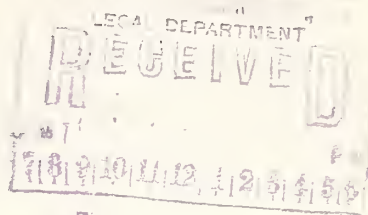


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF NOVEMBER 1, 1940

FCC Licenses Fifteen "Staticless" Stations.....	2
Rockefeller Adds Two More To Cultural Staff.....	3
Wireless Loud Speaker Experimentation.....	3
FCC Reports Television Progress.....	4
Mutual Announcer Hears Own Draft Number Called.....	5
Still Trying To Get Wheeler To Work For FDR.....	6
Another New Washington Station.....	6
Special Meeting Called To Spike Diathermy Interference.....	7
FTC Issues Stipulation Order.....	8
Trade Notes.....	9
New Accounting System For Telegraph And Cable Carriers.....	10
FCC Attorneys' Applications Approved.....	11
Again The Roosevelt Radio Earnings.....	11
"We Third Termers" Quips Mr. Fly.....	12
Limitation Statute In RCA Suit Dismissal.....	12

No. 1279

g L S

FCC LICENSES FIFTEEN "STATICLESS" STATIONS

The Federal Communications Commission on Thursday started a new industry in the radio broadcasting field with the granting of 15 licenses to operate frequency modulation stations on a commercial basis. These permits were the first to be granted since the FCC provided 35 channels between 43,000 and 50,000 kilocycles for FM service and adopted rules to govern the operation of the staticless stations.

Frequency modulation, dubbed FM in the trade, by making use of bands in the extreme high range of frequencies, performs with "bell-like clarity", its sponsors claim. It is said to be entirely free from static, to offer a much wider tone range than standard broadcasting and to permit more stations on the same channels without interference. The last-mentioned asset opens up a new field for broadcasting, which has long clogged the present standard broadcast band.

Its chief drawback, as brought out at FCC hearings, is that its short radius of 50 miles restricts its use, at least for the present, to urban areas, listeners in rural sections out of range of the broadcasting stations being forced to rely on standard broadcasts.

FM will require new receiving sets and special broadcasting equipment, all of which, the FCC feels, will contribute to employment and to trade.

The new stations are widely scattered geographically and are designed to service millions of listeners with the new type of radio transmission. Three are in New York City. Thirty-six more applications are pending and others are expected to pour in shortly.

The pioneer FM commercial licensees and location of the authorized stations are:

Detroit - The Evening News Association; Los Angeles - Don Lee Broadcasting System; Baton Rouge - Baton Rouge Broadcasting Co.; Salt Lake City - Radio Service Corporation of Utah; Chicago - Zenith Radio Corporation; Mt. Washington, N. H. - The Yankee Network; Milwaukee - The Journal Co.; New York City - National Broadcasting Co., William G. H. Finch, Marcus Loew Booking Agency; Evansville, Ind. - Evansville On the Air, Inc.; Binghamton, N. Y. - Howitt-Wood Radio Co., Inc.; Brooklyn, N.Y. - Frequency Broadcasting Corp.; Columbus, Ohio - WBNS, Inc.; Schenectady, N. Y. - Capitol Broadcasting Co., Inc.

On the basis of testimony by engineers of both the radio manufacturing and the broadcast industries, the Commission heralds the business debut of FM as inviting public demand for service and sets, which will have a stimulating effect on programming as well as on the purchase and maintenance of new equipment.

At the same time, FCC officials pointed out that there is no likelihood that FM broadcasting will develop so rapidly that present-day standard receivers will become obsolete.

X X X X X X X X X

ROCKEFELLER ADDS TWO MORE TO CULTURAL STAFF

Nelson A. Rockefeller, President of Radio City, and Coordinator of Commercial and Cultural Relations between the American Republics, has announced the addition of Karl August Bickel and Don Francisco to his Committee on Communications.

John H. (Jock) Whitney and James W. Young had been previously named to the Committee; Mr. Young serves as Chairman.

The Committee will execute the radio, news, motion picture and related phases of the program drafted by the Office of Coordination.

Mr. Bickel, of Sarasota, Fla., served as President of the United Press from 1923-35 and is Chairman of the Board of the Scripps-Howard Radio Company. Mr. Francisco, of New York City, has resigned and taken leave of absence as President of Lord and Thomas, advertising agency, to assume his Government assignment.

X X X X X X X X X

WIRELESS LOUD SPEAKER EXPERIMENTATION

As a result of hearing, the Federal Communications Commission has ordered a grant of a construction permit to Guy S. Cornish of Cincinnati, Ohio, for a new high frequency experimental station to operate on 310,000 kilocycles, with power of 1 watt, and type A3 emission. The applicant proposed to develop facilities for the transmission of aural signals between the announcer or speaker at public gatherings and the loud speaker system in instances where it is not possible or practical to use microphone cable.

The permit is granted upon an experimental basis only, subject to change or cancelation at any time, and upon further condition that no interference shall be caused to other radio service.

X X X X X X X X X

FCC REPORTS TELEVISION PROGRESS

Following a meeting between James L. Fly, Chairman of the Federal Communications Commission, and W.R.G. Baker, of the General Electric Company, Chairman of the National Television Systems Committee, it was announced that considerable progress was being made in the effort to arrive at an agreement with regard to television standards by January 1. A particular effort is being made to accomplish this for not until standards have been set can the "go ahead" signal be given to the industry.

In this connection, the FCC has announced that it will confer with the NTSC early in January for the purpose of receiving a progress report on that Committee's study of the television situation.

The Commission will hear the Chairman of the Committee and the various Panel Chairmen, but will not call for recommendations as to whether standards should be fixed at that time.

The conference, which will not be in the nature of a hearing, will be held in Washington at a date to be announced later and will be open to the public.

Although Chairman Fly evidently has the manufacturers pretty badly worried by his enthusiasm over television in color, it was said the Commission as yet has had no engineering report on it. There seems to be two schools of thought with regard to introducing television images in color as against black and white. One is that it will be tremendously more difficult and expensive and will slow up the effort. On the other hand, a high Government official expressed the opinion to this writer that rather than color slowing things up quite the contrary - the introduction of color would stimulate it.

That the Columbia Broadcasting System had already spent a million and a half dollars in color television experimentation was revealed this week in a spirited reply Paul W. Kesten, Vice-President, made to a story in Variety. Mr. Kesten wrote, in part, as follows:

"Variety says: 'It is doubtful that as things now stand, RCA could justify new huge experimental program expenditures to its stockholders.' CBS, of course, has frankly no intention of doing anything more than 'shadow-boxing.'

"The facts are that CBS has expended to date over \$1,500,000 in television, has built and equipped the largest television studio in America, has created and tested hundreds of television programs, but has consistently refused to broadcast them as 'bait' to sell consumers expensive receiving sets until technical standards had sufficiently 'jelled' to protect the consumer against radical change which might make sets useless.

"CBS has done all this up-hill. It has found the best camera equipment in England or America not good enough to do the job it wants to do, not good enough to give television a lusty start as a new art. CBS engineers have designed and ordered better equipment, have already waited 14 months to get it, have produced color television without it.

"Variety reports about CBS: 'Recently when its one man engineering department, Peter Goldmark, rushed in a demonstration of color television . . . the immediate result was to steal the show from RCA-NBC.'

"The facts are: CBS has a 47-man full-time television organization, a 25-man television engineering personnel. Dr. Goldmark may or may not be the most able inventive engineer in television ranks - he could not alone have produced color television after hundreds of engineers in the vast laboratories of equipment manufacturers had abandoned hope that it could be done in the limited six megacycle 'width' of present television channels. Full credit is due him and his compact but talented staff for having lifted television out of its drab grays into full and glorious color, perhaps lifting all television, in this process, from a defeatist slough to a sound, sure-footed optimism.

"As for Variety's statement that: 'Faced with the Government philosophy that all must wait for the slowest among them and with no plausible way of getting back any portion of an already staggering investment in television, RCA is understood to be loath to go beyond routine programs such as are recommencing...' Whatever may or may not be Government philosophy, the net result of deferring 'commercial television broadcasting has been to permit the swiftest, not the slowest, to lead.'"

X X X X X X X X

MUTUAL ANNOUNCER HEARS OWN DRAFT NUMBER CALLED

Stephen McCormick, 26-year old Mutual Broadcasting System announcer, was describing the dramatic scene in the Departmental Auditorium in Washington, and interviewing selectives and their relatives over a coast-to-coast hook-up, when a fellow announcer tugged at his sleeve.

"Isn't your number 105?" asked Walter Compton.

"Yes, why?" McCormick whispered back. Mr. Compton pointed at the blackboard on which the numbers were being listed. No. 105 was the nineteenth drawn. So one announcer interviewed another on how it feels when the Government gets your number.

"I'm proud to be called", said Mr. McCormick.

A native of Taunton, Mass., Mr. McCormick has been a Washington resident for six years. He is chief announcer for WOL.

X X X X X X X X

STILL TRYING TO GET WHEELER TO WORK FOR FDR

The following observation regarding Senator Wheeler, radio leader in the Senate, is made by Ray Tucker of the McClure Newspaper Syndicate:

"New Deal strategists are still coaxing Burton K. Wheeler to declare for F.D.R. and campaign for the national ticket in areas where 'Old Bob' LaFollette's 1924 running mate carries vast influence. But the Montana man recently inserted in the Congressional Record a magazine article which will discount any last-minute switch. It appeared in Foreign Affairs, and is entitled: 'National Defense - Plan or Patchwork.'

"'Our Congress', it said, 'is not willing to write a blank check in respect to grants of power, and I do not think we should blame Congress. It encounters vagueness in high places. It knows that in June its adjournment was proposed, and that now there is much work for it to do. But Congressional delays or even refusals will not be decisive. The President of the United States has emergency powers already granted that give him, as Commander-in-Chief, sufficient freedom of action - to make or mar his reputation and perhaps save or sacrifice the country.

"'If we go the way of France, no one will be able to blame it on Congress. It has been generous, almost profligate, in granting money and, within the limitations it has imposed, there is ample authority for the spenders to be intelligent. Likewise there can be no legislative barrier to their intelligence.' And that's just how the Senator talks in private."

X X X X X X X X X

ANOTHER NEW WASHINGTON STATION

Washington's radio stations soon will have a new member, it was disclosed this week when the Federal Communications Commission approved application of the Capital Broadcasting Co.

The new station, assigned a wave length of 1420 kilocycles, 250 watts power, will be located at Pierce and North Capitol Sts., North East, with a second booster tower on the East-West Highway between Bethesda and Silver Springs, Md. Stanley Horner, District auto dealer; former F. T. C. Auto Consultant Dyke Cullum, and Ed Spence, former WBAL (Baltimore) Manager, head the venture.

Construction will commence soon and the station will be ready about January 1. It will be on an 18-hour schedule and feature only local talent and events.

Meanwhile, Station WINX, operating on a frequency of 1310 kilocycles, plans to start schedules within the next few days. Headed by Washington Attorney Lawrence Heller, WINX is at Eighth and I Streets, Northwest, with a synchronized booster station on American University campus. It, too, will feature only local affairs. Reggie Martin has been named General Manager.

X X X X X X X X

SPECIAL MEETING CALLED TO SPIKE DIATHERMY INTERFERENCE

Because of the interference of electro-medical apparatus with National Defense communication, as well as the trouble it gives to broadcasting in general, the Federal Communications Commission has scheduled an informal engineering conference in Washington on Friday, November 29, to facilitate establishing particular frequencies for the exclusive use of such apparatus. The sessions will be presided over by Chief Engineer E. K. Jett, who has made a thorough study of the subject and who is largely responsible for its consideration at this time.

It is through the cooperation of interested individuals and groups that the Commission hopes to adjust the technical problems in connection with operation of high frequency electro-medical equipment. Such effort, it points out, is in keeping with views expressed at the Inter-American Radio Communications Arrangement signed at Santiago, Chile, last January.

"The serious nature of diathermy interference was first brought to my attention in 1935 when commercial and government communication agencies began to experience interference on the high frequencies used for long distance communication", Commander Jett said, in a recent broadcast. "The disturbances were at first attributed to stations operated by persons under the jurisdiction of foreign governments. The severity of the interference increased rapidly and agencies such as the Army, Navy and the commercial operating companies, cooperated with the Federal Communications Commission in an extensive search for the source of the interference. The signals were observed to shift from one spot on the dial to another without, of course, any call signal or other identifying characteristics. Observations indicated that the signals emanated from points far removed from the receiving stations.

"An investigation finally disclosed that the interference was caused by diathermy machines operated in medical centers and offices of private physicians. Radiations from one of these machines located in the vicinity of Boston were controlled by an ordinary telegrapher's key and the signals thus emitted in the international Morse code were easily read in Washington, D. C., and at Great Lakes, Ill., near Chicago. Since that time interference has rapidly increased as more and more diathermy machines have been brought into use by the medical profession.

"Local interference of radio programs is not our greatest cause for concern. The transmissions from diathermy machines are capable of being received across the continent and even across the ocean. The frequencies upon which they operate are used by the national defense and safety services. Interruptions of these services may jeopardize life or property, or seriously affect the nation's interests.

"I wish to emphasize that the Federal Communications Commission recognizes the importance of electro-medical apparatus

to the medical profession in the treatment of human ills. As a matter of fact, the Inter-American Radio Communications Arrangement signed at Santiago, Chile, in January of this year, specifically states that the use of diathermy apparatus has an important place in therapeutics, surgery and industry. The immediate problem, therefore, is how may the public enjoy the benefits of radio communication as well as those resulting from the use of electro-medical apparatus without conflict between these services.

"The Commission has been studying this problem for several years and has received excellent cooperation from the Council on Physical Therapy of the American Medical Association and other interested parties. A number of states and municipalities have enacted statutes and ordinances to deal with the subject. However, the general problem of interference has been approached by the Commission from the point of view that the public as a whole will be best served through cooperation in the industry. The Commission believes that through further cooperation it will be able to adopt standards of good engineering practice to guide manufacturers and users of electrical equipment and thus prevent radio interference."

X X X X X X X X X

FTC ISSUES STIPULATION ORDER

George's Radio Company, Inc., 814 F Street, N.W., Washington, D. C., a corporation, engaged in selling merchandise, including radio receiving sets together with cabinets in which the sets are housed, has stipulated with the Federal Trade Commission to cease and desist from stating or representing that its products have a "factory" or "list" price of \$99.95, or any other designated price, when in fact the designated price is fictitious or in excess of or is other than the price for which the products are customarily sold in the usual course of retail trade.

Also it has stipulated to cease and desist from use of the phrase "More Than 1/2 Off", or "Reduced \$60" in connection with the offered retail selling price of \$39.95, or in any other way so as to import or imply that the regular or customary retail selling price of the products is \$99.95 or that the price of \$39.95 is a special price or is less than one-half of the customary sales price or is \$60 less than the customary sales price or is other than the regular or customary retail sales price of the products. Likewise refrain from use of the word "Grunow" as an escutcheon on cabinets housing radio receiving sets so as to import or imply that the radio receiving sets were made or manufactured by Grigsby-Grunow Corporation, formerly of Chicago; and from use of the word "Grunow" in any way, the effect of which tends or may tend to mislead or deceive the purchasing or consuming public as to the origin, size, capacity, make, manufacture, brand or type of the sets.

X X X X X X X X X

TRADE NOTES

In outward appearance looking like any other automobile and having no identifying marks, a specially built car now carries the Federal Communications Commission's new directional locating apparatus on its detection tours. The apparatus can, by moving from place to place, locate any "bootleg" radio station to within 100 yards. Simultaneously cylinders record broadcasts.

Crosley Corporation and Subsidiaries - Nine months to Sept. 30: Net loss, subject to audit, \$509,910, compared with net profit last year of \$158,376, or 29 cents a share, on 545,800 capital shares.

The Mutual Broadcasting System will have a total of 159 stations in its network when three 250-watt Virginia stations become affiliated with the chain on Monday. They are WLVA, Lynchburg, 120 kc.; WBTM, Danville, Va., 1370 kc., WSLs, Roanoka, Va., 1500 kc.

As a feature of the twentieth anniversary of the beginning of regular daily radio programs, Dr. Frank Conrad, and the man credited with having first used the word "broadcast" in connection with radio, will be the guest of Musical Americana, Thursday, November 7, at 10:30 P.M., EST, over the NBC-Red Network.

Frank Mullen, Vice-President and General Manager of the National Broadcasting Company and founder of the Farm and Home Hour, was the principal speaker at the Fifteenth Anniversary of agricultural broadcasting on Station WGY, Schenectady.

Employment has increased at such a fast pace in the Cincinnati area that it has been found necessary for radio station WSAI to replace its "I Want A Job" program with a weekly news summary, due to the scarcity of competent persons now without employment.

WOR will record off the line several major Mutual nighttime shows which cannot be fitted into WOR's evening schedule and will rebroadcast these programs during daytime hours. As a result, WOR listeners will now be able to hear "In Chicago Tonight" a Thursday night Mutual variety show from Chicago, every Friday morning at 10:30 A.M. "Lew Loyal", a Friday evening dramatic series, will have its matinee performance on WOR at 5:15 every Tuesday; Similarly, each episode of "Ned Jordan, Secret Agent" heard on Tuesday nights, will be recorded Saturday mornings at 8:30 A.M.

11/1/40

NEW ACCOUNTING SYSTEM FOR TELEGRAPH AND CABLE CARRIERS

A revised uniform system of accounts for wire-telegraph and ocean-cable carriers was adopted this week by the Federal Communications Commission, to go into effect January 1, 1942.

Giving recognition to changes of operation in that industry and to the progress of accounting generally, the new system supplants the one made effective by the Interstate Commerce Commission in 1914, which has been found impractical of application to many present-day operations.

The variations from the old system are generally recognized as warranted by the carriers and by the National Association of Railroad and Utilities Commissioners, which is representative of State public utility bodies. They are fundamentally the same as those contained in the system of accounts prescribed by the Commission for telephone and radiotelegraph carriers. The prescribed system is the result of studies initiated by the former Telegraph Division of the Commission and thereafter developed by the Accounting, Statistical and Tariff Department. It conforms to Government accounting principles.

The revised rules provide, through prescribed segregation, for instant determination of the extent to which variations in revenue, expenses, and other elements of net income are attributable to changes in the rates of foreign currency exchange. This provision is considered sufficiently flexible to provide appropriate accounting for transactions involving foreign currencies under stabilized conditions as well as under present conditions of rampant fluctuation in the rates of exchange.

The new rules provide further for the segregation, among the charges against income, of amounts, if any, paid to other carriers or persons, on basis of the revenue or traffic volume of the accounting company, when the payee has not incurred any expense or participated in the service upon which the charge has been based. The revision also seeks to provide in general design for such future changes as can reasonably be anticipated.

The effective date was set in order to give the carriers a reasonable time in which to make accounting reclassifications accordingly.

X X X X X X X X

FCC ATTORNEYS' APPLICATIONS APPROVED

Applications for the following attorneys to practice before the Federal Communications Commission, approved by the Bar Committee on October 25, 1940, were approved by the Commission this week:

Thad H. Brown, former member of the Federal Communications Commission, Washington, D. C.; Arthur W. A. Cowan, Philadelphia, Pa.; Sam L. Collins, Fullerton, Calif.; Gerald J. Meindl, Portland, Ore.; James S. McCluer, Parkersburg, W. Va.; David Elden Tolman, Washington, D. C.; George H. Toole, Boston, Mass., and Philip M. Traynor.

X X X X X X X X X X

AGAIN THE ROOSEVELT RADIO EARNINGS

In his syndicated column, Westbrook Pegler writes:

"It is often said, on what basis I do not know, that Mrs. Eleanor Roosevelt gives all of her earnings to charity. I have never heard or read any announcement to this effect and suspect that those who believe this to be true have carelessly misconstrued the announcement of several years ago that she was donating to charity the proceeds of her radio orations only.

"According to John T. Flynn's figures in his book, "A Country Squire in the White House", Mrs. Roosevelt would have had \$750,000 over and above her radio income. And even if it is true that she gives most or all of this to charity, the question still is not what Mrs. Roosevelt does with the money but to what extent the presidential office figures in the calculations of those who pay it. Moreover, Mrs. Roosevelt need not give away a dime of this income. By her precedent, another First Lady could make as much or more by her work and showmanship and keep it all.

"John N. Garner stated the correct position when, early in the first term of the New Deal, in rejecting an offer of \$1,500 a week for radio work, he said that if the sponsor was trying to hire the Vice President of the United States, the price was too little, and if he was trying to hire John Garner, it was much too much.

"It is conceded that Elliott Roosevelt participated in negotiations before the Communications Commission which yielded him a profit of extraordinary size for a boy of his years at the time, and it has since been said by his own representative that he has been earning an income of \$1,000 a week as a broadcaster."

X X X X X X X X

"WE THIRD TERMERS" QUIPS MR. FLY

Some comment has been caused by James L. Fly, Chairman of the Federal Communications Commission, allegedly beginning a talk to radio manufacturers in New York by saying "We Third Termers have been under considerable fire lately".

This remark was construed to refer (a) to the criticism of President Roosevelt in the present campaign, and (b) the recent dressing down Mr. Fly himself received in the Saturday Evening Post. Also it would seem to indicate that Mr. Fly felt that he was pretty well entrenched in his present position.

X X X X X X X X X

LIMITATION STATUTE IN RCA SUIT DISMISSAL

Supreme Court Justice Bernard L. Shientag dismissed last Tuesday in New York the major causes of action in an accounting suit brought by Rose Druckerman and eleven other stockholders of the Radio Corporation of America. They had charged conspiracy by present and former directors of the corporation with the General Electric Company and the Westinghouse Electric and Manufacturing Company to defraud R.C.A. for the benefit of the other companies.

Justice Shientag ruled that the six-year statute of limitations applied to the causes of action which he dismissed. These included the major portion of the \$500,000,000 losses alleged in the suit to have resulted from negligence and conspiracy on the part of the directors of R.C.A.

Justice Shientag specifically ruled out charges that RCA paid \$82,000,000 more than the book value of assets in acquiring the Victor Talking Machine Company, Inc., in 1929, and lost \$10,000,000 in a subsequent deal with General Electric and Westinghouse concerning the manufacturing properties of Victor. Another charge dismissed was that RCA paid at least \$170,000,000 too much in 1930 for exclusive patent rights of General Electric and Westinghouse, the exclusive feature of which subsequently was cancelled.

Justice Shientag ruled out also charges of excessive payments before 1930 to General Electric and Westinghouse, alleged losses through underwriting of certain Radio-Keith-Orpheum debentures, payment of allegedly improper dividends and fees for "fictitious services" before 1932 and wrongful profits in 1928 by directors from trading in Victor stock.

X X X X X X X X X