

# HEINL RADIO BUSINESS LETTER

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No. 1138

## HOUSE RESOLUTION ASKS POWER ABOVE 50 KW.

Declaring that rural communities will not get adequate radio reception so long as radio power is limited to 50 KW., Representative Larrabee (D.), of Indiana, this week introduced a resolution in the House to direct the Federal Communications Commission to make a study of super-power broadcasting and meanwhile license a few such stations.

The resolution is directly contrary to the resolution adopted last session by the Senate and influential in the recent action of the Commission denying requests that super-power stations be licensed. Present FCC rules bar any regular broadcasting with more than 50 KW.

The Larrabee resolution follows:

"Whereas the Federal Communications Commission in its report on proposed rules governing standard broadcast stations and standards of good engineering practice has made new rules and regulations to provide increased radio service to urban listeners without taking any measures to improve service to small towns and rural listeners leaving the implication that no solution of this problem is being sought; and

"Whereas the report of the Federal Communications Commission lists in detail the many possible advantages of high-power operation in the standard broadcast band, particularly to people living in small towns and rural areas; and

"Whereas the new rules governing American international short-wave stations prohibit the use of power less than 50 kilowatts in order to provide better service to foreign listeners while conversely other rules governing stations serving our own people within the continental limits of the United States are prohibited from using power in excess of 50 kilowatts; and

"Whereas the Federal Communications Commission in its report has reached the conclusion that because of the inadequacy of data on the social and economic aspects of high-power operation in the standard broadcast band (550 to 1,600 kilocycles) no provision should be made to permit the operation of standard broadcast stations with power in excess of 50 kilowatts; Therefore be it

"Resolved, That it is the sense of the House of Representatives of the Congress of the United States of America that the Federal Communications Commission should take such steps as may be necessary to provide an adequate method to obtain data and



other factual information and material necessary to determine the social and economic effects of power in excess of 50 kilowatts and that in so doing the Federal Communications Commission shall not be restrained from licensing one or more than one station or stations to operate on power of more than 50 kilowatts for such experimental operation as may be thus necessary."

Explaining the resolution to the House, Representative Larrabee said:

"It is a strange paradox that the very people to whom radio can mean the most and to whom radio offers most are the same people who receive its benefits least satisfactorily. With city reception having been improved year in and year out for many years, has not the time come when we should consider meeting this issue squarely and fairly rather than attempting to solve the problem by ignoring it? We are certainly glad and delighted that even a low-salaried wage earner in many medium - and large-sized cities - can secure the best in radio by going to the corner drug store and buying a set at \$9.99, but the day will come when those of us who have been chosen to represent the people will have to explain why we have fostered rules and regulations on the part of an administrative body which forces our country and small-town people to pay \$50 and \$100 for receivers needlessly - when by the simple expedient of providing them, as is done in other countries, with a signal somewhat stronger, the expense is placed squarely on the shoulders of the broadcaster, where it belongs, and not on the already overburdened pocketbooks of our citizens. There are many parts of the country where even the most expensive sets cannot be substituted for an inadequate signal.

"Despite the Commission's finding of fact that from a technical and economic standpoint high power is not a Frankenstein, the Commission has arbitrarily refused to relax its regulations and permit progressive American broadcasting stations to compete with stations in Mexico, Cuba, France, Germany, England, and Soviet Russia which now operate with power not fixed at 50 kilowatts, but running even beyond 850 kilowatts. Some of these countries which use power in excess of 50 kilowatts cover less area on the map than the State of Indiana, yet the whole United States, from the Atlantic to the Pacific and from the Great Lakes to the Gulf of Mexico, is denied this type of radio reception.

"That high-power stations would not create a monopoly in the air has ably been demonstrated by facts which were part of the records and have been at the Federal Communications Commission since 1922. In those years, when existing radio stations made an attempt to increase their power from 20 to 50 watts, competitor stations raised a cry of "super-power". The same cry spread when stations were generally advanced from 500 watts to 1 kilowatt. Again, when station owners prepared to increase power to 5 kilowatts, it was generally pointed out that this would create a monopoly of the air. Of course no such thing occurred, and will not occur in the event the Commission decides to permit the use of power in excess of 50 kilowatts. The term 'superpower' is only

relative - for example, 50 kilowatts' power is less power than that delivered by a single low-priced automobile engine; 500 kilowatts' power equals only that developed by one Douglas airplane engine. It will result, however, in a radio parity that will put rural areas more nearly on a par with the metropolitan districts of the country and furnish to listeners in the United States generally a program excellence that is now only attained in the huge metropolitan areas.

"I am convinced in my own mind that the very phrase 'superpower' as applied to broadcasting stations has created a complete misconception in the minds of many as to its meaning. If the Commission's so-called superpower report had been termed, as it might well have been, 'Report on means of improving rural and small-town radio reception', an entirely different reaction to this report might have been indicated on the part of the Commission itself."

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#### FCC REJECTS PLEA FOR BROADENING S-W HEARING

The Federal Communications Commission this week rejected flatly the petitions of international short-wave broadcasters and the National Association of Broadcasters that the hearing scheduled for next Friday be broadened to include all of the recently promulgated rules governing international broadcasting.

The requests were made by the Columbia Broadcasting System, the Crosley Corporation, General Electric, the Isle of Dreams Broadcasting Corp., National Broadcasting Company, WCAU Broadcasting Company, Westinghouse Electric & Manufacturing Co., and NAB.

Explaining its decision the FCC in a formal statement said:

"The Federal Communications Commission, having heretofore granted a request for a hearing from the American Civil Liberties Union on Section 42.03(a) of the International Broadcast Rules adopted by the Commission, and having set such hearing for July 12, later postponed to July 14, concluded to confine the hearing to the issue directly designated in the petition of the American Civil Liberties Union, although other petitioners sought to enlarge the issues and to postpone the hearing set for July 14. These later petitioners will have ample opportunity to be heard subsequently, on any other issues in the Rules governing International Broadcast Stations as adopted should they so desire. Therefore, the hearing on Section 42.03(a) will be held as set for 10 o'clock, July 14."

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## THOMPSON, HOWLAND NAMED EXECUTIVES OF ZENITH

Appointment of Sylvester T. Thompson as Vice-President and John R. Howland as Assistant to the President of Zenith Radio Corporation, Chicago, was announced this week by Commdr. Eugene F. McDonald, Jr., President.

Mr. Thompson has been with Zenith since June, 1938, and has devoted his time largely to developing the export sales and merchandising, while Mr. Howland was formerly Assistant Secretary of the Philadelphia Storage Battery Co., Philadelphia.

For seventeen years, Mr. Thompson has been a well-known figure in the radio industry. He has watched the industry grow from the crystal set stage into the present complex state with its multiplicity of problems. He served the Radio Manufacturers' Association as a Director and has been Chairman of its Export Committee for five years. As a member of the Executive Council of the South African Reciprocal Trade Committee, he represented the industry in its fight against propaganda detrimental to the importation of American merchandise into South Africa. For a period of fifteen years he was a member of the Society of Automotive Engineers and at present is a member of the Institute of Radio Engineers and the Radio Club of America.

Prior to joining the Zenith organization, Mr. Thompson was Executive Vice-President and Director of the manufacturing subsidiary of Kolster Radio Inc., and Manager of Federal Telegraph Company, both of Newark, N. J. These companies were owned and operated by the International Telephone & Telegraph Company. Subsequently, he became Vice-President, General Manager and Director of Pilot Radio Corporation, Long Island City, N. Y., and contributed immeasurably to the success of that company in the domestic and overseas markets.

Mr. Howland brings to his new work a well-grounded experience in sales, patent investigation, labor matters, and public relations. He is a member of the Patents and Trademark Committee of the National Association of Manufacturers and the Trade and Commerce Bar Association of New York, and a graduate of U. S. Naval Academy at Annapolis.

Prior to his association with the Philadelphia Storage Battery Company, Mr. Howland served as Deputy Administrator under the NRA and in that work had considerable contact with the problems of the radio industry. He administered this rather difficult and unpopular task in a courteous and diplomatic manner which retained the friendship of all those business executives with whom he came in contact.

For a number of years, Mr. Howland has served on important committees of the Radio Manufacturers' Association and has acted as spokesman for his former employer.

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## LARGE REGISTRATION FOR NAB CONVENTION

The seventeenth annual convention of the National Association of Broadcasters and the first since its reorganization, has attracted the largest number of advance registrations in the Association's history, NAB stated this week. The meeting will open next week in Atlantic City.

While many and diverse subjects will be considered by the broadcasters, two stand out in importance: the report of the Code Committee and the report of the Copyright Committee.

The convention will be addressed by Carl Milliken, Secretary of the Motion Picture Producers and Distributors of America, Inc., who for the past seventeen years has been in charge of the motion picture industry's code of self-regulation. Elmer F. Andrews, Wage and Hour Administrator, will address the convention on Wednesday morning, July 12th, as will Dr. John W. Studebaker, U. S. Commissioner of Education; and Orrin E. Dunlap, Jr., Radio Editor of the New York Times, who will talk on "Television".

Though the convention does not officially convene until Tuesday morning, July 11th, meetings and social activities will begin on Sunday morning, July 9th. On Sunday, also, the Board of Directors will hold a dinner meeting; and at two o'clock the Research Committee will hold a pre-convention meeting. The annual golf tournament will begin at ten-thirty, Sunday morning.

Group meetings of the clear channel stations, the local channel stations, and the National Association of Regional Broadcast Stations, will be held Monday morning. In the afternoon, the IRNA group and the National Committee of Independent Broadcasters will meet. Later in the afternoon there will be a demonstration of television, followed by a discussion of radio engineering problems by John V. L. Hogan, Chairman of the NAB Engineering Committee.

The Bureau of Radio Advertising will hold a luncheon on Monday in conjunction with the NAB Sales Managers' group. Luncheon will be followed by a report on sales management policies by Dr. Herman S. Hettinger, and a forum discussion of various sales problems.

The convention will be called to order at nine-thirty Tuesday morning. President Miller will make his annual report during the opening morning session. In the afternoon the Code Committee's report will be presented and discussed. This will be a closed membership meeting.

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## FCC EXPLAINS RULES ON NIGHTTIME POWER

The Federal Communications Commission announced this week that final action would be deferred on all pending applications requesting nighttime operation on regional frequencies which would involve serious interference problems if other pending applications requesting the use of 5 KW power on such frequencies are granted. The pending applications requesting the use of 5 KW power at night will, under the Commission's new rules which become effective August 1, no longer be inconsistent with the rules limiting maximum power for nighttime operation on such frequencies.

The Commission's new rules and regulations governing standard broadcast stations, which were adopted by the Commission on June 23, provide for maximum permissible night-time power of 5 KW on regional channels. The present rules limit such power to 1 KW. Applications affected by this action of the Commission fall into three classes: Those which have been set for hearing but not yet heard, those upon which a hearing has been held but no decision rendered by the Commission, and those upon which a decision has been rendered and are now pending on a petition for rehearing. As to those applications which have not yet been heard, an additional issue will be inserted in the notice of hearing concerning the interference problem with pending 5-KW applications, and, thereafter, the applications will be heard in regular course. As to the applications on which a hearing has been held and applications pending on petition for rehearing, a further hearing will be ordered on issues related to the interference problem created by pending 5-KW applications.

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## THREE MAJOR NETS BOOST TIME SALES IN JUNE

The Columbia Broadcasting System grossed \$2,860,184 in time billings last month, which sum is 34.8% better than the turnover for June, 1938. It's the biggest percentage gain that the network has had since August, 1937. The National Broadcasting Company's time billings for this June amounted to \$3,382,404, an increase of 5.7% over the tally for the like month of 1938. As compared to the first six months of last year, CBS is now ahead by a 8.6%, while NBC's margin is 7.5%.

Mutual last month did \$228,186, or 11% over the previous June's gross. Of the total billings accumulated by NBC this June \$2,624,657 is credited to the red (WEAF) link and \$757,747 to the blue (WJZ) network.

In June 1938, NBC's billings were \$3,200,569, while the year before they figured \$3,003,287. Columbia took in \$2,121,495 for June 1938, and \$2,476,567 for June 1937.

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## CONTROLLER PUTS BAN ON RADIO RECORDINGS

A decision by Controller General Fred H. Brown this week temporarily blocked plans of the National Emergency Council to distribute radio recordings of governmental activities on the same basis as talks by Cabinet members.

The Controller General ruled that the Veterans Administration has no authority to spend \$200 to make the recordings. He pointed out that the NEC~~X~~ planning to handle the series of programs for the Veterans Administration and other independent agencies.

Almost simultaneously Westbrook Pegler, newspaper columnist, put out a blast against the NEC distribution of "canned speeches" in his copyrighted syndicated column.

Declaring that the press probably would have to come to the defense of radio stations to establish freedom of the air, despite an economical rivalry between the two mediums, Mr. Pegler said:

"There is a difficulty in the fact that the air belongs to the Nation, so to speak, and therefore must be subject to Government regulation. That much is not disputed, but it does not mean that the air belongs to the New Deal any more than it belongs to the Republic Party. But in using the radio for New Deal propaganda the Administration puts itself in the position of a trustee who uses his authority to promote his own interests and impair the interests of the trust. For certainly if radio is allowed to live under frank or implied coercion it loses that purity which the President found so admirable - indeed, its chief virtue.

"But radio itself lives in a state of fear and political jitters. Individuals in the business may pretend to admire the commission and its methods, but they are open to the obvious suspicion that they are playing ball with the New Deal for the advantage which it will bring them in the form of valuable official favor.

"Others realize that the industry lives under a threat of partisan political discipline and looks to their economic enemy, the press, for help in a fight for independence, afraid, however, to speak for publication or appear anywhere in the picture except as confidential informants on matters which radio dares not appeal to the public over its own medium."

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In an attempt both to counteract propaganda by foreign countries and to garner a larger audience for its own news interpretation, the German Propaganda Ministry announced this week that henceforth there would be news broadcasts daily both in the Polish and Ukrainian tongues.

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## THREE NETWORKS NET \$9,307,735 FROM RADIO IN 1938

Additional statistical data released by the Federal Communications Commission this week disclosed that the three major networks - CBS, NBC, and MBS - earned a combined net revenue of \$9,307,735 from broadcast services in 1938. The study does not show how this profit was apportioned among the networks.

From network operations alone the networks earned only \$4,349,446, the chart shows, whereas \$4,958,289 was derived from 23 managed and operated stations. Nine key stations, the report discloses, earned \$2,549,987 or more than the other 14 non-key stations, which had a combined net income of \$2,408,302.

Total time sales of the networks and managed stations were \$68,123,525, of which \$54,938,879 was handled directly by the networks.

Total program expenses for the nets and stations amounted to \$17,933,405 and technical costs accounted for \$3,898,202. Advertising and promotion took \$3,621,962, and administrative expenses were \$4,497,084.

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## FIVE STATIONS SIGN FTC STIPULATIONS

Five Western and one Southern broadcasting stations have entered into stipulations with the Federal Trade Commission to discontinue certain advertising practices in connection with the sale of their facilities.

The respondents are Intermountain Broadcasting Corporation, operating station KDYL, Salt Lake City, Utah; Lamar Life Insurance Company, station WJDX, Jackson, Miss., Mosby's, Inc., Station KGVO, Missoula, Mont., Woodmen of the World Life Insurance Society, Station WOW Omaha, Nebr.; KFRU, Inc., Station KFRU, Columbia, Mo., and Minnesota Broadcasting Corp., Station WTCN, Minneapolis.

The respondents agreed to cease representing, directly or by implication, that their respective stations have a certain power unless that power is actually used by them during the entire broadcasting period, or unless it is clearly explained in direct connection with each representation that such power is authorized and used only during certain specified hours.

According to the stipulation, all but one of the respondents advertised, without qualification, their stations as having 5,000 watts power, which, it was agreed, might mislead some prospective purchasers of radio facilities into believing that such power was continuous when in fact the power authorized for use and used in each instance was 5,000 watts during the day only and was limited to 1,000 watts at night. In the case of KFRU, Inc., the power advertised without qualification was 1,000 watts when in fact 1,000 watts was used by day and 500 watts at night.

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 ::: TRADE NOTES :::  
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Appointment of Donald Davis, stage and motion picture writer, to the television staff of the National Broadcasting Company was announced this week at Radio City by Thomas H. Hutchinson, Manager of NBC's Television Program Division. Mr. Davis will be television's first staff script writer.

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"The National Labor Relations Board has made an order based upon a stipulation requiring Isle of Dreams Broadcasting Corporation and Miami Daily News, Inc., Miami, Florida, to bargain, upon request, with the American Federation of Radio Artists (A. of F.L.). The stipulated order also provided for reinstatement with a payment of \$500 to Earle Barr Hanson, an employee who had been discharged. Charges of unfair labor practices against the companies were filed by the AFL radio artists' union.

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"The Human Adventure", an experimental weekly educational series dramatizing the link between the American university and man's future, is to be presented by Columbia Broadcasting System in cooperation with University of Chicago for a limited period beginning Tuesday, July 25, from 8 to 9 P.M., EDST. Basic idea of the programs is to dramatize great contributions of college research to the world's welfare and progress. Leading educational institutions of the country, together with outstanding scholars and scientists have offered their full cooperation.

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"Current estimates mention that it is costing NBC \$1 a day per television set now in use in the New York area", Variety reports. "This figure takes in cost of program schedules. Also expected that this cost will increase as the number of programs increase. Number of sets now in use in the N. Y. metropolitan area is placed at around 500."

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Broadcast service to Latin America, Asia, and the Antipodes from General Electric's West Coast shortwave Station W6XBE, located at the Golden Gate International Exposition on Treasure Island, San Francisco Bay, has been practically doubled, as of June 24th, it was announced by C. H. Lang, Manager of Broadcasting of General Electric. Mr. Lang also announced that the company's short-wave station W2XAF at Schenectady had added 10 additional hours to the existing weekly schedule of programs for the Spanish-speaking listeners in Latin America. W2XAF operates on 9,530 kilocycles or 31.48 meters.

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Direct radio telephone communications between Switzerland and the United States, scheduled for the month, has been delayed indefinitely by the destruction by fire Thursday of the new short-wave station recently constructed at Schwarzenbad by the Swiss Government. The damage was estimated at more than 1,000,000 Swiss francs. The Swiss authorities have started an investigation. The new station was completed only a few days ago. At present telephone calls between the United States and Switzerland are routed through London.

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To assist amateur television enthusiasts and experimenters in furthering television development, the Radio Corporation of America has made available a number of parts used in modern deflecting circuits in television receivers employing RCA Kinescopes. Mounting interest in television among amateurs in the areas where programs are available, or soon will be, has brought many requests that the parts be placed on the market.

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Appointment of Keith Kiggins, Manager of Station Relations for the National Broadcasting Company, as Director of the NBC-Blue Network was announced this week by Niles Trammell, Executive Vice-President, to whom he will report. Responsibility for the operations of the sales, program, promotion, stations and press departments, Blue Network activities of which will be coordinated by Mr. Kiggins, will remain with the various department heads, who will continue to report to the Executive Vice-President.

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Bloomingdale's, New York City, in collaboration with Audio Productions, Inc., and the American Television Company, will present the first of a series of merchandising television shows, to be known as "Televisuals", early in July, I. A. Hirschmann, Vice-President, has announced. Audio Productions, Inc., has prepared a motion picture, featuring Barbara Lee fashions, Guardian shoes and Tot's clothes, which will be television through a self-contained system in the store. Audio has registered the name "Televisuals" and will make a series of short commercial films in conjunction with American Television, to be shown in stores throughout the country.

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William Kostka, Magazine Editor for the National Broadcasting Company, has been appointed Manager of the NBC Press Division. The appointment is effective immediately, with Edwin P. Curtin continuing as news editor of the division, Richard G. Spencer as night editor, and Leonard W. Braddock as Manager of the Audience Inquiry Division.

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## MAN HELD IN FLAMM EXTORTION ATTEMPT

Charged with suspicion of attempting to extort \$7,500 from Donald Flamm, President of Station WMCA, New York City, to call off the pickets who have been parading Sunday afternoons in front of the station, a man described as Allen Zoll, 43 years old, of 60 East 67th Street, was held in \$5,000 bail this week before Magistrate Richard F. McKinery in Felony Court. A hearing was set for Friday.

Zoll, who denied the accusation, was said by Detectives Edward D. Fitzpatrick and Joseph Petrosino of District Attorney Thomas E. Dewey's office to have taken \$200 in marked money from Mr. Flamm, the New York Times reported. Zoll said the money was paid to him as salary as a sales consultant to get rid of the pickets.

Every Sunday afternoon since last December 18th, pickets have demonstrated in front of the radio station, protesting that the Rev. Charles E. Coughlin, of Detroit, was barred from use of the station's facilities after a broadcast allegedly linking Jews with communism.

Zoll was said by the detectives to have been observed on the picket line for a time. At the peak of the demonstration as many as 2,000 pickets marched in front of the station. Recently the number has varied between 350 and 500. It was said that Zoll had represented himself as a Protestant and against barring the priest from the air. The detectives said Zoll had told the police on duty at the demonstration that in the future he would lead the picketing.

According to the charge, Zoll approached Mr. Flamm recently with a demand for \$7,500 and by arrangement went to the Hotel Lexington Friday. When Zoll arrived Detectives Fitzpatrick and Petrosino were with Mr. Flamm, and when Zoll allegedly accepted the marked money he was arrested.

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