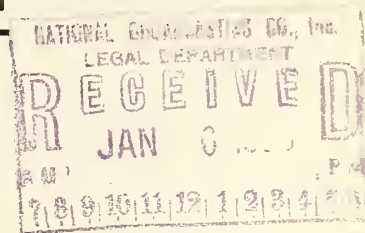


# HEINL RADIO BUSINESS LETTER

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No. 890

## FLETCHER DEMAND ON NETS PORTENDS TROUBLE FOR BROADCASTERS

The New Year began with anything but a hopeful note for the two major radio networks and broadcasting stations whose facilities will be utilized for numerous political addresses within the next ten months.

The rapidity with which Henry P. Fletcher, Chairman of the Republican National Committee, made a demand for an allotment of equal time on NBC and CBS for Republican speakers to compensate for the President's address upon the opening of Congress forboded a year of troubles.

With such a national precedent before them, minor political spokesmen are expected to make similar demands every time a member of the opposition party takes the air to defend or criticize the New Deal.

The attitude taken by the two networks left broadcasting stations further perplexed. NBC, through M. H. Aylesworth, replied that its facilities would be made available to "representatives of the Republican party whom you (Fletcher) may select" from time to time.

William S. Paley, President of CBS, in a lengthy reply to Fletcher pointed out that he distinguished between the President of the United States and Franklin D. Roosevelt as a candidate for political office.

He refused to "accept the principle that all broadcasting activities of the government . . . are to be mathematically balanced by its opposition." He added that CBS will continue to allot time for rebuttal speeches "in fairness and in the exercise of our best editorial judgment."

His reply recalled the principal followed by the networks and stations during the 1932 campaign. President Hoover was given free time on the air until he was renominated by the Republican party; the party thereafter had to pay for radio time used by Hoover just as for any other political candidate.

The problem becomes more difficult, however, when prominent leaders in both parties who are not candidates for office desire time to make addresses which are not openly political.

Fletcher had demanded an allotment of time on both networks, equal to that consumed by Roosevelt and at a similar hour and over the same number of stations.

Because of the far-reaching importance of the radio in the 1936 presidential and associated campaigns, the issue of equitable time allotment unquestionably will arise in Congress.

While the Federal Communications Commission has made no announcement of policy, it will doubtless be called upon to make a pronouncement on the basis of Section 315 of the Communications Act which says in effect that all political candidates shall be treated alike.

While the networks and major broadcasting stations have no alternative when the President decides to address the country via radio at the most valuable commercial time, such as 9 o'clock at night, it is a different matter when a political candidate or spokesman for an opposition party desires corresponding time.

Such a demand as that of Mr. Fletcher, broadcasters realize. if followed up by other party leaders over the country would almost wreck the present commercial system of broadcasting and at the same time bore listeners to the point of junking their receivers.

Previously, it was easy enough for the networks and stations to make available ample time for the President's address to Congress as it customarily was delivered at noon, when commercial programs are few or unimportant. The 9 P.M. schedule raised much more difficult problems as it was necessary to cancel valuable commercial programs. The President, it is obvious, had come to the same realization as the advertisers, i.e., that night hours are best to find the majority of citizens at their radio receivers.

British and German broadcasting companies have solved the problem of reaching a national audience with important addresses much more effectively than have American broadcasters. When the King speaks in London or when Hitler talks in Berlin, the addresses are recorded and rebroadcast several times during the subsequent twenty-four hours in order to reach audiences which could not tune in on the original broadcast. While the major purpose, in Britain, is to reach far flung empire audiences with widely varying time, the repeated broadcasts also enable everyone who is interested to tune in on the King's address at one time or another.

The only American broadcaster who has followed this example in the case of President Roosevelt's speeches is Harry Butcher, Vice-President of CBS and General Manager of Station WJSV, Alexandria, Va., just across the Potomac River from Washington, D.C.

Several times he has made recordings of the President's speech, when delivered at morning or odd hours, and then rebroadcast it over WJSV at night the same day.

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NBC COUNSEL CITES LIBEL DANGER IN TALK TO TEACHERS

"He who broadcasts broadcasts at his peril."

Thus did A. L. Ashby, Vice-President and General Counsel of the National Broadcasting Company, paraphrase the ever-present danger of libel damage suits in an address December 27 at the meeting of Teachers of Business Law in Collegiate Schools of Business in New York.

"No Federal statute defines a broadcaster's liability for defamation", he said, "but the courts hold the broadcasters to be a joint tortfeasor" and apply to him the same rule as to newspaper publishers.

"The broadcaster is willing to take the risk as to programs submitted to him in the form of continuities. However, he recognizes an injustice in imposing damages upon him where the performer deviates from the manuscript or where the voice of the exuberant fan enters the portable microphone at the football game or where the politician's speech, concerning which the broadcaster has no control, defames another."

Judge Ashby explained the broadcasting setup, its dependence upon the Federal Communications Commission, and stated that operation of stations "is at government sufferance", there being "no vested rights in station licenses."

"Censorship is inhibited by the Communications Act, but there are those who contend that censorship after the fact is practiced."

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ORGANIZED DISTILLERS STOP ADVERTISING ON THE AIR

Apparently because of the fear that liquor advertising over the air may reach immature audiences and thus encourage a return to prohibition, the Distilled Spirits Institute, Inc., announced through J. M. Doran, its head officer, in Washington, January 2nd that members would discontinue radio advertising at once.

"This voluntary action by distillers", Doran said, "is another step in the direction of self-imposed regulation which is regarded in the public interest."

"Over a year ago our membership resolved to write their advertising copy so as to give an accurate and honest description of products offered the public. Distiller members submitted all advertising copy to the Institute for approval before publication. Careful scrutiny of advertisements has resulted in material improvement in all newspaper and magazine copy published by our members."

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## STATIONS ACCEPT W-B TERMS AS ASCAP OFFERS RENEWALS

Independent broadcasting stations late this week were rushing forward to accept the temporary terms of Warner Brothers for use of their copyright music as the American Society of Composers, Authors and Publishers offered to renew all contracts for five years, under previous terms, except that the broadcasting rights will be limited to the catalogue as of January 1.

Approximately 175 stations were reported by Warner Brothers on January 3 to have signified their intention of accepting the provisional three months' contract offered late in December. Both CBS and NBC, however, continued to hold out and to bar all W-B music from their stations.

The ASCAP offer was wired to all stations on December 30 over the signature of Gene Buck, President. He challenged the claim of others to ownership in various compositions, thereby taking a rap at W-B, and stated that the ASCAP fee would not be reduced or the formula changed.

Previously ASCAP had relieved a tense situation as the New Year approached by granting a blanket extension of copyright licenses to all broadcasting stations for an indefinite time.

James W. Baldwin, Managing Director of the National Association of Broadcasters, was still in New York at the end of the week carrying out negotiations for the stations who had granted him power of attorney.

Warner Brothers on December 30 offered a revised temporary contract form to all independent stations following a conference with Baldwin. The principal features of the revised terms are:

1. The basis of payment for the use of W-B music will be a flat fee based on four times the quarter-hour (card) rate of each station per month.
2. Small stations -- approximately 35 per cent of all those in the country -- will be charged only half this rate.
3. Stations will be furnished with a complete catalogue of all compositions controlled by W-B.
4. The revised contract does not apply to networks.
5. No station will be allowed a more favorable rate than another station in the same classification.

Among other developments in the copyright fight, Powel Crosley, owner of WLW, Cincinnati, telegraphed Attorney General Cummings urging an investigation of "special arrangements", if any, between copyright holders, broadcasting networks, and other types of broadcasters." He protested against the Justice Department's withdrawal of the suit against ASCAP from the U. S. District Court of New York last month.

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## RULES GOVERNING NETWORKS IN NEW FCC REGULATIONS

For the first time since the organization of a government commission to control radio broadcasting, regulations governing network or chain operations will be contained in the revised rules to be issued shortly by the Federal Communications Commission.

The nature of the regulations is being kept secret until the complete rules are made public in about a week. The regulations, however, are understood to be aimed primarily at preventing duplication of programs on so many stations in areas which are dependent wholly on chain outlets.

Commissioner Irvin Stewart recently hurled a blast at the network program duplications and demanded an inquiry and adjustment of the Broadcast Division. The new rules are expected to constitute an answer to his criticism although it was scoffed at by Broadcast Division members at the time.

Meanwhile, it was indefinite as to when the engineering report on clear channels may be submitted to the FCC, thus paving the way for any proposed reallocations. It was promised at first by Christmas, but latest reports are that it may be delayed several weeks or even months.

Some FCC attaches have predicted that there would be no general shakeup in the broadcasting bands and probably no public hearings.

The FCC on January 7 will submit its annual report to Congress. Whether it will contain any recommendations for changes in the set-up has not been disclosed, but observers anticipate no revolutionary proposals.

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## WTIC SALE TO CHERRY & WEBB AWAITS FCC APPROVAL

Sale of WTIC, Hartford, Conn., a 50 KW station, to Cherry & Webb, New England department store operators, for approximately \$675,000 is awaiting approval of the Federal Communications Commission. The station is expected to be moved to the Boston area.

Cherry & Webb also operate WPRO, Providence, R.I., while WTIC is owned by the Travelers Life Insurance Company, and is an NBC-WEAF outlet.

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## KENNEDY APPOINTMENT LINKED TO SARNOFF WHITE HOUSE VISIT

One theory advanced in connection with the retention of Joseph P. Kennedy to examine the financial structure of the RCA is that it is an effort to get semi-official approval of the Administration on the new set-up. Several recapitalization plans have been drawn up. If Mr. Kennedy says O.K. to any one of these plans and the stockholders disapprove the RCA, according to this theory, will be in a position to say "well, the plan was approved by the man President Roosevelt picked to drive the money changers out of the Wall Street Temples."

Commenting upon this situation, Paul Mallon in the Washington Star, wrote:

"On the day after Christmas, President Roosevelt luncheoned David Sarnoff, sharp Chairman of the Board of the Radio Corp. of America. No one else was present.

"Twenty-four hours later, Mr. Sarnoff announced the appointment of Mr. Roosevelt's good friend, Joseph P. Kennedy, as a special executive to study the financial structure of R.C.A.

"It was something of a surprise because the R.C.A. structure did not seem to need much studying.

"As 1936 is the big political year and as radio broadcasting is a ticklish political business, those inside the trade have been nodding their heads knowingly ever since. They suspect Mr. Roosevelt may have arranged a spare wave length to assure a happy radio New Year for himself.

"What bolsters this conclusion is the inside background of White House radio relations.

"Mr. Roosevelt's pals have always had a feeling that NBC (subsidiary of RCA) was less favorable to him than were some of the other chains. There may have been insufficient reason for the feeling, but it existed."

Mr. Sarnoff, accompanied by Mrs. Sarnoff, was likewise a guest at the dinner which President Roosevelt gave to Vice-President Garner.

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## NBC STARTS NEW YEAR WITH SECOND PACIFIC COAST NET

The National Broadcasting Company on January 1 inaugurated a second Pacific Coast Blue Network with six stations and realigned its two major networks so as to embrace its Pacific Coast stations. The new network, composed entirely of stations new to NBC, comprises:



KGO, San Francisco; KECA, Los Angeles; KEX, Portland; KJR, Seattle; KGA, Spokane, and KFSD, San Diego.

The older Pacific Coast hookup will be linked with the NBC Red Network. It comprises: KPO, San Francisco; KFI, Los Angeles; KGW, Portland; KOMO, Seattle; and KMQ, Spokane.

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#### MORE THAN 100 STATIONS ANNOUNCE GROUP RATES

More than 100 independent broadcasting stations on January 3 entered the commercial field as organized bidders against networks in an organization labelled the National Independent Broadcasters, Inc.

James O'Shaughnessy, formerly Executive Secretary of the American Association of Advertising Agencies, and one-time Business Manager of Liberty magazine, is in charge of the NIB offices with headquarters at 17 East 42nd Street, New York City.

The stations, which are growing daily, are divided into six territorial groups to be sold as units subject to rate discounts. Present enrolled outlets, according to Mr. O'Shaughnessy, embrace around 30,000,000 listeners.

Electrical transcriptions and recordings will be acceptable on all stations. Each group of stations, chiefly 100-watters, will offer a discount beginning at 2 per cent for a single group and cumulative up to 12 per cent if all six groups are bought.

Officers of the NIB are Edward A. Allen, WLVA, Lynchburg, Va., President; Mallory Chamberlin, WNNR, Memphis, Vice-President; W. Wright Gedge, WMBC, Detroit, Secretary; Ben S. McGlashan, KGFJ, Los Angeles, Treasurer.

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#### WESTINGHOUSE STOPS ACKNOWLEDGING SHORT-WAVE MAIL

Westinghouse short-wave stations W8XK, Pittsburgh, and W1 XK, Boston, announced January 1 they would discontinue acknowledging short-wave reception reports henceforth. The British Broadcasting Corporation recently took similar action.

The announcement explained that newspapers and magazines now carry listings of short-wave transmitters, their frequencies, and program schedules. The increasing volume of mail, it added, also makes acknowledgment impractical.

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## C. H. LANG TO BEGIN NEW SCHENECTADY S.W. SERIES

C. H. Lang, Manager of Publicity and Broadcasting for General Electric, will be the first speaker on the "Backstage in Schenectady" short-wave radio program which will return to the air January 7 at 6:45 P.M., EST, over W2XAF. He will be interviewed informally by E. S. Darlington regarding General Electric's interest in short-wave broadcasting.

On consecutive Tuesday nights other well-known General Electric men will be interviewed in the "Scenes Behind the Microphone" series.

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## ZENITH EXPECTED TO REPORT BEST BUSINESS SINCE 1929

Among the most outstanding earnings recoveries of the radio industry in the last few years is that scored by the Zenith Radio Corporation in the early part of its present fiscal year, which ends April 30 next, according to Edward A. Kandlik in the Chicago Journal of Commerce in a five column story captioned "Zenith Earnings Recovery in 1935 Is Radio Industry Stand-Out."

"Following four years of unprofitable operation the company was restored to an earnings basis in its fiscal year which ended April 30, 1934, but in the succeeding year its profits declined slightly. Present indications are that the current rate will eclipse any past showing of the company except 1929", Mr. Kandlik writes.

"In the first seven months of its fiscal year, from April 30 to November 30, the company has had a net operating profit of \$720,066 before Federal taxes, equal to \$1.44 a share on the 500,000 shares of capital stock, according to a recent announcement by E. F. McDonald, Jr., President. This compares with a net loss of \$72,000 in the like period of the preceding fiscal year.

"While results for the entire present fiscal year are not available, it is expected that some addition to net income will accrue from December operation. That month, which normally marks the close of the peak season, usually has about two weeks of heavy business with demand tapering off before the period of intense retail selling just before Christmas. This year the early December operations were highly satisfactory, shipments for about the first half of the month running 200 per cent above the like 1934 month. With a heavy demand and its factory stocks depleted, Zenith during the current month resorted to transferring of dealer stocks in order to satisfy demands."

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INDUSTRY NOTES

Station KMPC, Beverly Hills, Calif., has been sold to William S. Paley, Columbia Broadcasting System President, and G. A. Richards, owner of WJR, Detroit. The purchase price is reported to have been around \$150,000. The sale produced the report that KMPC will displace KHJ, Los Angeles, as the CBS outlet.

The Arkansas Centennial Commission is considering a proposal to levy a tax on every radio set in the State as a means of raising money for the Exposition.

The Grigsby-Grunow Co., Chicago, has announced that the second dividend to its unsecured creditors, amounting to 9 per cent, which was declared on December 3, is now payable. A previous dividend of 16½ per cent was paid in March, 1935.

The Lincoln Star and The Lincoln Journal, of Lincoln, Nebr., on December 24 bought a half interest in Stations KFAB and KFOR, of Lincoln, and KOIL, of Omaha-Council Bluffs. The newspapers explained the purchase was in keeping with the trend toward closer alliance between the publishing and broadcasting business.

WOR, Newark, reported just before Christmas that it has received 975,798 pieces of mail during 1935 and expected the total to exceed 100,000 before January 1st.

The Columbia Broadcasting System is reported to be preparing to expend \$2,000,000 on its Program Department in 1936 with the largest allotment it has ever made to the sustaining features. Plans will be announced around the first of the year.

Broadcasters will be interested observers at the hearing set for January 7 by the Federal Alcohol Administration on the advertising and branding regulations to govern the beer industry.

Reports on the radio markets in Japan and Australia are now available at the Bureau of Foreign and Domestic Commerce, Department of Commerce, at 25 cents each.



The American Federation of Labor has promised to decide at its Miami meeting this month whether to grant an international charter to the Radio Workers and Allied Trades Union, thereby recognizing it as an industrial union. The union ended a meeting in Pittsburgh in a rebellious mood because of the refusal of the A.F. of L. to grant the charter at once.

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The Philadelphia Inquirer, which has had radio tie-ups with WIP and WFIL since September, has expanded its agreement with WIP for an indefinite period. The extended service adds a nightly 5-minute news broadcast.

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The new Western Electric non-directional microphone was given its first test in service when WOR, Newark, and the Mutual network picked up a special entertainment from the S.S. "Majestic" New Year's Eve.

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#### NEW ELECTRON TUBE PENETRATES THE DARK

A new electron tube which for the first time enables man to see through the dark was described and demonstrated in St. Louis January 2 before the American Association for the advancement of Science by Dr. V. K. Zworykin and Dr. George A. Morton, of the Radio Corporation of America Laboratories.

The assembled scientists witnessed the projection of motion pictures focused on the tube, which converted light rays into electrons. The electrons sped through the tube and reproduced the pictures in enlarged form on a screen in its further end. Continuing the demonstration a dark glass filter was placed in the beam of the motion picture projector. All visible light rays were stopped dead, yet, the electron image tube continued to reproduce the enlarged pictures with hardly noticeable loss in clarity. Dr. Zworykin explained that the tube was then functioning entirely on "black light" or infra-red rays, which were all that could reach the tube through the light filter.

The new device, which is sensitive to ultra-violet as well as infra-red rays, known as "black light", makes electrons behave exactly as light rays and marks a great advance in the use of electron lenses. Its large photoelectric cathode allows the efficient employment of large diameter high power optical lenses.

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## NBC OFFICIALS INTRODUCE MAJOR LOHR TO HIS HOME TOWN

Frank M. Russell, Vice-President, and Washington officials of the National Broadcasting Company, on January 3 entertained at a luncheon and an afternoon informal reception to introduce the new NBC President, Major Lenox Lohr, to his home-town, Washington. Major Lohr was accompanied by Mr. David Sarnoff, who had come to Washington to attend the Vice-Presidential dinner at the White House.

A luncheon was given for members of the Federal Communications Commission and afterwards newspaper men, radio lawyers, and others were introduced to Major Lohr at a reception in the NBC offices in the National Press Building.

Major Lohr recalled that he had been born and had grown up in Washington, being a graduate of Washington Tech High School.

It was explained that the election of Major Lohr to the NBC presidency came about through his meeting with Mr. Sarnoff, who is on the Board of Directors of the New York World's Fair. Major Lohr had made a tremendous success as General Manager of the Century of Progress in Chicago and was under consideration for a similar position with the forthcoming New York Exposition. For some reason this connection was not made but resulted in Mr. Sarnoff recommending Major Lohr to head the NBC.

Major Lohr was highly endorsed by Gen. Charles G. Dawes of Chicago, an intimate friend of Gen. J. G. Harbord, Chairman of the RCA.

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## THREE STATIONS ENTER STIPULATIONS WITH THE FTC

Three broadcasting stations have entered into stipulations with the Federal Trade Commission to abide by action taken in a case involving advertising matter issued by K. A. Hughes Co., of Boston, dealer in "Salicon", a cold remedy. The broadcasting companies are: Shepard Broadcasting Service, operating Station WNAC, Boston; Congress Square Hotel Co., Station WCSH, Portland, Maine; and the WGAR Broadcasting Co., Station WGAR, Cleveland.

In their stipulations with the Commission, the radio stations admit broadcasting advertisements of this company, and agree to observe and abide by a stipulation previously signed by the advertiser and accepted and approved by the Trade Commission.

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