

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY
GENERAL LIBRARY
30 ROCKEFELLER PLAZA, NEW YORK

INDEX TO ISSUE OF JULY 26, 1940

Broadcast Time Sales Increased 10 Percent In 1939.....	2
S-W Broadcasters Increase Budget \$2,000,000.....	3
Radio Excise Taxes Up 25% For Fiscal Year.....	5
Special Emergency Radio Service Clarified By FCC.....	6
New Rules Adopted On Educational Radio Stations.....	7
Knowlson Names New Committees Of RMA.....	8
FTC Order Hits Radio Set Attachment.....	8
Three Additional Television Stations Authorized.....	9
Wisner, Former FCC Press Chief, Dies.....	10
Power Company Uses Radio To Protect Plants.....	10
Trade Notes.....	11
Miniature Networks Used To Demonstrate FM.....	12
Coughlin Plans To Resume Radio Talks In October.....	12

No. 1253

BROADCAST TIME SALES INCREASED 10 PER CENT IN 1939

Broadcast time sales for the calendar year 1939 amounted to \$129,468,022, which was an increase of 10.3 percent over the \$117,379,459 reported for 1938, according to figures compiled by the Accounting, Statistical, and Tariff Department of the Federal Communications Commission and announced this week.

These figures are based on reports by the three major networks - Columbia Broadcasting System, Mutual Broadcasting System, and National Broadcasting Company - together with 705 other stations, including affiliated stations whose time sales were being conducted by Columbia and National at the end of the year.

The total broadcast expenses of the industry for 1939 were \$99,789,920, compared with \$92,503,594 for the previous year, an increase of 7.9 percent. While the networks and their affiliated 23 stations had 54.1 percent of the total business last year, their proportion of the net business (after deduction of commission payments and amounts due to independent stations for network broadcasting) was 38.2 percent, and the proportion of the 682 other stations was 61.8 percent. Time sales last year involved commission payments amounting to \$17,405,414 as compared with \$16,487,200 the year previous.

The broadcast-service income (revenue less expenses) of the three major networks was \$5,631,228, or 23.9 percent of the total. That of their 23 stations was \$5,428,924 or 23 percent of the total, and that of the 682 other stations was \$12,531,792, or 53.1 percent of the total.

Aside from sales for the use of Canadian and other extra-territorial stations in major network broadcasts, the sales of major network time were \$61,310,571, and accounted for 47.4 percent of the total time sales in the United States for 1939. Other classes of time sales and their comparison with the same classes for 1938 are included in the following:

Class of Time	1939		1938	
	Amount	Ratio to total %	Amount	Ratio to total %
Major network time (U.S.)	\$ 61,310,571	47.4	\$55,114,258	47.0
National non-network time	30,472,053	23.5	28,109,185	23.9
Local time	36,815,770	28.4	33,402,801	28.5
Regional network time	869,628	0.7	753,215	0.6
Total	\$129,468,022	100.0	\$117,379,459	100.0

The major networks, in addition to their domestic business shown above, had total sales of \$1,311,118 for network broadcasts over Canadian and other extra-territorial stations.

While the foregoing paragraph compares each major class of sales in 1939 with that for 1938, the actual changes within the classes were different, major network total time sales being up \$6,196,313, or 11.2 percent; national non-network up \$2,362,868, or 8.4 percent; and local up \$3,412,969, or 10.2 percent. Receipts from regional networks by stations were about the same for both years.

The 1939 figures include reports from 186 stations which each had revenue for the year in amount less than \$25,000, compared with 175 for the year 1938. The 186 stations had total revenue of \$2,224,807, compared with \$2,520,026 for the 175 in 1938.

The figures released do not include 11 independent stations, reports of which require further correspondence. However, the aggregate amount of revenue involved in these cases is less than \$200,000, which is entirely non-network and consists mostly of local business. Nor do the figures cover 38 non-commercial stations, 11 extra-territorial stations, or 49 stations under construction or otherwise not in operation at the close of the year.

The operating expenses of the nine stations operated by Columbia and National, and designated by them as key stations, are not susceptible of direct allocation to network operations on the one hand or to station operations on the other. Therefore, the division of the expenses as reported by the networks between network operations and key station operations reflect arbitrary determinations in some instances.

All figures included in the tabulations are compiled from responses made for networks and stations in compliance with Section 1.361 of the Rules of Practice and Procedure of the Commission, except in the case of Mutual, which filed a report as information to the Commission in connection with the industry survey.

X X X X X X X X

S-W BROADCASTERS INCREASE BUDGET \$2,000,000

Short wave broadcasters in the United States have committed themselves to an additional expenditure of \$2,000,000 for new and more powerful transmission equipment, Neville Miller, President of the National Association of Broadcasters, this week advised the State Department in a conference with Thomas Burke, Chief of the Division of International Communications at the State Department, relative to the problem of world wide broadcasting, with particular reference to South American coverage.

7/26/40

Representatives of the short wave broadcasters have had conferences with officials of the Federal Communications Commission concerning increased power and applications are now pending for construction permits which it is expected will be granted in the near future.

It was revealed that operating costs for the new and more powerful transmitters would be in excess of one million dollars annually.

While the new equipment will insure wider coverage and bring about better reception in South America, the popularity of broadcasts from the United States is already high. Nearly 10,000 letters a month are written by South American listeners to American short wave broadcasters, it was declared. News broadcasts are highest in popularity. Figures compiled by the NAB show that American short wave stations are broadcasting 13 hours and 19 minutes of news to Latin and South America every day. The broadcasts are given chiefly in Spanish, Portuguese and English, though there are two fifteen-minute periods given in German, French and Italian. These are the regularly scheduled periods and do not include special events such as speeches or statements by the President, Secretary of State and other officials of government. When the President speaks, for example, his speech is broadcast in English, later translated into Portuguese, Spanish, French, Italian, Polish and German, and broadcast in these languages.

Other programs which have attracted a wide following of listeners in South America include travelogues, lessons in English, talks on new scientific discoveries and developments, stamp collecting programs, and aviation. The South American woman apparently is as much interested in fashion notes and Hollywood gossip as her North American sister, the program analysis indicated. In addition to specially built programs for the Latin American audience, the cream of network programs are also broadcast, especially important symphonies and vocalists, as a reflection of North American culture. Occasionally exchange programs have been done in the past year where, for example, Brazil furnished a series of programs which were heard over an American network, and the network in turn broadcast programs which were heard over the Brazilian network.

Letters from listeners indicate that Latin Americans prefer news broadcasts from the United States. The same policies governing the broadcasts of news on standard stations in the United States also govern the broadcasting of news by short wave. On regularly scheduled periods, a complete coverage of domestic and world wide events is given. News is presented as it happens. It is not slanted, withheld or distorted for propaganda purposes. As a result, South American listeners have learned to place dependence on news broadcast by United States short wave stations, it was declared.

The total amount of broadcasting done by all American short-wave stations, including news broadcasts, for South American listeners, is 449 hours per week.

Those attending the conference with Mr. Burke, in addition to Mr. Miller, were Harry C. Butcher, E. K. Cohan, Miss Elizabeth Ann Tucker of the Columbia Broadcasting System; Robert L. Gibson, General Electric Company; Frank Mason, Guy C. Hickok, Frank M. Russell of the National Broadcasting Company; Oswald F. Schuette, Radio Corporation of America; J. G. Leitch, Radio Station WCAB; Kenneth W. Stowman, Radio Station WCAU, Philadelphia, Pennsylvania; J. B. Rock, Walter Evans, Westinghouse Electric & Manufacturing Company; R. J. Rockwell, W. C. Koplovitz, Radio Station WLW, Cincinnati, Ohio; Walter Lemmon, World Wide Broadcasting Corporation; Ed Kirby, Paul Peter, National Association of Broadcasters.

X X X X X X X X X

RADIO EXCISE TAXES UP 25% FOR FISCAL YEAR

Total radio excise tax collections for the fiscal year ending June 30 were \$6,079,914.50, an increase of 25.8 percent over the radio taxes collected for the fiscal year ending June 30, 1939, of \$4,834,366.33, it was disclosed this week.

Radio tax collections last June, largely covering industry operations for the previous month of May, total \$617,177.45, according to the June report of the U. S. Bureau of Internal Revenue.

The June collections were 138.8 percent larger than the radio taxes collected in June, 1939, totaling \$258,438.23. June tax collections on mechanical refrigerators were \$1,284,646.70 compared with \$1,074,521.42 in June, 1939.

Radio collections during the six months' period from January through June this year were 39.4 percent larger than in the similar six months of 1939. The radio tax collections during the six months' period from July to December, 1939, were 14.8 percent larger than those of the July-December period of 1938.

X X X X X X X X X X X

Although the Federal Communications Commission cannot, as a rule, interfere in local interference problems, so many residents of Dennison, Ohio, complained about serious interference to local radio reception that the Commission has asked the Ohio Power Co. to cooperate in remedying the local situation.

X X X X X X X X X X

SPECIAL EMERGENCY RADIO SERVICE CLARIFIED BY FCC

To obviate misunderstanding regarding the scope of special emergency radio service and to restrict such service to real emergencies, the Federal Communications Commission has clarified the language of its applying rule to prevent employment of this service for routine business or common carrier for hire, and added a provision which will permit emergency use of such facilities in time of disaster or other emergencies by members of the public.

Accordingly, it changed Section 10.231 of the Rules and Regulations to read:

- (a) Special emergency stations may be used only during an emergency jeopardizing life, public safety, or important property.
 - (1) for essential communications arising from the emergency.
 - (2) for emergency transmission from one point to another between which normal communication facilities do not exist, are not usable, or are temporarily disrupted or inadequate.
- (b) The use of special emergency stations for the handling of routine or non-emergency communications is strictly prohibited.
- (c) Within the scope of service given in subparagraph (a), the licensee of a special emergency station shall make the communication facilities of such station available to any member of the public.
- (d) Special emergency stations, except those of communications common carriers utilized temporarily to restore normal public communication service disrupted by an emergency, shall not operate as common carriers of communications for hire. However, licensees of such stations may accept contributions, to capital and operating expenses from others who, under the Commission's rules, would be eligible to stations of their own, for the cooperative use of the stations on a cost-sharing basis; Provided, that contracts for such cooperative use are submitted to the Commission 30 days prior to the effective date thereof and that said contracts are not disapproved by the Commission.

At the same time the Commission granted 11 applications by four associated companies of the American Telephone and Telegraph Company for special emergency stations. Five of these are construction permits for the Bell Telephone Company of Pennsylvania to set up this type of station at Philadelphia, Pittsburgh, and a site near Aliquippa, Pa., to be determined later, as well as

12 portable-mobile units. Two other construction permits have to do with the Michigan Bell Telephone Company, for a station at Detroit plus 6 portable-mobile units. Two other permits are for a Washington, D. C., station with two portable-mobile units for the Chesapeake & Potomac Telephone Company. The other two authorizations cover licenses for two stations at New York and two portable-mobile units of the New York Telephone Company.

Special emergency stations, under one terminology or another, have been licensed by this Government since before the establishment of the Federal Radio Commission. Several stations were, in fact, operated by the Pennsylvania Power & Light Company before 1927. As recounted in our general information release of January 27th last, these emergency radio stations have proved their value in time of flood, earthquake, and hurricane, when wire circuits have failed. Because frequencies for this purpose are scarce, public utilities are encouraged to make joint use of such facilities.

Besides communication companies, emergency stations are also operated by transportation companies, gas and oil distribution companies, water distribution companies, power distribution companies, the American Red Cross, the American Legion, and remote establishments which cannot be reached by other means of communication.

X X X X X X X X X

NEW RULES ADOPTED ON EDUCATIONAL RADIO STATIONS

The Federal Communications Commission this week repealed Section 4.137 of the rules governing non-commercial educational broadcast stations and adopted the following substitute:

"Section 4.137 Frequencies. (a) The following frequencies are allotted for assignment to non-commercial educational broadcast stations

Kilocycles
42,100
42,300
42,500
42,700
42,900

(b) Stations serving the same area will not be assigned adjacent frequencies.

(c) Frequency modulation shall be employed exclusively unless it is shown that there is a special need for the use of amplitude modulation.

(d) Only one frequency will be assigned to a station."

The effective date of the Rules and Regulations Sec. 3.32(b), which prohibits broadcasting of commercial programs on experimental authorizations, was further extended from August 1 to October 1, 1940, by the Federal Communications Commission.

X X X X X X X X X

KNOWLSON NAMES NEW COMMITTEES OF RMA

J. S. Knowlson, newly-elected President of the Radio Manufacturers' Association, this week announced the appointment of new committees.

Among these was a new Industry Promotion Committee to which H. C. Bonfig, of Camden, N. J., was appointed Chairman, which will handle the national cooperative campaign of RMA and the National Association of Broadcasters, and also other sales promotion and merchandising problems. The committee includes Directors Abrams, Baker, Buckley, Paul V. Galvin of Chicago, Chairman of the RMA Set Division, and Director E. A. Nicholas of Fort Wayne, Indiana. This Committee also will handle merchandising affairs involved in the radio trade practice rules promulgated by the Federal Trade Commission just a year ago, on July 22, 1939, succeeding the former Fair Trade Practice Committee of the Association.

To make the RMA organization more effective, another new Committee, on Federal Wage-Hour Administration matters, with Octave Blake of South Plainfield, N. J., as Chairman, was appointed. This Committee will have charge of affairs in connection with the Walsh-Healey Act and also under the Wage-Hour Administration of the Department of Labor.

The list of Committees and Chairmen follows:

Standing Committees: Credit Committee - J. J. Kahn, Chairman; Engineering Department - W. R. G. Baker, Director; Export Committee - W. A. Coogan, Chairman; Legislative Committee - A. H. Gardner, Chairman; Membership Committee - E. Alschuler, Chairman; Traffic Committee - O. J. Davies, Chairman.

Special Committees: Industry Promotion Committee - H. C. Bonfig, Chairman; Reorganization Committee - Leslie F. Muter, Chairman; Wage-Hour Administration Committee - Octave Blake, Chairman; Service Section - J. K. Rose, Chairman.

X X X X X X X X X X

FTC ORDER HITS RADIO SET ATTACHMENT

The Perfect Manufacturing Company, trading as R. E. Engineers, Madison Road, Cincinnati, has been ordered by the Federal Trade Commission to discontinue the dissemination of misleading representations in the sale of an electrical and mechanical device for attachment to radio receiving sets.

Under the order, the respondent is directed to cease representing that its device, "Add-A-Tube," when attached to a radio receiving set, gives to it the effect of an additional tube;

adds life to the tubes; improves reception from foreign and domestic stations; brings the set up to date, or gives to such set additional sharpness, tone and selectivity.

The order further forbids use by the respondent of the term "Add-A-Tube," or any similar term, when the device does not perform the functions of an additional tube in a radio receiving set.

X X X X X X X X

THREE ADDITIONAL TELEVISION STATIONS AUTHORIZED

Three additional television grants under its promotional experimental rules were announced by the Federal Communications Commission this week. They cover construction permit for a new Philadelphia television station, to be operated by WCAU Broadcasting Co. on television channel No. 5 (84,000-90,000 kilocycles) with 1 kilowatt aural and visual power; construction permit to Purdue University to operate its television station W9XG, at West Lafayette, Ind., on channel No. 3 (66,000-72,000 kilocycles) with 750 watts aural and visual power; and modification of license of the State University of Iowa station W9XUI, at Iowa City, to use channels Nos. 1 and 12 (50,000-56,000 and 210,000-216,000 kilocycles) with 100 watts visual only.

WCAU proposes to experiment with 441 to 729 lines, and 15 to 30 frames; to compare vertical and horizontal polarization as to signal noise ratio, effect of tall buildings, hills, and obstructions, interference from diathermy and ignition systems, and signal strength; to investigate pre-emphasis in the transmitter and de-emphasis in the receiver; and compare FM (frequency modulation) and AM (amplitude modulation) as the sound component of its proposed station.

Purdue University contemplates experimenting with transmission standards, development of new types of pick-up tubes or iconoscopes, research into the design and construction of side-band filters, development of the transmission line or impedance modulation system, research into new methods of background control, and improvements in wide-band amplifiers, plus possible further experimentation with lines and frames, polarization, and new forms of synchronizing signals.

The State University of Iowa station will test different systems of modulation, conduct experiments concerning frequency stability and band width, measure field intensity to determine results of polarization, and otherwise carry on engineering experimentation tending to develop uniform transmission standards of acceptable technical design, plus training of technical personnel.

Neither Purdue nor the State University of Iowa will engage in public program service.

X X X X X X X X

7/26/40

WISNER, FORMER FCC PRESS CHIEF, DIES

G. Franklin Wisner, 61, veteran newspaperman, who was one of the victims of the New Deal "purge" of the Federal Communications Commission, died yesterday (Thursday) in Garfield Hospital in Washington, D. C., after a long illness.

In the Fall of 1938, Mr. Wisner was discharged on only a few hours' notice from his post as Chief of the Press Section of the FCC under a purge instituted by the former Chairman, Frank B. McNinch. He had lived in retirement since.

Mr. Wisner became Chief of the Press Section of the old Federal Radio Commission in 1927 and served the Communications Commission in the same capacity.

He was a member of the National Press Club, and from 1914 to 1921 served as President of the Baltimore Press Club. His home was at 601 Indian Spring Drive, Silver Springs, Maryland.

In 1921 he came to Washington as correspondent for the American. The following year he became White House correspondent for the New York Herald, and later covered the Senate for the old New York World.

X X X X X X X X X X X

POWER COMPANY USES RADIO TO PROTECT PLANTS

Radio is playing a part in the precautions being taken in the National Capital to guard against sabotage and malicious tampering with the city's vital plants and buildings.

Latest step to be taken in the program of vigilance and prevention was the launching of a shortwave broadcasting system to link headquarters of the Potomac Electric Power Co. with its hundreds of emergency, trouble shooter and line trucks.

Modeled after the police radio, the Pepco control room is located in the headquarters building at Tenth and E Streets, N.W., and the transmitter is on the grounds of the company's Benning plant.

J. H. Ferry, Vice President, said the radio dispatching system starts out with 27 trucks equipped with receiving sets but that approximately 300 more will be similarly furnished before long.

X X X X X X X X X X X X X

:::
 ::: TRADE NOTES :::
 :::

The new 50,000-watt radio transmitter of the Westinghouse Broadcasting Station WBZ, Boston, located at Hull, Mass., will go on the air for the first time, Saturday, July 27. A special NBC network program originating in Radio City, New York, at 9:00 P.M., EDT, will formally open the new Westinghouse plant to serve the Boston market.

Senator Overton, Chairman of the Senate Subcommittee on District Appropriations, this week said he would ask the Commissioners to submit estimates on the equipping of all police scout cars with two-way radio.

Department store advertisers recently made a comprehensive report on their experience with radio, in the form of a panel discussion held at the 1940 annual meeting of the National Retail Dry Goods Association, whose members account for \$4,000,000,000 sales volume a year. CBS has just reprinted the heart of that discussion in a brochure, because of the vast advertising experience of the department store executives.

For the second consecutive year, the World Series will be broadcast exclusively over WOR and the coast-to-coast Mutual network under the sponsorship of the Gillette Safety Razor Company. Judge Kenesaw Mountain Landis this week awarded the broadcasting rights, estimated at \$100,000 to the razor company and the Mutual network. An option also was taken on the 1941 World Series' broadcasting rights.

Station WCBS in Springfield, Ill., an affiliate of the Illinois State Journal, becomes a supplementary outlet to the basic NBC-Blue Network, August 1. Station WAKR, recently constructed in Akron, Ohio, becomes a member of the basic Blue Network, October 1. The addition of these two stations brings the total number of NBC affiliates to 195, a gain of 17 stations since the first of the year.

Matching the Federal Government's zeal in cementing this country's relations with its Latin neighbors, Columbia's "American School of the Air" is drawing heavily on nations south of the Rio Grande for broadcast material slated for programs beginning next Fall. More than 15,000,000 school children will listen to these broadcasts during the next semester, according to Sterling Fisher, Director of Columbia's Department of Education. Among the governments that have already officially signified their intentions of participating are: the Philippines, Hawaii, Alaska, Puerto Rico, Argentina, Brazil, Canada, Colombia, Chile, the Dominican Republic, Honduras, Mexico, Panama and El Salvador.

X X X X X X X X X X

MINIATURE NETWORKS USED TO DEMONSTRATE FM

Two miniature networks, operating on the same principle as great broadcast stations, are being used in demonstrations by D. Lee Chesnut, General Electric engineer in the Company's Philadelphia Office, to dramatize and simplify frequency modulation for radio station personnel as well as general audiences. Fashioned in his own home workshop, Mr. Chesnut's unique equipment set-up utilizes a Golden Network, consisting of frequency modulated Stations GEFM and KXFM, and a Green Network with Stations GEAM and KXAM airing on amplitude modulation.

The center point of attraction is a completely collapsible midget house with a cut-away front disclosing two radio receiving sets - an FM set on one side and an AM on the other. Illuminated lettering below each receiver indicates which is in operation. On either side of the structure are control panels, one controlling all things relating to FM broadcasting and the other AM. An aerial, made up of two collapsible automobile aerials, towers over the roof.

A few feet away from the house on each side, "broadcast stations" and miniature towers have been set up on tables; on one side GEAM and GEFM, on the other KXFM and KXAM. Transmitting power for each of the four stations is supplied by tiny transmitters housed in G-E wireless record-players. Atop each tower are the station call letters painted black on a frosted glass which forms the front of a small illuminated box with a background of green or golden light, depending on the network to which the station belongs.

In the demonstrations such troublesome interference-makers as the electric razor, the violet-ray machine, and a spark coil operated from a battery have been used to show how FM minimizes interference.

X X X X X X X X

COUGHLIN PLANS TO RESUME RADIO TALKS IN OCTOBER

The Rev. Charles E. Coughlin is reported from Detroit to be making plans to resume his Sunday afternoon radio broadcasts the second Sunday in October with a series of half-hour programs devoted, "among other things", to a discussion of the principles and personalities involved in the presidential campaign.

His radio agents, Aircrafters, Inc., have written to about twenty-one large stations throughout the country in an effort to reserve the necessary time. The stations have been offered the alternative of granting half-hour periods for a direct broadcast from Royal Oak or a transcription broadcast later in the day. Most of the stations approached have carried the priest's broadcasts in the past. Approached also are a few larger stations not previously included in the Coughlin chain.

X X X X X X X X X X