

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

OCT 18 1939

INDEX TO ISSUE OF OCTOBER 17, 1939

NAB Has Wildcat By Tail As Code Stirs Station Row.....	2
RMA Submits Television Report To FCC After Meeting.....	3
Fly Gathering Data For Communications Merger.....	4
Radio Query Included In Housing Census.....	5
Blackouts Boost British Sales Of Battery Radio Sets.....	5
Radio Advertising Strictly Policed, Says NAB.....	6
Gillingham Loaned To FCC For Three Months.....	7
New Invention Records Radio Listening Habits.....	8
Colombian Stations Held To Strict Neutrality.....	8
Two Government Attorneys Join FCC Staff.....	9
Cuba Closes Five Stations For Wave Jumping.....	9
G.E. To Stay With N.Y. Fair In 1940.....	10
Yankee Net Proposes Two "Static-Less" Stations.....	10
New Recording System Developed By RCA-NBC.....	12

No. 1166

(Circular stamp with handwritten text: "Change made 11/1/39")

October 17, 1939

NAB HAS WILDCAT BY TAIL AS CODE STIRS STATION ROW

With the Code ruling prohibiting sponsored broadcasts by the Rev. Charles E. Coughlin, crusading Detroit priest, the center of the storm, the National Association of Broadcasters this week was facing a serious row that threatened to lead to some resignations from the trade organization.

While a handful of stations agreed to drop the program as soon as the NAB Code Committee ruled that it is in conflict with the ban on commercial presentations of controversial broadcasts, the majority of the 44 stations in the Coughlin hook-up indicated they may defy the NAB.

Meanwhile, an unconfirmed report was circulated that the Legal Department of the Federal Communications Commission had come to the aid of the NAB by addressing a letter to Station WJR, Detroit, key station of the Coughlin hook-up, asking why the station was not complying with the NAB ruling.

The FCC has taken no official part in the row, however, and the reported letter to Station WJR was not immediately available to the press.

Somewhat in contrast and yet likewise disturbing to NAB officials is the case of Elliott Roosevelt, son of the President and a Texas broadcaster and commentator, who openly defied the NAB Code as he expressed his views last week on the neutrality issue.

The NAB dodged the Roosevelt challenge, however, by holding that he is subject to network rather than NAB jurisdiction. The matter consequently was turned over to the Mutual Broadcasting System, which carries the sponsored program featuring young Roosevelt, for action.

No showdown on the Coughlin edict is expected before the end of this month as the majority of station contracts for the program expire October 29th.

John Shepard, III, President of the Yankee and Colonial Networks, the latter of which carries the Coughlin broadcast on 17 stations, has intimated he will renew the contracts because of station commitments.

Meanwhile, FCC officials were chuckling over the plight of the organized broadcasters as they called attention to the eagerness with which the NAB set out to regulate the radio industry following the threat of more stringent Government control when the chain-monopoly inquiry began a year ago.

X X X X X X X X

RMA SUBMITS TELEVISION REPORT TO FCC AFTER MEETING

Bond Geddes, Executive Vice President of the Radio Manufacturers' Association, this week presented to the Federal Communications Commission a report on engineering aspects of television progress as prepared by the RMA Engineering Committee.

The action followed a meeting of the RMA Directors in New York City last week at which it was decided to make a renewed fight against the 5 percent manufacturers' excise tax on radio sets. A special attorney will be employed to represent the Association in hearings before the Treasury and Congressional Committees.

Mr. Geddes explained that the levy costs the radio industry \$4,650,000 a year, and the RMA believes that radios should be classed as a necessity rather than a luxury.

A. S. Wells of the Wells-Gardner Company, President of the Association, announced the appointment of a new committee to consult with the Federal Communications Commission on matters of broad policy. The Committee comprises Commander E. F. McDonald, Jr., of the Zenith Radio Corporation; David Sarnoff, Radio Corporation of America, and James T. Buckley, Philadelphia Storage Battery Company.

The Directors voted to continue the joint promotion with the National Association of Broadcasters through the Christmas season. It was also recommended that manufacturers continue their promotion of sets equipped with short-wave bands for direct reception of foreign programs.

The Board also adopted a resolution proposed by Commander McDonald, Chairman of the Fair Trade Practice Committee, recommending that the trade practice rules promulgated by the Federal Trade Commission on July 22 be adopted subject to a "minor reservation". The reservation covered the proper classification of detector tubes in radio-set advertising. This will be taken up with the Commission.

The Board took further action aimed at evolving a plan to stabilize the radio tube situation and to clarify the confusion created by the large number of new types of tubes being put on the market. A special tube stabilization committee was appointed, comprising representatives of set and parts manufacturers and the Radio Engineering Departments.

Resolutions of regret were sent to Powell Crosley, Jr., President of the Crosley Corporation, who was injured in a fall from a horse last week, and to B. G. Erskine, Chairman of Hygrade Sylvania Corp., because of the death of a son.

X X X X X X X X X X

10/17/39

FLY GATHERING DATA FOR COMMUNICATIONS MERGER

With the aim of unifying American communications to improve national defense, James L. Fly, Chairman of the Federal Communications Commission, this week was engaged in gathering data and holding conferences on the long-advocated proposal to merge Western Union and the Postal Telegraph Company.

There were hints, however, that Chairman Fly's call at the White House last week and some of his other conferences have not dealt solely with communications problems but with a more important but mysterious matter.

The communications merger plan is scheduled to be examined at length by a sub-committee of the Senate Interstate Commerce Committee early next year. The Committee was organized last session and is headed by Chairman Wheeler.

There are so many angles to the problem that various Government departments and bureaus have data which will be required by the Senate Committee to complete its inquiry. Aid of the executive branch will be needed in the investigation, inasmuch as the Committee has only \$5,000 with which to do the job. Chairman Fly has conferred with officials of some of the Government agencies involved, including officials from the Labor Department from whom data might be sought as to the possible effect of a merger on unemployment.

Another conference is scheduled at the office of Chairman Fly Wednesday, when it is expected that a definite program will be formulated, which will include the loan of personnel to the communication group to collect and coordinate the data for the Senate Committee.

Mr. Fly said no definite plan for a merger had been formulated by the Commission, but something may develop out of the conferences and the data which it is hoped will be available. The Justice Department has been studying the matter for a long time and just before the Senate authorized its investigation was working on a plan of bringing about a merger through the medium of a consent decree. However, it is understood this idea has been dropped for the time being in deference to the program of Senator Wheeler's Committee.

X X X X X X X X

World Radio Markets reports on China and Yugoslavia were released this week by the Electrical Division of the Department of Commerce.

X X X X X X X X

RADIO QUERY INCLUDED IN HOUSING CENSUS

"Does this household have a radio set?" has been included in the tentative schedule proposed for the U. S. Housing Census which will cover an estimated 33,000,000 homes. The housing survey will be conducted simultaneously with the population census, and enumeration is to start April 1, 1940.

Although Congress has authorized inclusion of housing in the general census program, along with a \$45,000,000 appropriation for carrying on its various phases, an individual appropriation of \$8,000,000 is sought for the Housing Census itself. An appropriation of approximately \$5,000,000 is to be asked as a supplemental appropriation in the First Deficiency Appropriation bill brought before Congress when it convenes in regular session in January. This amount would cover the cost of field and office work necessary to gather census data, while the remainder would be spent in compilation of the results and would extend over a period to December 31, 1942.

X X X X X X X X X

BLACKOUTS BOOST BRITISH SALES OF BATTERY RADIO SETS

Ever since the European crisis drew to its climax, British radio and electrical dealers and manufacturers have had an unprecedented demand for battery and the smaller mains-driven receivers, and for ARP blue and low-watt lamps, torches, bulbs and batteries, to comply with the black-out regulations, according to a London report to the U. S. Commerce Department.

"All-dry portable radio receiving sets in particular have established themselves over-night, and there is no doubt that these sets have now come to stay", Wireless and Electrical Trade of London, states. "At present they are being turned out by manufacturers as fast as possible, and the demand exceeds the supply.

"It seems that the production of the necessary all-dry batteries is at present the limiting factor, but this production will no doubt catch up with requirements.

"Reports indicate that the call for ordinary battery receivers with accumulators is equally substantial and the future call for replacement batteries and for accumulator charging will be large.

"Dealers have found that the smaller and less expensive types of mains receivers are in equal demand. Most popular have been the better-known AC/DC compact models which sell around the £5 to £6 mark, but reports indicate that purchasers in very many instances have not hesitated to replace their old receivers with high-priced models."

X X X X X X X X X X

RADIO ADVERTISING STRICTLY POLICED, SAYS NAB

"Radio advertising copy is more strictly and thoroughly policed than that of any other medium. Moreover, radio, unlike any other medium, exerts voluntary regulation of advertisers' claims."

This was the National Association of Broadcasters' answer last week to recent attacks on radio advertising made before the Association of Food and Drug Officials, meeting at their forty-third annual conference in Hartford, Conn., the week of October 1. The Association heard "a recommendation that radio advertising of food and drug products be subjected to the same scrutiny by government officials as that of newspapers." Milton P. Duffy, Association President, told the meeting: "The extravagant advertising claims made by manufacturers and producers cannot be overlooked without serious thought. The detrimental effect of radio in broadcasting misleading information is in direct violation of the Food, Drug and Cosmetic Act." Dr. George R. Cowgill, Yale University School of Medicine, commented that "statements over the radio, it seems have thus far escaped regulation".

The NAB's reply, issued through its Bureau of Radio Advertising, terms these remarks "unfair and not based on the facts". A review of the facts reveals that networks furnish the Federal Trade Commission with scripts of all commercial programs, while exercising their own voluntary control of advertisers' claims in advance of broadcast. In addition, all stations supply a full week's scripts at quarterly intervals. The NAB also pointed out that its own weekly bulletins to stations carry a full report of Federal Trade Commission action, including complaints, "cease and desist" orders and stipulations.

The FTC review of radio advertising copy has been in effect since July, 1934. The annual report of the Commission for the fiscal year ending June 30, 1938, states: "In general, the Commission has received the helpful cooperation of nation-wide and regional networks, and transcription producers, in addition to that of some 617 active commercial radio stations, 252 newspaper publishers, and 408 magazine publishers, and has observed an interested desire on the part of such broadcasters and publishers to aid in the elimination of false, misleading, and deceptive advertising.

"During the fiscal year ended June 30, 1938, the Commission received 490,670 copies of commercial radio broadcast continuities, amounting to 1,069,944 pages of typewritten script. These comprised 677,074 pages of individual station script and 392,870 pages of network script."

The NAB has also put into effect its own Code of Program Standards. The commercial sections of the Code, designed as a self-regulatory move on the part of all NAB member stations

(comprising 92 percent of commercial broadcasters), sets definite standards for the character of acceptable advertising and also against extravagant advertising claims. The networks and many individual stations, the NAB pointed out, have had similar self-regulation for years.

X X X X X X X X X X

GILLINGHAM LOANED TO FCC FOR THREE MONTHS

The Federal Communications Commission announced on Saturday that George O. Gillingham, senior information service representative and chief of the Washington Information Office of the Tennessee Valley Authority, had been secured on a loan basis from that agency for a period of three months to occupy the position of Chief of the Office of Information of the Federal Communications Commission.

Mr. Gillingham was formerly associated with the Newark (N.J.) Star Eagle, Newark Sunday Call and covered North Jersey for three Philadelphia dailies, i.e., North American, Press and Evening Bulletin. He also did feature writing for the New York Sunday World and has had varied experience in magazine work, having contributed articles to Saturday Evening Post, Current History, Bookman, New Yorker, Esquire, etc. At one time Mr. Gillingham was Managing Editor of the Pathfinder magazine and at the same time edited a department in Golden Book.

Mr. Gillingham was in the military service from 1918 to 1920 and for a time commanded Company K of the 1st Gas Regiment. He is a member of the National Press Club and Past Commander of the National Press Club Post of the American Legion.

The Commission also announced that C. Alphonso Smith, who was borrowed from the Soil Conservation Service last December and who has been serving as Acting Director of Information since April 1, 1939, would remain to assist Mr. Gillingham until November 1, 1939, when his leave period expires.

X X X X X X X X X X

Hearing on the petition of Mayor F. H. LaGuardia of New York, in behalf of the municipally-owned WNYC, to amend FCC rules to permit use of ultra-shortwaves for domestic network transmission, in lieu of wire lines, scheduled for Oct. 16, again has been postponed to Oct. 23. The hearing, postponed several times, is to be before a committee of three Commissioners.

X X X X X X X X

10/17/39

NEW INVENTION RECORDS RADIO LISTENING HABITS

A device which automatically records listening habits of radio owners has been patented by Robert F. Elder and Louis E. Woodruff of Belmont, N. Y.

It records on a strip of paper the time and the stations listened to throughout the day. These records when collected and tabulated would give radio broadcasting stations accurate information as to what the radio audience likes best on the air.

The recording device comprises a separate unit which may be plugged into the radio. It includes a clock motor, stylus and paper tape. When the radio is turned on this automatically starts the device. Movement of the stylus is controlled by the tuning dial of the radio.

The patent is assigned to the A. C. Nielson Company of Chicago.

X X X X X X X X

COLOMBIAN STATIONS HELD TO STRICT NEUTRALITY

Developments in Europe have led the Colombian Government to decree that all radio broadcasting stations must observe a strict neutrality in their programs and transmissions, according to the American Commercial Attache at Bogota. The use of any language other than Spanish in broadcasts is prohibited and all stations broadcasting news reports will exercise care to see that such reports are held within the bounds of strict impartiality with respect to the governments and peoples in conflict.

Amateur and experimental stations can only communicate in Spanish and transmissions must be restricted to experiences and observations of a personal character related to the science of radio-electricity.

The transmission of messages in private codes by cable, radio or telegraph is prohibited. The use of recognized commercial codes will be permitted but the name of the code used must be indicated on each message.

All clandestine radio stations will be closed by the authorities and the owners or operators of such stations will be subject to the penalties prescribed by law.

X X X X X X X X

TWO GOVERNMENT ATTORNEYS JOIN FCC STAFF

Two new attorneys this week joined the Law Department of the Federal Communications Commission as aides to William J. Dempsey, General Counsel.

Robert M. Cooper, Special Assistant to the Attorney General and FCC liaison in the Department of Justice is principal attorney, while Benedict Peter Cottone, lawyer on the staff of Civil Aeronautics Authority is Senior Attorney.

Mr. Cooper, who is 31, has specialized in communications and broadcast matters, however, with such cases as the Western Union-Postal merger assigned to him. It is expected he will continue his departmental studies at the FCC and presumably specialize in litigation ear-marked for Supreme Court consideration. It is understood he will also participate in the handling of litigation in connection with pending petitions of the FCC to have the Supreme Court review decisions of the U. S. Court of Appeals for the District of Columbia involving fundamental jurisdictional issue.

Mr. Cottone worked under General Counsel Dempsey and Assistant General Counsel William C. Koplovitz while they were with the Federal Power Commission. He was on the special telephone staff of the FCC under Special Counsel Samuel V. Becker during its A. T. & T. investigation several years ago. Since his graduation from Yale Law School in 1934, he has been employed by Securities & Exchange Commission, Department of Justice, Power Commission and Civil Aeronautics Authority.

X X X X X X X X

CUBA CLOSES FIVE STATIONS FOR WAVE JUMPING

The American Commercial Attache at Havana reports that the Radio Bureau has ordered the closing of five stations in Havana - CMCG, CMBH, CMC, CMCR and CMBG - because, it is claimed, these stations have persisted in operating at variable frequencies, and of increasing their power beyond the amounts assigned to them by Presidential Decree No. 1942. It is stated that several other station are likely to be closed for infraction of the regulations governing frequency assignments.

New regulations governing broadcasting station announcers also have been decreed. Among the principal provisions of the decree are that he must be a Cuban citizen of more than 16 years of age and not have a criminal record; they must be familiar with the provisions of law and the regulations concerning the responsibilities of radio announcers; have passed an examination covering Spanish, grammar, diction and vocalization, interpretation of text, vocabulary, etc.; be in possession of a certificate of aptitude granted by the Department of Communications. Exception is made of persons in the professions, in positions of standing in social, political, economic, industrial, cultural and scientific circles, when these individual are engaged in giving talks in their respective fidis. Also exempted are members of the Government and officials of the Diplomatic and Consular corps in Cuba.

X X X X X X X X

G.E. TO STAY WITH N.Y. FAIR IN 1940

With a record-breaking crowd of General Electric employees visiting the New York World's Fair for "General Electric Day" last week, Gerard Swope, President of the company, announced that G.E. would "go right along" with the Fair in 1940.

Nearly 30,000 G-E employees and their families visited the Fair, making both the largest industrial group to see the Fair from outside the metropolitan area and the biggest meeting ever held of General Electric workers. Coming from as far as Fort Wayne, Ind., and Erie, Pa., the delegation covered 5,000,000 miles, and about 5,000 of them stayed over for a second day at the Fair.

Governor Herbert H. Lehman and former Governor Alfred E. Smith, who were on hand for Albany Day, and Mayor Jasper McLevy of Bridgeport, Conn., joined Mr. Swope in welcoming the G-E employees at the New York State Amphitheatre, where they were the guests of the company for Billy Rose's Aquacade, for the biggest theatre party ever held anywhere.

In promising Mr. Harvey D. Gibson, Chairman of the Board of the Fair, that G.E. would be back at the Fair next year with its Steinmetz Hall man-made lightning show and the "House of Magic", television and other exhibits, Mr. Swope said:

"We are very well pleased with our exhibit here. More people have visited our House of Magic in half the time than visited the same exhibit at the Chicago Fair."

Nearly 7,000,000 people, it is estimated, have visited the G-E exhibit, while about half that number, by actual count, have seen the demonstrations in the "House of Magic" and Steinmetz Hall. Mr. Swope said only minor changes were contemplated in the exhibit for 1940.

X X X X X X X

YANKEE NET PROPOSES TWO "STATIC-LESS" STATIONS

Two "static-less" or "frequency modulation" broadcasting stations to operate on the "regular" or commercial basis, one to cover the New York area and the other to serve New England, have been made the subject of applications to the Federal Communications Commission.

If the FCC approves, the transmitters will be built and operated by the Yankee Network of New England, headed by John Shepard 3d, on the interference-free principles developed and perfected by Major Edwin H. Armstrong, inventor and Professor of Electrical Engineering at Columbia University.

For the New York area the "staticless" transmitter will be a 50,000-watt outfit situated atop the New Jersey Palisades at Alpine; for New England it will be on the top of Mount Washington in New Hampshire, at a power of 5,000 watts. Major Armstrong now operates a 40,000-watt experimental sending unit at Alpine.

Because it has been demonstrated that "static-less" or interference-free broadcasts "long since have passed out of the mere experimental stage", the Yankee Network announcement said, stations supplying such programs should be authorized for operation "as regular broadcast stations" and no longer classed as experimental.

Therefore the applicant asked the FCC to "amend or change" its existing rules and regulations" to permit its proposed broadcasters to be operated commercially and also to permit other such stations to be operated in the same way. It was requested that the applications be designated for public hearing by the FCC with this aim in view.

Experience over a number of years with experimental stations carrying regular staticless programs many hours daily, it was said, have demonstrated such broadcasting to be "peculiarly fitted to service the densely populated New York City area" for all who own or have access to the required new type of receivers.

Sending stations utilized for experimental operation have reached the "stage of near perfection", and tests have shown "conclusively that a much more superior service can be rendered" in such areas through "static-less" stations that can be achieved otherwise, the applications said. Also greater fidelity of program and reliability will result, it was said, and "no further experiments whatever are necessary to prove this."

Specifically, the applications asked for a regular broadcast construction permit or license for the transmitters, distinguished from an experimental type of license.

At the elevation of 6,300 feet above sea level, the Mount Washington station, with only 5,000 watts of power, is expected to provide "interference-free broadcasts for 1,000,000 people in Northern New England". Within the area are about 750,000 persons said to live "beyond the primary service area of any broadcasting station.

Elevation, tests have demonstrated, endows the station with great advantages over those more lowly situated. For instance, 5,000 watts atop Mount Washington would be as effective, it was said, as 50,000 watts at an elevation of 2,000 feet, or as powerful in effect as a 200,000-watt transmitter only 1,000 feet above the surrounding terrain.

However, the summit of Mount Washington, because of its severe climatic conditions, is expected to make the proposed 5,000-watt installation a more expensive and formidable job than a station of many times the power built at lower levels.

A 500-watt short-wave transmitter of the regular type, operated there for the last two years, has demonstrated that regular or "amplitude-modulation" broadcasting never can cover a sufficiently large area of Northern New England to warrant its consideration, even with the use of a power greater than is now deemed technically or economically possible, the application continued. The Armstrong system, on the other hand, is expected to cover an area within a 100-mile radius.

If authorized, the projects will be under the supervision of Major Armstrong, Professor G. W. Pickard of Boston, and Paul A. deMars, the Yankee Network's Technical Director.

X X X X X X X X

NEW RECORDING SYSTEM DEVELOPED BY RCA-NBC

A new method of recording and reproducing transcriptions, known as the RCA-NBC Orthacoustic Recording System, which combines the finest elements of the recording process was announced last week by the Electrical Transcription Service of the National Broadcasting Company. The new method was developed through the combined efforts of the engineering laboratories of the RCA Manufacturing Company and the NBC.

Called one of the most important developments since the introduction of electrical recording in 1925, the new RCA-NBC system incorporates new and higher standards of sound recording from the microphone to the turntable. While the principle difference in recordings of old and new types lies in the method of recording the sound on the record, the new system also provides for simple adjustments in the reproduction equipment to take advantage of the finer quality inherent in the new Orthacoustic records.

The RCA-NBC Orthacoustic Recording System owes much to RCA-NBC's pioneering in television - in fact, stems from television's developments in the transmission of sound in the ultra-high frequencies. While based on principles already known, the new system may be said to be a crystallization of all improvements made in recording in the past few years together with new developments in materials and recording technique.

Essentially the improvements of the new system lie in a pre-emphasis of the lower and higher frequencies during recording. The inverse characteristics introduced into the playback equipment through a compensation filter then cause background noise in the lower frequencies and scratching in the upper frequencies to drop out, and minimize distortion in the treble and bass.

The practical results of the successful completion of this engineering work include: (1) A new high fidelity quality in reproduction; (2) Elimination of distortion, particularly in high frequencies; (3) Elimination of surface or background noise; (4) Natural, true reproduction of speech; (5) Greater tone fidelity in reproduction of music.

X X X X X X X X X X