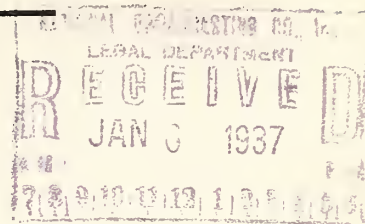


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January 5, 1937.

TELEVISION NOT READY FOR PUBLIC, FCC SAYS IN REPORT

Although progress has been made in the technical development of television during the past fiscal year, it is still not ready for public service on a national scale, according to the Engineering Department of the Federal Communications Commission.

This opinion, along with a commendary appraisal of facsimile transmission and a prediction that the radio bands will continue to be crowded despite anticipated expansions, was contained in the FCC's annual report submitted to Congress on Tuesday, January 5th.

The appraisal of television, however, is somewhat out of date in view of developments in recent months as it was made as of June 30, 1936, the end of the fiscal year.

"While the technique of television has progressed during the past year, it seemed generally the consensus of opinion that television is not yet ready for public service on a national scale.

"There are numerous obstacles to be overcome and much technical development is required before television can be established on a sound national scale. Nevertheless, the rate of progress is rapid and the energies of the laboratories of the country are being concentrated on the technical development of television."

The FCC Engineering Department indirectly recommended that the Commission move cautiously in making allocations and leave the way open for changes as technical progress continues.

Reciting the record of the hearing held by the FCC in mid-June, the Engineering Department said:

"The evidence showed the necessity for making tentative allocations in order to avoid the pitfalls of premature intrenchment resulting from huge expenditures for experimental apparatus, developing into future obstacles of a practical nature when the time becomes opportune for permanent allocation.

"It was also indicated that even though the useful radio spectrum in the next few years will be seven times as extensive as that of today, there would not be made available such additional multiplication of channels, and that with the advent of new services such as television and other new uses for radio, the Commission would continue to be confronted with a dearth of radio facilities in the face of a large demand therefor.

"The rapid progress being made in the development of facsimile communication, both in the transmission of photographs and in the transmission of printed matter by radio and wire, has reached a stage which commands attention. Facsimile transmission and reception has the possibility of affecting considerably the method of conducting record communications in the future. While the future economic problems and benefits presented by facsimile are not yet clearly understood, it appears that the potentialities of this new service are of sufficient importance to require close attention to the results of experimentation and evolution in commercial operation.

"The inauguration of field tests of the coaxial cable system between New York and Philadelphia is a forward step in the technique of communications. The results of these tests should be viewed with interest because of the potentialities involved in the application of this type of cable to the service of the public in the future. If the coaxial cable system should prove to be practical, it may bring about economic results of possible benefit to the public. The Commission's policy in this respect is to give full consideration to this technological trend and its social and economic consequences."

The FCC Legal Department reported that "while the past fiscal year has been characterized by an increase in the number of complaints received with regard to the program service of broadcast stations, the majority of the investigations conducted pursuant to such complaints resulted in informal adjustment thereof.

"In only 11 instances did the investigations, conducted as a result of the complaints, or reports from the Commission's field offices, require formal action, these being concerned with stations that broadcast lottery programs, objectionable medical programs, stock-selling schemes, and commercial fortune-telling programs.

"Final Commission decision has been rendered with respect to five of the aforementioned 11 cases, one resulting in the failure to renew the license of a station and its consequent deletion."

The report recites the various new rules invoked by the FCC during the year, studies conducted, and the effect of the repeal of the quota amendment.

The greater portion of the 131-page document, however, is devoted to statistical data concerning carriers engaged in wire or radio communications and the companies controlling them.

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1937 RADIO REVENUE SEEN EXCEEDING RECORD OF 1936

Although broadcast advertising revenue reached an estimated \$114,400,000 in 1936, indications are that this record will be surpassed in 1937, according to Dr. Herman S. Hettinger, Assistant Professor of Marketing, University of Pennsylvania, and now associated temporarily with the Federal Communications Commission.

Writing in Broadcasting, Dr. Hettinger said, in part:

"A continued growth of broadcast advertising volume may be expected during the coming year. Though complete information is yet to become available, it seems that radio advertising in 1936 experienced a gain of no less than 19% over the previous year. Assuming growth in 1937 at even half that rate, a total volume in the neighborhood of \$125,000,000 may be expected. Volume here is stated on the basis of the one-time rate conventionally employed by media for this purpose.

"The preceding prediction is made on the basis of an estimated total volume for 1936 of \$114,400,000. This estimate is based upon data for the first ten months of the year, and also contains an upward readjustment of NAB local broadcast advertising volume, the necessity of which was revealed in the recent Bureau of Census report on the radio broadcasting industry. It should be noted that the readjustment is based upon incomplete data and represents merely a tentative estimate. However, it is the best possible at the present time and at least presents a better picture of total broadcast advertising and of the relative importance of various portions of the medium than otherwise could be secured.

"Estimated broadcast advertising volume for 1935 and 1936 (gross time sales) on the basis of readjusted local volume is as follows:

	1935	1936
National Networks	\$50,087,686	\$59,000,000
Regional Networks	1,110,739	1,400,000
National Non-Network	17,000,000	23,000,000
Local	<u>27,000,000</u>	<u>31,000,000</u>
	\$95,678,425	\$114,400,000

"Of even greater interest are the probable developments with regard to various portions of the medium. National network advertising will continue to gain, though the rate at which it will do so depends upon a number of highly speculative factors.

"National network volume was the first to recover from the set-back which radio advertising received in 1932 and 1933 as a result of the depression. Network advertising experienced a gain of 35.3% in 1934 over 1933, and of 17.4% in 1935 over the preceding year. The increase for the year just closed will

probably be between 15% and 18%. It should be noted that a portion of this evenly maintained rate in the past two years has been the result of the entrance of the Mutual Broadcasting System into the national network field. Had this not occurred, the tendency toward a slower rate of increase would have been more pronounced."

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CBS BID ON WOAI WITHDRAWN AS EXAMINER DISAPPROVES

Consummation of probably the second largest broadcasting station deal was blocked last week and the deal called off, temporarily at least, after a Federal Communications Commission Examiner had recommended against approval of the sale of WOAI, San Antonio, to the Columbia Broadcasting System for \$825,000.

CBS has little choice after Examiner P. W. Seward had filed his report only a few days before the purchase contract was due to expire on December 31. The FCC Broadcast Division was out of session for the holidays and did not resume its meetings until today, Tuesday, January 5th.

Station WOAI, a 50,000 watt outlet, is now an NBC affiliate. Under the proposed shake-up, KTSA, San Antonio, and KNOW, Austin, both owned by Hearst Radio, Inc., were scheduled to join NBC, as WOAI went to CBS.

The adverse Examiner's report, which raised a grave question as to the property rights of broadcasting stations, was unexpected in view of the FCC's former approval of the purchase of KNX, Los Angeles, by CBS for the record price of \$1,300,000.

Examiner Seward recommended denial on the ground that it would violate two sections of the existing law. He held it would "amount to the recognition of an assertion of ownership and sale of radio facilities" and also that it would violate the public interest clause.

In a 25-page report, the Examiner delved deeply into precedents established in other cases and into radio law. "All of the acts of Congress and the decisions of the Court", he said, "negative the idea that a licensee of a radio broadcast station should ever be permitted to place a value on the license, frequency or channel or be permitted to traffick in radio facilities or to assert or exercise 'ownership' thereof." He said that it appeared certain that if Congress had intended to permit the "barter, sale, trafficking in radio broadcast licenses, frequency, or channels, it would have fixed a standard for the guidance of this Commission in arriving at a proper value."

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PAYNE DOUBTS CONSTITUTIONALITY OF BAN ON PUBLISHERS

While pointing to the inherent dangers of newspaper control of the radio, Federal Communications Commissioner George Henry Payne doubts that a law restricting publishers from gobbling up broadcasting stations would be constitutional.

Speaking before the American Association of Teachers of Journalism at St. Louis, Commissioner Payne denied that radio constitutes a challenge to journalism.

"The idea that radio challenges journalism is not based on a knowledge of history or of the evolution of political, economic or even of technical ideas", he said. "Journalism is the safeguard of democracy even when journalism is prejudiced. It is an institution. Radio is but an instrument.

"Radio will affect the profits that come from advertising as aviation will affect the profits of carriers on the ground who have hitherto enjoyed a monopoly of transportation.

"The basis of the objection to newspapers owning broadcast stations is the belief on the part of many legislators that radio should be a check on the newspapers and not under their control. It is pointed out that if 85 percent of the papers in the country are opposed to one candidate, the only protection he has against unfair play is the fact that he can go to the people over the air.

"It is this critical attitude that has given encouragement to those who are opposed to newspapers owning radio stations. The number of those who hold this view has greatly grown in the last six months. As we of the Federal Communications Commission have never had to meet the situation, the problem has remained in the realm of general discussion. Personally, I do not see how you are going to frame a constitutional law that will bar the owner of a newspaper from operating a broadcast station if you allow manufacturers of this article or that to do so.

"Up to date, however, I have not heard of anyone seriously attempting to draft such a law, although one distinguished legislator believes that such a law could be upheld as constitutional - as was the law prohibiting the railroads from owning the coal mines. When that bill is drafted, the debate will be bitter and illuminating.

"After the recent election we heard much discussion along the line that radio had superseded journalism as an influence with the people. It is difficult to conceive such an idea or the basis for such a belief. By the very means of its existence it is impossible for radio broadcasting to rise to the heights of the journalistic accomplishment in this country in the last 150 years. You might just as well say that radio

had succeeded to books and that hereafter people will no longer read, they will just listen, and accept the almost inevitable corollary that in the course of time they will stop thinking and do nothing but talk.

"Radio as a means of instant communication with all sections of the world will develop. As a means of transmitting news and even views it will, we hope, help to bind the people of the world together in the onward march toward happiness, progress and peace. But the motive power that will furnish the ideas transmitted through the air to the millions of the human race will be the genius that developed both democracy and journalism in this country and that will ever be the spiritual force of an unselfish Fourth Estate."

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ENGINEERS TO SUBMIT PRELIMINARY REPORT TO FCC

A preliminary report based on findings of the Engineering Department from a study of evidence submitted at the October broadcast band hearing will be submitted this week to the Broadcast Division of the Federal Communications Commission. Its contents are not immediately available.

From usually well informed sources, however, it appeared that the Engineering Department would recommend removal of the 50 KW maximum power limitation on clear channel stations, and a reduction in the number of clear channels to 28 or 29.

The question of super-power allocations for establishing more stations like WLW, Cincinnati, was left to the FCC to decide as a matter of policy, it is understood, on the ground that social and economic factors outweigh technical considerations in power grants beyond 50 KW.

Classification of broadcasting stations into six groups also is understood to be one of the recommendations expected.

Meanwhile, it was learned that Dr. Herman S. Hettinger, Assistant Professor of Marketing, University of Pennsylvania, has been hired by the Engineering Department to summarize certain of the economic data produced by the October hearings.

Consequently, it is believed that a removed proposal that an "economic section" to pass upon market and social factors in broadcast allocations will not be made until Dr. Hettinger's study is completed, if at all.

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TRADE MARK RULING RECOGNIZES SIMILARITY OF SOUNDS

Recognizing the widespread use of radio as an advertising medium, the U. S. Court of Customs and Patent Appeals in Washington has ruled out a trade-mark application on the ground that it resembled a registered trade-mark in sound although not in spelling.

Reversing the Commissioner of Patents in the case of Marion Lambert, Inc. vs. Edward J. O'Connor, the court ruled that the latter could not be given a registration of the mark "VOO" for a depilatory, because it resembled too closely the mark "DEW", a deodorant, held by the Lambert corporation.

"Similarity in the sound of the names under which goods are sold is becoming a more important consideration in the decision of cases of this kind as the effective advertisement of goods becomes increasingly dependent upon radio facilities" said the opinion. Judge Finis J. Garrett was the only member of the five-judge court to dissent. The decision was handed down by Judge Oscar E. Bland.

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EDMUNDS, FORMER RADIO EXECUTIVE, DIES

Ralph Edmunds, publicity director of the Metropolitan Opera House in New York many years ago and later business manager of the Philadelphia Philharmonic Orchestra, died last Saturday in the French Hospital, New York City.

He was an Englishman by birth, but had lived in the country for many years. In 1904 he left the Metropolitan to manage the Henry W. Savage English "Parsifal" company, returning to his old position later. His last season with the Metropolitan was that of 1909-10.

He was with the Philadelphia Orchestra during the war years, and until 1929 he had been manager of Station WRC of the National Broadcasting Company here in Washington.

Surviving are his widow, Mrs. Rose Marie de Foix Edmunds, and two daughters, Mrs. Eleanor E. Oliphant and Miss Rose Marie de Foix Edmunds.

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ARNOLD LAUDS RADIO ADVERTISING IN PUBLISHERS' ORGAN

Writing the first of his weekly articles on radio in Editor & Publisher, Frank A. Arnold, former radio executive and advertising man, has this to say of radio advertising at the end of a brief historical review of broadcasting:

"It is not the purpose of this article to elaborate on the commercial side of broadcasting other than to call attention to the fact that radio presents to the advertiser the realization of his dream long unfulfilled, that some method might be devised whereby his product could be brought directly to the attention of the family circle. What could be more ideal than a medium of communication which would lay down the sponsored program inside the home and under circumstances where the beauty of the program itself assured the advertiser a courteous reception of his message? The development of the commercial side of broadcasting was approached with great care and with some apprehension and this contains material for a story of its own. Suffice it to say in dollar terms that in 1927 the revenues from broadcast advertising were less than \$1,000,000. Progressively, by leaps and bounds, this has increased until the total figures for 1936, when finally assembled, will undoubtedly show cash revenue from all forms of broadcast advertising, both net-work and local, in excess of \$103,000,000.

"Lacking at the start serious consideration by either the advertiser or his agency, ridiculed by many as a new-fangled music-box, tolerated by other advertising media as of not enough importance to be classed as a competitor; in spite of all this there has been developed a strong, healthy, progressive and altogether worthwhile medium - Radio, the Fourth Dimension of Advertising."

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FDR CONGRATULATES MBS ON EXTENSION

President Roosevelt and Commissioner Anning S. Prall extended congratulations to the Mutual Broadcasting System on its coast-to-coast expansion when the Mutual Network inaugurated nationwide service last week. The official messages opened the dedicatory program welcoming the Don Lee network of California and the Iowa and Central States networks, as they joined Mutual.

Alfred J. McCosker, Chairman of the Board of Mutual and President of WOR, and W. E. Macfarlane, President of Mutual, formally accepted President Roosevelt's and Commissioner Prall's greetings.

Mr. McCosker, in welcoming the Don Lee group to Mutual, emphasized the increased opportunity for public service and on behalf of the Board of Directors and staff of Mutual accepted "that responsibility as a mandate."

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 ::::: INDUSTRY NOTES :::::
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The National Labor Relations Board on December 31st ruled against the Mackay Radio & Telegraph Co. in connection with its Portland, Ore., labor trouble and ordered Mackay to reinstate four employees with pay. The Mackay Company was ordered not to discriminate against any members of the American Radio Telegraphists Associations in regard to rehiring or any other conditions of employment.

An appointment to the job of Chief of the Electrical Division, U. S. Bureau of Foreign and Domestic Commerce, is expected momentarily. Three candidates are being considered seriously. Andrew W. Cruse left the post on December 15th to become Assistant Chief Engineer of the Federal Communications Commission.

Analyzing the first two years of the Cuban-American reciprocal trade agreement, the State Department in a press release for last Sunday cited "radio apparatus" as among the industrial products receiving tariff benefits.

The Broadcast Division of the Federal Communications Commission has granted the petition of Central Newspapers, Inc., to reconsider its action of December 15, 1936, in designating for hearing the application of the Indianapolis Broadcasting Inc., Station WIRE, Indianapolis, Ind., to transfer control of WIRE to Central Newspapers, Inc., and directed that said application be dismissed from the hearing docket and granted (Commissioner Case dissenting). It was further directed that an order be entered accordingly and forwarded to all interested parties.

Thomas P. Littlepage, Sr., radio counsellor, has been appointed Chairman of the Transportation Committee of the Roosevelt Inauguration by Rear Admiral Cary Grayson, Chairman of the Inaugural Committee.

The Federal Trade Commission has ordered C. G. Hyre, of Morgantown, W. Va., trading as The Pepsotalis Co., to cease and desist from unfair trade representations in the sale of "Pepsotalis", a medicinal preparation advertised by means of radio broadcasts.

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Ted Rogers, radio editor of the New York World-Telegram, has started making personal tests of new all-wave and short-wave radio receivers and reporting his findings to readers of his column. He undertook the survey, he said, because of numerous inquiries from readers as to what short-wave set he would recommend.

The Westinghouse Electric and Manufacturing Company for November had a net profit of \$1,226,192 after all charges and taxes, including provision for undistributed profits taxes. This brought the average net income for the November quarter to \$1,299,100 monthly. It entitled employees to an increase of 12 percent in December wages or salaries under the company's wage and salary plan introduced in May.

Libel suits seeking damages of \$100,000 each have been filed in District Court at Des Moines against the Iowa Broadcasting Co. and the Central Broadcasting Co. by Harold M. Cooper, of Marshalltown, Ia., former Chairman of the Iowa State Liquor Commission. Joined as defendants were WMT, Cedar Rapids; Verne Marshall, editor of the Cedar Rapids Gazette, 1936 Pulitzer prize winner for meritorious public service; and the Gazette Co.

Marshall, the Gazette Co. and radio station WHO, Des Moines, were also named in the Central Broadcasting petition.

Both suits grew out of speeches made by Marshall over WHO and WMT, Oct. 25 and Oct. 29, and published in the Gazette. The suits allege damages for malicious defamation of character.

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SOAP MAKERS NOW LEADING NETWORK SPONSORS

With Fels Naptha due to go completely network (CBS) Jan. 13, the coming year will probably find the soap industry accounting for a gross income in time of over \$6,000,000 to NBC and Columbia, according to Variety. Steady increase in accounts and expenditures from the soap business over the past five years reflects one of the more arresting success stories which broadcasting has to tell. It is estimated that the manufacturers in this classification will have spent around \$7,000,000 for network and spot programs, exclusive of talent, during 1936.

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D. C. FIRM CHARGED WITH MISUSING RCA NAME

Unfair trade representations in the sale of radio receiving sets, radio tubes, and supplies, are alleged in a Federal Trade Commission complaint issued against Sun Radio Service & Supply Corporation, 938 F Street, N. W., Washington, D. C.

Advertising its products as "Newest R.C.A. Licensed Automatic Featuring the New Metal Tube", the respondent company, through its representations, is alleged to have deceived buyers into believing that its products were those of the Radio Corporation of America and its subsidiaries, and that its glass tubes were metal tubes in which the technical elements were sealed in a vacuum of steel, when these were not the facts.

The complaint points out that the Radio Corporation of America has built up valuable good-will in the letters "R.C.A." as applied to its products, particularly to its radio receiving sets, radio tubes and supplies, and that the use of those initials is understood by the public to signify products manufactured by that corporation and its subsidiaries.

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NAB SALES DIVISION TO HOLD TWO-DAY MEETING

The first national meeting of the Sales Managers' Division of the NAB will be held in the Hotel Sherman, Chicago, January 18,19.

Climaxing a series of regional meetings held by branches of the Division, the national sessions cover a wide range of subjects relating to sales policies of stations, rates, discounts, merchandising and other business practices. Among the speakers are C. W. Myers, NAB, president; R. J. Barrett, Jr., Blackett-Sample-Hummert, Inc., Chicago; T. F. Flanagan, president, Penn Tobacco Co., and James W. Baldwin, NAB Managing Director.

Approximately 100 station executives are expected to attend the session. The meetings will be open only to members of the Sales Managers' Division or other station representatives with qualified credentials.

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