HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, INC.

RECEIVED

WILLIAM KOSTKA

INDEX TO ISSUE OF APRIL 30, 1940

Economic Hurdles Still Block Television, Says McDonald.....2

Program Complaints Should Go To Station, Says FCC.....3

House May Probe Super-Power; Clear Channel Threat Seen.....4

Price Discrimination In Tone Controls Charged.....5

Let FM And Television Grow Together, RCA Suggests.....6
Sweden Buys S-W Transmitters From U.S.....6

BBC Notes Cessation Of Television With Regret.....7

Trade Notes.....8

Prompt FCC Action Asked On FM Plea.....9

Network Television Seen Within Year By BBC.....10

McDonald 45 Minutes Ahead Of Wrecked Train.....11
Westinghouse And NBC Terminate Contract.....11

No. 1230

April 30, 1940

ECONOMIC HURDLES STILL BLOCK TELEVISION, SAYS McDONALD

Television is still "just around the corner for stock salesmen only", Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, told the annual convention of Zenith wholesale distributors in Chicago this week.

No progress has been made within the last year and a half in clearing the economic hurdles, Commander McDonald said. Yet he added that there is nothing wrong with television that money can't cure and predicted that when a means is found for financing adequate television programs it will constitute a great industry.

Commander McDonald indicated that in his opinion the public will demand the equivalent of motion pictures which now cost the movie producers $200,000 an hour and are sold to the public through the theatres at less than ten cents an hour per person. Advertisers haven't that much money to pay for public entertainment, he said.

Commander McDonald stated that Zenith Radio Corporation is making progress on its experiments in putting television over the telephone wires. This would offer an economic solution because the programs could be paid for, he said. He stated that the corporation has not only been operating a television transmitter since more than a year ago, but is also operating a frequency modulation transmitter located on the Chicago Towers Club Building, which is on the air 16½ hours every day. He did not elaborate on any of the other three new products but definitely stated that regardless of rumors to the contrary, the Zenith Radio Corporation is not manufacturing nor does it intend to manufacture or market refrigerators, washing machines or any other products not allied with radio.

Zenith plans to introduce four new radio products this year. As a consequency, for the first time since he entered the business in 1920, Commander McDonald predicted that the unit of sale will be going up rather than down. The only one of these products he discussed at length was Maj. Edwin Armstrong's new invention, frequency modulation radio reception, which he indicated Zenith would introduce as soon as the Federal Communications Commission sets the standards for the width of the band that should be used by this service and the wave lengths which will be made available to it.

He pointed out that Zenith will sell no frequency modulation receivers until these two standards are set because frequency modulation sets produced and sold at this time might become

obsolete in six months if the standards adopted by the Federal Communications Commission are different from those now in use. Nevertheless, he emphasized his opinion that frequency modulation has none of the economic hurdles of television and stated that Zenith is licensed by Armstrong and is ready to go ahead with F-M for the public when the standards are fixed by the FCC.

X X X X X X X X

PROGRAM COMPLAINTS SHOULD GO TO STATION, SAYS FCC

Because it has had to answer more than 600 radio program complaints from listeners within the last three months, the Federal Communications Commission this week issued a general information release suggesting that listeners should address their protests and comments on performers or programs to the station or network involved.

"Such 'fan' mail wields considerable influence in broadcasting policies", the FCC release explains.

These 600 complaints during the past three months ran the gamut from objecting to radio advertising to protesting certain performers or their utterances. Many complaints had to do with the dropping of certain radio programs. In the case of one speaker, 129 letters were received in his behalf.

"Most of this correspondence seems to be due to a mistaken idea that the Commission has authority to pass judgment on radio artists and programs", the FCC said. "It is expressly prohibited by law from censoring individual radio programs. It can take action only in cases involving use of obscenity and lotteries.

"The determination as to who shall appear on programs is a matter resting solely with the particular broadcast station. Broadcast stations have the duty of serving public interest, convenience, and necessity. In carrying out this obligation they have the duty of making provision for well-rounded rather than one-sided discussion of public questions. However, the duty of serving the public interest does not imply any requirement that the use of broadcast facilities shall be afforded any individual or group. The Communications Act declares that a broadcast station is not a common carrier, hence the station may refuse or permit the use of its facilities as it sees fit. By the same token, the station can give free time or charge for time. No standard tariffs apply to broadcast stations."

X X X X X X X X

HOUSE MAY PROBE SUPER-POWER; CLEAR CHANNEL THREAT SEEN

Coincidental with a report that the Federal Communications Commission is considering a plan of frequency reallocations which would have the effect of breaking down the clear channels, Congress prepared to inquire into the FCC's ban on super-power broadcasting before adjourning.

Chairman Lea, of the House Interstate and Foreign Commerce Committee, scheduled tentatively a hearing on the Larrabee resolution for mid-May. The resolution recommends that the FCC look further into the possibilities of super-power operation with the aim of authorizing experimental of "one or more stations to operate on power of more than 50 KW."

Representative Sweeney (D.), of Ohio, who several times has attacked the FCC for stopping Station WLW, Cincinnati, from operating with 500 KW. experimentally, is expected to be one of the main witnesses before the Committee.

The breakdown of the clear channels would be brought about by issuing licenses to local stations in small towns on the same frequencies, according to one published report.

Elimination of the clear channels may have international complications, it was pointed out. Under international agreements, particularly the recent North American agreement, with its Nation-wide shift of frequencies the latter part of the Summer, the United States may have up to 32 clear channels.

On the other hand, if these clear channels are broken down by permitting other stations on them, the opinion within the Commission is that other countries signatory to the agreement may also move in on these channels and cause such interference and atmospheric havoc that none will get good service. Some even see possibilities of such havoc as to bring a demand for governmental operation of radio. Such a possibility is viewed with considerable alarm, because it would provide the opportunity for complete domination of this means of mass communication by any party in power.

The question has been raised as to whether distribution of clear channels to small local stations would result in better service. The people in these towns would have a radio station, it was explained, but by reason of its own limitations and interference, which would seriously restrict its coverage area, it might not attract sufficient advertising income to pay its expenses.

Through putting such a program into effect, it was said, approximately 40,000,000 rural listeners would be denied the high type of programs which they have been enabled to get for the last 12 years over the clear channel station service.

At present each clear channel station is given freedom from broadcast interference within the boundaries of the country. It was done to permit rural listeners to obtain good reception, and the demand for it is said to be growing as electrical power is being more readily available in these areas.

X X X X X X X X

PRICE DISCRIMINATION IN TONE CONTROLS CHARGED

Charging price discrimination in violation of the Robinson-Patman Act in the sale of radio volume and tone controls, the Federal Trade Commission has issued a complaint against Globe-Union, Inc., 900 East Keefe Ave., Milwaukee, manufacturer of storage batteries and radio accessories.

The complaint alleges that the respondent corporation sold its radio tone and volume controls at widely varying prices, discriminating in price between certain radio manufacturers and accessory jobbers.

It is alleged that the respondent sold controls to Belmont Radio Corporation and Wells-Gardner & Co., Chicago radio set manufacturers, at prices ranging from 10 to 20 cents each, and that it charged radio accessory jobbers for products of like grade and quality prices varying from 36 to 72 cents per control.

The jobbers, it is alleged, then sold the Globe-Union, Inc., tone and volume controls to dealers (radio repairmen) at prices ranging from 60 cents to $1.20.

It is alleged that Belmont Radio Corporation and Wells-Gardner & Co., who sell radio sets to Montgomery Ward & Co., Inc., resold the controls they purchased from the respondent corporation to the Chicago mail order house at prices ranging from 12 to 24 cents a control, and that Montgomery Ward & Co., Inc., distributed these products in the same territories and places as, and in competition with, the dealers who purchased the respondent's controls from jobbers.

The effect of the discriminations, according to the complaint, has been and may be to destroy and prevent competition with Montgomery Ward & Co.

The complaint points out that during 1938 the respondent company sold more than 2,600,000 tone and volume controls to radio manufacturers for original equipment of radios, and in excess of 500,000 tone and volume controls for replacement or original equipment.

The complaint grants the respondent 20 days for answering the charges.

X X X X X X X X X

LET FM AND TELEVISION GROW TOGETHER, RCA SUGGESTS

The Radio Corporation of America last week suggested to the Federal Communications Commission that television and frequency modulation be allowed to develop simultaneously in a brief filed as a summary of its testimony in the FM hearings.

At the same time RCA asked that new space be provided in the spectrum for FM and that television be left undisturbed in its No. 1 channel, which FM broadcasters had requested.

Describing FM as "an evolution and not a revolution", whereas television is a "revolution and offers to the public sight in addition to sound", RCA attorneys Manton Davis and Frank W. Wozencraft asked the FCC not to disturb television channel No. 1 in the 44-50 mc. band. FM Broadcasters, Inc. has petitoned the FCC to set aside that band for 200 kc. wide-swing FM broadcasting (Armstrong system) whereas RCA has advocated narrow-band transmission.

RCA argued in favor of allocation of the 42-44 mc. band, providing 2,000 kc. for FM. It pointed out that 25 channels of 80 kc. width or 50 channels of 40 kc. width could be supplied, after holding that better service could be provided with the lower swings than with the 200 kc. band sought by FM proponents.

"Certainly, for the present, these two megacycles would provide all the channels which are needed for FM, for the reception of which the public must buy new equipment" the brief stated. "According to the president of FM Broadcasters, Inc., Mr. John Shepard, 3d, the transition from standard band broadcasting will take ten years. This is the statement of an enthusiastic proponent of FM. While all of us have high hopes for the future of FM, no one can now predict with assurance the extent or rapidity of its growth."

X X X X X X X X X X

SWEDEN BUYS S-W TRANSMITTERS FROM U.S.

Sweden's official Telegraph Board has ordered two new short-wave transmitters for sending radio messages to the United States and other countries outside Europe, according to the United States Commercial Attache in Stockholm. These transmitters will have a transmitting power of 40 kilowatts and will cost $60,000.

X X X X X X X X X X

BBC NOTES CESSATION OF TELEVISION WITH REGRET

With obvious regret that the war has halted television broadcasting in London, the British Broadcasting Corporation in its 1940 handbook, recently released, bids "Au Revoir" to television and expresses the hope that it will be resumed promptly when hostilities are ended.

"Television would, of course, have been the ideal 'black-out' entertainment. It is sad to think of the thousands of receivers now standing idle, of their disappointed viewers, and of the many skilled research and other workers in the television field diverted from their tasks. Many of the purely physical obstacles which had seriously impaired the service during the first two years had been eliminated in October 1938. In 1939 the range of program material was continually being broadened, and experiments made. More obvious to viewers, perhaps, was the consistent improvement in pictorial quality due to the use of improved equipment and to advances in operating technique. Technical advances of special importance had been made in the field of outside broadcasts; BBC engineers had, with the ready cooperation of the Post Office, found means of extending the use of cable links, and the radio link had been improved by the delivery of a second mobile transmitting unit and by the completion of a relaying station at Swains Lane in Highgate. More was to come. Plans had been made in anticipation of Christmas to increase and alter certain transmissions and to devise specialized programs, as a result of a questionnaire. There had even been the hint of agreement to a first regional relay station, an advance of major importance now likely to be pioneered not by Great Britain but by our American friends, who on 8 November announced preparations for the simultaneous radiation from Schenectady to NBC television programs transmitted from the Empire State Building, 130 miles away. The brightness of the outlook for British television in the summer heightened the general sense of disappointment at its unavoidable discontinuance when war came.

"Television had survived a number of setbacks in its short history, but by general consent it was due for a 'boom' in the months following the 1939 Radiolympia. The prospects seemed encouraging after a long and uphill struggle. The radio manufacturers had brought down the price of receivers and were giving remarkable value for money. Their enthusiastic campaign was receiving support from the public. Then on 1 September the Television Service closed down. The end came so abruptly that there was not even time for an 'au revoir' to viewers. Nor was it expedient at that time to give reasons in the Press or elsewhere. How harsh this decision must have seemed to those who had just bought receivers can easily be imagined. Yet they wrote - many of them - most sympathetically, while letters from old-time viewers were touching in their friendliness. Let it now be said that television closed down not because of the cost and shortage of staff, nor to difficulties with artists and transport, formidable as such obstacles would certainly have become, but for defense reasons.

X X X X X X X X X X

TRADE NOTES

With the establishment last week of the NBC International Division in one central office, all sections of the short wave division are consolidated for the first time since the National Broadcasting Company began its international broadcasting service. In addition to locating all 38 employees of the International Division in the same office, a special studio on the same floor has been set aside for the Division's use. Heretofore, it was necessary to write the copy in the sixth floor offices and then go to the fifth floor for broadcasts.

The following table gives the changes in advertising activity for March as compared with February and a year ago, published in Printers' Ink last week:

	Percentage Change From Feb. '40	March '39
Weekly magazines	+ 1.4	+12.9
General monthlies	- 3.7	- 6.0
Women's service magazines	+17.9	+ 4.8
Direct mail volume	....	- 5.7
Radio advertising	- 5.5	+10.2

Daily broadcasts of food prices in New York City over WNYC were sufficiently valuable to justify continuance of the city radio station, William Fellowes Morgan, Markets Commissioner, said in a letter to Councilman Charles E. Keegan, Chairman of the Council Committee investigating the station.

Rockefeller Foundation, in line with its interest in radio, has given Harvard $24,000 "to help establish a lectureship in broadcasting". To this lectureship Harvard has appointed Charles A. Siepmann, formerly of the British Broadcasting Corp. Also in the field of radio is the Foundation's grant of $84,500 in 1937 and 1939 to the School of Public and International Affairs of Princeton for a study of the role radio plays in listeners' lives.

Printed copies of an address made by Maj. Gen. James G. Harbord, Chairman of the Radio Corporation of America's Board, on "The Decentralization of Relief" at the University of the South, Sewanee, Tenn., April 17th, were being distributed by RCA this week.

John F. Royal, NBC Vice-President in Charge of Programs, will take off for South America, Sunday, May 12, to complete final details of the concert tour by Arturo Toscanini and the NBC Symphony Orchestra during June and July.

The Danish Naval Authorities have issued warnings to Danish fishermen that they should not use their radio senders when in the neighborhood of mine fields because it has been found that such senders have induced electrical currents of sufficient strength to cause mines to explode. The warnings have been published in the press and put up in writing on all the leading fish auction halls.

X X X X X X X X X X

PROMPT FCC ACTION ASKED ON FM PLEA

The Federal Communications Commission was urged to act "as soon as possible" on allocations of frequency assignments for frequency modulation so that sales to the normal replacement market can proceed with assurance, by FM Broadcasters, Inc., in a brief filed last week.

Summing up the case for FM, Philip G. Loucks, chief counsel, asked full commercial privileges for the medium. Permitted to develop on a regular commercial basis, he predicted, FM would have an evolutionary rather than a revolutionary effect upon broadcasting in the present band. FM will supplement service now being rendered and will not exclude service now given in the present broadcast band so there will be no immediate obsolescence of receiving sets. The transition period may require ten years, he predicted.

Total number of applicants for FM facilities reached 121 as of April 25, with the FCC still receiving them at the rate of two or three a day.

X X X X X X X X X

The Federal Communications Commission is in receipt of a letter from a resident of an Iowa town stating that there is no public telephone service locally available. As a matter of public interest, the Commission requested the local telephone company to look into the situation.

X X X X X X X X X

NETWORK TELEVISION SEEN WITHIN YEAR BY NBC

More programs for the televiewer and the beginning of regular transmissions of National Broadcasting Company radio-vision programs over an established network are seen as developments of the next twelve months by Alfred H. Morton, NBC Vice-President in Charge of Television, this week in an anniversary review of television's first year of regular service.

"In television's second year, with the cooperation of televiewers both present and prospective, we expect to have our NBC programs radiated regularly by a new NBC station in Philadelphia and by the General Electric Company transmitter near Schenectady", said Mr. Morton. "And, provided television is granted a status of at least limited commercialization, thus opening the way to more help from advertisers, it is entirely probable that NBC may expand our present five-day television week into one of seven days.

"The first year of television broadcasting has seen our schedule rise from about five hours a week to sixteen hours. Under limited commercialization we might anticipate another rise to twenty or more hours a week.

"During the first year of television we have telecast more than 200 individual programs in cooperation with advertisers and advertising agencies.

"These programs, presented in cooperation with eighty different advertisers, represented every major American industry. They totaled more than 10% of our program hours for the first year. If limited commercialization is permitted in television, I have no doubt that this percentage will show a rapid and considerable rise."

The immediate future in NBC's television programming, it was indicated by Morton, will see additional outside telecasts and probably the presentation of a considerable number of NBC radio network programs, particularly those which have proved to be most popular with studio audiences at Radio City. Both of these prospective additions will be made possible through the use of NBC's second unit of mobile television equipment.

Television's development in the United States, Mr. Morton continued must include the active participation of the televiewer. NBC's audience poll is based on a program mailing list of more than 2,000 names of receiver owners.

Comparison of the NBC list with lists of known set owners, added Mr. Morton, indicates that the total number of receivers in the metropolitan area is more than 3,000.

The first birthday of television broadcasting in America will be celebrated Wednesday, May 1, with a gala two-hour program, to include appearances by stars of stage, motion pictures and radio. The telecast, scheduled to begin at 8:30 P.M., will be seen and heard over Station W2XBS.

X X X X X X X X X

McDONALD 45 MINUTES AHEAD OF WRECKED TRAIN

Commander Eugene F. McDonald, President of the Zenith Radio Corporation, Chicago, and a former Syracusan, arrived in Syracuse, N. Y. April 19 aboard the Wolverine from Albany, the New York Central train that runs 45 minutes ahead of the ill-fated Lake Shore Limited Express. He just chanced to reach Albany from Vermont in time to board the earlier train, he said.

Commander McDonald had been in New York City to attend a television meeting of the Radio Manufacturers' Association. He had promised his nephew, Eugene McDonald Kinney, of Buffalo, that he would visit him at Vermont Academy if the youth qualified to enter Dartmouth next fall. The student telegraphed his uncle that he had been accepted being one of the two lucky ones out of a class of fifteen, and the Chicagoan stopped off overnight at Albany and motored to the academy at Saxton's River, Vt., passing part of the day there with his nephew.

"Intending to stop off in Syracuse to say hellto to everybody, I just got the first available accommodations", he said. "The Wolverine is scheduled out of Albany at 8:53 P.M., and the Lake Shore at 9:36. I was shocked on learning of the wreck to the train I might have taken, you can well imagine."

X X X X X X X X

WESTINGHOUSE AND NBC TERMINATE CONTRACT

Westinghouse Electric and Manufacturing Company and the National Broadcasting Company this week announced that the existing arrangement for the supplying of radio broadcast programs for Stations KDKA, KYW, WBZ, and WBZA, will be terminated as of July 1, 1940.

Hereafter, the Westinghouse radio stations will take network service from NBC under the standard form of affiliated network agreement. Westinghouse will itself handle all functions incident to the operation and programming of the stations including commercial activity and local programming. NBC will act as sales representative for the sale of national spot time.

Westinghouse was a pioneer in the development of radio broadcasting and the present step is in conformity with the desire and intention of Westinghouse to remain identified with the broadcasting industry. The new arrangement will leave in the hands of Westinghouse as heretofore all matters connected with the operation of the stations and in addition Westinghouse will conduct all programming and commercial activity.

X X X X X X X X X X