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RADIO INTRODUCES NEUTRALITY PROBLEMS

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Annual Report on Federal Communications Commission
Recognized Role Assumed by Broadcasting in Wartime

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"Policing of the ether waves must now take cognizance of the role assigned to radio in national emergency", says the Federal Communications Commission in the foreword to its annual report, released today. "For," it explains, "the war in Europe is the first major conflict to be fought on the land, on the sea, and in the air to the inclusion of the ether."

The Commission further points out:

"In the World War there was no broadcast or high-frequency communication problem as we know it today; only wireless. Today the United States has some 800 broadcast stations (not to mention 55,000 amateur stations and more than 5,000 commercial stations), whose air messages filter to more than 40,000,000 receiving sets. And international broadcasts, thanks to the short wave, now cut across time and distance to challenge any claim of isolation."

During the past fiscal year the Commission undertook to define the nature of services to be rendered by international broadcast. Subsequent outbreak of the European war brought about the necessity of the Commission maintaining contact with other Government agencies, as well as with the industry, in dealing with new problems.

In cooperation with the State Department and other Federal agencies, the Commission has effected arrangements with other American republics in working out mutual communications problems. The Commission is charged with carrying out certain provisions of treaties and international agreements to which the United States is a party.

In administering and enforcing laws, regulations, and international treaties pertaining to radio, the Commission effectively utilizes a field staff. The other waves are, in effect, patrolled by 27 field offices throughout the United States and its possessions, augmented by seven radio monitoring stations. Mobile equipment is useful in tracing unlicensed stations and, at the same time, maintaining a neutrality patrol of the ether.

The report makes no recommendations for new legislation with respect to the Communications Act of 1934, as amended.

Special activities by the Commission covered into the fiscal year included:

Inquiry into chain broadcasting policies and practices, begun in 1933. Hearings, which ran 73 days, produced nearly 100 witnesses, 700 exhibits, and nearly 9000 pages of testimony. The report, when issued, will be the basis of possible new regulations and recommendations to Congress.

Inquiry into the present status of television. In its initial report the Commission found television had barely emerged from the "technical" research stage and declared that careful coordination is essential to television's progress.

Report on the special investigation of the telephone industry, pursuant to Congress request. Besides achieving an initial annual savings to telephone subscribers of \$12,000,000, the report made specific recommendations to Congress looking to stricter regulation of that monopoly.

Completion of a special study of radio requirements for safety of shipping on the Great Lakes and inland waters, also ordered by Congress. Canadian authorities cooperated in working out mutual standards.

During the fiscal period 7,500 applications for various types of radio broadcast stations were received. Of that number, about 1,650 were for new or increased facilities, and nearly 2,300 were renewals. In that time the Commission heard oral argument in more than 100 broadcast matters, and adopted formal decisions in more than 200 such cases. Investigation was

made of 265 broadcast stations, and licenses of eight stations were canceled or otherwise vacated.

Public service is the basic consideration in licensing broadcast stations. "Just as it may be a powerful instrumentality for public good", opined the Commission in a recent case, "so a broadcast station has potentialities of causing great public harm, and it is accordingly imperative that the limited broadcast channels belonging to the public should be entrusted to those who have a sense of public responsibility."

The continued growth of the broadcast industry was reflected in the number of new stations and increased facilities. Twenty-nine new broadcast stations were licensed and 76 applications were denied. During the year the Commission increased the license period for standard broadcast stations from six months to one year.

For the 1938 calendar year, 660 standard broadcast stations reported total broadcast revenues of more than \$111,000,000, or a net broadcast income of nearly \$19,000,000. At the same time these stations employed 23,000 persons with a payroll in excess of \$45,000,000.

Notable contributions of the Commission during the fiscal period were the adoption of revised rules and regulations governing all radio services, and simplification of the administrative procedural process. In addition to its normal functions, the Commission's Law Department dealt with litigation of increasing volume and importance.

Interest in the amateur field was attested in nearly 50,000 licenses issued to these operators. In addition, more than 15,000 commercial operator licenses were granted. More than 550 new police radio systems - mostly in the smaller communities - were authorized, and nearly 250 forestry radio systems were approved.

In the fiscal year reported, the Commission received and studied nearly 17,000 communications tariff schedules. About 1,200 point-to-point telephone applications were examined. In the interests of safety at sea, approximately 16,500 ship radio inspections were made.

Under its mandate to "study new uses for radio, provide for experimental use of frequencies, and generally encourage the larger and more effective use of radio in the public interest", the Commission, through its Engineering Department is investigating many communications techniques and refinements, launching the most comprehensive study of sunspot effect on communications yet undertaken, charting ground frequency wave field intensities, and studying television frequency modulation, directional antenna, facsimile reproduction, interference from electromedical devices, automatic devices to receive distress signals on shipboard, and new types of carrier telephone systems.