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January 14, 1936

SYKES DEMANDS PROBE OF BRIBERY RUMORS BY FCC GROUP

Upon the demand of Judge Eugene O. Sykes, veteran Commissioner and former Chairman of the old Federal Radio Commission, the Federal Communications Commission is investigating rumors and ugly gossip of bribery and political influence reputedly exercised over at least one Commissioner.

The remarks, overheard by the son of the Chairman of the Commission during a party of broadcasting representatives at a Washington hotel, have already found an echo on Capitol Hill and threaten to add momentum to the move for a general Congressional investigation of how the FCC grants broadcasting facilities and to whom.

The FCC investigating committee comprises all members of the Commission except Judge Sykes and Anning S. Prall, Chairman of the FCC. Both asked to be excused, the latter because his son, Mortimer Prall, had overheard the hotel conversation which led to the inquiry.

Prall previously had asked the Department of Justice to investigate the rumor that bribery and political influence had been exerted on at least one member of the Commission. He subsequently announced that the G-men had found the comments made at the hotel party baseless.

The rumor continued to circulate, however, and members of the FCC indicated resentment that the Chairman should have called upon the Justice Department to make an investigation of the Commission without consulting his colleagues. The idea that G-men might be trailing them or that secret dictaphones might be concealed in their offices seemed to bother the Commissions as much as the loose charges of bribery and influence exerted on a member.

Chairman Connery, of the House Labor Committee, was quick to seize the opportunity to complain that the FCC had not been treating the smaller stations, especially those owned by labor interests, fairly. He said that the latest episode merely added momentum to a movement started sometime ago for a general investigation of FCC operations.

"Every bit of evidence seems to indicate that the Federal Communications Commission is playing the game of the big broadcasting systems to the detriment of the smaller ones, particularly the labor stations", he said.

The bribery episode started about two months ago after the Commission had granted certain facilities to the KNOX Broadcasting Co., of Schenectady, N. Y., without a public hearing. The owners of WNBK, Binghamton, N. Y., immediately protested and demanded a hearing. The case was then reopened.

It was while representatives of the Binghamton station were stopping at a Washington hotel that the remarks which have caused such a furore were made. Some person in the party suggested bribery and referred to a \$25,000 bribe rumored to have been paid in another case.

Young Prall, who was in another room of the hotel, reported the conversation to his father, and the elder Prall carried it to the Justice Department. After looking into it, the Justice Department labelled it mere "loud talk" and groundless.

Commissioner Irvin Stewart was named Chairman of the Inquiry Committee after George Henry Payne had refused it when offered by Prall. He later explained that he believed the chairmanship selection should be left to the committee, which it was.

"The investigation will be factual in character", Stewart said, "designed completely to cover the story told to us as to what was overheard in the Willard Hotel."

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BRITISH TO BROADCAST QUEEN MARY'S MAIDEN VOYAGE

The British Broadcasting Company announces that, in cooperation with Cunard White Star Limited, arrangements are in hand for broadcasting from the "Queen Mary" each evening during her maiden voyage from Southampton to New York. During the trip R. H. Eckersley, Assistant Controller of Programs, will act in a supervisory capacity to all programs. John Snagge will represent the Outside Broadcasts Department, with John Watt as producer. R. H. Wood (engineer in charge Outside Broadcasts) with two assistants will be responsible for all technical arrangements.

Many parts of the ship will be wired for microphones. There will be twenty-eight points available, including Main Ballroom, First-class dining-room; First-class lounge (for light music, etc.), Verandah Grill, covering main dance band on sun deck, Swimming Pool, Embarkation deck at Southampton and covering the deck for disembarkation in New York, and Crow's nest.

According to present arrangements, the departure from Southampton will be described in commentaries both from ship and shore. On the second night out from Southampton it is proposed to broadcast a feature program, in which listeners will be conducted on a tour of the ship. The program will last forty-five minutes. On each night of this maiden voyage a short "flash" will be included in the news bulletins. It is planned also to include a broadcast of the arrival in New York.

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FCC REFUSES TO REOPEN "BROOKLYN CASES"

Commissioner Irvin Stewart, who had previously aroused the Broadcast Division of the Federal Communications Commission by his demand for an investigation of the networks' domination of the clear channels, has filed a dissenting opinion attacking the refusal of the Commission to reopen the so-called "Brooklyn cases".

The FCC denied a rehearing on its decision to eliminate three Brooklyn stations - WARD, WVFW and WLTH - and to grant the Brooklyn Daily Eagle Broadcasting Co., Inc., a permit for a new station.

Stewart expressed the opinion that the decision, insofar as it denied license renewals to the three Brooklyn stations is sound. But he added that he was "unable to agree that the record shows any need for a new station on this frequency in Brooklyn. Commission records show that some or all of the borough is at all times within the good service area of at least eleven stations, exclusive of those involved in the present case. This figure is higher than for the remainder of the first zone and far higher than for most of the country."

After quoting testimony of Prestin Goodfellow, President of the Brooklyn Eagle, to the effect that he intended to operate a station that would "cater to the type of reader that the New York Times and the Brooklyn Daily Eagle and the Sun and paper of that calibre have", Stewart made the following comment on newspaper-owned stations:

"It is not clear from the opinion that consideration was given to the matter of the public interest involved in the granting of a broadcast station license to an applicant controlled by a newspaper. Broadcast stations and newspapers are the two principal sources of current public information and enlightenment; in a more mundane field they are the two principal media of local advertising and two of the principal media of national advertising in any community. Combining the two under the same control inevitably presents a problem of major moment which should be squarely faced by the Commission in its determination of 'public interest, convenience and necessity.' I do not believe that it was sufficiently considered by the Broadcast Division in the present instance."

Meanwhile, from New York came statements that S. J. Gellaró, President of WLTH, had not given up hope of convincing the FCC of the justice of a rehearing, while a spokesman for the Kings Chapter, Veterans of Foreign Wars, which recently acquired WVFW, said a stay order would be sought against the FCC order.

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A. T. & T. SERVED WITH COMPLAINT OF PENSACOLA CO.

The Telephone Division of the Federal Communications Commission directed that the American Telephone and Telegraph Company be served with the complaint of the Pensacola Broadcasting Company, filed by its attorney, former Senator C. C. Dill, on December 18, 1935, with reference to overcharges over circuits from Mobile via Flomaton to Pensacola, and that the American Telephone and Telegraph Company be given 30 days from receipt of notice within which to satisfy the complaint. If the complaint is not satisfied, the case will be set for hearing before the Telephone Division at the earliest practicable date, the date to be fixed by the Docket Clerk and the Law Department.

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GERMANY USES THREE TYPES OF RECORDING FOR BROADCASTS

Germany is using three types of recording sounds for radio broadcasts, often of important news developments, according to a report by Roland Welch, Assistant U. S. Trade Commissioner at Berlin, to the Bureau of Foreign and Domestic Commerce.

"The country's stations use sound recording to a great extent and the German radio public apparently does not mind hearing 'canned' programs rather than the actual human voice or the actual instruments", he stated. "At one time, a speech made by Chancellor Hitler was broadcast 24 hours after he delivered it, with no objection on the part of the public, and parts of the same speech were broadcast frequently two or three months later. The German broadcasting stations, all of which are under control of the Government, use sound recording devices to a far greater extent than do the stations in most other countries. The various kinds of sound recording systems have, therefore, been developed in Germany to a high degree of perfection, and at least one of these systems was invented here and probably is not used in any other country in the world at present.

"The three main systems used for sound recording for radio broadcast purposes are: reproduction on records, reproduction on sound film, and reproduction on magnetized steel ribbon. It is this last system that was invented here and that probably is not used anywhere else. All three of these systems are in constant use and, although they vary in performance, each one seems admirably fitted for certain distinct purposes.

"In all of these systems, however, German radio authorities have been working to develop the greatest possible reliability of service, the smallest possible distortion, the greatest possible clearance of strays, and the longest possible duration of playing time. Technicians have kept a very careful check on the efficiency of the various types of recording and have recently reduced their results to table form."

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WASHINGTON CRITICAL OF NETWORKS' POLITICAL STAND

Political observers in Washington forecast a troublesome road ahead for the major broadcasting networks and an avalanche of criticism from Republican sources following the disclosure that they had rejected political skits for which the Republican National Committee wanted to buy time.

Both the National Broadcasting Company and the Columbia Broadcasting System turned thumbs down on a series of programs designed to dramatize criticism of New Deal policies on the ground that their appeal is emotional rather than intellectual. Immediately Henry P. Fletcher, Chairman of the G.O.P. Committee, charged them with exercising censorship or being afraid of punitive action by the Federal Communications Commission.

Unbiased observers expressed the opinion that the networks were unnecessarily put themselves on the spot as targets for attack and they would have lost nothing by accepting the programs and offering the same opportunity to the Democratic party. Should the Republicans win the next election, it was pointed out, Fletcher would unquestionably wield a most potent influence over radio as well as other things under governmental control.

Repercussions on Capitol Hill were certain as the move for a general investigation of the Federal Communications Commission gained momentum and FCC Chairman Anning S. Prall announced he would welcome such an inquiry. Any inquiry into FCC operations, it was indicated, would delve into activities of the networks as well.

The Republican National Committee undaunted by the closed-door policy of the chains began looking around for independent stations on which to place their skits via disks. Station WGN, Chicago, owned by the arch-Republican Chicago Tribune, was the first to agree to broadcast the scripts, and the first program was put on the air the night of January 14.

The skits were developed over a period of months at considerable expense to the Republican National Committee. Character actors and actresses had been employed. The weekly story scripts were to be supplemented by speeches by prominent Republicans.

The first skit entitled "Liberty at the Crossroads", carried a scene of an army officer offering George Washington the dictatorship of the country; another portrayed a young couple objecting to high costs of meta; while a third pictured a country store group arguing about what the Constitution meant "before the days of Roosevelt".

Republican leaders optimistically predicted that other stations would gladly accept the programs and revenue throughout the country so that the G.O.P. purpose would be achieved despite the attitude of the networks.

William S. Paley, President of Columbia, in rejecting the G.O.P. disks, revealed that the network will not sell time to either Republicans or Democrats until after the party conventions but will continue to allot free time to leaders of both parties for timely talks. Major Lenox R. Lohr, President of NBC, said that he would gladly continue to make the network's facilities available from time to time to responsible spokesmen of both parties.

Answering Mr. Paley's letter, Mr. Fletcher said he did not question the right of CBS to determine its own policies but added that he could not avoid the impression "that the attitude you have taken is affected and perhaps involuntarily controlled by the political party in power, which regulates the issuances of your licenses.

"I believe your policy not to sell time for political broadcasts until after the regular party conventions next Summer will leave in the minds of the American public the distinct impression that you are either exercising an unwarranted degree of censorship or that you fear punitive action by the Federal Communications Commission.

"The two great systems enjoy under the ninety-day license system imposed by the Federal Communications Commission a precarious lease of the great theatre of the air. You decline to open the doors of this theatre to those in opposition to the policies of the administration unless your 'editorial judgment' approves the program to be presented."

Major Lohr, in rejecting the skits, said, in part:

"The programs which you have offered to us, using actors to give dramatic skits on the air, involve the fictionizing of important political issues now before the country. These presentations would violate the policies upon which the National Broadcasting Company has based its service to the listening public.

"To accept such dramatic programs as you have offered would place the discussion of vital political and national issues on the basis of dramatic license, rather than upon a basis of responsibly stated fact or opinion."

Mr. Paley, in his letter recalled a letter of Dec. 27, 1935, by Edward Klauber, Vice-President of the CBS, as "a complete document". It said, in part:

"Appeals to the electorate should be intellectual and not based on emotion, passion or prejudice. We recognize that even the oratorical discussion of campaign issues can be to a degree stamped with the aforementioned flaws, but we are convinced that dramatization would throw the radio campaign almost wholly over to the emotional side."

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CRITIC PAYNE THROWS A FEW BOUQUETS AT THE COMMISSION

George Henry Payne, arch critic of the Federal Communications Commission, though a member, surprised his colleagues in an address at the Harvard University Graduate School of Business Administration January 13 by making some laudatory observations about the FCC.

"In the year and a half of its existence, the Federal Communications Commission has made distinct contributions to the improvement and regulation of the industries for which it is the governmental regulating body", he said. "This statement will be challenged by some, laughed at by others, but I feel safe in assuring you that no one will arise with an offer to debate it in public.

"Some of these who have been battered and improved are not quite conscious of it yet. Some of them are still breathing a little strenuously in the rarified high altitude into which they have been somewhat involuntarily raised. Nevertheless, I think we may say in the language of Galileo, as translated by Artemus Ward, 'The world do move' -- referring, of course, to the world of communications.

"The most important of the many problems that have confronted the Federal Communications Commission in the year and a half of its existence has been that of combatting the impression that the new Commission was, or could be, dominated by the bodies, industries or corporations over which it was given by Congress the power to regulate. There was a belief that our predecessor, the old Radio Commission, was dominated by the industry that it was supposed to restrain and control. I am very happy to say that such is not the case and that of the corporations over which we have jurisdiction are quite convinced that the Commission, or those divisions with which they deal, form independent judgments without bias or without prejudice, and with no other interest or consideration than regard for their oath of office.

"Just as there has been improvement in the relations between the Commission and the broadcasting companies under our regulation, so there is evidently a very steady trend of improvement in the character of the programs broadcast throughout the country, although, I am frank to admit, there is still a considerable distance to go. It would be unfair on my part if, when I had so sharply criticized those responsible for programs and advertising that were distasteful, I did not frankly admit that there is a new and better attitude of mind in the matter of the broadcasters' responsibilities to the public.

"The idea is beginning to take hold that the wide-spread criticism is not merely the yawping of splenetic fault finders. It is beginning to be admitted that the advertiser from his purely mercenary point of view should not be the dominating factor in deciding what a hundred million people should be forced to

listen to. In the mere matter of advertisements for liquor and alcoholic beverages, the protests are bearing fruit.

"I think the broadcasters missed their opportunity when they permitted Dr. James M. Doran, Administrator of the Distilled Spirits Institute, consisting of liquor distillers and manufacturers, to make the first public pronouncement that he had such a regard for public opinion and the rights of the people to decide what messages should come into their homes, that the members of his association would discontinue radio advertising."

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RADIO GREATEST POWER FOR GOOD OR EVIL, ASSERTS PRALL

Radio broadcasting is the greatest known power for good or for evil, depending upon how it is used, Anning S. Prall, Chairman of the Federal Communications Commission, stated January 13 in an address over the Columbia Broadcasting System.

"I regard radio as an ultra-modern combination of journalism, the theatre, the public rostrum and the school house", he said. "It is an integral part of practically every American home.

"It appeals to the entire family; therefore, if it is to survive, if it is to enjoy the success to which it is entitled, if it is to strengthen its reception in the American home and hold its place there, it must deliver into those homes programs of high standards and entertainment which, above all, is wholesome and clean. I am not preaching reform, or radio entertainment as some of our reform groups have advocated it, but a sensible, balanced radio menu in which extremes are avoided."

Reviewing developments in the industry during 1935, he said:

"High powered advertising announcements have been toned down; commercial continuities are in better form; the two major chains have adopted entirely new policies and have outlawed programs advertising internal medicines or bordering upon the improper. Their action has been quickly followed by practically all the responsible independent stations. Today the number of quack medicine, fortune-telling, lottery and other schemes broadcast with the end in view of fooling or defrauding a gullible public is at a minimum. The FCC will not stop until all of them are off the air.

"Despite the consequent loss of advertising revenue by the deletion of many of these objectionable broadcasts, I am reliably informed that responsible advertisers have contracted for time on the air far in excess of the amount lost by the deletions, and I venture to predict that the ensuing year will

show the greatest return in the history of the industry because of the normal revival of business and because the radio industry considers better programming the high point and the essential move toward future success of broadcasting."

Referring to television, the FCC Chairman said:

"The laboratory development has progressed remarkably but it is not yet ready, I am told, to be brought into the sunshine of practical operation, either from the technical or the economic standpoint. Suffice it to say, on that score, that our engineers at the Commission have not yet seen fit to recommend that television be used in any way other than under rigid experimental limitations. Until we of the FCC see fit to lift that experimental barrier, there can be no practical commercial television, and we will not lift it until we are convinced that it is ready for public acceptance and will serve a real public need.

"Withal, I would hazard the assertion that five years from now, you won't be able to recognize your radio receiver. Instead of receiving sound alone, along with short-wave programs, it probably will be fitted for these and for television and facsimile."

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COPYRIGHT NEGOTIATIONS FAIL AS ASCAP GIVES ULTIMATUM

Negotiations for a new scale of copyright music rates appeared to have failed January 14 after the American Society of Composers, Authors and Publishers had wired 390 independent radio stations that they must sign a new five-year license contract by January 15 or be held accountable financially for the broadcasting of ASCAP's music since January 1.

James W. Baldwin, Managing Director of the National Association of Broadcasters, who has been acting as chief negotiator in New York City for the broadcasters, was shocked by the ASCAP ultimatum cancelling the temporary extension of all licenses and immediately notified stations to sign new contracts at once.

"Broadcasters are over a barrel and have a double-barrel shotgun at their head", he observed. "There's nothing else for them to do but sign up."

The ASCAP telegram also warned broadcasters that any station which did not sign the new license agreements by January 15 would be deemed a copyright infringer if it continued to play ASCAP music and would be held subject to the statutory fine of \$250 for each violation.

The new licenses which broadcasters are thus forced to sign carry the same rates as the old contracts, which included music since withdrawn by the Warner Brothers music publishing

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houses. Broadcasters have been negotiating for the past month in the hope that a lower scale of rates or more advantageous agreement might be obtained.

The last straw, so far as the organized broadcasters were concerned, came the night of January 13 when the ASCAP Board refused to grant Baldwin's request for a last-minute hearing on the January 15 deadline ultimatum.

In a special issue of the NAB Reports, Baldwin outlined the tentative program agreed upon by himself and his Advisory Committee named by the NAB Directors.

"This is not the time or place to comment on the precipitous action taken by ASCAP", he wrote regarding the ASCAP wire. "Until it was taken the Managing Director had every reason to believe that ASCAP would not exercise its right of cancellation of the temporary arrangement without first having further negotiations with him and his committee and without having exhausted all possibilities of reaching an amicable settlement of the issues that have arisen. That hope, it seems, was without foundation."

Admitting that these developments "place increased obstacles in the way of future negotiations with ASCAP", Baldwin said that he and his Advisory Committee "refuse to regard these obstacles as insuperable. Even if they are insuperable, that is all the more reason for bending every effort to carry out the rest of the program", he wrote.

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B U L L E T I N

CONNERY TO INTRODUCE RESOLUTION TO INVESTIGATE FCC

Representative Connery, Chairman of the House Labor Committee, announced today (January 14) that he would introduce a resolution January 15th calling for the appointment of a special House Committee to investigate the Federal Communications Commission.

See lead story of today's release.

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