

February

HEINL RADIO BUSINESS LETTER

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INDEX TO ISSUE OF JUNE 21, 1940

Television Development Pushed By FCC Action.....	2
House Refuses Funds For Phone Regulation.....	4
Mundt Raps FCC Monopoly Report.....	5
Operators Ordered To Show Proof Of Citizenship.....	6
FCC Adopts New Television Rules.....	7
New FMA President Calls On Fly At FCC.....	9
Payne Raps "Pressure" On FCC In KFGI Report.....	9
Trade Notes.....	10
Paley Calls Monopoly Report Biased, Prejudiced.....	11
ASCAP Sends New Terms To Broadcasters.....	12

No. 1244

TELEVISION DEVELOPMENT PUSHED BY FCC ACTION

The television industry was revitalized this week as the Federal Communications Commission took steps to promote nationwide construction of visual broadcasting stations and indicated that a conference will be held shortly on the question of selecting a uniform transmission standard.

While there was no official announcement, it was indicated that James L. Fly, FCC Chairman, will invite television engineers to confer in Washington in the very near future on transmission standards. The FCC has, in effect, promised to authorize complete commercialization once the industry agrees on the standard.

The FCC meanwhile has issued its new rules governing television broadcast station licensing and operations. (See story elsewhere in this letter.)

Opening television broadcast channels to an increased number of stations in leading cities from coast to coast, the Commission tentatively approved 23 applications for television stations in various sections of the country, and announced that it will consider 19 remaining applications and outstanding licenses in the immediate future.

"Most of these stations will be permitted to furnish television programs to the public", the FCC said, "and it is expected that when the industry has developed uniform transmission standards offering a satisfactory level of performance these standards will be adopted by the Commission as a basis for regular commercial television operation. Meanwhile, every television station licensee will undertake to carry on substantial research and experimentation on the different engineering problems and to assist in the development of television for widespread public service.

"With the completion of the projected stations, this country will have far more television broadcast stations than any other nation of the world.

"The complete list of applications which the Commission plans to grant promptly upon a proper showing of a program of research and development follows, with proposed channel assignments:

<u>City</u>	<u>Person or Firm</u>	<u>Channel No.</u>
New York	National Broadcasting Co.	1
	Columbia Broadcasting System	2
	Bamberger Broadcasting Service	6
	Allen B. DuMont Laboratories	4
Chicago	Zenith Radio Corporation	1
	Balaban & Katz	2
	National Broadcasting Co.	5
Los Angeles	Don Lee Broadcasting System	1
	Television Productions	4
	Hughes Tool Co.	2
Washington	Allen B. DuMont Laboratories	1
	National Broadcasting Co.	2
San Francisco	Don Lee Broadcasting System	1
	Hughes Tool Co.	2
Philadelphia	Philco Radio & Television Corp.	3
	* Radio Corp. of America (Camden)	5
	WCAU	5
Cincinnati	Crosley Corporation	1
Albany	General Electric Co.	3
Fort Wayne, Ind.	* Philo T. Farnsworth	3
West Lafayette, Ind.	* Purdue University	3
Passaic, N.J.	* Allen B. DuMont Laboratories	4
Iowa City	* Iowa State University	1 & 12

* Indicates stations primarily for laboratory research, or training; no public program service authorized.

Of the 19 cases held in abeyance, 16 are new applications and four are existing licenses under the old rules and regulations. In each instance the applicant may supplement his application and make satisfactory showing that a grant will result in engineering work which will tend to the development of a uniform system of transmission standards of acceptable technical quality.

"All licenses will be on a basis of research and experimentation tending to promote the development of television and to assist the engineers of that industry to reach an agreement upon uniform transmission standards which will permit the early and general commercialization of television", the FCC stated. "Until accord is reached on this vital point, no charges - either direct or indirect - may be made for the transmission of any type of television program.

"In order to put to the fullest possible public use the 18 regular channels (50,000-108,000 and 162,000-294,000 kilocycles) plus any 6,000 kilocycle band above 300,000 kilocycles (excluding 400,000-401,000 kilocycles), made available to television under Commission Order No. 67, the Commission will not, except for extraordinary cause, authorize any one television broadcast station to use more than one channel in the main seven channels constituting Group A (50,000-108,000 kilocycles)."

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"At the same time, the Commission stipulates that no person, directly or indirectly, shall operate or control more than three public programming television stations in this important group of channels, or operate or control more than one such station in the same service area. This, however, does not apply to stations which do not transmit programs for public reception."

The three groups of high-frequency channels assigned to television are:

<u>GROUP A</u>		<u>GROUP B</u>		<u>GROUP C</u>
<u>Channel No.</u>	<u>Kilocycle Band</u>	<u>Channel No.</u>	<u>Kilocycle Band</u>	
1	50,000-56,000	8	162,000-168,000	Any 6000
2	60,000-66,000	9	180,000-186,000	kilocycle
3	66,000-72,000	10	186,000-192,000	band
4	78,000-84,000	11	204,000-210,000	above
5	84,000-90,000	12	210,000-216,000	300,000kc
6	96,000-102,000	13	234,000-240,000	excluding
7	102,000-108,000	14	240,000-246,000	band
		15	258,000-264,000	400,000-
		16	264,000-270,000	401,000kc.
		17	282,000-288,000	
		18	288,000-294,000	

The 11 channels in Group B (Channels No. 8 to 18 inclusive) and the auxiliary channels in Group C may be assigned to television stations for supplementary purposes as television relay stations.

No mobile or portable television station for direct public service will be licensed at this time, the FCC said.

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HOUSE REFUSES FUNDS FOR PHONE REGULATION

The House Appropriations Committee this week refused to allow the Federal Communications Commission a requested \$142,000 for salaries and expenses to carry out some of the recommendations for regulating the telephone industry. An estimate for this amount was left out of the last Deficiency Bill.

Commissioner Paul A. Walker, John B. Reynolds, Assistant Secretary, and Frank Warren, counsel, appeared before the Committee and sought to justify the request.

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MUNDT RAPS FCC MONOPOLY REPORT

While continuing his advice to broadcasting executives via the Congressional Record, Representative Karl E. Mundt (R.), of South Dakota, this week came to the defense of radio networks under fire in the Monopoly report of the Federal Communications Commission.

"Mr. Speaker, all Members of Congress are aware of the severe charges recently leveled at the American radio industry by certain Government officials charging it with 'monopolistic practices' and other unfair policies", he said. "Personally, I am unwilling to subscribe to these charges on the basis of available evidence. I think that the record of American radio, taken as a whole, is highly commendable. Great public service is rendered the public by radio through its practice of making available to speakers of opposing sides on controversial issues like periods of free time to present their arguments. To my knowledge radio has not yet been guilty of using its monopoly of favorite air waves and its protective licenses and permits to sponsor one set of protagonists against another or to freeze out opposing viewpoints. It is my sincere hope that radio will never permit itself to become guilty of such prejudicial practices because to my mind that would be a big step backward through providing potent arguments for more Government control or supervision and for substituting bureaucratic control - never very satisfactory and seldom very equitable - for self-restraint and fair-play codes which radio can much better provide for itself by a faithful recognition of the responsibilities which always attach themselves to such special privileges as radio presently enjoys."

Representative Mundt inserted in the Record a letter from H. V. Kaltenborn, together with his reply, and apologized for suggesting that the commentator had been dismissed by the Columbia Broadcasting System when he switched to the National Broadcasting Company recently.

Expressing the hope that "radio may redouble its efforts to avoid justifiable criticism", the Congressman set forth five factors for radio executives to consider.

"First. Ninety percent of present-day radio programs are free from substantial criticism by the public. That in itself is a high tribute to American radio. The 10 percent of radio programs which cause concern are the 'opinionated observations' of speakers who are either on the pay roll of the radio companies themselves or who speak 'for hire' for commercial sponsors. Radio cannot afford to ignore the significance as molders of public opinion which these 'opinionated observers' have and the delicate problem growing out of them concerning how far radio or commercial sponsors should go in employing 'speakers for hire' to shape public opinion.

"Second. Radio executives should study the advisability of setting up self-imposed regulations whereby sponsored programs by commercial groups, professional commentators, speakers working for pay and salaried reporters on sustaining programs, should not permit their personal prejudices, their individual opinions, their political philosophies, and their own viewpoints to color the programs in which they participate.

"Third. Radio's current policy of permitting conflicting sides of controversial questions to have equal opportunity with free radio time to present its arguments is Americanism in action. It is the essence of democracy and is highly commendable. But if speakers on commercial programs and those speaking on the sustaining programs of the big radio chains themselves attempt to influence public opinion and present lop-sided arguments on public questions they can well destroy and nullify the great democratic value of the prevailing policy of giving free time to all sides of a controversial question, because the professional commentators and speakers are on the air so much more frequently than the laymen.

"Fourth. Radio should recognize a responsibility for not permitting itself to be 'for sale to the highest bidder' on controversial questions, which is not shared by the newspaper business. The difference is clear-cut and obvious.

"Fifth. Excesses and abuses in the realm of these 'opinionated programs' by 'speakers for hire' are the danger zone around free radio in America. Government regulation could correct the abuses but I hope it will never have to come to that. In my opinion such coercion is unnecessary. Radio deserves the opportunity to eliminate these abuses for itself where they occur and to guard against their extension."

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OPERATORS ORDERED TO SHOW PROOF OF CITIZENSHIP

Approximately 100,000 radio operators holding United States licenses including amateurs, this week were ordered by the Federal Communications Commission to furnish proof of their citizenship before August 15.

The FCC action was one of the first steps taken to ferret out of the communication system any fifth columnists who may have slipped in under the rather flimsy proof now required as to citizenship. The Commission has full power to check its radio operators' citizenship, although it has not done so in the past, but has no authority over operators in other lines of communication, such as telegraph and telephone. It is probable, however, the FCC may seek other methods of checking these services.

The latest Commission order will require proof of citizenship by means of a birth certificate, naturalization papers or other satisfactory means, and the operators also will be required

to state the nationality and birthplaces of their parents, it was learned. Furthermore, they will be required to file their fingerprints with the Commission for the purpose of preventing the transfer of certificates fraudulently, in the same manner as is required for those serving as seaman aboard vessels of the United States.

While the communications statute requires that all operators be citizens, until now all that has been required is a sworn statement in the application. But it was pointed out that any foreign agent who might need a license for "fifth column" activities on land or aboard ship would have no objection to swearing to a falsehood.

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FCC ADOPTS NEW TELEVISION RULES

Following are the principal new rules governing experimental operations of television broadcast stations adopted this week by the Federal Communications Commission:

"Sec. 4.71 - Defined The term "television broadcast station" means a station licensed for the transmission of transient visual images of moving or fixed objects for simultaneous reception and reproduction by the general public. The transmission of synchronized sound (aural broadcast) is considered an essential phase of television broadcast and one license will authorize both visual and aural broadcast as herein set forth.

"Sec. 4.72 - Purpose A license for a television broadcast station will be issued for the purpose of carrying on research, which must include engineering experimentation tending to develop uniform transmission standards of acceptable technical quality, and which may include equipment tests, training of technical personnel, and experimental programs.

"Sec. 4.73 - Licensing requirements, necessary showing. A license for a television broadcast station will be issued only after a satisfactory showing has been made in regard to the following:

- "1. That the applicant has a definite program of research and experimentation in the technical phases of television broadcasting, which indicates reasonable promise of substantial contributions to the development of the television art.
- "2. That upon the authorization of the proposed station the applicant can and will proceed immediately with its program of research.
- "3. That the transmission of signals by radio is essential to the proposed program of research and experimentation.

- "4. That the program of research and experimentation will be conducted by qualified personnel.
- "5. That the applicant is legally, financially, technically, and otherwise qualified to carry forward the program.
- "6. That public interest, convenience or necessity will be served through the operation of the proposed station.

"Sec. 4.74 - Charges No charges either direct or indirect shall be made by the licensee of a television station for the production or transmission of either aural or visual programs transmitted by such station.

"Sec. 4.76 Operating requirements

"(a) Each licensee of a television broadcast station shall diligently prosecute its program of research from the time its station is authorized.

"(b) Each licensee of a television station will from time to time make such changes in its operations as may be directed by the Commission for the purpose of promoting experimentation and improvement in the art of television broadcasting."

After setting forth the allocations of channels in Groups A, B, and C, the rules limit their use as follows:

"(b) No television broadcast station will be authorized to use more than one channel in Group A except for good cause shown. Both aural and visual carriers with side bands for modulation are authorized but no emission shall result outside the authorized channel.

"(c) No person (including all persons under common control) shall, directly or indirectly, own, operate or control more than three television stations on channels in Group A, and no such person shall, directly or indirectly, own, operate or control on channels in Group A more than one television station which would serve in whole or substantial part the same service area as another station operated or controlled by such person. This paragraph (c) shall not apply to stations which do not transmit programs for public reception.

"(d) Channels in Groups B and C may be assigned to television stations to serve auxiliary purposes such as television relay stations. No mobile or portable station will be licensed for the purpose of transmitting television programs to the public directly.

"Sec. 4.78 - Power The operating power of a television station shall be adequate for but not in excess of that necessary to carry forward the program of research and in no case in excess of the power specified in its license."

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NEW RMA PRESIDENT CALLS ON FLY AT FCC

The first official duty of James S. Knowlson, newly elected President of the Radio Manufacturers' Association, was to call on Chairman James L. Fly, Chairman of the Federal Communications Commission in Washington. Mr. Fly had been invited to address the RMA convention in Chicago but was prevented from doing so by the war situation at the Capital.

Neither FCC or RMA had any comment to make regarding the visit but the assumption was that in addition to getting acquainted, Mr. Knowlson told Chairman Fly what steps were being taken to cooperate with the FCC in television. It is also possible that Mr. Knowlson may have called Chairman Fly's attention to the fact that David Sarnoff, President of the Radio Corporation of America, had voluntarily withdrawn from active participation in the Association and that from now on would be represented by H. C. Bonfig, Vice-President of the RCA Manufacturing Company located in Camden, New Jersey. Chairman Fly had charged Mr. Sarnoff and the RCA with dominating the RMA, to which charge the radio manufacturers replied that the voting power of all members was equal regardless of the size of the organization represented.

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PAYNE RAPS "PRESSURE" ON FCC IN KFGI REPORT

Commissioner George Henry Payne, one-time stormy petrel of the Federal Communications Commission, intimated that the Commission and its personnel in the past has been subject at times to "pressure" in recommending that the license of Station KGFT, Brownsville, Texas, be revoked.

A visit made by officials of the Eagle Broadcasting Company on Judge Eugene O. Sykes, then Chairman of the FCC, was described by Commissioner Payne in the report without comment. Judge Sykes, he said, told Ewol E. Wilson, President of the company, that it was unnecessary for him to report certain contracts under which KFGI's equipment was taken over by KRIS.

"In reporting on the last one of the so-called Texas cases", Commissioner Payne said, "I may say that the conditions prevailing in these cases do not arise from anything peculiar to Texas, nor from the lawlessness or cunning of any one person. These conditions, I believe, have resulted from the opinion held by a few that the Communications Act can be ignored, if only the right kind of pressure can be exerted upon the Commission or its personnel.

"There are some indications that equally distressing conditions may exist in other parts of the country, too.

"It seems to me that the Commission has taken a long stride in the right direction by these revocation orders and that racketeering in radio can be eliminated entirely by persistence and courage on the part of the Commission and its staff."

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 ::: TRADE NOTES :::
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Frederic A. Willis, Assistant to the President of the Columbia Broadcasting System, has resigned to accept a position as Vice-President of the Thompson Automatic Arms Corporation and its subsidiary, the Auto-Ordnance Corp. Mr. Willis is a former U. S. Army officer and a cousin of the British Prime Minister, Winston Churchill.

The Federal Communications Commission this week tentatively affirmed the recommendations of Commissioner Payne to revoke the license of Station KSAM, Sam Houston Broadcasting Association, Huntsville, Texas. The station's operating assignment is 1500 kc, 250 watts, daytime only.

During M.I.T. commencement exercises in Boston in June, frequency modulation added another accomplishment to its record - radio transmission of photos through the air. Received on a General Electric frequency modulation home broadcast receiver at M.I.T., after being thrown 87 miles through space from Boston to Paxton and back again, the photographs were almost duplicate reproductions of the originals. The photos were made by Boston Record-American photographers and transmitted by Editor Walter Howey's Sound Photo System.

A. E. Nelson, General Manager of the San Francisco Division of the National Broadcasting Company, has been elected Assistant Vice-President by the Board of Directors. He will continue as Manager of Stations KGO and KPO.

The Federal Trade Commission has accepted from Detrola Corporation, 1501 Beard Ave., Detroit, radio and camera manufacturer, a stipulation in which it agrees to cease advertising that its "Detrola Candid Camera" or other camera having an actual shutter speed of 1/100th of a second, has a shutter speed of 1/200th of a second; or in any other way representing that the shutter speed of a camera which it sells is in excess of the actual speed attained.

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PALEY CALLS MONOPOLY REPORT BIASED, PREJUDICED

William S. Paley, President of the Columbia Broadcasting System, this week made the first formal reply upon the part of the radio industry to the Federal Communications Commission's monopoly report in a letter addressed to all affiliated CBS stations. He characterized the report as "the produce of bias and prejudice against network operations" and as "totally unwarranted by the evidence". His letter follows:

"The Columbia Broadcasting System has received a number of inquiries from its affiliated stations with reference to a report and press release dated June 12, 1940, of a special committee of the Federal Communications Commission dealing with network broadcasting. Because of your affiliations with our system, I feel that you would be interested in the immediate reaction of the Columbia officials to these documents.

"Perhaps first of all, it should be emphasized that these publications reveal merely the views of a special committee of three members of the Commission. In accordance with standard procedure, the committee report was made public pending its consideration by the full Commission. The views expressed therein are, therefore, in no sense to be taken as the authorized judgments of the Commission itself.

"The report is regarded by the Columbia Broadcasting System management as totally unwarranted by the evidence and as manifestly the product of bias and prejudice against network operations. We feel that the committee has made no serious attempt to evaluate the evidence presented by the networks or to consider the great public advantages which the American people have been able to enjoy solely through network competition, enterprise and ingenuity.

"While the committee declares that it proposes to retain all the advantages of network broadcasting, it must be pointed out that its conclusions, if made the basis of regulations, would necessarily have an opposite effect to the detriment of the networks, the stations and above all, the public. This is particularly true for networks, stations and public with respect to the criticism of exclusive affiliation of a station with a single network.

"In many important matters, which include the ratio of network and affiliate income, the report directly contradicts all the testimony found in the record. In several instances, portions of the report contradict one another. The overall impression given by this report is one of fashioning language in accordance with judgments predetermined before the hearing.

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"It is our purpose to file as soon as possible with the full Commission a thorough and comprehensive brief, pointing out the grave inaccuracies of this report, its numerous variances from the record and its thorough unreliability as a predicate for Commission action. We shall be pleased to send you a copy of our brief when it has been filed."

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ASCAP SENDS NEW TERMS TO BROADCASTERS

The American Society of Composers, Authors and Publishers mailed copies of its new radio license this week to owners and operators of broadcasting stations as well as to advertising agencies, stipulating its new demands for the right to use its music on the air, the New York Times reported. The contracts will become effective on January 1, 1941, for five years.

The new plan of the copyright pool classifies the broadcasters into four groups and taxes them with a sustaining fee and a percentage of their gross income. The new agreements set no sustaining figure for the groups and, in this respect, the stations will continue to be assessed individually, as in the past, although those in the higher brackets will be asked to pay more than those in the lower ones.

On the percentage basis, the groups will be taxed 3, 4, 5 and $7\frac{1}{2}$ percent respectively. Group 1 covers stations grossing under \$50,000 annually for the sale of time and facilities, while 2 takes in those taking in more than \$50,000 and less than \$150,000. Stations in the latter classification will have their sustaining fees reduced 25 percent. Group 3 takes in stations with a business in excess of \$150,000 and 4 covers the broadcasting chains.

With this arrangement, according to the copyright pool, about 350 stations will get a 50 percent reduction in 1941, compared with 1939 and 1940; about 200 will be assessed $33\frac{1}{3}$ percent less, and "with very few exceptions" no individual station in the country will be asked to pay a larger percentage than in the past.

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