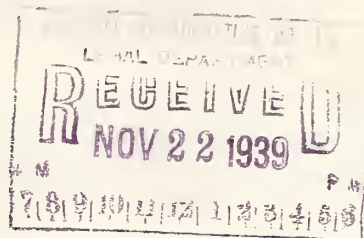


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1176

L.H. Sum

November 21, 1939.

CONGRESSIONAL FIGHT OVER RADIO CODE EXPECTED

Although the broadcasting industry itself apparently has become reconciled to the NAB Code ban on sponsorship of controversial radio talks, Washington observers believe that the issue will pop up again with renewed vigor when Congress convenes.

With the National Committee to Uphold Constitutional Government taking the lead in a demand for Congressional amendment of the Communications Act, a general row over threats of radio censorship, either from the Government or the industry may be expected.

The Code was the subject of an open forum discussion Sunday over the Mutual Broadcasting System with General Hugh Johnson, Morris Ernst, liberal lawyer, Ed Kirby, of the National Association of Broadcasters, and Martin Codel, of Broadcasting Magazine, participating.

NAB officials this week distributed copies of a syndicated column by Joseph Alsop and Robert Kintner, of Washington, on the significance of Pope Pius' reprimand of the Rev. Charles E. Coughlin, Detroit radio priest.

The columnists said that the new development might save the NAB Code "from the difficulties in which Coughlinite opposition is involving it".

"If the radio industry's self-regulatory effort should fail, however, it must also be remembered that the Federal Communications Commission can step in", they write. "Chairman James L. Fly is known to believe that radio propagandists must be dealt with somehow, and it is understood that, if the Code breaks down, the FCC will consider transforming the Code rules into binding Commission regulations.

"Many suppose (wrongly) that the FCC is foreclosed from effective action because the President's son, Elliott Roosevelt, is strongly against the Code. He has even denounced it on the air, in a long passage interpolated into one of his regular broadcasts of news comment after the script had been approved by the unsuspecting Mutual Broadcasting System.

"Actually, however, Chairman Fly has discussed the President's son with the President himself. The President has told Fly, on several occasions, that he need pay no attention to young Roosevelt, and, if anything, his views carry less weight at the FCC than those of other station managers of equivalent

importance. Furthermore, the President heartily favors the NAB Code which his son has attacked. Altogether, the chances appear to be good for settling the question of air propagandists once and for all, and in the rather near future."

Editor & Publisher in a follow-up discussion of the issues involved commented:

"The code is well-intentioned. It was aimed to stop the abuse of the public's air by people like Father Coughlin and his opponents by giving the individual station owner a strong line of retreat - 'Sorry, gentlemen, I'd like to accommodate you, but our code doesn't permit it.'

"Station owners, like the rest of us, favor free speech in principle but cry out when it is used to promote ends they regard as hateful. Many of them welcomed the opportunity to deny the air to programs far more objectionable than the rows between Father Coughlin and the professional spokesmen for Jewry but, despite all the 'practical' arguments for their viewpoint we believe that association censorship is a fundamental and a grievous mistake. We haven't heard the last of it."

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INDEPENDENTS PLAN PERMANENT ORGANIZATION

With a membership of some 50 local independent stations enrolled as members for a six-month period, National Independent Broadcasters is moving forward toward establishment of a permanent organization to look after the welfare of non-network affiliated stations, according to Harold A. Lafount, former Radio Commissioner, and President of the organization.

Mr. Lafount said the independent organization is being incorporated, but until that is accomplished nothing will be done in the way of establishing offices with full-time help. While preliminary thought has been given to retention of a paid executive for NIB, he indicated this move probably was months away.

Because of the present status, there is little immediate likelihood of selection of a paid executive head for the Association. Mention previously had been made of James W. Baldwin, former Managing Director of the NAB, for that post. So far as could be ascertained, no commitment of any kind has been made and the field was described as "wide open".

The post of Secretary-Treasurer of NIB at present is being held temporarily by Lloyd Thomas, KGFW, Kearney, Neb. Edward A. Allen, WLVA, Lynchburg, former NIB president, is Vice-President of the organization. A scale of dues for independent stations ranging from \$3 to \$15 per month was set upon reorganization of NIB at a special convention held in Chicago Sept. 15, coincident with the NAB special copyright convention.

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"RADIO CHRISTMAS" URGED BY NAB AND RMA

A new promotion campaign to replace old radio sets with new ones and to increase listening is being sponsored jointly by the National Association of Broadcasters and the Radio Manufacturers' Association. It is called "Radio Christmas".

Stations will encourage owners of old receivers to turn them into a headquarters in each community for reconditioning and distribution among underprivileged families. NAB also has suggested that stations ask local electric utility companies to insert in December advertising and in a stuffer in monthly billings a plug for new or additional radio sets in each family as well as promotion of early morning and late evening programs. It was pointed out that increased listening during these periods would materially increase the current load and result in increased return to the utility.

Under the "Radio Christmas" plan, as outlined by the NAB, the stations, local servicemen and parts jobbers would co-operate in the collection and repair of the old sets, assisted by set distributors, welfare organizations and local newspapers. An outline of the suggested plan as sent to NAB members, follows:

- (a) Broadcast first announcement of "Radio Christmas" about Nov. 26, requesting listeners wishing to contribute an old radio set to telephone a central number.
- (b) Names received via telephone distributed among servicemen, with proximity to serviceman's location as guide.
- (c) Servicemen pick up sets from donors in person, thus gaining the contact with set owners they desire, at the same time collecting listening data valuable to broadcasters.
- (d) Sets then picked up from various servicemen's stores and delivered to central location for repairs - either newspaper or jobber trucks to do this as part of their contribution.
- (e) Establish repair headquarters in a prominent location, i.e., a vacant store building, identifying the location with signs and posters.
- (f) Leave arrangement for handling of repair work to discretion of servicemen, explaining that a tried and proved way is for servicemen to volunteer so many hours per day for repairing the sets. Then the chairman of the group can arrange work in relays to insure activity at headquarters both afternoon and evening.
- (g) Among the sets received a majority probably will be beyond repair, but many parts can be used to repair the better sets donated, thus making the parts jobbers' contribution of new parts relatively small.

(h) As sets are repaired stack them where they can be seen by the public. Complete all repair work by Dec. 20 at the latest, and immediately afterward have the organization which is to distribute the sets pick them up and start deliveries.

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FCC UPHELD IN REGIONAL POWER CASE

The Court of Appeals of the District of Columbia last week dismissed the case of WLAC, Nashville. This was an appeal from a decision of the Federal Communications Commission of May, 1938. The Commission denied rehearing to WLAC on its granting of an application of WMEX for a construction permit to operate on 1470 kilocycles, 5000 watts, unlimited time using a directional antenna. WLAC appealed because of the alleged failure of the Commission to make findings with respect to interference WMEX would cause to WLAC. WLAC operates on 1470 kilocycles, 5000 watts, day and night.

This is a companion case to the Yankee Network case rendered by the Court, and arose out of the same proceeding. In its conclusions in this case the Court said:

"We have said that if the Commission's prior consideration of a previously filed and copending application - where request has been made for joint consideration - has 'seriously prejudiced' an application we would have a case in which we might say that the latter applicant has an appealable interest as a person aggrieved. However, we cannot say, under the circumstances of the present appeal, that appellant has been prejudiced as a matter of law. The Commission's rule, permitting a joint hearing of pending applications, is certainly a reasonable one. As appellant, full-handed with knowledge of the situation, failed to request such a joint hearing, he is in no position to demand .. and we have no power to require - that the Commission suspend its normal functions and reopen its proceedings in order to determine the large questions which he seeks now to have determined. For, indeed, large and important questions will be involved in determining whether the Commission's Rule 119 should be amended and kilocycles frequency 1470 reallocated for clear channel purposes; whether the classification of Station WLAC should be changed from a regional to a clear channel station; whether Station WLAC should be required to install directional antenna; whether Station KGA should be permitted to change its frequency from 1470 to 950 kilocycles; whether or not - and if so to what extent - the Commission should integrate into its rules the 'Standards of Good Engineering practice' or provisions of the Havana Treaty.

"So long as the Commission complies with the mandate of the statute it has, and should have, wide discretion in determining questions both of public policy and of procedural policy,

and in making and applying appropriate rules therefor. It is not the function of this Court to direct the Commission as to the routine of its administrative procedure, so long as it conforms to the law. No violation of law is revealed by the record or shown by appellant."

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NEWSPAPERS WARNED TO GET HOLD IN TELEVISION

Newspaper publishers were warned last week not to be caught "flat-footed" by the commercialization of television, as they were by radio, in an editorial of Editor & Publisher on the Craven Committee report.

"If television reaches the stage where combined sound-and-sight programs can be broadcast on a scale comparable to that of the present top-flight programs, considerable dislocation of present advertising methods can be expected", the editorial said. "There may be a repetition of the scramble from other media to the brilliant newcomer, with a probable result that two, or at most three, programs will dominate the air to the complete shut-out of all contemporary offerings. That has been noted in commercial broadcasting, and we believe that it constitutes a definite limit on the expansion of broadcasting as a major advertising medium.

"But commercial exploitation of television will come, beyond doubt, and its arrival will not be marked by new advertising appropriations, but by diversion of funds from other media. Immediacy will be the natural appeal, which will make sound broadcasting and daily newspapers the principal objects of competition. With years of forewarning, newspaper should not be caught flat-footed as they were by the radio craze - and we don't believe they will be."

The Washington Post this week in an editorial on the Craven report, expressed gratification that limited sponsorship is to be permitted but suggested that more commercialization might be desirable.

"It does not appear that mere restraints are adequate to protect the public interest in television", the Post said. "A previous report to the FCC pointed out 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'. Receiving sets are expensive. Equipment purchased now may soon be obsolete. Yet if commercial programs continue to be forbidden and if very little equipment is sold, the industry may be arrested before its possibilities can be reasonably ascertained.

"In drawing the analogy between television and the infant automobile industry the investigators failed to note that it was the public demand for automobiles that brought about mass production and made subsequent improvements possible. A comparable development in television may be expected only if it is permitted to sell its services to the public.

"The high cost of automobiles and radio receiving sets, when they were first offered to the public, did not prevent improvement of those inventions and gradual reduction of costs. Perhaps the FCC has been too much concerned over the protection of individuals inclined to purchase television sets and too little concerned over the transition of this invention from the experimental to the commercial stage. In any event, it is encouraging to see the Craven committee taking a more progressive view."

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SUPER-POWER STATIONS OPERATE IN MEXICO

Three super-power broadcasting stations are operating in Mexico and none in Canada, according to a list of stations in both countries just released by the Federal Communications Commission.

The Mexican stations which exceed in power any of the 50,000 outlets in the United States are: XERA, Villa Acuna, which is authorized to use 250,000 watts but actually operates with 180,000; XEW, Mexico City, 100,000 watts; and XEAW, Reynosa, 100,000 watts.

Mexico has 104 licensed stations, four of which are temporarily suspended, while Canada has 85, the highest power being 50,000 watts.

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BROADCAST STATION TOTAL PASSES 800 MARK

There were 809 licensed broadcasting stations in the United States of November 1st.

During October, the Federal Communications Commission issued operating licenses to eight stations. The Commission granted eleven permits for the construction of new stations and cancelled two construction permits which it had previously granted.

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ENGINEER CAN NOW TUNE IN CABOOSE

A two-way radio communication system has been installed by the Bessemer & Lake Erie Railroad on one of its long, rumbling freight trains.

This new equipment will enable the engineer and conductor to talk back and forth between the cab and caboose while low-frequency radio waves carry their voices through the steel rails. Even though hundreds of car wheels may be grinding and thumping along, the voice reproduction is said to be sharp and clear.

The system is based upon research extending over several years, particularly with respect to an experimental set still in use on one of the Bessemer & Lake Erie freights. So far the railroad, a United States Steel subsidiary, is believed to be the only carrier making use of such an innovation, but company engineers think it is "worth all it costs".

Aside from increasing safety, the communication system was believed to lower operating costs through reduction in lost time. On a 125-car freight such as the B. & L. E. often runs, it's quite a problem for the engineer and conductor to go into a huddle on some question of operation. That's because trains of that length are slightly more than a mile from engine to caboose. The carrier wave communication system ends all such trouble.

When the conductor wants the engineer to stop a train equipped with the system, he simply presses a button and speaks into a microphone and almost at the same instant a loud-speaker booms out above the engineer's head. Then when the engineer wants to reply, he presses a button in the cab likewise. To listen, he merely lets go of the button which normally is set for receiving.

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BRITISH BROADCAST TO OWN TROOPS IN FRANCE

A daily broadcast especially for the British troops in France was introduced into the British Broadcasting Company's Home Service programs recently. It consists of a short summary of the day's programs, and has been designed in the hope that it will enable troops using battery-operated receiving sets to save current by selecting only those program items that appeal to them.

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TRADE NOTES

W. A. Winterbottom, of R.C.A. Communications, Inc., and Frank C. Page, of International Telephone & Telegraph Co., were appointed on the Telegraph Committee of the New York Merchants' Association last week. Other members of the Committee are Henry Meyer, C. W. Hopkins, C. O. Pancake, C. E. Thompson, D. F. Webster, J. C. Wellever, and J. T. Wilson.

Sterling Fisher, Columbia's Director of Education, has called a conference of Columbia's Eastern educational representatives for December 1, at Columbia's headquarters in New York. The conference will discuss future educational plans for the Network. The entire group will be guests of Mr. Fisher at lunch and dinner, and will watch a performance of the "This Living World" portion of the American School of the Air, held at one of New York's high schools. Mr. Fisher, who previously had held a similar conference with Columbia's mid-West educational directors at Chicago, plans to confer with Columbia's regional educational leaders throughout the country, in a series of conferences.

Effective January 1, 1940, Station WSPD, at Toledo, O., will become a basic Red Network station of the National Broadcasting Company. WSPD has heretofore been optional with advertisers using the Blue and Red networks of NBC.

Paul Dullzell, Executive Secretary of Actors Equity Association, formally denied Saturday that his union had surrendered sole control over television performers. He insisted that the Committee named to prepare contracts which would be good for six months had only the power of consultation and not of administration. Besides Equity officials the Committee consists of representatives of the American Federation of Radio Artists and the Screen Actors Guild, which had been at odds with the stage union over the jurisdiction.

Station KOWH, Omaha, Neb., has become affiliated with the National Broadcasting Company as a supplementary outlet available to advertisers purchasing the facilities of the NBC basic Blue Network. KOWH is the 179th NBC affiliate.

Station WALR, Zanesville, O., will change its call letters to WHIZ as of Sunday, Nov. 19, and become a supplementary affiliate of the NBC Blue and Red Networks - the 180th NBC affiliate. Owned and operated by the WALR Broadcasting Corp., the station is a 100-watter, operating on a frequency of 1210 kilocycles.

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To assist in extending NBC commercial international service to Latin-American and European countries, L. P. Yandell, executive of the Radio Corporation of America, has been assigned temporarily to the National Broadcasting Company, according to Niles Trammell, NBC Executive Vice President. Mr. Yandell will be in charge of all commercial activities in connection with the NBC short-wave broadcasting.

Promotions in both Columbia Artists, Inc., and Columbia Management of California, Inc., have been announced, effective immediately. Herbert I. Rosenthal, General Manager of Columbia Artists, has been appointed Executive Vice-President of that organization. I. S. Becker, Business Manager, has been made Vice-President, retaining his present activities. Murry Brophy has been given the position of Executive Vice-President of Columbia Management of California. He has been Managing Director. Rudolph Polk has become Vice-President. The positions in both organizations are newly created.

Rubey Cowan, formerly associated with the NBC Artists Service, and more recently with Paramount Pictures at their West Coast studios, will return to the staff of the NBC Artists Service effective December 1st, according to George Engles, NBC Vice-President and Managing Director of the Artists Service. Mr. Cowan will handle vaudeville, motion picture and television bookings in his new post.

Radio Wire Television Corp. of America has announced that John E. Otterson, President, has disposed of his interest in the company and is no longer connected with the management. A. W. Pletman, Vice-President, has taken over managerial control of all the company's affairs effective immediately.

Private James J. Kelley, who more than any other man was responsible for the Washington police radio system, has applied for retirement.

Designer and builder of WPDW, the Washington police radio, Mr. Kelley was termed "one of the best radio men in the country" by Inspector L. I. H. Edwards, Assistant Superintendent of Police, who said he saved the District \$100,000 by his knowledge and ingenuity. He also arranged for two-way radio communication with Maryland police.

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MARKET QUOTATIONS SHORT-WAVED TO FAR EAST

For the first time in history, New York Stock Exchange quotations and those of leading commodity exchanges are being broadcast daily by short-wave to the Far East.

In stock exchanges in the Orient, including those at Manila, Shanghai and Hong Kong, American and British business men have installed special receiving equipment to hear the latest reports from Wall Street. And since the start of the broadcasts, trade in American securities and commodities in the Orient has shown a decided increase.

The broadcasts were arranged by the new General Electric international broadcasting station KGEI, on Treasure Island in San Francisco Bay. This station, the sole short-wave broadcasting station west of the Mississippi, is the only United States station whose programs are regularly received in Asia.

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STATE HOLDS NETWORK SUBJECT TO DAMAGE SUIT

The Washington State Supreme Court held Saturday at Olympia that the Columbia Broadcasting Company was dealing in interstate commerce and could be sued in the State of Washington. In a 4 to 1 opinion, the high court denied a writ of prohibition by which the company sought release from King County Superior Court on jurisdictional grounds.

The action started when the Waldo Hospital Association filed suit seeking to recover damages for an allegedly defamatory broadcast originating at the St. Louis affiliated station and broadcast over Seattle Station KIRKO.

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CUBAN IMPORTS OF RADIO DECLINE IN 1939

Cuban imports of radio sets during the first nine months of 1939 numbered 13,669 units, with a total value of 257,310 pesos, as compared with 15,067 sets, valued at 361,672 pesos, entered during the corresponding period of 1938, according to the American Commercial Attache at Havana.

Imports of Netherlands sets during the first nine months of this year numbered 1,981 valued at 31,462 pesos, as compared with 1,674 units valued at 34,070 pesos, during the corresponding period of last year.

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