during the same period.

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FCC FIXES THINGS SO THAT QUORUM ISN'T NECESSARY

With sultry Summer days ahead, the Federal Communications Commission has altered its own administrative rules so that the Commission can function without a quorum in most matters.

It adopted this week the following order:

"IT IS ORDERED, That, whenever the Chairman or Acting Chairman of the Commission shall determine a quorum of the Commission is not present, he is authorized to place the following provisions in effect for the period during which such absence or inability to act may continue:

"(1) There is hereby assigned and referred to a Board consisting of all members of the Commission present and able to act, all work, business, or functions of the Federal Communications Commission arising under the Communications Act of 1934, as amended, except that portion of the work, business, or functions of the Federal Communications Commission assigned and referred to the respective Boards and individual Commissioners as provided in Administrative Order No. 2, as amended; Provided, however, that this authority shall not extend to investigations instituted upon the Commission's own motion or, without consent of the parties thereto, to contested proceedings involving the taking of testimony at public hearings, or to investigations specifically required by the Communications Act of 1934, as amended.

"(2) The Board created by sub-paragraph (1) acting by a majority thereof, shall have power and authority to hear and determine, order, certify, report, or otherwise act as to any of said work, business, or functions so assigned or referred to it, and in respect thereof shall have all the jurisdiction and powers conferred by law upon the Commission, and be subject to the same duties and obligations. Any order, decision, or report made or other action taken by said Board in respect of any matters so assigned or referred shall have the same force and effect, and may be made, evidenced and enforced in the same manner as if made, or taken by the Commission.

"(3) Any party affected by any order, decision or report of said Board may file a petition for rehearing by the Commission, as provided by Section 1.271 of the Commission's Rules of Practice and Procedure, and every such petition shall be passed upon by the Commission.

"This Order shall become effective on the 1st day of July, 1940."

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