

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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CHAIN-MONOPOLY INQUIRY ENDS; REPORT INDEFINITE

Culminating hearings that extended over six months, the chain-monopoly investigation of the Federal Communications Commission was concluded this week although it was explained that the Special Committee may recall any witnesses it wishes to amplify previous testimony.

Just how soon a report may be expected from the Committee is conjectural, but an FCC spokesman expressed the belief that it will be ready before Congress adjourns.

The Commission is now engaged in frequent conferences on the telephone report, which has been lying idle for more than a year. This report to Congress, which will displace the "proposed report" drafted by Commissioner Paul A. Walker following a prolonged investigation, is expected to be released within a few weeks.

The major reform that is expected to come from the chain-monopoly investigation is stricter regulation of the networks by the Commission, especially over management contracts between the chains and affiliated stations.

Louis Caldwell, counsel for the Mutual Broadcasting System, threw a bombshell into the last hours of the inquiry when he demanded that the FCC issue an order to restrain NBC and CBS from extending present station contracts until December 31, 1940.

The move met strenuous objection from John J. Burns, representing the Columbia Broadcasting System. Commissioner Walker said the Commission would take the motion under advisement, as it would also the motion of Mr. Burns to strike that of Mr. Caldwell out of the record as irrelevant.

Mr. Caldwell declared the evidence introduced in the last few days indicated that the large networks were attempting now to secure new contracts with affiliated stations and to extend present contracts until 1946. According to Mr. Caldwell, these acts would nullify the whole work of the investigation.

The contracts, Mr. Caldwell insisted, have a number of questionable features that have been the subject of scrutiny by the Commission's staff and of complaint and objection by independent broadcast stations and other parties. Those he named were the exclusive contracts by which an affiliate station is forbidden to receive programs from any other national network.

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Another feature, he explained, is network auction time varying down from 100 percent, and long-term contracts, particularly those proposing to extend the relationship between the networks and the stations over a period of five years.

A proposal for governmental licensing of radio network systems under the same conditions by which radio stations are now licensed was made before the Committee by Elliott Roosevelt, second son of President Roosevelt.

It was Mr. Roosevelt's third appearance before the Committee.

Before he testified, the Committee heard Fred Weber, General Manager of the Mutual Broadcasting System, tell of practices of the large national networks which, the witness said, prevented development of another network to meet demands by the stations themselves and the public in various sections.

Broadcasting stations, Mr. Roosevelt testified, are actually not in control of their time when it is being used by regional and national networks. He cited recent instances where stations had been taken to task by the FCC because of certain programs alleged to be not in the public interest. He said in such cases the stations had no prior information concerning the material to be broadcast, and merely had turned their facilities over to the networks under their contracts.

He said the only remedy for such a situation would be to have networks licensed. He said they should be brought under the same FCC scrutiny as that to which the individual stations are now subjected. He added that he believed this would remove many of the complaints within the industry and before the Commission.

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RULES COMMITTEE VOTES FOR RADIO GALLERY

The Rules Committee approved Thursday a resolution to set aside space in the House galleries for use of radio news reporters, who would be supervised by a Standing Committee of such reporters, subject to control of the Speaker. They would be given facilities separate from those of the regular press galleries.

The resolution must be acted on by the House. A similar resolution is pending in the Senate.

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NEW RULES ON S-W, TELEVISION ADOPTED BY FCC

The Federal Communications Commission on Wednesday issued the new regulations governing relay, international, television, facsimile, high frequency, non-commercial educational and developmental broadcast stations. The new rules, which are effective immediately, make several minor changes in the various classes of stations. The rules governing international broadcast stations are not included as the final policy in regard to these stations has not been determined by the Commission.

Of principal general interest are the modifications in the rules governing facsimile broadcast and high frequency stations. Under the Havana allocation three low frequencies, previously used for facsimile broadcasting, are dropped. This deficiency is remedied through the addition of several frequencies from 25,000 to 116,000 kilocycles. The frequencies now available appear adequate to take care of the present demand and full technical development of this service.

While the high frequency stations are continued on an experimental basis, with the present restrictions as to commercial operation, several additional frequencies are made available both for amplitude and frequency modulation. Frequency modulation is recognized on an equal basis with amplitude modulation and occupies approximately the same total frequency band.

Under the new regulations licensees of relay stations are required to specify the regular broadcast station with which the relay station operates. All relay stations under the new rule must be definitely associated with a specific standard broadcast station or network system. The relay broadcast stations operating on frequencies from 30,000 to 41,000 kilocycles have been removed from the experimental classification and new frequencies have been provided from 130,000 to 138,000 to be operated either with frequency or with amplitude modulation. This is the first time that frequency modulation has been specifically recognized for relay stations for which service it appears to offer special results both as to lightness of transmitting equipment and reduction of reception noise.

The name of the "experimental" broadcast stations has been changed to "developmental" broadcast stations. The purpose of the change is to avoid confusion between this particular class of station and many other stations operating on the experimental basis which are often referred to as "Experimental" stations.

No changes of significance have been made in the rules governing television stations. However, the regulations pertaining to the operation of non-commercial educational broadcast stations have been specifically defined under the new rules.

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ATTORNEYS ARGUE WLW CASE IN COURT

Government attorneys told the U. S. Court of Appeals in Washington Wednesday that the Federal Communications Commission has authority to cancel arbitrarily any radio station's experimental operating permit.

Directly involved was an appeal of the Crosley-owned station WLW at Cincinnati, O., from a Commission order last February 8 which cancelled an experimental operating permit and reduced the station's daytime broadcasting power from 500 to 50 kilowatts.

General Counsel William J. Dempsey of the Communications Commission argued that issuance or cancellation of experimental permits lay exclusively within the jurisdiction of the Commission and therefore no appeal was possible.

Duke M. Patrick, WLW attorney, argued that the order was "improper and illegal" and therefore appealable. The court reserved judgment.

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BBC DEVELOPS NEW SENSITIVE MICROPHONE

The desirability of using in outside broadcasts and in studios to which audiences are admitted microphones at once highly sensitive and inconspicuous has resulted in the designing by the British Broadcasting Corporation's Research Department of a new type of instrument that is now being put to increasing use in British programs. Known as the Type "B" BBC-Marconi ribbon microphone, it represents the result of two years' work by the research engineers, and has proved so successful that many broadcasting organizations overseas - in South Africa, South America, India, and in the Colonies, for example - have adopted it for local use.

In effect, the microphone is a refinement of the British type of ribbon microphone evolved by the Research Department five years ago and which is now standard in BBC studios.

Though representing a decided advance in the technique of microphone design - chiefly because of its bi-directional properties and the simpler balance technique that it made possible - the original ribbon-type instrument - known as Type "A" - was not altogether ideal for broadcasts from outside sources, owing to its size.

Of a conveniently round shape, the instrument ultimately designed to offset that disadvantage is less than half the size of the Type "A", and has the same sensitivity and identical, if not better, all-round performance.

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OUTLAW STATION STOPPED IN MINNESOTA

In the first prosecution of its kind in the Federal Courts in Minnesota, Thomas Carpender, St. Paul, Minnesota, pleaded guilty to an indictment charging the operation of an unlicensed radio station in violation of Sections 301 and 318 of the Communications Act of 1934, as amended. The court deferred imposition of a sentence and placed the defendant on probation for a period of two years.

Inspectors of the Federal Communications Commission have evidence indicating that there are other unlicensed radio stations operating in the St. Paul area and further prosecutions are expected to follow.

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U. S. SURVEY SHOWS EXTENT OF RADIO BUSINESS

The Bureau of Foreign and Domestic Commerce this week presented a statistical picture of the radio industry in the United States and abroad in the fifth annual statistical number of the "Electrical and Radio World Trade News", edited under the direction of John H. Payne, Chief of the Electrical Division.

Tables and topics covered in the radio section of the bulletin are:

Basic Statistics of Radio in the United States; Radio Sales in the United States 1929-1938; Radio Business at a Glance - 1938; Homes with Radios and Percent Saturation by States, Jan. 1, 1939; Radio Ownership by Geographic Divisions; Joint Committee on Radio Research - Rural Survey Findings as of Jan. 1, 1938; Radio Advertising in Leading American Markets - 1937; National Network Broadcast Advertising by Kinds of Sponsoring Business - 1938; Foreign Radio Statistics - 1938 (Estimated); Revenue, Expense and Other Income Items of Stations by Class and Time Designation, 1937.

Also, Proportion of Total Net Sales and Income Going to Different Classes of Stations, 1937; Average Net Sales of Stations - 1937; Investment, Depreciation and Replacement Value of Broadcasting Properties by Power Classes - 1937; Average Net Sales by Size of Community - 1937; Geographical Distribution of Broadcasting Station Net Sales; Percentage of Operating Expense Represented by Various Items on Different Classes of Stations - 1937; Analysis of Network Revenues - 1937; Ratio of Net Income to Net Sales for Various Classes of Stations - 1937; Percentage of Time Sales by Type of Origin for Various Classes of Stations in Communities of Different Sizes - 1937; Proportion of Time Sales by Type of Origin on Various Classes of Stations; Radio Broadcasting Receipts; Division of Broadcasting Receipts Among Stations and Networks; Functional Employment and Payroll Data of Stations; Percentage of Weekly Payrolls by Functional Divisions; Division of Commercial Network Time by Program Types - Evening Programs.

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RCA TELEVISION DEBUT HAILED BY SARNOFF

In a salute to television as the birth of a new industry for "the world of tomorrow", the dedication of the RCA building at the New York World's Fair was telecast Thursday across the metropolitan area, the New York Times reported. David Sarnoff, President of the RCA, spoke before a microphone in the garden behind the building as a hundred or more guests seated at the latest television receivers at Radio City saw him clearly as he broadcast.

Introduced by Lenox R. Lohr, President of the National Broadcasting Company, who was also seen on the 8 by 9 inch screens, Mr. Sarnoff said, "Now we add radio sight to sound.

"It is with a feeling of humbleness that I come to this moment of announcing the birth in this country of a new art so important in its implications that it is bound to affect all society", he continued. "It is an art which shines like a torch in a troubled world. It is a creative force which we must learn to utilize for the benefit of all mankind. This miracle of engineering skill which one day will bring the world to the home, also brings a new American industry to serve man's material welfare. Television will become an important factor in American economic life."

After a brief introduction by Graham McNamee, veteran announcer, who sat at a camera in Radio City, the scene was switched to Flushing, where Announcer George Hicks presided at the microphone alongside the radio "eye".

As the camera moved down the Avenue of Patriots, spectators in New York eight miles away saw the perisphere and trylon and other landmarks of the Fair. They saw hundreds of workmen lined up along the curb at lunch hour watching the radio camera men at work. The laborers in white overalls added contrast and stood out distinctly in the crowd. A bugle blew, and the Stars and Stripes were seen to climb the mast opening the dedicatory ceremonies.

Every detail was distinct, even the fleecy texture of the clouds. Then the camera was taken to the garden to telecast Mr. Lohr and Mr. Sarnoff. At the conclusion of their brief talks various guests were introduced to the unseen audience.

Among those who spoke in celebration of the "new milestone of progress" were Maj. Gen. James G. Harbord, Chairman of the Board of the RCA; E. J. Nally, First President of the RCA; Maj. Gladstone Murray, Director of Radio in Canada; Edwin S. Friendly, Business Manager of The Sun; Neville Miller, President of the National Association of Broadcasters, and Dr. Vladimir K. Zworykin, inventor of the iconoscope or radio "eye" around which the television system is built. Dr. Zworykin, in his few sentences hinted that new wonders are still being developed in the laboratory.

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The announcer then "returned" the audience to New York, where a boxing match between Jack Pembridge, Golden Gloves champion in the 118 pound class, and Pat Dunne, Police Athletic League star, was televised from a roped arena in the studio. Max Baer, former heavyweight champion, refereed, and Bill Stern served as a commentator for the three-round battle, the judges favoring Pembridge.

Lined up in the corridors on the sixty-second floor of the RCA Building were the new television receivers, which dealers were invited to inspect for the first time. The sets will be on the market May 1, when NBC begins a telecast schedule.

Regular studio presentations will adhere to a previously announced minimum of two hours a week over the NBC station W2XBS. In addition, NBC plans to be on the air with one or more outdoor news events a week designed specifically for home viewing.

The first NBC telecast in the service, marking the beginning of American television broadcasting, will be made Sunday, April 30. On that day, beginning at 12:30 P.M., EDST, NBC will present a three and one-half hour program, which will include the opening parade at the World's Fair grounds and addressed by President Roosevelt and others at the Federal Government Building, formally opening the Fair. The remainder of the program will consist of films to be transmitted from Radio City.

Regular evening programs, built according to a policy developed by the NBC television staff over nearly three years of experimental telecasting, will fall on Wednesday and Friday of each week, beginning May 3. The announced hour is from 8 to 9 P.M., EDST. Outdoor pick-ups of scheduled news events will be made on Wednesday, Thursday or Friday afternoon, according to Thomas H. Hutchinson, Manager of NBC's Television Program Division. Mr. Hutchinson added that it might be found possible to telecast more than one of these programs a week.

The prices of the television sets range from \$199.50 for a 4 by 5-inch telepicture attachment for existing broadcast receivers to \$1,000 for the largest console equipped with thirty-six tubes and presenting a picture a trifle larger than 7 x 10 inches.

Telecasting was done from the aerial atop the Empire State Building at which point the relayed ultra-short waves from the Fair were intercepted and sprayed across a fifty-mile radius by the main transmitter in the skyscraper.

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NETS' SALES BOOM DESPITE APPROACH OF SUMMER

The major networks report increasingly new business for the late Spring, despite the approach of Summer, when commercial programs customarily drop off, and are far ahead of their marks for last year.

Roy C. Witmer, NBC Vice-President in Charge of Sales, announced that business signed by the broadcasting company since January 1 totals \$11,519,041. This includes \$2,952,170 in new business booked on NBC by sponsors formerly on rival networks and represents an increase of \$5,067,361 or 78.5 percent over a comparable period in 1938, the year in which NBC set the all-time high in the history of broadcast advertising for network billings.

CBS has signed new and renewal contracts for Summer and the balance of 1939-40, totaling \$6,313,829 gross. Four programs will start on CBS next month and another will be renewed, representing additional business totaling \$35,675 in weekly gross. A year ago new and renewal business effective that month added up to only \$18,611. In other words, CBS reports 91.7% more new and renewal business for May, 1939, than for May, 1938.

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SHORT-WAVE "TEMPLE OF TRUTH" IS PLANNED

A short-wave station atop one of the picturesque Shenandoah mountains in Virginia, which would flash messages of peace to war-conscious Europe, will be erected shortly if the Federal Communications Commission consents.

Mrs. Louis H. McGuire, wealthy Washington woman, has purchased a million dollar estate on Skyline Drive and states she will build a huge "Temple of Truth" with an adjacent powerful short-wave station on the 2,350-foot Granite Mountain.

The Commission this week denied an application of the Pillar of Fire, religious sect, of Zarephath, N. J., for a construction permit to erect an international short-wave station for the purpose of extending its influence over European countries.

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Recent developments in the field of radio devices may contribute toward a solution of the problem of marine collision prevention, according to the U. S. Lighthouse Service Bulletin. They are the terrain clearance indicator or absolute radio altimeter recently developed for aircraft and the "Klystron" ultra-high frequency generator developed at Stanford University.

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Columbia Broadcasting System reported net profit for the 13 weeks ended April 2 was \$1,151,526, equal to 67 cents a share on combined class "A" and "B" stocks, compared with \$1,494,980, or 87 cents a share on "A" and "B" stocks in the same 1938 period.

William S. Paley, President, told stockholders at the annual meeting that sales figures for the second quarter will be above the like 1938 period and that six months' profit will be at least as large as the comparable period last year.

The Times-Star (Cincinnati, Ohio) says a new low-priced automobile to be manufactured by the Crosley Corp. will be a "one-seater, three-passenger vehicle with a wheelbase of about 6 feet, powered with a two-cylinder, four-cycle, air-cooled engine" that will provide 50 to 60 miles per gallon of gasoline. The car likely will be manufactured at Crosley's Richmond, Ind., plant. Crosley officials said the car would be unveiled at the Indianapolis Speedway, April 28th.

General James G. Harbord of the Radio Corporation of America on Feb. 9 made gifts of 500 shares of RCA common stock, 100 shares of RCA \$5 cumulative preferred, Class B, and 500 shares of RCA 3½ percent convertible first preferred stock, according to a report of "insiders" transactions made public this week by the Securities and Exchange Commission. The holdings of these securities by General Harbord, who was described as a Director of RCA, were reduced by the reported gifts to 653 shares of common, none of the \$5 preferred, and 847 shares of convertible first preferred, according to the report.

Senator Burton K. Wheeler, (D.), of Montana, is one of four persons who will discuss "Radio and the Public Interest" on Lyman Bryson's People's Platform over Columbia network Sunday, April 23rd, from 7 to 7:30 P.M., EST.

A survey of pupils in the four upper grades of Eggertsville (N.Y.) elementary school showed the average pupil listens to radio programs three hours a day, seven days a week. If given a choice, however, he would rather go to the movies, play, go to school, eat, do homework, go downtown, or - talk to his parents - than listen to the radio.

"Of course", the survey report added, "these preferences are to a large extent due to the fact that he can listen to the radio when not doing these other things."

Beginning Friday, the Hamburg and Cologne radio stations of Germany will broadcast National Socialist interpretations of the day's news in English twice a day instead of once as heretofore. The broadcasts of fifteen minutes will start at 8:15 and 10:15 P.M. The short-wave station DJA also will broadcast daily in English at the same hours.

Leonard H. Hole, formerly Director of CBS Program Service Department, this week began his new duties as Manager of Columbia's television operations. Francis C. Barton, Jr., who was Mr. Hole's assistant, will take over program service supervision.

The Washington Post last week carried an interview with Gustavus P. Lohr, father of Lenox R. Lohr, President of the National Broadcasting Company, as one of a series of stories on men and women who keep working after 70. Mr. Lohr, who was celebrating his eighty-second birthday, at a desk in the offices of Johnson & Wimsatt, lumber dealers, where he has been for 52 years, said he kept working to "keep out of mischief".

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U. S. PROGRAM WINS WOMEN'S RADIO AWARD

An educational program sponsored by the U. S. Office of Education over the CBS network was selected as the most original and informative radio program of the year Wednesday by the Women's National Radio Committee in New York. It was the first time a Government program had been selected by the Committee, which comprises more than a score of national women's organizations.

The program so honored is "Americans All - Immigrants All" and is carried on CBS as a sustaining feature Sundays from 2 to 2:30 P.M.

Formation of an auxiliary organization to supplement the work of the Women's National Radio Committee was announced by Mme. Yolanda Mero-Irion, founder and president, who presided at the luncheon at the Hotel St. Regis, New York when the results of the outstanding radio offerings of the year were announced. She said this supplementary organization, known as Radio Listeners, was formed to combat the assumption that women's organizations are a "high-brow, biased group" having a different viewpoint on radio programs than the general public. She announced that the new organization invited men to join, that no dues were required and that any interested listeners might join by communicating with the Committee headquarters in New York.

Speakers heard on the broadcast program were Neville Miller, President of the National Association of Broadcasters; David Sarnoff; Frank E. Mason, H. V. Kaltenborn, news commentator; Alfred J. McCosker, Chairman of the Board of the Mutual Broadcasting System, and Raymond Leslie Buell, President of the Foreign Policy Association. The theme of the luncheon was "The Use of Radio In Promoting Goodwill".

Two new classifications were included in the citations this year, for the program which best serves democratic ideals and for the best quiz program. America's Town Meeting of the Air was cited as the leading program in the former classification, and NBC's "Information Please" in the latter.

Serial Programs were not included in the ballots, but NBC's program, "One Man's Family", received so many votes that the Committee accorded it "special recognition". Another program specially honored was the "Salute of Nations" series in which different countries saluted the New York World's Fair of 1939. The Committee extended congratulations to Dr. John Young, Director of Radio for the Fair, and to all the networks that carried the weekly programs.

Following is a tabulation of the citations as announced:

Programs Best Serving Democratic Ideals: America's Town Meeting of the Air (NBC); Americans All - Immigrants All (CBS).

Variety Programs: Good News of 1939 (NBC); Chase and Sanborn Hour (NBC)

Light Music: Firestone Symphony Orchestra (NBC); Cities Service Concert (NBC); American Album of Familiar Music (NBC).

Quiz Program: Information Please (NBC)

Adult Education Programs: The World is Yours (NBC); What Price America (CBS); Americans at Work (CBS).

Serious Music (Sponsored): Ford Sunday Evening Hour (CBS); Standard Oil broadcasts of West Coast symphonies (NBC).

Serious Music (Sustaining): NBC Symphony Orchestra; New York Philharmonic (CBS); Metropolitan Opera broadcasts (NBC); Sinfonietta (MBS).

Dramatic Programs: Campbell Playhouse (CBS); Woodbury Playhouse (NBC); NBC Great Plays (NBC); Lux Radio Theatre (CBS);

Children's Entertainment Programs: Musical Plays by Irene Wicker (NBC); Let's Pretend (CBS).

Children's Educational Programs: NBC Music Appreciation Hour (NBC); American School of the Air (CBS)

News Commentators: H. V. Kaltenborn (CBS); Paul Sullivan, mid-west networks.

Advertising Best Presented: Jell-O (NBC); Tender Leaf Tea (NBC).

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BILL BANNING RADIO LIQUOR ADS APPROVED

The Senate Interstate Commerce Committee recommended to the Senate on Thursday that radio advertising of alcoholic beverages be prohibited. The Committee approved without amendment a proposal by Senator Johnson of Colorado which would make such advertisement a crime and subject violators to revocation of their alcohol licenses. At recent public hearings the measure was supported by the Fed. Alcohol Administration and opposed by liquor and radio interests.