

# HEINL RADIO BUSINESS LETTER

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No. 1096

## 25 ULTRA-HIGH WAVES SET ASIDE FOR EDUCATION

The Federal Communications Commission late this week set aside twenty-five channels in the ultra-high frequency band between 41,000 and 42,000 kilocycles for assignment to non-commercial educational broadcast stations.

Chairman Frank R. McNinch stated that the channels "will provide adequate facilities for service to every city and town."

Because of the limited range of the frequencies, the service will be chiefly of a local nature, although the FCC explained "it is reasonable to expect that in the near future there will be a marked improvement in the coverage obtainable."

This allocation is the first ever made to educational interests as class although there have been sporadic demands for such assignments for years in Congress and among educational organizations.

Scores of educational broadcasting stations have been licensed from time to time, however, on the same basis as commercial outlets, but most of them have been unable to compete with commercial competitors and have either sold their facilities or allowed their licenses to lapse.

The power of the new ultra-high frequency stations will be from 100 to 1,000 watts.

"Satisfactory signals can be delivered to cities and small counties under favorable conditions", the FCC stated. "However, due to the propagation characteristics of the frequency, State-wide coverage cannot be expected except in cases of the smallest States and under most favorable conditions."

Chairman McNinch added that rapid technical progress is being made in the development of the service on ultra-high frequencies, however, and that wider coverage might be expected in the near future.

The educational stations envisioned by the FCC will be expected to serve a dual purpose. They will be authorized to broadcast lectures and educational matter directly to class-rooms of the public schools and to transmit educational and entertainment programs to the general public.

In accordance with the rules of the FCC governing ultra-high frequency stations, the broadcast service must be primarily

of an educational character, and no sponsored or commercial program of any character may be transmitted.

"The Commission regards the establishment of the non-commercial educational broadcast stations", said Chairman McNinch, "as an important step in line with its established policy of encouraging education by radio, and it expresses the hope that the radio facilities now made available solely for this purpose will be used to the fullest extent for the general advancement of education."

After enactment of Section 307(c) of the Communications Act of 1934, and in accordance with the requirements thereof, the Commission conducted extensive hearings on the question of the advisability of making a definite allocation of broadcast facilities to non-profit making activities. Upon the conclusion of these hearings, a report was made to the Congress on January 22, 1935. The Commission recommended therein "that at this time no fixed percentages of radio broadcast facilities be allocated by statute to particular types or kinds of non-profit radio programs, or to persons identified with particular types or kinds of non-profit activities." This report further proposed that a conference be held in Washington to perfect plans for closer cooperation between broadcasters and non-profit organizations. "

A conference was held in Washington May 15, 1935. As a result of this conference the Federal Radio Education Committee was created by the Communications Commission in cooperation with other Governmental departments. Dr. John W. Studebaker, United States Commissioner of Education, accepted Chairmanship of the Committee.

Thereafter and on June 15, 1936, there was held an informal engineering conference in Washington, for the purpose of discussing the allocation of radio facilities for all purposes. At this conference Dr. Studebaker presented a statement outlining the need for the establishment of a class of broadcast stations to be devoted to the advancement of education in connection with the country's school system.

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Kenneth H. Berkeley, General Manager of the National Broadcasting Company's Washington stations, says that in his long radio experience, he's never encountered anybody so completely at ease before the microphone as President Roosevelt. Mr. Berkeley has often seen F.D.R. in the midst of a fireside chat at the White House, stop periodically not only to place a fresh cigarette in a long holder, but to light it and go on smoking without the slightest suggestion of interruption in the reading of his manuscript.

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## FCC QUIET ON CRAVEN REPORT; McNINCH RUMOR REVIVED

While members of the Federal Communications Commission maintained a discreet silence on the report of Commissioner T.A.M. Craven, former Chief Engineer, on super-power and other economic phases of broadcasting, the rumor was revived that Chairman Frank R. McNinch was preparing to return to the Federal Power Commission.

Indications were, however, that Mr. McNinch will remain at the helm of the FCC so long as there is any threat of a Congressional investigation of broadcasting and the FCC. That may mean that he will hold on to his temporary assignment until Congress adjourns in the late Spring or early Summer.

Members of Congress also greeted the Craven report with silence, but it was believed that they were generally pleased with the advice to the FCC to proceed cautiously on super-power extensions.

Meanwhile, attention was drawn to a supplementary section of the Craven report that was prepared by Dr. Herman S. Hettinger, of the Wharton School of Finance, University of Pennsylvania, who was lent to the FCC Engineering Department a year ago to investigate the economic phases of broadcasting.

It was Dr. Hettinger's report that was kept discreetly secret by the Commission until the final Craven report was drafted and the Havana Radio Conference was concluded for fear that it would arouse a new controversy on super-power.

Dr. Hettinger's general conclusions, which are a part of the Craven report, follow:

"1. The revenues of the 50-kw stations of the country as a group, both present and anticipated, are sufficient to meet the increased cost of operation involved in elevating the power of twenty-five stations to 500 kw. power.

"2. These revenues will not be sufficient to finance the construction cost and new capital investment completely out of a single year's revenues. A considerable portion of the capital funds will have to come either from accumulated reserves or new financing.

"3. Analysis of the position of 50-kw stations by size of community shows that potentiality of economic support exists most probably in communities of 400,000 population and over, and that there is some doubt as to the ability of smaller cities to support stations of this size.



"4. Since the position of economic support varies, even more directly with trade and buying power than with population, exceptions may exist in some smaller communities and with regard to a very limited number of relatively non-competitive high power stations which might be located in rural areas.

"5. These exceptions merely modify rather than invalidate the general conclusion. They point the need of following the suggestion made by the clear channel group that 500 kw power be granted only 'depending upon the evidence heard in the case' and that consideration be given to 'a particular applicant's ability or the community's ability to bear and support the increased financial burden.'

"6. Though as complete analysis was not possible with regard to the actual increased cost involved in raising regional station power to 5 kw, it would seem that, where such power was economically and socially desirable, no undue financial burden would be placed upon the station.

"7. The competitive effect of 500-kw stations upon regional stations and local stations remains primarily speculative. The comparatively narrow margin existing between technical costs on a 500-kw basis and probable revenues seems to indicate that an intensification of competition, wherever this is possible, will ensue. But the extent of this competition, its exact nature, and its ultimate effect remain speculative.

"8. The dearth of comprehensive and authoritative knowledge of station costs and revenues is so marked at the present time as to make it highly advisable that more complete and satisfactory data be collected in these two fields which can be used as the basis for study and analysis by the Commission's staff and on which sound general conclusions can be based."

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#### NEW NEWSPAPER STATION RECOMMENDED; ANOTHER REJECTED

A favorable report on the application of the Evening News Press, Inc., of Port Angeles, Wash., was submitted to the Federal Communications Commission this week by Examiner Melvin H. Dalberg. The requested allocation is 1500 kc. with 100-250 watts power, unlimited time.

The same Examiner dismissed with prejudice the application of W. H. Hartman Co., publisher of the Waterloo Daily Courier, Waterloo, Ia., for a construction permit, using 1400 kc. because the applicant was unprepared to present his case when the hearing was called.

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## PRESS WINS RESTRICTION ON USE OF RADIO WAVES

Newspapers and press associations won the support of the Federal Communications Commission's Engineering Department this week in a proposal that mobile station frequencies recently set aside for press communications should be limited to newspaper and press association licensees.

Spokesmen for radio communications companies attending an informal conference in Washington suggested that they be permitted to acquire the licenses, but Edward Lee White, FCC engineer, who presided, held that they had been over-ruled by the press representatives.

Eleven of these frequencies, between 30,000 and 40,000 kilocycles, were set aside by the Commission in a recent order. Colonel White said they had been divided into two groups, five in one and six in the other, and that the Commission believed they would have to be used in pairs.

Five of the frequencies are suitable for the use of portable mobile stations, such as small sets that a reporter might carry on an assignment in a pack or that might be set up quickly in an automobile and airplane.

The other six would be suitable for portable low-power stations with a limit of fifty watts, which would be set up at some central point close to a telephone or telegraph line and would act as receiving stations for the mobile portable stations actually being carried to the scene of the assignment.

As a basis for further discussion and guidance these rules were suggested:

"The term 'relay press station' means a station licensed to transmit from points where wire facilities are not available news for publication or orders, instructions and inquiries concerning such news.

"A license for a relay press station will be issued only to newspapers and press associations, provided, however, in cases where it is impractical, impossible, or prohibited by laws or regulations for the newspaper or press association to install, operate or maintain the necessary equipment under its legal control the Commission may grant special temporary authority for each event to other persons to operate as a relay press association equipment already licensed for another service.

"The license of a relay press station authorizes the transmission of news for publication or orders and inquiries concerning such news to be published by newspapers or press associations with which the license is regularly affiliated."

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## CONNERY CRITICIZES FCC LETTER ON MAE WEST

The letter of rebuke addressed to the National Broadcasting Company by Chairman Frank R. McNinch of the Federal Communications Commission with regard to the Mae West broadcast was criticized by Representative Connery (D.), of Massachusetts, in an extension of remarks in the Congressional Record of Wednesday.

The letter itself was inserted in the Record as an example, Representative Connery said, of the "threatening-but-do-nothing" attitude of the FCC.

Representative Connery's remarks on the letter follow:

"Mr. Speaker, in my address on the floor of the House on Friday, January 14, I took the liberty of prophesying that, despite the threat on the part of the Federal Communications Commission to penalize the National Broadcasting Company for permitting its radio stations to broadcast into unsuspecting, clean American homes an indecent and blasphemous program, the real penalty would be only a reprimand from this letter-writing Commission.

"I note in the well-informed Washington Merry-Go-Round, published daily, a comment and a prophecy which will indicate that it is generally understood that the radio monopolists control the actions of the majority of those constituting the Federal Communications Commission. The item reads as follows:

"However, Mae did not write the lines. She was handed a part to read, and she read it.

"Under the law the FCC has the power to keep the ether clean and to prosecute anyone who defiles it. However, it is a good bet there will be no action against the National Broadcasting Co. It has too many cooperative friends on the Commission."

"For the information of the House, it might be well for the Members to have a record of the threatening-but-do-nothing letter written by the Federal Communications Commission to the National Broadcasting Co. in answer to the many protests against the intrusion into American homes of indecent radio programs."

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The City of New York has filed an application with the Federal Communications Commission to change the name of the operator of Station WNYC from the Department of Plant and Structures to the Municipal Broadcasting Company.

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## KENNEDY NAMED FCC ASSISTANT COUNSEL

The Federal Communications Commission this week appointed James A. Kennedy to the position of Assistant General Counsel, effective February 1st, to succeed Carl F. Arnold. Mr. Kennedy has been serving in the capacity of Acting Assistant General Counsel since Mr. Arnold's resignation.

Mr. Kennedy is a native of South Carolina and obtained his education at the University of Richmond, Richmond, Virginia, George Washington University and the University of Virginia. After nearly two years in the Air Service during the World War, he returned to South Carolina in 1920 and practiced law until September, 1933, when he accepted a position as Senior Attorney with the Agricultural Adjustment Administration. In December, 1934, Mr. Kennedy was appointed as a Senior Attorney with the Federal Communications Commission, being later advanced to the position of Principal Attorney.

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## RADIO EXCISE TAX RETURN SETS NEW HIGH

Although Treasury collections last December of the Federal 5 percent tax on radio and phonograph apparatus declined sharply, by 26.1 percent, total tax collections for 1937 reached a new high record of \$6,658,692.23, 2.2 percent larger than the previous high record of 1936, according to compilations of Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association. Total collections in 1936 were \$6,514,898.45, which were 47 percent larger than the previous year of 1935. Since the excise tax law became operative June 20, 1932, the industry has paid total radio taxes of \$24,912,261.84, exclusive of additional taxes on automobile radio and accessories.

The December radio tax collections were \$669,545.35, compared with \$906,358.41 in December 1936. The December tax on mechanical refrigerators totaled \$444,144.87, against \$319,439.34 in December 1936.

Radio tax collections for the six months ending last December were 2.3 percent less than those for the similar six months' period in 1936.

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## FIRST TELEVISION AUDIENCE IN UPPER CLASSES - BOICE

Because of the anticipated high prices of the first television receivers when television makes its commercial debut in the United States, the audience will come out of the upper classes, according to H. K. Boice, Vice-President-in-Charge-of Sales for the Columbia Broadcasting System.

Under a pamphlet on "Radio", designed for business executives, Mr. Boice includes a chapter, "What About Television?" which he answers thus:

"This question is included because it is asked so frequently, and because some mention of the subject is natural in a chapter on radio in a book of this kind. The answer, obviously, cannot be made as specific as I would like it to be. Television is inevitable - it is already here - but its course of commercial development is still in the future, and any arbitrary statement, at this date, as to the shape of that course would be patently absurd.

"Radio broadcasting exists in its present form because social and commercial uses were found for technical developments, some of which had lain around the laboratories for years. Television awaits discovery and application of a similar pattern. In its present form it is very costly. Satisfactory reception beyond the limits of the horizon surrounding the telecaster requires the use of the very expensive coaxial cable. Television receivers retailing at \$300 will not be easy to sell in quantities. And the television audience for years to come will undoubtedly be confined to densely populated metropolitan areas.

"These known conditions raise certain immediate, known questions. When should we begin the commercial development of the materials we already have at hand? (Experimental work on television programs has been conducted by broadcasting companies for the past five years.) What service can we telecast that will be exciting enough and interesting enough to make people rush to buy sets and hold them closely attentive to programs after they have bought sets? All these questions, however, resolve themselves into one: 'How can we make television so useful that its high maintenance costs can be made to pay for themselves?'

"We may fairly assume that our first television audiences will be people of the upper income class; people who will be highly critical of our work. We know, from the tests of recent years, that even the present movies are too slowly paced to hold a television audience for long. Television programs will have to be subtly built, subtly enacted - a matter of immediate concern to advertisers. These and other problems, however, are no more complicated than those that radio presented in its early stages. Practical television is a reality; commercial television is a future certainty."

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## KANSAS CITY WINS FIRST SKIRMISH WITH NEBRASKA

Although Nebraska has only ten broadcasting stations and Missouri has 19, Examiner George H. Hill in a report to the Federal Communications Commission this week recommended that the contested 1450 kc. channel be allocated to KCMO, of Kansas City, Mo., instead of either of two applicants from Lincoln, Nebr.

The Examiner held that KCMO, which now operates on 1370 kc., would be able to serve more listeners by the shift in frequency than would either of the Lincoln applicants - KFOR, or a new concern, L. L. Coryell & Son.

In justification of the recommendation, the Examiner said, in part:

"The City of Lincoln, Nebraska, had a population according to the 1930 U. S. Census of 75,933, while Kansas City, Missouri, had a population according to the same census of 359,746 and a metropolitan population of 608,186. The operation of Station KCMO as proposed would extend the service of the station to a large number of people who do not now receive such service. The granting of the Coryell application would result in one station for every 25,311 people; the granting of the application of the Cornbelt Broadcasting Corporation would result in one station for every 37,967 people and the granting of the application of KCMO Broadcasting Company would result in one station for every 79,949 people within the corporate limits of the respective cities involved and it therefore appears that the granting of the application of KCMO Broadcasting Company would be in accordance with the equitable distribution of radio broadcasting stations in the area sought to be served."

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## McNINCH LAUDS WORK OF RADIO IN OHIO FLOOD

The rescue work of broadcasting stations and radio amateurs in the Ohio River Valley during the flood of 1937 were praised by Chairman Frank R. McNinch, of the Federal Communications Commission, in an address broadcast this week in connection with a Louisville gratitude celebration.

After citing the recovery of Louisville and other cities devastated by the flood, Mr. McNinch said:

"Among the agencies that made a great contribution to the saving of lives and property and administering to the health and protection of the people was that of the radio, along with other means of communication. The radio not being dependent upon connecting wires is able to render service in times of disaster when the telephone and telegraph have been silenced through destruction of wire connections. Great work is capable of



being done and has been done by means of radio telegraph and radio telephone when the elements have rendered the wire telephone and telegraph mute.

"I should be remiss in this connection did I not pay tribute to the great and oftentimes heroic and self-sacrificing work of the radio amateurs whose noble service has been a large factor in mitigating the loss of life and property in the Ohio River flood and in other disasters. All of you know how important radio broadcast service is in such an emergency, for it, unlike any other means of communication, conveys its message not to a single person but simultaneously to every one within hearing distance of a receiving set. In this way was directed the work of rescue and succor to the stricken and through it undoubtedly many lives were saved which otherwise would have been lost. Thus the radio served a great humanitarian cause and illustrated dramatically its instant usefulness in both national and local emergencies.

"Following the Louisville flood, the Federal Communications Commission instituted a thorough study of the possible and practicable measures through which all means of communication, radio, telephone and telegraph, may be mobilized and coordinated for even more prompt and effective service in any similar emergency. While we hope that no section of our country will be visited with a like calamity, we are confident the radio and other means of communication could now render instant and organized national service of even greater value in such a situation.

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#### KAROL CITES HUGE INVESTMENT IN RADIO ADVERTISING

"The most convincing illustration of the effectiveness of radio advertising is the simple year-to-year record of the expenditures of radio advertisers", John J. Karol, Director of Market Research for the Columbia Broadcasting System, told the Cincinnati Association of Manufacturers' Representatives, recently.

"Last year -- on network time alone -- these radio advertisers spent close to \$70,000,000; an all-time high -- nearly \$11,000,000 higher than 1936, itself a record year", he said.

"Now \$70,000,000 -- outside the District of Columbia -- isn't hay. Neither is it a measure of the American business man's suppressed desire to 'get into the show business'. It is an investment of private capital -- an investment that must be returned in full and with generous interest if there is to be any reinvestment. For years, there has not only been reinvestment in radio -- there has been increased investment.

"There are limitless possibilities for merchandising radio programs. Every point of contact with man, woman or child, with customer or employee, offers an opportunity for merchandising the broadcast. I am sure that many of you could think of opportunities and methods which have never even occurred to us. Naturally we have been more concerned with the network broadcaster's problems. I could cite such examples as that of a dairy company, advertising milk over the radio, fastening cardboard collars which invited people to listen to the radio program, around the necks of millions of milk bottles. Or the

case of a razor-blade manufacturer broadcasting a program from a moving train between Washington and Baltimore, who had the dining car menus carry for three weeks prior to the broadcast, an insert which invited passengers to listen to a unique program soon to be put on the air. Wrapping paper, billheads, dividend checks, envelopes, delivery trucks, can all be used to build increased audiences to radio programs and increased sales for the product.

"There is one final thought about radio that I would like to leave with you and that is that radio has brought back the living voice to personal salesmanship. There used to be a formula in advertising which went something like this:

"If you want to sell a man, you go and talk with him personally.

"If there are so many of 'him' you can't do that, you write him a personal letter.

"If there are so many you can't write a personal letter you send him a form letter.

"Too many for that, a printed circular.

"Too many for that, an ad.

"Fundamentally, the basic power of radio, the thing that makes it effective for advertisers, politicians, statesmen and preachers alike, is the ability to talk to your prospect personally, more intimately even than I am talking to you. Once again, manufacturers and retailers can actually talk to their customers, as they might talk in the friendliest of circumstances over a small counter. Although the radio advertiser may be reaching thousands or even millions, he is talking to each individual listener in his own home personally. If that isn't merchandising, at least it is darned good salesmanship."

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#### MORE FOREIGN HONORS FOR MILLS

Even in the midst of the troubled political situation in Rumania, King Carol II of that country has found time to brevet E. C. Mills, Chairman of the American Society of Composers' Administrative Committee, with the decoration of a Cavalier of the Order of Cultural Merit.

These honors accorded to Mr. Mills are in recognition of his efforts made in the U.S.A. in behalf of composers, authors and publishers of musical works.

During the past year, he was also honored by the Government of the Republic of France, which bestowed upon him the rank of Offici r of the Acad mie Francaise.

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