

# HEINL RADIO BUSINESS LETTER

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No. 1126

## FCC STAND ON SUPER-POWER HIT BY CONGRESSMAN

The refusal of the Federal Communications Commission to sanction a change in its rules to permit super-power broadcasting and its action in stopping the super-power operations of WLW, Cincinnati, brought a scathing rebuke from Representative Martin L. Sweeney (D.), of Ohio, this week in the House.

Charging that the influence of the networks was responsible for the Commission's stand, Mr. Sweeney concluded:

"Rural America today stands condemned to the tongueless silence of the dreamless dust."

That his views on super-power are at variance with the majority of the members of the U. S. Senate is apparent as the Senate last year adopted a resolution stating its opposition to any change in the FCC rules to permit broadcasting at power in excess of 50 kw.

Citing the report of the three-man FCC committee proposing new rules governing broadcasting, Mr. Sweeney said:

"From the report of the committee no subject considered in the June hearing was more controversial than this so-called super-power proposal supported by the progressive and enterprising clear channel group of stations. The report goes on to say that the use of power in excess of 50 kilowatts has certain distinct advantages, especially in the form of increased rural service. Notwithstanding this pointed economic argument, the committee finally comes to the conclusion, in its solitary effort to protect the networks and other radio monopolies, to toss super-power out the window and decides to remain in status quo so far as any advance in radio science is concerned.

"What is this thing called super-power? Stripped of all its confusing ramifications the basic question confronting the radio industry and the Federal Communications Commission is: Shall the rural listeners be denied good radio reception under all conditions?

"Further, shall the rural or small-town listener be entitled to any semblance of parity with his urban brother in the matter of radio reception and choice of programs? Boiled down to its last analysis, that remains the only question of super-power. The fact remains uncontroverted that a super-power station does nothing more than furnish radio parity to rural listeners, a parity not now available. It does not interfere with existing facilities operated with less power, nor does it 'squeeze out' smaller licensees. Yet the FCC says 'no' to any advance that would insure

program equality. The Commission grants that the only reason why clear-channel stations were created was because only clear-channel stations could give secondary service; that is to say, service to remote rural areas. The 42 clear-channel stations operating in the United States today do not share frequencies with local and other regional stations. They are therefore in a position to offer reception and program excellence to some people who reside outside the metropolitan areas, but cannot reach the great listening public, which depends upon super-power stations for any reception whatsoever. The amount of power used by any clear-channel station does not interfere in any way with reception of regional or local stations, and by experiment it was found that despite the single license issued for a super-power station the number of radio stations in the United States has increased from 625 to 769 as of April 1, 1939. Does this look like super-power creates a radio monopoly?

"While the city listener has 18 percent more stations and, consequently, 18 percent more programs from which to choose out of the signals delivered to him, rural America, with 54,000,000 people, which never had good radio service and which must depend upon long-traveling radio waves from clear-channel stations, is given no consideration whatsoever by the Federal Communications Commission. In denying all clear-channel stations the right to increase their power output above 50 kilowatts, while urban America with 18 percent more stations in the last couple of years has enjoyed excellent radio reception, rural America has lost 30 percent of its clear-channel stations. And now by the policy to be adopted by the Federal Communications Commission the rural listener will be denied good reception and good programs because the Commission refuses to deal with super-power. Rural America has been side-tracked from the trunk line of broadcasting progress and finds itself, despite the effort of its national leaders, headed into an oblivion which cannot even be penetrated by the power X-ray of modern radio. How long the farmers and the small-town residents of the United States must remain in this purgatory depends upon the continued and unconscionable refusal of the FCC to deal intelligently with high power.

"In its anxiety to protect the networks the Federal Communications Commission has conveniently overlooked the fact that the National Broadcasting Co. operates seven or more 50-kilowatt stations, and the Columbia Broadcasting Co. operates six or more of the same type stations in the United States. The networks have agreed that super-power would be a serious competitor with chain broadcasting, in that one station with a power output of 500 kilowatts would reach a greater share of the rural listening public, with its stronger signals, than that furnished by the chain which makes no attempt to reach the outlying farm communities at the present time. The question then is, Shall rural America in the West and the South be denied the same program excellence and the same good reception as is furnished in the metropolitan districts of the North and East by the chains and regional outlets?

"The committee devotes 20 pages of its report to the subject of super-power, and if this report is carefully analyzed it is the best argument yet brought forward in support of high power. It was pointed out in this report that serious doubts as to the ability of clear-channel stations to operate at 500 kilowatts with



financial success in cities of substantial size were not voiced at the hearing . . . . .

"For the past several years and until an unprecedented, arbitrary, and capricious action by the Communications Commission denied it a renewal of its broadcast license, one station located in the great State of Ohio has operated on super-power; that is to say, on 500 kilowatts. It has been demonstrated throughout by the operation of this station and even to the ultimate satisfaction of the Communications Commission, that its operation was not destructive, and in no way squeezed out local stations which are dependent upon local and some network advertising. It has been argued by the clear channel group, which is anxious to use super-power, that local advertising now enjoyed by this group of stations would be lost. That is true, and now what becomes of this local advertising? It goes to the local and regional stations because the larger clear-channel super-power stations, as demonstrated by the only license in existence for super-power, use practically nothing but national and some network advertising which is not available to the purely local or regional stations anyway. By this the Commission admits that if a clear channel station was permitted to increase its power and if local business was lost as argued, the only benefactors of the loss of local advertising by the super-power stations would be other smaller stations located in the same metropolitan area as the super-power station losing such business. . . .

"Every other country in the world has tried super-power, but it remained for the Yankee ingenuity of an Ohio pioneer in the field of radio to make it work. New England, Russia, and Mexico are using it to propagandize the rest of the world. For the past 4 years we had a station operating on 500 kilowatts power in Ohio, and this station did not affect adversely any other licensee in Cincinnati, in the State of Ohio, or in the United States, yet the committee has come to the surprising conclusion, and entirely against the weight of evidence, that super-power is not yet here. It has been 'here' in Ohio for 4 long years or more.

"In its absolute and unbounded desire to protect the national and regional networks, the committee points out that if there were twenty-five 500-kilowatt stations throughout the United States there might be a natural trend toward the exclusive use of these super-power stations by the largest national advertisers at a subsequent loss in profit to the networks. What stakes have the networks in radio? No investment in transmission and technical equipment other than scattered studios and talent under exclusive contract available for programming. Yet the interest of this group controls.

"It boils down to the fact that the networks have brought such a tremendous amount of pressure to bear upon the Commission against the use of super-power that the Commission has been blinded to the need of this type of transmission, and has decided, as I said, against the weight of evidence, to protect the monopoly now enjoyed by the National and Columbia Broadcasting Systems, condemning the rural listener to a fate on a par with the peasants of communistic Russia.



"By the words of the Commission itself, super-power is only a step away. Irrespective of what pressure can be brought upon the present membership of the Federal Communications Commission, this organization cannot stop the progress of radio by an arbitrary finding that has no support from anyone except the lobbyists who have impressed upon the Commission members themselves the advisability of maintaining a non-competitive field for the networks which admittedly do not serve the South and the West and have made no attempt to service the backbone of these United States, rural America."

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#### FCC ADOPTS, CAN'T PUBLISH, NEW RULES

The Federal Communications Commission announced this week the adoption of general rules and regulations to supersede all outstanding general substantive rules. Together with the rules of practice and procedure now in force, these substantive rules, which become effective June 15th, constitute a framework upon which all of the specified rules governing the various services are based.

In view of the limited funds available the Commission will mimeograph copies only for distribution within the offices of the Commission. However, copies will be held at the Office of Information for inspection by the public. In the near future, the Commission plans to have printed copies of these substantive rules.

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#### STATIONS WARNED TO NAME PROGRAM SPONSOR

Radio stations were warned by the Federal Communications Commission this week that they must comply strictly with the provisions of the Communications Act requiring announcement of the sponsor of programs which are paid for in any way, directly or indirectly. The notice followed reports of violation of the rule.

The FCC sent a notice to all licensees of broadcast stations calling their attention to Section 317 of the Communications Act of 1934.

Section 317 reads as follows: "All matter broadcast by any radio station for which service, money, or any other valuable consideration is directly or indirectly paid, or promised to or charged or accepted by, the station so broadcasting, from any person, shall, at the time the same is so broadcast, be announced as paid for or furnished, as the case may be, by such person."

The Commission's notice warned the licensees that, "The Commission insists upon, and expects, full compliance at all times with the above quoted provision of law."

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## SARNOFF OPPOSES ANY CURBS ON NETWORKS

Demoralization of radio broadcasting and destruction of the present high program standards of the American system of broadcasting would follow any prohibition against networks making exclusive contracts for service to local stations, David Sarnoff, President of the Radio Corporation of America, told the Federal Communications Commission's Chain-Monopoly Committee this week.

Mr. Sarnoff also told the Committee that the radio as known today is not that of the near future. He predicted that changes in the art would come much more quickly during the next few years than during the past decade.

The RCA head returned to the witness stand for cross-examination, having opened the inquiry last November with a lengthy statement. Cross-examination was deferred at that time by William J. Dempsey, General Counsel of the Commission.

Practically the whole session was given over by Mr. Dempsey to questioning Mr. Sarnoff on the competitive angles of networks and the exclusive contract practices whereby the chains bind local station affiliates to take only the programs of the particular network with which they are working.

Mr. Sarnoff insisted the present high-quality programs are due entirely to the practices and policies of the networks. Local stations, he said, could not afford to serve the high-type programs provided by the chains.

Mr. Sarnoff said the networks had built up a listener following through their sustaining and commercial chain programs. He added that to permit stations to take any program from any network at any time they saw fit would create a situation which, in his opinion, would destroy the high-quality service which the public has been educated to expect.

He testified that competition between networks is desirable so far as the listener is concerned, and as between the four major networks there is active competition. He said he thought it exists at the present time for both listener interest and the advertising dollar.

Looking ahead only to the next five or ten years, he told the Commission there is no technological reason to assume that broadcasting stations will not outnumber newspapers.

"All the space in the ether is available for new networks", he said, "and I am trying to encourage new ones. There are between 700 and 800 broadcasting stations now, but there is no reason why there should not be 7,000, or 70,000."

Mr. Sarnoff also referred to the early development of television, and of broadcasting printed newspapers. This was to persuade the Commission that inflexible regulations should not

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be set up on the basis of existing broadcasting conditions that might be undated tomorrow.

The RCA President argued against a suggestion that networks should be licensed.

"When you license the program-creating agency, in addition to licensing the equipment by assigning wavelengths, you introduce a new idea", he said. "You then regulate entertainment, education, news, and pictures, not the radio frequency. The minute that power is in your hands, it becomes almost unlimited power to license everything from beginning to end. You could license the Radio Corporation of America, and the individual broadcaster before the microphone.

"If the Government writes a code to govern radio programs, it will certainly establish censorship in direct violation of constitutional guarantees of freedom of speech", he said at another place.

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#### NEW STATION FOR WISCONSIN GRANTED

The Federal Communications Commission this week granted the application of M. & M. Broadcasting Company, Marinette, Wisconsin, for a construction permit to erect a new station to operate on frequency 570 kc., with 250 watts power, daytime only.

At the same time, the Commission denied the application for voluntary assignment of license of Station WAPI to the Voice of Alabama, Inc., holding that the transfer of license from the present licensee of Station WAPI, will not be in the public interest. Station WAPI is owned by the Alabama Polytechnic Institute, University of Alabama, and Alabama College.

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#### JUDGE SYKES, WHEELER'S SON ENTER RADIO LAW

Judge Eugene O. Sykes, who resigned recently after 12 years' service with the Federal Communications Commission and its predecessor, the Radio Commission, was admitted to practice this week before the bar of the FCC.

Edward K. Wheeler, son of Chairman Wheeler of the Senate Interstate Commerce Committee, also was admitted to practice.

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## FCC CALLS ENGINEERING PARLEY ON NEW RULES

An informal engineering conference will be held on the proposed standards of good engineering practice by the Federal Communications Commission on June 5th. At this conference, engineering questions involved in the exceptions filed relative to the proposed rules and suggested changes in the proposed standards as made by a special committee will be discussed.

All interested parties have been invited to attend this conference and requested to advise the Chief Engineer of the Commission not later than May 28th. Any parties who are not able to attend, but desire to offer suggestions, may do so by letter which will be given due consideration in preparing the final draft of the "Standards of Good Engineering Practice."

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## DENVER LOCAL DENIED DESPITE FOUR NET STATIONS

Although four of the five radio stations in Denver are affiliated with the national networks, the Federal Communications Commission this week denied the application of F. W. Meyer to establish a new local outlet there.

"While four of the five radiobroadcast stations located in Denver are affiliated with national networks, they nevertheless devote a considerable portion of their time to programs of a local nature", the FCC stated. "The applicant has not sustained the burden placed upon him by showing that the existing stations in the city are not adequately supplying the local needs of the community as to program service, and that the proposed station would fill said need. The fact that there are a number of business firms that desires the use of proposed station for advertising purposes, and that a good many of them cannot afford to pay the rates charged by the existing stations and would buy time over the proposed station at the lower rates proposed, does not in itself justify the granting of the additional facilities sought."

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While bombs crash near them and anti-aircraft guns roar, thousands of English-speaking persons in the Orient are enjoying entertainment direct from the Golden Gate International Exposition on Treasure Island in San Francisco Bay. Such is the dramatic picture drawn through an analysis of an avalanche of mail pouring in from the Orient to General Electric International broadcast station W6XBE, at the Golden Gate International Exposition.

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# OPPORTUNITY OF RADIO FOR BOYS CITED BY SARNOFF

The members of the Boys Club of America were advised Thursday night by David Sarnoff, President of the Radio Corporation of America, to learn a specialty as preparation for the time when they will seek jobs. Mr. Sarnoff spoke at the annual dinner at the Hotel Commodore, New York City.

The future of radio as a field for achievement was emphasized by Mr. Sarnoff. "As one who has been a participant in radio since its infancy", he said, "I can tell you that what lies ahead is far greater than what lies behind. The boy of today will find in the radio of tomorrow opportunities for achievement that we who struggled as its pioneers could hardly have dreamed to be possible."

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## KDKA TO INSTALL "PICKABACK AERIAL"

A "pickaback" aerial will perch atop the 718-foot vertical broadcasting antenna at KDKA's new transmitting station and will send out noise-free experimental short-wave programs, it was announced at the breaking of ground for the new station in suburban Pittsburgh.

The superimposed aerial will consist of a series of rod antennas, each 10 feet long and jutting out from the top of the tall thin mast like the cross-arms of a telephone pole. It can transmit, say engineers of the Westinghouse Electric & Manufacturing Co. programs on high frequencies free from the usual interfering atmospheric noises, within a radius of a 35-mile line-of-sight to the horizon. The area to be covered is circumscribed because the high frequency signals travel in direct lines like rays of light.

Experiments with a system of broadcasting on which usual stray noises cannot be heard are steps that may lead to a change in present day radio service. Improvements for the listener may be obtained by having a transmitter covering a comparatively restricted area with powerful signals free from extraneous interfering noises. Experiments with the new system will tell engineers whether any change from today's system is feasible.

Two additional short-wave rhombic antennas consisting of long horizontal wires forming the outline of a diamond will be installed at the new KDKA location. One of these short wave antennas will be aimed at Europe, the other at South America. Both will transmit programs by short waves to foreign countries, continuing a service started by Westinghouse in 1922.

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 ::: TRADE NOTES :::  
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The Federal Communications Commission has ordered that all U.S. passenger vessels of a tonnage up to and including 15 gross tons, when not navigated in excess of the limitation as shown by the Certificate of Inspection issued to the vessel involved by the Bureau of Marine Inspection and Navigation, Department of Commerce, but in no event to exceed 20 nautical miles from the nearest land or more than 200 nautical miles between two consecutive ports, shall be exempt from the provisions of Title III, Part II of the Communications Act of 1934, as amended, for a period not to extend beyond May 17, 1940; provided, that said vessels when being navigated shall not have aboard passengers in excess of the restrictions imposed by the Bureau of Marine Inspection and Navigation, and further provided that said vessels when navigated within the limitations contained herein on an international voyage, shall have on board an appropriate certificate as prescribed by the Safety of Life at Sea Convention, London, 1929.

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Modern facilities in the twenty-three-story apartment house under construction at 20 Park Avenue, northwest corner of 35th Street, New York City, include individual television outlets in every suite. Arrangements are being made between the owners and the Radio Corporation of America, according to Pease & Elliman, Inc., the renting agents.

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Two years ago this month, the Columbia Broadcasting System first set up the International Short Wave Program Department, administered by a staff of two. As this branch of CBS activity enters its third year, the staff numbers 17, and regular program service to Europe and to South America is augmented with a daily series of news reports in French, German, and Italian. Daily except Sunday, starting May 15, a half hour of news will be transmitted via W2XE to Europe. This service is being added to the present schedule of news in Spanish and Portuguese, delivered daily to Latin American Republics, and to regular English news periods sent to Europe and South America several times a day, as well as numerous cultural, educational, and entertainment programs short waved to both continents throughout the week.

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The resignation of Richard C. Patterson, Jr., former NBC executive head, as Assistant Secretary of Commerce was accepted by President Roosevelt this week, effective July 15th. Mr. Patterson had written the President of his plan to join an important national corporation as its Chairman, a position which Mr. Roosevelt agreed he could not afford to refuse. He probably will become Chairman of the Board of the reorganized Radio-Keith-Orpheum Corporation.

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Twenty-three advertisers who have used the NBC networks continuously for five years or more have increased their weekly expenditures by 849 percent since first initiating their radio campaigns, a breakdown of NBC client expenditures shows. An additional five advertisers have been with NBC continuously for more than four years and since first using NBC networks have increased their expenditures 320 percent.

From the first week on NBC until April, 1939, the twenty-eight have increased their expenditures from \$81,353 to \$643,909 or 692 percent. Expenditures of the five-year continuous advertisers have increased from \$57,089 to \$541,888, or 849 percent.

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A new measuring instrument has recently been developed by the RCA Manufacturing Company for surveying the service range of television and other stations operating in the ultra high frequency spectrum of from 20 to 125 megacycles (15 to 2.4 meters wavelength). This apparatus, the Ultra High Frequency Field Intensity Meter, not only provides accurate indications of the strength of very short wavelength signals but enables records to be made automatically, with suitable attachments, and also provides data on the amount of noise which might interfere with television pictures.

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Twenty-five thousand people will pay \$2.50 apiece to see the running of the Derby at Epsom Downs on May 24 in twelve Gaumont British theatres equipped with Baird large screen television. Newsrooms of the London syndicates and newspapers have all been equipped with Baird home sets and are prepared to follow the race from start to finish with the aid of this latest development in communications. The Derby will be the most ambitious presentation yet staged by the Baird engineers in Gaumont British theatres.

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#### GERMANY TO MAKE SYNTHETIC RADIO SETS

By drastic changes in construction and materials, it is estimated that 130 tons of iron will be saved in the production of the new season's German radio receivers, according to World-Radio. Under the four-year plan every German industry is called upon to assist the country by finding substitutes for metals and materials such as iron, tin, platinum, and silk. In the new radio sets a pressed-board chassis will be substituted for iron, and the iron loudspeaker arm has been replaced by wood.

The use of tin has been reduced to a minimum by welding most of the connections, and by using a 40 percent tin content metal for soldering. The consumption of platinum, which is used as contact material on superhets.' wavelength switches, has been reduced from 25 grams to 6 grams by the introduction of a new method of applying the platinum-iridium. These figures apply to the platinum required for two thousand sets.

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## MAJESTIC RADIO STOCK PUT ON MARKET

Offering to the public, by means of a prospectus, was made today (Friday) by the Allied International Investment Corporation, Jersey City, and Singer & Friedlander, Ltd., London, of 375,000 shares of \$1 par value capital stock of the Majestic Radio and Television Corporation. The shares were registered with the Securities and Exchange Commission in a registration statement and have been approved for listing by the New York Curb Exchange.

Of the total offered, 200,000 shares represent authorized but unissued capital stock, of which 50,000 shares are under an option to Singer & Friedlander, Ltd., not yet exercised. The proceeds from the sale of these 200,000 shares will be used by Majestic Radio for additional working capital. The remaining 175,000 shares constitute outstanding capital stock owned by the Davega Stores Corporation and under option to the underwriters.

The authorized capitalization of the company consists of 1,000,000 shares of \$1 par value capital stock, of which 550,000 shares will be outstanding upon completion of this financing.

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## BBC DIRECTOR SEES RAPID TELEVISION GROWTH IN U.S.

Predicting that American energy and resources would spread television rapidly over the United States, Gerald Cock, Director of Television for the British Broadcasting Corporation, said that it would establish a new industry of large proportions. Mr. Cock, after a visit of nearly a month, sailed for England Wednesday aboard the "Aquitania".

"America has the youth, the energy and the resources to make a go of this thing", said Mr. Cock. "In the short time I've been here, I've gone to theaters, department stores and hotels - everywhere I knew a receiver was in operation. I was interested in finding out just what people thought of television. I was astonished at the public interest, particularly since they know absolutely nothing about it. The latent demand for television is most assuredly there. What is needed, I believe, is someone to give an 'urge' to it - some organization to give impetus to the whole thing.

"The progress of television in the United States will depend very largely on what the National Broadcasting Company, and others who will follow NBC on the air, put into television. You have vast resources of entertainment here in New York. You have the apparatus and the brains and the energy. I foresee two years of distress and tremendous expense for everybody connected with American television, but I believe that at the end of a few years you will have established a new and very important industry."

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