

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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JAN 4 1938

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No. 1089

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January 4, 1938

## RADIO PROBE; PRESS CONTROL ISSUES IN NEW CONGRESS

As in the first session of the 75th Congress, the big radio issues in the Second session, which opened this week, are whether Congress will decide to conduct a broad investigation of the broadcasting industry and the Federal Communications Commission and whether it will seek to curb newspaper control of radio stations. The decision in both cases probably will lie with the President and Administration leaders in the Senate and House. However, if the demand for either is strong enough, the inquiries may be conducted regardless of the Administration's desires.

Copyright and its relation to broadcasting again will be in the news as efforts are made to put through a new copyright measure.

The Mae West broadcast over NBC doubtless will add fuel to the fire that opponents of the FCC and the networks are building under Congressional leaders. A great deal also will depend upon whether Chairman Frank R. McNinch is able to convince Congress that he is doing a good job of house-cleaning.

Washington observers are inclined to believe that the press ownership curb may receive encouragement from President Roosevelt himself because of his critical attitude toward the press of the Nation. The President, on the other hand, has frequently commended the "neutral attitude" of the radio.

Senator Wheeler, Chairman of the Senate Committee on Interstate Commerce, who first raised the issue in Congress, has been strangely silent about the matter for the last several months. The support given the Montana Senator in his fight on the Supreme Court reform plan by the press may or may not be responsible for Senator Wheeler's apparent failure to pursue the proposal further.

A bill has been introduced in the House, however, by Representative Wearin (Democrat), of Iowa.

Favoring the press is the fact that this is an election year, and no member of Congress who is up for re-election will want to go out of his way to antagonize the press, either in part or in general.

Senator Wheeler also is the key man in the radio investigation, so far as the Senate is concerned. With Senator White (Republican), of Maine, out of the way as a delegate to the Cairo Conference, the matter is almost entirely in Senator Wheeler's hands either to bury or to sponsor.

A factor that will discourage the investigation is the haste in which members will be to return home to start campaigning. And, again, they won't want to take any chance of offending broadcasters.

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#### APPELLATE COURT RAPS FCC IN HEITMEYER CASE

Reversing the Federal Communications Commission in its denial of the application of Paul R. Heitmeyer for a new station at Cheyenne, Wyo., the United States Court of Appeals for the District of Columbia called the FCC action "arbitrary and capricious".

Associate Justice Justin Miller, a new member of the Court, wrote the opinion, in which he called the FCC to task for not making rules and regulations covering the determination of an applicant's financial qualifications.

The application was remanded to the FCC for further action. This means that the Commission must either grant a new hearing or take action without a hearing.

Concerning the financial qualifications of the applicant, the Court said:

"We look for some measure of financial qualification to guide us. We are referred to no rule or regulation of the Commission suggesting a rigid standard. On such an important question we think the public is entitled to have the statute implemented by a regulation setting out clearly and concisely just what the Commission regards as a minimum standard of financial ability.

"In this period of economic uncertainty financing reasonably assured five years in advance would seem to constitute much more than the average business security. We cannot require the impossible in attempting to guarantee safety. If the standard of financial responsibility required by the Commission in this case were imposed upon the country generally, business would cease. Under the circumstances, can it be said that the action of the Commission was anything but arbitrary, if not capricious?"

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## NAB CONVENTION SCHEDULED; REORGANIZATION SUPPORTED

The Board of Directors of the National Association of Broadcasters last week approved the proposal of the NAB Reorganizing Committee that the annual convention of the organization be held at the Willard Hotel in Washington, February 14, 15, 16.

Edwin Spence, of WBAL, Baltimore, was named Chairman of the Convention Committee, while William Dolph, of WOL, Washington, was appointed Chairman of the Local Convention Committee. Others in the latter group are Harry C. Butcher, of WJSV, and Frank M. Russell, of WRC.

Meanwhile, Philip G. Loucks, Washington counsel for the Reorganization Committee, reported receipt of numerous favorable replies to the inquiry sent NAB members regarding the proposed shakeup in the NAB administration. The Committee was to meet again on Wednesday to consider some of the minor suggestions made by NAB members.

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## RADIO SHOWED BIGGEST GAIN IN ADVERTISING FOR '37

Radio showed the biggest gain in advertising of any media during 1937, according to L. D. H. Weld, Director of Research, McCann-Erickson, Inc., whose analysis was carried in the annual financial review of the New York Times on January 3rd.

Explaining that the advertising situation varied greatly with the different media, Mr. Weld said that the outlook for 1938 is somewhat unsettled.

Radio gained 19.1 percent in advertising during the year. Outdoor advertising came next with a gain of 15.1 percent; magazines held up well with an increase of 11.8 percent, while the gains for newspapers and farm papers were 3.5 percent and 5.6 percent respectively.

Another boost for radio came in an article in the January issue of Fortune magazine, which showed that 88.1 percent of all American homes have radio sets now and listening-in has become the favorite form of recreation in the United States.

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Station KGAR, Tucson, Arizona, became available last week to all CBS clients as a bonus station when the Columbia outlet in Phoenix, Arizona (KOY) is used. This additional coverage for advertisers in the Arizona market will not change the minimum base rate of \$125 per nighttime hour for Station KOY.

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## ANY RADIO PROGRAM HAS LISTENERS, SAYS KAROL

The American radio audience today is so large that any program, at any hour, has listeners, John J. Karol, Director of Market Research for the Columbia Broadcasting System, stated at the annual meeting of the American Marketing Association in joint session with the American Statistical Association, at Atlantic City last week.

"How many, of course, depends on the program, the hour, and the stations", he added. "And advertisers, once their programs have been launched, are naturally more interested in the actual audiences to these programs than in the fact that 'everybody' today owns and listens to radio. We believe that radio has lent itself particularly well to measurements of its not advertising circulation. It has even been said that our measurements of actual listening audiences have stimulated the use of similar research techniques in other and older fields of advertising.

"The telephone was probably used in market research long before radio was born but I believe that the A. T. & T. should declare a special dividend on behalf of broadcasting, and I am not referring to the five million dollars paid annually for rental of lines nor to the hundreds of thousands of telephone calls which are received weekly by Major Bowes and his amateurs. Radio has found the telephone a particularly useful research tool because it enables us to obtain simultaneous records (as well as remembered impressions) by making thousands of interviews while a program is actually on the air and securing an adequate sample during the broadcast itself.

"There are a number of different types of telephone surveys and one of the most popular in current use is the so-called coincidental telephone survey. This method, as you probably know, consists of having trained investigators make random telephone calls while the program is actually on the air. While this type of survey does present factual evidence regarding the actual listening audience to a given program, it has several shortcomings from a pure research point of view. There are at present more than twice as many radio homes as telephone homes and only in the upper economic brackets do we find telephones and radios both in universal use. For the advertisers who seek to reach the masses, a low rating in telephone homes may not indicate a failure to reach the desired market. The telephone method is not entirely practical in small towns and rural sections. In spite of these weaknesses, however, the coincidental telephone survey offers a quick and fairly inexpensive means for an advertiser to determine what share of the total listening audience, among telephone homes, he may be reaching.

"Another type of telephone survey, which is now being used extensively by the Cooperative Analysis of Broadcasting, may be described as the unaided recall technique. In this

continuous radio survey telephone calls are made during four periods of the day. . . The procedure is to ask the listeners to report the periods during which the set was in operation and the programs heard during each period. This technique has the advantage of obtaining more information from each person interviewed than the coincidental telephone method, but of course is subject to the same criticism in that it fails to obtain a true cross-section of the radio audience. Non-telephone homes and smaller cities are excluded. There is a further weakness due to memory loss which is particularly important in the case of daytime programs and all programs low in name memory value. In this connection it is interesting to note that a coincidental telephone survey conducted in such a way as to exactly parallel the unaided recall telephone survey for certain daytime programs revealed marked differences in the actual audience figures for specific programs. The differences between the ratings for several programs as determined by the two techniques were so great as to raise serious questions regarding the validity of the unaided recall technique as a measurement of the actual audience reached by certain daytime programs.

"As a matter of general interest you might like to know the names of some of the so-called high-ranking programs as determined by these continuous telephone surveys. Among the current leaders are: Charlie McCarthy and the Chase & Sanborn show, Major Bowes, Jack Benny, Eddie Cantor, Bing Crosby, Lux Radio Theatre, Fred Allen, Rudy Vallee, Burns and Allen, Hollywood Hotel, Al Jolson and Phil Baker.

"Another type of audience measurement which has been used successfully might be termed the 'complete program roster method' or personal interviews by aided recall. This method requires a trained staff of interviewers to call directly on selected listeners. The investigators are equipped with printed lists of all the programs broadcast during the period under study. Each program is listed by name, underneath the call letters of the station and opposite the time of its broadcast.

"The most recent, and perhaps one of the most interesting radio survey techniques which is now being developed, employs electrical recording devices which can be directly attached to radio receiving sets. These instruments make a continuous record of the times when sets are tuned in and also the stations to which they are tuned during the period of a week or even a month. Some very interesting results have already been obtained from the experimental work conducted in 1000 homes in Boston and some progress is being made in extending this type of measurement to a nationwide scale. Among the difficulties yet to be overcome are that the recorders are still too costly to make widespread distribution possible in the near future. There is also the perennial problem of obtaining a thoroughly reliable and representative sample of the radio audience. These recording devices, however, should produce a good deal of material of real value. They will provide data on the actual size and type of audience which a program commands, the preferences of different types of people for programs of various sorts. They will even provide information regarding the points where people tune out particular programs and thus enable us to learn what objectionable features exist, if any, in the program itself or in the commercial announcements."

## RADIO CENSORSHIP BILL PONDERED BY SENATOR

Senator Clyde L. Herring (Democrat), of Iowa, is drafting a bill which would give the Federal Communications Commission authority to censor radio programs, especially as to the amount of advertising, he disclosed this week.

While the measure is conceded little chance of enactment, it probably will be introduced early in the session. Senator Herring also said he was considering a proposal that radio programs be financed by a tax on radio receivers as is done abroad and that advertising be eliminated.

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## RADIO LARGE BUYER OF NEWSPAPER SPACE

The radio industry is one of the nation's largest buyers of newspaper advertising, according to a statement by the Philco Radio and Television Corporation, of Philadelphia.

Averaged over the whole field of business firms spending more than \$50,000, radio is the fourth biggest newspaper customer, according to the latest complete figures, announced by the American Newspaper Publishers' Association. Automobiles head the list, with tobacco a close second and tires third. The radio industry, averaged, ranked sixth over the whole publishing field in the listing of those purchasing more than \$50,000 of advertising space through the year.

Seven radio makers spent more than \$5,182,000 on publications, with \$3,675,000 of it assigned to newspaper advertising. The leader in advertising expenditures in publications, with a little less than one-third of the total, is Philco, which alone spent more in newspaper and magazine advertising than the publishers themselves.

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## ELLIOTT ROOSEVELT HEADS HEARST RADIO, INC.

Elliott Roosevelt, second son of the President, has been promoted to the position of President and General Manager of Hearst Radio, Inc., of which he has been Vice-President for almost a year. He will be in charge of Hearst's ten radio stations and its short-wave activities. He succeeds Joseph V. Vonnolly as President and Emile J. Gough as General Manager. Mr. Connolly was named Chairman of the Board, while Mr. Gough resigned from the organization.

Young Roosevelt will maintain his Fort Worth, Texas, residence although he will spend most of his time visiting the ten Hearst stations.

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## PAYNE CALLS WEST EPISODE EXAMPLE OF "LOW STANDARDS"

Commissioner George Henry Payne, arch critic of commercial radio programs, declared this week that the Mae West episode merely strengthened his case.

In an article appearing in the Brooklyn Tablet on January 1, the Commissioner said, in part:

"The Mae West program, which was broadcast over a national hookup on Sunday, December 12, is just an outstanding example of the low program standards in vogue among our broadcasters - nothing more. It is simply further evidence of something that is essentially bad and needs immediate correction. We could have expected this to happen at any time, as no serious steps to prevent the occurrence of such episodes have as yet been taken.

"Several years ago, in an address I delivered at Syracuse University, I began the battle for higher standards in broadcasting and have kept it up since. The public is now picking up the hue and cry. There is this much good in the Mae West program, that it has aroused the public to a realization of what may be thrust into their homes against their wishes and protests. There is also this additional good in it, that it may arouse the people to bring pressure to bear upon those of our public servants who are charged with responsibility in matters of this kind, to do something about it."

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## TELEVISION PUBLICITY SAID TO HURT RADIO SALES

"Widespread publicity given to television is credited by radio set manufacturers as one of the reasons for the current let-down in their sales", according to the New York Times. "The economic recession has, of course, played the chief part in the downtrend, but manufacturers said that their volume would be considerably better if consumers were not led to believe that they will soon be able to buy television sets, thus leading them to hold off purchases of new radios.

"Radio manufacturers claimed that practical television is still a good way off, inasmuch as consumers when they start to purchase such sets will demand some assurance that there will not be over-night changes, such as the radio industry experienced. Stocks of radio sets have begun to increase, but according to one manufacturer are in no way topheavy as yet. December sales were not up to expectations, but he hoped for an upturn later in the Spring."

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DELLINGER SUBMITS REPORT ON LONDON CONFERENCE

Dr. J. H. Dellinger, Chief of the Radio Section of the U. S. Bureau of Standards, last week submitted to the Secretary of State a technical report on a meeting in London in November of a Special Committee on radio wave propagation.

The meeting was held as a result of the recommendation of the Bucharest Conference of the C.C.I.R. that a general report on radio wave propagation be prepared and distributed before the Cairo Conference.

The report deals only with engineering facts, Dr. Dellinger said, and does not take up controversial questions, nor does it mention any specific radio service such as mobile, fixed, or broadcasting.

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CONTROVERSIAL TALKS BARRED ON NBC COMMERCIALS

As a result of protests against the talk of the Japanese Ambassador following the "Panay" bombing, the National Broadcasting Company has announced a policy of barring all controversial addresses during commercial programs on the networks. The talks will still be permitted, however, as sustaining features.

The announcement was made in New York along with the disclosure that Dr. C. T. Wang, Chinese Ambassador, and Governor George Earle, of Pennsylvania, were refused permission to speak on the same commercial program that had presented Ambassador Saito.

Meanwhile, the sponsor of the commercial program, Josef Israels, 2d, President of Publicity Associates, which produces the Energine newsreel program, defended the Saito broadcast in a letter to the New York Times.

Replying to the protest of Carr V. Van Anda, former Managing Editor of the Times, Mr. Israels said, in part:

"Under our American broadcasting system a foreign Ambassador, an American Cabinet member or any one else whose remarks may be of interest to the public will reach the ears of a great number by appearing on established commercial programs. Their appearance implies no endorsement of the product paying for the time, nor is such endorsement conveyed in any way by the sponsors of the Energine news-reel."

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: : : TRADE NOTES : : :  
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R. C. A. Communications, Inc., celebrated the New Year with the opening of a new radio telegraph circuit direct to Reykjazik, Iceland, W. A. Winterbottom, Vice-President and General Manager of the Communication Company announced this week. The new circuit is the first direct communication facility of any kind ever to be established between the United States and the remote island in the Arctic.

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Tens of thousands of additional families in Ohio, Indiana and Kentucky were brought within the service area of WSAI on Christmas morning when "Cincinnati's Own Station" went on the air with 5,000 watts. The hundred per cent increase in power was authorized Thursday, December 23rd by the Federal Communications Commission.

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The National Broadcasters' Association is now prepared to make electrical transcriptions of speeches by members of Congress for broadcasting by member stations, James W. Baldwin, Managing Director, announced this week.

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Mrs. Emma Owenshine Harbord, wife of Maj. Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America, left a net estate of \$264,792, according to a transfer tax appraisal filed in New York last week. Mrs. Harbord died at their home in Rye, N. Y. on May 29th.

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Station WOR's Sales Promotion Department is again the winner of one of the annual certificates of award presented each year by the American Institute of Graphic Arts to that advertiser whose promotion is most distinguished by its art, layout and copy. The WOR Sales Promotion Department was also the recipient of an A.I.G.A. award for the year 1936.

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David Sarnoff, President of the Radio Corporation of America, stated last week that the option now held by the Atlas Corporation to purchase the present holdings of RCA in Radio-Keith-Orpheum Corporation for a total of \$6,000,000 has been extended to June 30, 1938, in view of the fact that the RKO plan of reorganization is still pending before the court. In consideration of the extension of the option the Atlas Corporation and associates will purchase thereunder during January, 1938, one-twelfth of RCA's present holdings in Radio-Keith-Orpheum Corporation for \$500,000 in cash. The agreement also provides that upon the further exercise of the option to the extent of an additional \$500,000, the option on the remainder will be extended to December 31, 1938.

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Announcement was made last week by Commissioner Thad H. Brown, who has been designated by the Federal Communications Commission to have charge of the Great Lakes and Inland Waters Survey, of the appointment of Dr. Marvin L. Fair as Research Director for the Survey. Commissioner Brown said that Dr. Fair would take active charge as Research Director on February 1, when he would take a leave of absence from his position as Professor of Transportation and Public Utilities at Temple University, Philadelphia, Pennsylvania. He will devote part time to the work until that time. Commissioner Brown stated that Dr. Fair would work in association with Dr. G. Lloyd Wilson, who was appointed on December 17 as Research Consultant for the Survey.

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The present business recession is a temporary one and probably beneficial, according to Harry Boyd Brown, Merchandising Manager for the Philco Radio and Television Corporation.

"No one need fear the future with any great degree of foreboding", Mr. Brown stated. "Business is like a sick patient who started recovering from a long illness too quickly. The patient begins to feel so well that he becomes too active and too optimistic about his real condition. He is on the road to health but he tries to get there too quickly. As a result, he suddenly develops spells of weakness and fits of depression. He feels he is getting sick again, and can't understand it -- whereas, in reality, he is getting better and will be even sounder for his temporary weakness."

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Salaries of officials of the RCA and subsidiaries were included in the list of salaries of more than \$10,000 a year in the communications field as reported last week by the Federal Communications Commission. They were:

Radio Corporation of America - President and Director, \$75,000; Chairman of Board and Director, \$54,000.

R.C.A. Communications, Inc. - Vice-President, General Manager and Director, \$22,500.

Radio Marine Corp. of America - President and Director, \$20,000

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At the close of a year marked by the doubling of its jobber business, the Clarostat Mfg. Co., Inc., Brooklyn, N. Y., views the next twelve months in the most optimistic light with regard to the parts business and the servicing trade.

"With more sets in use than ever before, and with the two- and three-set home quite commonplace, we are building up an enormous potential market for replacement parts and servicing", states Vic Mucher, who is in charge of Clarostat sales. "Late in 1937, with a momentary falling off in radio set sales, there was a noticeable pickup in replacement parts sales because set owners were obliged to recondition their old sets to keep them going."

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## LOHR SAYS NBC MET OBLIGATIONS IN 1937

"In 1937, the first year of NBC's second decade, it is not enough for the National Broadcasting Company to look back on the twelve-month period and point with satisfaction to significant contributions in various phases of radio broadcasting", Lenox R. Lohr, NBC President, stated in his year-end review. "Today, we must consider our obligation of service to a public that daily is growing more conscious of cultural and educational values. How, we may be asked, have we met this obligation during the past year?"

"In the field of music, our efforts to improve the quality and enlarge the reception of this art-form throughout the country culminated in obtaining the services of Arturo Toscanini, the world's greatest living symphonic conductor, and assembling the first full-strength symphony orchestra ever to be maintained by an American broadcasting company exclusively for the radio public's enjoyment.

"In the educational aspects of broadcasting, the Company has been fortunate in the association of Dr. James Rowland Angell, who comes to the post of educational counselor after sixteen years of distinguished service as President of Yale University. . .

"On all matters of public question throughout the year, we have carefully maintained a policy of presenting over the air, fairly and impartially, both sides of the issue. . .

"In television, we have begun to accumulate operating experience against the day when this art becomes a commercial actuality. More than 60 television demonstrations have been given by NBC in the past year; nearly 300 persons have appeared before our television cameras; full-length drama has been presented, using five different studio sets, and film taken especially for the production. A most recent development is America's first mobile television station, the RCA-NBC Tele-mobile transmitter, to be used during the coming year for experimental televising of outdoor news events.

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 FCC RELEASES ANNUAL REPORT

The Federal Communications today (Tuesday) just released its annual report. This consists of about 200 pages and is concerned with a review of its accomplishments during the past year and contains a good deal of technical data.

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## CBS 1937 EXPANSION SETS DECADE MARK

Columbia's 1937 program of construction and station improvement exceeded in scope that of any previous year in the network's decade of uninterrupted expansion, according to a CBS statement. Coupled with this building program were record advances in general broadcast engineering, high-frequency experimentation, international short-wave transmission, and television research.

Twenty-one new stations joined the Columbia network since last January. Of these 18 represent network coverage of new areas; the other three, improved facilities. Of the 111 outlets now comprising the coast-to-coast chain, over half built new studios, installed new vertical antennas, increased their power, or made other major improvements in transmission facilities.

"In short-wave, Columbia took the most important step since it entered the field in 1929", the report said. "A new and highly efficient short-wave transmitter and directional antenna systems were set in operation at Columbia's international station, W2XE. Over it last last May was inaugurated a daily program service to Europe and South America. During the first eight months of operation, the transmitter carried over 6,000 broadcasts especially arranged for foreign audiences by a separate program department.

"Activities of the CBS General Engineering Department reached a new peak during 1937. In addition to the operation of W2XE, the department supervised the operation of some two dozen short wave and experimental transmitters throughout the country. In the broadcast field, the department not only supervised the operation of some two dozen short wave and experimental transmitters throughout the country. In the broadcast field, the department not only supervised the engineering activities of Columbia's nine owned and managed stations, but rendered a consulting service to the other 102 stations as well.

"One of the most interesting engineering feats of the year was the complete rebuilding of Columbia's vast master control system in New York. For eight months, while complex network operations were carried on uninterrupted, crews of technicians worked night and day to rebuild the 38 huge racks of equipment.

"In television, advances were made simultaneously on both the engineering and program fronts. Construction began on the new CBS visual transmitter, which is now undergoing final tests before installation in the Chrysler Tower. Late in the Summer, announcement was made of a television studio project to be established in the Grand Central Terminal Building and connected by co-axial cable with the transmitter nearby.

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"Research and experimentation in the technical aspects of television were conducted during the year by a large engineering staff under the direction of Dr. Peter Goldmark."

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#### SARNOFF CITES RCA'S PROGRESS DURING PAST YEAR

The Radio Corporation of America experienced increases in volume of business in each of the three fields that it occupies - communications, broadcasting, and manufacturing - David Sarnoff, President, declared in his annual statement.

"In the field of communications, the volume of messages transmitted between the United States and other countries, and between shore stations and ships at sea, showed a material increase over any previous year", he said. "The overseas transmission of broadcast programs and of photographic reproductions likewise increased in volume.

"In the field of broadcasting, sales of network time by the National Broadcasting Company were the largest in the company's history. The number of NBC affiliated stations was increased to a total of 143, thereby making NBC programs available to almost every radio home in the United States. During the year the NBC put into operation a comprehensive service of radio programs transmitted by directional shortwave to listeners in Europe and Latin America.

"In the field of manufacturing, the sale of RCA Victor products enjoyed a substantial increase over the preceding year. The development of electric tuning met with widespread public acceptance, and brought about pronounced changes in set design.

"The RCA Television System is steadily progressing toward the ultimate goal of a public television service. Outstanding television advances during the year include the development of more sensitive Iconoscopes, and of larger Kinescopes, presenting black-and-white instead of tinted pictures; the projection of television pictures onto a 3' x 4' screen; the successful transition from 343 to 441-line scanning; and the development of a mobile truck-unit for outside program pickups. RCA Kinescopes and other special articles of equipment have been made available for amateur television experimentation."

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MANAGEMENT IN RADIO IMPORTANT, SAYS FLAMM

"Management in radio has a distinct responsibility to the community it serves", Donald Flamm, President of the Knickerbocker Broadcasting System, said this week. "It is my feeling that that responsibility can best be met by broadcasting programs which reflect the interests of the listening area within the scope of a radio station.

"Accordingly, during 1938, WMCA will continue to originate and broadcast programs which are representative of metropolitan New York and which reflect the life and temperament of its eleven million residents. This is a responsibility far greater in scope than can be described through any year-end statement.

"Briefly, however, it means that WMCA during 1938 will stress not only the entertainment value in radio, but will extend its influence in education, news and features of vital human interest."

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Samuel L. (Roxy) Rothafel, who died on January 13, 1936, left a net estate of \$215,560, according to a transfer tax appraisal filed in New York last week. The entire estate goes to his widow, Mrs. Rosa Rothafel of 25 East Seventy-seventh Street.

The principal asset of the estate was insurance totaling \$215,537. Other assets included an approved claim against the Radio-Keith-Orpheum Corporation, in reorganization, valued at \$77,972, and cash amounting to \$2,512. Mr. Rothafel's gross estate was valued at \$296,423. Debts amounted to \$70,958 and funeral and administration expenses to \$9,905.

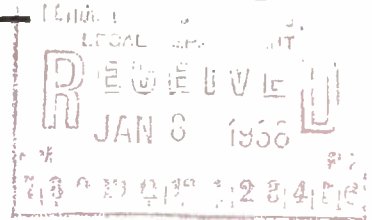
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CRAVEN ASKS THAT FCC HAVE TIME TO MAKE OWN PROBE

Commissioner T.A.M. Craven, who this year bore the brunt of the annual Congressional cross-fire during appropriations hearings, urged the House sub-committee to give the Federal Communications time to finish its own job of house-cleaning before a Congressional investigation is launched, it was disclosed this week.

The text of hearings, released when the independent offices appropriations bill was reported to the House on Thursday, also revealed that Commander Craven is preparing to propose an entirely new policy with respect to experimental licenses and that he has "grave doubts" as to the feasibility of super-power, such as that used by WLW, Cincinnati.

Representative Wigglesworth (Republican), of Massachusetts, proved the most belligerent inquisitor of the Commissioner, as he was last year. Much of the same ground with regard to license transfers and taxation of stations was gone over during the executive hearings.

Asked by Representative Wigglesworth whether he did not believe a sweeping investigation by Congress would be desirable, Commissioner Craven said:

"Frankly, I do not. I think that the Commission should be given an opportunity to do a job, and then to report to Congress.

"While I think that Congress is very efficient, I believe that there should be first a complete study on the part of the Commission so that Congress will be without the necessity of going through a long-drawn-out investigation to secure a complete study of all the factual elements in the matter, including all of the economic relationships. This study has not yet been made by the Commission, but I think it is necessary for it to do so."

Commissioner Craven, who has not yet submitted a promised report on the economic phases of a new broadcasting reallocation and super-power, spoke several times of the necessity of considering the social and economic phases of broadcasting along with the engineering principles.

Asked his opinion about the use of super-power, Commander Craven said:

"My personal opinion is that from an engineering standpoint, better service to rural areas can be rendered with

higher power, but in relating such higher power to the question of broadcasting in this country, I have grave doubts that such higher power should be permitted at this time. In other words, I personally believe that from an economic and social standpoint 500 kilowatts may be too much power under our scheme of broadcasting. In my opinion, additional proof is necessary to justify such power as 500 kilowatts."

Representative Wigglesworth interrupted: "Is there any justification for the power in that particular station to which you are undoubtedly referring, WLW?"

"I think that we learned a whole lot and will learn much more in respect to having a station with that power", Commissioner Craven replied. "I think that we may have learned enough from it to know what to do."

Representative Wigglesworth subsequently referred to WLW as "Michaelson's station".

During a discussion of experimental licenses, Commissioner Craven told the sub-committee:

"I cannot make any statement as far as the Commission as a whole is concerned, but I have in mind requesting the other members of the Commission to adopt an entirely new policy with respect to experimental licenses, going to all phases of the several classifications of experiments, one of which is a bona fide attempt by anybody, any small inventor who needs the use of radio, to get it without much expense and trouble, provided that he is legally qualified to hold a license."

"I do not think that the Commission should have such rules as would prevent genuine experimentation on the part of a small and poor inventor."

"From this small start, the type of experimental license becomes more difficult to justify, until you get to the type where there is a commercial experiment, or an experiment leading up to commercialism. That in my opinion should be the most difficult to obtain under the guise of an experimental license."

When the subject of how radio is operated in European countries arose, Commissioner Craven said:

"In my opinion I feel that government operation of radio in any real democracy is somewhat of a debatable subject."

The sub-committee, before it finished, delved into the Segal-Smith case, Commander Craven's experience as a private consulting engineer, and the RCA-Mackay fight over licenses to operate radio communication stations in foreign cities.

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## FCC SUBMITS THIRD ANNUAL REPORT TO CONGRESS

The Federal Communications Commission this week submitted its third annual report to Congress, covering the fiscal year which ended June 30, 1937. Consequently the report, though submitted by Chairman Frank R. McNinch, includes none of the reforms that he has instituted since he took office in the late Summer.

Judge Eugene O. Sykes, former Chairman of the now defunct Broadcast Division, made the report, with the aid of Norman S. Case, Vice Chairman, on broadcasting developments.

During the year the Commission received 295 applications for new broadcast stations and granted authority for the construction of fifty-one stations, the report disclosed. Seven stations were eliminated and at the close of the year, 704 regular broadcast stations held licenses, an increase of forty-four since June 30, 1936.

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## TELEVISION TO BE TAUGHT AT RCA INSTITUTES, INC.

A two-year term in television will be added next Spring to the curriculum of RCA Institutes, Inc., which has schools in New York and Chicago, it was disclosed this week in the agency's annual report. The course in television will be available only to those operators and radio engineers who have completed the general course.

The student body at RCA Institutes, Inc. has been steadily growing for the past few years, the report states, and reached a height of 905 in 1937, about two-thirds of these being in the New York school and the remainder in Chicago. To these must be added 25 RCA employees who are receiving free instruction in the schools - RCAI's contribution to RCA's leadership.

Most of the students are in the general course, which requires fifteen months for completion, in the day classes, and three years if night instruction is taken. In March of 1938 this day term will be extended to one year and a half, in order to bring more fitting instruction into the course for the recent and rapidly expanding activities of radio and electronics.

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MAE WEST BROADCAST TOPIC OF CONGRESSIONAL HEARING

The now famed "Adam and Eve" skit in which Mae West appeared on an NBC commercial program recently came in for critical discussion during hearings on the Federal Communications Commission's fiscal estimate before a House sub-committee of the House Appropriations Committee, the printed hearings disclosed this week.

Representative Fitzpatrick (Democrat), of New York, injected the issue into the hearing and asked Commissioner T.A.M. Craven if the FCC could do anything about such broadcasts.

"If we find that the operation of a station is not in the public interest because of poor programs, we can take action against them in the renewal of their licenses."

Commissioner Craven said he had not heard the Mae West broadcast, but Representative Dirksen (Republican), of Illinois, stated that he "had heard every word of it."

"While I feel it was in bad taste, I don't know anything you could do about it", he said.

Next came the following colloquy between Representative Fitzpatrick and Commissioner Craven regarding the censorship of radio programs and advertising:

Mr. Fitzpatrick. You can censor anything that you believe is not proper?

Mr. Craven. The question of censorship is a very basic one, and perhaps requires study on the part of Congress. It is a major question.

Mr. Woodrum. At any rate, you never undertake a censorship?

Mr. Craven. We don't undertake any censorship.

Mr. Woodrum. Unless you come to the point of saying that the action of a station in doing this or that or not doing this or that or the other is not in the public interest; and that, of course, raises a broad fundamental question.

Mr. Craven. A very broad fundamental question. It goes to the very fundamental conception of radio public service.

Mr. Fitzpatrick. I am wondering whether you could stop the advertisers of public medicines from saying that they can cure any kind of diseases. I don't know whether you can stop any of that or not.

Mr. Craven. I can say this: Insofar as the Commission is concerned, we do expect to make a study of that subject.

Mr. Fitzpatrick. I think a study ought to be made of it, because, after all, the public is listening to those people. There are lots of people who are not intelligent enough to know that they cannot be cured of these ailments, and they are going to purchase these medicines and send their money. Something ought to be done.

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Mr. Craven. Yes. But there is a very grave question of constitutional rights with respect to censorship which we must regard as well as everybody else. The determination of these policies may have to come to Congress.

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HOUSE COMMITTEE APPROVED FCC BUDGET ESTIMATE

The House Appropriations Committee this week approved the budget estimate of the Federal Communications Commission in reporting the supply bill of the independent offices.

The estimate for the next fiscal year is \$1,700,000, which is \$17,000 under the appropriation for the current year. It granted \$20,000 for a continuance of a special study of radio requirements for the Great Lakes and other inland waters. The latter is a reduction of \$7,820 under the budget but is a continuation of the amount of the 1938 appropriation.

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NETS DO RECORD BUSINESS IN 1937 WITH DECEMBER HIGH

The two major networks - NBC and CBS - enjoyed the most prosperous year of business in their history in 1937, they disclosed this week, and reached new highs for December.

Columbia billings for December totaled \$2,786,618 - the highest figure for any month in CBS history. This represents an increase of 14.5% over the December, 1936, total of \$2,433,353.

The cumulative total for CBS time sales for 1937 is \$28,722,118 - a 24% increase over 1936.

Advertisers' expenditures for time on two NBC networks were higher in December than in any other month of 1937, the second highest for any month in the company's history, and brought the year's total to a record peak.

The total for the month was \$3,639,086, which was 2.3 percent above the December, 1936, total of \$3,558,590, and 7.6 percent above the November, 1937, billings of \$3,381,346. The only month to exceed the December, 1937, figure was October, 1936, when the bulk of the 1936 presidential campaign revenue boosted the total \$57,403 above the December, 1937, billing.

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The total NBC billings for 1937 amounted to \$38,651,286, up 12 percent over the 1936 total of \$34,523,950.

New shows just scheduled on NBC bring the number of new programs starting this month on the Blue and Red networks of the National Broadcasting Company to a total of eighteen.

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### SIXTY-ONE STATIONS INVESTIGATED DURING FISCAL YEAR

The Federal Communications Commission closed investigations against sixty-one broadcasting stations during the last fiscal year, it disclosed in its annual report to Congress. Fifty-seven were adjusted informally, and four were the subject of hearings. No station had its license revoked.

"The majority of the investigations conducted with regard to complaints received concerning the program service of broadcast stations have resulted in informal adjustments", the report stated. "Other complaints involving possible violations of the act and the rules and regulations of the Commission, including the broadcasting of lotteries, medical programs, and fortune-telling programs, and the illegal assignments of licenses and transfers of the control of licensee corporations, have been investigated, and appropriate action has followed either by way of adjustment or by the designation of applications for renewal of licenses for hearing.

"Section 315 of the Communications Act requires that equal opportunity for broadcast be consistently afforded by stations to all regularly qualified candidates for public office. Many complaints were received during the Fall of 1936, an election year, involving the requirements of this section and in every instance they were adjusted by calling the attention of the station licensee to Section 315 of the act."

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Trainmen foresee "end-to-end" radio communication on long freights as a substitute for whistle signals, by short-wave stations in the engine cab and in the caboose. The Pennsylvania Railroad recently tried out the sets on a thirty-mile run from Philadelphia to Paoli, Pa., in a thirty-car freight and announced that it hoped eventually to install them throughout its system.

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## HOUSE ADMINISTRATION LEADERS OPPOSE FCC INQUIRY

The attitude of the Administration toward proposals for a sweeping investigation of the broadcasting industry and the Federal Communications Commission was disclosed this week on the House floor after Representative Wigglesworth (Rep.), of Massachusetts, had renewed a demand for an immediate probe.

Representative Woodrum (Dem.), of Virginia, who is close to President Roosevelt, took the floor to urge that Frank R. McNinch, Chairman of the FCC, be given ample time to put through his reforms.

Stating that the President had recognized the need for an overhauling of the radio administration when he appointed Mr. McNinch, Representative Woodrum said:

"I believe it is only fair to give Mr. McNinch the opportunity to do the job that the President has turned over to him, and I hope that Congress will permit that. I do not mean any whitewashing proposition or to put it to sleep, but the opportunity should be given him to clean up the FCC, if it needs it, and to correct these abuses that have been called to our attention."

Representative Mead (Dem.), of New York, also an Administration man, said:

"I think we are all in sympathy with the objective outlined by the gentleman from Massachusetts, but we are in agreement also with the suggestion of the Chairman of the sub-committee on Appropriations (Woodrum). This man who was recently appointed, and in whom we have explicit faith, will do a good job if we allow him the opportunity."

Besides Wigglesworth, Representatives Sirovich (Dem.), of New York, and McFarlane (Dem.), of Texas, joined in the round robin of cross-fire at the FCC and "monopolies" in the broadcasting industry.

Representative Wigglesworth charged NBC, CBS, and Mutual with being monopolies and demanded an immediate investigation.

Asked by Representative Sirovich whether or not he favored divorcing newspapers from radio stations, Representative Wigglesworth declined to express an opinion but admitted it is "a very fundamental question".

He inserted in the record a list of applications for consent to transfer licenses, together with financial statements on the stations, and the FCC action. While some of the deals showed substantial profits, others revealed that the sale price was below the original cost of the fixed assets.

## TELEVISION, FACSIMILE PROGRESS NOTED BY FCC

Technical progress in both television and facsimile transmission was noted by the Federal Communications Commission in its annual report this week, but in both the Commission held that the time is not ripe for public use or commercialization.

Technical developments in the art of broadcasting were set forth as follows:

"There have been several new technical developments in the broadcast industry. Although some of these have been known or in limited use before, they have only recently been used to any extent by broadcast stations.

"A number of broadcast stations have installed shunt-excited (grounded) antenna systems, which are designed to reduce costs and minimize the effect of lightning. The latter is very troublesome to broadcast stations located in areas subject to frequent and severe electrical storms.

"A new high-efficiency linear-power amplifier for modulated waves has been developed to reduce the consumption of power, the size of the high-voltage transformer and rectifier and the cooling system, which are important items in the operating costs of stations, particularly of those stations operating with high power.

"The use of 'reverse feedback' to reduce distortion and noise in the transmitted signals has been incorporated in a number of transmitters with very satisfactory results.

"Automatic overmodulation limiters have been placed on the market, which permit maintaining a high average level of modulation without causing undesirable overmodulation.

"Phase indicators have been developed which are invaluable not only in the first adjustment of directional arrays but in maintaining the proper adjustment.

"There have also been several developments in broadcast-receiver design (directly mainly to improve the ease of manipulation or the fidelity in reproduction), two of which are automatic-tuning and volume-expansion circuits. Receivers so equipped have improved the quality of reproduction by the elimination of the distortion and interference due to improper tuning and by an increased extension of the volume range. None of the receiver developments has any substantial effect on the allocation of broadcast stations."

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The installation of a new radiobeacon is just now being completed by the Lighthouse Service at Old Mackinac Point Light Station, in the Straits of Mackinac, Michigan, according to a report made public by the Commerce Department. This radiobeacon is so located that it can be of much service to cross Straits ferry traffic, particularly during the Winter months when the floating aids to navigation are removed because of ice.

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TRADE NOTES

An increase of 39 percent in communication between ships and shore and the development of new equipment to be used in the transmission of messages and the protection of ships in distress last year were reported by Charles J. Pannill, President of the Radiomarine Corporation of America, in a report published this week.

Philco Radio and Television Corporation announced this week the removal of its automobile radio engineering laboratories from Philadelphia to Detroit, the change taking place on January 1st. The move was made, according to officials of the company, to place its trained research engineering staff in close proximity to the motor vehicle plants in and about Detroit, for whom Philco manufactures automobile radios.

Trading as Zephyr Radio Company, Orville J. Bond, 13139 Hamilton Avenue, Detroit, a distributor of radio receiving sets and parts, is charged with unfair competition in the sale of his products, under a complaint issued by the Federal Trade Commission. Advertising in newspapers, magazines, circulars and by radio broadcast, the respondent is alleged to have made representations to the effect that his radio sets are sold and delivered to dealers and the public for \$6.95 complete with all necessary working parts installed for satisfactory world-wide reception, when, in fact, according to the complaint, such sets are not sold and delivered to retailers and the public complete at that price and are not equipped for clear, uninterrupted reception of world-wide radio broadcasts.

Charles Gilbert, 49 years old, a radio engineer, committed suicide by gas this week at his home in the Riverdale section of the Bronx, New York. The police said that he had suffered heavy financial losses in recent years and had been unemployed for the last few months. He had been connected with the development of radio for many years, having been an official of the DeForest Radio, Telephone and Telegraph Company, one of the pioneers in the field, and with the Kostler Radio Corporation and the Cornell Dubilier Company, of Passaic, N. J.

If the national housing plan, as projected for both the Federal Government and private capital goes through to completion, it will launch the greatest boom the radio industry has ever seen, according to Sayre M. Ramsdell, Vice-President of Philco Radio and Television Corporation. Mr. Ramsdell pointed out that the housing plan is aiming at an unprecedented expenditure of \$16,000,000,000 over a four year period. "This alone", he said, "would be the hypodermic to stimulate every branch of industry, including radio to a greater degree of prosperity never before enjoyed "

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## RADIO WAVES "BOUNCE" WAY TO EUROPE

Radio sounds going to Europe - such as President Roosevelt's recent message to Congress - do not chug along smoothly like the train or sedate ocean liner, but in contrast "bounce like a rubber ball."

The National Geographic Society took occasion to point this out in a statement this week on the modern wonders of radio communication and the extent to which radio has abolished geographical barriers.

"Radio short waves in crossing the ocean are not content to chug along like a sedate ocean liner", it was explained. "They are too exuberant for that. They must bounce up and down between sea and sky as a rubber ball bounces between your hand and a sidewalk. They travel on land the same way.

"What is there in the sky for them to bounce against? Not clouds, for they bounce higher than the clouds. Looking upward, nothing is visible, but there is something there. It is a nebulous layer of electrified particles between 10 and 200 miles up, a kind of shell surrounding the earth as a rind surrounds a melon.

"Sometimes this is called the 'radio roof' or the 'ionosphere.' One can see through it on out toward the stars, and if one were in the middle of it, he would not know it was there. Nevertheless, it stops the radio waves and reflects them back toward the earth as a mirror reflects a beam of light.

"Modern radio makes it possible for a man's voice to 'put a girdle 'round the earth' in far less than the 40 minutes required by Puck in Shakespeare's 'Midsummer Night's Dream.' Not even 40 seconds is required today. In a recent test a man's voice traveling by a combination of radio short-wave circuits and telephone wires girdles the earth in one-third of one second.

"How far flung an audience is brought within easy range of the President's voice by radio is indicated by the vast distances bridged even by ordinary, everyday radio telephone conversations between the United States and foreign lands.

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## EX-PUG TAKES RAP AT RADIO ADVERTISING

Gene Tunney, former heavyweight boxing champion, just elected Chairman of the Board of the American Distilling Company, said there were great opportunities in the distilling industry and that "high-pressure salesmanship must be discarded; advertising, such as road signs and radio, which the public has no choice in rejecting should, in my opinion, be curtailed."

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## JENNINGS NOW CROSELY SALES MANAGER

James D. Shouse, Vice-President and General Manager of the broadcasting activities of the Crosley Radio Corporation, announced this week that Robert G. Jennings, who has for some time been a Vice-President of the company, will henceforth be General Sales Manager of WLW and WSAI and Assistant General Manager of the station.

Coupled with the recent appointment of Trans-American Broadcasting and Television Corporation as exclusive national representatives of the stations, this re-alignment in the Crosley broadcast division presages an aggressive and comprehensive future sales policy of WLW and WSAI, in which the field of merchandising and sales service will be considerably broadened.

Mr. Jennings, who joined the Crosley organization early in January, 1935, as Sales Manager of WSAI, has a wide knowledge of the radio industry, particularly from the standpoint of sales, merchandising and programming. He was appointed Manager of WSAI March 1, 1937, and later in the year became Program Manager of both WLW and WSAI.

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## JAPAN EXTENDS OVERSEAS SHORT-WAVE NEWS BROADCASTS

Attempting to offset criticism of the Japanese invasion of China and what it terms "Chinese propaganda", the Broadcasting Corporation of Japan disclosed this week that it is now broadcasting news reports in six languages and plans to broaden its overseas short-wave service.

"In order to supply our listeners with the latest and most authentic information in regard to the Far Eastern situation", the announcement states, "we have been including in our program to Europe, a daily news report in Japanese, English, French and German. For our South Seas program we have added a daily 10-minute news report in the Chinese language. Since August also we have been including Spanish in our programs for the eastern district of North America and South American countries; we shall add a daily news report in Portuguese in these programs soon."

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# HEINL RADIO BUSINESS LETTER

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50 KW. POWER RECOMMENDED FOR WRVA, RICHMOND

An increase in power from 5 KW to 50 KW was recommended to the Federal Communications Commission this week for Station WRVA, Richmond, Va., by Examiner Robert L. Irwin.

The recommendation comes at a time when the FCC is preparing to study the question of higher broadcasting power involved in its own Engineering Division report and the North American agreement that was drafted at the Inter-American Conference in Havana.

The Examiner, in his report, called attention to the varied public services of Station WRVA and the need for additional service in the Richmond area. Station WRVA, if its application is granted by the FCC, will use a directional antenna.

Station WRVA, which is owned by the Larus & Brothers Co., tobacco manufacturers, was the first broadcasting station in the country to use a wooden tower for its transmitter. It is managed by C. T. Lucy.

Frank D. Scott, as counsel for the station, brought out at the hearing that the antenna and equipment to be installed by Station WRVA would cost approximately \$200,000. The applicant already has an investment of more than \$240,000 in the plant, which includes five studios, several business offices, and a reception lounge, and control rooms.

Station WRVA maintains 11 permanent lines to the State Capitol, hotels, churches and amusement places. The various departments of the State government have used the station almost exclusively for broadcasting informational programs, and special programs include addresses by the Governor, openings of the General Assembly, and important Legislative Committee hearings.

At the same time, another Examiner, John P. Bramhall, filed an adverse report on the application of John Stewart Bryan, Richmond publisher, for a permit to establish a station in Petersburg, which is within a few miles of Richmond.

Examiner Bramhall, considering three applications for the same facilities, 1210 kc., recommended that the license be granted to the Petersburg Newspaper Corp., of which Walter Everett Harris is President. The applicant is editor of the Progress Index, a daily newspaper in Petersburg.

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Examiner Tyler Berry recommended that a permit be granted for a new station at Salisbury, N. C., to operate on 1340 kc. with 1 KW power, daytime. The applicant is Burl Vance Hedrick.

Other reports submitted by Examiners to the FCC recommended that:

WELI, New Haven, Conn., be granted authority to change from 900 to 930 kc., and increase broadcasting time from daytime to unlimited hours.

KSLM, Salem, Ore., be authorized to transfer from 1370 to 1360 kc. and increase power from 100 to 500 watts.

WMFJ, Daytona Beach, Fla., be denied permission to switch from 1420 to 1240 kc. and increase power from 100 watts to 1 KW.

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FCC PREPARING DATA ON NEWSPAPER ROLE IN RADIO

Anticipating legislation proposing a curb or ban on newspaper operation of broadcasting stations, the Federal Communications Commission is gathering data for submission to Congress on the subject, it was disclosed this week.

Commissioner T.A.M. Craven told a House sub-committee that while the FCC is not in a position to make any recommendation at this time, that the subject is being studied. It will have a report later, however, he said.

The divorcing of newspapers and radio, already discussed in both Houses of Congress, is believed to have the approval of President Roosevelt.

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Television in Italy is only in the laboratory stage and is also under the exclusive control of the sole concessionaires. Two laboratories of the broadcasting service are working on television and are said to be experimenting on such sets with 30, 60, 90 and 180 lines of analysis; a project is awaiting approval of the Government for the installation of three television stations in Rome, Milan and Turin, which are to be connected by means of a coaxial cable (cavo collasiale).

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## STATE RADIO COMMISSION URGED IN MASSACHUSETTS

A bill has been introduced in the Massachusetts Legislature to set up a three-member State Radio Commission which would be authorized to issue licenses, make rules and regulations for stations, and "to safeguard public morals by eliminating obscene and defamatory utterances from radio speeches or statements."

All stations would be required to keep transcripts of every speech or statement uttered over their respective facilities on file for a year and open to public inspection. The author, Representative Phillip G. Bowker, however, insisted that the bill is not designed to infringe on the rights of free speech.

Editor & Publisher in an editorial on the proposal denounced the idea.

"We can't work up enthusiasm for the idea of State Radio Commissions, the first of which has been proposed in Massachusetts", the publishers' organ stated. "If the experience of State regulatory boards over banking, public utilities, and insurance are a guide to what can be expected, any public hopes of benefit from State radio regulation are likely to be disappointed. Political patronage and recurrent malfeasance scandals have been the outstanding products of most State efforts to regulate even definitely intrastate business.

"The Massachusetts bill specifically declares itself free of censorship of free speech inhibitions, and practically duplicates the Federal ban on indecent, profane, defamatory, or libelous utterance in broadcasting. It also would compel broadcasters to keep an accurate written or recorded transcript of every broadcast statement, the record to be available for public inspection for one year after its utterance.

"All of that can be adequately done under existing Federal laws. Interstate commerce considerations have not yet entered the broadcasting field and we can see no useful purpose in introducing them. If varying industrial and geographical conditions require exceptions to general rules, they can be accomplished by district organization under the FCC."

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## FEW RADIO OFFICIALS CARRIED IN BIG SALARY LISTS

Only the names of a few of the outstanding figures in the radio industry were carried in the lists of the highest salaries of the Nation for 1936 as disclosed this week by the House Ways and Means Committee. The names of most radio artists were not carried as many were not paid salaries in the sense that the 1934 Revenue Act defines the term.

Among those listed were the following:

William S. Paley, President of the Columbia Broadcasting System, \$236,924; Edward Klauber, Vice-President, \$71,359.

Maj. Gen. James G. Harbord, Chairman of the Board, Radio Corporation of America, \$54,000; David Sarnoff, President, \$75,000.

Lenox R. Lohr, President of the National Broadcasting Company, \$50,259.

A. J. McCosker, President of Bamberger Broadcasting Service, Inc. (WOR), \$78,270.

James M. Skinner, President, Philadelphia Storage Battery Company, \$79,000; Larry E. Grubb, President of Philco Radio & Television Corporation, \$72,651; Sayre M. Ramsdell, Vice-President, \$69,077.

Paul V. Galvin, President and Treasurer, Galvin Manufacturing Co., Evanston, Ill., (Motorola), \$60,420.

Among the electric and communications companies were the names of:

Owen D. Young, Chairman of the Board, General Electric Company, and Gerard Swope, President, \$146,500 each.

Sosthenes Behn, International Telephone & Telegraph Company, \$66,479.

A. W. Robertson, Chairman of the Board, Westinghouse Electric & Manufacturing Company, \$108,588; F. A. Merrick, President, \$84,485; Arthur E. Mullen, Vice-President, \$52,816.

The name of A. Atwater Kent, President of the Atwater Kent Co., formerly in the radio manufacturing business, was listed at \$50,000.

The National Radio Institute of Washington, D. C., carried two officials, J. E. Smith, President, at \$36,000, and E. R. Haas, Secretary, at \$30,000.

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## SCOPE OF RADIO INDUSTRY OUTLINED BY FCC FOR CONGRESS

An estimate of the scope of the radio industry was prepared by the Federal Communications Commission and submitted to Congress during the recent House hearings on the Independent Offices Appropriations Bill. Presented by Commissioner T.A.M. Craven, the report outlined the industrial aspects of radio as follows:

"It is common knowledge that this industry occupies an important place in the national welfare of this Nation and affects the employment of hundreds of thousands of people and is estimated to involve an annual expenditure of over three-quarters of a billion dollars. The best estimate we can give as to the scope of the industry is as follows:

"1. An investment of 45,000,000 receivers purchased by the public at a conservatively estimated cost of approximately \$30 per receiver, which amounts to an investment of \$1,350,000,000. In 1936 it was estimated that the public purchased 8,000,000 receivers at an estimated cost of \$440,000,000. (Radio Today, January 1937 issue.)

"2. There are 1,037 factories engaged in the manufacture of receivers, radio vacuum tubes, radio parts, transmitters, and sound equipment. (Radio Today, January 1937 issue.) The capital investment in these factories is not known, but obviously it runs into millions of dollars.

"3. There are more than 4,000 retailers who engage exclusively in the business of selling receivers to the public. This does not include thousands of other retail outlets which also handle radio receiving sets.

"4. It is common knowledge that talent, including comedians, actors, singers, composers, publishers of music, etc., number in the thousands. No estimate can be given of the monetary investment or other economic factors directly charged to broadcasting and involved in this grouping.

"5. There is a large investment in transcriptions and radio recordings, of which the Commission has no specific knowledge.

"6. There are thousands of service men with their offices and shops dependent upon broadcasting, and who engage in a business of several hundreds of thousands of dollars. In 1936, approximately \$75,000,000 was estimated to have been spent on servicing radio sets. (Radio Today, January 1937 issue.)

"7. Both transmitting stations and most all radio receivers, particularly those in the cities, require power equipment. This involves the electrical manufacturing industry as well as the power industry. We have no figures to show the

exact amounts invested, but it is common knowledge that the amount is not small. In 1936, \$150,000,000 was estimated to have been spent for electricity for receivers. (Radio Today, January 1937 issue).

"8. It is common knowledge that advertising agencies and the men usually employed by these agencies, engage in radio business to a large and profitable extent. We are unable to state specifically the total amount invested, though in 1935 advertising agencies handled \$63,307,000 of the medium's total business.

"9. It is common knowledge that various organizations, both those having national scope as well as those having local scope, pay money for the benefits of broadcasting and secure returns therefrom in augmented sales of their merchandise. While the money expended by these organizations is large, no knowledge of the benefits received therefrom is known to us.

"10. There have been over 40 millions of dollars invested directly in broadcasting stations and several millions expended each year in the operation of these stations.

"11. \$6,578,956 was expended by broadcasters in 1936 for telephone 'private line service' and for wires, which are especially adjusted technically for this service.

"The only elements of this vast industry which are directly regulated by the Federal Government are the communication companies and the broadcast transmitting stations. As is known, the facilities of the communication companies are hired by the broadcasters for interconnecting land wire between stations while the latter are the actual instrumentalities for radio transmission to the general public.

"In the earlier stages of development the stations were in general supported directly or indirectly through the sale of receivers. However, today, even though the investment in stations is a relatively small portion of the total investment in the industry, the radiotransmission system can be characterized as the keystone in a large arch. The failure of this keystone will result in destruction of the remainder of the structure. It is thus most essential that the Government regulatory body proceed with caution when considering matters of frequency allocation as well as other policies which have such a direct bearing on the continued successful operation of this very important industry.

"According to the Bureau of Census Report on Radio Broadcasting, published in October 1936, 561 stations and 8 national and regional networks had net billings for sale of time in 1935 (i.e. gross billings after deduction of time and other promotional discounts), amounting to \$79,617,543, of which \$27,216,035 accrued to the chain companies for sale of time, \$26,327,032 to network and non-network stations for sale of time

to national and regional advertisers, and \$26,074,476 to all stations for sale of time to local advertisers. For the sale of talent and other revenue the figure of the Bureau of Census Report shows that \$2,983,245 accrued to the chain companies and \$3,891,865 to stations. Of the grand total, \$86,492,653 (time plus talent and other revenue), 92.1 percent was obtained by the sale of time and 7.9 percent for the sale of talent. Also, of the total, 62 percent was from national and regional advertisers and 30.1 percent was from local advertisers. Furthermore, of this total 34.9 percent was received by chain companies and 65.1 percent was received by stations.

"Of particular significance was that of the \$56,293,373 revenue in 1935 accruing to stations, 46.8 percent was from national advertisers, 46.3 percent was from local advertisers, and 6.9 percent was from sale of talent and other revenue. It is estimated that the gross billings for each of the years 1936 and 1937 are in excess of \$100,000,000."

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#### FCC SAYS FACSIMILE WILL BE AN A.M. SERVICE

The Federal Communications Commission visualizes facsimile broadcast as a service supplementing other media, competing more with the morning paper than with evening editions.

In its annual report to Congress, FCC comments:

"The most popular suggestion is that regular broadcast stations be used for facsimile service between midnight and 6 A.M. to supply the citizen with a complete record of the latest news for perusal during his breakfast."

Because facsimile can be transmitted within the narrow limits of the available low frequency bands, midnight to early morning use may be made of existing broadcast stations, it is pointed out.

"The latest news flashes, market reports, weather maps, etc., can be broadcast hundreds of miles and automatically recorded in the home ready for the rural observer or the residents of small communities", says the report.

But the innovation is not without its difficulties. The Commission states: "The principal questions are: What will be the public reaction, and will the cost of maintaining this new service be prohibitive?"

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: : : TRADE NOTES : : :  
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Announcement of eight interim models, all equipped with Stromberg-Carlson's New Electric Flash Tuning, has been made by Lee McCanne, Radio Sales Manager of the Stromberg-Carlson Telephone Manufacturing Co.

Included among these latest models is a horizontal table radio in a new Worthington design, three Labyrinth radios, two standard consoles, a decorator's half-round console, and a combination radio and automatic phonograph. Two of the new Labyrinth-type radios are in the decorators' group, taking the forms of a modern desk and a drop-door console.

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A. E. Joscelyn will this week become Eastern Sales Manager of the Radio Sales Division of the Columbia Broadcasting System, Inc. He succeeded Arthur Hayes, who relinquished the post in order to devote his full time to the development of local business on Station WABC in New York. Mr. Joscelyn, who recently entered the Chicago office of Radio Sales, has had long experience in the advertising field, especially in radio and newspaper representation work.

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The American Radio and Telegraphists' Association, according to the A.P., asked the Labor Relations Board Monday to order the Association of Western Union Employees to return \$500,000 in dues the union said had been collected since the Wagner Act was passed. The union is Committee for Industrial Organization affiliate. The petition alleged the Western Union Association was an illegal "company union". The Board was asked to order its dissolution.

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Beginning January 30th, Station WBRE, Wilkes Barre, Pa., becomes an NBC outlet available to advertisers using either the basic Red or basic Blue Networks. Station WBRE will bring the total number of NBC stations to 144. The new affiliate is owned by Louis G. Baltimore, and operates on 1310 kilocycles with 100 watts power. A power increase to 250 watts daytime is expected this Spring, and a new RCA transmitter will be installed. A new 180-foot vertical antenna already is in operation.

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Effective January 15th, John Bates will resign from his post as Commercial Program Manager of Station WOR. He will be succeeded by Jerry Danzig, now of the Special Features Division of the Press Department. Mr. Bates will leave to establish a private agency devoted to production work.

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Dr. Frank Baldwin Jewett of Brantwood, Short Hills, N.J., an expert in the field of telephone engineering, and radio, has been chosen to receive the Washington Award for 1938. L. S. Keith, Secretary of the Washington Award Commission, announced that the award given annually since 1919 to the engineer whose work has contributed most to human progress, would be presented in April or May. Dr. Jewett is President of the Bell Telephone Laboratories and Vice-President of the American Telephone and Telegraph Company. He is a past president of the American Institute of Electrical Engineers.

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Vittorio Giannini, distinguished young American composer, and Robert A. Simon, author, critic and librettist, will collaborate on a radio opera commissioned by the Columbia Broadcasting System. Their work will be precisely 29 minutes and 30 seconds long in order to insure a practical production which can be given in a half-hour broadcast. The new radio opera will be performed at an evening concert broadcast some time during the coming Summer season.

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The latest check on newspaper readership made by George Gallup, Director of the Institute of Public Opinion, Professor of Journalism at Columbia University, and Director of Research for Young & Rubicam, New York advertising agency, reveals that more people are interested in reading radio columns than they are in reading Hollywood gossip columns.

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#### INCREASE IN POWER FOR WGAR IS RECOMMENDED

An increase in power for Station WGAR, Cleveland, was recommended to the Federal Communications Commission this week by Examiner George Hill. The jump would be from 500 watts-1 KW to 1 KW-5KW on 1450 kc.

In recommending the increase, Examiner Hill called attention to the application of Station WJSV, which operates on the same frequency, for an increase in power to 50 KW, but he stated that with both stations using directional antennae, there would be no interference although they are separated only by 304 miles.

Examiner Tyler Berry filed a favorable report on the application of Station KVEC, San Luis Obispo, Calif., for authority to increase its operating time from daytime to unlimited, using 100 watts at night and 250 watts daytime.

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## CBS FORMS ADULT EDUCATION BOARD

The Columbia Broadcasting System this week announced the formation of an Adult Education Board under whose guidance it will launch early this year a series of educational programs in evening hours definitely reserved for that purpose. The Board, headed by Dr. Lyman Bryson, and composed of educators and publicists representative of the nation as a whole, will meet in New York on January 17 and 18. It will first reach a practical decision as to the scope and purpose of adult education over the air best fitted to meet the needs of a democracy. The Board and Columbia's own staff will thereafter cooperate in production to the end that the first experimental year may be devoted to perfecting techniques designed to attract the largest possible audiences and to give them what they best can use.

Besides the Chairman, Lyman Bryson, who is Professor of Education at Teachers College, Columbia University, and also a member of the Executive Committee of the American Association for Adult Education, other members of the Board are:

Stringfellow Barr, President of St. John's College; William Benton, Vice-President, University of Chicago; Harry Woodburn Chase, Chancellor, New York University; Robert I. Gannon, President, Fordham University; Alvin S. Johnson, Director of the New School for Social Research; Henry R. Luce, President, Time, Inc.; Ruth Bryan Rohde, Former U. S. Minister to Denmark; Thomas V. Smith, Professor of Philosophy, University of Chicago; George Edgar Vincent, former President of the Rockefeller Foundation; William Allen White, Editor, Emporia Gazette; Ray Lyman Wilbur, President, Leland Stanford University, and Joseph H. Willits, Dean of the Wharton School of Finance, University of Pennsylvania.

In announcing the formation of the Board and its forthcoming meeting in New York, William S. Paley, President of CBS, said:

"Adult education has been one of the most vexed and controversial questions in radio. A great deal that has been constructive already has been done, and practically everyone recognizes that many programs already regularly on the air have great educational value. The time appears to have come, however, when broadcasting should come more definitely to grips with the whole problem. After long study and a good deal of experience, we at Columbia decided that a rightly constituted Board of men and women, competent to deal with the problem and willing to devote enough time to it to be effective, could be working with us help to a degree to take the whole subject out of the realm of discussion and into the field of practical achievement."

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## RCA ASKS REHEARING IN LICENSE CASE

The Radio Corporation of America filed a petition in Chancery Court in Wilmington, Del., last week asking for a reopening and rehearing of litigation brought by the Philadelphia Storage Battery Co., parent organization of Philco Radio & Television Corp., against RCA whereby the Philadelphia concern sought to enjoin RCA from terminating a licensing agreement.

The petition asked Chancellor Josiah O. Wolcott to issue an order permitting RCA to present further argument and to take further testimony, to introduce a letter from PSB to RCA attached to an affidavit of Lewis MacConnach, to introduce in evidence certain patents under which the Philadelphia Storage Battery Co. has been licensed by RCA, to explain the principle of operation of inventions in patents and to compare claims of patents.

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## MUTUAL DECEMBER BILLINGS SHOW 10% INCREASE

A 10.6 percent increase in time billings is reported for the Mutual Broadcasting System for the month of December, 1938, in comparison with the same month's figures in 1936. The total billings for December, 1937, were \$214,039. For the same month in 1936 they were \$193,496.

Total billings for the year 1937 were \$1,862,820, a loss of 1.2 percent under 1936. Total billings for the year 1936 were \$1,884,963.

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## RATES FOR WWL RAISED WITH POWER BY CBS

A new schedule of rates for time on Station WWL, New Orleans, was announced this week subsequent to an authorization by the Federal Communications Commission to increase the station's power from 10,000 to 50,000 watts on 850 kc.

H. K. Boice, Vice-President in Charge of Sales of the Columbia Broadcasting System, said that present advertisers will continue to pay the rates of their contracts but in renewals the new rates will prevail.

The hourly rate ranges from \$250 to \$375, the quarter hour from \$100 to \$150, and the half-hour from \$150 to \$225.

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WASHINGTON, D. C.

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## CALIFORNIA LEADS IN ALLOCATION OF RADIO STATIONS

California had the greatest number of broadcasting stations of any State in the United States at the close of the last fiscal year, according to a report made by the Federal Communications Commission to Congress this week. The number was fifty-three.

New York came second with 49, while Texas was third with 47. Next in line was Pennsylvania with 37. Illinois had 31.

Of California's 53 stations, 37 are unlimited as to time, nine operate daytime only, while seven either are limited or share time with other stations. Only twenty-two of New York's stations are unlimited, while 20 share their frequencies with other stations.

In the distribution of clear channels, New York and Illinois are tied with six each, while California has only four and Texas three. Five of New York's clear channels are unlimited, and one is shared, while Illinois' are split 3-3 as to unlimited and shared.

As for regional channels, California again takes the lead with 33. The only other State approaching this figure is New York with 27.

No one State has a corner on the local channels, but Texas leads with 30. California has 16; Illinois 15; New York 16; Pennsylvania 19, and Michigan 14.

Another table prepared by the FCC for Congress showed that the majority of American cities are in the primary service areas of one or more broadcasting stations.

Of the 982 cities in the United States with populations above 10,000, the FCC said that 368 have broadcasting stations. Five more exist in United States possessions.

Of the 700 stations licensed at the end of the last fiscal year, 89 were in towns of less than 10,000 population, while 138 were in cities of between 10,000 and 24,999 inhabitants.

The table showing the distribution of stations according to size of cities follows:

<u>Size of Town</u>	<u>Number of Cities</u>	<u>Cities With Stations</u>	<u>Number of Stations</u>	<u>Percent of Stations</u>
Under 10,000	15,616	87	89	12.7
10,000-25,000	606	136	138	19.7
25,000-50,000	185	81	90	12.9
50,000-100,000	98	67	85	12.2
100,000-200,000	52	48	94	13.4
200,000-300,000	16	16	49	7.0
300,000-400,000	7	7	30	4.3
400,000-500,000	5	5	19	2.7
500,000 and over	13	13	106	15.1

(Table includes three cities in Alaska, two in Hawaii, and three in Puerto Rico.)

The disclosure that the FCC had quietly driven off the air 357 unlicensed radio stations during the past fiscal year was also contained in its report to Congress. Also, it investigated 3,796 complaints of interference with reception.

"During the fiscal year reports were received of the operation of 477 unlicensed radio stations", the report said. "The action taken by the Commission resulted in the discontinued operation of 357 stations, leaving 120 stations under investigation at the close of the fiscal year.

"During the fiscal year 3,796 complaints of interference with radio reception were received by the Commission. In addition, 430 cases were carried over from the previous fiscal year. As a result of investigations, remedial action was taken in 3,995 cases. The remaining 231 cases were under investigation at the close of the fiscal year."

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#### PARLEY OF PRESS ASSOCIATIONS CALLED BY FCC

The Federal Communications Commission has invited press associations together with other interested parties to attend an informal conference called for 10 A.M., January 27th, in the offices of the Commission. This conference is for the purpose of discussing the rules and regulations which may be necessary to provide for the occupancy of frequencies above 30,000 kilocycles recently allocated to mobile press stations. These rules are necessary since the type of service contemplated by Order No. 19 has not heretofore been recognized and it is the desire of the Commission that any rules adopted should provide for the maximum usefulness of these frequencies.

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## U. S. RADIOS IN PRINCIPAL MARKETS ABROAD

American-made radio trade names are numerous in foreign markets, according to results of a Federal inquiry abroad.

At the request of the Radio Manufacturers' Association, a survey of trade names and brands of radio sets appearing on foreign markets has been made by the Electrical Division of the U. S. Bureau of Foreign and Domestic Commerce. The survey covered capitals of twenty-eight countries where the Federal Bureau has offices and a total of 103 American names were found in the foreign markets as compared with fifty-two trade names or brands from sources other than U. S. and their own domestic manufacture. Many European manufacturers employ a separate trade name for each model in their lines. Other summarized results of the Government survey were as follows:

"The largest number of names is reported from Belgium, where 159 domestic makes are listed, imported sets number 26, of which 16 are American. The United Kingdom has 84 domestic names listed, and 29 American sets are reported to be on sale. Information as to imported sets other than American is as yet incomplete. Brazil, reporting 62 American makes, leads in this respect, with 6 other imported and 9 domestic. Argentina shows 48 American, 4 others imported, and 25 domestic.

"The Dutch 'Philips' and German 'Telefunken', from among the foreign makes were reported from the greatest number of markets. Much of the trade in these two makes is actually produced in several branch factories in as many countries. British GEC and Marconi, Austrian Horniphone, and German Korting, Nora, Mende and Blaupunkt (sometimes sold under the name 'Blue Spot') also have wide distribution.

"Although this survey was made primarily to obtain information regarding possible infringement of American trade names by foreign companies, only one case was reported where such infringement was evident. This case is being appropriately investigated."

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## POWER OF DON LEE TELEVISION STATION IS INCREASED

The transmitting power of the Don Lee television station in Los Angeles, W6XAU, will be increased from 150 watts to 1 KW as a result of authority granted this week by the Federal Communications Commission.

Station W6XAU has been one of the pioneer experimenters in the television field during the last several years.

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## FCC SETS WIRE, RADIO RATE PROBE; CRAVEN DISSENTS

Over the objection of Commissioner T.A.M. Craven, the Federal Communications Commission this week scheduled a rate hearing in conformance with a request of the major telegraph, radio and cable companies. The hearing will begin at 10 A.M., February 14th.

Commissioner Craven, in a dissenting opinion, stated that two inquiries should be conducted by the FCC, one limited to the rate problem and a second "monopoly" investigation with the purpose of determining a "modern national communication policy for the nation".

The Commission action was taken upon a petition asking for a 15 percent rate rise, filed recently by the Postal Telegraph-Cable Co., Mackay Radio & Telegraph Co., the Western Union Telegraph Co., and R.C.A. Communications, Inc.

In ordering the inquiry, the FCC stated that it would be expanded to include evidence or testimony that may have a bearing on the case.

Commissioner Craven in his dissenting opinion said:

"In my opinion, the order designating the foregoing petitions for investigation and hearing permits an expansion of inquiry to include undefinable matters not clearly specified. I recognize, however, the need for a hearing on limited issues because the petitions appear to make out a prima facie showing sufficient to warrant an investigation and hearing limited to the issues therein presented. They recite that the situation of the carriers is highly critical and unless properly met by an increase in their revenues, their ability to function will be seriously impaired. It would, therefore, seem that a long drawn out rate case would not meet the situation presented, but that an early hearing limited to the financial issues alone would produce accurate facts upon which to reach a decision, and if the Commission finds it proper, to grant temporary relief.

"It is possible that a rate increase may only be a palliative and that it is necessary to probe more deeply into the matter in order to arrive at a more permanent solution of the problems confronting the carriers. However, such an investigation would be long drawn out and it is entirely possible that if the carriers are now confronted with an emergency financial situation the delay involved in such an extensive investigation would be perilous.

"I respectfully submit that it is necessary for the Commission to conduct a thorough investigation of the entire communication structure of the United States for the purpose of assisting in the determination of a modern national communication policy for the nation. It is specifically necessary for the

Commission to study related competitive and economic factors which, at present, seem to indicate a trend toward a monopoly of communications rather than the competition contemplated by the Communications Act of 1934.

"This investigation and study would involve a consideration of many more phases of communications than an increase of telegraph rates and would include many more interested parties than would be affected legally in the determination of a rate increase in the domestic telegraph field.

"Hence, it appears to be in the broad interest of the public to limit the issues in the hearing on the petitions to the questions raised directly in the petitions and to formulate forthwith a preparation for a comprehensive and basic investigation of the major and more fundamental problems involved in the existing communication structure of the country."

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THREE NEW STATIONS RECOMMENDED BY EXAMINERS

Construction permits for three new broadcasting stations were recommended in reports of Examiners to the Federal Communications Commission this week.

The applicants and facilities are:

Harwell V. Shepard, Denton, Tex., 1420 kc., 100 watts power, daytime.

Gila Broadcasting Co., Safford, Ariz., 1420 kc., 100-250 watts, unlimited hours.

Sims Broadcasting Co., Globe, Ariz., 1210 kc., 100-250 watts power, unlimited time.

Unfavorable reports were filed on the applications of William C. Smith, of Bogalusa, La., and the Curtis Radiocasting Corp., Evansville, Ind., for a station to be located at Richmond, Ind.

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A sample of what State Police radio can do is told in the report of the Illinois Director of Public Works, F. Lynden Smith, who said that the State Police radio network has returned 1,058 stolen automobiles in the first 17 months of operation. The automobiles recovered were valued at \$432,200.

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## RMA CONDUCTS DRIVE AGAINST EXCISE TAXES

A vigorous campaign for repeal or a substantial reduction of the Federal excise tax of 5 percent on radios and phonographs has been started by the Radio Manufacturers' Association, Bond Geddes, Executive Vice-President, stated this week.

The Treasury Department and a tax sub-committee of the House Ways and Means Committee, recommended repeal of a few outright "luxury" taxes, including sporting goods, furs, cameras, phonograph records, and chewing gum, but did not include radio. The RMA protested to the Treasury Department and the House sub-committee, of which Representative Fred Vinson, of Kentucky, is Chairman in charge of the new tax bill, and asked for repeal or material reduction of the tax on radio, because of its wide public service and use, and on the ground that it is not a luxury but a public convenience and necessity. Support for the RMA plea came from several Congressmen.

That at least "the poor man's" radio should be given tax exemption has been emphasized in the early and informal discussions in Washington. A tentative proposal was made for tax exemption of radio sets sold for less than \$50, covering the low and medium price range of the ordinary and general purchaser. Certain results would be reduction of prices to millions of radio purchasers, together with increased sales and increased employment in the radio industry.

Chairman A. H. Gardner of the RMA Legislative Committee and industry leaders have acted promptly in the tax matter, and the entire industry and trade are being asked to assist in proper representations to the House Ways and Means Committee and also later to the Senate Finance Committee.

The House Ways and Means Committee will hear the RMA representatives on the radio tax next Thursday, January 20th.

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## RADIO PROGRAMS SHOULD BE IMPROVED, SAYS CRAVEN

While suggesting that a Congressional investigation of radio and the Federal Communications Commission should be delayed, Commissioner T.A.M. Craven believes that the Commission should have more authority to control programs and that the programs should be improved.

Testifying before the House sub-committee on Appropriations, Commissioner Craven said:

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"Personally, I believe there is a great necessity for improving programs in the United States. I think the Commission should do something; I think they already have started on a program of doing something. But there may be some necessity of modifying your law at the present time, particularly with reference to the punishment that we can give a station for violation of the regulations with reference to programs. We have not got all the powers that may be necessary to deal with the situation."

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#### KELLER RESIGNS AS BROWN'S SECRETARY

Resignation of Joseph E. Keller, who has been secretary to Commissioner Thad H. Brown of the Federal Communications Commission since August 1, 1934, was announced yesterday (Thursday) by Commissioner Brown, effective January 24th. Mr. Keller is resigning to enter the private practice of law with the firm of Dow and Lohnes in Washington, D C.

Subsequently Commissioner Brown announced the appointment of Franklin Cary Salsbury, of Cleveland, as his secretary. Mr. Salsbury was born in Cleveland on September 29, 1910, and is the son of Mr. and Mrs. Elwood Salsbury, 12509 Cedar Road, Cleveland, Ohio. He attended Hotchkiss School, Lakeville, Conn., and was graduated from Yale University in 1932. He specialized in the study of languages at Yale.

Mr. Keller was graduated from the University of Dayton in 1928 and was awarded his LL.B. degree from the same university. He completed graduate work in law at Georgetown University and received his Doctor of Jurisprudence degree there in June, 1935.

He is a member of the bars of the State of Ohio, the Federal District Court for the Southern District of Ohio, western division, and the Supreme Court of the United States. Mr. Keller was formerly a member of the faculty of the law school at the University of Dayton and he is now conducting graduate courses in Radio Law and Air Law at Southeastern University. He is the author of several articles on communication law.

Mr. Keller's duties with the firm of Dow and Horace L. Lohnes, (Munsey Building, Washington, D C.) will include legal services with the National Petroleum Association and the American Petroleum Institute.

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RADIO SALES IN 1937 NUMBERED 7,700,000

The total number of radio sets sold in 1937 amounted to 7,700,000 with a retail value of \$450,000,000, O. H. Caldwell, former Federal Radio Commissioner and now editor of Radio Today, will say in the forthcoming issue.

The number of sets fell a little short of the more than 8,000,000 sold in 1936, it appears, but the retail value was slightly higher due to the higher prices.

Mr. Caldwell estimated that there are now 36,800,000 radio sets in use over the United States as compared with 33,000,000 in 1936. Auto radio sets sold last year totalled 1,800,000 with a retail value of \$90,000,000.

The table showing a break-down of the radio trade business for the past year follows:

	<u>Number</u>	<u>Retail Value</u>
Total radio sets sold during 1937	7,700,000	\$450,000,000
Radio Sets exported	680,000	-----
Automobile radios	1,800,000	90,000,000
Home radios sold in U.S.	5,220,000	304,000,000
Consoles	2,100,000	167,000,000
Table models	3,000,000	120,000,000
Combinations	60,000	11,000,000
Home sets sold as replacements	2,920,000	170,000,000
Home sets sold to homes previously without radios	1,300,000	75,000,000
Home radios sold as extra sets	1,000,000	58,000,000
Battery sets	900,000	45,000,000
Tube replacements	40,000,000	40,000,000
Tubes, initial equipment	51,000,000	51,000,000
Total tubes sold 1937 including exports	101,000,000	101,000,000

The steady increase in radio set ownership is shown in the following table on radio sets in use since 1929:

Homes with radios, extra sets, auto radios

1929	10,000,000	1933	22,000,000
1930	13,000,000	1934	25,000,000
1931	15,000,000	1935	28,000,000
1932	18,000,000	1936	33,000,000
	1937		36,800,000



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Under the heading of the "Roll Call of the Radio Industry", as of January 1, 1938, Mr. Caldwell listed the following:

Manufacturers of radio receivers	140
Manufacturers of radio tubes	14
Manufacturers of radio parts	625
Manufacturers of test equipment	60
Manufacturers of broadcast and amateur equipment	110
Manufacturers of sound equipment	115
Radio set and parts distributors	2,088
Manufacturers' agents	245
Retail outlets selling radios	61,000
Dealers doing 85% of radio business	16,000
Servicemen, including dealers' servicemen	40,000
Radio amateurs and experimenters	81,000
Broadcasting stations, Jan. 1, 1938	701

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EDUCATION GROUP ANNOUNCES PROGRAM FOR NEW YEAR

The National Committee on Education by Radio this week in its January bulletin announced its program for 1938 as follows:

(1) To continue promotion of the Committee's plan for an American Public Broadcasting Service.

(2) To continue publishing the bulletin, Education by Radio, as a means of appraisal and interpretation of the developments in radio that affect the interests of educational broadcasting.

(3) To continue the stimulation of more intensive training in educational broadcast production and in the uses of radio in schools and colleges.

(4) To make both educators and the public increasingly conscious of radio as an educational and cultural agency.

(5) To maintain the informed and vigorous support of the Committee's policies and program on the part of its constituent member organizations.

(6) To supply information to the Federal Government upon the request of either Congressional committees or the Federal Communications Commission.

A request has been made to the Payne Fund for a grant with which to carry out this program, the announcement stated.

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President Leslie F. Muter, of the Radio Manufacturers' Association, has called a meeting of the Association's Board of Directors on Thursday, January 27th, at the Roosevelt Hotel, in New York City. Many important industry and trade matters are scheduled for discussion and action, including the present inventory and merchandising situation and also procedure before Congress in the RMA effort to secure repeal or substantial reduction of the 5 percent radio excise tax.

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Presaging national standardization and further development of sound effects equipment, the National Broadcasting Company has created a Sound Effects Development and Maintenance Division. N. Ray Kelly, former head of the NBC New York Sound Division, has been appointed to act as Manager of the new Department, which will serve all NBC managed and operated stations.

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Increase in power for Station WSAY, Rochester, N. Y., from 100 watts to 250 watts daytime, 100 watts at night, was recommended this week by Chief Examiner Davis G. Arnold, in a report to the Federal Communications Commission. Station WSAY operates now on 1210 kc., daytime only.

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Continued increase of exports in American radio was recorded in the November 1937 report of the U. S. Bureau of Foreign and Domestic Commerce. The November exports totaled \$2,696,018, a substantial increase over the November 1936 exports of \$2,587,819. The total American radio exports for the eleven months of 1937 ending in November were past \$29,000,000, and also the total radio exports for the entire year of 1936.

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Federal officials are investigating an advertisement which referred to President Roosevelt in profane terms. The attack appeared in "QST", official organ of the American Radio Relay League, Inc., and the International Amateur Radio Union. In minute type at the top of the advertisement, sketched to depict the heading of a newspaper, the President was referred to as "the \_\_\_\_\_ President of these United States of America."

Federal officials absolved the publishers of intentional guilt. So minute was the type that magnifying glasses were necessary to read the words, investigators said.

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1/14/38

NBC SEES NEW RECORD IN JANUARY BUSINESS

Network business for the National Broadcasting Company is expected to set an all-time record for the month of January, and perhaps for any month in broadcasting history, with seventeen advertisers starting nineteen new shows over NBC networks during the period January 1-January 31st. New network programs starting in January a year ago totalled only six, making this year's new business figure 200 percent larger.

A variety of industries is represented by the sponsors of these new programs - steel, glass manufacturing, tobacco, food, toilet supplies, and housekeeping supplies.

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THREE STATIONS ADDED TO CBS NET

The Columbia Broadcasting System this week announced the addition of three radio stations - KARM, Fresno, Calif.; KROY, Sacramento, Calif.; and WBRK, Pittsfield, Mass.

KARM and KROY, situated in the rich Central Valley Region of California, join the network on January 15th as members of the Pacific Coast Group.

Station KARM - serving 32,000 radio families in the Fresno trading area - delivers intensive local coverage of the wealthiest per capita retail market in America.

Station KROY, Sacramento, also serves an exceptional market with intensive local coverage. Capital city of California, Sacramento has become the nation's leader in retail sales for cities of its population class. In the city, and in the area immediately around it, there are over 33,400 radio families.

Station WBRK Pittsfield, joins the CBS on or about February 1st, as a member of the Basic Supplementary Group and the Columbia-New England Network. The station operates on 250 watts daytime and 100 watts nighttime power. A conservative estimate of the primary listening area for WBRK includes a population of 125,000 and 98,280 radio listeners. The area is high above the U. S. average in retail sales and buying power.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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No. 1093

January 18, 1938

MAE WEST SKIT BRINGS CENSORSHIP DEMAND; NBC REBUKE

Members of Congress late last week demanded on the House floor that the Federal Communications Commission invoke the "obscene" phrase clause of the Communications Act to censor radio programs while Chairman Frank R. McNinch was administering a rebuke to the National Broadcasting Company and affiliated stations that carried the Mae West skit.

Taking up the cudgel of his late brother, Representative Lawrence J. Connery (D.), of Massachusetts, renewed his demand for a Congressional inquiry of radio and the FCC but meanwhile suggested that the Commission "clean up the air", even to going outside the United States to reach the Mexican border stations by treaty.

While Representative Connery was criticizing the FCC for tardiness in acting on the Mae West broadcast, Chairman McNinch was holding a press conference and making public a rebuke administered to NBC for permitting the Mae West broadcast to be carried over its network.

Chairman McNinch said the complaints will be held against the 59 NBC-Red network stations when their licenses come up for renewal. Observers, however, were inclined to believe this threat will not endanger the existence of any of the stations involved. Chairman McNinch admitted that unless further complaints are made against the stations no further action will be taken by the FCC.

The FCC Chairman disclosed that the Commission plans to set up "standards of programs" for the benefit of broadcasting stations, but he stated that he did not advocate any law which would give the Commission power to censor programs.

Commissioner McNinch indicated he would have more to say about radio programs in an address he is to make at the National Association of Broadcasters' Convention in Washington February 14-16.

During Representative Connery's address in the House, Representative O'Malley (D.), of Wisconsin, suggested that the radio industry set up a Board, as in the motion picture industry, "to look over the material which goes on the air before it is broadcast."

Representative O'Malley expressed the opinion that "the majority of the people in the radio industry and the

advertisers are clean and decent-minded and that they themselves, as was the case in the motion-picture industry, would be best fitted to clean out the dirty-minded people in the business."

The Mexican border stations, operated by Americans, were brought into the discussion by Representative Patrick (D.) of Alabama.

"Is it the purpose of the gentlemen in cleaning house in this respect to cover treaty relations with neighboring countries so that we can have the matter cleared up?" he asked Representative Connery.

"For example, a doctor from Kansas or some other State may cross the line into Mexico."

The North American Treaty which was drawn up at the Inter-American Radio Conference at Havana provides for the elimination of the Mexican border stations by means of a reallocation of Mexico's facilities.

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HIGHLIGHTS OF FCC REBUKE TO NBC AND LOHR'S REPLY

Following are the most significant excerpts from the letter of Chairman Frank R. McNinch of the Federal Communications Commission, to Lenox R. Lohr, President of the National Broadcasting Company, with respect to the Mae West broadcast over the Chase and Sanborn Hour, together with a part of Major Lohr's reply:

"The Commission has carefully considered the transcript of the 'Adam and Eve' feature by Don Ameche and Mae West and the dialogue between Mae West and Charlie McCarthy, sponsored by Chase and Sanborn and broadcast by the National Broadcasting Company over twelve stations on Sunday night, December 12. It is our considered opinion that both of these features were far below even the minimum standards which should control in the selection and production of broadcast programs.

"We commend your company for having apologized over the radio and through the press for these features and again in your letter to the Commission. We are unable, however, to accept the view expressed in your letter that the broadcasting of these features was only 'a human error in judgment.' The care with which the public has a right to expect, and which is, we understand, the practice, in the writing and editing of the manuscripts and in the rehearsing of such features would seem to exclude the elements of accident and surprise.

"The admittedly objectionable character of these features is, in our opinion, attributable to the lack of a

proper conception of the high standards required for a broadcast program intended for reception in the homes, schools, automobiles, religious, social and economic institutions, as well as clubs, hotels, trains and other places, reaching in the aggregate a much larger number of people daily than any other means of communication and carrying its message to men, women and children of all ages. A clear recognition of the social, civic and moral responsibility for the effect upon listeners of all classes and ages requires such a high standard for programs as would insure against features that are suggestive, vulgar, immoral or of such other character as may be offensive to the great mass of right-thinking, clean-minded American citizens.

"While the right to reap a reward or profit in the proper use of the license granted by the Government is clearly recognized, this right and all other considerations are entirely subordinate to the interest of the listening public; and, if the present system of licensing private agencies to broadcast is to ultimately win the favor and approval of the American public, this favor will be won chiefly through the excellence of the programs broadcast and their freedom from commercialization at the expense of propriety and quality.

"In our present system and the statute under which the Federal Communications Commission functions, the Commission has no power of censorship but this power and responsibility rests squarely and unavoidably upon the licensee. The right to continue operation under a license can be justified only so long as public convenience and necessity are served through programs broadcast to the listeners. Licenses are granted without any compensation by the licensee to the Government and solely for the purpose of serving the public interest and, hence, the broadcaster must accept, along with the privilege granted, a definite inescapable and high public trust in the use of the facilities licensed.

"It is believed that a true conception of this public trust would lift the general standards of programs to a higher level and would condemn as unworthy not only the features herein specifically referred to but other material which has been broadcast."

Mr. Lohr in a statement said that NBC's record of public service for more than a decade, showed clearly that the policies it has pursued "are fully in accord" with the principles laid down by the Commission. In order that the record of the correspondence between the Commission and the company might be complete, he made public the text of his letter to the Commission relative to the "Adam and Eve" broadcast.

The letter, addressed to Chairman McNinch on December 22nd was as follows:

1/18/38

"In response to your letter of December 18th, I submit herewith the material you requested in relation to the broadcast over our network Sunday night, December 12th.

"The public record of the maintenance of high standards and criteria of good taste by the National Broadcasting Company over the past eleven years and the whole-hearted cooperation of our company, both with the spirit and with the letter of the Communications Act, speak for themselves. In this period nearly one-half million (500,000) separate and distinct programs have been broadcast over our networks. Frequently, as many as one hundred and fifty different programs are broadcast over our networks in a single day. The standards by which these programs have been selected have made them welcome at the American fireside.

"In this instance, a human error in judgment was made and represents an exception which we promptly and publicly acknowledged. Neither the American public, nor the Commission, we believe, will wish to judge the question of good taste by a single exception to the high standards we have maintained and which, we assure you, we shall continue to maintain."

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EVENING STAR CONTRACTS TO BUY WMAL

The Washington Evening Star, one of the country's leading newspapers, has entered into a contract to purchase the stock of Station WMAL, Washington, it was learned this week. The contract is subject to approval by the Federal Communications Commission. Should the deal go through, WMAL will remain under lease to the National Broadcasting Company until February 1, 1941. The station is now owned by the heirs of M. A. Leese, former Washington optician.

All of Washington's newspapers have been trying unsuccessfully from time to time to obtain radio outlets in the National Capital, and they now have applications pending before the FCC. Hearst Radio, Inc., tried to force WMAL's owners to sell its facilities to it some months ago, when Hearst controlled the Herald and Times, now under lease to Mrs. Eleanor Patterson.

It is understood that when Mr. Leese died he stipulated in his will that if and when the station should be sold the Evening Star be given the first refusal because of its frequent use of the station. The purchase price of the stock has not been disclosed.

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## "WHAT IS IT?"

An announcement last Sunday night in the Zenith Radio Corporation broadcast that next Sunday night Zenith would make one of the most sensational announcements ever made over the radio, has caused considerable speculation. It was said the announcement would have to do with a new device which Zenith is to manufacture which utilizes radio but is not for entertainment purposes. The device, it was further said, had been secretly perfected behind guarded and locked doors in the Zenith laboratories in Chicago.

The secret has been so closely guarded that even Zenith distributors and dealers will get their first knowledge of exactly what it is in the Zenith broadcast over Columbia at 10 o'clock (EST) next Sunday night immediately following the Ford Hour.

One man in the industry who claims to know what the new device is, said:

"I believe this device, which as far as I know is entirely novel, will sweep the country. Whether Zenith will have the exclusive right to manufacture it, or whether others can also manufacture it, I do not know.

"In any case, it seems to me that Commander McDonald is far ahead of the procession as he has been in other innovations. I shall be very much surprised if this does not prove to be the biggest thing he has ever done."

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## RADIO CELEBS JOIN ALFALFA JESTERS

Maj. Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America, Federal Communications Commissioners Craven, Case, Sykes, and Thomas P. Littlepage, radio counselor and past Alfalfa President, joined the famous Alfalfa Club in its annual dinner in Washington last Saturday night. Gene Buck, President of the American Society of Composers, as usual, was in charge of the entertainment.

Others present from the radio industry were Col. Manton Davis of the Radio Corporation of America; Harry C. Butcher, Vice-President, Columbia Broadcasting System, Washington; John W. Guider, radio counselor, John M. and Thomas P. Littlepage, Jr., radio counselors; Kurt Sell, German Broadcasting Company; Donald Flamm, President, Knickerbocker Broadcasting Company (WMCA); Frank C. Page, Vice-President, I. T. & T., and Frank W. Wozencraft, Radio Corporation of America.

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1/18/38

## LOCAL MONOPOLY OF RADIO HIT IN WSMB DENIAL

Chairman Frank R. McNinch late last week announced a new policy of the Federal Communications Commission with respect to local ownership of radio stations in disclosing that the Commission had rejected the application of Station WSMB, of New Orleans, for authority to construct a second broadcasting outlet.

Chairman McNinch stated that the policy of the FCC would be against authorizing more than one station to a licensee in a community unless "it is clearly shown" that the grant would be in the public interest.

There is no immediate prospect of a review of allocations, however, to ferret out licensees which control more than one station in a community, Chairman McNinch said.

He likewise admitted the possibility, at a press conference, that a newspaper might own two stations if there were no other worthy applicant for the facilities and the area needed a second outlet.

"The available frequencies in the broadcast band are limited", the FCC report stated, "and the Commission is loathe to grant facilities for an additional broadcast station to one who already holds a license for a station in the same community unless it is clearly shown that the public convenience, interest, or necessity would be served thereby. Other things being equal, it would appear that if there were a need for an additional local broadcast station in a community and if there were a frequency available for this service, the facilities should be granted to someone who does not already hold a broadcast license for an unlimited time station in that community."

The decision, Mr McNinch asserted, "looks in the direction of fostering wholesome local competition " He added, however, that second stations conceivably could be granted where a need is shown beyond doubt, and where no other qualified applicant appears, but that there would be an "additional burden" upon the existing licensee seeking the second station in the same community.

The action, he added, can be regarded as a step in the direction of development of policy against establishment of monopolies in radio in particular communities, through avoidance of a concentration of licenses in the same hands.

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## S.W. PROPAGANDA NOT FOR AMERICANS, SAYS G.E. OFFICIAL

Discounting short-wave propaganda as un-American and a business which this country should keep out of, Boyd W. Bullock, Assistant Manager of Broadcasting, General Electric Company, speaking from Schenectady, addressing listeners in the four quarters of the globe, over short-wave stations W2XAD and W2XAF, told of some of the difficulties of selecting radio programs for everybody in the world.

"American short-wave programs have as their primary purpose the building of good will between the United States and other countries", Mr Bullock declared "Short-wave programs in this country are void of propaganda, as Americans are not attempting to make over the citizens of other countries. All we wish to do is to have peoples of other countries know us as we are. We think that if they know us, they will like us. The average American is honest, hard-working, and relatively plain-minded. He couldn't be a successful propagandist if he tried. Effective propaganda from a real democracy is as impossible as it is undesirable.

"Even though we have been working to develop short-wave programs for many years, the subject still offers many difficult problems. Most of these problems are gradually being worked out. Our listeners tell us that the quality of the programs has constantly improved. We shall continue to seek, with your cooperation, the programs which appeal to you. We hope to broadcast more and more programs in the languages of the countries to which the programs are directed and at the same time, we shall continue to further develop the technical aspects of short-wave broadcasting.

"We shall also continue to give you only programs which give a true picture of us Americans. Our hope is that you bear with us in our short-comings and that you will continue to give us your helpful comments so that during 1938 and the years to follow we may be able to give you even better service in the future than we have in the past.

Mr Boyd reported progress on the building of the powerful new General Electric short-wave station now being built near San Francisco.

"Late this year we shall have our Pacific Coast station in operation, and from midnight until six o'clock in the morning, Pacific Coast time, we shall broadcast to the Orient", the General Electric official said. "These programs, many of which will be announced in Japanese and Chinese, we hope will be interesting not only to the people in the countries for which they are primarily intended, but will include many features that will be interesting in DX'ers in many parts of the world."

Mr. Boyd said it is difficult enough to produce a program that will be pleasing to any one group of people, say those in one schoolroom or in any one audience that might gather because they are interested in one particular subject.

"Of course, in these cases, everyone in the room would understand and speak one language and, by and large, would be living about the same kind of life, in the same city and in the same country", the speaker continued. "If the program were liked by a large majority of people in either of these two rooms you would say that the program was a success, but even then there would be some who would like it much less than others, and some who would probably dislike it.

"Contrast this with attempting to devise programs for peoples in several different countries whose environment and points of view are widely different and whose customs as well as the languages which they speak are different from each other. Some might say that the solution is simple - that music is an international language. On the other hand, what kind of music is international - symphonic, grand opera, folksongs, jazz or dance music? The answer I believe is obvious - that there is no one type of music that everyone, every place wants to hear - at least wants to hear all of the time. Someone else says the radio should educate people, and the natural question then is "What is education?" Education to some who do not have the information, of course, would be boring to others who do. Another question is that programs should be cultural. What that means to one who actually tries to devise a program is almost anyone's guess.

"And those are just some of the problems confronting the short-wave broadcaster. What is the solution? Since there is no one type of program that meets all the requirements, the solution, we think, is a variety of programs planned for and directed to specific countries at times when they can be best received and enjoyed."

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#### WMCA TO CONDUCT SURVEY OF JUVENILE TASTE

To determine a standard for juvenile radio programs, Stations WMCA, New York, in cooperation with the Child Guidance Clinic of the Heckscher Foundation and other public as well as private educational institutions, will distribute a questionnaire to more than 10,000 grade-school children, according to an announcement by Donald Flamm, president of the station. Jacob S. List, Director of the Child Guidance Clinic, will direct the inquiry. Included in the survey will be a rating of radio programs by the children, who will be asked to list their preferences in radio fare in several categories.

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## NETS ADD 1,000 MUSICIANS AS CONTRACTS TAKE EFFECT

Broadcasting stations affiliated with NBC, CBS, and the Mutual network have contracted with local musicians' unions for the employment of more than 1,000 additional musicians and for a \$2,000,000 increase in the yearly musical wage budget, it was disclosed this week as contracts became effective all over the country.

Joseph N. Weber, President of the American Federation of Musicians, made the announcement in New York as key stations in the city signed two-year contracts covering the musical staffs.

About 90 per cent of the 273 independent stations in the three networks have entered into similar contracts with the A. F. of L. union and the others are expected to follow within a few weeks, according to Emile J. Gough, formerly vice-president of Hearst Radio, Inc., and a member of the national negotiating committee of the Independent Radio Networks Affiliates.

Negotiations began last August, when the union threatened a national strike if employment of musicians on radio programs was not spread more widely. Under the quota plan worked out with the representatives of the independents and key stations, Mr Webb said, 100 stations which have had no musical staffs will provide jobs for musicians. In no case will the outlay for musicians' wages be reduced, he added.

Mr Gough and Samuel R. Rosenbaum, president of the WFIL Broadcasting Company of Philadelphia, who carried on the negotiations for the independents, notified the member stations that Monday had been set by the union as the deadline for final acceptance of the national plan of settlement, but that "a short period of grace" had been arranged to permit the stations still outside the contract field to sign agreements with locals of the American Federation of Musicians.

All contracts signed within this period must be made retroactive to Jan. 17.

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The would-be radio broadcaster can now learn various phases of his trade in 266 colleges of the United States and Canada, according to a recent survey made by Professor Waldo Abbot of the University of Michigan. Though instruction in the field is only four or five years old, courses in radio speech are reported in 90 institutions, radio writing in 57, radio dramatics in 53, radio production in 43, radio music in 21, radio advertising in 19, television in 13 and radio law in 5.

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1/18/38

CONGRESSMAN RAPS "QST" AD; ADVERTISER EXPLAINS

Representative Phillips (D ), of Connecticut, on last Saturday placed in the Congressional Record some correspondence he had in connection with the scurrilous reference to President Roosevelt which appeared in the January issue of QST, a monthly magazine for radio amateurs

The reference, identified only by magnifying glasses, alluded to the President as "The God Damned President of the United States". It had been inserted in an advertisement of the Hygrade Sylvania Corporation.

The work was traced to a free lance artist, Edward du Souchet, of Tenafly, N. J., who had been hired by Cecil, Warwick & Legler, of New York. The artist said he did not recall writing the sentence although he said it might have evolved from "hen-tracks" he made in connection with the drawing. No prosecution is contemplated.

Hygrade Sylvania in a statement published in the Record by Representative Phillips said, in part:

"A recent advertisement of the Sylvania Radio Tube Division of the Hygrade Sylvania Corporation, which appeared in a number of radio-trade publications, has been the matter of much comment. Entirely without our knowledge, intent, or purpose, there appeared in this advertisement, in a semi-concealed state certain coarse and offensive phrases . . .

"No one who subsequently handled this advertisement as it went through the various stages of engraving, proving, and final printing of the publications noticed that the supposedly illegible type, when placed under a magnifying glass revealed the questionable material referred to.

"To our thousands of friends and acquaintances in the industry it is unthinkable that our company could have possibly had any conscious part in such a deplorable incident, and we hope that this explanation will make the whole situation clear in the mind of any one whom it reaches.

"The matter has already been called to the attention of the inspector in charge of the general post office in New York City, who now has all the circumstances under investigation.

"We realize, in making this statement, that we may be bringing the matter to the attention of many who otherwise would not have been advised of it; however, we feel that complete candidness is called for and we feel confident that our good faith will be unquestioned and our good-will unimpaired."

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1/18/38

CBS ADULT EDUCATION BOARD ANNOUNCES PLANS

The Columbia Broadcasting System's Adult Education Board yesterday made specific recommendations for increasing radio's service in the field of education through programs which would dramatize the processes of learning; give the American radio audience a comprehensive picture of the nation at work; and provide a testing ground for development of new ideas in the whole field of education.

The Board, made up of leading educators and publicists from every section of the country, with Lyman Bryson of Teachers' College of Columbia University as its Chairman, made public its conclusions after an all-day meeting at the CBS network headquarters at 485 Madison Avenue.

Immediately following the meeting, William S. Paley, CBS president, announced that plans would be formulated at once to carry out the Board's recommendations and that evening broadcast periods have been withdrawn from sale in order that the recommended programs might reach a maximum audience of grown men and women.

The Board's recommendations were:

1. The establishment of a series of half-hour evening programs dramatizing the processes of learning.
2. The establishment of a series of dramatic studies of "America at work" - radio portraits employing to the full the average American's curiosity in what his neighbor is doing - in art, business, industry, research, science, government services, religion, music and all the pattern of active life that constitutes American democracy today.
3. The continuous use of evening periods withdrawn from the commercial schedule and definitely reserved for experimental broadcasts in the educational field. These programs would be designed to win listeners and appeal to the radio audience in direct competition with commercial entertainment. These periods will be employed to try out a variety of suggestions made by members of the Board.

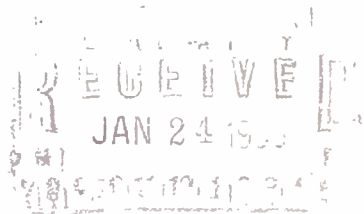
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**CONFIDENTIAL — Not for Publication**



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January 22, 1938

CRAVEN URGES CAUTION, FEW CHANGES IN ECONOMIC REPORT

The Federal Communications Commission was advised to proceed cautiously in disturbing the present economic set-up of the American broadcasting system, particularly in licensing super-power stations or forcing newspapers out of the radio business, by Commissioner T.A.M. Craven this week in a long delayed report on the economic phases of broadcasting.

The voluminous report, which was to be released for publication Monday morning, was prepared by Commissioner Craven while still Chief Engineer of the FCC and prior to July 1st last. It was held up because of the uncertainties of the Inter-American Conference at Havana last Fall.

Submission of the report paves the way for the FCC to put into effect the general reallocation and classification of stations recommended a year ago by the Engineering Department and endorsed by the Inter-American Conference.

Major findings and recommendations in the Craven economic report are:

That there is no immediate need for super-power stations, such as WIW's 500,000 watt transmitter and that their general establishment might prove detrimental to the economic welfare of smaller-powered stations.

No drastic action should be taken against newspaper ownership of radio stations until a further study is made. Decisions, as in the past, on applications of newspapers for facilities should be based on the conventional standard of public interest, convenience, or necessity.

The present American system of private commercial broadcasting should be left undisturbed basically by the Federal Government or Congress but "standards of public service" might be set up and provisions "for the rendering of specific services."

More accurate and comprehensive reports should be demanded of broadcasting stations, especially as to their profits, expenses, and programs, for consideration when licenses are up for renewal.

The report contains a mass of information as to the cost of broadcasting stations, distribution of classes of stations, and other data.

Commissioner Craven explained that the report was submitted "solely as a basis for discussion" by the Commission and should not be considered as the final conclusions of that body.

Explaining the American system of broadcasting in contrast with government ownership or government-fostered monopolies as they exist in foreign countries, Commissioner Craven said it is "reassuring" that Congress as recently as 1934 "reaffirmed the basic American policy by carrying forward in the Communications Act of 1934 the principles concerning broadcasting, which, after extended study and public hearings, it had established in the Radio Act of 1927.

"Therefore, the Engineering Department has adopted the premise that the existing policy of the nation, as expressed in the organic law enacted by the Congress of the United States, is fundamentally sound", the report added. "The Engineering Department knows of no facts or legal reasons for suggesting a radical change in this fundamental law, and we feel that basically the American system of broadcasting has been proved beyond question to be the best for our country. In fact, we believe that compared to all foreign systems with which we are personally familiar, the American system of broadcasting has demonstrated its acceptance by the public in greater listening hours and larger ownership of receivers in proportion to the population. It is also particularly reassuring to note that the ownership of receivers in the United States has been increasing from year to year.

"We know of no reason for changing the doctrine of fair competition, both local and national, among individuals as well as among organizations, and we believe that adherence to the diversification doctrine of licensing stations in any community or region, as well as in the nation as a whole, is a sound public policy,

"In view of the natural technical limitations in the total radio facilities which can be made available to any community or to the nation as a whole, a faithful adherence to the American system requires the voluntary refraining by licensees, or groups of them, from using their own broadcasting facilities to engage personally in editorial discussions of public questions to their own advantage or solely in accord with their own doctrines or personal beliefs. We suggest that an essential practice in the continued successful operation of the American system of broadcasting appears to be that in which licensees of stations will make reasonably available their stations for use by all classes and creeds on a fair and equitable basis having due regard, of course, for the necessity of rendering a balanced program service to sustain the interest of the public in their broadcasts.

"The evidence shows that at the present time by far the major portion of the financial support of radio broadcasting in this country is as a result of advertising, both national and local. This differs greatly from the practice of many foreign

countries where the support for service is obtained by direct taxation on the receiver-purchasing public. Congress has never directed that such an additional tax burden be placed on the people."

The report states that one of the greatest advantages of the American system of broadcasting is that it is sufficiently flexible to be capable of improvement, and it is undoubtedly true that in any such new art as radio broadcasting, progress can be made and improvements should be continuous.

"It is our conception that this rapidly growing but young industry has already rendered much excellent service in the interest of the public and that, while it can be improved, it should be given the opportunity to do so with the cooperation and guidance of the Federal regulatory body within the provisions of the Communications Act of 1934", the report states. "This is one of the many reasons that this Department feels that the procedure to accomplish the improvement previously recommended by it - briefly, 'evolution, cooperation and voluntary action, in accordance with sound economics and sound engineering' - is a wise course which will not only create a responsive action from the industry, but will also react ultimately to the benefit of the public in the 'social' aspects of radio without sacrifice of the continuity of good broadcast service to the public."

Regarding super-power the report says, in part:

"The factor involved in the use of super-power is that a small group of licensees operating on frequencies which have been assigned to them by the Federal Government would have control of radio facilities capable of reaching the entire nation. Unless care were exercised in the regulation of these licensees, the possibility exists of having granted to a few people, from natural resources of the Federal Government, the control of a system of mass communication having untold potentialities of being utilized to influence public opinion. Hence it seems that in the determination of the question of super-power must also come the consideration of the ability of the Federal Government to control these facilities, both from the standpoint of individual licensees as well as combinations thereof, in such a manner that they will operate always in the interest of the public. Therefore, if the Commission intends to grant any of the pending applications for super-power, it certainly should impose limitations on the use of such a facility as to insure its operation in the interest of the public from the broadcast standpoint.

"The evidence is not conclusive of the immediate general need for super-power, and in view of the fact that there is a risk involved to the welfare of facilities for local self expression in smaller communities, the Engineering Department urges most strongly the most careful scrutiny and consideration of each individual application that may be presented in the future, with the view of determining not only the social advantages and disadvantages from the standpoint of the individual case, but

also potentialities involved in the future. We firmly believe that any enlargement of the differential between the highest power station class and the lowest power station class should not be encouraged unless, after full consideration of the effects on the lower power classes of stations, it can be shown conclusively that a super high-power station is necessary and that beyond doubt it will be in the public interest. We also feel that considerable caution is required in granting such powerful media."

With respect to newspaper ownership of radio stations, Commissioner Craven pointed out that broadcasting obviously has present and future potentialities for public service which have affected or may affect the other media of mass communication, of education, and of entertainment. Among those which may be affected in the future is the moving picture industry, just as the latter has affected the legitimate stage. Still another which has already been affected somewhat, and may be still more in the future, is the press.

It is within the realm of possibility (perhaps very remote at present), that, through the development of facsimile, the newspaper of the future will be transmitted by radio into the home. On the economic side, while at present broadcasting obtains less than 15 per cent of the revenues expended for time and space sales in the advertising media, its rate of increase appears to be more rapid than that of other media.

From its examination of the data at hand (largely taken from the Commission's own files), the Department feels that to adopt any rule-of-thumb on a subject such as this would run the hazard of working an injury to the service received or entitled to be received by the public. The subject has too many aspects on which little or no trustworthy information is available or analyzed.

"To take the case of the press", the report states, "the question does not appear so simple as dividing all stations into those owned by newspaper publishers and those which are not. There is a considerable variety of situations among the newspaper-owned stations themselves, varying from the case where such a station is merely one of several competitive stations serving the same community to the case where the only newspaper and the only station in a community are owned by the same person; many publishers have only one station each; some have two or more, sometimes in the same city and sometimes in different cities. No adequate study has been made to show whether as a class they have furnished average, superior or inferior service; whether they, or any group of them, have acquired or exercised any undue power, social or economic; whether they, or any group of them have been guilty of any unfair practices, either editorially or with respect to advertisers, due to the combination of ownership; whether there is any tangible evidence of a tendency among them to combine and whether and to what extent they contribute toward keeping broadcasting on a competitive basis.

"Eventually a choice may have to be made between permitting or preventing other media such as the press an opportunity to supplement their older facilities with the newer invention of radio . . . . Pending the securing of adequate information, the Commission has at hand the existing procedure established under the Communications Act of 1934 and, by applying the standard of public interest, convenience or necessity to all applications, whether for new stations or for renewals of licenses, has power to cope with the situations where actual or proposed newspaper ownership of a station raises a doubt as to whether the standard has been or will be complied with in practice."

Discussing the criticism of the American radio system made at the hearing by Education and Labor, Commissioner Craven agrees with the justness of some of these criticisms and indicates that others do not take into consideration all of the factors necessarily involved. He suggests that education can be given an opportunity to utilize radio for its own purposes in the ultra high frequency portion of the radio spectrum.

The report clarifies the difference between a "network" and a chain company and states that the network system of distribution is an essential service to the public. However, it stresses the necessity for accepting the network system to preserve competition between networks, individual stations, sponsors, performing talent and others comprising the structure of broadcasting program service.

The report suggests that study should be made of the contractual relationships between chain companies and affiliated stations.

The report suggests a study of the profits being made by broadcasting stations of all classes, and declares that accurate information with regard to the subject is lacking by reason of the fact that the financial returns now being made to the Commission do not give all the necessary data to justify a critical analysis of the present situation with respect to profits. The report recommends the adoption of a form of financial report which will insure a proper study of this question. It says there is no basis for the fear that such comprehensive financial reports, if required by the Commission, would be necessarily a step in the direction of rate regulation.

The report shows that chain companies held, as of July 1, 1937, 3.86% of radio facilities in the broadcasting band; newspaper or affiliates, 28%; educational institutions, 4.85%; religious or charitable institutions, 1.71%; special groups as labor, farm organizations or chambers of commerce, 0.43%; states or municipalities, 0.86%; insurance companies, 1.29%; manufacturers of radio and electrical equipment, 1.86%; retailers of radio and electrical equipment, 2.71%; department stores, 0.72%; and others, widely diversified, 53.71%.

An important section of the report is devoted to a study of ways of securing better information and a better system with relative ease on the social and economic aspects of radio broadcasting. To accomplish this end the following suggestions are made:

Revision of existing forms for renewal of licenses to secure better factual data with reference to revenue, expenses and programs. The Engineering Department has prepared tentative suggestions as to the new forms and feels that if this matter is taken up with the industry an excellent basis for securing facts can be set in motion.

Station log forms should be revised to secure better factual data with reference to the character of programs and their sponsorship.

Organization of the Commission's staff so as to summarize the information suggested above and put it into a form readily usable for interpretation by the Commission with respect to social and economic trends. An expert should be available to advise on the interpretation of such data.

Cooperation with various trade associations and other interested organizations to centralize and coordinate all data on the subject.

Utilization of available sources of information relative to capabilities of economic support of radio broadcasting stations by various communities and sections of the nation.

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#### JAPAN TRADE SEEKS TO LIFT BAN ON S-W SETS

The Japan Radio Manufacturers' Association of Japan is initiating a campaign to have the Communications Ministry lift its ban on the use of short-wave receivers, the U. S. Commerce Department reports.

Two reasons are advanced. Most significant from the manufacturers' point of view is the promotion of sales of Japan-built all-wave apparatus abroad, where short-wave instruments are in wide use, says the Nikkan Kogyo. Another point made by the association is that removal of the ban would enable Japanese listeners to tune in on international broadcasts.

Preparations to organize a formal committee to direct the campaign were made last week at a meeting of the association's provisional committee sponsoring the movement. The organization is said to have been laying the groundwork for the movement for some time.

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## RADIO NO LONGER A LUXURY, RMA TELLS HOUSE GROUP

The day has passed when a radio receiver may be considered a luxury, Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, told the House Ways and Means Committee this week while urging that the 5 percent excise tax be repealed or at least modified.

"Radio now in the American scheme of life is a prime necessity, more necessary than ten or five years ago, and still more necessary in the future", he said. "Radio is as characteristically American as the automobile, the moving picture, or the telephone, and reaches a larger audience. There are 7,000,000 more radios in the United States than passenger automobiles. There are more than twice as many homes in the United States equipped with radios than with telephones. In some foreign countries radio is even supplied by the government, at cost, to make it more available to the poorer citizen.

"In what classification radio may have been considered in the past does not prevail today. What might have been termed a 'luxury' or 'semi-luxury' ten years ago, or five years ago, is today a universal necessity of public usage and service. Our industry has brought down the cost tremendously, to a fraction of former years, and to a point where the poorest American family can and does enjoy its possession and the all-embracing service of radio. It is one of the most necessary and most used, most influential adjuncts of American every-day life."

If, because of revenue necessities of the Federal Government, the Committee feels that it is not practicable at present to repeal the excise tax, Mr. Geddes said, the RMA asks that it reduce the tax to  $2\frac{1}{2}$  or 3 percent with exemptions allowed for radio taxable units incorporated in police, marine, aircraft, address, intercommunicating apparatus, and other commercial radio equipment.

The loss in revenue to the Government, he said, would be \$3,150,000 if the tax is cut to  $2\frac{1}{2}$  percent and \$2,500,000 if it is reduced to 3 percent.

"Radio is the only method of communication to and between the public that is entirely controlled by the public itself, through its authorized agency, the Congress of the United States, under its laws and its established administrative agency, the Federal Communications Commission", Mr. Geddes asserted.

"As a feature of family life radio ranks first. It serves every member of the family and a recent survey by Fortune magazine disclosed that listening to the radio 'led all other recreations' with the movies in second place.

"This Administration often has recognized the indisputable position of radio in our national life. President Roosevelt frequently has expressed this opinion, and I quote: 'Radio continues to play an increasingly important role, in our daily life. Radio broadcasting has contributed much to the cause of national recovery.' And again: 'I am not unmindful of another benefit which radio gives all the people and to all classes of business, that is, the stimulation of buying power and its assistance to commerce generally.' No administration has made such effective and frequent use of radio."

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#### DENIAL OF FOREIGN WAVES FOR W3XAU RECOMMENDED

An unfavorable report, with loopholes, was filed by Examiner Robert L. Irwin this week with the Federal Communications Commission on an application of short-wave station W3XAU, Philadelphia, for authority to add the frequencies 15,150 and 25,750 kc.

The Examiner pointed out that prior rights to the waves are held by other countries. Use of the frequencies by W3XAU, moreover, probably would result in interference with international stations in other nations, the report stated.

However, the Examiner suggested that the applicant might specify other frequencies now held by foreign countries and admitted that the additional service is necessary.

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#### NEW INDIANA STATION RECOMMENDED; OTHER REPORTS

A favorable report on the application of Gerald A. Travis, of La Porte, Ind., for a construction permit to build and operate a broadcasting station on 1420 kc. with 250 watts, daytime, was filed with the Federal Communications Commission this week by Examiner P. W. Seward.

Station WAAB, Boston, was given a favorable report by Examiner Melvin H. Dalberg on its request for an increase in power from 500 watts, 1 KW to 1 KW.

A shift in frequency for WGRC, New Albany, Ind., from 1370 to 800 kc. was recommended by Examiner Dalberg.

A transfer from 1420 kc. to 1240 kc., together with an increase in power to 500 watts, with unlimited time, was recommended by Examiner John P. Bramhall for Station WEED, Rocky Mount, N. C.

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: : : TRADE NOTES : : :  
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E. K. Cohan, CBS Director of Engineering, sailed on January 15th for Cairo, Egypt, where he will represent the Columbia Broadcasting System at the International Telecommunications Conference in February. The American delegation, headed by Senator Wallace H. White of Maine, sailed on January 4th. Enroute to Cairo, Mr. Cohan will stop in London to confer with engineering executives of the British Broadcasting Corporation and to visit Columbia's European headquarters.

The U. S. Government has appealed to the Supreme Court in an effort to compel the Mackay Radio and Telegraph Company to reinstate five employees of its San Francisco office who are members of the American Radio Telegraphists' Association. The petition was signed by Solicitor General Stanley Reed.

Matters of public relations and policies of the Canadian Broadcasting Corporation were discussed with the general manager, Major Gladstone Murray, when a special meeting was held Jan. 10 in Toronto of the directors and members of the Canadian Daily Newspapers Association, the Canadian Press and the Canadian National Newspapers and Periodicals Association. In an extended exchange of views it was agreed that closer cooperation between the press and the broadcasting corporation not only would be mutually advantageous, but also would serve the public interest.

WOR, Newark, will make its entry into the realms of the ultra high frequencies next week when its new short wave transmitter starts operation from the 44th floor of 1450 Broadway overlooking Times Square. The new equipment, under the call letters W2XJI, will transmit Mutual network and WOR programs, but because of the characteristics of ultra high frequency signals, its reception will be effective primarily within a 40-mile radius.

The Federal Trade Commission has order N. R. Baskin, 32 Randolph St., Chicago, to cease and desist from certain unfair methods of competition in connection with the interstate sale of so-called novelty merchandise, including radios, clocks, cameras, smoking sets, etc. which he distributes in combination with sales books and pull boards and punch boards. Baskin trades as American Radio Company, American Novelty Company and American Radio & Novelty Co.

## GROSS RADIO TIME SALES \$140,000,000 IN 1937

Showing a gain of 19 percent over 1936, gross radio time sales last year amounted to \$140,000,000, according to Dr. Herman S. Hettinger, radio economist and a faculty member at the Wharton School of Finance and Commerce, University of Pennsylvania.

In a survey prepared for the 1938 Yearbook Number of Broadcasting to be released early in February, Dr. Hettinger emphasizes that radio has been remarkably successful in maintaining its rate of relative growth, the 1937 gain comparing favorably with one of 23.5% in 1936 and a 20% increase in 1935.

National network gross time sales totaled \$68,970,000, in 1937 a gain of approximately 16% over the 1936 total of \$59,743,860. Local gross time sales showed an increase of 20% for 1937, the total being \$38,000,000, while national non-network gross time sales for 1937 totaled \$33,000,000, a gain of 35% over 1936. Gross time sales for the regional networks were \$1,200,000, a gain of 4% over the 1936 total. The national network time sales increased 19.3% in 1936 as compared with the 1.6% increase in 1937 may well be attributed to the absence of political time sales during the Fall months and the slowing of general business during November and December, according to Dr. Hettinger.

In the absence of NAB monthly reports which were discontinued last Summer, Dr. Hettinger based his analysis on monthly totals furnished by the Publishers' Information Bureau and on reports from individual stations and the networks.

A summary of his conclusions indicates that broadcast advertising in 1937 continued to lead the media field in rate of growth. National magazine volume gained between 12% and 15% during the year. The Weld Advertising Index indicated an increase of 15% in outdoor volume. Newspaper advertising during the first 11 months rose 3% over the 1936 level. Retail newspaper lineage increased 3.8% and total display advertising 1.8%. General newspaper lineage declined 0.6% and automotive lineage 6.6%. Farm paper volume rose approximately 10% during the first 11 months of the year.

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E. J. Girard, Mackey Radio and Telegraph Company, District Manager in Washington, D. C., who is well known to all leading radio communications officials, has been transferred to the Federal Telegraph Company as special commercial representative with headquarters at Newark, N. J. R. N. Scribner, New York Traffic Manager, succeeded Mr. Girard.

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## CLIENTS SPENT 27% MORE IN 1937

The \$28,722,118 spent by advertisers on the Columbia Broadcasting System in 1937 represents an average expenditure per client of \$326,388 - or an increase over 1936 of 27% per client, according to a CBS statement.

Of the 66 advertising agencies which placed business on the CBS network during 1937, eight billed over \$1,000,000 with Ruthrauff & Ryan in the lead.

A breakdown of figures for 1937 by industry classification reveals seven industry groups expending over \$1,000,000 as follows:

	<u>1937</u>
Foods and Food Beverages	\$6,437,273
Drugs and Toilet Goods	5,114,454
Cigars, Cigarettes, Tobacco	5,040,336
Automotive	3,907,343
Soaps and Housekeepers' Supplies	2,233,933
Lubricants and Fuel	1,992,889
Confectionery and Soft Drinks	1,507,214

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~~DRUG AND TOILET GOODS HEAD NBC LIST FOR TIME~~

Maintaining its lead as the largest user of time on the National Broadcasting Company's Blue and Red Networks, the drug and toilet goods industry increased its investment in NBC time during 1937 by 19.3 per cent, or \$2,203,435, over 1936, according to figures released this week. Total billings of the industry reached \$13,322,990, against \$11,119,555 in 1936.

The food and food beverage industry was second in total expenditures, with an increase of 13.4 percent over 1936 to \$11,008,762.

The average expenditure for NBC time by 134 network advertisers was \$288,442, up 24.4 per cent over the 1936 average of \$231,818.

NBC's total billings for the year amounted to \$38,651,286, up 12 per cent over 1936.

Among the major changes in the ranking of industries was the jump of the laundry soaps and cleaners industry into third place with expenditures of \$3,392,383, up 53.4 per cent over 1936. The automotive industry was third in 1936.

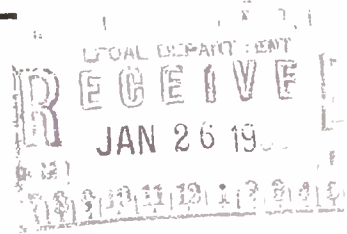
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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



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No. 1095

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January 25, 1938.

## WLW HEARING SET AS SUPER-POWER ISSUE IS REVIVED

The application of the Crosley Radio Corporation for a permit to continue operation of the most powerful United States broadcasting station, WLW, Cincinnati, was set for hearing last week-end as Commissioner T.A.M. Craven put a damper on the hopes of 15 other applicants for 500 KW. licenses. The date for the hearing has not been fixed.

Commissioner George Henry Payne, who exchanged vitrolic letters with Powel Crosley, Jr., President of the Crosley Radio Corporation, more than a year ago following a verbal exchange at the broadcast hearing, set the WLW application for hearing.

Heretofore, WLW's experimental permit has been renewed each six months by the FCC without formal hearing. WLW has been granted a temporary license to continue operating with 500 KW until the hearing is concluded and a decision is reached by the FCC.

Commissioner Payne was able to crack down on WLW by reason of the new administration system inaugurated by Chairman Frank R. McNinch whereby one Commissioner may act on pending applications of one classification.

Commissioner Payne's action might have little significance, other than focusing public attention on the Payne-Crosley row, were it not for the fact that it comes at a time when Commissioner Craven, former Chief Engineer of the FCC, advises the Commission to proceed cautiously in licensing super-power stations.

Fifteen applicants, most of which are now operating with the highest regular power, - 50 KW - have been waiting for more than a year for the FCC to adopt a policy on super-power.

In the Fall of 1936 most of them filed their applications after the FCC Engineering Division had advised the Commission that super-power is technically sound. Action was delayed, however, on the ground that the economic and social aspects of such high power, that might well blanket hundreds of small power outlets, should be examined first.

Commissioner Craven's report covers this phase of the problem, and the advice of the former Chief Engineer is that the Commission should proceed with caution.

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Commissioner Craven's report, however, does not close the door on the continuation of WLW nor does it bar the way to the licensing of a few more super-power stations.

While advising caution, Commissioner Craven added:

"However, we feel no one should fear technical progress, and therefore, we see no logical reason for an arbitrary defensive regulation which would prevent the future use of power in excess of 50 KW in the event that evidence and data should show conclusively that such power in certain individual cases is in the interest of the public.

"It should be noted that in this connection other nations of this continent have licensed stations to use powers greatly in excess of 50 KW., and sight should not be lost of this fact from either a technical or economic standpoint.

"However, we do not believe that the evidence at the October 5th hearing justifies the wholesale licensing of stations to use powers in excess of 50 KW, because we are not convinced that the evidence at this hearing indicates the paramount need for such power generally, in spite of the fact that in specific instances it may be possible that the granting of an individual application for the operation of a station with power in excess of 50 KW might be proved to be not only an engineering desirability but also a social advantage as well as an economic feasibility, and without detrimental effects on the entire broadcast structure."

Applicants for 500 KW construction permits are:

KFI and KNX, Los Angeles; KSL, Salt Lake City; KDKA, Pittsburgh; WGN, Chicago; WGY, Schenectady; WBZ, Boston; WHAS, Louisville; WHO, Des Moines; WJR, Detroit; WJZ, New York; WOAI, San Antonio; WOR, Newark; WSB, Atlanta, and WSM, Nashville.

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Experiments with the use of ultra short waves for radio telephone conversations are being conducted by the engineers of the Danish Department of Posts and Telegraphs, the U. S. Trade Consul at Copenhagen reports. Its use will obviate the objections formerly encountered in ordinary short wave telephones which permitted conversations so transmitted to be heard by ordinary radio receiving sets, the report stated. The Government of Denmark plans to establish short wave telephone connections with the numerous small isolated islands in Danish waters and to operate the service through ordinary telephone centrals.

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## A. T. & T. PLANS HUGE RECEIVING STATION IN N. J.

Plans for the latest and most efficient type radio phone receiving plant were disclosed in New York last week by the American Telephone & Telegraph Company following purchase of a 2,500-acre tract in New Jersey.

The site of the new receiving antenna, which will be trained on the signals from the British overseas station at Rugby, England, is on the great meadows of the South New Jersey coast near Manahawken, five miles south of the town of Barnegat. The project is to be completed in the Spring or Summer of 1939, and is expected to go into service immediately thereafter.

Two miles of receiving antenna, of a type developed by engineers of the Bell Laboratories and known as "diamond" or "rhombic" antennas, will be placed on poles sixty-five feet tall. The system will comprise sixteen "rhombic" units each 450 feet long, assembled end-to-end in a line pointing along the great circle route toward Rugby. The Manahawken meadows were selected by the engineers as an ideal site after numerous tests. From the receiving site overseas telephone calls will be fed by wire lines to the A. T. & T. Long Lines Building, 32 Sixth Avenue, New York, for distribution to subscribers.

Designed to lessen the influence of radio fading when signals are sent over long distances on short wave lengths, the "rhombic" system is a fixed or stationary installation of wires than can be "pointed" electrically in a vertical plane toward the waves arriving out of the sky at various angles. By utilizing a large number of the 450-foot units instead of one or two, the directivity of the whole system is sharpened like the beam of a searchlight properly focused.

Greatly improved overseas telephone service is expected to result because the new system effectively separates the desired signal from interfering noises and electrical disturbances, passing the wires on adjacent pathways. A brick building will be erected on the tract to house the necessary receivers and auxiliary apparatus. Each antenna will be linked with an individual receiver in the building through a coaxial cable, similar to the "television pipe", now installed for test purposes between New York and Philadelphia.

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## N. Y. TIMES PUBLISHER TALKS ON RADIO AND PRESS

While admitting that the newspaper has "lost some of its influence and that the radio has divested it of a part of its importance", Arthur Hays Sulzberger, publisher of the New York Times, believes that "no radio speech or newsreel, no news broadcast can take the place of a newspaper performing this service."

Speaking before the North Carolina Newspaper Institute at Chapel Hill, N. C., last week, Mr. Sulzberger said, in part:

"Certainly the newspaper is no longer the unique conveyance for man's thoughts; yet that cannot mean that those of us in the newspaper field need search out other occupations. Quite the contrary. More than ever is the average man in his new-found power dependent upon accurate information to guide him in his daily life. Actions are so numerous and reactions so prompt in this new world where communication has eliminated space and crystallized time into the present that man must have all the assistance that an honest presentation of the news can give.

"Only the newspaper, gathering its reports from all the available news sources and presenting those reports without bias and without emotion can provide the balance and the perspective that are essential if public opinion is to be truly informed and if the democratic way of life is to survive. An individual may prefer to speak over the air, and thus inject his personality into what he says. Another may, for special reasons, dislike the newspapers and strive to avoid them; but since there are times when the reaction of the audience is more significant than the words of the speaker, the full picture - the picture with perspective - still demands an unprejudiced newspaper story of what was said and what happened."

He commented on the recent rebuke by the Federal Communications Commission of a radio network for an offensive skit and said he believed control of the situation by angry letters and falling sales of the advertiser might have been a better rebuke. "Different though the case may be", he explained, "it will be difficult to dispel in future political campaigns that the fear of, or exercise of control is not influencing the freedom of the air. We whose profession makes us the shock troops of democracy must be continually on guard."

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## TELEVISION STILL FAR OFF, SAY RADIO EXECUTIVES

While substantial progress has been made in television experimentation during the last few years, television as a means of public entertainment is still far off in the opinion of two of the leaders in the radio manufacturing field - Sayre M. Ramsdell, Vice-President of the Philco Radio & Television Corporation, and Eugene F. McDonald, Jr., President of the Zenith Radio Corporation.

Statements advising the public not to be taken in by optimistic predictions that television is "just around the corner" these two executives issued statements this week, almost simultaneously, discussing the status of visual broadcasting.

The statement by Mr. Ramsdell was inspired by the prediction of Charles F. Kettering, Vice-President of General Motors, that television would be the next great industry in the United States.

"I disagree with Mr. Kettering", said Mr. Ramsdell, "because while it may be somewhat of a displacement industry, television must wait until its broadcasting range can match its receiver sets on a country-wide basis. This is far away. Then, again, television is an off-shoot of the radio industry and will never supplant radio.

"If television is to be converted into a large industrial venture in the near future, it will mean the expenditure of, conservatively, a hundred million dollars to spread even a limited number of stations over the United States. This cost would have to be borne by the industry in order to create a market for television sets as there would be no commercial value to the stations until advertising possibilities had been demonstrated. And there must be a sale of receivers to justify the erection of stations. It's all very much of a vicious circle, something like the old saw about which came first - the chicken or the egg.

"Profits are still the gauge of an industry's success", continued Ramsdell, "and television even after it makes its bow, will be years removed from any actual profit. Any television system would be a 'red' network very literally."

He said he was basing some of his observations on television's progress, or lack of it, in Great Britain.

Television was introduced to the public in Britain in August, 1936. In August, 1937, the first year of television showed actual sale of approximately 1,350 receivers, Mr. Ramsdell stated. Television activities had to be confined to within a fifty-mile circle of London, though that area holds about a third of the population of Great Britain. Three million radio sets are owned in the same area.

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There is a big increase in television sales since last August, according to Mr. Ramsdell. He estimated that by the end of television's second year 10,000 sets will have been sold.

"This," he declared, "was accomplished by a drastic price cut. Prices on television sets were reduced from \$375 as the cheapest to a range of from \$175 to \$275. Yet British manufacturers will tell you that in order to make a reasonable profit, a receiver would have to sell for \$500 or more.

Mr. Ramsdell disclosed that Philco Radio & Television Corporation of Great Britain has not even considered it worthwhile to enter the television business as yet.

"Philco is as ready for television as anyone, but we do believe in facing the full facts. One of those facts", he added, "is that television is likely, for some time to come, to be not so much of an industry as a headache."

Commander McDonald's statement was made in response to many inquiries regarding the status of television.

"My own conclusions on the status of television", he said, "are naturally based on the closest possible association with the radio industry, and the technical findings of our own television engineers. Television is just around the corner - but only for stock salesmen and deluded investors who believe these salesmen when they say that television will soon be in every home. It is time the public is told the truth. Television is coming, but serious technical and economic difficulties are delaying its introduction. Even with the finest laboratory equipment, experts have been unable to project clear pictures more than twenty-seven miles. Changes in television transmitting apparatus have been so rapid and so continuous that television receivers sold only one year ago are now obsolete.

"As television now stands, two thousand transmitters would be needed to give adequate coverage of the United States and to wire them together as radio station are now joined would require ninety thousand miles of special cable at an approximate cost of one dollar a foot for installation, or approximately one billion dollars. Television is likely to find its first application over telephone wires instead of by means of wireless television transmitters. The American Telephone and Telegraph Company subsidiaries are having television privileges included in their franchises. Television is coming, but it is not 'just around the corner'. My only interest in making this statement is to clear up once and for all confusion in the public mind, largely fostered by differing forecasts on the subject by men prominent in the public eye."

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Pursuant to Section 354(d) and (f) of the Communications Act of 1934, as amended by Public No. 97, approved May 20, 1937, 75th Congress, the Federal Communications Commission has modified paragraph 12 (c) (e) of the Ship Radiotelegraph Safety Rules of May 21, 1937, and deleted paragraph 12(d), thereby prescribing the minimum acceptable power rating and other engineering specifications for radiotelegraph transmitters installed on board vessels of the United States subject to title III part II of this Act.

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Westminster Abbey, historic shrine of the British Commonwealth, resting place of her kings and heroes, is being wired for sound. The impression made by the extensive public address system which was installed for the Coronation ceremony in May was so favorable that work is now progressing on a permanent installation. The system for the Coronation and for permanent installation is supplied and installed by Standard Telephones & Cables, Ltd., manufacturing subsidiary in London of the International Telephone and Telegraph Corporation. Six microphones and 70 amplifiers are involved. The system is regarded as one of the most complete and most modern in use anywhere.

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NBC last week began construction of its new Hollywood radio center on the same site which not many years ago cradled the motion picture industry. The new building, its cost reported at \$2,000,000, will rise at the world-famous intersection of Vine Street and Sunset Boulevard, where early screen stars produced their melodramas for the Famous Players, Lasky Corp.

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Keith S. McHugh, Assistant Vice-President of the American Telephone and Telegraph Company, was elected last week a Vice-President of the Company. He has served the Bell System in various capacities more than nineteen years. In 1925 he joined the New York Telephone Company as General Commercial Manager of the Albany area, and in 1929 he was appointed Commercial Engineer of the American Telephone and Telegraph Company. Since 1934, he has been Assistant Vice-President of A. T. & T.

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Christy R. Bohnsack, Program Direction of Station WNYC, New York City, was dismissed from service last week by Acting Commissioner of Public Works Edward J. McGrew, Jr., following a hearing on charges before Assistant Commissioner Davis A. Thompson. The charges against Mr. Bohnsack, according to Mr. McGrew, were "absence without leave and failure to properly

cooperate in the work of the station." The charges were brought against Mr. Bohnsack by Dr. Seymour Siegel, Acting Director of the station, Commissioner McGrew said.

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Station WOR, Newark, has confirmed the report of the Brooklyn Tablet that it had refused Father Charles E. Coughlin permission to broadcast over its networks under the terms of a new policy which prohibits "controversial subjects or religious broadcasts on a commercial basis."

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Denial of two applications for new broadcasting stations was recommended to the Federal Communications Commission by Examiners this week. The applicants are Shirley D. Parker, of Yakima, Wash., and Colonial Broadcasting Co., Morristown, N.J.

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Nearly 200 students at Cornell University are receiving training in the scientific and technical phases of radio. More than 100 underclassmen are members of the Cornell Radio Club, established last Fall, and meet regularly to discuss technical problems. They plan to construct a short-wave transmitter for experimental purposes.

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Power increases were recommended to the Federal Communications this week by Examiners for Station KTUL, Tulsa, Okla., and WDWS, Champaign, Ill. Station KTUL's boost would be to 1 KW-5KW., while that of WDWS would be to 100-250 watts.

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#### MAGNETIC STORM PLAYS HAVOC WITH SHORT-WAVES

A severe magnetic storm, noted by the U. S. Coast and Geodetic Survey at its magnetic observatory near Washington, D.C., severely disrupted short-wave radio transmission last week-end.

Operators in charge of the overseas radio telephone and telegraph facilities of the R.C.A. Communications, Inc., and the American Telephone & Telegraph Co., in New York, said that the transmission had been poor for several days prior to an almost complete interruption on Saturday afternoon.

Discussing the magnetic storm, the Coast and Geodetic Survey said:

"The earth acts like a great spherical magnet, and like a magnet it is surrounded by a magnetic field, which varies from hour to hour and from day to day. At irregular intervals this field is disturbed by what are called magnetic storms, the reason for which is not fully understood. It is known, however, that they usually accompany the appearance of large spots on the sun, which at this time are more frequent, since we are approaching the maximum of the sun-spot cycle."

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## GROWTH OF HOLLYWOOD AS RADIO CENTER CITED

The rise in importance of Hollywood as a center of radio broadcasts, as well as the world's movie capital, is set forth in an article "Hollywood Broadcasts" by Stuart O. Blythe, Associate Editor of California, a monthly magazine published by the California State Chamber of Commerce in San Francisco. The article appears in the January issue.

"California now leads the nation in the purveying of entertainment for the millions", he wrote. "For many years the home of the film industry, it has more recently reached out and taken the leadership in the production of radio programs. The year 1938 opens with Hollywood the undisputed entertainment capital of the United States. New York City still holds sway with the legitimate theater and with the concert stage, but for its movies and its radio programs the country looks today to that city within a city - Hollywood.

"Since 1935, Hollywood has come forward with a rush as the point of origination for nationally broadcast big time radio shows. The past year saw the number increase until at present the great majority of the stellar attractions, stellar as to talent and stellar as to audience appeal, are 'Made in Hollywood.'

"The rise of Hollywood in radio is explained by the fact that the stars of the screen and the stars of the radio tend more and more to become the same group of personalities. Idols of the movie fans are in demand for radio programs and, conversely, those who have acclaim from radio audiences are sought for the films. The sum of it is that talent of all kinds has converged upon Hollywood until today it boasts the greatest reservoir of talent in the world - actors, singers, musicians, composers, arranger, song writers, gag men, dramatists, producers, technicians - into which both the movies and the radio can dip at will. Nowhere else can an entertainer serve two masters more handily.

"In a word, radio has mushroomed in Hollywood, is still expanding, and no one can predict what the future will hold forth. About all you can say is that movies and radio are happily married today and the prospect that one or the other will ever seek a divorce at this writing seems remote. Time will tell.

"In 1935, four programs originating in Hollywood were being broadcast coast to coast. At this moment there are nearly fifty. Some of them took off in New York and later were shifted to Southern California but most of them claim Hollywood as their birthplace.

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"In 1932, commercial broadcasts from California over the networks of the National Broadcasting Company totaled twelve hours of time for the entire year; during 1937 more than 700 hours of radio time were used by this company alone, to say nothing of the program contributions of the Columbia Broadcasting System out of Hollywood and the national broadcasts that reach the rest of the country through the Don Lee-Mutual affiliation.

"Less than two years ago four persons handled the business of the Columbia Broadcasting System in Southern California; today 200 persons are on the payroll. NBC has seen a similar expansion of personnel, and the importance of Hollywood in the radio picture is emphasized by the recent transfer of headquarters of its western division from San Francisco to Hollywood."

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DAYTIME ADVERTISING ON NBC UP 34%

Thirteen additional advertisers began the use of daytime radio hours on the National Broadcasting Company in 1937, according to an NBC statement. Advertisers' expenditures for NBC day time rose 34 per cent over 1936 to an all-time radio high of \$10,368,566.

The annual investment of advertisers in NBC daytime programs, for time alone, has more than doubled in the past five years. In 1933, total billings were \$4,355,146; in 1934, this rose to \$5,232,133; in 1935, it reached \$5,513,294; in 1936, \$7,695,482, and in 1937, the new high of \$10,368,566.

On January 14, 1938, 23 advertisers were sponsoring 56 1/2 daytime hours a week on NBC's two networks.

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Probably the only Sunday School in the world which is maintained by means of radio is at Longreach, Western Queensland, Australia. From the station there the Rev. R. H. Noack, of the Presbyterian Church, broadcasts lessons to children every Sunday, and there is a wireless collection. The scholars send their contributions through the post, to be used towards the costs of the broadcasts.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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## 25 ULTRA-HIGH WAVES SET ASIDE FOR EDUCATION

The Federal Communications Commission late this week set aside twenty-five channels in the ultra-high frequency band between 41,000 and 42,000 kilocycles for assignment to non-commercial educational broadcast stations.

Chairman Frank R. McNinch stated that the channels "will provide adequate facilities for service to every city and town."

Because of the limited range of the frequencies, the service will be chiefly of a local nature, although the FCC explained "it is reasonable to expect that in the near future there will be a marked improvement in the coverage obtainable."

This allocation is the first ever made to educational interests as class although there have been sporadic demands for such assignments for years in Congress and among educational organizations.

Scores of educational broadcasting stations have been licensed from time to time, however, on the same basis as commercial outlets, but most of them have been unable to compete with commercial competitors and have either sold their facilities or allowed their licenses to lapse.

The power of the new ultra-high frequency stations will be from 100 to 1,000 watts.

"Satisfactory signals can be delivered to cities and small counties under favorable conditions", the FCC stated. "However, due to the propagation characteristics of the frequency, State-wide coverage cannot be expected except in cases of the smallest States and under most favorable conditions."

Chairman McNinch added that rapid technical progress is being made in the development of the service on ultra-high frequencies, however, and that wider coverage might be expected in the near future.

The educational stations envisioned by the FCC will be expected to serve a dual purpose. They will be authorized to broadcast lectures and educational matter directly to class-rooms of the public schools and to transmit educational and entertainment programs to the general public.

In accordance with the rules of the FCC governing ultra-high frequency stations, the broadcast service must be primarily



of an educational character, and no sponsored or commercial program of any character may be transmitted.

"The Commission regards the establishment of the non-commercial educational broadcast stations", said Chairman McNinch, "as an important step in line with its established policy of encouraging education by radio, and it expresses the hope that the radio facilities now made available solely for this purpose will be used to the fullest extent for the general advancement of education."

After enactment of Section 307(c) of the Communications Act of 1934, and in accordance with the requirements thereof, the Commission conducted extensive hearings on the question of the advisability of making a definite allocation of broadcast facilities to non-profit making activities. Upon the conclusion of these hearings, a report was made to the Congress on January 22, 1935. The Commission recommended therein "that at this time no fixed percentages of radio broadcast facilities be allocated by statute to particular types or kinds of non-profit radio programs, or to persons identified with particular types or kinds of non-profit activities." This report further proposed that a conference be held in Washington to perfect plans for closer cooperation between broadcasters and non-profit organizations. "

A conference was held in Washington May 15, 1935. As a result of this conference the Federal Radio Education Committee was created by the Communications Commission in cooperation with other Governmental departments. Dr. John W. Studebaker, United States Commissioner of Education, accepted Chairmanship of the Committee.

Thereafter and on June 15, 1936, there was held an informal engineering conference in Washington, for the purpose of discussing the allocation of radio facilities for all purposes. At this conference Dr. Studebaker presented a statement outlining the need for the establishment of a class of broadcast stations to be devoted to the advancement of education in connection with the country's school system.

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Kenneth H. Berkeley, General Manager of the National Broadcasting Company's Washington stations, says that in his long radio experience, he's never encountered anybody so completely at ease before the microphone as President Roosevelt. Mr. Berkeley has often seen F.D.R. in the midst of a fireside chat at the White House, stop periodically not only to place a fresh cigarette in a long holder, but to light it and go on smoking without the slightest suggestion of interruption in the reading of his manuscript.

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## FCC QUIET ON CRAVEN REPORT; McNINCH RUMOR REVIVED

While members of the Federal Communications Commission maintained a discreet silence on the report of Commissioner T.A.M. Craven, former Chief Engineer, on super-power and other economic phases of broadcasting, the rumor was revived that Chairman Frank R. McNinch was preparing to return to the Federal Power Commission.

Indications were, however, that Mr. McNinch will remain at the helm of the FCC so long as there is any threat of a Congressional investigation of broadcasting and the FCC. That may mean that he will hold on to his temporary assignment until Congress adjourns in the late Spring or early Summer.

Members of Congress also greeted the Craven report with silence, but it was believed that they were generally pleased with the advice to the FCC to proceed cautiously on super-power extensions.

Meanwhile, attention was drawn to a supplementary section of the Craven report that was prepared by Dr. Herman S. Hettinger, of the Wharton School of Finance, University of Pennsylvania, who was lent to the FCC Engineering Department a year ago to investigate the economic phases of broadcasting.

It was Dr. Hettinger's report that was kept discreetly secret by the Commission until the final Craven report was drafted and the Havana Radio Conference was concluded for fear that it would arouse a new controversy on super-power.

Dr. Hettinger's general conclusions, which are a part of the Craven report, follow:

"1. The revenues of the 50-kw stations of the country as a group, both present and anticipated, are sufficient to meet the increased cost of operation involved in elevating the power of twenty-five stations to 500 kw. power.

"2. These revenues will not be sufficient to finance the construction cost and new capital investment completely out of a single year's revenues. A considerable portion of the capital funds will have to come either from accumulated reserves or new financing.

"3. Analysis of the position of 50-kw stations by size of community shows that potentiality of economic support exists most probably in communities of 400,000 population and over, and that there is some doubt as to the ability of smaller cities to support stations of this size.

"4. Since the position of economic support varies, even more directly with trade and buying power than with population, exceptions may exist in some smaller communities and with regard to a very limited number of relatively non-competitive high power stations which might be located in rural areas.

"5. These exceptions merely modify rather than invalidate the general conclusion. They point the need of following the suggestion made by the clear channel group that 500 kw power be granted only 'depending upon the evidence heard in the case' and that consideration be given to 'a particular applicant's ability or the community's ability to bear and support the increased financial burden.'

"6. Though as complete analysis was not possible with regard to the actual increased cost involved in raising regional station power to 5 kw, it would seem that, where such power was economically and socially desirable, no undue financial burden would be placed upon the station.

"7. The competitive effect of 500-kw stations upon regional stations and local stations remains primarily speculative. The comparatively narrow margin existing between technical costs on a 500-kw basis and probable revenues seems to indicate that an intensification of competition, wherever this is possible, will ensue. But the extent of this competition, its exact nature, and its ultimate effect remain speculative.

"8. The dearth of comprehensive and authoritative knowledge of station costs and revenues is so marked at the present time as to make it highly advisable that more complete and satisfactory data be collected in these two fields which can be used as the basis for study and analysis by the Commission's staff and on which sound general conclusions can be based."

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#### NEW NEWSPAPER STATION RECOMMENDED; ANOTHER REJECTED

A favorable report on the application of the Evening News Press, Inc., of Port Angeles, Wash., was submitted to the Federal Communications Commission this week by Examiner Melvin H. Dalberg. The requested allocation is 1500 kc. with 100-250 watts power, unlimited time.

The same Examiner dismissed with prejudice the application of W. H. Hartman Co., publisher of the Waterloo Daily Courier, Waterloo, Ia., for a construction permit, using 1400 kc. because the applicant was unprepared to present his case when the hearing was called.

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## PRESS WINS RESTRICTION ON USE OF RADIO WAVES

Newspapers and press associations won the support of the Federal Communications Commission's Engineering Department this week in a proposal that mobile station frequencies recently set aside for press communications should be limited to newspaper and press association licensees.

Spokesmen for radio communications companies attending an informal conference in Washington suggested that they be permitted to acquire the licenses, but Edward Lee White, FCC engineer, who presided, held that they had been over-ruled by the press representatives.

Eleven of these frequencies, between 30,000 and 40,000 kilocycles, were set aside by the Commission in a recent order. Colonel White said they had been divided into two groups, five in one and six in the other, and that the Commission believed they would have to be used in pairs.

Five of the frequencies are suitable for the use of portable mobile stations, such as small sets that a reporter might carry on an assignment in a pack or that might be set up quickly in an automobile and airplane.

The other six would be suitable for portable low-power stations with a limit of fifty watts, which would be set up at some central point close to a telephone or telegraph line and would act as receiving stations for the mobile portable stations actually being carried to the scene of the assignment.

As a basis for further discussion and guidance these rules were suggested:

"The term 'relay press station' means a station licensed to transmit from points where wire facilities are not available news for publication or orders, instructions and inquiries concerning such news.

"A license for a relay press station will be issued only to newspapers and press associations, provided, however, in cases where it is impractical, impossible, or prohibited by laws or regulations for the newspaper or press association to install, operate or maintain the necessary equipment under its legal control the Commission may grant special temporary authority for each event to other persons to operate as a relay press association equipment already licensed for another service.

"The license of a relay press station authorizes the transmission of news for publication or orders and inquiries concerning such news to be published by newspapers or press associations with which the license is regularly affiliated."

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## CONNERY CRITICIZES FCC LETTER ON MAE WEST

The letter of rebuke addressed to the National Broadcasting Company by Chairman Frank R. McNinch of the Federal Communications Commission with regard to the Mae West broadcast was criticized by Representative Connery (D.), of Massachusetts, in an extension of remarks in the Congressional Record of Wednesday.

The letter itself was inserted in the Record as an example, Representative Connery said, of the "threatening-but-do-nothing" attitude of the FCC.

Representative Connery's remarks on the letter follow:

"Mr. Speaker, in my address on the floor of the House on Friday, January 14, I took the liberty of prophesying that, despite the threat on the part of the Federal Communications Commission to penalize the National Broadcasting Company for permitting its radio stations to broadcast into unsuspecting, clean American homes an indecent and blasphemous program, the real penalty would be only a reprimand from this letter-writing Commission.

"I note in the well-informed Washington Merry-Go-Round, published daily, a comment and a prophecy which will indicate that it is generally understood that the radio monopolists control the actions of the majority of those constituting the Federal Communications Commission. The item reads as follows:

"However, Mae did not write the lines. She was handed a part to read, and she read it.

"Under the law the FCC has the power to keep the ether clean and to prosecute anyone who defiles it. However, it is a good bet there will be no action against the National Broadcasting Co. It has too many cooperative friends on the Commission."

"For the information of the House, it might be well for the Members to have a record of the threatening-but-do-nothing letter written by the Federal Communications Commission to the National Broadcasting Co. in answer to the many protests against the intrusion into American homes of indecent radio programs."

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The City of New York has filed an application with the Federal Communications Commission to change the name of the operator of Station WNYC from the Department of Plant and Structures to the Municipal Broadcasting Company.

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KENNEDY NAMED FCC ASSISTANT COUNSEL

The Federal Communications Commission this week appointed James A. Kennedy to the position of Assistant General Counsel, effective February 1st, to succeed Carl F. Arnold. Mr. Kennedy has been serving in the capacity of Acting Assistant General Counsel since Mr. Arnold's resignation.

Mr. Kennedy is a native of South Carolina and obtained his education at the University of Richmond, Richmond, Virginia, George Washington University and the University of Virginia. After nearly two years in the Air Service during the World War, he returned to South Carolina in 1920 and practiced law until September, 1933, when he accepted a position as Senior Attorney with the Agricultural Adjustment Administration. In December, 1934, Mr. Kennedy was appointed as a Senior Attorney with the Federal Communications Commission, being later advanced to the position of Principal Attorney.

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RADIO EXCISE TAX RETURN SETS NEW HIGH

Although Treasury collections last December of the Federal 5 percent tax on radio and phonograph apparatus declined sharply, by 26.1 percent, total tax collections for 1937 reached a new high record of \$6,658,692.23, 2.2 percent larger than the previous high record of 1936, according to compilations of Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association. Total collections in 1936 were \$6,514,898.45, which were 47 percent larger than the previous year of 1935. Since the excise tax law became operative June 20, 1932, the industry has paid total radio taxes of \$24,912,261.84, exclusive of additional taxes on automobile radio and accessories.

The December radio tax collections were \$669,545.35, compared with \$906,358.41 in December 1936. The December tax on mechanical refrigerators totaled \$444,144.87, against \$319,439.34 in December 1936.

Radio tax collections for the six months ending last December were 2.3 percent less than those for the similar six months' period in 1936.

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## FIRST TELEVISION AUDIENCE IN UPPER CLASSES - BOICE

Because of the anticipated high prices of the first television receivers when television makes its commercial debut in the United States, the audience will come out of the upper classes, according to H. K. Boice, Vice-President-in-Charge-of Sales for the Columbia Broadcasting System.

Under a pamphlet on "Radio", designed for business executives, Mr. Boice includes a chapter, "What About Television?" which he answers thus:

"This question is included because it is asked so frequently, and because some mention of the subject is natural in a chapter on radio in a book of this kind. The answer, obviously, cannot be made as specific as I would like it to be. Television is inevitable - it is already here - but its course of commercial development is still in the future, and any arbitrary statement, at this date, as to the shape of that course would be patently absurd.

"Radio broadcasting exists in its present form because social and commercial uses were found for technical developments, some of which had lain around the laboratories for years. Television awaits discovery and application of a similar pattern. In its present form it is very costly. Satisfactory reception beyond the limits of the horizon surrounding the telecaster requires the use of the very expensive coaxial cable. Television receivers retailing at \$300 will not be easy to sell in quantities. And the television audience for years to come will undoubtedly be confined to densely populated metropolitan areas.

"These known conditions raise certain immediate, known questions. When should we begin the commercial development of the materials we already have at hand? (Experimental work on television programs has been conducted by broadcasting companies for the past five years.) What service can we telecast that will be exciting enough and interesting enough to make people rush to buy sets and hold them closely attentive to programs after they have bought sets? All these questions, however, resolve themselves into one: 'How can we make television so useful that its high maintenance costs can be made to pay for themselves?'

"We may fairly assume that our first television audiences will be people of the upper income class; people who will be highly critical of our work. We know, from the tests of recent years, that even the present movies are too slowly paced to hold a television audience for long. Television programs will have to be subtly built, subtly enacted - a matter of immediate concern to advertisers. These and other problems, however, are no more complicated than those that radio presented in its early stages. Practical television is a reality; commercial television is a future certainty."

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## KANSAS CITY WINS FIRST SKIRMISH WITH NEBRASKA

Although Nebraska has only ten broadcasting stations and Missouri has 19, Examiner George H. Hill in a report to the Federal Communications Commission this week recommended that the contested 1450 kc. channel be allocated to KCMO, of Kansas City, Mo., instead of either of two applicants from Lincoln, Nebr.

The Examiner held that KCMO, which now operates on 1370 kc., would be able to serve more listeners by the shift in frequency than would either of the Lincoln applicants - KFOR, or a new concern, L. L. Coryell & Son.

In justification of the recommendation, the Examiner said, in part:

"The City of Lincoln, Nebraska, had a population according to the 1930 U. S. Census of 75,933, while Kansas City, Missouri, had a population according to the same census of 359,746 and a metropolitan population of 608,186. The operation of Station KCMO as proposed would extend the service of the station to a large number of people who do not now receive such service. The granting of the Coryell application would result in one station for every 25,311 people; the granting of the application of the Cornbelt Broadcasting Corporation would result in one station for every 37,967 people and the granting of the application of KCMO Broadcasting Company would result in one station for every 79,949 people within the corporate limits of the respective cities involved and it therefore appears that the granting of the application of KCMO Broadcasting Company would be in accordance with the equitable distribution of radio broadcasting stations in the area sought to be served."

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## McNINCH LAUDS WORK OF RADIO IN OHIO FLOOD

The rescue work of broadcasting stations and radio amateurs in the Ohio River Valley during the flood of 1937 were praised by Chairman Frank R. McNinch, of the Federal Communications Commission, in an address broadcast this week in connection with a Louisville gratitude celebration.

After citing the recovery of Louisville and other cities devastated by the flood, Mr. McNinch said:

"Among the agencies that made a great contribution to the saving of lives and property and administering to the health and protection of the people was that of the radio, along with other means of communication. The radio not being dependent upon connecting wires is able to render service in times of disaster when the telephone and telegraph have been silenced through destruction of wire connections. Great work is capable of



being done and has been done by means of radio telegraph and radio telephone when the elements have rendered the wire telephone and telegraph mute.

"I should be remiss in this connection did I not pay tribute to the great and oft-times heroic and self-sacrificing work of the radio amateurs whose noble service has been a large factor in mitigating the loss of life and property in the Ohio River flood and in other disasters. All of you know how important radio broadcast service is in such an emergency, for it, unlike any other means of communication, conveys its message not to a single person but simultaneously to every one within hearing distance of a receiving set. In this way was directed the work of rescue and succor to the stricken and through it undoubtedly many lives were saved which otherwise would have been lost. Thus the radio served a great humanitarian cause and illustrated dramatically its instant usefulness in both national and local emergencies.

"Following the Louisville flood, the Federal Communications Commission instituted a thorough study of the possible and practicable measures through which all means of communication, radio, telephone and telegraph, may be mobilized and coordinated for even more prompt and effective service in any similar emergency. While we hope that no section of our country will be visited with a like calamity, we are confident the radio and other means of communication could now render instant and organized national service of even greater value in such a situation.

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#### KAROL CITES HUGE INVESTMENT IN RADIO ADVERTISING

"The most convincing illustration of the effectiveness of radio advertising is the simple year-to-year record of the expenditures of radio advertisers", John J. Karol, Director of Market Research for the Columbia Broadcasting System, told the Cincinnati Association of Manufacturers' Representatives, recently.

"Last year - on network time alone - these radio advertisers spent close to \$70,000,000; an all-time high - nearly \$11,000,000 higher than 1936, itself a record year", he said.

"Now \$70,000,000 - outside the District of Columbia - isn't hay. Neither is it a measure of the American business man's suppressed desire to 'get into the show business'. It is an investment of private capital - an investment that must be returned in full and with generous interest if there is to be any reinvestment. For years, there has not only been reinvestment in radio - there has been increased investment.

"There are limitless possibilities for merchandising radio programs. Every point of contact with man, woman or child, with customer or employee, offers an opportunity for merchandising the broadcast. I am sure that many of you could think of opportunities and methods which have never even occurred to us. Naturally we have been more concerned with the network broadcaster's problems. I could cite such examples as that of a dairy company, advertising milk over the radio, fastening cardboard collars which invited people to listen to the radio program, around the necks of millions of milk bottles. Or the

case of a razor-blade manufacturer broadcasting a program from a moving train between Washington and Baltimore, who had the dining car menus carry for three weeks prior to the broadcast, an insert which invited passengers to listen to a unique program soon to be put on the air. Wrapping paper, billheads, dividend checks, envelopes, delivery trucks, can all be used to build increased audiences to radio programs and increased sales for the product.

"There is one final thought about radio that I would like to leave with you and that is that radio has brought back the living voice to personal salesmanship. There used to be a formula in advertising which went something like this:

"If you want to sell a man, you go and talk with him personally.

"If there are so many of 'him' you can't do that, you write him a personal letter.

"If there are so many you can't write a personal letter you send him a form letter.

"Too many for that, a printed circular.

"Too many for that, an ad.

"Fundamentally, the basic power of radio, the thing that makes it effective for advertisers, politicians, statesmen and preachers alike, is the ability to talk to your prospect personally, more intimately even than I am talking to you. Once again, manufacturers and retailers can actually talk to their customers, as they might talk in the friendliest of circumstances over a small counter. Although the radio advertiser may be reaching thousands or even millions, he is talking to each individual listener in his own home personally. If that isn't merchandising, at least it is darned good salesmanship."

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#### MORE FOREIGN HONORS FOR MILLS

Even in the midst of the troubled political situation in Rumania, King Carol II of that country has found time to brevet E. C. Mills, Chairman of the American Society of Composer's Administrative Committee, with the decoration of a Cavalier of the Order of Cultural Merit.

These honors accorded to Mr. Mills are in recognition of his efforts made in the U.S.A. in behalf of composers, authors and publishers of musical works.

During the past year, he was also honored by the Government of the Republic of France, which bestowed upon him the rank of Officiér of the Académie Francaise.

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