

# HEINL RADIO BUSINESS LETTER

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No. 1255

## FCC OPTIMISTIC AFTER TELEVISION CONFERENCE

Officials of the Federal Communications Commission were optimistic over the prospect of an early agreement in the radio industry on television standards following an organization meeting of the National Television Systems Committee in New York City.

The meeting, which was attended by Chairman James L. Fly, and Chief Engineer E. K. Jett, was said to be entirely harmonious despite previous discord within the industry.

Lieutenant Jett made the prediction that an accord which will pave the way for the commercialization of television may be reached by late Fall or early Winter. Chairman Fly did not return to Washington but went directly to the convention of the National Association of Broadcasters in San Francisco.

No further meetings of the general committee have been scheduled pending a study of various angles of the problem by sub-committees. FCC officials plan no further conferences with the Committee until it is ready to report.

The Committee, organized under the auspices of the Radio Manufacturers' Association, was addressed at the Hotel Roosevelt by J. S. Knowlson, President of the Association, who pointed out that the FCC was prepared to adopt television standards as soon as the industry could show that it was in accord on a set of standards.

Chairman Fly said he saw in the undertaking a chance for industry and government to cooperate and pledged the aid of the Commission. He made it clear, however, that the FCC has no intention of interfering.

"The Commission wants to cooperate in every way but yours is the load", he said. "We stand ready to meet at any time for round-table discussions or to witness demonstrations. But yours is a job by study, consultation, research, joint research and by allocation of such work to develop a satisfactory set of standards for television. I have no doubt that a satisfactory set of standards can be developed.

"I hope your work will cover every phase in the field of television so that the whole program will be coordinated. Former standards have been inadequate for a uniform method of telecasting. In this work patent interests of individual companies must be recognized. No one would ask to encroach on this.

"Moreover", he added, "I don't want anyone to ask me arbitrarily when television will be ready for commercial operation. That job is yours. To this body we expect to come back because the FCC must rely on it before adopting any single set of standards. We have no alternative but to move forward with you gentlemen."

Mr. Fly said that he expected a substantial number of stations to be on the air in the near future. So far as the FCC is concerned, he continued, "the more the merrier". However, he warned that there should be "no squawking" about wavelengths. They are in the public domain, he pointed out.

"For one thing", he asserted, "the Commission is not going to issue licenses to every Tom, Dick and Harry, to sit tight until things get good. Applicants must be prepared to go somewhere in development and experimentation."

President Knowlson of RMA, in opening the Committee meeting said, in part:

"You have been called together to form this industry committee, not as a part of RMA but under the auspices of RMA, to search for and develop the best possible standards which may be set up for television at this time.

"Here is a new art clamoring to be born - and there is no reason to suppose that the birth of television will be any easier or free from pain than any other birth."

Chief Engineer Jett stated that television standards are absolutely essential before television can be launched.

"It is hoped that the standards eventually adopted will be truly representative of the industry", said Lieutenant Jett, "and also permit future development. Some standards must be frozen now, such as the 6 megacycle channel, but the way should be kept open to improve this and other standards later on."

Chairman Baker, who later appointed "panel" or "sub-committee" Chairmen for detailed technical studies, stated that the Television Systems Committee "is charged with the responsibility of determining the basic standards for a system of communication capable of transmitting intelligence in a form which will, in the future, probably have more effect on the life of the American people than any system known today.

"The real possibilities of television", continued Chairman Baker, "as a means of education and entertainment, are today unknown. Television represents a new textbook as yet unopened - for the theatre, a new stage whose curtains have not been drawn, and for the movies, a screen that is as yet dark.

"Television is peculiar in that in order to insure full utilization by the public, it requires a fairly complete set of standards before it is launched commercially."

The organization of the National Television Systems Committee as appointed by President Knowlson of RMA, follows:

Chairman, Dr. W. R. G. Baker, Director of the Engineering Department of the Radio Manufacturers Association; Bell Telephone Laboratories, A. A. Oswald; Columbia Broadcasting Systems, Inc., Adrian Murphy, Executive Director of Television; Don Lee Broadcasting System, Harry R. Lubcke, Director of Television; Allen B. DuMont Laboratories, Inc., Allen B. DuMont, President; Farnsworth Television & Radio Corporation, B. Ray Cummings, Vice-President in Charge of Engineering; General Electric Company, E. F. W. Alexanderson; Hazeltine Corporation, Daniel E. Harnett, Chief Engineer; John V. L. Hogan, representing Consulting Engineers; Hughes Tool Company, Albert I. Lodwick; The Institute of Radio Engineers, Inc., Dr. A. N. Goldsmith; Philco Corporation, David B. Smith; Radio Corporation of America, E. W. Engstrom; Stromberg-Carlson Telephone Mfg. Co., Frederic C. Young, Chief Engineer; Television Productions, Inc., representative to be appointed, and Zenith Radio Corporation, John R. Howland, Secretary and Assistant to the President.

Details of organization and future procedure were arranged at the New York meeting. Many companies, including research and technical experts, will serve on various "panels" of the committee. Chairman Baker appointed and announced the organization of "panels" or "subcommittees" with their respective chairmen, as follows: System Analysis, P. C. Goldmark; Subjective Aspects, Dr. A. N. Goldsmith; Television Spectra, J. E. Brown; Transmitter Power, E. W. Engstrom; Transmitter Characteristics, Philo T. Farnsworth; Transmitter-Receiver Coordination, I. J. Kaar; Picture Resolution, D. E. Harnett; Synchronization, T. T. Goldsmith, and Radiation Polarization, David B. Smith.

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## TWO PLEAD GUILTY TO UNLICENSED RADIO OPERATION

The Federal Communications Commission disclosed this week that recent investigation of unlicensed radio operation in San Francisco resulted in the indictment of Ralph Wildt and Louis F. Books for violation of Sections 301 and 318 of the Communications Act of 1934, as amended. Both defendants pleaded guilty and will be sentenced by the United States District Court on August 9.

Peter Ruggeri, a minor, also charged with operating an unlicensed radio station will be prosecuted under the Juvenile Delinquency Act. His case is set for trial August 5.

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## SARNOFF TO BE QUESTIONED BY SENATE COMMITTEE

The Senate Interstate Commerce Committee hearings on the renomination of Thad H. Brown as Federal Communications Commissioner took an unexpected turn this week as Senator Tobey (R.), of New Hampshire, turned the spotlight on the Radio Corporation of America and the 1931 RCA anti-trust suit.

David Sarnoff, President of RCA, was first invited and then ordered to be subpoenaed to answer certain questions regarding the suit and RCA. He voluntarily agreed to testify at 10 o'clock Tuesday morning.

The FCC Monopoly Committee, of which Mr. Brown is Chairman, was sharply criticized by Chairman Wheeler of the Senate Committee for its failure to investigate charges of bribery of two former United States Senators and a Court Clerk in connection with the anti-trust suit.

Senator Wheeler rebuked Mr. Brown for not undertaking an investigation of the bribery charges against a licensee of the Commission. He pointed out that the FCC Monopoly Committee had gone into the Columbia Broadcasting System-Paramount Pictures stock deal, which he described as of vastly less importance.

The bribery charges were originally made on the floor of the House in May, 1938, when a resolution to investigate the FCC was pending. Senator White, Republican, of Maine, said the resolution was defeated principally on the ground that the FCC would conduct the investigation.

Senator Wheeler asked Mr. Brown if he didn't think it was important, when charges of this character were made by a member of Congress, that the Monopoly Committee should have gone into the matter, particularly as it was to investigate monopoly. Mr. Brown said the Committee sent out notices, but Senator Wheeler interjected:

"Brown, you can't hide behind that excuse. It seems to me that if that Commission has got any brains or any sense at all, when charges are made of bribery by its licensees and you pay no attention to it, that is a pretty weak excuse and dumb."

Senator Tobey said he was prepared to present charges, including names and dates, showing that two former United States Senators and an official of a United States Court were bribed to effect the postponement of the RCA anti-trust suit in 1932 until after the new administration came into power. He said the monopoly report of the FCC dealt at great length with the Columbia-Paramount transaction, but nowhere in the report is there any indication that the RCA suit was investigated.

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Charging the FCC monopoly report was a startling indictment, "almost criminal", of innocent men, Senator Tobey on Wednesday last engaged in several heated exchanges with Mr. Brown.

Senator Tobey said Mr. Brown had made serious charges in the Commission Committee's monopoly report against Columbia and its officials. He said Mr. Brown had testified at previous hearings that certain stockholders of Columbia had been "gypped".

If Mr. Brown's statements are true, Senator Tobey told the Committee, he should be confirmed; if they are not, he did not see how the Senate could vote for confirmation.

Senator Tobey, addressing Mr. Brown directly, said the Senate had a right to rely on statements in the monopoly report, and if Senators were held up to ridicule and accused of malicious motives for making comments on the report, he proposed to hold Mr. Brown responsible.

Mr. Brown insisted that acquisition by Columbia of its stock from Paramount Pictures resulted in a loss to the minority stockholders of \$43,000 at \$5 a share.

At one stage of the inquiry, Senator Tobey denounced Commissioner Brown for attempting to answer a question by reading a letter written to the Committee by FCC Chairman James L. Fly.

"Does Mr. Fly have to wet nurse you?" he shouted. "Leave the letter out of the picture. I want Brown to testify in his own words."

John J. Burns, special CBS counsel in the monopoly inquiry, and William J. Norfleet, FCC Chief Accountant, became involved in a controversy over accounting practices after Mr. Brown had put the accountant on the stand to explain why he had reported that CBS used capital funds rather than surplus to buy Paramount stock.

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A presidential order in Guatemala prohibits the advertising of national or imported liquors by radio broadcasting or by the use of portable or stationary apparatus fitted with loud speakers. Violation of this order will be punishable by a fine of from 10 to 150 quetzales, in addition to any other fines that may be incurred by such advertising.

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## ASCAP ADDRESSES NAB CONVENTION DESPITE REFUSAL

Although the National Association of Broadcasters refused to permit a representative of the American Society of Authors, Composers and Publishers to address its San Francisco convention, ASCAP sent a message to the broadcasters this week via an advertisement in a special ASCAP edition of Variety.

"We asked for the privilege of having a representative address the members of NAB at their convention in San Francisco", said ASCAP. "The request was denied. Courteously, cordially, and conclusively.

"Not being able to deliver our message to you in person, we now deliver it to you in print. Here it is:

"Every broadcaster in the United States who is mindful of his obligations to serve the public interest, is herewith assured of our complete cooperation.

"All our music, past, present and future, is available to all, at terms within the means of all.

"Our 1,109 composer-author members and our 137 music publisher members will continue to say it with music, because the public wants music and the public must be served.

"That's our message. And we present it to you with all good wishes for the continued progress of the art of broadcasting and the success of all broadcasters."

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## SENATE COMMITTEE ALERT TO RADIO "SUBTERFUGES"

Chairman Gillette said this week the Senate Campaign Expenditures Committee would be on the alert for reported "subterfuges" which he said he understood would be used in giving radio time in behalf of political candidates.

"Information has come to the committee", he said at a press conference, "that elaborate plans are being developed to utilize the radio in the present campaign in the hope of sponsors paying for the time without bringing the expenditures within the statutory campaign limitation. The suggestion takes the form of having commercial sponsors arrange for guest speakers to appear on programs. Then the guest speakers would make political speeches."

The candidates and sponsors were not identified by Senator Gillette.

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## MULLEN TO BE GENERAL MANAGER OF NBC

Frank E. Mullen, who since 1939 has been Vice-President of the Radio Corporation of America in Charge of Advertising and Publicity, will be appointed to a newly-created position of NBC Vice-President and General Manager at a meeting of the Directors of the National Broadcasting Company in New York on Friday. The appointment is being made upon the recommendation of Niles Trammel, NBC President.

A friend and business associate of Mr. Trammel for a dozen years, Mr. Mullen will report directly to the NBC President. Both executives began their careers with NBC in Chicago, where Mr. Mullen was NBC Director of Agriculture in 1926-34.

Frank M. Russell, NBC Vice-President in Washington, is expected to have additional responsibilities under the new management set-up. He is an intimate friend, as well as a business associate, of Mr. Mullen as their friendship dates back to the days when they were classmates at Iowa State College.

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## RADIO STATION INCOME SHOWS INCREASE FOR 1939

The total revenue of 705 standard broadcast stations reporting to the Federal Communications Commission for the calendar year 1939 amounted to \$89,990,646, as compared with \$79,128,760 for the 660 stations reporting in 1938. This is revealed in figures on broadcast income of stations by class and network revealed this week by the Accounting, Statistical, and Tariff Department of the Commission.

The tabulation shows that there were 397 stations in major networks compared with 350 in 1938. The 397 stations received \$22,500,941 from the three major networks, compared with \$19,645,447 for the 350 stations in 1938.

There were 519 stations in 1939 each of which had total net time sales in excess of \$25,000 compared with 485 for 1938.

The 519 stations had net time sales of \$80,306,134 for 1939, compared with \$71,082,465 for the 485 stations in 1938.

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## LITTLE PROFIT SEEN IN POLITICAL RADIO BUSINESS

Because of the loss of valuable commercial time and the off-setting cost of covering the party conventions, the networks do not expect to make much profit out of political paid-for radio time this year.

Broadcasters are still disturbed over the threatened loss of revenue by the plans of President Roosevelt to refrain from political debate and the indefinite plans of Congress. So long as members remain in Washington, it is unlikely that they will do any intensive political campaigning via the ether.

Having already spent or lost in the cancellation of commercial contracts nearly \$600,000 by covering the political conventions, the networks now face the cost of carrying the acceptance speeches of both presidential and vice presidential candidates as sustaining features.

The Democratic National Convention cost the major networks an estimated \$233,942. Added to the \$364,700 expended in covering the G.O.P. sessions in Philadelphia three weeks previous, the total reaches \$598,642 which the networks spent as a part of their public service operations in keeping the public fully informed.

Out-of-pocket expenses for the Democratic coverage is set by NBC at \$13,250, by CBS at \$25,000 and by MBS at \$6,000, a total of \$44,250. Commercial cancellations cost NBC \$52,267 in lost time revenue after discounts and \$35,425 in rebates for talent. CBS lost \$75,000 for time and \$25,000 for talent. MBS figures its losses at \$2,000 for time and talent. The total commercial loss for all networks thus amounts to \$189,692. Mutual explains its low losses because it was able to arrange for makeup broadcasts for most of its clients whose regular programs were cut out by convention broadcasts.

Total expenses for each network for the conventions were as follows: NBC, \$160,500 for the Republican and \$100,942 for the Democratic conventions; CBS, \$195,000 and \$125,000; MBS \$9,200 and \$8,000.

Totals for both conventions were: NBC \$261,442; CBS, \$320,000; MBS, \$17,200.

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## PHILIPS NOSING OUT U.S. FIRMS IN ARGENTINA

It is reported locally that the Dutch radio manufacturing company, Philips, is considering a further extension of its manufacturing activities in Argentina to compensate for the disruption of its production facilities in the Netherlands, according to the American Consulate General at Buenos Aires.

"The expanding activities of the Philips company is one of the chief factors in the declining Argentine demand for American radio materials", the report states. "Practically all receiving sets now sold in the Argentine market are manufactured in the country, United States trade consisting of component parts and tubes. Exports of American radio materials to Argentine during 1939 were valued at \$1,376,264, compared with \$1,859,216 in the preceding year and \$2,621,806 in 1937.

"The position of American-made tubes in the Argentine market has been declining as a result of a number of factors, including increased domestic production, the growing demand for receiving sets requiring European type tubes, and the intensified competition of Philips tubes. In the opinion of authorities in the local trade, the Philips company accounted for approximately half of the 2,000,000 receiving tubes sold in the Argentine market during the last calendar year.

"It is reliably estimated that the number of receiving sets now in use throughout Argentina is in excess of a million. About 200,000 sets are sold annually, more than half of the sales being in the metropolitan district of Buenos Aires."

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## U-235 GIVES DEBUT AT WBZ CEREMONY

On a salt-water marsh in Hull, Mass., last Saturday, the much-discussed member of chemistry's uranium family, known as U-235, gave its world premiere public performance as a usable source of power when the splitting of one of its atoms turned on Station WBZ's new 50,000-watt transmitter.

While radio listeners scarcely found the uranium debut to be as demonstrative as the first bow of a blues singer - only three metallic clicks marked the atom-splitting process - engineers said each of those clicks represented the release of 200,000,000 electron volts from a smashed atom.

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TRADE NOTES

Frequency modulation radio communication will have its debut in the utility industry late this Summer when the Indianapolis Power & Light Company plans to put into operation its new General Electric frequency modulation emergency communications system. Ten of Indianapolis Power's service cars and trucks are being equipped with G-E 25-watt FM mobile transmitters and receivers for two-way communication. Though they may be on jobs miles away, these service vehicles will be able to keep in close touch with main headquarters where a G-E 250-watt station transmitter will be in operation.

A decision of the Greek Ministry of National Economy specifies that hereafter all radios sent from abroad free of charge, as gifts, to persons residing in Greece, will be subject to a special import tax of 40 percent on their estimated market value. This is in addition to the regular import duty which is about 40 percent ad valorem. The importation of such radios will be subject to the issuance of a special import permit by the Minister of National Economy.

Gross client expenditures on NBC networks were up 16.7% last month over the corresponding month in 1939, reaching an all time high for July of \$3,830,438 as against \$3,283,555 last year. Cumulative billings for the first seven months increased 9.7% over the same period last year, totalling \$28,390,314 as against \$25,882,492.

Gross expenditures on the NBC Red Network in July were \$3,141,902 compared with \$2,713,798 last year, an increase of 15.8%. Gross expenditures on the Blue Network totalled \$688,536 as against \$569,757 in 1939, an increase of 20.8%.

Cumulative billings for the first seven months on the Red Network were \$22,468,748 compared with \$20,863,235 in 1939, an increase of 7.7%. Blue Network billings totalled \$5,921,566 as against \$5,019,257 last year, an increase of 18%.

The Mexican Ministry of National Defense announced that it has learned of four clandestine sending radio stations in addition to the one in Cuernavaca, news of which was given previously. The Ministry adds that "some of these stations are the property of German citizens", according to the New York Times. Of the four stations spotted, two are in Cuernavaca, one in Acapulco and one in Queretaro. All are accused of transmitting "subversive and political propaganda and news" in defiance of law. The Ministry of Communications has been charged to make the necessary investigations and take adequate measures.

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