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October 18, 1938.

BITTER FCC FIGHT LOOMS OVER WLW REPORT

With the Federal Communications Commission already at logger-heads over the current "purge", the filing of a report by a three-man committee recommending that the super-power broadcasts of WLW on an experimental basis be discontinued this week threatened to intensify the friction.

Following an advance "leak" that recalled a similar premature disclosure on the FCC telephone inquiry, the report was made public on Sunday. It was signed by all three members of the committee: Commissioners Norman S. Case, Chairman; T.A.M. Craven and George Henry Payne.

Immediately it became apparent that other members of the Commission, including the Chairman, will make an effort to reverse the Committee's action. Chairman Frank R. McNinch said at least a month will be required to "study" the report.

Commissioner Paul A. Walker may well be the key man in the final decision as Commissioners Eugene O. Sykes and Thad H. Brown are expected to vote with the Chairman to continue WLW's experimental broadcasts.

The Crosley Corporation has been operating with super-power on experimental license arrangements since 1934. It asked the FCC for authority to continue to use 500 kilowatts power, compared to 50 kilowatts for the next most powerful commercial stations, because it said it wanted to experiment with an antenna structure of wide flexibility.

Following a lengthy recital of the findings at the hearing, the committee set forth these conclusions and recommendations:

"The application of The Crosley Radio Corporation seeks, in effect, continuance of the right to use experimentally 450 kw in addition to the regularly authorized power of 50 kw. Therefore, in addition to the general statutory standard of public interest, convenience or necessity, the Commission must consider the provisions of Section 303(g) of the Communications Act of 1934, which specify that the Commission shall study new uses for radio, provide for experimental uses of frequencies and generally encourage the larger and more effective use of radio in the public interest.

"The facts above outlined show that the applicant in this case has contributed to the technical development of radio and has augmented the general store of scientific knowledge concerning this modern invention. A 500 kw. transmitter has been developed

and its use for regular broadcast operation proven feasible from a technical standpoint. The utilization of this amount of power has also been demonstrated as a method of affording listeners in remote rural areas, as well as in towns which do not have or cannot support local transmission facilities, an improved service. The applicant has been a pioneer in the field of experimentation and normally should be permitted to continue such experimentation, provided, first, that its plan of research is such as is likely to result in substantial contribution to the art of broadcasting and that the successful continuation of said plan requires the use of 500 kw. power; second, that such continuance does not adversely affect other stations now licensed either from the standpoint of interference or economics (or if such adverse effects are present, whether outweighed by other factors), and, third, that the interest of the public in general is served. The latter factor necessarily involves all factors in this case.

"In substances, the applicant's plan of future experimentation is to determine upon and install an antenna structure of wide flexibility, permitting control of the location of the rapid fading area and the placement of the primary and secondary service areas where most needed. These problems rise in their entirety in connection with nighttime operation. During daytime the problem would simply be to obtain as wide coverage as possible from the ground wave. However, power of 500 kw. is not essential to the program of experimentation. The signal radiated by stations may be definitely controlled by varying types of directive antenna systems. The amount of power used has no bearing upon the location of the rapid fading zone, and the signal which would be received from a 500 kw. transmitter at any given point can be readily calculated from the measured signal received from a 50 kw. transmitter. Although it was contended that under the present conditions of propagation, due largely to the extreme sunspot activity, there is not sufficient sky wave signal from a lower powered transmitter in the order of 50 kw. to permit study in the secondary service area, yet conditions at the present time approximate the worst possible and will not recur for about eleven years. In the meantime, sky wave signal propagation will become increasingly better, the tendency will be toward average conditions until maximum efficient propagation conditions are reached about midway of the eleven-year cycle of sunspot activity now beginning. As these conditions improve, experimental studies such as proposed by the applicant may be readily carried on with power of 50 kw.

"Station WOR, Newark, New Jersey, licensed to operate on the adjacent clear channel of 710 kc. with power of 50 kw. has been subject to objectionable interference during the operation of WLW with power of 500 kw. The extension of the authority here sought will result in the continuance of such restriction. Station WOR, being a clear channel station, should normally serve a larger area and population. While some interference would be experienced with each station using 50 kw. power, the degree of interference to be expected is directly proportional to the ratio between the signal strength of the desired and undesired signals. In other words, limitation upon WOR is more objectionable as the disparity of power between the two stations increases.

"Instances are shown in this record where stations within the area served by WLW have experienced difficulty in obtaining commercial support particularly of the type commonly called 'national spot advertising'. However, one such station was able to make a good profit and another a small profit. There is nothing to indicate what profits might have been made without competition of WLW. The wider coverage obtained by reason of higher power has naturally resulted in more widespread competition and included are stations at points far enough removed from Cincinnati to receive little if any competition from WLW using the normal output of 50 kw. power. Although reasonable competition is to be desired, it ceases to be reasonable and becomes undesirable when the effect thereof is to render impossible the operation of stations as media of local self expression. This important factor of public interest must be given careful consideration in distributing facilities to the communities of the nation as a whole. Representatives of WLW in arranging the sale of time with prospective advertisers have stressed the point of the tremendous amount of power and the consequent very wide coverage thereby obtained. As an indication of the success of such representations, one need only consider the fact that for the year ended December 31, 1937, the net income after deduction of income taxes amounted to \$702,954.61 and for the year prior thereto \$706,589.89. These figures indicate a net return in one year of nearly 70 per cent of the original cost of all applicant corporation's property devoted to broadcast service as of December 31, 1937. Since 1933 there has been a marked increase in broadcast station revenues, and it is, of course, impossible to estimate the amount that would have been earned with normal operation at 50 kw. power.

"From the facts in this case we conclude, first, that the applicant's proposed experimental research program does not necessitate the use of 500 kw. power to result in any substantial contribution to the radio art; second, that in the light of the adverse effect upon the reception of Station WOR and the uncertainty as to the economic effects generally of such operation, caution should be exercised by the Commission in extending the experimental authorization, no compelling reasons therefor having been advanced; and third, in view of these factors, public interest, convenience and necessity will not be served by the granting of the application.

"It is therefore recommended that the application of The Crosley Radio Corporation for extension of special temporary experimental authorization to use and operate the radio transmitting apparatus of W8XO with the call letters of Station WLW and with power of 500 kw., be denied.

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WLW INTENDED TO SPEND \$100,000 ON NEW SYSTEM

Outlining as its objective the establishment of an antenna structure of wide flexibility, Station WLW is prepared to spend an estimated \$100,000 to construct a new system for further experimentation in the super-power field.

The flexible antenna, it was said, would have permitted control of the location of the fading area and the placement of both primary and secondary areas where most needed.

"The total cost of the 500 kw. equipment of WLW was \$396,287", according to the FCC report. "The 500 kw. transmitter was purchased for \$303,906, additional land cost \$4,326, the vertical radiator \$46,233, the sub-station \$31,185, and an addition to a building \$10,626. Of these items the transmitter, sub-station, and addition to building were necessary for 500 kw. operation and would not be necessary if 50 kw. power is used. The sub-station, being already in the circuit, would be used rather than removed in the event 500 kw. operation is not continued.

"In its records The Crosley Radio Corporation maintains separate accounts covering its radio broadcast activities and has separated the maintenance cost of the 50 kw. and 450 kw. units of WLW. The annual maintenance cost of WLW as a 50 kw. station is fixed at \$78,785, while the figure for 500 kw. operation is \$220,514, or an increase of \$141,729. The major items of increase have been in vacuum tubes, power, and light. The total increase in personnel has been the addition of one person at an annual salary of \$2,500. The miscellaneous item for 50 kw. operation is \$4,390 and for 500 kw., \$8,144, or an increase of \$3,754, representing largely the cost of surveys which have been conducted as a basis for reports to the Commission on the experimental operation.

"Station WLW has been operated consistently at a profit. The statement of its income and expenses for the period April 1, 1929, to December 31, 1937, shows total net income, after deduction of income taxes, of \$43,464.20 for the year ended March 31, 1930; \$145,867.99 for the year ended March 31, 1931; \$221,567.44 for the year ended March 31, 1932; \$146,932.27 for the year ended March 31, 1933; \$408,951.58 for the year ended March 31, 1934; \$522,489.30 for the year ended March 31, 1935; \$439,373.59 for the 9-month period ended December 31, 1935, or at the rate of \$585,831.45 upon a yearly basis; \$706,589.89 for the year ended December 31, 1936; and \$702,954.61 for the year ended December 31, 1937."

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RADIO AD GAINS FOUND MORE RAPID THAN OTHER MEDIUMS

The rise of radio advertising since 1933, while partially followed by magazines and newspapers has proceeded with far greater rapidity, according to the findings of the WLW Committee of the Federal Communications Commission.

"During the year 1937 advertisers spent \$117,909,000 for radio station time and an additional sum of \$11,265,000 for program talent", the report stated. "Revenues of the two major chain broadcasting companies during the year amounted to \$68,902,000 or more than two and one-half times the 1930 figure of \$26,820,000.

"Magazine advertising revenues of \$201,852,000 in 1930 declined to a low of \$93,984,000 in 1933, and in 1937 were \$165,254,000, or about 80% of the 1930 figure. Newspaper advertising for 52 cities amounted, in agate lines, to 1,654,246,000 in 1930 and declined to 1,065,515,000 in 1933. Using 1930 as a base, the 1937 figure of approximately 1,410,000,000 agate lines is about 85%. From 1930 to 1937 newspaper lineage and magazine revenues followed practically the same trend while radio had a steady rise with the exception of the drop in 1933. The rise of radio advertising since 1933, while partially followed by magazine and newspapers, proceeded with far greater rapidity.

"In 1930 out of the total sum of \$510,500,000 magazines received 39.6%, newspapers 45%, chain broadcasting 5.3%, and outdoor advertising and car cards 10.1%. Of the sum of \$427,561,000, in 1936, magazines had 33.6%, newspapers 44%, chain broadcasting 14%, and car cards and outdoor advertising 8.4%. During the first two months of 1938 magazine advertising declined 5.5% from the same period in 1937, newspapers advertising declined 11.6%, and chain broadcasting increased 14.9%."

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SUN SPOT CYCLE NOW AT WORST, FCC GROUP CONTENTS

The 11-year sun spot cycle that has proved a nuisance though not an obstacle to broadcasters and listeners alike is now at its worst stage, according to findings of the WLW Committee of the Federal Communications Commission. The trouble, however, is noticeable chiefly in the secondary service areas of radio stations and hardly at all in reception of community broadcasting outlets.

"The signal in the secondary service area of a broadcast station is variable in character", the report stated, "being subject to slow fading, and a daily variation following the elevation of the sun, as well as a seasonal variation and a variation because of solar activity. It is generally considered that the greater the sun spot activity, the poorer are conditions of transmission in the broadcast band. From the information available,

it appears that sun spot activity covers a cycle of about eleven years, with average conditions approximately represented by the Spring of 1935, and the poorest conditions by the present time.

"Due to present day conditions, the rapid fading zone of WLW is probably about 75 miles more distant than in 1935, with the inner limit approximately 200 miles from the transmitter.

"As heretofore pointed out, conditions of propagation at the present time are probably the poorest of the eleven-year sun spot cycle, and the service now rendered by WLW, with power of 500 kw., particularly in its secondary area, is estimated to be approximately what is shown for a 50 kw. output in 1935. Similarly, stations now operating with 50 kw. are experiencing coverage comparable to that rendered by 5 kw. stations in 1935."

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FCC SUGGESTS STRICTER TELEVISION CONTROL

Suggestions for more strict control of television experiments have been made by the Federal Communications Commission in a letter to Bond Geddes, Executive Vice President of the Radio Manufacturers' Association. The Commission's suggestions are now under consideration by the RMA Engineering Department and Special Television Committee.

Formal hearings on the RMA television transmission standards submitted recently are apparently under consideration by the FCC and regulations to require observance of such standards by television stations, even though licensed on an experimental basis, would follow.

The FCC suggestions to RMA followed submission last month by the Association of proposed standards for television transmission. The Commission's reply, made by Secretary T. J. Slowie, asked the RMA to give the names of companies actively engaged in the development of television, the extent of such activity, and submitted other specific questions to RMA, as follows:

"Why it would be in the public interest to adopt the standards proposed by the RMA at this particular time, including a statement as to whether television stations, even though licensed on an experimental basis, should be required to abide by such standards.

"Whether or not you believe that the development of television has reached the stage where the Commission might call formal hearings with respect to the adoption of standards, in which event the RMA would be expected to present evidence showing that such standards are required at this particular time."

The questions raised by the Commission are now under advisement by the RMA Engineering and Television Committees. In submitting the proposed television transmission standards, the RMA advised the Commission that it was prepared to demonstrate that the proposed television standards are practical and in the public interest.

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CIVIL SERVICE BOARD ADAMANT; PAUSE IN "PURGE"

As the Civil Service Commission indicated, it would stand adamant against the attempt of Chairman Frank R. McNinch, of the Federal Communications Commission, to exempt nearly 60 Federal Communications Commission jobs from the merit system, a temporary halt in the "purge", or at least a reprieve for some, was rumored early this week.

William J. Dempsey, newly appointed General Counsel of the FCC, held a meeting of the 33 lawyers in the Legal Division, where the axe was expected to fall heaviest, and assured them no immediate shake-up was forthcoming.

Davis G. Arnold, Chief Examiner, who was on the "purge" list last week, was reported to have reached an understanding with Chairman McNinch.

The fate of T. J. Slowie, Secretary, and G. Franklin Wisner, Press Relations Chief, was still uncertain.

Unfavorable public reaction to the purge and its reported link with the WLW case were believed responsible for the change in tactics of the FCC Chairman. At a press conference last week Chairman McNinch said further personnel changes might be expected almost immediately.

Harry B. Mitchell, Chairman of the Civil Service Commission, in a letter to Communications Commissioners T.A.M. Craven and George Henry Payne made it clear that the Commission agreed with him in his previous statement that exemption of the FCC positions would be contrary to the President's Executive Order of last June.

Chairman McNinch previously had commented that Mr. Mitchell was speaking only for himself. Replying to a letter of protest against the McNinch proposal, Chairman Mitchell said:

"The Executive Order of June 24, 1938, clearly has two objectives: (1) the extension of the competitive merit system to include a large number of positions now exempt from competition and (2) the furtherance of a career system in the Federal Government by increasing the number of higher positions brought within the range of the merit system.

"There is no purpose whatsoever in the Executive Order to increase the number of exempt positions; and although the Civil Service Commission has not reached a decision with respect to the specific recommendations made by the individual departments, and the independent establishments, it may state in this connection that it believes it would not be obeying the direction of the President in his Executive Order were it to concur in the recommendation of Chairman McNinch in the letter of September 23 to increase the number of non-merit positions in the Federal Communications Commission."

Meanwhile, it was learned that the Civil Service Commission stood ready to investigate any grievance of Civil Service employees of the FCC who may be ousted by abolition of positions or otherwise.

Chairman McNinch had stated that some of the FCC dismissals might be effected by abolishing jobs.

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FCC CONFERS WITH CANADIANS AT OTTAWA

A conference between officials of the Federal Communications Commission and of the Department of Transport of Canada which began at Ottawa on Monday, October 17th, relates to radio requirements for vessels on the Great Lakes. The Federal Communications Commission was directed by Congress in Section 15 of Public Law 97, approved May 20, 1937, to make a special study of the radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and inland waters of the United States.

This is the second informal conference of the Federal Communications Commission and the Department of Transport of Canada in connection with the Great Lakes and Inland Waters Survey. The first of these conferences was held on May 12, 1938, at New York. It is expected that the Ottawa conference will be instrumental in further developing the lines of cooperation between the two Governments with respect to radio requirements on the Great Lakes.

Representatives of the Federal Communications Commission at the parley will include Commissioner Thad H. Brown; E. K. Jett, Chief Engineer; Marshall S. Orr, of the Legal Department; W. N. Krebs, of the Engineering Department, and Dr. M. L. Fair, Research Director of the Great Lakes and Inland Waters Survey.

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 ::: TRADE NOTES :::
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The Board of Directors of the Radio Manufacturers' Association will meet Thursday, October 20th at the Hotel Roosevelt in New York City. President A. S. Wells will preside. Expansion and improvement of the RMA statistical services for its members, problems of the new Federal Wage-Hour Law, and important merchandising problems will be considered.

The first of a series of four weekly broadcasts designed to provide foreign listeners with an accurate portrayal of American educational practices, as carried out in the primary, secondary and collegiate institutions of this country, will be launched by General Electric's international short-wave radio stations W2XAD and W2XAF, November 1, according to E. S. Darlington, in Charge of Short-Wave Broadcasting. Working in conjunction with Dr. Frank Graves, Commissioner of Education of the State of New York, and Superintendent of Schools Howard W. Pillsbury, the series will mark an advent from the lecture type of radio broadcast by giving foreign listeners an insight into the social, economic and historical background of the American school system. The broadcasts will be participated in by students and parents as well as teachers, professors, college presidents and government officials. The programs will be broadcast in English, Spanish and Portuguese, and, by the use of directional antenna, reception in Latin and South America as well as Europe is planned.

The Federal Communications Commission this week announced new minimum antenna requirements with respect to standard broadcast stations. The new requirements will become Section 5 of the Standards of Good Engineering Practice, which were the subject of a hearing last June.

Station WLAK, Lakeland, Florida, the 159th station to become associated with the NBC networks, will be a bonus outlet available at no charge to advertisers purchasing the facilities of the Florida Group, according to Keith Kiggins, NBC Station Relations Manager. WLAK was made an affiliate of the NBC on September 25th.

Several radio companies, including the Philco Radio & Television Corporation and the Grunow Co. will start manufacturing cameras as a sideline the first of next year, according to Leonard Lyon's syndicated column in New York.

The U. S. Bureau of Foreign and Domestic Commerce, Electrical Division, has just issued a set of tables showing radio set requirements for all foreign markets. Copies may be obtained at ten cents.

J. Walter Thompson, New York advertising agency, has registered at the State Department as agent for "Radio Times", British Broadcasting Corporation organ, in this country.

The Federal Communications Commission this week granted a construction permit to Joe L. Smith, Jr., of Beckley, West Virginia, to use 1210 kc. with 100-250 watts power, unlimited time.

Tom Joyce, Advertising and Sales Promotion Manager, RCA Victor, told Editor & Publisher this week: "Sales of radios and Victrolas have taken a definite upturn since settlement of the European crisis. Our company is anticipating good business from now until Christmas and have planned the largest dealer cooperative newspaper advertising program in our history."

Competition in the Argentine market by the Philips organization of Holland has provoked a battle by American radio manufacturers to maintain their position in Argentina. The RMA has called a meeting of all radio manufacturers interested in the Argentine market, to consider aggressive action, for 10 o'clock next Wednesday, at the Hotel Roosevelt in New York City. S. T. Thompson of Chicago, Chairman of the RMA Export Committee, will preside, and all RMA members interested in maintenance of their Argentine sales have been urged to attend.

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FOREIGN LANGUAGE STATIONS BARRED IN U. S.

American radio broadcast facilities will not be allocated to set up stations to transmit programs to persons of foreign extraction who cannot understand English, the Federal Communications Commission has decided. This policy was set in an adverse decision on an application in which the applicant's figures citing the need referred only to German and Polish groups.

The decision was made on the application of WWPO, Inc. for a construction permit, and the Commission said that from the testimony of the officers and Directors it appeared that the main purpose of the application was to meet an alleged need for foreign language broadcasts.

The Commission pointed out that the program service offered by the applicant emphasizes the large foreign element in Pittsburgh and the need for giving service to the portions of those foreign groups which do not speak English. But the Commission added that the record does not establish the existence of a large foreign population in Pittsburgh unable to speak English. Even if the record would sustain such a finding, the decision held, the contention that a new radio station is necessary to serve their needs is unsound. Radio broadcasting facilities are too few and the need for equitable distribution of these facilities throughout the country is too large to grant such broadcast station licenses.

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FCC ROW "SMELLS", SAYS GENERAL JOHNSON

"The row in the Federal Communications Commission is beginning to smell", Gen. Hugh S. Johnson, former NRA Administrator, stated in his copyright and syndicated column this week.

"The split is supposed to be on questions of policy or the absence of policy", he continued. "Actually it is over whether that quasi-judicial, quasi-legislative body is a seven-man commission or a one-man czardom. If it is to be the latter, the czar will be Mr. McNinch as chief-of-staff for the Corcoran coterie at the White House.

"One row within the commission has been as to whether that body shall prescribe general policies so that the radio and other communication companies may know what is expected of them, or whether, as at present, they be required to act at their peril subject, as to radio companies at least, to a sentence of economic death by having their licenses revoked if they guess wrong.

"Another row has been as to the extent to which the commission shall set itself up as an actual censorship of what is said or sung over the air.

"Finally, there is a disagreement as to whether the commission shall now launch forth on a witch-hunt called a 'monopoly investigation', to punish, discipline or intimidate the radio broadcasting industry. One curious aspect of this particular row is that if a monopoly has been created in this industry, it was created under the very wide power of this very commission. It would be a witch-hunt by some of the witches themselves.

* * * * *

"Some of these discussions are of long standing. Mr. McNinch was selected and sent as chairman to iron them out. Instead of doing this, his peculiarly arbitrary and cantankerous personality has made them worse.

"Now he has launched upon a far more drastic purge than the President's own - probably tactics of the same author, the brilliant Tommy Corcoran. It began by firing arbitrarily and without a hearing before the commission of its own general counsel. He was fired for charged 'inefficiency'. Yet, to induce him to resign, a job at the same good salary was offered in another Government department.

"This was followed by a move to purge practically the entire personnel - 50 to 60 officials of two departments - law and investigation. The purged general counsel was replaced by Mr. Dempsey - one of Tommy Corcoran's fair-haired boys. A good deal of all this action was urged by Tommy. The mass purge of the others - mostly lawyers - was protested by members of the commission. It required the connivance of the Civil Service Commission. This has not as yet been obtained and may never be obtained. But the method and attempt has been exposed and they are something to think about.

"All this is something more than a tempest in a teapot bureaucracy. If that commission can be reduced by purge and intimidation to a subservient one-man official gadget of the Corcoran type, there are almost no lengths to which it might not go to regiment radio and regulate its use to political purposes. This has been a scarcely spoken threat of some Third New Dealers and has been feared by their political opponents. That may be far-fetched, but if it were a desired end this would be a way to bring it about."

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