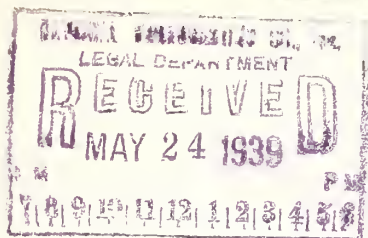


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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May 23, 1939

FCC ADVISED TO WITHHOLD TELEVISION ACTION

Making the first of two reports on its investigation of the television industry, the special three-man FCC Committee this week advised the Commission to withhold action for the time being on the request of the Radio Manufacturers' Association that television standards be fixed at 441 lines.

The Committee, headed by Commdr. T.A.M. Craven and including Commissioners Norman S. Case and Thad H. Brown, recommended:

- "1. That the Federal Communications Commission neither approve nor disapprove the standards proposed by the Radio Manufacturers' Association. This recommendation is made first because the Commission by law is required to grant licenses to applicants for television stations, who prove that the granting of such applications would be in the public interest, and, second, because it appears undesirable to take any action which discourages private enterprise or which decreases the incentive for undertaking research to effect further improvements.

The Committee suggests that in taking this action the public be informed that in failing to approve the standards the Commission does not believe the proposed standards to be objectionable as a phase of a rapidly developing service. The public should also be informed that the Commission desires to be free to prescribe better performance for the transmitters it may license in the future when and if such improvements are proved to be in the interest of the public.

Also, in making this recommendation the Committee suggests that it be made clear that the proposed standards do not at this time appear to be suitable for the 12 undeveloped higher frequency channels reserved for television.

- "2. That the Commission require future applicants for television station licenses proposed external transmitter performance differing from those previously in general use, to prove that such proposed performance not only equals the established quality but also will be in the public interest in view of the changed situation thus created.

- "3. That the Commission adopt a policy of cooperation with the industry as a whole and that it immediately arrange a procedure by which it can keep abreast of current developments in the technical phases of television and at the same time acquaint the industry with the problems inherent in the current allocation phases of television. For this purpose it is suggested that the Commission authorize its Television Committee to undertake further studies of the development of television as it progresses and to report from time to time to the Commission the status of such development, as well as to recommend any action which may appear appropriate at the time.
- "4. That the Commission announce that it will not hold a formal public hearing on the subject of proposed standards at this time. This recommendation is made because it does not appear that constructive results will be obtained at this early stage of development. After experimental operation has proceeded to the point where public reaction to television development can be gauged more accurately, a more opportune time for such a public hearing might then be presented."

Explaining its findings, the Committee said:

"The matters referred by the Commission to the Television Committee present two distinct questions, each requiring separate consideration.

"The first of these questions involves action by the Commission upon the request of the Radio Manufacturers' Association for approval of the technical standards for television proposed by that Association. The second involves the disposition to be made of several applications for construction permits to erect television stations.

"The Television Committee will submit reports dealing with these two questions separately under the title of (1) Standards, and (2) Applications, respectively. This report covers only the first, namely, STANDARDS.

"The Television Committee has held several meetings for the purpose of discussing the problem presented by the effect of standardization upon the development of television. In addition thereto the Committee has visited various television laboratories, and has conferred with several organizations concerned in the development of television from both the manufacturing and the operating standpoint. These conferences with the industry were primarily for the purpose of securing information as to the nature of the standards as well as the necessity therefor, and the effect of such standards upon the future development of television as a service in the interest of the public.

"The Television Committee is of the opinion that any jurisdiction which the Commission may have lawfully in the matter of television standards is solely that arising from its specification of external performance requirements for transmitting stations which the Commission may license in the future.

"However, a serious question of public interest would arise in the future if the Commission should specify external transmitter performance capabilities differing from the operating capabilities of receivers in the hands of the public. This is because of the resultant possibility that the public's receivers would be incapable of receiving programs emanating from transmitters licensed by the Commission. Thus, while the Commission has no legal authority to specify standards for the radio manufacturing industry, there is involved in any such standardization a question of public interest which makes it necessary for the Commission to keep itself actively informed of technical progress in television in greater detail than might be necessary otherwise in regular forms of radio communication.

"The Federal Communications Commission is assigned by law a most complex problem of engineering, economics and sociology. It is doubtful if the full meaning of this is thoroughly understood by the general public.

"In this matter of television, the Commission must decide not only positive issues such as the ultimate technical standards of performance, but negative ones, such as what radio services shall be displaced or denied in favor of television. In this, it must be admitted, the Government can only proceed with the best evidence available and make as scientific an estimate as possible. Nobody can foresee the progress of scientific invention, nor can anyone predict safely what the public will or will not accept. Therefore, it would appear to be absurd for the Commission or the industry at this time to take the position that they know precisely what the future holds.

"We feel that television technology stands at approximately the same point on its road of development as did the automobile business immediately prior to the advent of mass production. At that time, with the Selden patents controlling the industry, automobiles were expensive, few and hand-tooled. It appeared they would remain a luxury attachment to the wealthy household.

"Had the Government been asked at that time to fix standards of performance for the automobile industry as the Federal Communications Commission is asked to do for television, it would have been very unlikely that any agency of the Government could have foreseen the changes which swept over automobile engineering in a few short years as a result of free private enterprise and uncontrolled competition between engineers and manufacturers. Generally speaking, the history of the emergence of the automobile industry is the record of all improvement in machine operations. Conscious of this, the Television Committee is extremely hesitant to recommend anything which might later prove to hamper the orderly development of the industry.

"We wish to facilitate, and not delay, the speedy emergence of television as a mass production industry. Fundamentally, there is little we believe the Government should do except to keep order and insure protection of the public's interest as set forth in general terms in this report. The technical ingenuity of American inventive genius must solve the problem and indicate the road television development ultimately will follow. The Committee is firmly of the opinion that it would be hazardous to both the best interests of the industry and the public to attempt by administrative fiat to freeze the art at this stage of its development."

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TELEVISION PASSING FIRST STAGE, REPORT SAYS

Television is just emerging from the first, or technical research, stage of development in the opinion of the Special Television Committee of the Federal Communications Commission stated in its first report.

"The Television Committee considers that from the broadcast standpoint television is now barely emerging from the first or technical research stage of development", it stated. "At this time considerable patience, caution and understanding are required. Careful coordinated planning is essential not only by various elements of the industry, but also between the industry as a whole and the Federal Communications Commission.

"The Committee feels that there is some merit to the proposals of the Radio Manufacturers' Association as an initial step to obtain orderly progress by an industry in the second or experimental operation stage of development of television. However, there should be no lessening of incentive to undertake research leading toward further improvements. In addition, the Television Committee is of the opinion that future progress in television might be more stabilized if basic performance requirements are developed in new transmitters which permit applying the results of future scientific and technical research without rendering totally unworkable the public's receivers in general usage.

"Furthermore, if standards are to be adopted by anyone, they should be sufficiently flexible to permit not only improvements in quality but also radical reduction in price. Unless the television receiver of the future is to be within the pocketbook capabilities of the average American citizen, television as a broadcasting service to the general public cannot thrive as a sound business enterprise for any extended period.

"Television presents the future possibility of developing a new and important industry, particularly if such development is planned logically on sound economic principles. There are pitfalls of an economic character which should be avoided if television is to become a sound business enterprise capable of

rendering a sustained and acceptable service to the public of the nation. Undue haste and lack of coordination between the various elements of the industry are undesirable because of the inevitable retardation of orderly development. While television as a major industry may have distinct social advantages through the creation of new employment, it appears necessary that all concerned exercise caution to minimize disadvantages which could result in unnecessary displacement of labor in industries which may be adversely affected by television service on a national scale. These disadvantages are susceptible of being minimized.

"Thus in the development of television as a major industry, it again appears that cooperative coordination between the manufacturers of receiver apparatus, the operators of licensed transmitting stations, and the Federal Communications Commission might be desirable in the development of television as a national service in the interest of the public. While this coordination may be an ideal objective, the continuous exchange of information and the discussion of mutual problems would at least be practical and might enhance far-sighted planning.

"The extreme limitation of available channels presents a serious problem, particularly in the early stages of television service, because only 7 channels are now developed from a technical standpoint. At first these 7 channels will probably be utilized in cities having large population and areas. The remaining 12 channels which have been reserved and which are not yet developed technically, will be useful for smaller communities as well as for additional stations in the larger communities. The experience gained in the technical phases of the earlier use of the 7 channels which have been developed to date should be utilized to advantage for the service to be rendered on the remaining 12 channels.

"It is necessary that television service on a nationwide scale be operated ultimately on a competitive basis. At present, by reason of the high cost of operation, it appears that cities of less than 100,000 population may have difficulty in supporting one television station, and that in cities of population less than 1,000,000 it may be difficult to operate two television stations on a profitable basis if reliance for financial support must be placed upon advertising as the only source of income.

"Thus with the combination of scarcity of channels and the estimated high cost of operating the transmitting stations which will render television program service to the public, it appears highly essential that the industry be encouraged to undertake further practical research leading toward the development of methods which will permit more stations to be accommodated in the limited space in the radio frequency spectrum as well as facilitating lower costs in the production of good quality program service to the public.

"In the opinion of the Committee, practical television service to the public on a nation-wide scale cannot be expected for some time in the future. Much development remains to be accomplished from both a technical and organization standpoint.

Facilities for the distribution of programs from one center to another have yet to be developed, financed and constructed. Much has yet to be learned concerning program production as well as financing and reducing the cost thereof. Primarily because of the large cost of construction of transmitting stations as well as the high cost of operation thereof in a national competitive system, it is expected that for the next few years the largest metropolitan centers will be the only centers receiving television service and that the smaller centers of population will not have transmitting service available for several years. The cost of receivers will be high during the first years of development, and this in turn may have an additional retarding effect upon the construction of television transmitting stations, particularly in smaller communities.

"This high cost of service as well as the relatively high cost of television receivers may be a retarding factor in the development of television as a service on a national scale. It may also act as a deterrent upon early mass production of receivers at low cost. In the opinion of the Committee, these natural economic factors of delay are not undesirable because they will enable a more sound development ultimately of an improved television service to the public, particularly when mass production of receivers at lower cost may become more of a reality than a hopeful probability.

"In view of the foregoing, it seems safe to conclude that the establishment of a television service on a national scale will be a process of gradual development, beginning progressively with the larger cities and, over a period of years, finally becoming available to smaller communities.

"The financing of television requires courageous pioneering efforts on the part of American investors. Extreme caution should be taken to avoid investment in unproven enterprises. There are many organizations which now have sound basic plans for the development of certain phases of the television art. There may be others which are not equipped from the standpoint of either basic facilities or organization, but which will nevertheless attempt to secure financial support from the investing public. Such enterprises are doomed to ultimate failure. Therefore, good business acumen should be exercised by all concerned and exhaustive scrutiny of every television financial prospectus should be undertaken to insure adequate protection of the investing public."

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New BBC transmitting stations, situated, respectively, at Start Point in Devon, and Clevedon, near Bristol, will be opened by the Lord-Lieutenant of Devonshire, the Rt. Hon. Earl Fortescue, on June 14th. Both Start Point and Clevedon will radiate the BBC's Western programs from the opening date, and with their coming into operation, the existing West of England transmitter at Washford, Somersetshire, and the low-power stations at Bournemouth and Plymouth will close down. Start Point will work on a wavelength of 285.7 metres (1,050 kcs.) with a power of 100 KW, and the transmitter at Clevedon on 203.5 m.(1,474 kcs.) with 20 KW power.

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TELEGRAPH MERGER PROBE OPENS; CRAVEN IS WITNESS

Commissioner T.A.M. Craven, who has long warned of the necessity of Federal aid to the telegraph industry, was one of the first witnesses as hearings opened this week before a sub-committee of the Senate Interstate Commerce Committee on the Wheeler resolution authorizing an extensive Senate investigation.

Commander Craven stated that unless some such relief as was proposed is given the telegraph companies that the wired communications industry will be controlled entirely by the American Telephone & Telegraph Company.

Senator Wheeler made public letters from Secretary of Commerce Hopkins and Attorney General Murphy endorsing the Senate investigation of the needs of the telegraph industry.

The Western Union and the Postal Telegraph might be consolidated in one of the mergers under consideration, the benefits of which would be explored by the inquiry.

Senator Wheeler read excerpts from the letters when he appeared before an Interstate Commerce sub-committee to ask approval of a resolution providing for the investigation.

"We feel that the problems of the telegraph industry have reached a critical stage", Secretary Hopkins wrote, "and are delighted at the prospect of having some responsible agency undertake a careful survey of the situation with a view to developing a constructive program."

Mr. Murphy informed Senator Wheeler that the Department of Justice had suits pending against both major telegraph companies for alleged violation of the Anti-trust Laws and could supply much information to an investigating committee.

Senator Wheeler said that Western Union had been showing substantial losses in recent years, while the Postal Telegraph Company was in receivership and its lines likely to fall "wittingly or unwittingly into the hands of Western Union."

He suggested that the proposed inquiry might answer such questions as these:

"Can the present companies under proper supervision profitably continue and prosper?"

"Should the landline telegraph systems be consolidated?"

"Should the landline and the international systems be consolidated?"

"Should the landline and the international and telephone systems be consolidated into one gigantic monopoly?"

"Should each of the three types of communication - written, oral and radio - be confined to prescribed limits of activity?"

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ALMONTE WELCOMES VISITORS TO RCA EXHIBITS BUILDING

Made to order for the position, Mr. J. de Jara Almonte, well-known for his fine work as Night Manager and later Assistant to the President of the National Broadcasting Company, is now Executive RCA Representative at the RCA Exhibits Building at the World's Fair, New York. Noted for his personal courtesy and competent manner in handling difficult situations where tact is required, Mr. Almonte has been referred to in Radio City as "the Diplomat of the Kilocycles".

It is the desire of the RCA to have important people all over the country make the guests' lounge at the RCA Exhibits Building their headquarters.

The RCA is featuring television, of course, in its general display, also the "Newspaper of the Air", a newspaper published by radio facsimile and received in subscribers' homes every morning, for breakfast perusal. There are many other exhibits, but these attract the greatest interest.

In the courtyard of the Exhibits Building the RCA has a television camera, and candidates are selected at random for a sort of "Vox Pop" program, seen by the visitors in the Television viewing hall. This enables a visitor to "act" while friends or relatives in the viewing hall look on with glee.

In addition to the charming company of Mr. Almonte, who is worth going out of one's way to see any day, the RCA's guest lounge will be a welcome interlude after tramping a dozen miles or so from exhibit to amusement, and where warm weather can be made cooler for the tired sight-seer.

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CRAVEN OPPOSES RULE ON PROGRAM CONTENTS

Opposition to any rule of the Federal Communications Commission specifying contents of radio programs was expressed by Commissioner T.A.M. Craven in an address at Columbus University last week.

"It has been suggested that the Commission should adopt rules governing program service which could serve as a guide to licensees", he said. "I consider this suggestion to be impracticable because it has the danger of requiring the Commission to exercise a regimented control of program service which would result in the imposition of its judgment upon the American people. The Commission might more properly be concerned with the question whether the program service of an individual station or the standards of program service of an industry conform to public opinion, tastes and demands. However, in view of the foregoing inherent danger as well as the specific prohibition against censorship, I am of the opinion that the Commission should not adopt any rule specifically prescribing contents of program service.

"I am convinced that the American system of broadcasting, operated in accord with the broad policies now prescribed by Congress, has proved to be the best method of applying this modern invention of radio to the service of the people of the United States. I recognize, however, that the method by which broadcasting is regulated can change completely its aspect as a service to the public. Therefore, I believe that among the best methods to safeguard the American system of broadcasting is, insofar as is practicable, to encourage and require full and free competition. I am of the opinion that the attainment of this objective requires a faithful adherence to the diversification doctrine of licensing stations in any community or region as well as in the nation as a whole, and also the licensing of an adequate number of stations to insure active competition, not only in business but also in service to the public."

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S-W RECEIVERS TABOO, EVEN FOR FOREIGNERS, IN JAPAN

Although General Electric is transmitting regular short-wave programs to the Orient now from its new station near San Francisco, Americans or other foreigners residing in Japan are barred from listening to them unless they do so without the knowledge of the police.

Reviewing the short-wave activities of the Japanese Government, which broadcasts daily in eight languages for the world to hear, a correspondent of the New York Times cited the incongruous taboo on short-wave receivers in Japan.

"Japan does not practice reciprocity in radio", he said, "and American and European residents here are not allowed to own radio apparatus capable of receiving short-wave messages. American or other sets which could pick up other countries are carefully stripped of their short-wave powers before being sold and are liable to be inspected at any time by the police. Some time ago a spectacular police raid, with police vans and a conspicuous display of force, was made to arrest an American in Yokohama whose offense consisted in the possession of a short-wave receiving set. It was widely published and served as an effective deterrent to others. Embassies and legations, being legally on foreign soil, can and do possess short-wave sets, and the news they hear sometimes contrasts piquantly with what they read in the local press."

As for Japan's transmission, the correspondent said:

"Like other modern nations, Japan is in the news business, and disseminates Japanese news to all parts of the world daily in eight languages. Six separate programs, including news, are broadcast each day from the new Tokyo studios of the Japan Broadcasting Corporation, a semi-official organization which has a monopoly of broadcasting in Japan.

"Europe receives two services daily in English, French and German; the eastern parts of the United States also receive two services each day, and three are sent to the Pacific States

and Hawaii, the additional service being arranged because of the large number of Japanese who live there. South America is supplied in Spanish and Portuguese; the South Seas regions, including Manila, Hong Kong, Siam, French Indo-China and the Netherlands East Indies, in Dutch, French, Chinese and Japanese. Every service is also sent in a Japanese version for the benefit of Japanese listeners abroad. The news service lasts for about ten minutes at each broadcast."

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TRADE NOTES

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J. Vance Babb, until early this month manager of the NBC Press Division, has been made Director of Publicity of the United Brewers Industrial Foundation, 21 East 40th St., New York City. The appointment is effective May 22nd. The Foundation's membership is said to comprise 70 percent of all American brewers.

Philco will announce its new 1940 radio line, and its first television receivers for the public, at a national convention to be held at French Lick, Indiana, June 5-8. Philco will announce and show for the first time its line of television receivers.

Philip G. Loucks, Special Counsel, will represent the National Association of Broadcasters at the FCC hearing June 1st on exceptions to the proposed new rules and regulations for the broadcasting industry advanced by an FCC committee composed of Commissioners Case, Craven and Payne. Mr. Loucks, who represented the NAB at the June 6 hearing last year on new rules and regulations, has filed the exceptions to the Committee's report.

George F. Reid, 40, native of Washington and former announcer for Station WJSV, died last week at his desk in the National Broadcasting Co. studios in New York City.

Germany's national, broadcasting station at Herzberg, Saxony, just put into operation, has a mast 1,111 feet high, which is claimed to be the tallest in Europe. Situated in almost the geographical center of Greater Germany the new 150 kilowatt replaces station at Zeesen, which operated on 1,571 meters, 60 kilowatt long-wave station. Preparations have been made to increase the new station to 200 kilowatts when the new Montreux schedule goes into force March 4, 1940.

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NBC TELEVISES OVER TELEPHONE WIRES FOR A MILE

Engineers of the National Broadcasting Company televised publicly over an ordinary telephone line for the first time last week, according to the New York Times. The telephone wire hook-up, from the bicycle races in Madison Square Garden to the NBC studios in Radio City, by way of the telephone company's Circle exchange at Ninth Avenue and Fiftieth Street, was a little over a mile long.

Previously the telephone wire had been used only for short distances in laboratories. Otherwise costly coaxial cables have been regarded by engineers as the only type of a wire channel that could be used effectively to transmit a television image.

The cost of a coaxial cable from New York to Philadelphia, a distance of ninety miles, installed more than a year ago by the Bell Telephone Laboratories, was reported to have been \$500,000.

The telecast over the telephone wires was made possible by the development of amplifiers by Bell engineers. The engineers emphasize that the program was strictly experimental and that the success of the telecast did not warrant a prophecy of national television networks on the basis of telephone wire circuits. One of the benefits of the telecast, engineers said, was that it proved a theory possible.

After the images were received in the studios they were conveyed over an axial cable to the transmitter in the tower of the Empire State Building and from there sent out over the air. Observers who saw the images in studios were impressed with the breadth of view. They said they saw all the bicycle riders from one end of the Garden to the other.

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VISUAL NEWS SERVICE INAUGURATED AT FAIR

Jointly operated by the New York Herald Tribune and the International Business Machines Corporation, a visual broadcasting news service furnishing late news bulletins on four-foot screens was inaugurated last week in the Business Systems and Insurance Building at the New York World's Fair.

The news service, which will continue at the exhibit for the duration of the Fair, uses IBM's radiotype machine, operating over an ultra high-frequency radio wave, enabling the transmission of 100 words a minute. The words, greatly magnified, are projected on a large Translux screen, similar to those used in motion picture theaters.

Opening day's news bulletins were relayed from the Herald Tribune offices to IBM headquarters a mile away, and then relayed from there to the Fair by radiotype.

The radiotype machine is, in effect, a typewriter which operates by radio impulses. It includes an electric writing machine, entirely controlled from the keyboard. Each key, when struck, sends out a separate group of radio impulses, which actuate the corresponding key on any number of receiving machines of a similar nature "tuned" in on it.

Unlike television, matter transmitted by the radiotype can be magnified to any size and can be seen accordingly by a greater number of persons at one time. Cruising speed is considered to be about 100 words a minute, which is considerably faster than the rate achieved by most typists on an ordinary typewriter.

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