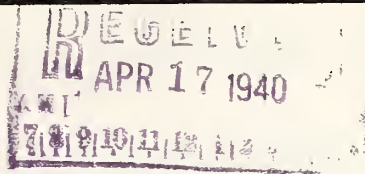


# HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.



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April 16, 1940

## TELEVISION DECISION AWAITS BRIEF; FLY OFF TO TEXAS

With the Federal Communications Commission awaiting the filing of briefs before reaching a decision in the television inquiry, James L. Fly, the Chairman, left this week for Texas on a trip which combined business and pleasure. Chairman Fly will be away for two weeks, or until April 29th, and the deadline for filing briefs in the television controversy is May 3.

Before leaving Washington, Mr. Fly carried out his promise made before the Senate Interstate Commerce Committee and at the FCC hearing that Allen B. DuMont Laboratories, of Passaic, N.J., would be granted a license to construct and operate a television station in New York City. DuMont's license has been pending before the FCC about a year. The new station will transmit on 625 lines and thus put to a test DuMont's contention that his system of video transmission is superior to the RCA-RMA standard of 441 lines.

As Manton Davis, General Counsel of RCA, told the Commission that his company would make its television receiving sets capable of receiving any video signals which the FCC authorized, it is expected that RCA receivers will be altered accordingly.

This move apparently will carry out the suggestion of Senator Burton K. Wheeler, Chairman of the Senate Interstate Commerce Committee, to David Sarnoff, President of RCA, that RCA alter its receivers and give the public an opportunity to decide whether the RCA or the DuMont system of transmission is superior.

Senator Wheeler last Friday placed in the Congressional Record the text of Colonel Davis' statement with regard to RCA's decision.

While observers predicted that complete commercial television will be authorized once the industry reaches an agreement as to standards, the general reaction to developments was that the motion picture industry, particularly Paramount Pictures, had won the first round with the Radio Corporation of America.

There was even speculation as to whether Jimmy Roosevelt, now a motion picture producer, had had a hand in the turn of events.

Paramount is the financial backer of DuMont, but other film producers are said to be interested in the RCA rival as they are anticipating the day when television will serve the theatre as a competitor of home reception.

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## HOUSE STARTS DEBATE ON BILL TO CURB AGENCIES

The House this week was debating the Walter-Logan Bill to curb the powers of Independent Federal Agencies, including the Federal Communications Commission. The measure is opposed by President Roosevelt, but it has substantial bi-partisan support in Congress.

While the legislation is not directed specifically at the FCC, but rather is intended to curb the powers of several New Deal agencies, it would have a restrictive effect on the Commission. It has the general backing of the nation's lawyers.

The general purpose of the bill is to give the courts broader reviewing authority over the actions of the independent governmental agencies.

"The purpose of this bill", said Representative Cox (D.), of Georgia, "is to recapture a part of the powers of Congress which it should never have delegated to the bureaucrats."

During the debate Representative Michener (R.), of Michigan, cited the Supreme Court decision in the Pottsville Broadcasting Co., case. Quoting from the decision of Justice Frankfurter, Congressman Michener said:

"It would seem clear that this distinguished Justice feels that our country is fast approaching the day when the people shall be ruled, regimented, and regulated by bureaus and administrators rather than by laws. This case would seem to indicate that in the opinion of the present Court these administrative agencies should not have their decisions reviewed by the court and that the legal doctrine as followed by the Supreme Court in the past should possibly not obtain in this new day."

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## EUROPEAN WAVE PLAN IS POSTPONED

According to the decisions of the Montreux conference of the European broadcasting companies, a new wave plan was scheduled to enter into effect on March 4, 1940 for the medium and long wave bands in Europe, including Germany and the Protectorate of Bohemia and Moravia, the American Commercial Attache at Berlin reports. It is now said in a report from Zurich that the European national broadcasting companies have decided that because of the war this change will be postponed indefinitely.

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## REBROADCASTS OF NON-PROFIT INTERNATIONAL PROGRAMS AUTHORIZED

The Federal Communications Commission this week amended its rules and regulations to permit standard and non-commercial educational broadcast stations to pick up and rebroadcast the non-commercial programs of international broadcast stations. It was specified, however, that such rebroadcasting shall be on a non-commercial basis.

Briefly, this means that any broadcast station or a non-commercial educational station in the United States may, upon authority of the station originating the international program, pick up and retransmit the same for the benefit of its listeners. This applies to the program of any international broadcast station, whether it is located within or outside of the United States.

This action was taken on the basis of recommendation by a special committee of the Commission that, where possible, domestic listeners should enjoy the benefits of non-commercial international broadcasts.

The FCC action was taken after Mayor Fiorello H. LaGuardia, of New York City, had demanded permission for Station WNYC to rebroadcast programs of WRUL, Boston, and threatened to go over the heads of the Commission to Congress if his request was denied.

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## WLW FACSIMILE REBROADCASTS DENIED

The Federal Communications Commission this week announced the adoption of its decision and final order denying the application of American Broadcasting Corporation of Kentucky (Station WLAP), Lexington, Ky., for special experimental authority to rebroadcast over the applicant's present broadcast assignment, with power of 250 watts, facsimile transmissions originating over Station WLW, Cincinnati, Ohio.

The Commission found that since the program of research and experimentation proposed by WLAP relate wholly to reception, and applicant has failed to show that the proposed program of research and experimentation has reasonable promise of substantial contribution to the development of facsimile broadcasting service, the granting of the application would not serve public interest.

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## PAST, PRESENT, AND FUTURE OF TELEVISION FORECAST

O. H. Caldwell, editor of Radio Today and one-time member of the old Federal Radio Commission, has chartered the past, present, and future of television on the basis of testimony given during the hearings last week before the Federal Communications Commission and the Senate Interstate Commerce Committee.

Here's the way he sees it:

PAST -- Expenditures for Research, to date:

Radio Corporation of America	\$10,000,000
Bell Telephone Laboratories	5,000,000
Philco Radio	2,000,000
Farnsworth Television	2,000,000
General Electric Co.	2,000,000
Westinghouse	1,000,000
Columbia Broadcasting System	1,000,000
DuMont	1,000,000
Miscellaneous	<u>2,000,000</u>

Total to date \$25,000,000

PRESENT -- Current Outlays during 1940:

RCA - NBC	\$ 2,000,000
Other companies	<u>2,000,000</u>

Total \$ 4,000,000

FUTURE -- Possibilities of New Industry:

Annual Sales Volume	\$1,000,000,000
Annual Sales, Sets	3,500,000
New industrial plant investment	200,000,000
New employment	500,000

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## 42-PAGE QUESTIONNAIRE DISTURBS BROADCASTERS

The broadcasting industry is in a state of alarm over what the Federal Communications Commission may have in mind as a result of the receipt of 42-page questionnaires which ask for the most detailed information on the financial setup of stations.

The FCC also asks for more data on network affiliations and even prospective tie-ups with the chains.

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## "POT OF GOLD" PROGRAM EXONERATED BY U. S.

The Justice Department has decided not to institute "prosecutive action" against the NBC-Red "Pot o' Gold" and "Mead's Bakery" radio programs.

The Federal Communications Commission sent information concerning the two programs to the Justice Department early in February. The FCC said it had received complaints that the programs, "which involve gifts of money by chance", violate the lottery section of the Communications Act.

Assistant Attorney General O. John Rogge said in a letter made public by the FCC Saturday:

"After a thorough examination of the material submitted and a careful consideration of the facts presented, the Department has concluded that prosecutive action under Section 316 of the Communications Act of 1934, in these two matters, should not be instituted."

The FCC withheld comment on the Justice Department action, but the broadcast trade interpreted the action as a curb on the FCC. It was expected that five other program citations referred to the Justice Department by the Commission will be returned without action.

Nevertheless, there were indications that the industry itself may take steps to restrict the use of programs offering cash prizes such as "The Pot o' Gold". William S. Hedges, NBC Vice President, has sent a notice to NBC-Red stations that the agency for the "Pot o' Gold" program would be altered as of April 30. This notice was sent out, however, before the Justice Department's decision was announced.

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## AMATEUR BAND AVAILABLE FOR FM TRANSMISSION

The Federal Communications Commission has modified the rules governing amateur radio operators and stations to make available to amateurs the band 58,500 to 60,000 kilocycles for radio-telephone frequency modulation transmission.

Previously amateurs were permitted to use radiotelephone frequency modulation in all amateur bands above 112,000 kilocycles. The change in the rules will make possible wider experimentation in this type of transmission, since equipment is quite generally available for the lower band.

The Commission also took the opportunity to re-arrange, in the interest of clarity, the other rules which specify the use to be made of the amateur bands, although no changes were made therein.

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## FTC CITES SOURCES OF ADS INVESTIGATED

The Radio and Periodical Division of the Federal Trade Commission, established in October, 1938, which examines newspapers, magazines, catalogs and almanacs for false and misleading advertising matter, and which also reviews advertising copy broadcast through radio for the same purpose, presents an analysis of advertisements reviewed by it during the calendar year 1939. The analysis discloses the following data concerning the principal sources and mediums of publication of those advertisements marked and set aside as warranting further investigation.

Of the total number of commercial radio continuities marked during the first half of 1939 (later data not available), the following shows the respective sources thereof:

	<u>Per Cent</u>
Nation Wide Networks	23.1
Regional Networks	4.2
Transcription Recordings	3.9
Individual Low Powered Stations	18.1
Individual Medium " "	34.2
Individual High " "	5.9
Individual Clear Channel Stations	10.6

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## RADIO WELL REPRESENTED AT GRIDIRON DINNER

The radio industry was well represented at the Gridiron Dinner Saturday night in Washington. Among those present were:

Gene Buck, President, American Society of Composers; Harry C. Butcher, Vice President, Columbia Broadcasting System, Washington; Gen. James G. Harbord, Chairman of the Board, Radio Corporation of America; William S. Hedges, Vice President, National Broadcasting Company, New York; Edward Klauber, Vice President, Columbia Broadcasting System, New York; Edgar Morris, Zenith distributor, Washington; Louis Ruppel, Press Division, Columbia Broadcasting System, New York; David Sarnoff, President, Radio Corporation of America; Oswald F. Schuette, Radio Corporation of America, Washington; Frederick I. Thompson, Federal Communications Commissioner; Niles Trammell, Vice President, National Broadcasting Company, New York; and Senator Burton K. Wheeler, Chairman, Senate Interstate Commerce Committee.

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## BRITISH ABANDON HOPE OF REVIVING TELEVISION

The British Postmaster-General can see little prospect of the provision of a television service during the war, according to the American Commercial Attache at London. The Television Advisory Committee plans, however, to meet with representatives of the radio manufacturing industry to discuss the probable lines of development of television in the more distant future.

"Certain radio press correspondents and members of the trade have continued to advocate the resumption of a television service, even if in skeleton form, so that British television might retain its generally acknowledged lead in world television development", the U. S. Attache writes. "It had been suggested that a limited service for two hours daily, consisting of 75 per cent of film, could be resumed with a skeleton staff.

"Sponsors and promoters of television development in Great Britain continually express fear of the rivalry of United States in this field, particularly during the war-time with transmission being suspended."

One of the London papers carried the following reference to television developments in the United States:

"Reports from New York show that despite the abrupt closure of the Alexandra Palace station, America has not yet deprived Britain of her premier position in television development.

"In the New York area a survey just completed shows that there are fewer than 2,000 television sets installed in homes. By comparison, within a radius of 100 miles of Alexandra Palace, there are estimated to be between 10,000 and 20,000 television sets now lying idle.

"One American company televises twice a day on 5 days a week - a weekly total of 14 hours' entertainment. The British Broadcasting Corporation broadcast every day, and for a minimum of 20 hours weekly, sometimes greatly lengthened by outside sporting broadcasts.

"Thirty percent of this American company's programs consists of film, while only a small proportion of film was used by the British Broadcasting Corporation."

Since the Postmaster-General has reaffirmed his views, The Wireless and Electrical Trader, one of the leading radio and electrical trade weeklies, expressed the opinion that in view of the very definite official statements of the Postmaster-General, it was felt that any further suggestions to the public that there may be even a restricted wartime television service can only cause unnecessary trouble.

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## GERMANY SECOND TO U.S. IN NUMBER OF RADIO SETS

Although the United States still is far in the lead of all other countries in the number of its radio receiving sets, Germany ranks second with 16,000,000 sets, according to an estimate carried in the Sixth Annual Statistical Number of the "Electrical and Radio Trade News" issued by the Electrical Division, U. S. Bureau of Foreign and Domestic Commerce.

The statistical survey gives the United States 45,200,000 sets as of January 1, 1940, as against an estimated 52,000,000 for the rest of the world.

Radio sets in use in the United States are classified as follows:

U. S. homes with radios	28,700,000
"Secondary" sets in above homes	9,200,000
Battery portables	900,000
Auto-radios	<u>6,500,000</u>
Total sets in use, U.S.	45,200,000

The United Kingdom ranks next to Germany in the number of sets abroad. It has 9,085,050 receivers. France comes next with 5,104,689, and Japan follows with 4,666,058.

Other countries well up in the list are:

Argentina	1,000,000
Australia	1,148,021
Belgium	1,120,402
Canada	1,223,502
China	600,000
Denmark	820,100
Italy	1,100,000
Mexico	450,000
Netherlands	1,131,137
Brazil	500,000
Norway	401,931
Spain	800,000
Sweden	1,313,794
Switzerland	500,258
Union of South Africa	350,000
U. S. S. R. (Russia)	450,000

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TRADE NOTES

WHBC, Canton, Ohio, became affiliated with the Mutual Broadcasting System last Saturday. Operating on 1,200 kilocycles with 250 watts, WHBC is located in a market that is 70th in city-country retail sales. With the addition of WHBC, the list of Mutual stations totals 131. WHBC is owned by the Ohio Broadcasting Co., Inc.

The Federal Communications Commission has granted the applications of Pacific Telephone and Telegraph Co., San Francisco, Calif., for two new coastal harbor radiotelephone stations, one to be located near Fort Stevens, Ore., and the other near Portland, Ore., using frequency 2598 kc., unlimited time, the Fort Stevens station to operate with a maximum power of 400 watts, and the Portland station with a maximum power of 50 watts.

Maestro Arturo Toscanini and the NBC Symphony Orchestra will leave for an extended tour of South America on May 31, 1940, Lenox R. Lohr, President of the National Broadcasting Company has announced.

The Chief Engineer of the Federal Communications Commission has approved the following frequency monitors for use by standard broadcast stations as complying with the requirements of Section 3.60 of the Rules and Regulations and the provisions of Section 15 of the Standards of Good Engineering Practice:

General Radio Company, Oscillator, Type 475-C, Deviation Meter, Type 681-B, Quartz Plate Type 376-L; and  
RCA Manufacturing Co., Type 311-A

The above monitors are the only frequency monitors approved at the present time as complying with Section 3.60 of the Rules and Regulations, effective August 1, 1940. These are the only monitors which may be employed by new stations (original construction permit granted on or after August 1, 1939). However, several manufacturers have submitted, or have advised that they propose to submit data showing that with certain modifications, monitors that were formerly approved under Section 21 of the Standards of Good Engineering Practice are capable of compliance with Section 3.60 of the Rules and Regulations and Section 15 of the Standards of Good Engineering Practice.

If and when these modified monitors are approved, they will be assigned approval numbers and will be listed with the above units as approved frequency monitors under Section 21 of the Standards of Good Engineering Practice.



The Federal Communications Commission has granted the application of the Martinsville Broadcasting Company for a new station in Martinsville, Va., to operate unlimited time on 1420 kc., with daytime power of 250 watts and nighttime power of 100 watts, subject to permittee filing an application specifying exact transmitter location and antenna system within two months hereafter. The application of the Patrick Henry Broadcasting Company for the same facilities was denied. Chairman Fly and Commissioner Case dissented.

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In connection with its investigation instituted by order of February 7, 1940, for the purpose of obtaining further information to assist the Federal Communications Commission in determining whether its rules should be amended to make available for use in the Great Lakes region frequencies capable of providing a longer distance radiotelephone communication service between vessels on the Great Lakes and points on shore, the Commission has amended Part 7 of its Rules Governing Coastal and Marine Relay services. Rule 7.58(c) allocating frequencies available for assignment to coastal-harbor telephone stations was modified to include certain frequencies above 3000 kc for assignment to Great Lakes Coastal harbor stations. The general purpose of such modification of rule 7.58(c) will be to compensate for the reduction in range due to transmission over fresh water and the exceptional static conditions experienced during several months of the season of navigation. Rules 7.7, 7.8 and 7.58(b) remain unchanged.

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#### \$5,300,000 INTERSTATE TELEPHONE RATE REDUCTION TARIFFS FILED

The Federal Communications Commission announced yesterday (Monday, April 15) that tariff schedules containing reduction in interstate message toll telephone rates representing approximately \$5,300,000 annual savings to the public have been filed with it by the American Telephone and Telegraph Company. These reductions are being made as a result of conferences between that company and the Commission without the necessity of legal proceedings. The new rates will become effective May 1.

This reduction brings the total estimated annual savings to the public in interstate telephone rates to approximately \$27,300,000 by reason of reductions made since the establishment of the Commission. If the reductions effected since the establishment of the Commission were computed on a cumulative basis, the savings to telephone users will have amounted to over \$95,000,000 by the end of 1940; and this is so without taking into consideration savings on increased traffic.

The new schedules provide for reductions in all classifications of interstate toll telephone rates.

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## JOHNSTONE TO BE RADIO DIRECTOR OF DEMOCRATIC COMMITTEE

G. W. (Johnny) Johnstone, for five years Director of Public Relations and Special Features at WOR-Mutual, this week announced his resignation from that post on May 1 to become Director of Radio for the Democratic National Committee. He will join the Committee on this date, making his headquarters in the National Press Building, Washington, D. C.

During his five years at WOR-Mutual, Johnstone has been the guiding hand in a succession of outstanding special events coverages that have won much attention for the network. Characterized by the "Saturday Evening Post" as "getting ahead of his huge network rivals with half their equipment and a quarter of their budget", Mr. Johnstone directed WOR-Mutual's thorough coverage of such spot news events as the Howard Hughes flight, the European crises and ensuing war, the maiden voyages of the "Queen Mary" and new "Mauretania", and a host of other news-making incidents.

Mr. Johnstone brings to his new post a varied experience in both radio and journalism. Prior to joining WOR-Mutual in November, 1934, he served as Manager of Press Relations and Assistant to the President of the National Broadcasting Company, dating from its formation in 1926.

His radio career began in March, 1923, as one of the pioneer employees of WEAf, then under the banner of the American Telephone and Telegraph Company. In 1924, on the basis of varied experience as newspaperman, radio operator and professional musician, Mr. Johnstone became the station's publicity manager, a post which led to his later position with NBC.

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## FACSIMILE NO THREAT TO PRESS, SAYS EDITOR

Almost half a year as the editor of the radio-facsimile newspaper put out by the Dallas (Tex.) Morning News has convinced Gene Wallis that the potentialities of this work, still in its experimental stage, are unrealized, according to Editor & Publisher.

Mr. Wallis last week reviewed the progress of the daily broadcasts over short-wave station W5XGR, as he relinquished the editorship to devote his full attention to duties as business editor of the News.

Mr. Wallis has supervised preparation of copy for the broadcasts since they first went on a regular daily schedule last October. Prior to that time the broadcasts had been on an irregular basis and were first demonstrated to the public in an exhibit at the Texas State Fair last Fall.

"Nobody knows the future of facsimile", Mr. Wallis told Editor & Publisher. . . "Newspaper publishers who think this work we're doing will some day lead to obsolescence of their properties can stop worrying. I can't see how radio facsimile can ever take the place of the newspaper, or provide effective competition for it. Its real value probably hasn't yet been thought of. While our engineers are slowly perfecting their technique, making constant improvements in efficiency and clarity of reception, it will take someone who doesn't know anything about facsimile to get a brainstorm and supply the answer we're still seeking."

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