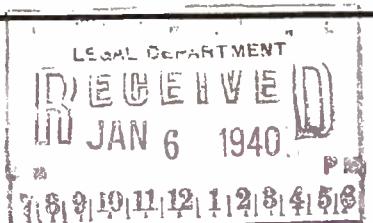


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF JANUARY 5, 1940

Less Interference Expected When Treaty Operates.....	2
Interest In International Radio Call Letters Revived.....	3
Craven Dissents On Proposed Wire Merger.....	4
Longer Interval For Announcing Records Adopted By FCC.....	5
Radio To Hold Lead On Television, Says Engineer.....	6
Washington Officials Mourn Death Of Bellows.....	7
Wile Recounts Early Payless Radio Commentating.....	8
Wired Radio Use Spreads In Germany.....	10
Trade Notes.....	11
ASCAP Wins Victory In Nebraska Copyright Suit.....	12
New Network Postpones Opening In Agency Row.....	12

No. 1197

~~LESS INTERFERENCE EXPECTED WHEN TREATY OPERATES~~

Considerable improvement in broadcasting conditions in this country, with a substantial decrease in interference caused by overlapping stations, was forecast this week by Commissioner T.A.M. Craven following formal notification that the Mexican Senate had ratified the North American Regional Broadcast Agreement on December 31.

While details of the action were still lacking at the week-end, the Federal Communications Commission and State Department officials were optimistic at the prospect of bringing order into North American broadcasting conditions for the first time.

The only danger that this goal may not yet be in sight is that Mexico may have adopted the 1937 Treaty with reservations.

The agreement was promulgated at the First International Radio Conference held at Havana in 1937 and has been ratified by five countries - Canada, Cuba, Haiti, Mexico and the United States. It can be made effective as soon as Mexico deposits the signed document at Havana.

Should the Treaty become operative, a widespread reallocation of broadcasting facilities in the United States will be ordered by the Federal Communications Commission within a few months. It is estimated that more than 650 of the country's 814 stations will have to change frequencies.

The changes in most cases, however, will be slight or between 10 and 40 kilocycles.

Radio repairmen will get a lot of business when the shake-up is ordered as push button receivers will have to be altered slightly and sets that don't go up to 1600 kc. will have to be adjusted.

On other sets listeners will have to change their habits or logs to pick up their favorite stations on new wavelengths.

One of the achievements of the Treaty, unless Mexico adopted it with reservations, will be to eliminate the troublesome "border stations", those high-powered radio outlets along the Rio Grande which are operated almost solely to reach American audiences.

Under the treaty they will be abolished and Mexico's wavelengths will be so limited that it probably will not turn any of them over to American promoters. Mexico will be permitted to construct high power stations within the interior but not along the U. S. border.

While suffering a reduction in exclusive clear channels, this country will get more shared channels under the Treaty and be able to license more interference-free stations than it now has on the regular broadcasting bands.

The reallocation probably will not be put into effect without some protests from stations and certainly not without a public hearing. It is expected that the change in assignments and the inquiry will require at least six months.

The Havana Treaty is largely the work of Commissioner Craven, who headed the American delegation to the North American Conference in 1937. Working almost alone, with the FCC then taking little interest in the problem, he succeeded in selling the idea of stabilization to the Latin American countries.

X X X X X X X X X X

INTEREST IN INTERNATIONAL RADIO CALL LETTERS REVIVED

World events have revived attention to radio call signals allocated to the various countries, the Federal Communications Commission noted this week.

Under international agreement, the first letter or the first two letters of radio call signals indicates the nationality of the station. According to Section 1, Article 14, of the International Radio Conference at Cairo in 1938, as annexed to the International Telecommunications Convention at Madrid in 1932:

"All stations open to the international service of public correspondence and all aircraft stations not open to the international service of public correspondence, as well as amateur stations, private experimental stations and private radio stations, must have call signals from the international series assigned to each country . . ."

The Cairo convention further provides that when a fixed station in the international service uses more than one frequency, each frequency is designated by a separate call signal used for that country only.

As a general rule, land stations use three letters, ship stations four letters, and aircraft stations five letters. One or two letters and a single figure followed by a group of not more than three letters identify amateur stations and private stations.

The 26 letters of the alphabet, as well as figures (with use of "0" and "1" limited to amateurs) may be used to form call signals. Chief exceptions are combinations beginning with A or B, these two letters being reserved for the International Code of Signals, and combinations which might be confused with distress and other emergency signals, and combinations reserved for certain approved abbreviations.

Says the international agreement further:

"Each country shall choose call signals for its stations from the international series which is allocated to it and shall notify the Bureau of the Union of the call signals which it has assigned to its stations. This notification does not concern the call signals allocated to amateur stations, to private experimental stations, and to private radio stations."

X X X X X X X X

CRAVEN DISSENTS ON PROPOSED WIRE MERGER

Commissioner T.A.M. Craven cast the only dissenting vote against the proposed merger of Western Union and Postal Telegraph Companies as the plan was submitted to Congress this week. He gave no official explanation for his act, but the coolness with which the recommendation was greeted on Capitol Hill indicated he will find many members in accord with him.

Chairman Wheeler, of the Senate Interstate Commerce Committee, who probably will take the initiative in promoting the legislation, said he will call a meeting of the Committee within a few days. A Sub-Committee probably will be named to hold hearings.

The probable effect of the consolidation on the employees of the two wire companies, particularly Postal, appeared likely to have considerable influence on the decision although there were rumblings that the Administration may be charged with trying to take the first step to take over the communications facilities.

The Federal Communications Commission recommended consolidation of telegraph companies as "an obvious remedy for many of the existing ills" of the industry.

Western Union has nearly 20,000 offices and Postal nearly 4,400. On last June 30, Western Union had 43,490 employees and Postal (land lines), 14,560.

The Commission suggested that Congress remove the present prohibition against consolidation, in the report sent to Chairman Wheeler of the Senate Interstate Commerce Committee. The recommendation brought a suggestion from two Senators that such a merger should consider the welfare of employees affected. Wheeler commented that he "would want to know that labor was adequately taken care of in any merger and that thousands of employees were not just thrown out of work".

Senator Truman (D.), of Missouri, another Committee member said he felt "there may be some merit in the merger idea provided the labor situation can be worked out without the loss of too many jobs".

"If properly safeguarded through effective regulation", the Commission said, consolidation would "maintain for the telegraph using public the benefits inherent in competition in the telegraph field and result in the rehabilitation of an industry which at present offers little security for its employees".

It added that "communication needs incident to national defense will be more effectively provided for" by unification.

Saying that competition, changing economic conditions and other causes have brought about a situation which "jeopardizes the existence of certain of the existing telegraph carriers", the Commission commented:

"The financial situation of the Postal system is precarious and that of Western Union, although less critical, is definitely unfavorable".

X X X X X X X X X X X X

II LONGER INTERVAL FOR ANNOUNCING RECORDS ADOPTED BY FCC

In the interests of public service and radio station convenience, the Federal Communications Commission this week agreed that station announcements of the use of mechanical records can be made at 30-minute intervals instead of the 15-minute requirement as heretofore. This is to avoid interrupting the entertainment continuity of a recorded series of records, or of the long records now quite generally used, particularly of recorded programs relayed by wire facilities.

At the same time, Section 3.93(e) of the broadcast rules has been changed to read:

"The identifying announcement shall accurately describe the type of mechanical record used, i.e., where a transcription is used it shall be announced as a 'transcription' or an 'electrical transcription' and where a phonograph record is used it shall be announced as a 'record'."

The Commission added religious service to the types of continuous recorded programs - speech, play, symphony concert or operatic production - of longer than half an hour for which the 30-minute announcement rule is waived.

This change is effective immediately.

X X X X X X X X X X X X

RADIO TO HOLD LEAD ON TELEVISION, SAYS ENGINEER

The production of sound radio receivers will continue to exceed production of television receivers for the next decade and be the backbone of the industry "for at least five years to come" in the opinion of Julius Weinberger, Fellow of the Institute of Radio Engineers.

In a paper published in the recent I.R.E. Proceedings, Mr. Weinberger analyzes the "Basic Economic Trends in the Radio Industry" and arrives at the following summarized conclusions:

"1. The character of the distribution of receivers to various markets has altered materially since the inception of broadcasting. Prior to 1927, sales for initial equipment to the home absorbed practically the entire annual production; by 1930, initial equipment for homes constituted only 59.4 per cent and replacements 33.5 per cent of all sales; by 1936, initial-equipment 'home' sales were 19.8 percent, replacement 'home' sales were 30.3 percent, and new sales channels were absorbing receivers as follows: Secondary receivers, 15.7 per cent; sales for other than family use, 7.8 per cent; automobile receivers, 17.2 per cent; exports, 8.1 percent.

"2. Extension of the trends of the past 14 years leads to the conclusion that further alterations in the character of the 'normal' annual demand will occur; emphasis on home-type primary (or 'living-room') sets should decrease and emphasis on secondary ('compact' or 'extra') and automobile models should increase. Annual demand for primary receivers as initial equipment for homes should fall continuously; demand for replacements of primary receivers should pass its peak in a few years and fall slowly thereafter. At the same time, annual demand for secondary sets should continue to rise steadily and automobile-set demand for initial equipment should rise for the next 3 or 4 years, with a gradual decline thereafter. (A replacement demand for automobile receivers would tend to sustain total production after 1941.)

"3. Total annual production of all types of receivers goes through wide cyclical fluctuations, above and below a 'normal' trend line. At the present time, the 'normal' is about 6.7 million receivers, and increasing at the rate of about 250,000 receivers per year. In the last 3 years, however, the industry has produced well over this normal amount (more than 8 million receivers during 1936 and 1937, and 7.1 million receivers in 1938). Thus, there has been an excess over 'normal' production of about 4 million receivers in these 3 years. In view of this excess production, we may anticipate a sharp drop to subnormal demand sometime during the next few years, probably during the next business recession. During the next 9 years, the 'normal' should rise gradually to about 8.5 million receivers.

"4. The length of time that the public retains its receivers before purchasing replacements has been increasing. It would appear that in 1928, the average life of a receiver was about

5 years. This increased gradually, until now 75 percent of receivers are being retained an average of 7 years. It is anticipated that this condition will continue to exist in the future.

"5. Television receivers will constitute an inducement for the slow replacement of existing sound receivers. The growth curve of such replacements is not expected to be as steep as that of replacements of older types of sound receivers by newer types, for reasons given in the text. In terms of unit volume, annual production of sound receivers for the various markets, during the next 10 years, should considerably exceed production of television receivers; and for at least 5 years to come, it is likely that the backbone of the industry will be the production of sound receivers."

X X X X X X X X X

// WASHINGTON OFFICIALS MOURN DEATH OF BELLOWS

Veteran radio officials and attorneys in Washington joined this week in expressing sorrow at the death of Henry A. Bellows, Director of Public Relations for General Mills, Inc., writer and an authority on radio. Mr. Bellows died at his home in Minneapolis on December 29 at the age of 54.

He was a pioneer in radio and in 1927 was appointed by President Coolidge as one of the five members of the original Federal Radio Commission. In 1929 to 1934 he was President of the Northwestern Broadcasting, Inc. And from 1930 to 1934 was Vice-President of the Columbia Broadcasting System. In 1934 he became Chairman of the Legislative Commission of the National Association of Broadcasters, which position he retained until 1935. In 1936 Mr. Bellows joined General Mills, Inc.

Mr. Bellows was born in Portland, Me., September 5, 1885. He graduated from Harvard in 1905, getting his Ph.D degree in 1910. He was married to Mary Sanger, Cambridge, Mass., in 1911. (Mrs. Bellows died January 19, 1935.) Mr. Bellows' two children are Mrs. Phillip W. Pillsbury, and Charles Sanger Bellows. Mr. Bellows was married the second time to Alice Rickery Eells, of Washington, D. C., on April 13, 1936.

A versatile and talented man, Mr. Bellows was one time a Professor of Rhetoric at the University of Minnesota and later Managing Editor of "The Bellman" at Minneapolis. He was for awhile music critic of the Minneapolis Daily News and wrote program notes for the Minneapolis Symphony Orchestra.

He was a Colonel in Minneapolis Home Guards and a writer on scholarly topics and a translator.

X X X X X X X X X

WILE RECOUNTS EARLY PAYLESS RADIO COMMENTATING

Frederic William Wile, noted Washington correspondent, recalls the difficulty which he had in the early days of broadcasting in convincing radio officials that he should be paid for his comments over the air, in his entertaining "News Is Where You Find It", recently published by Bobbs Merrill.

Uncovering some little known history of the debut of commentators on the air, Mr. Wile says his contract with the Columbia Broadcasting System at \$10,000 a year in the Winter of 1928-29 was "No. 1 arrangement of this kind".

"My first radio high spot", Mr. Wile recalls, "was attained on March 4, 1925, when Calvin Coolidge was inaugurated president in his own right. I had not expected to participate in the broadcasting program from the Capitol. But early in the evening of March 3, Kenneth Berkeley, now Manager of Station WRC, telephoned me that N.B.C. unexpectedly received permission to put on a speaker before the inaugural microphone at noon on March 4, immediately preceding the swearing in and inaugural address of the President-elect. Would I be prepared to take the air for ten minutes and speak to the visible inaugural throng on the east front of the Capitol over the public address amplifying system and to the radio audience over the N.B.C. network? My material, Berkeley said, might be of general character appropriate to the impending ceremony. It was short notice for so auspicious a stunt, but before bedime I wrote and had ready for delivery a 1,500-word talk on 'The Presidency'. I was informed it was the only time on record that a private citizen had been privileged to stand in that place and speak just prior to the induction utterance of the incoming President."

After relating his early experiences, Mr. Wile wrote:

"Though broadcasting was progressively fascinating, continuously flattering to one's ego, and productive of many desirable personal and professional contacts, I came to tire of art for art's sake, and decided to terminate that uneconomic situation. In other words, after four years of service at the microphone, I thought the time had come to take the National Broadcasting Company to remunerate me."

As David Sarnoff, President of RCA, felt that Mr. Wile was earning an adequate salary as a syndicate writer, the correspondent appealed to Owen D. Young in 1928.

"Young admitted that my attitude on the question of pay was entirely sound. He assured me the time was approaching when radio, then in its swaddling clothes as an industry, would, as a matter of course, have to buy broadcasting programs and would be in position to do so. At the moment, Young explained, radio revenue was derived only from the sale of receiving sets. R.C.A. was owned or controlled jointly by General Electric and the Westinghouse interests, both large-scale manufacturers of receiving

apparatus. Sets of the dial pattern were still costly and by no means in general use.

"Younr urged me to be patient. He said: 'Your time will come. With every week's talk, you are building up a reputation. Don't break contact with the radio audience by leaving the air now!'"

"I returned to Washington, much impressed by Mr. Young's forecast of the day when my ship would come in via the wave lengths. But as I was now beginning to find the weekly talk more and more of a task, I decided after fresh and futile soundings in New York on the salary outlook, to go on strike - the very first strike, to my knowledge, in broadcasting history. Choosing a psychological moment that would have done credit to John L. Lewis himself - a critical situation at Washington involving one of Coolidge's infrequent run-ins with Congress - I notified F. P. Guthrie, general manager of R.C.A. in the National Capital, that I was no longer prepared to broadcast for love and glory. Reversing the old saw, I told him that unless N.B.C. put up, Wile would shut up!"

"For two weeks there was no discussion of the Washington political situation 'tonight' or any night on the air. Presently Guthrie offered me \$50 a week if I would resume where I left off. Thus radio's maiden strike was ended and won. Never since that day, I believe, now more than ten years ago, has any important broadcasting concern asked a professional commentator on public affairs to work for nothing. It was not long afterward - the winter of 1928-29 - that I received overtures from the up-and-coming competitor which, on a shoestring, had just dared to enter radio as a rival of N.B.C. and its powerful capital affiliates. A twenty-eight-year-old Philadelphian named William S. Paley, at that time in charge of production and advertising for the Congress Cigar Company, and the reputed possessor of a fortune in his own right, had joined with his family and certain Philadelphia friends, including Lawrence W. Lowman, a college chum, to acquire the tiny and tottering Columbia Broadcasting System from the Columbia Phonograph interests, which had started it as a rather feeble competitor of the General Electric-Westinghouse-supported N.B.C. project.

"Contact with Paley had been established for me through Martin Codel, a brilliant young Washington newspaper writer who was specializing in radio and who happened to be an admirer of my work on the air. Codel, now the publisher of Broadcasting, the leading organ of the radio industry, and himself a factor in what he long ago christened 'the Fifth Estate', first introduced me to Alfred J. McCosker, general manager of Station WOR, then the New York outlet of C.B.S. McCosker, a canny former Broadway press agent, who knew the show business and was combining that knowledge with a keen sense of public relations, waxed enthusiastic about the prospect of my joining C.B.S. as a political commentator. "Mac", now Chairman of the Board of the Mutual Broadcasting System and a former president of the National Association of Broadcasters, has played a stellar role in developing radio to the present level of significance in American life.

"Thus I found that even before Codel had paved the way to an appointment for me with handsome young Bill Paley, president of C.B.S., in New York, that boyish-looking executive, whose 1938 salary was slightly under \$175,000, which is more than twice that of the President of the United States, had made certain soundings regarding my professional status at Washington. In consequence, C.B.S., Paley said, was ready to offer me a three-year contract to be its political analyst at \$10,000 a year - No. 1 arrangement of its kind, I think, in broadcasting annals. My talk was not to be commercially sponsored, but to become what the trade calls a 'sustaining' feature, i.e., paid for by the broadcasting chain itself. Paley asked me to draw up the kind of a contract that I thought the situation required. My dear friend, Frank J. Hogan, leader of the District of Columbia Bar, and 1938-1939 President of the American Bar Association, thereupon prepared an agreement which met with Paley's unqualified approval. It provided, among other things, that my broadcasts on the political situation in Washington were not subject to censorship by the network."

X X X X X X X X

WIRED RADIO USE SPREADS IN GERMANY

Wired radio experimentation is progressing in Germany, according to the American Consulate, at Leipzig.

First trial experiments were started by the German postal authorities in 1933. Meantime they have been improved so as to be made accessible to the general public. The Postal Management in the Leipzig district has begun to introduce this new wire broadcasting system in many cities under its jurisdiction, such as the southern suburbs of Leipzig, as well as in Bitterfeld, Halle (Saale), and Sangerhausen. Every participant in broadcasting service is compelled to permit the fixing of the connection with the wire broadcast transmission at his receiving set. The same applies to every owner of a telephone connection, as well as to all owners of buildings in which telephone connections or radio receiving stations already exist. The German postal authorities connect the radio receiving party without his application and without any cost to the wire broadcasting net. It is claimed that the wire transmission improves the tone of the performance and diminishes disturbances to a minimum degree.

X X X X X X X X

//
Station WTAL, Atlanta, Georgia, joins the Mutual network on Sunday, January 21, to become the network's 125th affiliate. WTAL is operated by the Atlanta Broadcasting Co., operates on 1,370 kilocycles, with 250 watts daytime and 100 watts nighttime.

X X X X X X X X

/// ----- :::
 ::: TRADE NOTES :::
 ::: ----- ///

A revised form of annual financial report required of standard broadcast stations and networks was adopted by the Federal Communications Commission this week. It is applicable to the 1939 income statement, with balance sheet, which is due March 1, 1940. The forms do not include schedules for program data, since it was requested by representatives of the broadcast industry that such schedules be distributed separately.

/// -----
 Directors of the Columbia Broadcasting System have elected William C. Gittinger to the post of Vice-President in Charge of Sales. With the company six years, the last five as Sales Manager, Mr. Gittinger has been active in the development of sales policies which continue under his direction. Prior to 1933, he was associated, over a twenty-year period, as an advertising executive with Tidewater Associated Oil Company, the Joseph Richards agency, and the Vacuum Oil Company.

/// -----
 The NBC Artists Service Concert Division finished 1939 with the largest income it has ever had. Bookings have grossed \$1,430,000, against \$1,300,000 for 1938, with the benefit concert of Toscanini and the NBC Orchestra December 2 bringing over \$24,000 into the box office.

 R. Henry Norweb, United States Minister to the Dominican Republic, sailed this week on the Grace liner Santa Lucia as head of the United States communications experts to the Inter-America Radio Communications Conference in Santiago, Chile, the last week in January. Mrs. Norweb accompanied him.

Mr. Norweb said he had been an amateur radio operator for twenty years and assumed that this was one of the reasons he had been named to head the United States delegation.

"Great interest I am sure will be shown in the exchange of weather information among our countries", he said. "We've got to do something to improve our weather reports, which have been crippled since the war began."

/// -----
 Gross billings for time on the Columbia Network -- prior to deductions for agency commissions and time discounts to sponsors -- totaled \$3,529,154 during December, 1939. The December figure brings the twelve-month cumulative total for 1939 to \$34,539,665.

X X X X X X X X

// ASCAP WINS VICTORY IN NEBRASKA COPYRIGHT SUIT

The American Society of Composers, Authors, and Publishers won a distinctive victory last week in its fight against State laws restricting its activities when a Federal Court in Nebraska granted the first permanent injunction against the application of an anti-ASCAP law.

The decision declared the Nebraska anti-ASCAP law unconstitutional and was written by a three-judge constitutional court in Lincoln, Neb.

The court ruled that portions of the law which it adjudged invalid were so essential to the whole that the whole law must be held inoperative. Circuit Judge Gardner of Huron, S.D., wrote the opinion, with District Judges Munger and Donohoe also hearing the case.

Exercise of State police power over combinations allegedly in restraint of trade is subject to the Federal Constitution, the court stated, describing the right of an author in intellectual productions as similar to any other personal property right. "The statute cannot be justified as a method of exercising the police power", the court stated. "This power may not be extended to the extent of taking private property for a public use."

"While the power reasonably to restrain unlawful monopolistic trade, restraining combinations from exercising any rights in the State may be conceded, an act which compels the owner of a copyright to offer it for sale in a certain way, and if he fails to do so take it from him without compensation, violates the due process and equal protection clauses of the Constitution and the Federal Copyright Act."

XXX XXX XXX XXX

// NEW NETWORK POSTPONES OPENING IN AGENCY ROW

The Transcontinental Broadcasting System, of which Ellicott Roosevelt is president, announced this week at its New York headquarters that the projected opening of the 102-station system on New Year's Day had been postponed a month.

John T. Adams Chairman of the radio system's Board, charged in a statement that "an advertising agency" had "declined to fulfill its commitments" for two of its clients, the programs of which were anticipated for the radio chain. Collectively, it was said, these clients were to have used the equivalent of fifteen hours of time on the air weekly. Now, it was said, the postponement will be necessary to complete arrangements with other agencies for the radio time.

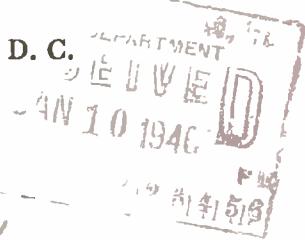
In response to the network's statement, Maurice Bent, Vice-President of Blackett-Sample, Hummert, Inc., with which the radio system was negotiating, declared in a statement that arrangements never had gone beyond the "negotiation stage". Further, the agency's statement asserted, the radio system "failed to submit evidence of its financial ability to operate a network".

XXX XXX XXX

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF JANUARY 9, 1940

Broadcasters Hope For Quiet Session Of Congress.....	2
Uruguay Moves To Regulate Radio Transmissions.....	3
Zenith Gets High Frequency Experimental Permit.....	4
Maj. Armstrong Pleased After "Staticless" Test.....	4
U. S. Delegation On Way To Chile Conference.....	5
Radio Device To Measure Distance Claimed.....	5
Minimum Radio Fine Reduced In Copyright Measure.....	6
NBC Buys Space For "Radio News" Column.....	7
Radio Gallery In Directory For First Time.....	8
Text Of Ruling On Recordings Released.....	9
Trade Notes.....	10
Roosevelt Quits New Network; TBS Future In Doubt.....	11
Salaries Of Wire Companies Disclosed By FCC.....	11
CBS Files Amended Report On 1938-1939.....	11
Mutual Broadens Plan Of Operations For 1940.....	12

No. 1198

G. W. H. K. J.

January 9, 1940

BROADCASTERS HOPE FOR QUIET SESSION OF CONGRESS

With politics in the saddle of the Seventy-Sixth Congress, broadcasters are looking forward, somewhat hopefully, to the quietest session in several years so far as radio legislation is concerned.

Although there are almost 50 bills effecting radio in the Senate and House, there now appears little prospect that more than a half-dozen will arise to plague the broadcasters.

Reorganization of the Federal Communications Commission and resolutions demanding investigations of networks and "radio monopolies" are definitely dead although there may be some sounding off by FCC critics when other issues lull.

Copyright legislation, which has been pending before Congress several years, may have a revival, but observers doubt that it will be sufficient to put through any legislation this year.

Action on the proposed international copyright treaty, which was opposed vigorously by broadcasting interests last year, was abandoned at the last session with the definite understanding that it would be considered this year, along with legislation revising domestic copyright laws.

Broadcasters have repeatedly urged elimination of the copyright law's provision that a minimum fine of \$250 shall be imposed for each copyright infringement.

Representative Martin L. Sweeney (D.), of Ohio, is prepared to wage a one-man fight in behalf of super-power because of the FCC action against Station WLW, Cincinnati.

On the eve of the opening of Congress, Representative Sweeney let loose a new blast of figures designed to show listener preference for high power broadcasting outlets. He stated he will sponsor legislation to protect clear channels and pave the way for licensing of super-power stations in the interest of rural listeners.

Because friction at the FCC has died down since the change from Frank R. McNinch to James L. Fly, the Commission is expected to be less of a target for Congressional critics than it has been for some time.

The NAB Code, especially its provision barring sponsored talks on controversial subjects, doubtless will draw fire as it did slightly during the special session.

Likewise, the campaign of Frank E. Gannett, New York publisher, to withdraw emergency powers of the President, including control over radio, probably will stir up a bitter political row before the session has gone very far.

Legislation which probably will have the best chance of enactment, observers believe, is that designed to forbid beer and liquor advertising on the air. Such a bill is now on the Senate calendar, having been reported favorably by the Interstate Commerce Committee.

Proposals to authorize the construction of a government-owned short-wave station are also before the Congress although there appears little support for them now.

The FCC budget will be reported to the House within a few weeks by the House Appropriations Committee and probably will start off whatever fireworks there may be on radio administration.

President Roosevelt in his budget message to Congress last week asked for \$2,125,000 for total appropriations for the Federal Communications Commission for the fiscal year 1941 composed of \$2,100,000 for salaries and expenses and \$25,000 for printing. For the present fiscal year of 1940, the total appropriation for the Commission is \$1,838,175, composed of \$1,800,000 for salaries and expenses; \$25,000 for printing; and \$13,175 for special investigations.

X X X X X X X X X X

URUGUAY MOVES TO REGULATE RADIO TRANSMISSIONS

The Executive Power of Uruguay has submitted to the General Assembly a bill for the regulation of radio transmissions, according to the American Consulate General at Montevideo. Aerial communications would constitute a public service exploited directly by the Direction General of Communications, and nobody would be permitted to establish a broadcasting station without authorization of the Ministry of National Defense. Licenses for private stations would be granted, however, under very rigid regulation.

The following transmissions would be specifically prohibited: those inciting to treason, or to disrespect of the national sovereignty, sedition or rebellion against the constituted authorities; those which might adversely affect relations with other countries; those opposed to good morals and manners; those tending to obstruct the course of justice; false alarms of any kind; results of forbidden lotteries, or other forms of gambling; propaganda for collections of money, etc., not specifically authorized by the appropriate Ministry.

X X X X X X X X

// ZENITH GETS HIGH FREQUENCY EXPERIMENTAL PERMIT

The Federal Communications Commission has granted a construction permit for a new experimental high frequency broadcast station to the Zenith Radio Corporation of Chicago. The assignment is 42,800 kilocycles, 1 kilowatt, special emission for frequency modulation, unlimited time, in accordance with Commission rules and regulations for such experimental work.

The program of research and experimentation which the applicant proposes is expected to obtain data, particularly on the merits of wide band and narrow band modulation, which will be helpful at the informal engineering hearing on aural broadcasting on high frequencies, to open before the Commission on Februahr 28th.

The Zenith corporation is licensee of television broadcast station W9XZV (42,000-56,000, 60,000-86,000 kilocycles, 1 kilowatt aural and visual power, A3 and A5 emission) already located in Chicago.

X X X X X X X X X X

// MAJ. ARMSTRONG PLEASED AFTER "STATICLESS" TEST

Pointing the way to what he believes to be the future of radio broadcasting, Maj. Edwin H. Armstrong of Columbia University Friday night demonstrated his "staticless" system in a relay through five stations in five States, chiefly in New England, according to the New York Times. The program relay was effected through ultra-short waves, the characteristic of which is freedom from distortion, fading and interference. In previous relay tests three stations were employed.

The broadcast, based upon "radio frequency modulation", as Major Armstrong describes the system, originated at Station W2XCR, Yonkers, N.Y., operated by C. R. Runyon, co-experimentator. From Yonkers the music and voices were flashed to W2XMN, Armstrong's key transmitter at Alpine, N.J., from the lofty aerial of which the program was relayed in turn to WLXPW, Meriden, Conn., WLXOJ, Paxton, Mass., and WLXOY at Mount Washington. The latter station broadcast by the ordinary method of a receiving outpost of the Yankee network at Winchester, Mass., which sent the program by telephone wire to the network's headquarters in Boston and relayed it by wire back to Yonkers.

"This test is most gratifying", said Major Armstrong. "Boston observers report the program went into that city with tonal quality never before heard, and the operators atop Mount Washington reported it as clear as if next door. The broadcast went from Yonkers to Mount Washington without using an inch of wire."

X X X X X X X X X X

1/9/40

U. S. DELEGATION ON WAY TO CHILE CONFERENCE

The Second Inter-American Radio Conference will be held at Santiago, Chile, January 17-23. The United States delegation, now on its way, consists of the following:

Delegate: R. Henry Norweb, American Minister to the Dominican Republic.

Technical Advisers: Department of State, Joseph T. Keating, Division of International Communications; also Secretary of the delegation; Department of War, Capt. W. T. Guest, Signal Corps, United States Army; Department of the Navy, Rear Admiral Stanford C. Hooper, United States Navy, Director, Technical Division, Office of the Chief of Naval Operations; Federal Communications Commission, E. K. Jett, Chief Engineer, Gerald C. Gross, Chief, International Division; Civil Aeronautics Authority, Lloyd H. Simson, Radio Communications Specialist.

The First Inter-American Radio Conference held at Havana, Cuba, in November 1937, concluded the Inter-American Radio Communications Convention which provided for periodical conferences to consider problems arising in the field of radio communications in the American Continent. Subsequently the Conference adopted a resolution accepting the offer of the Government of Chile for the second meeting to be held in that country during the first quarter of 1940.

X X X X X X X X X

RADIO DEVICE TO MEASURE DISTANCE CLAIMED

According to the "Russia Today" Press Service, a device for utilizing radio waves to measure distances between two points has been invented by two Soviet scientists, Messrs. L. I. Mandelstam and N. D. Papalex. It consists of two special receiving and transmitting sets located at the two points, and radio waves of a determined length (which must be known exactly) are emitted from one set and received by the other, from which they are relayed back to their source and compared upon reception with the original radiation. Measurements based on the knowledge of the speed with which radio waves travel enable the number of radio waves and the distance between the two sets to be calculated.

X X X X X X X X X

MINIMUM RADIO FINE REDUCED IN COPYRIGHT MEASURE

The minimum statutory damages allowed for infringement of a music copyright by a radio station would be reduced from \$250 to \$150 if an omnibus copyright bill introduced in the Senate this week by Senator Thomas (D.), of Utah, at the request of the National Committee of the U.S.A. on Intellectual Cooperation, were passed.

Under sub-section (d) (3) of Section 19 the principles of statutory damages of the 1909 Act are retained, Senator Thomas explained, except that the maximum is raised from \$5,000 to \$10,000 and the minimum is retained at \$250 except in the case of public performance for profit of a musical composition. Here the minimum is \$150 and the maximum \$2,500.

In a letter of explanation published in the Congressional Record of January 8th, along with the text of the bill, the Committee which drafted it comments on the radio provision:

"The principle of statutory damages as a deterrent to infringement has been supported by all groups except the National Association of Broadcasters, who oppose any minimum statutory damage for infringement by radio broadcasters."

The Committee explains that the Copyright Bill does not cover renditions and mechanical transcriptions because the sponsors were unable to agree.

"With regard to renditions, the Committee heard a representative of the Association of Performing Artists, and, after much discussion, it reached the conclusion that thought has not yet become crystallized on the subject, and that no way could be found at the present time for reconciling the serious conflicts of interests arising in this field", the letter stated.

The record manufacturers, the letter continues, "ask that section 46 (a) (ii) be omitted. Concerning this request, the record manufacturers maintain that the clause as it stands is correlated with the omission of the 'compulsory license' clause; they wish the benefits of the compulsory clause continued on all existing recordings.

"The Committee for the Study of Copyright recognizes that record manufacturers need a regulating provision that shall enable them to control the use of their recordings so that they may not be utilized in radio broadcasting or other diffusion to the public for profit without permission and adequate remuneration. It might be possible under section 13 to add a paragraph stipulating if an author granted the right to use his work to a record manufacturer that manufacturer should have the right to print upon the record 'Price - for private use; use for public diffusion for profit only on special arrangement'. This regulation should also provide that the owners of work diffused should be paid for their

public-performance rights and that performing artists under contract should receive a certain percentage on the public performance of the recordings of their interpretation.

"The objection to this suggestion is that such regulation should not be in a copyright bill. The answer of the recording interests is that it is connected with copyright as is the manufacturing clause. In reply it is argued that the manufacturing clause should not be in the bill but it has been there so long that it is difficult to remove it. There is considerable opposition to giving copyright in recordings for they are not commonly creations of literary or artistic works but uses of them.

"The problems of mechanical recordings and performers' rights are being widely studied, the latter especially by the International Labor Office. The general view is that such rights are not copyright but related to copyright and that there should be regulating provisions to safeguard these rights.

"In conclusion, it should be pointed out that inasmuch as this bill is the result of long discussions, at which all interests concerned presented their views, there would hardly be any desire on the part of the various groups concerned for extended hearings. On the other hand, if the Committees on Patents of the Senate and the House wish explanations on any parts of the bill, the Committee for the Study of Copyright is in possession of copious memoranda submitted by various groups during the drafting of the bill, and would be pleased to communicate these to the congressional committees."

X X X X X X X X X X

11

NBC BUYS SPACE FOR "RADIO NEWS" COLUMN

The Central Division of the National Broadcasting Company is trying a new experiment in newspaper advertising of radio programs, featuring a radio "news column" in paid space in the Chicago Daily News six times a week on the same page with the paper's listing of radio programs, according to Editor & Publisher. Space is paid for at the national rate under a plan whereby the Daily News is using time on WMAQ for promotional purposes.

"Radio Parade" is the title of the column, which appears under a six-point slug denoting it as an advertisement. Every effort is made, according to William Ray, Manager of the Press Division, to make the column appeal to readers on a strictly reader interest basis. The column carries the by-line of Jack Thompson, although it is written by the Press Department under the direction of Mr. Ray.

1/9/40

One of the columns last week featured the fact that two-thirds of NBC's programs are non-commercial and of the one-third that are commercial, only 10 to 15% of the time is devoted to sales talk. Another column sought to dispel the belief "that radio has nothing to offer but jazz, male crooners, crude comedy and long-winded commercial announcements".

XXX XXX XXX X

RADIO GALLERY IN DIRECTORY FOR FIRST TIME

The radio correspondents, who only last year succeeded in gaining admission to the Senate and House press galleries, are included in the Congressional Directory issued last week for the first time.

The gallery, which has separate quarters from the press, boasts 32 members and is growing steadily. The three major networks have 21 staff representatives, who put in an appearance only when the big news breaks. Transradio Press has eight reporters on the list, and the Yankee Network, the Washington Evening Star's WMAL, and WQXR, New York, have one correspondent each.

The complete list follows:

CBS: Albert L. Warner; John Charles Daly, Jr.; Albert Dennis; Ann Gillis; James W. Hurlbut; Stanton Rust Prentiss, and William J. Slocum, Jr.

NBC: W. R. McAndrew; Charles C. Barry; H. R. Baukhage; Marian P. Gale; E. L. Haaker; Thomas E. Knode; Mary Mason; Fred Shawn, and Carleton D. Smith.

Mutual: Fulton Lewis, Jr.; Frank S. Blair, Jr.; Walter Compton; Madeline Ensign Cronan; Stephen J. McCormack.

Transradio Press Service: Rex Goad; Fred W. Morrison; Gertrude V. Chestnut; Robert E. Lee Moore; Clifford G. McCarthy; Wilmot Ragsdale; Macon Reed, Jr., and Frederic B. Tuttle.

WMAL and the Evening Star: William Enders Coyle.

Dorothy C. Rockwell represents WQXR, with Francis W. Tully, the Yankee Network.

XXX XXX XXX X

TEXT OF RULING ON RECORDINGS RELEASED

The Federal Communications Commission this week released the text of its amendment to Section 3.93 of the Standard Broadcast Rules, adopted last week. It reads as follows:

"3.93 Mechanical records. Each broadcast program consisting of a mechanical record, or a series of mechanical records, shall be announced in the manner and to the extent set out below:

"(a) A mechanical record, or a series thereof, of longer duration than thirty minutes shall be identified by appropriate announcement at the beginning of the program, at each thirty minute interval, and at the conclusion of the program; Provided, however, That the identifying announcement at each thirty minute interval is not required in case of a mechanical record consisting of a single, continuous uninterrupted speech, play, religious service, symphony concert or operatic production of longer duration than thirty minutes;

"(b) A mechanical record, or a series thereof, of a longer duration than five minutes and not in excess of thirty minutes shall be identified by an appropriate announcement at the beginning and end of the program;

"(c) A single mechanical record of a duration not in excess of five minutes shall be identified by appropriate announcement immediately preceding the use thereof;

"(d) In case a mechanical record is used for background music, sound effects, station identification, program identification (theme music of short duration), or identification of the sponsorship of the program proper, no announcement of the mechanical record is required.

"(e) The identifying announcement shall accurately describe the type of mechanical record used, i.e., where a transcription is used it shall be announced as a 'transcription' or an 'electrical transcription', and where a phonograph record is used it shall be announced as a 'record'."

X X X X X X X X X

:-:
::: TRADE NOTES :::
:-:

The U. S. Bureau of Foreign and Domestic Commerce this week released an index by countries of its world radio market series to be released in 1940.

Reports issued this week were for British India, the Philippine Islands, Belgium, French Guiana, Sengal, and Tanganyika.

The American Legation, Athens, reports that a recent decision of the Ministry of National Economy, authorizes the granting of import permits for radio apparatus by countries valid through June 1940, not to exceed one-third of the value of such equipment imported by individual firms during the first half of 1939 from each country.

Pittsburgh radio stations, the Pittsburgh Post-Gazette, and the Radio Servicemen's Association of Pittsburgh combined to stage one of the biggest cooperative charitable tieups in the history of the city at Christmas. The four radio stations and the newspaper conducted an intensive campaign appealing to the public to donate their old radio sets to the committee for rehabilitation and distribution to needy families. The original goal was 500 sets; within two days the response was so great that the goal was doubled. Five days before Christmas the goal had been reached and offers of radios were coming in so fast it was necessary to appeal to the public to let up. Facilities for collecting and repairing the sets were far surpassed.

Samuel Avins, general counsel for the Radio Servicemen's Association of Pittsburgh, declared: "At the rate offers were pouring in on us, we could have received 2000 sets. Next year we will start earlier with a goal of 2500 sets."

The Office of the American Commercial Attaché, Stockholm, reports that the number of radio licenses issued in Sweden during the third quarter of 1939 was 12,138, thus making a total of 1,313,794 on September 30, 1939. This figure corresponds to 208.2 licenses per 1,000 inhabitants.

X X X X X X X X X X

// ROOSEVELT QUILTS NEW NETWORK; TBS FUTURE IN DOUBT

Elliott Roosevelt last week announced his resignation as President of the Transcontinental Broadcasting System, which was scheduled to start operations January 1 but now appears to have become involved in difficulties which may dissolve the undertaking.

One report was that the network, which has moved its opening date to February 1, is now in the control of H. J. Brennen, owner of KQV and WJAS, Pittsburgh.

X X X X X X X X X

// SALARIES OF WIRE COMPANIES DISCLOSED BY FCC

The Federal Communications Commission reported last week that 568 officials of telephone and telegraph concerns received salaries of \$10,000 or more in 1938, the same number as in 1937.

The number of such salaries in the telephone industry increased from 515 to 520, but there was a decrease from fifty-three to forty-eight in the telegraph industry.

The report showed six telephone officials with salaries of \$62,500 or more and one telegraph official in the same class.

Using titles but not names, the report listed 123 salaries of the American Telephone and Telegraph Company of \$10,000 or more, headed by the President's \$206,250. Other salaries of the concern of \$50,000 or more included:

Vice President and Director, \$100,000; Vice President and General Counsel, \$75,000; Vice President and Chief Engineer, \$75,000; Vice President and Director, \$66,000; Vice President, \$66,000, Vice President, \$55,000, and Vice President and Chief Engineer, \$50,000.

The highest telegraph salary reported was \$85,000 received by the President of the Western Union Telegraph Company. The Chairman of the Board of Directors received \$50,000.

X X X X X X X X X

// CBS FILES AMENDED REPORT ON 1938-1939

Amended reports covering developments in 1939 and 1938 have been filed with the Securities and Exchange Commission by the Columbia Broadcasting System. The reports were made public at the New York Stock Exchange last week.

Columbia Broadcasting reported that at the end of June last, it increased indebtedness to the Bank of the Manhattan Company and Brown Brothers, Harriman & Co. by \$300,000 to \$1,000,000. It issued notes for \$180,000 to the first and for \$120,000 to the latter, these notes coming under an earlier agreement that interest should be 1½ percent to Dec. 22, 1939, 2 percent for the next year, 2½ percent for the next year and 3 percent for the two remaining years to maturity on Dec. 22, 1943.

X X X X X X X X X

MUTUAL BROADENS PLAN OF OPERATIONS FOR 1940

The Mutual Broadcasting System, starting its fourth year of coast-to-coast operations, has drawn up an expanded plan of operations covering the next five years, W. E. Macfarlane, President of Mutual, said following a members' meeting in Chicago.

Seven independent broadcasting organizations, including 57 of Mutual's 124 stations in the United States, Canada and Hawaii, have pledged themselves to underwrite the financial operation of the network, Mr. Macfarlane said. These key broadcasters, situated in the leading cities, are to serve as principal program origination points.

All of these key member stations have renewed their contracts with the Mutual network for five years, effective Feb. 1, 1940, Mr. Macfarlane stated. Capital stock of the network will be distributed among these contributing member stations.

Mutual network member stations entering into this new arrangement are: WGN, Chicago; WOR, Newark; the Don Lee Broadcasting System; with 33 stations in California and the Pacific northwest; WAAB, Boston, and 17 other Colonial Network stations of New England; CKLW, Windsor-Detroit; the United Broadcasting Corporation, comprising radio stations WHK and WCLE, Cleveland, and WHKC, Columbus; and the "Times Star" station, WKRC, in Cincinnati.

The Board of Directors will be enlarged to give the new stockholders representation. A final meeting for the election of these Directors and ratification of contracts already agreed upon will be held in Chicago sometime during January. These member stations shall devote themselves to undivided and exclusive participation in the Mutual network except for existing commitments.

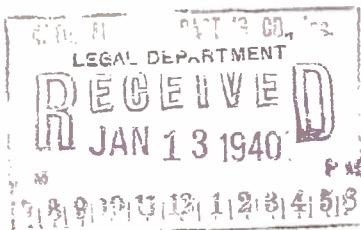
Supplementing the Board of Directors will be an operating board, an organization unique in the annals of network history. It will comprise one representative from each of the seven member groups, plus additional representation appointed by other affiliates. Under this plan, each and every station united with Mutual will have an active voice in general operation and policies, meeting at least twice a year with Fred Weber, Mutual's General Manager. The non-contributing affiliated stations will elect a group of two or three representatives to attend these meetings.

X X X X X X X X X

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF JANUARY 12, 1940

Brown To Be Coca Cola Attorney After Resigning.....	2
Procedure For FCC Television Hearing Outlined.....	3
Handbook On Radio Installations Issued By U.S.....	3
Competition Improves Radio Programs, FCC Declares.....	4
Three Radio Figures Among "Young Men Of 1939".....	4
British Plan To Push Radio Exports Despite War.....	5
Frequency Modulation Group Is Organized.....	6
"An ABC Of The FCC" Gives Facts About Commission.....	7
Townsendites Open Feeble Drive Against NAB Code.....	8
Listener Asks Government Subsidization Of Radio.....	9
Trade Notes.....	10
I. T. & T. Reports Profits For Nine Months.....	11

No. 1199

BROWN TO BE COCA COLA ATTORNEY AFTER RESIGNING

The real reason for the expected resignation of Thad H. Brown from the Federal Communications Commission was disclosed this week along with the "inside story" of how he got the job.

Commissioner Brown, who was reported a fortnight ago to be planning to quit the FCC to practice law, will be the Washington attorney or representative for the prosperous Coca Cola Company, of Atlanta, it was learned, at a salary which well exceeds the \$10,000 a year of his Government income.

From a highly reliable source it was learned that he obtained the job through his friendship with former Governor James M. Cox, who has recently spread his newspaper publishing and radio broadcasting activities into Atlanta, home of Coca Cola.

Mr. Cox, one-time Democratic nominee for President, on December 12 acquired control of WSB, 50,000 watt station, along with a 40 percent interest in its sister NBC outlet, WAGA, a regional station. He bought the famed Atlanta Journal in the same transaction.

It was after this deal had been approved by the FCC that the story came out regarding Commissioner Brown's intention to resign from the FCC early this year.

When a Washington correspondent for a newspaper syndicate serving Ohio papers learned of the Coca Cola job, reputedly obtained for Mr. Brown, a staunch Ohio Republican, by ex-Governor Cox, he thought he had a good story.

Commissioner Brown was out of the city at the time. Someone at his home confirmed the rumor of his resignation and law practice, but when he mentioned Mr. Cox and Coca Cola, the informant "hit the ceiling", according to a newspaper man's version.

When the correspondent refused to drop the story, Mr. Brown himself entered the picture and got in touch with the syndicate editor. He insisted the story was premature.

As a result, the newspaper report was published without any reference to Mr. Cox or Coca Cola. It did say, however, that Mr. Brown expected to represent "a soft drink company".

Commissioner Brown's term on the FCC does not expire until June, but it is expected that he will leave the Commission before Spring. In fact, he was due to leave this month, but the

Cox story is said to have upset him so that he postponed the resignation.

Colonel Brown, former Secretary of State in Ohio, has been with the FCC ten years, first as General Counsel of the old Federal Radio Commission, and since 1932 as a Commissioner.

X X X X X X X X X

PROCEDURE FOR FCC TELEVISION HEARING OUTLINED

The Federal Communications Commission announced this week that parties interested in the proposed television rules and regulations may appear in defense of, as well as opposition to the same at the public hearing scheduled to start at 10 o'clock next Monday morning, January 15, before the Commission en banc. Such participation will be limited, however, to evidence and argument in rebuttal to exceptions offered. Persons desiring so to participate may apply for time to the Commission at the hearing, at the close of the presentation of evidence and argument in support of objections.

The Commission also stressed that it will afford parties opportunity to be heard on specific recommendations of the Television Committee in addition to the proposed rules and regulations. The allocation table was cited as an example of such recommendations.

X X X X X X X X X

HANDBOOK ON RADIO INSTALLATIONS ISSUED BY U.S.

The National Bureau of Standards has issued "Safety Rules for Radio Installations", consisting of practical advice how to set up a radio transmission station and the rules that must be observed under the National Electric Safety Code.

The handbook contains Part 5 of the fifth edition of the General Code. The present edition is the result of a revision of the rules in accordance with the procedure of the American Standards Association.

Copies may be obtained at ten cents each from the Government Printing Office.

X X X X X X X X X

COMPETITION IMPROVES RADIO PROGRAMS, FCC DECLARES

"Competition in radiobroadcasting means, insofar as listeners are concerned in a particular community, a wider choice of programs, and consequently a heightened listener interest which may very well result in a greater amount of advertising expenditures because of increased listener hours with consequent increased revenues for both stations", the Federal Communications Commission stated this week in denying the petition of Virgil V. Evans, licensee of Station WSPA at Spartanburg, S. C., for rehearing or reconsideration of the Commission's grant to the Spartanburg Advertising Company of a construction permit for a new broadcast station at that place.

"In the radiobroadcast field public interest", the FCC said, "convenience and necessity is served not by the establishment and protection of monopolies, but by the widest possible utilization of broadcast facilities. Competition between stations in the same community inures to the public good because only by attracting and holding listeners can a broadcast station successfully compete for advertisers. Competition for advertisers which means competition for listeners necessarily results in rivalry between stations to broadcast programs calculated to attract and hold listeners, which necessarily results in the improvement of the quality of their program service. This is the essence of the American system of broadcasting.

"Experience has shown that the addition of a competitive station in a community does not bring about disastrous results sometimes predicted by the licensee of an existing station in the community. More often the protests of the existing station to the establishment of a new station spring not from a desire to insure its continued operation in the public interest, but rather from the purely private interest of seeking a monopoly in a field in which the interests of the public are best served by competitive operation."

The Spartanburg Advertising Company station proposes to operate on 1370 kilocycles, with a power output of 100 watts night, 250 watts day, unlimited time. Station WSPA operates on 920 kilocycles, with power of 1 KW, daytime hours.

X X X X X X X X



THREE RADIO FIGURES AMONG "YOUNG MEN OF 1939"

Radio took three places among America's 10 "young men of 1939" selected by Durward Howes, a biographer, of Los Angeles. This week he made public his sixth annual choice of the Nation's men ranging in age from 32 to 40. Among them were: Philo Farnsworth, 33, Philadelphia, for developing television's basic principles; Fulton Lewis, Jr., 36, Washington, D. C., radio news commentator for the Mutual Broadcasting System; and William S. Paley, 38, New York, N.Y., President of the Columbia Broadcasting System.

X X X X X X X X

BRITISH PLAN TO PUSH RADIO EXPORTS DESPITE WAR

British radio manufacturers are pushing the export trade despite the war, according to an article from "The Times Trade and Engineering", London, submitted to the Commerce Department by the American Commercial Attaché.

The article, while stating that domestic radio sales rose at the outbreak of the war along with the retail price, indicates that local purchases have since dropped.

"The extent to which the war has given a fillip to radio may be judged from the fact that the number of licenses rose by 41,323 during September", the article said. "This is the largest monthly increase for some time, and is no doubt accounted for to some extent by the purchase of additional sets by many people for use in air-raid shelters and dug-outs and in reception areas.

"Though prices have risen by an average of about 10 percent, owing to the increased cost of raw materials, manufacturers have been busy, particularly in the departments concerned with battery sets. The brisk demand for these is due to their independence of electricity supplies, and will continue; but in spite of criticisms of the B.B.C. programs public reliance on radio was never so great as it is now, and consequently the outlook for the industry generally is considered good.

"There are, however, certain difficulties in the way. Many factories have lost labor through the calling up of men for military service, and there is a possibility of a shortage of raw materials. But as the Government recognizes the vital part played by radio in news dissemination and in other ways a sympathetic attitude to the needs of manufacturers is expected.

"Another difficulty, and one which caused more than a little anxiety at the outset, was an announcement that the export of wireless valves and permanent magnets was to be prohibited except under license. As these components are vital parts of receiving sets, the whole of the export trade in the latter was threatened with extinction. The Radio Manufacturers' Association, however, promptly made representations to the authorities, who soon clarified the situation. It was laid down that the ban does not apply either to valves fitted into sets or to permanent magnets in loudspeakers which form an integral part of sets.

"With the path thus cleared for action, the trade intends to do everything possible to increase exports, and in this makers will, of course, be assisted by the lower value of the pound sterling. Special efforts will be directed towards the Dominions, where conditions are particularly favorable. In 1938, shipments of radio apparatus from this country to the Empire oversea amounted to £942,168, or practically half of the total sent to all parts of the world.

"The principal markets were New Zealand (£150,848), India (£149,079), South Africa (£144,779), Eire (£127,295) and Australia (£115,140). New Zealand's restriction of imports affects British prospects in that market seriously, but there is no reason why exports to other Dominions should not be developed."

X X X X X X X

~~FM~~
FREQUENCY MODULATION GROUP IS ORGANIZED

Anticipating the spread of frequency modulation broadcasting, the FM Broadcasters, Inc., has been organized with John Shepard, III, head of the Yankee Network, as Chairman.

The Federal Communications Commission has scheduled an informal engineering hearing on February 28 to investigate the new "staticless" radio transmission.

After organizing last week in New York, the broadcasters interested in frequency modulation development elected, besides Mr. Shepard, the following Directors:

Theodore C. Streibert, WOR; J. V. L. Hogan, WQXR; Ray Manson, Stromberg-Carlson; C. M. Jansky, Washington, D. C.; Carl Meyers, WGN, Paul Morency, WTIC; Walter Damm, WTMJ; and F. M. Doolittle, WDRC.

Philip Loucks, of Washington, D.C., was selected as attorney for the new frequency modulation group. The FMBI group will be incorporated as a Delaware corporation with main offices and headquarters in Washington.

Seventy-three persons attended the New York meeting and represented 43 groups or organizations who have a frequency modulation station, or who have a construction permit, or have applied or propose to apply for a FM license. A majority of the attending group signified their intention or interest in joining the newly organized FM Broadcasters, Inc.

The Board decided upon a yearly levy of dues of \$300 per annum, beginning with the calendar year January 1, 1940. This is to provide for the presentation of technical data and group recommendations for the FCC hearings. Persons representing more than one station for which licenses have been issued, will be required to join up each station separately for membership. An Executive Engineering Committee and a General Engineering Committee was appointed to prepare the necessary technical data for presentation to the Federal Communications Committee, relative to the Frequency Modulation hearings.

X X X X X X X

"AN ABC OF THE FCC" GIVES FACTS ABOUT COMMISSION

A highly informative digest of the facts about the Federal Communications Commission was issued this week by the FCC under the title "An ABC of the FCC".

Prepared by George O. Gillingham, Public Relations Chief, the review covers ten mimeographed pages and is presented in question-and-answer style.

Some of the little known facts uncovered by the FCC biography are:

It employs more than 600 persons, 200 of which are in the field.

It has 26 field stations and seven monitoring units, with 115 inspectors, keeping check on radio activities.

About 65,000 radio stations of all types are licensed by the FCC. This includes 800 standard broadcast stations, 600 broadcast stations other than standard, 400 experimental stations, 3800 ship radio stations, 1800 aviation stations, 1100 police radio stations, 250 forestry stations, 54,000 amateur licensees, 300 coastal radio stations, 800 fixed radio stations, and the rest miscellaneous.

There are 5,000 commercial radio stations in the country, and more than 15,000 commercial operators were licensed last year. There are approximately 50,000 commercial operators of all classes under FCC jurisdiction.

"Has the FCC anything to do with national defense?" the review asks and answers:

"Besides performing important functions in connection with the preservation of neutrality, the Commission is expressly charged by its creative act with carrying out 'the purpose of the national defense'. The act gives the President special powers in respect to communications in the event of war or national emergency."

"Can the FCC censor programs?"

"No." Then follows a quotation from the Communications Act.

"Will the FCC consider individual complaints about a particular radio program?"

"Yes, if the complaint deals with any matter within the Commission's jurisdiction under the provisions of the Act."

X X X X X X X X X X

TOWNSENDITES OPEN FEEBLE DRIVE AGAINST NAB CODE

Somewhat feebly this week, the Townsendites opened a campaign in Congress against the NAB Code ban on sponsored controversial broadcasts. Representative O'Connor (D.), of Montana, inserted in the appendix of the Congressional Record a resolution adopted by the Billings Townsend Club, No. 1, of Billings, Mont.

The resolution read as follows, in part:

"Whereas the National Association of Broadcasters, representing about 90 percent of the American broadcasting stations, has issued an edict barring the purchase of radio time for discussion of controversial questions on the air; and

"Whereas said association still allows the discussion of political questions, discussions of the Federal Social Security Law, discussions of religious matters by persons not objectionable to the association, and also the discussion of the advantages of the use of cigarettes, all of which questions are highly controversial, and yet have refused to allow Dr. Townsend to discuss the Townsend plan, one of the most important economic issues before the American people today; and

"Whereas advertisers on radio programs, by their patronage, are, in effect, supporters of the unjust and tyrannical action of the broadcasters; and

"Whereas the legitimate radio field has been circumscribed by said rule to the detriment of radio users all over the United States: Now, therefore, be it

"Resolved by Billings Townsend Club No. 1, That our Senators and Representatives in Congress be urged to immediately demand that the Federal Communications Commission cancel the radio licenses of all stations adhering to the above-mentioned rule and denying the right of persons to discuss controversial questions on paid time. If such licenses are not canceled by the Federal Communications Commission, we urge our representatives in Congress to pass a bill requiring such action by said Commission, when the constitutional right of free speech is infringed or denied by any broadcasting station or chain of stations; Be it further

"Resolved, That we urge all persons believing in the right of free speech on the air to refrain from buying or using any products now advertised by any manufacturers over stations affiliated with the National Association of Broadcasters until the aforementioned rule be abrogated: Be it further

"Resolved, That we urge all persons to refrain from buying any more new radios until the freedom of the air can be assured:"

X X X X X X X X X X

LISTENER ASKS GOVERNMENT SUBSIDIZATION OF RADIO

A plea for Government subsidization of radio in order to limit commercial advertising on the air was made recently in the "letters to the editor" column of the Washington Post.

James P. Sinnot, of Washington, the author of the proposal, said, in part:

"It would seem that at this time the country might well give thought to the pollution of its highways of the air through the medium of the dreary and too frequent commercial announcements that clutter up even the finest of radio programs.

"It will be said, no doubt, by the radio monopolies that commercial sponsorship makes possible the broadcast of great artists in the theater, fine orchestras, the major football and baseball games, and boxing matches. This is no doubt true, under the existing conditions surrounding the radio industry.

"The radio station under the present setup has no source of income except through the medium of the commercial broadcast. But it should have. Each station or chain should be proportionately subsidized by the Federal Government through the medium of a tax on radios, to be paid in part by the manufacturers and in part by the dealers. As it stands today, the manufacturer, through the medium of the dealer, sells the customer the medium through which the radio station forces him to listen to an advertising campaign.

"We hear a great deal of the need for a national theater and Government subsidization of grand opera. Why not Government subsidization of the radio?

"The stock defense of the great broadcasting chans in regard to commercial programs is that the listener is getting something for nothing. But is this true? Not any more than the assertion that because a man or woman buys an automobile he could not enjoy the beauties of the great scenic highways, and therefore should be happy to look at the billboards along the way that advertise things that he already knows about, favorably or unfavorably, as the case may be.

"It will not be necessary to eliminate the commercial program entirely, but it should be confined to a definite period and listed as such, so that if we have already learned how we can carry the football through the line like Andy Farkas, or hit the baseball like Joe DiMaggio, we will not have to listen to it all over again, and can wait for the big game or the orchestra, or star of the theater or screen, that we wish to hear."

X X X X X X X X X

::: ----- :::
::: TRADE NOTES :::
::: ----- :::

The Federal Communications Commission this week adopted its Opinion and Order granting the application of the Summit Radio Corporation for a construction permit to establish a new standard broadcast station at Akron, Ohio, to operate on the frequency 1530 kilocycles with 1 kilowatt power, unlimited time, using a directional antenna for nighttime operation.

The Federal Communications Commission this week granted the application of Yetta G. Smfort, C. S. Shealy, Thomas D. Samford, Jr., and J. H. Orr, d/b as Opelika-Auburn Broadcasting Company, for a construction permit to erect a new station in Opelika, Alabama, to operate on the frequency 1370 kc., with 250 watts during day and 100 watts at night, unlimited time, subject to approval by the Commission of transmitter site and antenna system.

First look at one of General Electric's new 1940 radio receivers was had not by domestic distributors, as usually happens, but by Admiral Richard E. Byrd and members of his expedition now enroute to Little America for the Third Byrd Antarctic Expedition. The explorers got the jump on distributors because their boat couldn't wait, and they were taking the receivers along on the trek south. The sets for the expedition were standard table models which received unusually rigorous testing to insure satisfactory operation at Antarctic temperatures.

Hearing on complaint of the Department of Public Service of the State of Washington against rates charged by the Pacific Telephone and Telegraph Company, serving the States of Washington, Oregon, California, Nevada and a portion of Idaho, was ordered by the Federal Communications Commission this week. Commissioner Paul A. Walker, who has handled this case, will sit at the hearing at Seattle at 10 o'clock on February 26 and at San Francisco at 10 o'clock on February 29.

// The due date for 1939 annual financial reports required of standard broadcast stations was extended from March 1 to April 15 by action of the Federal Communications Commission this week. This was in compliance with request of licensees, who pointed out that these reports are made from tax returns and that a severe hardship would be involved if they were required to submit the same in advance of filing their tax returns. The Commission will provide the stations with a single sheet form for analysis of time sales for the past year, which is to be executed and returned to the Commission immediately.

X X X X X X X X X X

- 10 -

||

1/12/40

I. T. & T. REPORTS PROFITS FOR NINE MONTHS

International Telephone and Telegraph Corporation and subsidiaries earned consolidated net income, exclusive of German and Polish subsidiaries, of \$3,970,585 for the nine months ended September 30, 1939 as compared with \$5,990,060 for the nine months ended September 30, 1938, Sosthenes Behn, President, reported this week. The results of German and Polish subsidiaries for the nine months ended September 30, 1939, are not determinable because of the situation resulting from hostilities in Europe. The net income of these subsidiaries for the nine months ended September 30, 1938 amounted to \$165,759.

"The translation of net current assets of foreign subsidiaries into U. S. dollars and other exchange losses have resulted in a net foreign exchange loss of \$888,885 after deducting a profit on forward exchange transactions", the report stated. "This loss was caused principally by lower rates of exchange on September 30, 1939, as compared with December 31, 1938. The chief decreases resulted from the establishment, at or about the outbreak of the war, of official rates of \$0.02284 for the franc and \$4.02 for the pound, which were approximately the rates prevailing at September 30, 1939. A portion of the net foreign exchange loss, allocable to net current assets of subsidiaries in France and the British Empire, (after deducting the profit on forward exchange transactions) amounting to \$766,786 has been charged to the Reserve for Foreign Exchange which was set up in 1936 and a credit in like amount has been made to this reserve by an appropriation from earned surplus. The remainder of the foreign exchange loss for the period, amounting to \$122,099, was absorbed in the income account.

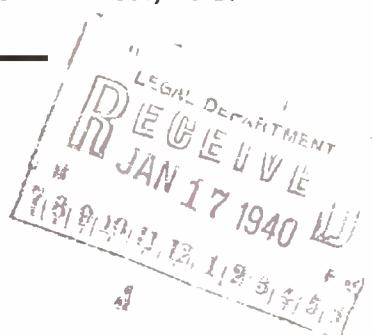
"Due to the uncertainty of the effect of the war operations and the extent to which restrictions may be imposed, it is impossible to estimate or to predict at this time the effect on the Corporation's cash and earnings resulting from the conditions created by the war in Europe. Cable revenues and revenues of telephone operating subsidiaries outside of Europe have improved since the outbreak of hostilities and the Corporation, in spite of the additional restrictions imposed since the outbreak of hostilities, has been able to transfer sufficient funds to enable it to cover its U.S. dollar requirements including interest and sinking fund requirements."

X X X X X X X X X X X

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



9L

INDEX TO ISSUE OF JANUARY 16, 1940

G.E. Invests \$1,000,000 In Television.....	2
Believe Time For Television To Walk On Own Feet.....	3
Boston Television Allocations Criticized.....	5
Neutrality Patrol Asked In FCC Report.....	6
NAB Forms Engineering Executive Committee.....	8
Finch Develops Map Broadcaster For Planes.....	8
Trade Notes.....	9
FDR's Voice On Commercial Radio Program.....	10
Scoville, Stromberg-Carlson V-P, Dies.....	11
Geddes' Son Married To Washington Girl.....	11
Mutual's Board Of Directors Enlarged.....	12
A. T. & T. Earns \$9.23 A Share In 1939.....	12

No. 1200

11
January 16, 1940

G.E. INVESTS \$1,000,000 IN TELEVISION

That the General Electric Company already has invested over \$1,000,000 in television was brought out Monday at the Federal Communications Commission's public hearings regarding the proposed television rules and regulations. Furthermore, in excess of \$300,000 has been spent on the new G.E. television station at Albany for the purpose of giving the capital of the State of New York and the surrounding country the best possible service. C. A. Priest, engineer in charge of the Transmitter Division of the General Electric, declared that if changes have to be made to conform to the new rules of the Commission, \$60,000 in the erection of the Albany station will have been wasted.

During the course of his testimony, Mr. Priest, a man of few words and excellent presence on the witness stand, told about a marvelous high-pressure, water-cooled vapor light which the General Electric is developing for use in television studios. One kilowatt in this dazzling light gives as much illumination as 100 60-watt incandescent lamps, such as are ordinarily used in the home. It was said that this lamp would also be of great value to the motion picture.

Mr. Priest said the prime purpose of G.E. in television transmission was the desire to serve the people in that area. In order to give this service, it was necessary to develop equipment, and in order to develop equipment, it was necessary to transmit with sufficient power. He said it was obvious if the Albany station were limited to 1 kilowatt, as proposed, the company could not give adequate service. Mr. Priest saw no possibility of Albany being served from New York City. However, he said his company was carrying on experiments in the relaying of television broadcasts.

The witness expressed approval of the Radio Manufacturers' Association's television standards, saying that he believed them to be the best definition that could be arrived at now. It was his opinion that to throw open the RMA standards "to anything that comes along" would retard the development of the art. Commissioner T.A.M. Craven asked if he believed in a reasonable amount of flexibility. Mr. Priest replied in the affirmative.

Asked by William C. Bauer, FCC attorney, if television had reached a stage of entertainment value to the public, Mr. Priest replied that he believed it had. Someone wanted to know what was the smallest television picture the public would accept. The witness answered that he thought the only way to find this out would be to show the public all sizes and let them decide.

Chairman James L. Flay wanted to know if a larger picture wouldn't be more desirable. "Desirable, yes", was the reply, "if it didn't cost too much to produce."

It was suggested by M. L. Prescott, radio engineer of the General Electric Company, that the proposed allocation of television frequencies might cause interference between certain cities. Examples cited were Chicago, Ill., and Fort Wayne, Ind.; Peoria, and Rockford, Ill., Grand Rapids and Flint, Mich.; and between Oklahoma City, Tulsa, Okla., and Wichita, Kans.

"Wouldn't it be necessary to depart from the RMA standards if you had to accommodate all cities on seven channels?" asked Commissioner Craven. "If everybody wanted high power, this would be impossible, would it not?" "I think it would", Mr. Prescott replied.

X X X X X X X X

~~BELIEVE TIME FOR TELEVISION TO WALK ON OWN FEET~~

Even with the knowledge of its present limitations, Lewis Allen Weiss, Vice-President and General Manager of the Don Lee Broadcasting System, of Los Angeles, a star witness at the television hearing, told the Federal Communications Commission that several national advertisers would pay for television time if only for the reason of being pioneers.

"They would be willing to advertise if we could take the money", Mr. Weiss declared. "We have been nurturing this television child for 10 years. The time is here when the child should be able to walk on its own two feet. I wonder how much longer we will have to coddle it before it makes some adult strides."

Although not a technical man, Mr. Weiss answered all questions with apparent ease and held the attention of the Communications Commissioners almost better than any other witness of the day. He said that not all of the 400 television receivers, estimated to be in use in Los Angeles, were commercial sets. To encourage amateurs to build their own sets, material was supplied by the Don Lee Broadcasting System, which resulted in the formation of a local television society. As a result of this, he believed Los Angeles to be one of the most television-conscious cities in the country. "Much more conscious of television than 400 sets would indicate", he added. The witness told about group "looking in", how they gathered in large numbers out there to watch television broadcasts. During the television of a recent parade, 10,000 watched it at 10-minute intervals and at no time were there less than 300 persons in the waiting line.

Mr. Weiss told the Commissioners that the industry was infinitely further ahead in television than when the Government issued first commercial radio broadcasting licenses.

Asked how much it cost to give Los Angeles this outstanding service, which was started as far back as November, 1931, Mr. Weiss replied that during 1939, the total operating expense of the Los Angeles station ran from \$5,000 to \$6,000 a month. This covered a program of 1½ hours a night and the same period on three afternoons a week.

"Do you think only 1400 people in New York and Los Angeles (out of a population of 11,500,000) indicates that the public is buying television sets?" asked Commissioner Frederick I Thompson. "It isn't a mass item", the California executive replied.

"Do you see any reason for the limitation of the charge for advertising on television?" Chairman Fly inquired.

Mr. Weiss replied that he did not believe that the advertiser needed to be protected. He said that most of the television broadcasting would be done by radio broadcasters and he did not believe that these responsible people having made a fine record for themselves in that field would suddenly become dishonest when they began to operate a television transmitter.

"Do you believe the present television pictures are all of a quality that people want to see?" Commander Craven asked. There was an affirmative answer. "But they are not as good as the movies?" Commissioner Craven persisted. "I have seen television pictures that I think are better", Mr. Weiss retorted.

Whereupon he told some details about the televising of a basketful of snakes which had been brought into the Los Angeles studio, in which one could clearly see the fangs.

He also told of the remarkable broadcasting of finger-prints. "Finger-prints so good that a Sheriff several miles away identified the man", Mr. Weiss said. "I don't see how you could improve on that."

Mr. Weiss said that he had an RCA standard television set which cost \$600 and he felt well satisfied with the results.

In response to a question by Commissioner Paul A. Walker with regard to testimony previously given by Dr. Thomas T. Goldsmith, Jr., representing the Allen B. Dumont Company, Mr. Weiss replied: "I take the Dumont testimony lightly because they have failed to demonstrate their theories."

Maximum power was advocated by Harry R. Luvcke, of the Don Lee System. This should be given to enable television broadcasters to overcome interference, he said. He told of an organization now functioning in Los Angeles which made it a business to track down television interference.

"Do you believe television based on the RMA standards gives good entertainment value?" Attorney Bauer, of the FCC, asked.

"We do", Mr. Luvcke replied.

International Business Machines, represented by Walter Lemmon, did not present any witnesses at this hearing, having stated their objections at a former hearing held in 1938. Andrew Haley testified for Metropolitan Television, Inc.

X X X X X X X

~~II~~ BOSTON TELEVISION ALLOCATIONS CRITICIZED

That Boston has suffered in the proposed television allocations was the contention of Hollis S. Baird, engineer, of the General Television Corporation, Boston, at the television hearing of the Federal Communications Commission.

"The Boston Metropolitan District is fifth in size in the United States and is exceeded only by New York, Chicago, Philadelphia and Los Angeles", Mr. Baird testified. "Yet Detroit, Cleveland, Pittsburgh and San Francisco have been allocated a better arrangement of channels. The reasons and facts for these statements is as follows."

Pointing to the fact that in large highly populated areas in which there are tall buildings and large steel structures there is apt to be poor television reception, Mr. Baird, arguing for reclassification for Boston, more antenna height and more power said:

"Boston has at least six buildings greater than 200 feet in height and with changes in the zoning laws in recent years it has others planned. Boston proper, except on the north, is almost surrounded by a group of hills over 300 feet, and in one case over 500 feet, in height. Taking into account both the buildings and hills, the Boston area should have a television channel which is lower in frequency than Channel 4, which is the lowest that is at present allocated. Channel 1 is allocated to the Lowell-Lawrence area which area has no buildings of any importance in height. Channel 1 could be allocated to the Boston area with 1 kw. in power and 250 foot antenna height without creating interference to its use in New York. It is allocated to the city of Washington which is only 30 miles further from New York City than Boston is.

"By taking Channel 1 from the Lowell-Lawrence area and replacing it with Channel 7 which is at present allocated to Boston, another difficulty would be relieved and that is the mutual interference between Boston and Providence, R.I. on Channel 7, as removing Channel 7 to Lowell from Boston would place it 30 miles further from Providence, thus allowing better coverage at both areas on that channel.

"Also by allocating both Channel 6 and 7 to the Boston area, another recommendation of the RMA Committee has been disregarded. That is the allocation of two adjacent channels to the same city. Channel 7 with 100 watts in Boston would be at a disadvantage with 1000 watts operating on Channel 6.

X X X X X X X X

NEUTRALITY PATROL ASKED IN FCC REPORT

"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 this week. "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 ether 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 1938. 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 new 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.

X X X X X X X

NAB FORMS ENGINEERING EXECUTIVE COMMITTEE

Appointment of an Executive Engineering Committee by Neville Miller completes the Engineering Department organization of the National Association of Broadcasters. The Engineering Department now conforms with the other departments of NAB with a Director of Engineering, and Engineering Committee, and the newly formed Executive Engineering Committee.

The appointees were John V. L. Hogan, Chairman, and E. K. Cohan, Paul de Mars, O. B. Hanson, Albert E. Heiser, and J. R. Poppele as members. Lynne C. Smeby, Director of Engineering; and Raymond Wilmotte, who was retained for a period of six months after the new Director took office as an engineering adviser, will also meet with the Committee.

X X X X X X X X X

FINCH DEVELOPS MAP BROADCASTER FOR PLANES

The invention of a radio facsimile machine designed to deliver weather maps and other information to airlines in flight was announced last week by a former American naval officer, W. G. H. Finch, of New York City. It is capable of reproducing sketches, typewritten orders and handwriting at a rate of about 150 words a minute, and also can be used for plane-ground communication in wartime, its inventor said. While radio facsimile reproduction between land stations is no longer a novelty, the device is the first to employ both sending and receiving apparatus in an airplane.

X X X X X X X X X

::: ----- :::
 ::: TRADE NOTES :::
 ::: ----- :::

New Jersey newspapers nearly 100 strong are observing Newspaper Week this week, with a state-wide public relations campaign such as that advocated recently by several leading American publishers. In addition to holding "open house" in the plants of all member papers, of the New Jersey Press Association, the organization is utilizing radio during the week with a daily 15-minute series of informative broadcasts over Station WNEW, New York.

Bing Crosby, Freeman Gosden, Charles Correll, Harold Lloyd and Paul Whiteman have bought into the broadcasting station KMPC, Beverly Hills, Calif., long known as the "station of the stars". G. A. Richards, owner of the transmitter, also is interested in Stations WJR, Detroit, and WGAR, Cleveland.

RCA Victor has scheduled an extensive national advertising campaign for its "Opera Box", a table model radio, which it terms its conception of the ideal small radio, and ten other table units. Large-space ads will break in the near future in thirty-two newspapers, making use of color in Sunday sections as well as rotogravure and black and white. Radio and magazines also will be used. The model, a five-tube AC-DC set with built-in antenna, sells for \$19.95.

A. Leroy Hasenbalg, five years National Sales Representative from Pittsburgh for the National Broadcasting Company and one of the veterans of the radio industry, died January 2nd. Mr. Hasenbalg had been ill for several months. He was 36 years old, a graduate of the University of Dubuque, Iowa. Mr. Hasenbalg began his career in radio in 1925 as sales representative for Station WMAQ in his native Chicago. He joined NBC while in Chicago and was transferred to Pittsburgh in September, 1934. Surviving are his wife, Mrs. Frances Hasenbalg; two children, Russell 12, and Patricia, 10, and a sister, Mrs. William S. Hedges, whose husband is Vice President of the NBC.

Sparks-Withington Company and subsidiaries report for six months to Dec. 31, 1939: Net loss, \$11,234, compared with \$161,239 loss in final half of 1938. No provision was made for possible exchange loss on conversion of assets of wholly owned Canadian subsidiary inasmuch as there is no plan for immediate conversion.

The Federal Communications Commission last week adopted its Final Order granting the application of Tri-State Broadcasting Company, Inc., (KTSM), El Paso, Texas, for construction permit to change frequency from 1310 kc. to 1350 kc., increase power from

100 watts night, 250 watts local sunset, to 500 watts, and from sharing time with WDAH to unlimited, upon condition that applicant surrender for cancellation the license of Station WDAH on or prior to the date on which KTSM undertakes to operate on the new assignment.

Station KMPC, Beverly Hills, Calif., this week began full time operation with power of 5,000 watts daytime and 1,000 nighttime, on a frequency of 710 kilocycles. At such time the station will become available to CBS network advertisers as an alternate or as an additional station to Columbia's regular 50,000 watt Station KNX in Los Angeles.

The Government Printing Office now has for sale at a cost of 15¢ per copy, a Study Guide and Reference Material for Commercial Radio Operator Examinations, including Questions on Basic Law (Element I), Basic Theory and Practice (Element II), Radiotelephone (Element III), Advanced Radiotelephone (Element IV), Radiotelegraph (Element V), Advanced Radiotelegraph (Element VI); General Radio Regulations (Cairo Revision, 1938), and Extracts from the Commission's Rules and Regulations - Practice and Procedure. Printed copies of the Commission's Rules in pamphlet form are also on sale at the Government Printing Office. The different parts run from 5 to 10¢ each.

X X X X X X X X X X X X

// F.D.R.'S VOICE ON COMMERCIAL RADIO PROGRAM

The voice of President Roosevelt was heard on a commercially-sponsored radio program over WGN, Chicago Tribune station last week when a recording of a portion of the President's message to Congress was broadcast on the "I Want a Job" program, sponsored by a Chicago clothing store, according to Editor & Publisher. The program was devoted to interviews with unemployed persons who are seeking jobs. President Roosevelt touched on the need of solving the unemployment problem for youth in his message to Congress. The agency handling the radio program for the sponsor sent a telegram to President Roosevelt, requesting permission to rebroadcast, by way of a recording, that portion of his address. The request was granted, but it was stipulated that paragraphs from the address used must be identified as to time and place of delivery and that no commercialization of the President's words be permitted. It is believed the WGN program marked the first time that the President's words have been broadcast in a commercially-sponsored radio program.

X X X X X X X X

SCOVILLE, STROMBERG-CARLSON V-P, DIES

Word has been received by Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, of the death of George A. Scoville, well-known figure in the radio industry, and Vice-President of the Stromberg-Carlson Manufacturing Company. Mr. Scoville died in Rochester last Sunday. He had been in poor health for more than a year. The immediate cause of his death was a heart attack following a siege of intermittent fever. Mr. Scoville was about 60 years old. He was a Director of the RMA.

The funeral was held at the family home in Rochester, N.Y., today (Tuesday).

Mr. Scoville was born in Ironton, Mo., and spent his early life in California, where he was graduated from Stanford University in 1903.

His entire business life was connected with electrical firms and kindred manufacturing companies. After his first two years at Stanford, he spent three years in the Western Electric Company shops in Chicago, returning to complete his undergraduate studies. Later he was connected with Southern California Edison Company and Dean Electric Company of Elyria, Ohio, which he helped found. He was a Director of the United States Independent Telephone Association and Chairman of the Telephone Manufacturers' section.

He leaves a widow, Mrs. Mary Dyer Scoville; two brothers and three sisters, all of California.

X X X X X X X X X

GEDDES' SON MARRIED TO WASHINGTON GIRL

Miss Grace Lucille Carr, daughter of Mrs. Arthur Carr of this city, and Mr. Gail Gray Geddes, of Montclair, N. J., were married last Friday evening in St. Alban's Church, Washington, where the Rev. Charles T. Warner performed the ceremony. The bridegroom is the son of Mr. Bond P. Geddes, Executive Vice-President of the Radio Manufacturers' Association, and Mrs. Geddes, of Chevy Chase, Md.

The bride attended the National Cathedral School for Girls and was graduated from Meredith College in Raleigh. Mr. Geddes was graduated from Dartmouth and received his Master of Commercial Science Degree from the Amos Tuck School of Administration and Finance. He is a member of Sigma Nu and Phi Beta Kappa fraternities and is an executive assistant of the National Association of Manufacturers.

X X X X X X X X X

MUTUAL'S BOARD OF DIRECTORS ENLARGED

At the annual meeting of the shareholders of the Mutual Broadcasting System, held last week in Chicago, the Board of Directors was enlarged from 7 to 9 members, so as to include representation of the additional stockholders, whose financial participation in Mutual was recently announced by President W. E. Macfarlane. Those elected to the new Board were E. M. Antrim, Willett Brown, H. K. Carpenter, W. E. Macfarlane, Alfred J. McCosker, John Shepard III, Theodore C. Streibert, Lewis Allen Weiss, and Fred Weber.

All the officers were reappointed and Lewis Allen Weiss of the Don Lee network was named Vice-President for the West Coast, a new post.

The officers for the ensuing year are: Alfred J. McCosker, Chairman of the Board; W. E. Macfarlane, President; Theodore C. Streibert, Vice-President; Lewis Allen Weiss, Vice-President; E. M. Antrim, Treasurer and Executive Secretary.

The shareholders ratified the five year plan of operation of Mutual, as outlined two weeks ago by President Macfarlane. An Operating Committee, which will meet at regular intervals with General Manager Fred Weber to pass on operating problems and policies, was named as follows: J. E. Campeau of CKLW, Detroit-Windsor; H. K. Carpenter of WHK-WCLE, Cleveland and WHKC, Columbus; John Shepard III of The Colonial Network of New England; Theodore C. Streibert of WOR, Newark; Hulbert Taft, Jr., of WKRC, Cincinnati; Lewis Allen Weiss of the Don Lee network of California; Ed Wood, Jr. of WGN, Chicago, and one or two representatives to be selected from the affiliated stations.

X X X X X X X X X X X X

A. T. & T. EARNS \$9.23 A SHARE IN 1939

The earnings report of the American Telephone and Telegraph Company, parent concern of the Bell System, released this week by Walter S. Gifford, President, shows a net income for 1939, after all expenses and charges and with results for December partly estimated, of \$172,446,000. This was equal to \$9.23 a share on the company's 18,686,794 shares of capital stock outstanding, and compares with a net of \$152,428,028, or \$8.16 a capital share, in 1938.

In addition to the parent concern's report, consolidated earnings of A. T. & T. and its principal operating subsidiaries comprising the Bell System were issued and showed that the Bell System had a consolidated net income of \$188,905,562 in the twelve months ended on Nov. 30, 1939. This net was equal to \$10.11 a share on A. T. & T. outstanding capital stock, and compares with a net of \$153,385,512, or \$8.21 a capital share, in the twelve months to Nov. 30, 1938.

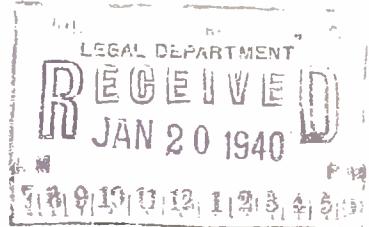
Gross operating revenues of the Bell System for the year to Nov. 30 aggregated \$1,104,077,849, compared with \$1,050,298,671 in the preceding comparable 12 months. Operating expenses, including maintenance and depreciation, totaled \$732,674,153 against \$717,472,682 previously, while taxes rose to \$155,330,485 from \$143,493,533 in the 12 months to Nov. 30, 1938.

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

OK



INDEX TO ISSUE OF JANUARY 19, 1940

FCC Gets Largest Budget, Wants More.....	2
Most Program Complaints Trivial, FCC Says.....	4
Connery Charges License Trafficking In House Talk.....	5
NAB Code Rapped In House Hearing On FCC Bill.....	6
CBS Offers Three-Point Plan For Television.....	7
Zenith, Philco Against "Freezing" Television.....	9
NAB Official Cites Sales Power Of Broadcasting.....	10
Trade Notes.....	11
McCosker Lends Johnstone To Finnish Drive.....	12

No. 1201

~~II~~ FCC GETS LARGEST BUDGET, WANTS MORE

The Federal Communications Commission this week got its largest appropriation from the House in its history, but Chairman James L. Fly warned the Appropriations Committee that this was only the beginning and expressed the opinion that the FCC is not adequately performing its functions.

Cut only \$8,660 under the Budget Bureau's recommendations, the FCC appropriation, as carried in the Independent Offices Supply Bill, aggregates \$2,116,340. This is \$291,340 above this year's appropriation although it does not include the \$13,175 allowed for the Great Lakes survey in the current Act.

The 1941 appropriation, while less than the FCC asked of the Budget Bureau, provides for 38 additional employees and additional monitoring equipment.

Included in the personnel increase are 24 additional administrative employees and 14 for the field service. Five additional attorneys are to be hired for the heavily-staffed Legal Department at salaries ranging from \$2,000 to \$4,600. The Accounting Department will get an Assistant Chief Accountant, a Senior Economist, an Economist, and an Associate Economist.

Representative Wigglesworth (R.), of Massachusetts, in questioning Chairman Fly asked whether the budget, if allowed, would not be the "largest appropriation you ever had for this activity".

"That is correct, sir", replied Mr. Fly. "I think it is all too little. I do not want to appear to be over-assertive about it, but I do think it is all too little for this vast work."

"You think as you go along you cannot see any end in sight?" asked Congressman Wigglesworth.

"I do not want to assure this Committee there is an end in sight", continued Chairman Fly. "You have something by the tail here and I don't think you can let loose. This is a tremendous field, an advancing field. There is a great public interest involved."

Earlier, discussing the need for telephone regulation, Mr. Fly said that the FCC has the duty to regulate the telephone industry but not the funds.

"I am reluctant to take any part of the responsibility for not performing that duty", he said. "You have there a most

complicated set-up - the greatest of all monopolies anywhere. It is a vast, complicated structure. Now, without criticizing it on that account, without condemning it, I do want to suggest that it must be regulated. Any such monopoly must be regulated, and particularly a cast, complicated system of that kind ought to be regulated. . . .

"As the final one of those impressions, I want to say I think one of the things that has impressed me most deeply is the Commission's inability to carry out the functions, the duties which this Congress has established and laid upon that Commission. And here is where we strike one of the voids. You have mentioned one of them, sir, Mr. Fitzpatrick - that is, duty to regulate the telephone industry - and I hope we can do something about that by way of a special appropriation later. The inability to carry out the functions that the Congress has delegated to us has been obvious in a number of particulars. Before mentioning the more specific items, I want to say in passing I have made a check on the 1939 budget figures, and I understand there was a transfer of funds during 1939 in the total sum of \$13,400 from the equipment allotment to the personal-services allotment.

"A special survey was made in the field by the Civil Service Commission, and it was the only survey that was ever made in that situation, and that led to an expenditure, almost necessarily, of \$16,000, and that necessitated the one transfer. I believe there are no others.

"Now, as I have taken the liberty of suggesting, I think the real basic thing here, gentlemen, is for more adequate performance of the functions. I would like to see - and I am sure the committee would like to see - this job done in accordance with the intention of the Congress in laying out the functions in the first place. It has already been mentioned that there is a tremendous need in the common-carrier field; that is, particularly in the telephone and telegraph field.

"There is another field that has been drawn to my attention peculiarly, and that is the field of investigation. All the matters presented to the Commission in one way or another affect the public interest. The information on those matters is presented by the parties - in general, it is an ex parte procedure. And even in the cases where we have opposing counsel we have no assurance that all of the factors bearing upon the public interest and all of the factors that really go to the merits of the case, as the Commission has to decide it, in the light of the public interest - we have no assurance that the facts in that regard are brought forward."

X X X X X X X X

MOST PROGRAM COMPLAINTS TRIVIAL, FCC SAYS

The vast majority of radio program complaints received by the Federal Communications Commission are dismissed as frivolous, unsubstantiated, or not warranting an investigation, the FCC told the House Appropriations Committee during executive hearings on the Independent Offices Supply Bill.

James L. Fly, Chairman of the FCC, placed in the hearing record a classified list of the complaints received without comment.

The table showed:

Sixty-nine complaints of censorship, denial of free speech, and refusal to broadcast particular programs had been received during the past fiscal year, but only two merited an investigation.

The FCC received 625 complaints against the scare that Orson Wells gave the country in his famed CBS "War of Worlds" broadcast and disposed of them all after an inquiry which brought a mild reproof.

Fred Allen is the only other radio personality mentioned in the list. The FCC got 49 complaints against his program but investigated none of them.

It received 21 complaints against children's programs; investigated none.

Out of 93 complaints charging obscene, indecent, or profane broadcasts, 67 were investigated formally.

All complaints regarding medical programs were investigated. Fifty-five were closed after formal investigation; nine were designated for hearing and later closed; and one was still pending at the close of the year.

Complaints of general inferiority and excessive advertising numbered 52, of which 46 were dismissed, four closed after formal investigation, and one was left pending.

The FCC, in addition, received thousands of "fan letters", Chairman Fly reported.

"The complaints in this 'fan mail' category were of such a character as did not require detailed examination or investigation", the FCC stated in a footnote.

"For example, during a 15-day period beginning Jan. 16, 1939, the Commission received, with reference to broadcasts by or refusal to carry broadcasts of the Rev. Charles E. Coughlin, alone", . . . 21,118 letters.

X X X X X X X X X

CONNERY CHARGES LICENSE TRAFFICKING IN HOUSE TALK

Renewing his demand for a Congressional investigation of the radio industry, Representative Connery (D.), of Massachusetts, on Wednesday charged widespread trafficking in radio licenses and inserted tables showing all radio station deals in the past year in the Congressional Record.

"Even a casual reading of the Appropriations Committee hearings pertaining to the Federal Communications Commission should convince every member of the House of the need for an immediate congressional investigation of the entire subject of radio, particularly the apparent inability of the members of this Commission to protect the public and to eliminate or set aside the present radio monopoly", he said.

"Despite the fact that the Treasury Department of its own volition called this matter to the attention of the Federal Communications Commission, even to the extent of furnishing the Federal Communications Commission with a photostatic copy of the sworn statement indicating the apparent bankruptcy of the applicant for a radio license, this application for a license was granted by the Commission.

"I note that even the new Chairman of the Commission admits that he has reason to suspect that in many instances these radio licenses are issued to or are actually in the hands of or under the control of persons or corporations other than those to whom the license was issued.

"This Commission has under way a report on monopoly in radio. This Commission has been making such a study for the Lord only knows how long a time. Last June the Congress was told that such report would be available in a short time, perhaps 60 days. Last month, the Appropriations Committee was told it would be ready the middle of January. To my mind, we will have such a report when the Congress decides to institute its own investigation and not much sooner.

"These radio licenses are governmental property, temporarily loaned for a period of not more than 1 year to an applicant who presumably and under the law must serve public interest. I challenge anyone in the radio industry to allege that other than for the purpose of obtaining the license much consideration is given to public interest.

"These licensees pay no tax to the Government despite the fact that the possessors of such licenses yearly reap millions of dollars in profits.

"One part of this radio monopoly, the Columbia Broadcasting System, with an investment of less than \$1,600,000, as we are told by the Security Exchange Commission, yearly pays dividends to its stockholders of some 150 percent on the original

investment; and yet, despite these extortionate profits, these licensees, as I said before, pay no tax to the Government for the use of this highly profitable Government franchise.

"On the basis of these earnings, I fear that unwary investors have been influenced to purchase stock in these radio monopolies which monopolies depend for their profits entirely on the continuance of these governmental grants. Once any of these monopolists are deprived of the governmental license, they hold the investment in such concerns will be worth almost nothing.

"You will be interested to know that this property for which the Columbia Broadcasting System has invested some \$1,600,000 is selling on the New York Stock Exchange on the basis of some \$50,000,000 and paying dividends of more than \$2,000,000 yearly. Also, it is my understanding that on an investment of some \$3,000,000 in National Broadcasting Co., the Radio Corporation of America, the parent company, which I will discuss further and in more detail at a later date, earns a profit of some \$10,000,000 yearly.

"Yet this Commission admits it has done nothing to protect the innocent investor from being virtually defrauded of his savings by the false picture which is painted to those who do not realize that radio monopoly possesses but little other than a governmental grant.

"To my mind there is not a member of this body who will condone anyone trafficking in governmental franchises. Yet this committee's report not only proves that such trafficking in radio licenses exists but that such a practice has the approval of the members of the Federal Communications Commission."

X X X X X X X X X X

~~//~~ NAB CODE RAPPED IN HOUSE HEARING ON FCC BILL

The NAB Code provision barring the sale of radio time for controversial broadcasts came in for some critical discussion during the House sub-committee hearings on the FCC Appropriations Bill, it was disclosed this week.

James L. Fly, Chairman of the FCC, sought to defend the Code in a round table discussion with Representatives Woodrum (D.), of Virginia, Dirksen (R.), of Illinois, and Wigglesworth (R.), of Massachusetts.

Congressman Dirksen asked Mr. Fly whether he or any member of the FCC had a hand in drafting the Code and appeared surprised when told that they had not.

Asked for his opinion as to the reaction of the Code, Chairman Fly said:

"I believe right now that a majority of the broadcasters and a majority of the public generally accept the rule as being a wholesome one."

After Mr. Fly had attempted to explain the Code provision, Representative Woodrum commented:

"You would be giving the public a pretty good sock in the eye if you gave free time to anybody who wanted to get it and give an argument.

"It looks to me like a matter of very great public importance if somebody can afford to pay the rather reasonable fees which would be charged by radio stations for 30 minutes' time. I can think of nothing of great widespread public importance that one side of the issue would be able to pay for an hour's time and the other side would not be able to be heard."

Later he commented that "a lot of sins are committed under the guise of freedom of speech".

Representative Dirksen asked Chairman Fly whether he or any member of the FCC had given any sanction to the NAB Code. Mr. Fly stated that he had made a speech generally endorsing it, but added that he was not speaking for the Commission.

"Of course, any public utterance you make on the field of radio, Mr. Fly, you will have great difficulty in divorcing yourself from the public mind from your official capacity", said Congressman Dirksen.

Chairman Fly was asked whether the FCC had exercised any form of censorship during the year. He placed a formal statement in the record stating that it had not.

X X X X X X X X

CBS OFFERS THREE-POINT PLAN FOR TELEVISION

The Columbia Broadcasting System, through Paul W. Kesten, Vice-President, suggested three plans for developing television to the Federal Communications Commission this week. Any one of the three, the CBS contended, would assure a sound development of television and tend toward precluding a public trial at public expense.

Mr. Kesten also predicted that television set sales might be boosted by from 10,000 to 15,000 in New York City within a year and from 30,000 to 45,000 in two years through proper development. The price of a receiver, he added, might be brought down thereby to \$150.

The keynote of all three CBS plans is to protect the public against purchase of television sets with no guaranty against obsoleteness within a day, a week, or a year, and thereby, coincidentally, protect broadcasters from the ill-will which such useless expenditure would create among purchasers, Mr. Kesten said.

Under the first plan, present transmission standards would be "frozen" for a period of years as was done in England to stimulate the sale of television sets by assuring long service.

Under the second plan, as detailed by Mr. Kesten, new program schedules would be delayed until such time as the Commission was satisfied that sets could be modified by minor and inexpensive changes to meet future technical improvements in broadcasting.

The third plan provides that broadcasters proceed with scheduled programs at once but open or close each program with a notice to the public that present standards are so impermanent that technical changes might at any moment preclude the further use of existing television receivers.

Mr. Kesten summed up the three proposals as follows:

- "1. Fix present transmission standards on the seven lower bands immediately and definitely - "freeze" them against change - for a stated and adequate number of years. Simultaneously allow television broadcasters to proceed with scheduled programs as contemplated under Rule 4.73(k) (The Commission Rules).
- "2. Delay both the freezing of standards and the launching of new program schedules, not until ultimate standards can be set, but long enough to determine if such flexible standards can be set that any predictable change within those standards will not make wholly or largely obsolete receiving sets designed to anticipate such changes.
- "3. Proceed immediately with scheduled programs as proposed without freezing present standards and without setting flexible standards which insure receiving sets against change, but let the broadcasters tell the public, actively and frequently, that this is so - that sets have no assurance of continued use - and let this go on until standards can be guaranteed for a definite period of years."

Mr. Kesten emphasized that CBS had no preference among the three plans submitted for the Commission's consideration. He also suggested that the "small sample" method of measuring public opinion be used by the Commission and the television industry. Mr. Kesten, a keen student of selective sampling and polls, recommended that 1,000 television sets be installed, on loan, in representative homes in the New York area. He urged this because he felt that the reactions of the well-to-do would be very misleading, "just as a survey of the political likes and dislikes of the wealthy few would not be representative of the electorate".

ZENITH, PHILCO AGAINST "FREEZING" TELEVISION

Opposition to the adoption of the RMA standards for television in a manner that would "freeze" the industry and discourage further experiments was voiced at the television hearing of the Federal Communications Commission held this week, by spokesmen for the Zenith Radio Corporation, of Chicago, the Philco Radio and Television Corporation, of Philadelphia, and others.

John R. Howland, Assistant to Eugene F. McDonald, Jr., President of Zenith, told the FCC that his organization approves of all the proposed rules for television except the adoption of fixed standards. He expressed the belief that the standards "should be labelled experimental pro tem and let go at present".

"The very fact that television receivers have not sold in greater quantities may in some way be as much related to the character of television receivers that are now being built in accordance with these standards as it is to possible faulty programming", he added.

Mr. Howland said the RMA standards "had been put together in a great hurry" and that he questioned "whether we cannot stop and take stock and discover whether we cannot approve better standards when the pressure is off".

David B. Smith, representing Philco, admitted that his company had been wrong and the FCC right a year ago when it joined in the demand for adopting the RMA standards for television.

He also urged that the industry be allowed time, probably six months, to "bring the standards up to date". Philco needs at least two months, he said, to complete present experiments.

Prices on television receivers are "entirely out of line", Mr. Smith said, and he said that Philco is experimenting with methods of manufacturing sets much cheaper than the current market.

Mr. Howland was questioned regarding the holdings in television patents by the Commissioners. He said that a "rough" estimate of the distribution was that RCA held 45 per cent, Farnsworth 25 percent, and Hazeltine, Philco, and three or four others smaller proportions.

RCA has licensed its television patents, he said, "on a perfectly fair basis".

John V. L. Hogan, noted radio engineer, appearing for Radio Pictures, Inc., expressed the opinion that "the whole of television is a series of headaches".

"It's going to be a case of finding out", he said with regard to television development, "and I don't know how we can do

it except by trials, which are the least harmful ones, which will encourage it most, which will do the best ultimate job."

Mr. Hogan said it is too early to fix hard and fast rules for television. Setting up a 5-point plan of objection, he said the FCC (1) should adopt no fixed standards, (2) should not classify stations in two groups as proposed, (3) should allow stations to charge for transmission costs, (4) should not limit channels, and (5) should encourage program stations, use of high frequencies, and more transmission power.

"Let the industry work out its own problems", he said, "and let the public buy what it likes."

Robert Robins, of the Cath-Ray Electronic Laboratories, Inc., said his company is about ready to market a television receiver to sell for approximately \$100.

X X X X X X X X

NAB OFFICIAL CITES SALES POWER OF BROADCASTING

Radio can sell anything, Edward M. Kirby, Director of Public Relations of the National Association of Broadcasters, told the National Association of Cleaners and Dyers in Baltimore this week.

Rephrasing the question, "can radio sell", Mr. Kirby said it might be better stated, "is there anything which radio cannot sell?"

"Despite an adverse press, remember, a man used radio to sell himself to the country as president, two terms in a row", he said. "Remember, that year in and year out radio has sold toothpaste as well as automobiles; cigarettes and breakfast food, cosmetics and life insurance, perfumes and silverware, soup and gasoline, savings banks and coffee, tea and soap. It has sold laundry service and it has sold home washing machines, too. It has sold luxury items just as quickly as it has sold everyday staples. And, more importantly, it has sold more of these products and services each year above the preceding year's volume. Reflecting these results, radio, for the past six years, is the only medium of advertising which has enjoyed an uninterrupted increase in the volume of advertising placed by both local and national advertisers during tough depression years when results were the only things that counted.

"For example in 1934, radio enjoyed an estimated gross volume of advertising business of but \$72,887,169. But in 1935, the volume jumped up fifteen million dollars; in the next, it rose to over the \$100,000,000 mark; in 1937, it went to the \$144,000,000 level; and in 1938 it soared above the \$150,000,000 stripe, and last year in 1939 it reached the new record of about \$165,000,000. An increase in the use of radio of over 126% in just six years.

"No other media of advertising for both national and local purposes can match the record of radio. In the same period of time, magazine advertising, showed a growth of 29.32% and newspaper advertising showed 11.96% increase."

X X X X X X X X

/// :::::
::::TRADE NOTES::::
::: //

Gross injustice would be done to the public "if present television standards are frozen", William H. Grinditch, Vice-President in Charge of Engineering of the Philco Radio & Television Corporation, Philadelphia, said this week at the annual Philco Mid-Winter Sales Convention in Palm Beach, Florida.

"Television is still in the research laboratory", Mr. Grinditch stated. "Developments are being made in this infant science so rapidly that setting standards on the basis of present scientific knowledge would be doing the public a gross injustice. Freezing the standards would be comparable to determining the gauge of a railroad track, buying rolling stock to conform to that gauge and then three months later finding that the agreed gauge was impractical and expensive. What then will be done with the rolling stock?"

WNYC, New York City's radio station, lost its prize program this week when the City Council, after a two-hour debate studded with references to the program's entertainment value, voted to remain off the air during the 1940-41 session, according to the New York Times. The line-up on the issue found the Democratic majority in full control, with thirteen votes against broadcasting to seven for continuing it.

Construction of WLWO new 50,000 watt international broadcasting station of the Crosley Corporation, is being delayed by the war. It was planned to have the station ready for operation by January 1, but two shipments of a special material from England have thus far failed to arrive. The material is mycalex, a special type of high voltage insulating board. It is hoped that the transmitter will be ready for broadcasting a few weeks after the material is received. WLWO is operating on 10,000 watts at present.

Three more Southern radio stations - WMPS, Memphis, WTJS, Jackson, Tenn., and WATL Atlanta, become affiliates of the Mutual Broadcasting System, effective Sunday, January 21, it was announced this week.

The RCA "Signalyst", a low-priced signal generator designed for increased efficiency in radio and television receiver alignment work, has been announced by L. W. Teegarden, RCA Tubes and Equipment Sales Manager. The new service instrument is an important companion to the Rider Chanalyst and the Rider VoltOhmst recently acquired by RCA.

William A. Schudt, Jr., has been appointed General Manager of a newly formed Transcription and Commercial Record Division of Columbia Recording Corporation. His first duties will be to supervise the installation of recording studios at 799 Seventh Avenue, New York City and in the Wrigley Building, Chicago. When these are completed he will be in charge of production and sale of all types of transcriptions and commercial recordings.

Miss Catherine McNelis, who edited "Tower Radio" among other Tower magazines distributed by Woolworth's was sentenced to a year and a day in prison this week in New York after conviction of mail fraud in connection with the management of the periodicals.

A gift of radio transmitting equipment, including a 1,000-watt transmitter, has been made by the Columbia Broadcasting System to Ohio State University for use at its Radio Institute, Engineering School, and experimental station, WOSU. The equipment cost more than \$25,000. In addition to the transmitter, the equipment includes phasing unit and antenna coupling, designed and built by the Washington Institute of Technology, two motor generator sets, three spare armatures, and various other pieces of apparatus. The transmitter was built by Western Electric Company.

X X X X X X X X X X

McCOSKER LENDS JOHNSTONE TO FINNISH DRIVE

Alfred J. McCosker, President of WOR, announced this week that at the request of Herbert Hoover, National Chairman of the Finnish Relief Fund, the part time services of G. W. Johnstone, the Company's Director of Public Relations and Special Features, were being loaned to the Fund - a volunteer organization - for the present campaign.

Mr. Johnstone, a pioneer with sixteen years in radio broadcasting, will direct the Fund's radio activities from offices of the national headquarters in the Graybar Building, New York City. For the past week he has been aiding the National Committee in scheduling programs for broadcasting over the three major networks and local stations throughout the country.

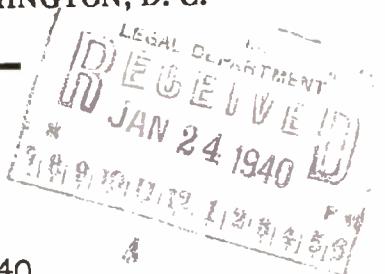
X X X X X X X X

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

INDEX TO ISSUE OF JANUARY 23, 1940



RCA Defends Proposed FCC Rules On Television.....	2
Average Pay In Stations Drops, FCC Says.....	4
FCC Preparing For Broadcast Reallocations.....	5
Television Improvements Will Not Make Receivers Obsolete.....	6
FCC To See What Television Public Getting.....	7
Inter-American Parley Opens At Santiago.....	8
Paley Heads List Of Salaries In Radio Industry.....	8
Alfalfa Diners Include Radio Leaders.....	8
British Ponder Television Via Telephone Wires.....	9
Musicians Decide To Forego Strike On Nets.....	10
British Radio Trade Off At Home; Exports Promising.....	11
WOR To Operate First Of New "F.M." Transmitters.....	12

No. 1202

BULLETIN

The television hearings were concluded at 6:30 P.M. tonight (Tuesday) with Chairman James L. Fly announcing that a suggestion had been made that a Committee of Manufacturers be formed to recommend to the Federal Communications Commission any changes in standards which would seem desirable as a result of the testimony at the hearings. The companies mentioned were RCA, General Electric, Zenith, Dumont, Stromberg-Carlson, Philco and Farnsworth.

Maj. Edwin H. Armstrong, one of the last witnesses, urged the Commission to make no television allocations until after the frequency modulation hearings February 28. "Frequency modulation is ready", Major Armstrong declared, "television is not. If television is going to amount to anything, it will have to use the upper channels."

January 23, 1940

RCA DEFENDS PROPOSED FCC RULES ON TELEVISION

Presenting the first full defense of the proposed television rules of the Federal Communications Commission, the Radio Corporation of America urged that they be put into effect immediately and answered some of the criticisms voiced by other radio manufacturers.

RCA pointed out that its testimony was based on twelve years of development at a cost of \$10,000,000, eight months of regular television service in New York, and a test campaign for the sale of television receivers in that territory.

Witnesses under the direction of Frank W. Wozencraft, RCA counsel, described the work done by the various branches of the RCA research organization.

They testified that a regular service of television programs has been on the air in New York City since April 30, 1939, and that not less than 2,000 set owners, representing a daily audience of at least 10,000 persons, are enjoying these programs, and the number is rapidly growing.

The Commission was told that important improvements in studio and transmitting technique have been achieved since television became a public service, and all owners of television receivers have been benefitted by these. None of these improvements, however, called for changes in existing basic standards of transmission. According to the RCA witnesses, continued improvements are to be expected, but the standards recommended by the radio industry are sufficiently flexible to accommodate them, without rendering obsolete the television receivers now in the hands of the public.

Alfred H. Morton, Vice President of the NBC in Charge of Television, advised the Commission that the NBC records indicated there were 2,000 home television sets currently receiving the regular program service from the NBC television transmitter on top of the Empire State Building in New York City, with a total audience of 10,000 persons.

Mr. Morton reported that this television audience is asked each week its opinions of the program schedule.

"Forty percent of those to whom the weekly program schedules are mailed each Thursday", said Mr. Morton, "return replies grading each program as Poor, Fair, Good or Excellent. After eight months of regular programs from 10 to 12 hours a week, the average rating given the programs by the audience, is between

'Good' and 'Excellent'. The technical quality of the reception is also reported by the audience to be 'Good'."

"The present program schedule includes a weekly presentation of a television version of fine plays with distinguished actors and actresses, many of them repeating the parts they played in the original Broadway production. A program of educational and instructional interest to the audience is included in the weekly program schedule. Vaudeville programs including acts famous in vaudeville houses and music halls are also a weekly feature, as well as boxing and wrestling bouts picked up directly from the ringside. News events are transmitted to the audience by means of mobile equipment.

"The interest of the television audience is exceedingly high. One hundred percent of the audience used their sets at least two hours a week, thirty-seven percent between five and six hours and twenty-one percent viewed the entire week's schedule.

"Sixty-seven outstanding firms, representing sixteen major industries have presented 148 different experimental programs, thus demonstrating the efficiency of the new service as an advertising medium.

"I am therefore convinced that the adoption of the proposed rules, particularly those permitting limited commercial use of television as an advertising medium, will lead to an immediate improvement in program service."

"Twenty-five thousand television receivers may be purchased by the American public within the next twelve months, provided the FCC gives the amber light to television", testified Thomas F. Joyce, Vice President of RCA Manufacturing Co., in charge of television sales.

Mr. Joyce revealed that after eight months of merchandising experience, his Company has facts that indicate that television is "all set to go" if limited commercialization of television broadcasting is authorized by the Commission. This commercialization, he said, would result in improved television program service and would encourage more broadcasters to go into the television broadcasting business.

He said a test sales program has been carried on in Newburgh, Poughkeepsie and Middletown, New York. Prices of television receivers were substantially reduced in these tests. The largest receiver, he said, was priced at \$395 compared to the \$600 price in effect in the New York metropolitan market. Corresponding price reductions were made on other models.

"The sales results of these tests", said Mr. Joyce, "would indicate an immediate sale of 500 television receivers per week in the New York market if the reduced price scale were put into effect there. Add to New York the buying power of Albany, Schenectady, Philadelphia, Chicago and Los Angeles, where television service is now available, and it is conceivable that sales

would reach 1,000 sets per week by the Fall of 1940."

He predicted the same phenomenal growth for television that occurred in the radio industry in the 1920's, and eventually new employment opportunities for thousands of the people.

Asked if the Newburgh test prices would be put into effect in other markets, Mr. Joyce said:

"That depends on events that develop within the next few weeks. Our Company is prepared to give the public what it has been asking for at a price it can afford to pay. A practical fool-proof television service is no longer around the corner. It is here."

When Mr. Joyce testified, he was asked how many television receiving sets were in use by the public.

"Of those manufactured by our company (RCA) I would say approximately 750."

"How many have you sold?" Chairman Fly inquired.

"We have sold 1500 to our wholesalers in both New York and Los Angeles."

"How many of the 750 have you sold?"

"I would say about 650. I think we have about a hundred sets out on loan."

Mr. Joyce said there were two television sets in Hyde Park, one in the President's home, and added: "We tried to sell a set to Father Divine's crowd but couldn't get into the temple."

X X X X X X X X

AVERAGE PAY IN STATIONS DROPS, FCC SAYS

The Federal Communications Commission reports that the average pay of all full-time employees, executives excluded, in broadcasting stations for the week of December 11, 1938, was \$35.84. Executives received an average of \$78.51. The average for the entire full-time personnel was \$21.17, compared with \$45.12 for the week of March 6, 1938.

For the week of December 11, 1938, the average pay for operating technicians (research excluded) was \$39.07; for production men, \$38.17; for writers, \$32.39; for announcers, \$32.19; for staff musicians, \$45.07; and for outside salesmen, \$48.41.

X X X X X X X X

FCC PREPARING FOR BROADCAST REALLOCATIONS

The Federal Communications Commission is considering the tentative reallocation of broadcast bands in the United States to conform to the provisions of the North American Regional Broadcast Agreement, now ratified by Canada, Cuba, Haiti and Mexico as well as by this country.

The treaty provides one year in which to make the prescribed changes in station assignments. By agreement, this time may be reduced. However, it does not appear possible to effect such changes within the three-month period suggested by the Mexican Association of Broadcasters, the FCC stated. The exact time when allocations will become effective will be determined by the Commission survey now under way, and to meet the convenience of all the North American countries involved so far as may be possible.

Until such time as the work is completed, the Commission cannot undertake to consider applications of changes in individual cases under the reallocation, it was said. The Commission will give due notice to all licensees when the general plan is determined.

The treaty, in substance, provides for allocation of the broadcast facilities from 550 to 1600 kilocycles between the North American countries involved. Some 730 stations in this country, particularly including those above 720 kilocycles, may be affected. The main objective is to set up a sound technical plan whereby mutual interference will be materially reduced, thus improving the service to listeners of the contracting nations.

At the present time no channels are made available specifically for Mexican and Cuban stations. The operation of high-powered stations in those countries has been a source of serious interference to stations in the United States.

While the treaty definitely specifies the assignments to be used in many States, the new assignments are not determined definitely nor are any individual stations mentioned. Also, since the treaty was originally signed in 1937, there have been additional stations licensed in all countries, as well as other changes in facilities. The treaty provides a flexibility with respect to some 32 channels on which the majority of the high-powered and medium-powered stations in the United States operate.

It is not possible, the FCC explained, to determine definitely any individual assignments on these channels until the entire plan is worked out with respect to stations in the United States as well as the other countries. A shift in any one assignment may affect materially the entire plan. Accordingly all assignments must be worked out in relation to the entire pattern and can be announced only concurrently.

X X X X X X X X X X

//
TELEVISION IMPROVEMENTS WILL NOT MAKE RECEIVERS OBSOLETE

Asked by Frank W. Wozencraft, counsel for RCA, for his opinion of the quality of television now being offered to the public, E. W. Engstrom, Research Director of the Victor Division of RCA Laboratories, testifying before the Federal Communications Commission, replied:

"I would say that today's television is moderately good and I expect it to get better."

"Can these improvements be made without making receivers obsolete?" Mr. Wozencraft asked.

"Yes", Mr. Engstrom answered, "I am sure they can."

It was the opinion of the witness that the pictures will be improved in brightness. He told of pictures for use in theatres 4½ by 6 feet and said the next step would be to produce a picture 9 by 12 feet. Asked if the home owners had had any difficulty with sets built with the RMA standards, the adoption of which the FCC is now considering, Mr. Engstrom said they had not. He said these standards, in his opinion, were the best which had been arrived at as yet.

Mr. Engstrom declared that adoption of the new television rules by the Commission will promote speedy television development and result in improved television service to the public. Recognition of existing television standards will remove uncertainties in the minds of manufacturerers and the public, Mr. Engstrom said, and the partial commercialization of television will provide revenue needed for further research and progress in the art.

"This research", he said, "is needed to realize the full possibilities of the seven television wave bands already allocated by the FCC to broadcasters. No changes in existing standards employed by the industry are necessary to achieve these improvements. Research now under way in the RCA Laboratories indicates that brighter and larger pictures may be obtained with better definition, sharper contrast, and improved gradations in shading. At the pick-up end, television tubes of greater sensitivity are being developed requiring less light on the subject televised, hence making possible pick-ups at many locations not now feasible for television.

"We are at work on still further research to make available for television the frequencies above 150,000 kilocycles, so that the number of stations in a single locality can be greatly increased without interference. The utilization of still higher frequencies will make possible a quality of television far surpassing anything yet dreamed of, and permit pictures in full color and with three-dimensional perspective."

X X X X X X X X X X

FCC TO SEE WHAT TELEVISION PUBLIC GETTING

Following the television hearings which have been going on in Washington, the members of the Federal Communications Commission will go on a four-day trip about February 1st to visit television laboratories in the East. This trip, however, will be different than the one some of the Commissioners made sometime ago. They were then accompanied by engineers and investigating the technical side of television. The forthcoming trip will be non-technical and the Commissioners will concern themselves primarily with seeing just what the public is now getting in the way of television - the regular daily offerings.

Plans for the trip have not yet been completed but it is expected that the Commission will visit the RCA laboratories at Riverhead. If so, they will be shown the set-up there for the broadcasting of the inaugural ceremonies in Washington next year. Here experiments are now being made of relaying television signals by ultra high frequency for use instead of coaxial cable in the inaugural broadcast.

One of the Commissioners at the hearing asked if this broadcast would be over a number of stations throughout the country. E. W. Engstrom, RCA-Victor engineer, said he didn't know. Whereupon Chairman James L. Fly commented, "There are still a good many uncertainties in the forthcoming inaugural."

Thomas F. Joyce, Vice-President, RCA Manufacturing Company, said, when testifying the day before, that in the Fall of this year it was his belief that more people will see by television the presidential candidates of the U.S. than heard the presidential election in 1920.

"Right now our engineers and the NBC engineers are working on the problem of transmitting and televising the inauguration of the President in January, 1941, so that the people in New York City, Pawling, Monticello and Philadelphia and the other areas where we have sold television sets will not only be able to hear this significant event, but also to see it", Mr. Joyce said.

Due to the fact that only a few days will be allowed by the FCC members for the inspection trip, it is not expected that they will be able to get beyond the General Electric Company plant at Schenectady.

X X X X X X X X X

What is claimed to be the first short-wave automobile radio, capable of receiving Europe direct and widening the horizon in domestic short wave reception for motorists traveling in spots not reached by the usual medium wave broadcasting stations, was announced at Palm Beach last week at the annual mid-winter convention of the Philco Radio & Television Corporation.

X X X X X X X

INTER-AMERICAN PARLEY OPENS AT SANTIAGO

The second inter-American radio conference with a delegation from the United States started work this week at Santiago, Chile, after the third South American radio conference closed following five days' work by delegations from ten countries.

The conference approved resolutions for modernization of broadcasting to serve the interests of closer friendship, culture and understanding; for the adoption of uniform practices, for the protection of rights of authors in broadcasts, for the establishment of short-wave news transmission and for the adoption of uniform frequencies for air services.

~~XXXXXX~~

PALEY HEADS LIST OF SALARIES IN RADIO INDUSTRY

William S. Paley, President of the Columbia Broadcasting System, was the highest paid corporation executive in the radio industry in 1938, the Treasury Department disclosed this week. His compensation was \$171,849.

Next in line was David Sarnoff, President of the Radio Corporation of America, at \$100,220. Edward Klauber, Vice President of CBS, was listed at \$78,304.

In the communications field, W. S. Gifford, President of the American Telephone & Telegraph Co., was listed at \$209,350. Owen D. Young, of General Electric, was paid \$245,447, and Gerard Swope, the same amount.

~~XXXXXX~~

ALFALFA DINERS INCLUDE RADIO LEADERS

Some of the top-flight radio people were among the guests at the Alfalfa Club Dinner in Washington last Saturday night, having as its guest of honor this year President Roosevelt. Gene Buck, President of the American Society of Composers, as usual was in charge of the show. Those from the industry present were:

Thad H. Brown, FCC Commissioner; Harry C. Butcher, Vice-President, CBS, Washington; Commissioner Norman S. Case, FCC; Ewin L. Davis, Chairman, FTC; Donald Flamm, President, WMCA, New York; Chairman, James L. Fly, FCC; Maj. Gen. James G. Harbord, Chairman of the Board, RCA; Philip J. Hennessey, President, FCC Bar Association; Thomas P. Littlepage, past President of Alfalfa Club, James H. Littlepage, John M. Littlepage, radio counselors; Edgar Morris, Zenith distributor, Washington; Frank C. Page, Vice-President, I.T.&T.; Duke M. Patrick, radio counselor; G. B. Porter, Ass't General Counsel, FCC; John B. Reynolds, FCC; Kurt G. Sell, representative of German Broadcasting Co.; Paul D.P. Spearman, radio counselor; Eugene O. Sykes, former FCC Commissioner; Senator Wallace H. White, Jr.; Frank W. Wozencraft, RCA counsel.

~~XXXXXX~~

BRITISH PONDER TELEVISION VIA TELEPHONE WIRES

With television broadcasting "blacked out" for the duration of the war in Great Britain, the British are considering a suggestion of resuming television transmission by using telephone lines, according to "The Wireless & Electrical Trader", of London.

Reporting on the proposal in a recent issue, the periodical said:

"The wish for a resumption of some kind of television service being father to the thought that such a possibility exists may lead some dealers to become over-optimistic regarding a suggestion made last week-end that television over the ordinary Post Office television circuits is within the bounds of practical politics.

"Although it knows that the scheme is possible technically (it was, indeed, mooted by Post Office engineers a long time ago), The Trader feels that if all the existing economic and material difficulties are given careful consideration most people will come to the conclusion that the matter is not likely to come to anything yet awhile.

"The suggestion was made in the last issue of the Sunday Dispatch, which carried a story entitled 'Viewing by 'Phone Plan: Television - 5s. a Week.' It was stated that a 'plug-in-and view' television plan 'which will be available for homes and cinemas' has been completed by leaders of Britain's television and cinema industries. 'Home service will be "on tap" for those who have 'phones at an all-in cost of 5s. a week', the story continued.

"After these definite statements, the Sunday Dispatch went on to reveal that such plans 'will be' presented by experts to the Postmaster-General and Lord Cadman 'early in the new year'.

"If the consent of the PMG is quickly obtained the plan can be in operation by spring', went on the story. 'Not a penny of the taxpayers' money is necessary. It will provide an additional source of revenue for Sir John Simon.'

"But those who know anything at all about the cost of television production will, in The Trader's opinion, be skeptical whether 5s. a week for an 'all-in-service' would anything like cover the cost.

"The man behind the scheme, said the Sunday Dispatch, is S. Sagall, managing director of Scophony, who is said to have the support of Oscar Deutsch, chief of the 300 Odeon cinemas.

"The scheme being discussed would enable the television program to be superimposed on existing telephone circuits without interfering with ordinary AF speech. It is said that the main

purpose of the plan would be to enable Britain to maintain her lead in television technique.

"The Trader learns that the Radio Manufacturers' Association has no knowledge of the scheme at all."

X X X X X X X X

~~1~~ MUSICIANS DECIDE TO FOREGO STRIKE ON NETS

A threatened strike of radio musicians was delayed, temporarily at least, this week. The Executive Board of the American Federation of Musicians so decided at Miami, Fla., despite the failure of NBC and CBS representatives to renew the contract governing conditions of employment, signed in December, 1937, and expiring on January 17th.

The Board decided to forego any strike pending developments in line with suggestions made by Mark Woods, Vice-President of CBS.

The networks, as far as the key stations and managed and operated stations are concerned, have agreed to maintain the same level of employment as exists at the present time. However, the affiliated stations are to be free to do as they see fit, according to their best interests, dealing with the union individually.

The expiring contract, which is not being renewed, is a "national overall" one, covering affiliates as well as key and managed and operated stations.

X X X X X X X X

— —

Five more States - Virginia, Missouri, Florida, North Carolina and Connecticut - have announced official adoption of Columbia's American School of the Air as a regular part of their educational curriculum. These additions bring to eleven the number of States which officially use air school programs in their schools. The others are Texas, first to adopt the broadcasts last August, Illinois, West Virginia, Oklahoma, New Mexico and Utah.

Sterling Fisher, CBS Director of Education, also reports that New Orleans has been added to the numerous cities which regularly use the broadcasts for classroom work.

X X X X X X X X X X

BRITISH RADIO TRADE OFF AT HOME; EXPORTS PROMISING

The following article, taken from "Trade and Engineering", London publication, was released this week by the U. S. Department of Commerce:

"Conditions in the radio industry have become difficult in some respects as a result of the war, but manufacturers are not dismayed. It was not to be expected that the exceptional demand of the early days of September would continue, and, in fact, it has fallen below the normal standard of the pre-war period, particularly for higher-priced receiving sets. It is probable that most of the future demand will be for cheap sets on which manufacturers are now concentrating.

"These remarks refer to trade as a whole. If one turns to exports a much happier situation is found. War-time conditions have substantially improved British prospects in the Empire, owing to the preference of the Dominions for dealing with countries on a sterling basis: some of them, indeed, have imposed an import licensing system on foreign goods. The extent of demand from all parts of the Empire for British radio apparatus is several times greater than formerly in India, Malaya, South Africa, Trinidad, the Bermudas, and other places. South America, too, which at one time bought many German sets, has turned to this country.

"New Zealand is still restricting British goods severely but the outlook for them there is not thought to be as hopeless as it recently seemed to be. The important sales of the Dominion's produce to the British Government are expected to increase its funds in London substantially, and thus may enable the import restrictions to be slightly relaxed. The Board of Trade has been asked by the Radio Manufacturers' Association to take this point up with the New Zealand Government.

"The industry has had to contend with certain difficulties concerned with raw materials, particularly timber, used in cabinets, and aluminum, of which condenser vanes and screening cans for valves are often made. The Government, of course, needs large quantities of these materials for war purposes, and there is reluctance to release the necessary supplies for radio factories. Radio manufacturers, therefore, are looking for substitutes. Plastic materials may be employed instead of timber, while for screening cans one firm has experimented with cardboard sprayed with zinc.

"A shortage of skilled engineers has also caused inconvenience, and there has been an effort in some quarters to have the age-limit for reservation of service engineers lowered; it is doubtful, however, whether the authorities will take any action.

"On the whole, manufacturers look hopefully to the future. A number of them are now devoting part of their factories to munitions, for the increase in the export trade has not counter-balanced the falling off in other departments, and it was necessary to seek new forms of activity; but every precaution is being taken to maintain the equipment for making radio apparatus in a state of readiness for the opportunities available when the war ends.

"There were record sales of receiving sets in Canada during the first half of 1939. The total was 92,962, compared with 63,795 in the same period of 1938. The previous half-yearly record was set up in 1937, when the sales numbered 82,765."

X X X X X X X X

~~WOR TO OPERATE FIRST OF NEW "F.M." TRANSMITTERS~~

On or about March 1, WOR will put into operation the first of a new line of frequency modulated transmitters, manufactured by Western Electric Company and hailed by radio engineers as a forward step in the technical end of the industry.

The new transmitters, according to F. E. Lack, Manager of Western Electric Company's Specialty Products Division, will be based on fundamental developments of Maj. E. H. Armstrong and will be designed to contribute to economy of operation and naturalness of transmitted sound.

In announcing that WOR would operate the first of these new transmitters, one of 1 kilowatt capacity, J. R. Poppele, Chief Engineer of WOR explained that frequency modulation, to the listener, means amazingly fine reception, where tones appear clearer than ever before. Following March 1, WOR's programs will be given this kind of transmission over an experimental frequency allocation.

X X X X X X X X

Allyn Jay Marsh assumes the position of Assistant Sales Manager of the Columbia Broadcasting System, effective January 22. A member of the Columbia Network Sales Department for almost eleven years, Mr. Marsh in his new position will work with account representatives in a managerial capacity.

X X X X X X X X

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

~~EP~~
- S
fall

OK

2021
8 JAN 29 1940 E
P.M.

1940

INDEX TO ISSUE OF JANUARY 26, 1940.

Wigglesworth Sees Little Progress At FCC.....	2
Single Question On Radio In U. S. Census.....	3
New Television Committee Formation Deferred.....	4
Two U. S. Agencies Fight For Radio Control.....	6
Germany Continues Television Via Cable.....	6
1939 Tax On Radios 18% Above 1938.....	7
Radio Industry Optimistic Over 1940 Prospects.....	7
Applications For Experimentation With "F.M." Now Acceptable....	8
Sarnoff Heads Radio Drive To Save Opera.....	8
Television Commercialization Advocated.....	9
Tentative Television Tour Prepared For FCC.....	9
Trade Notes.....	10
Craven Hits For Florida Beach.....	11
New Telephone Rate Reduction Studies Ordered.....	12
Crosley Seeks Permit For "F.M." Station.....	12

No. 1203

W.H.

WIGGLESWORTH SEES LITTLE PROGRESS AT FCC

Representative Wiggleworth (R.), of Massachusetts, chief critic of the Federal Communications Commission in the House, renewed his complaint in that body this week but in a milder form than in previous years. He merely extended his remarks about the FCC in the Congressional Record.

Citing the testimony of the FCC during hearings on the Independent Offices Appropriations Bill, Congressman Wiggleworth said:

"Little progress has been made in the solution of the various problems considered by your committee with the Commission in recent years. Nothing has transpired to indicate that a thoroughgoing investigation of the entire field of radio broadcasting and its regulation by the Federal Communications Commission is not imperative in the public interest.

"Once again we have a new chairman but this fact does not seem to have served to convince the Commission that it has created a monopoly in the hands of the three big broadcasting companies of the Nation or that the results of its handiwork have been detrimental to the public.

"The monopoly or 'monotony' investigation in which the Commission has been investigating itself in this connection and which we were advised a year ago would end in 60 days, has continued until recently, and has as yet to be considered and acted upon by the Commission.

"The transfer of stations or control stations for considerations far in excess of the value of the physical assets transferred with all the dangers of capitalization of Government franchises to the detriment of the public has continued in the last year as in previous years. This is apparent from tables inserted in the Record by the Commission.

"No recommendation is available as to the imposition of a license tax upon those making tremendous earnings out of free Government franchises; in the matter of exclusive control of the time of affiliates; in the matter of non-resident control of stations; in the matter of newspaper ownership; in other important matters.

"We are still confronted by the threat of censorship. A year ago complaint was made against the regulation imposed upon licensees for international broadcasting limiting broadcasts to those 'reflecting the culture of the country and promoting inter-

2, 5, 10

national good will, understanding, and cooperation'. That regulation was withdrawn under pressure of public opinion. Today, however, we are confronted by the code of the National Association of Broadcasters, apparently having the implied blessing of the Commission, as a result of which it is impossible to discuss any controversial issue on the air in time purchased for the purpose. Discussion is possible only on free time and the use of free time is, of course, in the absolute control and discretion of the broadcasting station. The danger of abuse of this discretion, in the hands of broadcasting stations, is self-evident.

"No further protection is suggested for the investor. In the light of alleged financial condition and operations of certain radio licenses, it would seem, either through FCC or SEC, that better protection should be afforded the public relying on Federal authorization to operate and issue securities.

"The Commission still adheres to its action of a year ago whereby its Board of Examiners was abolished, petitioners being denied the right to a finding by an impartial civil-service examiner and being turned over to the tender mercies of the General Counsel's office acting in the role of prosecutor, jury and judge.

"Attention is invited to the discussion of the action of the Commission in respect to the granting of licenses to the Greater New York Broadcasting Corporation and to the Cumberland Broadcasting Co. I anticipate that both of these matters will call for further comment at a later date."

X X X X X X X X

SINGLE QUESTION ON RADIO IN U.S. CENSUS

The radio phase of the United States census this year will be limited to a single question: "Does this household have a radio receiving set?" The Census Bureau has advised the Radio Manufacturers' Association, National Association of Broadcasters, Federal Communications Commission, State Department, Army and Navy, and the Bureau of Education that it cannot expand the radio questionnaire because of lack of funds and the time limits involved. A further conference was held recently by representatives of the Government and industry organizations with Dr. Vergil D. Reed, Acting Director of the Census, in an effort to expand the radio questionnaire, but this was found to be impossible. Thirty-three million forms had to be distributed to regional census offices by January 15th with detailed instructions, and necessary printing and distribution prevented any enlargement of the questionnaire on radio. Additional radio information, however, may be obtained from the Census Bureau's tabulation.

Development of statistics on radio ownership, by States and counties, is being planned by the National Association of Broadcasters with a view to eventual inclusion of annual figures on extra sets in homes, automobile radios, receivers in offices and institutions, etc.

X X X X X X X X X X

NEW TELEVISION COMMITTEE FORMATION DEFERRED

The appointment of a Committee of Manufacturers to reconsider some of the television standards proposed by the Radio Manufacturers' Association, the formation of which was suggested by James L. Fly, Chairman of the Federal Communications Commission, will be postponed until after the members of the Commission return to Washington from their inspection trip of the Eastern television laboratories early in February. This further step was made known by Chairman Fly, who said at the conclusion of the television hearings:

"There is an item I would like to mention before adjournment. We had a momentary discussion today about the feasibility of a Committee of Manufacturers, a small Committee of Manufacturers, who might again review certain of the standards that have been brought into question, and might in turn make some recommendation to the Commission. The Commission has not taken any definitive action on that idea, but before we part we thought it best to raise the point again, and perhaps a bit more seriously, and of course the Commission cannot delegate to any Committee, or even for that matter, to its staff committee, the fixing of standards on its own behalf, or agree to follow any recommendation. At the same time, you know the Commission is under something of a handicap in regard to these transmission standards, when we find the industry in disagreement, and we may consider it desirable to request of the leading manufacturers the appointment of a single representative to meet with the group, and to endeavor to give the Commission some recommendations. If that be requested it would probably be composed of one representative of the following: Farnsworth, General Electric, Stromberg-Carlson, Zenith, Philco, R.C.A., and DuMont, and of course we should want only one representative from each company and in that event we should like the best form of standards that that group might be able to arrive at unanimously. That is something that we will take the liberty of taking up with you further.

"I merely mention it again so that some thought may be given to the possibility. Also, I imagine that Dr. Wheeler (Dr. Lynde P. Wheeler, Chief of the Technical Information Section) can act as our representative on that matter, after the Commission has had occasion to consider it further."

It was denied at the Commission that the formation of the new committee was a reflection in any way upon the Radio Manufacturers' Association's Television Standards Committee or upon the Radio Corporation of America, one of the manufacturing group which is represented on the RMA Committee. The fact that the RCA endorsed the standards gave rise during the hearings to intimations that it might have exercised undue pressure in getting them adopted by the RMA Committee. This, too, was denied with the explanation that the RCA had no more voting power proportionately than the humblest member.

An answer to this criticism, Frank W. Wozencraft, counsel for RCA, addressing Chairman Fly during the television hearings stated the position of the Radio Corporation as follows:

"We have said, and we say now, that we believe in the RMA Industry Standards; we think that they are the best standards which can be devised at this time; we think that there is nothing on the horizon which gives any indication that there is any need for any early change in those standards; we do not think any other standards are necessary. However, if the Commission feels that other standards are necessary, we shall not try to enter any objection to the grant of a license by the Commission to whoever proposes additional standards and asks for authority to transmit television broadcasts according to those standards.

"We have said, from the beginning, that we are for the RMA standards and that we think they are all that is necessary; we have said, from the beginning, that if the Commission does permit broadcasts under a different standard that we will endeavor to put on the market receivers which will receive both types of television and that we will endeavor to develop and to make available at as low a cost as possible gadgets or adapters, or different kinds of mechanism which will adapt the receivers already in the hands of the public to the transmissions under the different standards which may be permitted by the Commission.

"We say definitely and positively that we are behind the RMA standards; we say, also, that the Commission is determining what is in the public interest and that if the Commission determines that there should be more than one set of standards, then we will try to make receivers available to the public that will receive on both sets of standards; we say, further, to the Commission that if the art is to progress as rapidly as it can progress, we and others who wish to do so, ought to be permitted to put into use promptly the standards which are tried and tested - the RMA Industry Standards, and use those standards in stations with limited television."

While those at the Commission evidently leaned over backwards to avoid criticizing the RMA Standards, nevertheless it was pointed out that though the members of the RMA Television Committee voted for them, the hearings had shown that they were not all in step in the matter. Significance also seems to be attached to the objections of the DuMont Company. Though this concern does not belong to the Radio Manufacturers' Association, it was invited by the RMA Television Committee to participate as a guest member.

What the new committee will be able to accomplish that the industry group failed to do, remains to be seen. As yet the names of the members of the committee to be formed under the supervision of the FCC have not been announced. The representative of each company, of course, will be named by the respective companies and not by the Commission. It does not seem to be certain that Dr. Wheeler will even participate in a deliberation of the committee. In one instance he was simply described as the contact man between the television manufacturers' group and the Communications Commission.

// TWO U.S. AGENCIES FIGHT FOR RADIO CONTROL

A serious inter-agency controversy appears to be developing over where to lodge control of and responsibility for Government radio activity, it was reported this week. The dispute, smoldering, but not yet broken into flame, is between the Office of Education and the Office of Government Reports.

The issue is which of the two agencies should become the central Government establishment in charge of coordinating and supervising the daily increasing use by other Federal organizations of the air waves as a channel for dissemination of education and information.

Both agencies deny harboring "czaristic" ambitions to control the Government's radio activity or even that they want to expand their present radio functions. And the heads of both establishments - Commissioner of Education John W. Studebaker and Director of Government Reports Lowell Mellett - are on cordial terms. The fact is, however, that Government departments and offices are becoming increasingly interested in using the radio as a publicity medium. And by the nature of the radio publicity, as distinct from the "press release" technique, increased use will necessitate a central agency in a supervising and directing capacity.

One of two agencies would appear to be the logical establishment to assume this function. Although funds for Mellett's radio service were transferred to the Education Office by the second reorganization order last Summer, the small staff doing the work has remained in the Reports office, and is still being paid from the transferred funds.

//

X X X X X X X X X

GERMANY CONTINUES TELEVISION VIA CABLE

The wireless transmission of television programs in Germany has been discontinued since the beginning of the war, while the transmission of television programs by cable was resumed by the Reichpost Television Ltd. three weeks after the outbreak of hostilities, according to the office of the American Commercial Attaché at Berlin. Under war conditions the Reichpost Television, Ltd. is expanding its network of sound-television cables. Seven auditoriums in Berlin have been wired and are being used for sound television reception. Cable transmittal of television programs to Hamburg is scheduled to begin shortly.

The continuance of sound television operations in Germany on a "skeleton basis" is explained by the necessity of continuing scientific and technical progress in television.

X X X X X X X X X

1939 TAX ON RADIOS 18% ABOVE 1938

Extraordinary Christmas sales of radio brought the total of Government collections in 1939 of the Federal 5 percent tax on radio and phonograph apparatus to \$5,229,649.14, according to compilations by the Radio Manufacturers' Association. The 1939 excise tax collections were 18 percent above 1938 total excise taxes of \$4,431,614.20, and the tax records do not include additional taxes collected at 2 percent, on automobile radios and accessories not segregated in the Treasury returns.

The RMA compilations indicated that a somewhat larger percentage of sales occurred during the first six months of 1939 compared with the similar period of 1938, and similar smaller proportion during the last six months of 1939 than in the preceding year, despite the sales impetus of the European war on short-wave radio and the unusually large holiday sales last December.

The December 1939 radio tax collections were \$744,123.68, an increase of 25½ percent over the December 1938 taxes of \$592,996.70. The December collections were the largest of any single month since October 1937. December tax collections on mechanical refrigerators decreased, amounting to \$222,892.52 compared with \$238,626.90 in December 1938.

Since the radio excise tax law became operative June 30, 1932, the radio industry has paid total taxes of \$34,573,525.18, exclusive of additional excise taxes on automobile radio and accessories. Optimistic estimates of future radio excise tax collections were given recently by the Treasury Department to Congress, in the budget estimates. The Treasury estimated that the radio excise tax collections for the fiscal year ended June 30, 1940, would be \$6,400,000, and that the 1941 radio tax collections would be \$7,900,000. Treasury estimates have invariably been excessive.

X X X X X X X X X

RADIO INDUSTRY OPTIMISTIC OVER 1940 PROSPECTS

With news from Europe and a presidential election at home to stimulate interest, the radio industry is optimistic over sales prospects for receivers this year.

The Fitch survey estimates that more than 9,000,000 sets were sold in 1939, when the portable radio was a standout sales stimulant.

From present indications, the leader for this year may be the new combination radio-phonograph-home recorder, which features complete equipment for making records at home.

X X X X X X X X X

APPLICATIONS FOR EXPERIMENTATION WITH "F.M." NOW ACCEPTABLE

To obtain more factual data about frequency modulation for services other than broadcast, the Federal Communications Commission has announced that it will accept applications for such experimental authorizations on the frequencies allocated to those services above 30,000 kilocycles.

This applies to such services as emergency, aviation, and those miscellaneous radio services not directly involved by the Commission's informal engineering hearing, scheduled to begin February 28, primarily to consider frequency modulation as applied to the standard broadcast service.

Frequency modulation is claimed to offer definite advantages over existing amplitude modulation systems in the police and aviation services. In the police service, each system is under the direct control of one licensee who can plan and control the installation and operation of both the transmitting and receiving systems. There are approximately 1,000 police radio systems with more than 6,000 transmitters (including headquarters and patrol cars) now using amplitude modulation.

On the basis of the reports required to be submitted under the experimental rules, and after observation of operation by Commission personnel, decisions will be reached as to whether and under what conditions frequency modulation can be regularly authorized for use in the non-broadcast services.

X X X X X X X X X

SARNOFF HEADS RADIO DRIVE TO SAVE OPERA

David Sarnoff, President of the Radio Corporation of America, has been named Chairman of the Radio Division of a campaign to raise \$1,000,000 from the public, including radio listeners, to enable the Metropolitan Opera Association, the producing company, to acquire the Metropolitan Opera House and to develop it as a national music center.

The National Broadcasting Company will depart from precedent by asking radio listeners to send \$1 each to the Association as a contribution to preserve "the world's finest opera".

Mr. Sarnoff, estimating that the radio audience of the opera has grown to more than 10,000,000 persons, pointed out that almost everywhere in the world outside the United States, grand opera is supported by Government subsidies. The day will come, he said, when it will be possible for persons far distant from the opera house to see as well as to hear the opera, and that is another reason for wishing to insure its continuance.

During the nine years of NBC broadcasts of the opera, he said, the network has paid the Metropolitan Opera Association more than \$1,000,000 and has freely given the broadcasts to the public on radio time that would have been worth \$3,000,000 at commercial rates.

X X X X X X X X X

TELEVISION COMMERCIALIZATION ADVOCATED

Otto Schairer, Vice-President of the Radio Corporation of America, in charge of the Patent Department, one of the concluding witnesses last Tuesday at the television hearings before the Federal Communications Commission, said that the limited commercialization of television would result in the sale of more sets, bring about more research, give encouragement to high frequency and coaxial cable experiments, and that thus many things would be learned. He said that the research expenditures of the RCA in 1939 was a million and three-quarter dollars and in 1938 a million and a half, a very substantial part of which went for television.

Asked if it was possible for the RCA to manufacture a set without the use of outside patents, Mr. Schairer said, "No, we want the best there is and are willing to pay for it." He said it was a very rare thing for the RCA to turn down anybody who wanted to lease its patents. He said that RCA was anxious to have television developed and welcomed the cooperation of the whole industry.

Louis Caldwell, counsel for Philco, said that the two Philco companies - Philco Radio and Philco Television - had each spent \$500,000 last year in research.

Philo Farnsworth, of the Farnsworth Television and Radio Corporation, urged the adoption of the RMA standards. Asked if he thought television was ready for the public, he said: "I do."

Asked if there wasn't a likelihood of fixed standards freezing the industry, Mr. Farnsworth replied: "Yes, it may freeze some but if we don't do that we will freeze ourselves. If you mean limit it, I don't believe it would." "If a set were built under the present standards, would there likely be any development which might make the set obsolete?" "No", was the answer.

X X X X X X X X X

TENTATIVE TELEVISION TOUR PREPARED FOR FCC

A tentative itinerary for the Federal Communications Commission to follow in its eastern tour of television plants, February 1 to 5, was prepared this week.

It includes a visit to General Electric laboratories at Schenectady, a field demonstration at Poughkeepsie, N.Y., an inspection of RCA, Cathay-Ray, and Dumont equipment in New York City, and visits to the RCA Camden, N.J., plant and the Philco station and laboratory in Philadelphia.

Final details of the tour will be announced early next week.

X X X X X X X X X

::: TRADE NOTES :::

The volume of radio exports is being maintained despite the European War, according to the current report for November, 1939, of the U. S. Bureau of Foreign and Domestic Commerce. Radio exports last November totaled \$2,155,741, only slightly decreased from the previous month of October, and compare with November, 1938, exports of \$2,206,141. The November, 1939, exports were the largest other than the preceding month of October since December, 1938. Exports of receiving sets, parts and accessories last November increased over the previous month, although there was a slight decrease in tube and speaker exports. There were substantial exports in November to Great Britain, France, and the neutral European countries, as well as to Latin America and South Africa.

Two agricultural college graduates who last Fall won \$500 scholarships to study the radio aspects of farming in a contest sponsored by WLW, have been added to the permanent staff of the station's agricultural department. They are Merton Emmert, from Kansas State Agricultural College, and Charles Grisham, from Alabama College of Agriculture. The scholarships provided for a six-months study course at WLW. When the scholarships expired early this month, both were added to the regular staff.

Station KMPC, Beverly Hills, Calif., has commenced full time operation as a member-station of the Columbia Broadcasting System, bringing the network total to 119 stations in 118 cities. KMPC operates with a daytime power of 5,000 watts and evening power of 1,000 watts at a frequency of 710 kilocycles.

Prof. George Washington Pierce, distinguished Harvard physicist and pioneer in many fields of radio research, has retired after forty years' service on the Harvard faculty. He has been named Rumford Professor of Physics and Gordon McKay Professor of Communication Engineering, Emeritus, effective next September 1st, the University has announced.

During the World War, Dr. Pierce invented several devices, notably instruments used on ships for submarine detection and also for depth finding. More recently he has conducted research in the field of high-frequency oscillation, developing the quartz crystal oscillator used by radio stations to fix transmission frequencies.

The Federal Communications Commission has granted the application of Florence H. Frey and Robert O. Greever, Logan, West Va., to establish a new broadcast station at Logan, W. Va., to operate on the frequency 1200 kilocycles, power 100 watts, daytime only.

The radio industry's program for 1940, including promotion, merchandising, and problems in connection with television, frequency modulation and other technical progress, will be considered by the Board of Directors of the Radio Manufacturers' Association at a meeting Thursday, Feb. 8, at the Hotel Roosevelt in New York City.

The Federal Communications Commission has tentatively granted the application of the Presque Isle Broadcasting Company for a construction permit to erect a new radio station in Erie, Penna., to operate unlimited time on the frequency 1500 kc., 100 watts night, 250 watts local sunset.

The National Broadcasting Company has leased the Ritz Theatre, New York City, at 225 West 48th St., for use in the broadcasting of network programs. This is the third theatre to be taken under lease for this purpose by the NBC, which now operates the Vanderbilt Theatre on West 48th St., and the Barbizon-Plaza, Sixth Ave., and 58th St.

John Fox has been appointed Assistant to the Director of Sales Promotion of the Columbia Broadcasting System, effective immediately. Mr. Fox's position is a newly-created departmental post. Hitherto he has served as Production Manager and Space Buyer of the Sales Promotion Department of CBS.

The Federal Communications this week granted the application of Union Broadcasting Company, to establish a new station in Scranton, Pa., to operate on the frequency 1370 kilocycles, power 100 watts night, 250 watts local sunset, unlimited.

Alfred J. McCosker, President of WOR and Chairman of the Board of the Mutual Broadcasting System, left New York City today (Friday) accompanied by Mrs. McCosker, for a month's stay in Hollywood as the house guest of Rudy Vallee.

Much comment was caused at the television hearings before the Federal Communications Commission when Thomas Joyce, Vice-President of RCA Manufacturing Company, pulled out a little portable radio receiving set from his brief case. It is said to have been about the size of a pocket camera with a battery such as is used in an ordinary hand flashlight. The set is as yet in a state of experimentation and is not being manufactured commercially.

X X X X X X X X X X

CRAVEN HITS FOR FLORIDA BEACH

Taking advantage of a lull in Commission work, following his strenuous participation in the television hearings, being the only Commissioner who rates as a technical expert, Commander T.A.M. Craven is taking a short vacation at Miami Beach before the forthcoming tour of inspection of television laboratories. With a nine-inch snow on the streets of Washington the day he left, and from 14-16 inches reported in the deep South, Commander Craven's friends wish him luck in escaping from the widest shivering belt this country has known in many years.

P.S. An Associated Press dispatch the morning "Tam" arrived in Miami said the stock of electric heaters and heavy underwear had been exhausted so maybe it wasn't hot down there after all.

X X X X X X X X X X

// NEW TELEPHONE RATE REDUCTION STUDIES ORDERED

The Federal Communications Commission has voted to institute studies as to the possibility of further reductions in the long line rates of the American Telephone and Telegraph Company.

Commissioner Paul A. Walker reported that figures before the Commission indicate a substantial saving to telephone subscribers might be made without reducing net earnings of the company below a fair return on the reasonable value of the property used in the interstate service.

The Commission will proceed under the order of September 9, 1936, authorizing an investigation which subsequently was stayed by negotiations with the company resulting in reductions.

X X X X X X X X X

// CROSLEY SEEKS PERMIT FOR "F.M." STATION

The Crosley Corporation, which operates Station WLW, Cincinnati, has applied to the Federal Communications Commission for permission to erect a frequency modulation transmitter.

The request is for a frequency of 43.2 megacycles, on a wavelength of 6.95 meters, to operate on unlimited time at 1000 watts. If the license is granted, the transmitter will be erected on the top floor of Cincinnati's 48-story Carew Tower, site also of the organization's television studios.

The purpose of the station will be experimental, officials said. Frequency modulation, according to engineers, can be received without static, through the special sets designed for its use. They pointed out that present standard broadcasting stations, which are operated on amplitude modulation, are also "staticless", but that many standard broadcast receivers are not.

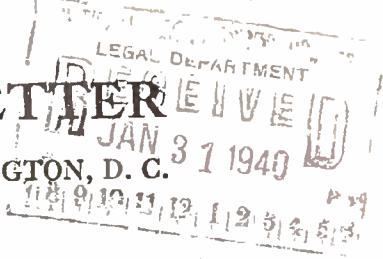
Plans call for the frequency modulation station antenna to be placed atop the Tower.

X X X X X X X X X X

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF JANUARY 30, 1940

Supreme Court Enhances Authority Of The FCC.....	2
Alien's Ship Radio License Revoked By FCC.....	3
Aid To Police Seen In FCC Ruling On "F. M.".....	4
Television Tour Covers Eastern Experiments.....	6
KUMA License Revocation Made Final.....	6
Norman Baker, Ex-U. S. Broadcaster, Convicted.....	7
Chile Conference Draws Up Proposals.....	7
Theaters Complain To Congress Re Radio Lures.....	8
Miller Reports Many Stations Back Music Project.....	8
Industry Sold 9,000,000 Radios Last Year.....	9
Trade Notes.....	10
Television Audience Grows 10%, NBC Survey Shows.....	11

No. 1204

January 30, 1940

SUPREME COURT ENHANCES AUTHORITY OF THE FCC

The U. S. Supreme Court on Monday overturned many popular misconceptions regarding the rights of appeal from decisions of the Federal Communications Commission in a significant ruling and a rebuke to the U. S. Court of Appeals for the District of Columbia.

The Supreme Court upheld the Government's contention that the Court of Appeals has no right to supervise the administrative action of the FCC.

The tribunal reversed a decision directing the FCC to reconsider an application by the Pottsville (Pa.) Broadcasting Company for a radio station construction permit without at the same time considering two other applications subsequently filed. A similar ruling was made in the case of Paul R. Heitmeyer, of Cheyenne, Wyo.

Justice Frankfurter, who wrote the unanimous opinion, asserted that "courts are not charged with general guardianship against all potential mischief in the complicated tasks of government".

"The present case", he added, "makes timely the reminder that 'Legislatures are ultimate guardians of the liberties and welfare of the people in quite as great a degree as the courts.'

"Congress, which creates and sustains these agencies, must be trusted to correct whatever defects experience may reveal.

"Interference by the courts is not conducive to the development of habits of responsibility in administrative agencies. Anglo-American courts, as we know them, are themselves in no small measure the product of a historic process."

The decision directed the United States Court of Appeals for the District of Columbia to dissolve a writ of mandamus granted against the Commission and to dismiss the broadcasting company's petition.

In appealing to the Supreme Court, the Federal Communications Commission said that the Court of Appeals, in issuing a mandamus to require individual consideration of the Pottsville and Heitmeyer applications, had infringed upon its administrative powers, and Justice Frankfurter's decision, which reviewed at length the history of administrative bodies in the Government, made it clear that the court believes that Congress had intended these groups to be supreme in their own field.

The decision said that unless "vital differentiations between the functions of judicial and administrative tribunals are observed, courts will stray outside their province and read the laws of Congress through the distorting lenses of inapplicable legal doctrines".

"Interference by the courts is not conducive to the development of habits of responsibility in administrative agencies", the Frankfurter opinion said.

Attorney General Robert H. Jackson, in his last argument before the Supreme Court as Solicitor General, asserted that "the only ultimate effect" of the decision by the Court of Appeals "is to destroy orderly procedure in the Commission".

The Appeals Court ruling, he added, subordinates the interests of the public "to the private interests of a particular applicant who happened to be the first to file for given facilities".

X X X X X X X X

ALIEN'S SHIP RADIO LICENSE REVOKED BY FCC

The Federal Communications Commission last week ordered revocation of the ship radio station license of Franklyn Fischer, of New York City, to operate radiotelegraph equipment on the yacht SINBAD II.

On July 1, last, Fischer made application to operate a 25 watt station on the yacht, which is of American registry. The license was issued for one year, from July 13, and the call letters WCQR were assigned. On October 4 Fischer applied to increase the power of this station to 50 watts, which was granted six days later.

In both instances Fischer stated, under oath, that he was a citizen of the United States by birth. The Commission's inspector-in-charge at New York subsequently learned that Fischer was born in Vienna and has not been naturalized. Fischer is given 15 days in which to request hearing or return his license.

The Communications Act specifically restricts radio licenses of all kinds to American citizens.

X X X X X X X X X X

The 1940 International Yearbook of Editor & Publisher, issued last week, carries the following information relative to radio: a list of books on radio and the press, radio editors in the United States and Canada, and a list by States of radio stations affiliated with newspapers.

X X X X X X X X

AID TO POLICE SEEN IN FCC RULING ON "F.M."

Announcement by the Federal Communications Commission that it would accept applications for Class II experimental authorizations, covering the use of frequency modulation in emergency and other non-broadcast services, was interpreted this week by FCC officials as giving a definite boost to police use of radio communication.

The step was in line with previous actions, it was said, in making available to the police of the United States as rapidly as possible, new developments in the art of radio transmission.

Today's nearly 1,200 police radio stations are a marked contrast to the handful of such stations a decade ago. On January 1 of this year 28 States were operating 251 police radio stations and, in addition, there were 913 municipal police radio systems involving 6,074 radio transmitters.

The first reference to police radio as such appears in the records of the Federal Radio Commission in Order No. 74 issued October 11, 1929, which allocated three frequencies for emergency police stations. However, police departments had made use of radio before the date for various purposes. The City of New York established a radio station on June 2, 1916, under the call letters KUVS, for communication with harbor police boats and for the general policing of shipping in New York harbor. This station is still in operation and is now assigned the call letters WPY.

The first State police radio system was established in 1923 by the State police of Pennsylvania, consisting of a number of low frequency radiotelegraph stations for communication with the police headquarters. This system is also still in existence but at present supplements the wire communications which inter-connect the various police headquarters.

The first police radio system, such as is now generally recognized, was established by the City of Detroit, and the first State police radio system to communicate with the State police radio automobiles was established by the State of Michigan. As early as 1920 experiments with a police radio car had been carried on in Detroit in collaboration with the Detroit News. In 1922 the significant radio call letters "KCP" were assigned to the Police Department of that city, but it was not until 1928 that an effective city radio police patrol was achieved.

It should be noted that "police broadcasting station" is a misnomer, the FCC pointed out. Police radio stations are not, strictly speaking, broadcasting stations since everything they send is directed either to individual persons or to restricted groups of persons, while broadcast stations transmit programs for reception by the general public.

From the early beginnings of police radio, the number of stations rapidly increased, and, keeping pace with the development, additional frequencies were allocated for this use. In the latter part of 1931 and in the early part of 1932, a great deal of interest was aroused in the possibility of using frequencies above 30,000 kilocycles for local communications. It appeared evident on the basis of laboratory work that these frequencies in all probability would become extremely useful for police and other communications. However, insufficient information was at hand, and no practical experience had been gained which could be used as a basis for the promulgation of rules and regulations or an allocation of these frequencies in an equitable manner among the various services.

The Federal Radio Commission, which was then responsible for radio licenses, decided to authorize the experimental use of these frequencies by police departments for the purpose of gaining information as to their utility. As far as possible operations were permitted in exactly the same manner as they would be conducted should the licenses have been on a permanent basis rather than experimental in nature.

The first construction permit for a two-way police radio system issued under this policy was to the City of Bayonne, N.J., in 1932. Although this city had the first construction permit, the City of Port Jervis, N.Y., was the first to be actually licensed for two-way communication.

In addition to the facilities made available for communication from police headquarters to the police officer on duty, frequencies have been set aside, and rules and regulations promulgated, under which a nationwide police radiotelegraph communications system is developing. By interconnection with the leased wire telegraph circuits, which are established in the northeastern States, this system makes possible the exchange of information about crime and criminals between practically every center of population in the United States.

Much interest is now being evinced in frequency modulation with respect to broadcasting, and the Commission has ordered a hearing on February 28th on this subject. Considerable experience has been gained experimentally with respect to the use of this new facility in broadcasting. However, very little, if any, has been done in the matter of the practical application of frequency modulation to other services. In spite of the fact that in services other than broadcast only narrow band frequency modulation can be permitted, it is claimed that by the adoption of this system interference from static and from sources such as motors and spark plugs will be minimized.

X X X X X X X X X

TELEVISION TOUR COVERS EASTERN EXPERIMENTS

The itinerary that the Federal Communications Commission will follow in its inspection of television developments in the East, February 1-5, was announced last Tuesday.

On February 1 the Commission will first see in Albany and Schenectady a demonstration of a General Electric broadcast from a transmission originating in New York City. That evening in the Newburgh area and Poughkeepsie, the FCC will witness home reception of a television program from the RCA-NBC station atop the Empire State Building in New York City.

On February 2, the FCC will go to New York City and first inspect the NBC studios and television broadcasts. The following day it will visit the Cath-Ray Electronic Laboratories to see its new receivers and will witness a demonstration of the flexible system of transmission at the laboratories of Alan B. Dumont in Passaic, N.J.

On February 3 the Commission will go to the RCA plant at Camden, N.J., to see a new large screen projection and other developments still in the laboratory stage.

The same day it will witness a demonstration of polarization mitigation of interference at the laboratory of the Philco Radio & Television Corporation in Philadelphia.

Because of its inability to visit Los Angeles, the FCC has instructed its local inspector to inspect the television work of the Don Lee Broadcasting System.

All members of the Commission, except Commander T.A.M. Craven, are expected to take the Eastern trip. Commissioner Craven, Chairman of the Special Television Committee, made the previous tour and is now in Florida on vacation.

X X X X X X X X

KUMA LICENSE REVOCATION MADE FINAL

The Federal Communications Commission last week made final its order of revocation in the case of radio station KUMA at Yuma, Arizona, after allowing Albert H. Schermann, licensee, to withdraw application for hearing. The revocation order is effective February 1, 1940.

Revocation proceedings were instituted February 20, 1939. The matter came up for hearing December 1 last at Phoenix, Arizona. The evidence shows that Schermann violated the law in that he failed to operate his station in accordance with the terms of the license, having transferred station control to E. B. Sturdivant. Schermann was shown to have visited Yuma but three times in five years. KUMA operates on 1420 kilocycles, 100 watts, specified hours.

X X X X X X X X

//

NORMAN BAKER, EX-U.S. BROADCASTER, CONVICTED

A Federal Court jury last week at Little Rock, Ark., convicted Norman Baker, one-time American broadcaster and founder of hospitals at Eureka Springs, Ark., and Muscatine, Iowa, and two associates on charges of using the mails to defraud in advertising the Baker treatment as a "cure".

The court deferred sentence when a motion for a new trial was entered.

The station of Norman Baker, KTNT of Muscatine, Ia., operating a hospital where he alleged cancer could be cured without an operation, was closed down in 1931 by the old Federal Radio Commission on the complaint of the American Medical Association. Baker, following the example set by Dr. John R. Brinkley, described in a Congressional hearing as "a goag gland specialist", whose station KFKB at Milford, Kansas, had also been closed, later began broadcasting back into the United States from Station XENT in Mexico, just across from Laredo, Texas. This station was said to have had 150,000 watts power and could be clearly heard in many parts of the U.S. Baker conducted a full-fledged campaign, after having announced himself a Republican candidate for the United States Senate from Iowa - by appealing to the voters of Iowa from Mexico over XENT, which was a brand new idea in American politics.

X X X X X X X X X

CHILE CONFERENCE DRAWS UP PROPOSALS

The second inter-American Radio Conference at Santiago, Chile, ended Saturday last, after having drawn up recommendations based on nine days' study, the New York Times reported.

The Conference achieved solutions or paved the way for early settlement of the following problems:

- Allocation of radio frequencies on the American continent
- Uniform time and time signals
- Short-wave broadcasting
- Frequency tolerances
- International radio police services for the enforcement of law
- Suppression of non-essential radio
- Freedom of radio communications
- Air navigation aids
- Study of the needs of aeronautical services for additional frequencies
- The status of amateurs remained unchanged.

All American countries with the exception of Canada are represented, the meetings following the Third South American Radio Communications Conference in which South Americans covered the regional field.

X X X X X X X X X

~~THEATERS COMPLAIN TO CONGRESS RE RADIO LURES~~

Congress this week heard a complaint from motion picture theatre representatives that radio programs such as "The Pot of Gold" feature constitute gambling in violation of the Communications Act.

Representative Tenerowicz (D.), of Michigan, placed in the Congressional Record letters from theatre owners in Michigan with the following remarks of his own:

"Already the practice referred to - the conduct over a national radio hook-up of what amounts to gambling - has been brought to the attention of the Federal Communications Commission. A group of theaters in Detroit, known as Cooperative Theaters of Michigan, through their representative, Mr. Thomas McGuire, have undertaken single-handed to stop this weekly diversion of revenues from the little-theater owners of the Nation. They have sponsored the complaint but it is my understanding that because of legal loopholes, the Commission may not be able to take any action.

"These letters assert that incalculable losses in revenue are being suffered by this legitimate group of taxpayers every Tuesday night when this particular program takes to the air. To me it is a palpably unethical intrusion and a matter that deserves immediate 'policing' by the Commission."

X X X X X X X X

~~MILLER REPORTS MANY STATIONS BACK MUSIC PROJECT~~

Neville Miller, President of the National Association of Broadcasters, returning to Washington this week from attending district meetings throughout the United States, reported that 90 percent of the stations represented at the conferences will support the NAB-organized Broadcast Music, Inc.

Broadcast Music was organized a few months ago in a new attempt to make the organized broadcasters independent of the American Society of Composers, Authors and Publishers, with which it has been battling over charges imposed for using copyright music.

"I have just returned to Washington from attending District meetings in New Orleans, Dallas, Los Angeles, San Francisco, Portland, Seattle, Columbia, Georgia, and Orlando, Florida", Mr. Miller said. "These meetings, with the Third District recently held in Camden, complete the series of District meetings, and I believe we can feel very encouraged over the enthusiastic support which Broadcast Music received at practically all the meetings.

"Now, for a few statistics - 416 stations were represented at the meetings, and representatives of 358 stations have either signed or agreed to recommend approval by their directors, or have

indicated approval in some manner. In a number of cases, the representative present individually approved of Broadcast Music, but felt he was unauthorized to commit his station in any way without first reporting back to his superiors. 140 stations have sent in their checks, together with signed Stock Subscriptions and License Agreements; additional ones are arriving in every mail. I believe we can now count on the support of at least 90 percent of those stations which were represented at the meetings. That, to me, indicates a tremendous endorsement. However, there is much work yet to be done."

X X X X X X X X X X

~~1111~~

INDUSTRY SOLD 9,000,000 RADIOS LAST YEAR

The American radio industry sold 9,000,000 radio sets in 1939 for a total of \$289,000,000, according to the January issue of "Radio and Television Today", edited by O. H. Caldwell. The total number of sets in the United States on January 1, 1940, he estimated, was 45,200,000 as compared with 40,800,000 on the corresponding date of 1939.

During the year the public, through advertising, purchase of sets, servicing, etc., paid \$814,000,000 for its radio entertainment.

Following are the tables in which the totals were arrived at:

<u>Radio Sets In Use</u>	<u>Jan. 1, 1939</u>	<u>Jan. 1, 1940</u>
U.S. homes with radios	27,500,000	28,700,000
"Secondary" sets in above homes . . .	7,500,000	9,200,000
Battery Portables	200,000	900,000
Auto-radios	5,800,000	6,500,000
Total sets in use, U.S..	40,800,000	45,200,000
Total homes in U.S..	32,250,000	33,000,000
Total homes with autos	19,000,000	20,500,000
Total residence telephones	13,250,000	13,500,000
Total homes with electricity	24,000,000	24,450,000

U. S. Annual Radio Bill

Sale of time by broadcasters, 1939	\$170,000,000
Talent costs	35,000,000
Electricity, batteries, etc., to operate 38,400,000 receivers	165,000,000
9,000,000 radios sold in 1939 at retail.	289,000,000
36,000,000 replacement tubes @ \$1.25	45,000,000
Radio parts, supplies, etc.	50,000,000
Servicing radio sets	60,000,000

U. S. Public paid for radio in 1939 \$814,000,000

X X X X X X X X

::: ----- :::
::: TRADE NOTES :::
::: ----- :::

World radio market series released by the Department of Commerce this week covered Ivory Coast, Mauretania, Dohomey, Niger, and French Soudan.

Members of Congress are receiving circular letters from I. H. Nakdimen, Treasurer of the Oklahoma-Arkansas Telephone Co., of Poteau, Okla., attacking the Federal Communications Commission for its handling of the telephone inquiry and charging that the Commission is unduly influenced by the Bell System.

WJR, the Goodwill Station, Detroit, reports for 1939: Net income, \$483,925, equal to \$3.74 each on 129,500 capital shares, against \$330,578, or \$2.55 a share, the year before.

WSAY, Rochester, N.Y., will join the Mutual Broadcasting System on Thursday, February 1, when permanent lines will be installed, thus giving the network an affiliation in the 25th ranking retail sales market of the U.S. - and a total of 118 stations in U.S. and Hawaii. WSAY has 250 watts, full time, on 1210 kilocycles and is operated by Gordon P. Brown. The station went on the air Sept. 26, 1936.

Executive authorization on Federal Communications Commission recommendation has resulted in issuance of a single license to cover four submarine cables across the Niagara River connecting the United States and Canada. The licensee is the Great North Western Telegraph Company of Canada, whose cables link Buffalo, N.Y., and Bridgeburg, Ontario, at the draw of the international bridge, via Western Union Telegraph Company facilities on Squaw Island.

"Then Came War: 1939", a set of three twelve-inch records edited by Elmer Davis, CBS news analyst, which dramatize the historic events leading up to the present European war, has been produced by Time Abroad, Inc., and released by the World Book Company. The records are the first of a series, entitled "The Sound of History", which will present current history to American students in vivid, dramatic form. The pressings were made by Columbia Recording Corporation's new high-quality process at its Bridgeport, Conn., plant.

X X X X X X X X X X

TELEVISION AUDIENCE GROWS 10%, NBC SURVEY SHOWS

First facts on telecasting in New York City were released this week by Alfred H. Morton, NBC Vice-President in Charge of Television, in a report covering the National Broadcasting Company's first eight months of telecasting.

Mr. Morton's figures show that television has built up an audience already of more than 2,000 receiver owners in New York City and its immediate environs. Mr. Morton's conclusion is optimistic. "We feel that with the groundwork described in this report", he says, "we have established the machinery, the philosophies and the enthusiasm requisite for successful television broadcasting."

Receiving sets in metropolitan New York homes, according to the Morton survey, were 89.8% of the total number distributed, with a scattering of receivers in theaters, hotels and other public places.

The average evening audience at the present time is indicated as about 8,000 persons, out of a potential audience of 10,000 persons. The average for all audiences, afternoon and evening, is placed at 68.9% of the estimated potential audience.

"We find also that 100% of the television audience views at least two hours of the week's program schedule", the NBC official comments, "and that 87.1% takes time to look in upon between five or six hours a week, approximately one-half of the total schedule. Sixty percent of the audience sees between seven and eight hours a week and 21% view the entire week's schedule."

The facts released by Morton were contained in a report submitted to the Federal Communications Commission at the time of his appearance at the hearing on proposed television rules and regulations. Material relating to audience reaction was compiled from questionnaire returns by NBC lookers-in.

The audience poll, now in the annals of radio history, was begun last October. Its purpose is to synchronize the National Broadcasting Company's television programming activities with the interests and desires of the average televiwer. The audience was invited on numerous occasions to write for weekly program charts. A feature of these charts is a detachable return card, bearing spaces for the rating of each program item telecast by NBC. The first mailing of these charts comprised 249 names of set owners. Three months later, for the first week of 1940, the list had grown to 1,005 set owners and is currently growing at the rate of about 10% a week, NBC stated.

X X X X X X X X