

HEINL RADIO BUSINESS LETTER

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No. 1203

WIGGLESWORTH SEES LITTLE PROGRESS AT FCC

Representative Wigglesworth (R.), of Massachusetts, chief critic of the Federal Communications Commission in the House, renewed his complaint in that body this week but in a milder form than in previous years. He merely extended his remarks about the FCC in the Congressional Record.

Citing the testimony of the FCC during hearings on the Independent Offices Appropriations Bill, Congressman Wigglesworth said:

"Little progress has been made in the solution of the various problems considered by your committee with the Commission in recent years. Nothing has transpired to indicate that a thoroughgoing investigation of the entire field of radio broadcasting and its regulation by the Federal Communications Commission is not imperative in the public interest.

"Once again we have a new chairman but this fact does not seem to have served to convince the Commission that it has created a monopoly in the hands of the three big broadcasting companies of the Nation or that the results of its handiwork have been detrimental to the public.

"The monopoly or 'monotony' investigation in which the Commission has been investigating itself in this connection and which we were advised a year ago would end in 60 days, has continued until recently, and has as yet to be considered and acted upon by the Commission.

"The transfer of stations or control stations for considerations far in excess of the value of the physical assets transferred with all the dangers of capitalization of Government franchises to the detriment of the public has continued in the last year as in previous years. This is apparent from tables inserted in the Record by the Commission.

"No recommendation is available as to the imposition of a license tax upon those making tremendous earnings out of free Government franchises; in the matter of exclusive control of the time of affiliates; in the matter of non-resident control of stations; in the matter of newspaper ownership; in other important matters.

"We are still confronted by the threat of censorship. A year ago complaint was made against the regulation imposed upon licensees for international broadcasting limiting broadcasts to those 'reflecting the culture of the country and promoting inter-

national good will, understanding, and cooperation'. That regulation was withdrawn under pressure of public opinion. Today, however, we are confronted by the code of the National Association of Broadcasters, apparently having the implied blessing of the Commission, as a result of which it is impossible to discuss any controversial issue on the air in time purchased for the purpose. Discussion is possible only on free time and the use of free time is, of course, in the absolute control and discretion of the broadcasting station. The danger of abuse of this discretion, in the hands of broadcasting stations, is self-evident.

"No further protection is suggested for the investor. In the light of alleged financial condition and operations of certain radio licenses, it would seem, either through FCC or SEC, that better protection should be afforded the public relying on Federal authorization to operate and issue securities.

"The Commission still adheres to its action of a year ago whereby its Board of Examiners was abolished, petitioners being denied the right to a finding by an impartial civil-service examiner and being turned over to the tender mercies of the General Counsel's office acting in the role of prosecutor, jury and judge.

"Attention is invited to the discussion of the action of the Commission in respect to the granting of licenses to the Greater New York Broadcasting Corporation and to the Cumberland Broadcasting Co. I anticipate that both of these matters will call for further comment at a later date."

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SINGLE QUESTION ON RADIO IN U.S. CENSUS

The radio phase of the United States census this year will be limited to a single question: "Does this household have a radio receiving set?" The Census Bureau has advised the Radio Manufacturers' Association, National Association of Broadcasters, Federal Communications Commission, State Department, Army and Navy, and the Bureau of Education that it cannot expand the radio questionnaire because of lack of funds and the time limits involved. A further conference was held recently by representatives of the Government and industry organizations with Dr. Vergil D. Reed, Acting Director of the Census, in an effort to expand the radio questionnaire, but this was found to be impossible. Thirty-three million forms had to be distributed to regional census offices by January 15th with detailed instructions, and necessary printing and distribution prevented any enlargement of the questionnaire on radio. Additional radio information, however, may be obtained from the Census Bureau's tabulation.

Development of statistics on radio ownership, by States and counties, is being planned by the National Association of Broadcasters with a view to eventual inclusion of annual figures on extra sets in homes, automobile radios, receivers in offices and institutions, etc.

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NEW TELEVISION COMMITTEE FORMATION DEFERRED

The appointment of a Committee of Manufacturers to reconsider some of the television standards proposed by the Radio Manufacturers' Association, the formation of which was suggested by James L. Fly, Chairman of the Federal Communications Commission, will be postponed until after the members of the Commission return to Washington from their inspection trip of the Eastern television laboratories early in February. This further step was made known by Chairman Fly, who said at the conclusion of the television hearings:

"There is an item I would like to mention before adjournment. We had a momentary discussion today about the feasibility of a Committee of Manufacturers, a small Committee of Manufacturers, who might again review certain of the standards that have been brought into question, and might in turn make some recommendation to the Commission. The Commission has not taken any definitive action on that idea, but before we part we thought it best to raise the point again, and perhaps a bit more seriously, and of course the Commission cannot delegate to any Committee, or even for that matter, to its staff committee, the fixing of standards on its own behalf, or agree to follow any recommendation. At the same time, you know the Commission is under something of a handicap in regard to these transmission standards, when we find the industry in disagreement, and we may consider it desirable to request of the leading manufacturers the appointment of a single representative to meet with the group, and to endeavor to give the Commission some recommendations. If that be requested it would probably be composed of one representative of the following: Farnsworth, General Electric, Stromberg-Carlson, Zenith, Philco, R.C.A., and DuMont, and of course we should want only one representative from each company and in that event we should like the best form of standards that that group might be able to arrive at unanimously. That is something that we will take the liberty of taking up with you further.

"I merely mention it again so that some thought may be given to the possibility. Also, I imagine that Dr. Wheeler (Dr. Lynde P. Wheeler, Chief of the Technical Information Section) can act as our representative on that matter, after the Commission has had occasion to consider it further."

It was denied at the Commission that the formation of the new committee was a reflection in any way upon the Radio Manufacturers' Association's Television Standards Committee or upon the Radio Corporation of America, one of the manufacturing group which is represented on the RMA Committee. The fact that the RCA endorsed the standards gave rise during the hearings to intimations that it might have exercised undue pressure in getting them adopted by the RMA Committee. This, too, was denied with the explanation that the RCA had no more voting power proportionately than the humblest member.

An an answer to this criticism, Frank W. Wozencraft, counsel for RCA, addressing Chairman Fly during the television hearings stated the position of the Radio Corporation as follows:

"We have said, and we say now, that we believe in the RMA Industry Standards; we think that they are the best standards which can be devised at this time; we think that there is nothing on the horizon which gives any indication that there is any need for any early change in those standards; we do not think any other standards are necessary. However, if the Commission feels that other standards are necessary, we shall not try to enter any objection to the grant of a license by the Commission to whoever proposes additional standards and asks for authority to transmit television broadcasts according to those standards.

"We have said, from the beginning, that we are for the RMA standards and that we think they are all that is necessary; we have said, from the beginning, that if the Commission does permit broadcasts under a different standard that we will endeavor to put on the market receivers which will receive both types of television and that we will endeavor to develop and to make available at as low a cost as possible gadgets or adapters, or different kinds of mechanism which will adapt the receivers already in the hands of the public to the transmissions under the different standards which may be permitted by the Commission.

"We say definitely and positively that we are behind the RMA standards; we say, also, that the Commission is determining what is in the public interest and that if the Commission determines that there should be more than one set of standards, then we will try to make receivers available to the public that will receive on both sets of standards; we say, further, to the Commission that if the art is to progress as rapidly as it can progress, we and others who wish to do so, ought to be permitted to put into use promptly the standards which are tried and tested - the RMA Industry Standards, and use those standards in stations with limited television."

While those at the Commission evidently leaned over backwards to avoid criticizing the RMA Standards, nevertheless it was pointed out that though the members of the RMA Television Committee voted for them, the hearings had shown that they were not all in step in the matter. Significance also seems to be attached to the objections of the DuMont Company. Though this concern does not belong to the Radio Manufacturers' Association, it was invited by the RMA Television Committee to participate as a guest member.

What the new committee will be able to accomplish that the industry group failed to do, remains to be seen. As yet the names of the members of the committee to be formed under the supervision of the FCC have not been announced. The representative of each company, of course, will be named by the respective companies and not by the Commission. It does not seem to be certain that Dr. Wheeler will even participate in a deliberation of the committee. In one instance he was simply described as the contact man between the television manufacturers' group and the Communications Commission.

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TWO U.S. AGENCIES FIGHT FOR RADIO CONTROL

A serious inter-agency controversy appears to be developing over where to lodge control of and responsibility for Government radio activity, it was reported this week. The dispute, smoldering, but not yet broken into flame, is between the Office of Education and the Office of Government Reports.

The issue is which of the two agencies should become the central Government establishment in charge of coordinating and supervising the daily increasing use by other Federal organizations of the air waves as a channel for dissemination of education and information.

Both agencies deny harboring "czaristic" ambitions to control the Government's radio activity or even that they want to expand their present radio functions. And the heads of both establishments - Commissioner of Education John W. Studebaker and Director of Government Reports Lowell Mellett - are on cordial terms. The fact is, however, that Government departments and offices are becoming increasingly interested in using the radio as a publicity medium. And by the nature of the radio publicity, as distinct from the "press release" technique, increased use will necessitate a central agency in a supervising and directing capacity.

One of two agencies would appear to be the logical establishment to assume this function. Although funds for Mellett's radio service were transferred to the Education Office by the second reorganization order last Summer, the small staff doing the work has remained in the Reports office, and is still being paid from the transferred funds.

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GERMANY CONTINUES TELEVISION VIA CABLE

The wireless transmission of television programs in Germany has been discontinued since the beginning of the war, while the transmission of television programs by cable was resumed by the Reichpost Television Ltd. three weeks after the outbreak of hostilities, according to the office of the American Commercial Attache at Berlin. Under war conditions the Reichspost Television, Ltd. is expanding its network of sound-television cables. Seven auditoriums in Berlin have been wired and are being used for sound television reception. Cable transmittal of television programs to Hamburg is scheduled to begin shortly.

The continuance of sound television operations in Germany on a "skeleton basis" is explained by the necessity of continuing scientific and technical progress in television.

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1939 TAX ON RADIOS 18% ABOVE 1938

Extraordinary Christmas sales of radio brought the total of Government collections in 1939 of the Federal 5 percent tax on radio and phonograph apparatus to \$5,229,649.14, according to compilations by the Radio Manufacturers' Association. The 1939 excise tax collections were 18 percent above 1938 total excise taxes of \$4,431,614.20, and the tax records do not include additional taxes collected at 2 percent, on automobile radios and accessories not segregated in the Treasury returns.

The RMA compilations indicated that a somewhat larger percentage of sales occurred during the first six months of 1939 compared with the similar period of 1938, and similar smaller proportion during the last six months of 1939 than in the preceding year, despite the sales impetus of the European war on short-wave radio and the unusually large holiday sales last December.

The December 1939 radio tax collections were \$744,123.68, an increase of $25\frac{1}{2}$ percent over the December 1938 taxes of \$592,996.70. The December collections were the largest of any single month since October 1937. December tax collections on mechanical refrigerators decreased, amounting to \$222,892.52 compared with \$238,626.90 in December 1938.

Since the radio excise tax law became operative June 30, 1932, the radio industry has paid total taxes of \$34,573,525.18, exclusive of additional excise taxes on automobile radio and accessories. Optimistic estimates of future radio excise tax collections were given recently by the Treasury Department to Congress, in the budget estimates. The Treasury estimated that the radio excise tax collections for the fiscal year ended June 30, 1940, would be \$6,400,000, and that the 1941 radio tax collections would be \$7,900,000. Treasury estimates have invariably been excessive.

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RADIO INDUSTRY OPTIMISTIC OVER 1940 PROSPECTS

With news from Europe and a presidential election at home to stimulate interest, the radio industry is optimistic over sales prospects for receivers this year.

The Fitch survey estimates that more than 9,000,000 sets were sold in 1939, when the portable radio was a standout sales stimulant.

From present indications, the leader for this year may be the new combination radio-phonograph-home recorder, which features complete equipment for making records at home.

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APPLICATIONS FOR EXPERIMENTATION WITH "F.M." NOW ACCEPTABLE

Of obtain more factual data about frequency modulation for services other than broadcast, the Federal Communications Commission has announced that it will accept applications for such experimental authorizations on the frequencies allocated to those services above 30,000 kilocycles.

This applies to such services as emergency, aviation, and those miscellaneous radio services not directly involved by the Commission's informal engineering hearing, scheduled to begin February 28, primarily to consider frequency modulation as applied to the standard broadcast service.

Frequency modulation is claimed to offer definite advantages over existing amplitude modulation systems in the police and aviation services. In the police service, each system is under the direct control of one licensee who can plan and control the installation and operation of both the transmitting and receiving systems. There are approximately 1,000 police radio systems with more than 6,000 transmitters (including headquarters and patrol cars) now using amplitude modulation.

On the basis of the reports required to be submitted under the experimental rules, and after observation of operation by Commission personnel, decisions will be reached as to whether and under what conditions frequency modulation can be regularly authorized for use in the non-broadcast services.

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SARNOFF HEADS RADIO DRIVE TO SAVE OPERA

David Sarnoff, President of the Radio Corporation of America, has been named Chairman of the Radio Division of a campaign to raise \$1,000,000 from the public, including radio listeners, to enable the Metropolitan Opera Association, the producing company, to acquire the Metropolitan Opera House and to develop it as a national music center.

The National Broadcasting Company will depart from precedent by asking radio listeners to send \$1 each to the Association as a contribution to preserve "the world's finest opera".

Mr. Sarnoff, estimating that the radio audience of the opera has grown to more than 10,000,000 persons, pointed out that almost everywhere in the world outside the United States, grand opera is supported by Government subsidies. The day will come, he said, when it will be possible for persons far distant from the opera house to see as well as to hear the opera, and that is another reason for wishing to insure its continuance.

During the nine years of NBC broadcasts of the opera, he said, the network has paid the Metropolitan Opera Association more than \$1,000,000 and has freely given the broadcasts to the public on radio time that would have been worth \$3,000,000 at commercial rates.

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TELEVISION COMMERCIALIZATION ADVOCATED

Otto Schairer, Vice-President of the Radio Corporation of America, in charge of the Patent Department, one of the concluding witnesses last Tuesday at the television hearings before the Federal Communications Commission, said that the limited commercialization of television would result in the sale of more sets, bring about more research, give encouragement to high frequency and coaxial cable experiments, and that thus many things would be learned. He said that the research expenditures of the RCA in 1939 was a million and three-quarter dollars and in 1938 a million and a half, a very substantial part of which went for television.

Asked if it was possible for the RCA to manufacture a set without the use of outside patents, Mr. Schairer said, "No, we want the best there is and are willing to pay for it." He said it was a very rare thing for the RCA to turn down anybody who wanted to lease its patents. He said that RCA was anxious to have television developed and welcomed the cooperation of the whole industry.

Louis Caldwell, counsel for Philco, said that the two Philco companies - Philco Radio and Philco Television - had each spent \$500,000 last year in research.

Philo Farnsworth, of the Farnsworth Television and Radio Corporation, urged the adoption of the RMA standards. Asked if he thought television was ready for the public, he said: "I do."

Asked if there wasn't a likelihood of fixed standards freezing the industry, Mr. Farnsworth replied: "Yes, it may freeze some but if we don't do that we will freeze ourselves. If you mean limit it, I don't believe it would." "If a set were built under the present standards, would there likely be any development which might make the set obsolete?" "No", was the answer.

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TENTATIVE TELEVISION TOUR PREPARED FOR FCC

A tentative itinerary for the Federal Communications Commission to follow in its eastern tour of television plants, February 1 to 5, was prepared this week.

It includes a visit to General Electric laboratories at Schenectady, a field demonstration at Poughkeepsie, N.Y., an inspection of RCA, Cathay-Ray, and Dumont equipment in New York City, and visits to the RCA Camden, N.J., plant and the Philco station and laboratory in Philadelphia.

Final details of the tour will be announced early next week.

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The volume of radio exports is being maintained despite the European War, according to the current report for November, 1939, of the U. S. Bureau of Foreign and Domestic Commerce. Radio exports last November totaled \$2,155,741, only slightly decreased from the previous month of October, and compare with November, 1938, exports of \$2,206,141. The November, 1939, exports were the largest other than the preceding month of October since December, 1938. Exports of receiving sets, parts and accessories last November increased over the previous month, although there was a slight decrease in tube and speaker exports. There were substantial exports in November to Great Britain, France, and the neutral European countries, as well as to Latin America and South Africa.

Two agricultural college graduates who last Fall won \$500 scholarships to study the radio aspects of farming in a contest sponsored by WLW, have been added to the permanent staff of the station's agricultural department. They are Merton Emmert, from Kansas State Agricultural College, and Charles Grisham, from Alabama College of Agriculture. The scholarships provided for a six-months study course at WLW. When the scholarships expired early this month, both were added to the regular staff.

Station KMPC, Beverly Hills, Calif., has commenced full time operation as a member-station of the Columbia Broadcasting System, bringing the network total to 119 stations in 118 cities. KMPC operates with a daytime power of 5,000 watts and evening power of 1,000 watts at a frequency of 710 kilocycles.

Prof. George Washington Pierce, distinguished Harvard physicist and pioneer in many fields of radio research, has retired after forty years' service on the Harvard faculty. He has been named Rumford Professor of Physics and Gordon McKay Professor of Communication Engineering, Emeritus, effective next September 1st, the University has announced.

During the World War, Dr. Pierce invented several devices, notably instruments used on ships for submarine detection and also for depth finding. More recently he has conducted research in the field of high-frequency oscillation, developing the quartz crystal oscillator used by radio stations to fix transmission frequencies.

The Federal Communications Commission has granted the application of Florence H. Frey and Robert O. Greever, Logan, West Va., to establish a new broadcast station at Logan, W. Va., to operate on the frequency 1200 kilocycles, power 100 watts, day-time only.

The radio industry's program for 1940, including promotion, merchandising, and problems in connection with television, frequency modulation and other technical progress, will be considered by the Board of Directors of the Radio Manufacturers' Association at a meeting Thursday, Feb. 8, at the Hotel Roosevelt in New York City.

The Federal Communications Commission has tentatively granted the application of the Presque Isle Broadcasting Company for a construction permit to erect a new radio station in Erie, Penna., to operate unlimited time on the frequency 1500 kc., 100 watts night, 250 watts local sunset.

The National Broadcasting Company has leased the Ritz Theatre, New York City, at 225 West 48th St., for use in the broadcasting of network programs. This is the third theatre to be taken under lease for this purpose by the NBC, which now operates the Vanderbilt Theatre on West 48th St., and the Barbizon-Plaza, Sixth Ave., and 58th St.

John Fox has been appointed Assistant to the Director of Sales Promotion of the Columbia Broadcasting System, effective immediately. Mr. Fox's position is a newly-created departmental post. Hitherto he has served as Production Manager and Space Buyer of the Sales Promotion Department of CBS.

The Federal Communications this week granted the application of Union Broadcasting Company, to establish a new station in Scranton, Pa., to operate on the frequency 1370 kilocycles, power 100 watts night, 250 watts local sunset, unlimited.

Alfred J. McCosker, President of WOR and Chairman of the Board of the Mutual Broadcasting System, left New York City today (Friday) accompanied by Mrs. McCosker, for a month's stay in Hollywood as the house guest of Rudy Vallee.

Much comment was caused at the television hearings before the Federal Communications Commission when Thomas Joyce, Vice-President of RCA Manufacturing Company, pulled out a little portable radio receiving set from his brief case. It is said to have been about the size of a pocket camera with a battery such as is used in an ordinary hand flashlight. The set is as yet in a state of experimentation and is not being manufactured commercially.

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GRAVEN HITS FOR FLORIDA BEACH

Taking advantage of a lull in Commission work, following his strenuous participation in the television hearings, being the only Commissioner who rates as a technical expert, Commander T.A.M. Craven is taking a short vacation at Miami Beach before the forthcoming tour of inspection of television laboratories. With a nine-inch snow on the streets of Washington the day he left, and from 14-16 inches reported in the deep South, Commander Craven's friends wish him luck in escaping from the widest shivering belt this country has known in many years.

P.S. An Associated Press dispatch the morning "Tam" arrived in Miami said the stock of electric heaters and heavy underwear had been exhausted so maybe it wasn't hot down there after all.

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NEW TELEPHONE RATE REDUCTION STUDIES ORDERED

The Federal Communications Commission has voted to institute studies as to the possibility of further reductions in the long line rates of the American Telephone and Telegraph Company.

Commissioner Paul A. Walker reported that figures before the Commission indicate a substantial saving to telephone subscribers might be made without reducing net earnings of the company below a fair return on the reasonable value of the property used in the interstate service.

The Commission will proceed under the order of September 9, 1936, authorizing an investigation which subsequently was stayed by negotiations with the company resulting in reductions.

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CROSLEY SEEKS PERMIT FOR "F.M." STATION

The Crosley Corporation, which operates Station WLW, Cincinnati, has applied to the Federal Communications Commission for permission to erect a frequency modulation transmitter.

The request is for a frequency of 43.2 megacycles, on a wavelength of 6.95 meters, to operate on unlimited time at 1000 watts. If the license is granted, the transmitter will be erected on the top floor of Cincinnati's 48-story Carew Tower, site also of the organization's television studios.

The purpose of the station will be experimental, officials said. Frequency modulation, according to engineers, can be received without static, through the special sets designed for its use. They pointed out that present standard broadcasting stations, which are operated on amplitude modulation, are also "staticless", but that many standard broadcast receivers are not.

Plans call for the frequency modulation station antenna to be placed atop the Tower.

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