

HEINL RADIO BUSINESS LETTER

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INDEX TO ISSUE OF DECEMBER 31, 1940

New Congress Will Make FCC Hop.....	2
Defense Communications Board To Meet.....	3
Government Suit Bad Break For Radio.....	4
1940 Magical, Says Times Editor Reviewing Year.....	6
Reduced Channel Separation Proposed In Aviation.....	7
Another Suspicious National Capital Power Blackout.....	8
Trade Notes.....	9
Alters WPA Radio Policy.....	10
FCC Amends Rules Regarding Applications.....	11
Gets Leave To Assist Rockefeller.....	11
Sarnoff Expresses Hope In American Ingenuity.....	12

December 31, 1940

NEW CONGRESS WILL MAKE FCC HOP

Although no drastic legislative action is in sight, with the exception of the possibility of the long expected Congressional investigation of the radio industry, which if it took place would undoubtedly include the deodorization of the Federal Communications Commission, the convening of the new Congress will cause increased activity among government radio officials.

The first thing probably that will receive Congressional attention will be the belated monopoly report which will be lucky if it isn't greeted with a shower of brickbats. The FCC Committee preliminary monopoly recommendations met with such a warm reception on the Hill that it is believed an entirely new report is now being written.

Only the Mutual Broadcasting System, among the major networks, supported the FCC Committee's conclusions that networks be licensed, that exclusive affiliate contracts be banned, and that the FCC in effect supervise the dealings of stations and networks.

One prediction is that the upshot of the whole thing will be the FCC reporting to Congress that it has no commercial jurisdiction over the chains, and if this opinion is upheld, would have no power to act in the matter.

Senator Wallace White, Republican, of Maine, early in the session will renew his efforts for an inquiry into, or a survey of, the entire radio situation. It may be accompanied by a resolution proposing a reorganization of the FCC. If so, he probably would be backed up by Senator Burton K. Wheeler, Democrat, of Montana, Chairman of the Senate Interstate Commerce Committee, the most relentless investigator in the Senate and Senator Tobey, Republican, of New Hampshire, the stormy petrel in the Thad Brown hearings.

The Department of Justice cracking down on both the Broadcasters and the Composers thereby keeping the financial side of radio in the limelight, may prove to be quite a factor in bringing on a Congressional investigation. The criminal proceedings which Attorney General Jackson has ordered will focus public attention on the profits made by the networks and all this may prove alluring to Congress always eager to investigate. On the other hand, it may be disastrous to the industry if it winds up in network restrictions or a heavy tax on network stations.

The Senators may have something to say when and if a new FCC Commissioner is named to succeed Colonel Brown. Also if instead of filling the vacancy President Roosevelt decides to reorganize the Commission perhaps along the lines of the Civil Aeronautics Authority

12/31/40

The FCC will likewise come to the attention of the new Congress in the matter of the Commission's 1942 budget. Although definite figures have not as yet been made public, the Commission is said to be asking for something more than \$4,000,000 for overall activities from July 1941-42. Base appropriations for the current fiscal year amounted to over \$2,000,000. During the year the Commission received \$1,600,000 from the President's National Defense Fund and \$175,000 for relocation of monitoring stations. A large item in the 1941-2 appropriation is national defense.

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DEFENSE COMMUNICATIONS BOARD TO MEET

Further indication of tightening up all along the line in national security will be the first general meeting of the Defense Communications Board in Washington Monday, January 6. Chairman James Lawrence Fly and associate members have been at work for several weeks on the preliminaries. Those with him in this were Major Gen. Joseph O. Mauborgne, Chief Signal Officer of the Army, Rear Admiral Leigh Moyes, Director of Naval Communications; Hon. Breckenridge Long, Assistant Secretary of State in Charge of the Division of International Communications; Secretary Herbert E. Gaston, Assistant Secretary of the Treasury in Charge of the Coast Guard. Also a Coordinating Committee composed of E. K. Jett, Chief Engineer, Federal Communications Commission, as Chairman; Francis C. de Wolf, State Department; Maj. W. T. Guest, War Department and Commander J. F. Farley, Chief of Communications, U. S. Coast Guard, Treasury Department.

Due to the fact that there are eleven subcommittees the sessions will be held in the large hearing room of the Interstate Commerce Commission but only committee members will be admitted and the public excluded.

The Committees are Law, Labor, Industry, Amateur Radio, Aviation, Cable, Domestic Broadcasting, Interdepartmental Radio, International Broadcasting, Radiocommunications, State and Municipal Facilities, Telephone, Telegraph, and U. S. Government Facilities. No indication has been given as to the length of the meeting, but it is assumed that it will not last more than a day.

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"Radio War on the U.S.A." (Berlin's "bombs for the mind") is the title of an article in the January issue of "American Mercury".

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GOVERNMENT SUIT BAD BREAK FOR RADIO

Whether or not the suits are ever prosecuted, Attorney General Jackson so unexpectedly cracking down on the Broadcasters was a bad break for them. President Neville Miller of the National Association of Broadcasters had been enthusiastically prodding the Department of Justice to prosecute ASCAP and probably was the most surprised man in Washington when the Attorney General landed on BMI with equal force.

It was a surprise move which newspapers all over the country played up on the front page bringing the copyright war to the attention of millions of radio listeners who probably never heard of it. Without this publicity the Broadcasters could have slipped in the BMI music without listeners knowing the difference. One big network broadcaster told this writer that there hadn't been a single complaint from listeners on BMI music.

ASCAP had well laid plans to arouse the public, but anyone who has had any experience with arousing the public knows this is a most difficult thing to do. If Attorney General Jackson had singled out ASCAP for prosecution this, of course, would have attracted attention and might have gained sympathizers though people are not quite so quick to sympathize when a criminal charge is involved. However, in taking a crack at the Broadcasters as well, the Attorney General brought the fight to the attention of the entire listening public and put them on guard in a manner it would have been utterly impossible for ASCAP to have done. Altogether it was a great publicity break for the Composers who made no effort to conceal their satisfaction at the turn events had taken.

Well informed observers in Washington believed that there is still a chance that the suit will be settled before the Department of Justice files criminal proceedings in Milwaukee.

John G. Paine, General Manager of the American Society of Composers and publishers, declared:

"Even up to the last minute, if the chains show the inclination, something may be worked out in a few hours so that the public might continue to hear the music over the air."

The dispute centers around the five-year contract which expires today (December 31). The Society's new contract asks $7\frac{1}{2}$ per cent of the gross income from all commercial programs, while the broadcasters offer payment on a per program basis if ASCAP music is used.

Despite the Government action, it is evident at this writing that Broadcasters intend to go ahead with their plan to put on BMI music.

12/31/40

Present ASCAP contracts have been renewed on the new terms by only a minority of radio stations and it is alleged that more than 600 stations have subscribed to the rival music copyright service. Washington radio attorneys disclosed that many independent stations over the country are hopelessly confused by the latest development and are preparing to obtain both ASCAP and BMI licenses to avoid any danger of copyright infringement.

The law prescribes a \$250 fine for each infringement of musical copyrights, and even NAB officials admit that it's not going to be easy to avoid mistakes.

ASCAP and BMI, on the other hand, have their worries. Should either or both be convicted of anti-trust activities, as alleged by the Justice Department, they would be liable to triple damage suits from their licensees.

One rumor in Washington was that the Department of Justice really proposed to go through with the ASCAP-BMI prosecution and that it was not merely a bluff by Attorney General Jackson to bring about a settlement. Furthermore, it was said that the Justice Department also proposed to give some attention to the activities of James C. Petrillo, the \$46,000-a-year music "czar" of the American Federation of Labor who recently issued an ultimatum regarding broadcasting by Army bands.

Headed "Department of Justice Confused" the National Association of Broadcasters issued the following statement:

"Further evidence of misunderstanding by the Department of Justice concerning BMI's set-up was the Department's reference to ASCAP and BMI 'members'. ASCAP has members. BMI has no members. ASCAP is a 'protective society'. BMI is a musical publishing house.

"For example, in the lowest paid ASCAP membership group, a member pays a \$10.00 annual dues fee to the society against his average annual receipts of \$20.00 paid by ASCAP to the 'member' for all rights to his music.

"In contrast, BMI makes no restricted contracts with composers. Nor does it receive any form of 'dues' from any author or composer. BMI merely publishes their compositions, pays them royalty fees and, in addition, pays them for the use of compositions over the air in exact ratio to the number of performances.

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NOTE - DUE TO THE NEW YEAR HOLIDAY, THE REGULAR FRIDAY ISSUE WILL BE OMITTED THIS WEEK.

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1940 MAGICAL SAYS TIMES EDITOR REVIEWING YEAR

If 1940 was magical, T. R. Kennedy, Radio Editor of the New York Times observes the new year is destined to be even more so. Reviewing the past year, Mr. Kennedy writes:

"More than 11,000,000 receivers came off the factory work benches - 2,000,000 of them for automobiles....The industry now pays its 500,000-odd workmen at the rate of more than \$500,000,000 annually, an increase of 15 to 20 percent over 1939.

"Effective last July, the Federal Communications Commission required American short-wave broadcasters to maintain a minimum power of fifty kilowatts - equal to the largest transmitters of foreign countries. Sponsored programs were authorized.

"On radio waves regarded in the early Nineteen Twenties as practically useless, 1940 saw the inauguration of a whole new method of broadcasting known as FM. A dozen transmitters went on the air within a few months - recently twenty-five such stations were authorized to install high-power apparatus and to operate 'as soon as possible' on a business par with existing long-wave broadcasters. . . .

"A recent survey disclosed at least 7,000 FM receivers operating daily in the Greater New York area; 12,000 in cities along the Atlantic Coast. More than fifteen large set makers were producing receivers as 1940 drew near its end, and four or five other plants were building the needed transmitters. . . .

"Much technical progress was made in television during the latter part of 1940, while its operation 'marked time' at the request of the FCC, to effect a standardization of transmission and reception systems. This work, now being finished by the National Television Systems Committee, is scheduled to go before the FCC by January 27.

"Devised by Dr. Alfred N. Goldsmith, New York consulting engineer, a novel method of utilizing many small cathode-ray tubes instead of a single large one to increase the size of projected television images, is designed to be plugged into existing home television sets, or to be utilized for large screen views in theatres.

"Color television received the attention of experimenters. It seems safe to predict that color will be featured on the video bands within a few years as the result of basic tests made in 1940. High among the list of such experimenters was Dr. Peter Goldmark, Chief Television Engineer of the Columbia Broadcasting System, who introduced outside pickups and scenes from films through the utilization of vari-colored whirling disks. . . .

"Tiny waves less than a meter long, in two ethereal hops linked the Empire State televue station with an RCA receiving depot at Riverhead, L. I., eighty miles distant. . . .

"Encouraged by the success of the tests, NBC began construction of a new television unit at Washington, later to be joined in a tri-city system - New York, Philadelphia and Washington. . . .

"Camera-size radios came into vogue during the past twelve months, aided by the creation of special dry batteries capable of operating new thimble-size vacuum tubes for many hours. Home recording gained in popularity; nearly 750,000 units were built. With the gaining popularity of radio-phonograph combinations and record players came phonograph record sales for 1940 exceeding the 75,000,000 mark.

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REDUCED CHANNEL SEPARATION PROPOSED IN AVIATION

A progressive schedule of installation of ultra high frequency apparatus has been provided in a proposed amendment to Part 9, Rules and Regulations Governing Aviation Services. The proposals are based on the recommendations of Subcommittee No. 9 of the Radio Technical Committee for Aeronautics and discussions held between representatives of the Commission, other government departments and licensees. They involve the use of the ultra high frequencies for airport control purposes.

A reduced channel separation between the frequencies assigned for airport traffic control has been set up with consequent increase in the number of assignable frequencies and amplitude modulation rather than frequency modulation is adopted for the aviation service.

Any who are interested in the adoption of these proposed rules are invited to comment to the Federal Communications Commission upon any specific provision or on the proposal as a whole. It is requested that comments be submitted by letter to the Secretary on or before January 31, 1941.

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IOWA STUDENT WINS BURKAN COPYRIGHT COMPETITION

Winners of the 1940 Nathan Burkan Memorial Competition inaugurated by the American Society of Composers in memory of its former General Counsel, were Frank R. Miller, State University of Iowa, Iowa City, Iowa, "A Re-Examination of Literary Piracy"; Frank D. Emerson, Western Reserve University, Cleveland, Ohio, "Public Performance for Profit: Past and Present"; Calvin Welker Evans, University of Arizona, Tucson, Arizona, "The Law of Copyright and the Right of Mechanical Reproduction of Musical Compositions"; Irving Propper, Brooklyn Law School of St. Lawrence University, Brooklyn, N. Y., "American (Popular) Music and the Copyright Law"; Robert W. Bergstrom Chicago-Kent College of Law, Chicago, Ill.; "The Business man Deals

With Copyright"; Howard B. Pickard, University of Oklahoma, Norman, Oklahoma, "Common-Law Rights Before Publication"; Milton Harold Aronson, Washington University, St. Louis, Missouri, "The Development of Motion Picture Copyright".

Forty law schools participated in the competition in 1938 and eighty-one in 1940.

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ANOTHER SUSPICIOUS NATIONAL CAPITAL POWER BLACKOUT

Following closely a blackout of power on all Washington and Baltimore radio stations and everything else in these cities using electricity a wire placed by an unknown person on the main Virginia Public Service Co. power line between Alexandria and Arlington, Va., just across the Potomac from Washington, D. C., last Wednesday cut off current to the naval radio station in Arlington - which transmits signals to ships at sea - and blacked out more than 1,000 homes.

At the Navy Department, it was said that the interruption of current caused only momentary inconvenience at the naval radio station. It was explained that the station has auxiliary power, and any failure in the public supply merely prompts an engineer to throw a switch turning on the emergency unit.

Although sabotage was denied in the first blackout power, company officials admitted the possibility of sabotage in the second instance, "in which case the trouble probably would be repeated", but were more inclined to believe a prank was intended.

The wire, several feet long and not insulated, was placed on the line at the top of a pole at South Seventh Street and Washington Boulevard, Arlington. Officials believed it was thrown from the ground or placed by a person who climbed the pole and handled the wire with gloves. The spot is at the south end of Arlington National Cemetery - a sparsely settled section.

A short circuit became evident at the Alexandria powerhouse at 11:33 P.M. and the current went out in the Aurora Hills and Virginia Highlands communities in Arlington County and the Del Ray and Rosemont suburbs of Alexandria. A trouble crew was sent out to locate the trouble and service was resumed at 12:28 A.M.

Arlington firemen put out flames at the top of the pole, caused by the short circuit.

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 ::: TRADE NOTES :::
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A streamlined annual report of the Federal Communications Commission, brought up to date but half the size of last year's, will be released Thursday, January 2.

Five stations in an Oklahoma regional network will become affiliates of the National Broadcasting Company January 1. They are KADA, Ada; KVSQ, Ardmore; KCRC, Enid; KBIX, Muskogee, and KGFF, Shawnee.

Television will be discussed at the Fourth Annual Engineering Conference of Ohio State University at Columbus on February 10 to 21. Among the speakers will be Dr. W. R. G. Baker, Director of the RMA Engineering Department, who will discuss the work of the National Television Systems Committee. Chief Engineer E. K. Jett of the Federal Communications Commission will discuss national defense problems in the communication field, and other speakers will include Major E. H. Armstrong on frequency modulation.

The National Broadcasting Company networks accounted for 118 of the 172 programs and personalities voted "tops" in Radio Daily's Annual Poll of radio editors, according to a NBC press release.

A hearing has been set for Friday, February 21, on the application of WMBG, Havens and Martin, Richmond, Va., for 5 KW day and night unlimited time.

Harry L. Erlicher, purchasing agent of General Electric since 1931 and an employee of the company 40 years, was elected a Vice-President at a meeting of the Board of Directors in New York. He will continue to be in charge of the company's purchasing activities.

Ultra high frequency will be used in 1941 by American Airlines. A station is being erected between New York and Boston.

Denying him the privilege of operating Station W2XEN on a commercial basis the Federal Communications Commission granted special temporary authority to Major Edwin H. Armstrong to operate a high frequency experimental broadcast station on 42800 kilocycles, 4000 watts power at Alpine, N. J.

The Zenith Radio Corporation has been granted special temporary authority to operate a high frequency experimental broadcast station on 42800 kilocycles, 5000 watts, special emission for frequency modulation with transmitter located at 505 N. Michigan Avenue, Chicago

Station WOR has abandoned its practice of maintaining a skeleton office staff on Saturday mornings. Hereafter the offices will be closed from Friday afternoon to Monday morning.

Rufus C. Maddux has been appointed Director of Sales of WOR. He was Director of Advertising and Publicity for the New England Council.

Major John A. Holman, General Manager of KDKA, has received orders from the War Department to report for active duty.

An 8-page Radio and Theater tabloid section was started recently as a regular Sunday feature of the Chillicothe (Ohio) Gazette and News Advertiser. A complete weekly radio schedule is offered with copy restricted in order that it might be laid-out around radio programs.

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ALTERS WPA RADIO POLICY

The Work Projects Administration in Washington states that no WPA musical programs would be broadcast after December 31 until such time as schedules could be rearranged to insure widest possible reception of its concert music.

"WPA has decided", an official said, "that it is a waste of time and effort to fill the air at random with whatever music the various units are prepared to offer. After the first of the year no programs will be broadcast until worthwhile concerts can be given on regular schedules."

Local officials of the major broadcasting chains said that so far as they knew there had been no WPA programs on the networks. Broadcasts, it was said, have been handled by some individual stations.

The WPA did not explain just what arrangements it desired before resuming broadcasts, but an official said it was hoped something "entirely new" would be worked out whereby WPA concerts would be broadcast at regular periods.

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FCC AMENDS RULES REGARDING APPLICATIONS

The Federal Communications Commission has amended Section 1.72 of its Rules and Regulations to read as follows:

S. 1.72 - Defective applications -- (a) Applications which are defective with respect to completeness of answers to required questions execution, or other matters of a purely formal character will not be received for filing by the Commission unless the Commission shall otherwise direct.

(b) Applications which have been received for filing but which are not in accordance with the Commission's rules, regulations or other requirements will be considered defective. If an applicant by specific request of the Commission is required to file any documents or information not included in the prescribed application form, a failure to comply therewith will constitute a defect in the application. Such defective applications will not be considered by the Commission.

The Commission also adopted new Sections 1.76 and 1.77 to its Rules and Regulations, reading as follows:

S. 1.76 Withdrawal of papers - The granting of a request to dismiss or withdraw an application or a pleading does not authorize the removal of such application or pleading from the Commission's records. No application or other document once officially filed shall be returned unless the Commission shall, for good cause shown, authorize such return.

S. 1.77 Failure to prosecute applications not designated for hearing - The following provisions shall apply to applications which have not been designated for hearing. An applicant not desiring to prosecute his application may request the dismissal of same without prejudice. A request of an applicant for the return of any application which has been officially filed will be considered as a request to dismiss the same without prejudice. Any application which has not been designated for hearing and which by reason of failure to respond to official correspondence or otherwise is subject to dismissal for non-prosecution will be dismissed without prejudice.

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GETS LEAVE TO ASSIST ROCKEFELLER

James W. Young, former advertising executive, who became Director of the Bureau of Foreign and Domestic Commerce in 1939, has been granted indefinite leave of absence by Secretary of Commerce Jesse H. Jones. Mr. Young leaves the Commerce Department for an indefinite period to carry out his duties as Chairman, Communications Division, of the office of Nelson Rockefeller, Coordinator of Commercial and Cultural Relations between the American Republics. Carroll L. Wilson, Assistant Director of the Bureau, will become Acting Director. He was formerly associated with Scudder, Stevens and Clark, New York, investment counsel.

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12/31/40

SARNOFF EXPRESSES HOPE IN AMERICAN INGENUITY

Research and American ingenuity form an unbeatable combination for the advance of science, David Sarnoff, President of the Radio Corporation of America, declared in a year-end statement.

"Opportunities for radio to progress are as unending as the years", Mr. Sarnoff said. "As Time turns the calendar to 1941, the New Year brings promise of advances all along the line of communications. Research and engineering, working with such forces and tools as electrons and the vacuum tube, can be depended upon to deliver new achievements in radio within the year.

"The New Year inherits from the Old, new and powerful short-wave transmitters, prominent among them two modern installations now being put on the air at Bound Brook, N. J., by the National Broadcasting Company. These stations, operating with directional beam aerials, are designed to increase the dependability and clarity of reception throughout Latin America.

For home reception too, American broadcasters constantly are improving their transmitters by taking advantage of the latest devices. An outstanding example in this field of development is WEAJ's new transmitter at Port Washington, Long Island, which sprays its clear-toned waves over an all-water route to New York as testimony of the effectiveness of modern radio.

Experiments in television and frequency modulation will be continued as the engineers test new devices and explore the possibilities in both fields. A demonstration of large-screen television in a New York theatre is one of the early prospects of the New Year. The camera-eye of television is being made more sensitive; it becomes effective without intense illumination. Through research on improvement of the optical system, progress is being made in enlargement of the pictures without loss of definition.

The unfathomed science of electronics is such a part of radio that the directions in which it may advance are unlimited. Today inventions in radio are spreading their usefulness in other industrial fields. Among the paramount research developments of 1940, which will be extended to 1941, is the electron microscope developed in the RCA Laboratories.

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