

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

INDEX TO ISSUE OF AUGUST 12, 1938

Calm Precedes Storm As FCU Awaits McNinch.....	2
Radio, Films Have Killed Circus, Showmen Say.....	3
Elliott Roosevelt In Texas Net Organization.....	3
International Pact On Radio And Peace In Effect.....	4
California Station Assigned To John P. Scripps.....	5
N.Y.C. Radio Firm Named In FTC Complaint.....	5
Germany Discloses Data On Television.....	6
Lohr Says Air Freedom Is Essential.....	7
Sawyer, Crosley V.P., Wins Ohio Nomination.....	8
World Figure On Radio Sets Changed By Geneva.....	8
Hearing On Ship Radios Is Postponed.....	8
NBC's Chimes To Be "Big Ben" Of New York.....	9
Cantor To Raise \$10,000,000 For Television Net.....	9
Civilian Radios To Aid In Coast Air Defense.....	10
U.I.R. To Fight Broadcast Piracies.....	10
Trade Notes.....	11
I. T. & T. Completes Argentine Phone Line.....	12
Radio-Planes To Be Used As Army Targets.....	12

No. 1149

CALM PRECEDES STORM AS FCC AWAITS McNINCH

With a heavy Fall program of activity ahead, the Federal Communications Commission this week was experiencing a calm that heralds a storm as it awaited the return of Chairman Frank R. McNinch.

The Chairman, who has been at a seaside resort following a month's illness, is due at his FCC office the first of next week. One of the first matters to occupy his attention will be the agenda for the Commission's monopoly inquiry, scheduled to begin early next month.

As William J. Dempsey, Special Counsel of the FCC Monopoly Committee, correlated voluminous data gathered by a staff of assistants, the FCC withheld announcements regarding the inquiry until they could be made by the Chairman.

While the monopoly probe will be the most important activity of the FCC this Fall, several other highly important matters will be before the Commission. Final decisions, however, may be postponed until early next year.

The FCC will be confronted with the problem of deciding whether or not to alter its rule respecting super-power after the Special Committee headed by Commissioner Norman S. Case makes its report. This is expected in the early Fall.

On the outcome of this decision will depend the disposition of a dozen applications by broadcasters for authority to raise their power from 50 KW, to 500 KW.

A ruling on the associated issue of whether a station is to be permitted to operate experimentally with 500 KW. is not expected before the first part of 1939.

Although a forecast at this time is no more than a guess, it is believed that the FCC will not alter its rule limiting regular station operation to 50 KW. in view of the Senate's resolution advising such limitation and its own engineering report.

The question of experimental operation, however, is a different issue, and is likely that political factors may enter the picture before a decision is reached.

The Commission has postponed until next Spring the definite allocation of certain services in the ultra-high frequencies, but this does not mean that the matter will be dismissed until that time. FCC engineers will be studying the problem and the complaints raised by the communications companies.

One of the minor matters to be settled by the Commission will be the complaints raised by radio operators against certain of the proposed new rules.

The Commission this week released a summary of the views expressed by witnesses at the July hearing and stated that the inquiry will be resumed September 14th.

X X X X X X X

RADIO, FILMS HAVE KILLED CIRCUS, SHOWMEN SAY

The radio and the movies are killing the circus as an American institution, according to the tent showmen. The days of the circus, as a consequence, are numbered, according to Variety.

"What good is a triple-somersault nowadays to the American kids', one vet outdoor impressario wants to know, 'when on the radio, Buck Rogers goes clear to the moon? Even though it's all in fancy, the circus is really an extravaganza originally intended to stir the juvenile senses.

"What crowds do you see these days at the American circuses? They're either extremely old, steeped in the circus tradition, or extremely young, of kindergarten age and intelligence.'

"Outdoor showmen aver that the tip-off comes from the few who come to see the circus arrive in town", Variety continues. "The mechanization of the shows, using tractors instead of horses, further tore down the illusion. The big street parades have gradually been diminished because traffic regulations in any city worth playing for, do not permit tying up the town that way.

"Most all circuses now on the road, as a result, are behind in salaries. The off-business is noticeable in all parts of the country, so it isn't just a regional apathy to the circus."

X X X X X X X X X X

ELLIOTT ROOSEVELT IN TEXAS NET ORGANIZATION

The State this week chartered the Texas State Network, Inc., a broadcasting company, incorporated by Elliott Roosevelt, Harry A. Hutchinson and Raymond E. Buck. The firm proposes to operate 23 stations, according to an A.P. report from Austin, Texas.

X X X X X X X X

INTERNATIONAL PACT ON RADIO AND PEACE IN EFFECT

The U. S. Commerce Department has announced receipt of a report from the American Commercial Attache at Paris to the effect that an international agreement providing for the use of radio in the interests of peace is now in operation.

The decree, as proposed by the French Cabinet, was published recently in France as follows (translated from the French):

"An international convention concerning the use of radio broadcasting facilities in the interests of peace having been signed at Geneva on September 23, 1936, between France, Albania, Austria, Belgium, Brazil, the United Kingdom of Britain and North Ireland, Chili, Colombia, Denmark, the Dominican Republic, Egypt, Spain, Estonia, Greece, India, Lithuania, Luxemburg, Mexico, Norway, New Zealand, The Netherlands, Rumania, Switzerland, Czechoslovakia, Turkey, the U.S.S.R. and Uruguay, and France's ratifications of this convention having been registered at Geneva on March 8, 1938, this convention is to be fully and entirely executed and entered into effect as from May 8, 1938.

"According to the text of the agreement, the nations above-mentioned, having recognized the necessity to avoid, by rules laid down under mutual agreement, radio broadcasting being employed in a manner detrimental to international goodwill, and, moreover, animated by the wish to fully use, by application of the same regulations, the possibilities offered by this means of transmission to foster better mutual comprehension among peoples, decided to call a convention to this end. Each country named a representative at the convention, and the names of the representatives chosen are included in loan report #20722.

"The agreements reached by the convention pertain to such matters as prohibiting, in the respective territories of the above-mentioned countries, broadcasts detrimental to international goodwill among the contracting parties; correcting inexact or erroneous allegations made, which might be detrimental to international goodwill, even if the error is only discovered after the broadcast; all broadcasts to be verified, in times of crisis, by responsible persons. The contracting nations will facilitate broadcasting by their radio services of emissions tending to familiarize audiences with their respective civilizations thus bringing about better mutual understanding. The contracting parties are to arrange all these regulations to be transmitted to the responsible governmental services of their countries.

"All disagreements or discussions that might arise between the contracting nations as to the interpretation or application of the terms of the convention are to be settled either by diplomatic means or according to the dispositions of the parties concerning the settlement of international disagreements.

X X X X X X X X X

CALIFORNIA STATION ASSIGNED TO JOHN P. SCRIPPS

Transfer of Station KHUB, Watsonville, Calif., from Anna Atkinson to John P. Scripps, Treasurer and majority stockholder of the John P. Scripps' Newspapers, Inc., was approved this week by the Federal Communications Commission.

This will be the first venture of Mr. Scripps into broadcasting. He now publishes the Santa Ana Journal, the Ventura Star Free Press, and the Santa Paula Chronicle, and is negotiating for the purchase of the Watsonville Register and the Evening Pajaronian.

The sale price of KHUB is \$35,000.

X X X X X X X X

N.Y.C. RADIO FIRM NAMED IN FTC COMPLAINT

Unfair competition is alleged by the Federal Trade Commission in a complaint issued against Davega City Radio, Inc., 76 Ninth Ave., New York City, distributor of radio sets and parts.

In its advertising literature, and through other means, the respondent company allegedly represents directly or by inference that its radios are sold at substantial reductions from the usual or ordinary price, leading the prospective purchaser to believe that the radios may be bought at the prices advertised without the purchase of any other article.

The complaint charges that the radios represented by the respondent company as customarily sold at higher prices are not sold for such prices but for sums substantially less, and that the so-called "special prices" advertised are not in any sense reduced prices but are the customary retail prices at which the radios are sold in the usual course of trade by other retail dealers. The radios so advertised, it is alleged, may be purchased at the prices represented only when an aerial or antennae are bought at a further cost of \$3.95 or \$5.00.

According to the complaint, the so-called "special prices" and descriptions of the radios appearing in the respondent company's advertising matter are set forth in prominently large bold face type, while in every instance the reference to the necessary additional purchase of an aerial or antennae appears inconspicuously in much smaller and less prominent type, often in a different part of the advertisement far removed from the prices and descriptions.

Twenty days are allowed the respondent company to answer the complaint.

X X X X X X X X

GERMANY DISCLOSES DATA ON TELEVISION

To assist in the manufacture of suitable television receiving apparatus the German Post Office's Television Department has made available the exact official data regarding the standard values to be employed in Germany's new high-definition television system, which is to open at or after the Radio Exhibition in August, according to the Berlin correspondent of World-Radio.

"There will be two forms of television broadcasting", he said: "by ultra-short waves from Berlin and from the Feldberg, in the Taunus Mountains (on 45 Meg. for sound and 47.8 Meg. for vision), and from the Brocken (on 40 meg. for sound and 42.8 Meg. for vision). There will also be a system of wired television which will be distributed on a high-frequency carrier over special cables. 'Sound' on the cables will be transmitted on one of the wired-wireless frequencies, whereas 'vision' will be relayed on 3.969 Meg. To make the fullest use of the cable, only one side-band will be transmitted and the carrier may be suppressed. In this manner the cable, which has a band-breadth of 4 meg. can be used: (a) for one 441-line television image, (b) for one 180-line television-telephone conversation, while the frequencies under 1 Meg. remain free for trunk calls.

"For the wired-wireless sytem it has been decided to employ the synchronization signals as in wireless transmission. In this manner receivers for the wired television and the radio television can be identical, since it is necessary only to alter the first-stage amplifier to adapt it to either system.

"The modulation of the German television transmitters is termed 'positive' - i.e., the maximum is represented by the whitest spot on the screen, the blackest spot being near the minimum. There is also a 'blacker than black' region (this is about one quarter of the total modulation range), which is used for the transmission of the synchronization signals.

"Tests to provide a reliable synchronization signal were carried out during last Winter, and have now been definitely fixed.

"The vision is standardized at 441 lines, 25 frames, interlaced scanning, 50 frame changes of 220.5 lines a second.

"Discussing these decisions in a paper, Dr. Benneitz, head of the Post Office Television Laboratories, referred to the fact that it is now possible to achieve much higher definition in the laboratory, but that it would take many years before the result of these experiments became ripe for practical and public service. The 441-line definition is considered, in Germany at the moment, the best possible compromise between attainable

8/12/38

quality and technical and economic requirements. For home reception and for small screen projection this definition is considered to be sufficient. The necessity for higher definition, however, for large-screen projection reception is recognized. Here the public, Dr. Banneitz says, will always compare the quality of television with that of the cinema, and for that reason work would be continued. Seven-hundred-and-twenty-nine-line definition has already been demonstrated in Berlin on a closed circuit, but experts agree that on a small receiver-screen the higher definition does not give sufficient extra detail to warrant the large additional technical equipment which would be required for transmission.

"Cinema quality is considered to be the ultimate aim of German television engineers, but it will be some years before this is achieved."

X X X X X X X X

LOHR SAYS AIR FREEDOM IS ESSENTIAL

Freedom of the air as exemplified by the American system of broadcasting is essential to the American form of democracy, Lenox R. Lohr, President of the National Broadcasting Company, told a coast-to-coast audience last Tuesday night.

Speaking at the broadcast in connection with the inauguration of KVOO, Tulsa, Okla., as a full-time station, he pointed out that America depends upon three freedoms - freedom of speech, the press and the air, and an attack upon any of these, he said, would threaten the political philosophy upon which this country was founded.

"Radio in America is not a channel for propaganda", he declared. "The American audience is not compelled to listen to one program, dictated by a Government agency. The listener has the right to select any of the wealth of programs offered by the keenly competitive system of American broadcasting. The thumb and forefinger on the dial become a censor that, under our commercial system of broadcasting, cannot be disregarded. We could not long remain a free people if these fundamental rights were nullified. Our form of government demands freedom of expression for survival. Broadcasters have been conscious for many years of their obligations for public service."

KVOO, a 25,000 watt station known as "The Voice of Oklahoma", was established on January 23, 1925, by William G. Skelly, pioneer station owner in the Southwest. Less than two years later it became an NBC affiliate.

X X X X X X X X

8/12/38

SAWYER, CROSLEY V.P., WINS OHIO NOMINATION

Charles Sawyer, Vice-President of the Crosley Radio Corporation, won the Ohio Democratic gubernatorial nomination this week over Governor Martin L. Davey.

Mr. Sawyer, the second radio figure to win a State political contest this year, was some 30,000 votes ahead of Governor Davey in the latest unofficial returns.

He is one of Ohio's Democratic National Committeemen and, unlike Texas' W. Lee O'Daniel, he has been in politics for 30 years. The Democratic nominee has promised widespread reforms in the State government.

X X X X X X X X

WORLD FIGURE ON RADIO SETS CHANGED BY GENEVA

M. Dovaz, Vice Director of the International Broadcasting Office at Geneva, has sent out a correction to an estimate of the number of radio receiving sets in the world as carried in the Heintz News Service of August 2nd.

Recalling that the original statement from the Geneva office stated there were at the end of 1937, 87,500,000 registered receiving sets in the world, representing approximately 350,000,000 listeners, the Vice Director said:

"There is an error in this statement due to a miscalculation. The correct number is about 71 millions receivers representing 284 millions of listeners.

"The figures relating to Europe 31,200,000 receiving sets or about 125,000,000 listeners remain unchanged."

X X X X X X X X X X

HEARING ON SHIP RADIOS IS POSTPONED

The Federal Communications Commission this week postponed until November 14th a hearing on the power required for ship radio transmitters as provided in Paragraph 12 (c) of the Ship Radio-Telegraph Safety Rules.

The inquiry had previously been scheduled for September 12th.

X X X X X X X X

8/12/38

NBC'S CHIMES TO BE "BIG BEN" OF NEW YORK

The NBC chimes began sounding the hours Thursday for the thousands of New Yorkers and out-of-town visitors who daily pass through Radio City and the adjacent plaza and walks of Rockefeller Center.

Synchronized with one of the large ornamental clocks overlooking the Sunken Plaza, the familiar chimes, which have identified the two networks of the National Broadcasting Company for more than a decade, will mark each hour between 8 A.M. and 1 A.M. for all in the vicinity of Radio City.

Only recently extended to uses outside radio, the chimes have already been adopted by three large American railroads. For several weeks travelers on the Baltimore and Ohio and Alton systems have been called to meals in the dining cars by the sound of the melodious chimes. This week they were adopted by the New York Central Railroad for the same purpose, and 150 sets of hand-operated chimes are now being placed in service on that road.

To make the chimes sound in the streets about Radio City, a system has been set up including a loudspeaker, three small clocks, and the large ornamental clock in the south facade of the International Building. The loudspeaker is installed behind the grille of the clock face, where two of the smaller clocks are also located.

X X X X X X X X X

CANTOR TO RAISE \$10,000,000 FOR TELEVISION NET

Eddie Cantor plans to raise \$10,000,000 to finance a national television network, he said in an interview this week while passing through Chicago. Mr. Cantor said that his recent visit to England proved to him television would be the newest entertainment industry. England, he added, is five years ahead of this country in the development of television.

Mr. Cantor said he would bring Marcel Hellman, British television expert, to this country this Fall to work out plans for the proposed network.

X X X X X X X X X

CIVILIAN RADIOS TO AID IN COAST AIR DEFENSE

Civilian radio fans will be enlisted this Fall in an important test of radio as a means of warning the Nation against air attacks when the U. S. Army engages in its annual exercises at Fort Bragg, N.C., October 3-17.

Instructions for the maneuvers just issued to Major Gen. George Van Horn Moseley, Commander of the Third Army, besides providing for heavy concentrations of anti-aircraft and air corps defense, call for the installation of an extensive aircraft warning net encircling a vast coastal area in the radius of Fort Bragg.

The function of the net is to warn of the approach of hostile aircraft, to provide for interception by defending pursuit aviation and for defensive fire by anti-aircraft artillery.

The net will consist of 300 stations and will utilize commercial telephone wires together with facilities of the various Federal, State and municipal agencies, and of the railroads and power companies.

This net will be more extensive than the one tested in April on the West Coast and, for the first time, principal reliance will be put on civilian personnel. Results of the test will be employed in formulating plans for such nets as a wartime air defense.

X X X X X X X X X X

U.I.R. TO FIGHT BROADCAST PIRACIES

Broadcasting organizations are to adopt measures to stop the unauthorized use of broadcast program material, according to World-Radio. At the recent Summer meeting of the U.I.R. it was reported that the practice had grown up, in certain countries, of recording programs relayed from abroad and of offering the records thus made for sale. This constitutes an unauthorized use of transmissions which have been prepared at considerable expense by broadcasting organizations. To put an end to the abuse it was stated that the means of obtaining international protection of broadcast programs against such use were examined, and definite steps were at once taken with a view to obtaining the required protection.

X X X X X X X X

: : :
 : : : TRADE NOTES : : :
 : : :

Neville Miller, President of the National Association of Broadcasters, will make his first public address since he assumed office on Friday, August 19th, from 9 to 9:30 P.M. EST, over the NBC-Blue Network. Mr. Miller will deliver his speech before a gathering of educators on the campus of the Peabody College for Teachers, Nashville, Tenn. The NAB head has taken as his subject, "The Place of Radio in American Life."

T. M. Coffelt, trading as Tune-A-Tube Company, Mt. Washington Station, Cincinnati, engaged in selling a device designated Tune-A-Tube, has entered into a stipulation with the Federal Trade Commission that he will refrain from advertising that the product will cause old radios to work like new, eliminate noise or interference, save current or money, and that the results which may be obtained from use of the device are guaranteed. The respondent also will stop representing, without qualification, that the device will "bring in" foreign stations or double the volume of radio sets.

C. W. Horn, Director of Research and Development at the National Broadcasting Company, sailed for Europe last Wednesday aboard the U.S. liner "Manhattan" for a visit to broadcasting centers there as a part of his regular checkup on facilities for the ever-increasing exchange of international programs. Mr. Horn will be gone about one month, and will visit England, France, Italy and other countries.

Examiner Melvin H. Dalberg this week recommended to the Federal Communications Commission that the application of P. W. Spencer, of Rock Hill, S.C., for a construction permit to use 1500 kc. with 100 watts power, daytime, be granted.

Federal Judge Henry W. Goddard has dismissed a trade mark infringement and unfair competition suit against Emerson Radio & Phonograph Corp., Emerson Television-Radio, Inc., and Benjamin Abrams, brought by the Emerson Electric Mfg. Co., ruling that there was "no evidence of unfair competition". The plaintiff had sought to exclude the defendants from the use of the name Emerson in the sale of radio receivers and had asked for an injunction, accounting of the profits and a judgment for damages. Judge Goddard's decision, after trial, ruled that there was no actual competition or similarity in the products of the plaintiff and the defendants.

X X X X X X X X X

I. T. & T. COMPLETES ARGENTINE PHONE LINE

The International Telephone and Telegraph Corporation reports that through the completion of an 840 mile long distance telephone line extending through the heart of the most productive region of Argentina, President Ortiz and the Governors of four provinces inaugurated on Wednesday a nationwide telephone service in Argentina. The new line established connection between the United River Plate Telephone system, I.T. & T., subsidiary which operates 93 percent of the telephones in Argentina, and the system of Argentina de Telefonos which operates in the northern provinces. It marks the completion of a 3-year program by the I. T. & T. whereby its large system in Buenos Aires and other more populous provinces and other telephone systems of Argentina are now interconnected to provide this flourishing country with telephone facilities adequate to serve rapidly expanding industrial and social needs.

Since 1928, when the I. T. & T. entered the South American field, approximately 700,000 telephones have been interconnected into a continental telephone network through international land lines and through radiotelephone stations which also provide the service with the United States and 93 percent of all the telephones in the world.

X X X X X X X X

RADIO-PLANES TO BE USED AS ARMY TARGETS

Radio-controlled planes soon may be used by the Army as targets for anti-aircraft practice. The intention to employ real aircraft rather than targets towed by planes was disclosed last week by the War Department's announcement that bids will be received for the small planes. These must have a wingspread of about 12 feet, an overall length of nine feet and a small gasoline motor.

The aircraft must be able to reach an altitude of 12,000 feet, where they would offer relatively the same target to anti-artillery as a pursuit plane, twice the size, at 25,000 feet. Each of the tiny planes is expected to cost between \$800 and \$1,000.

Such miniature ships, flying without human pilots and controlled by radio from the ground, were demonstrated to the Army last year at the Muroc dry lake bed in California. Only certain features of the plane to use an independent target are new, but the novel details have not been revealed.

X X X X X X X X X