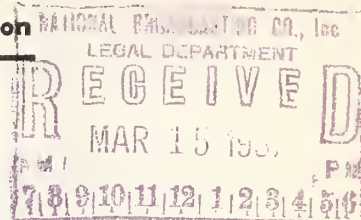


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication



INDEX TO ISSUE OF MARCH 12, 1937

Payne Initiates "Lobby" Probe As Connery Gets Hearing.....	2
Prall Reappointed Chairman of FCC For One Year.....	4
January Radio Advertising Takes Seasonal Drop.....	4
Rule Governing Police Service Is Amended.....	4
Two Auto Alarms For Ships Approved By The FCC.....	5
New Deal Given \$25,000 By Broadcasters In Campaign.....	6
Shannon Allen Given WPA Radio Post.....	7
Soviets Plan Three Television Stations.....	7
Frequency Monitor Rule Postponed Six Months.....	7
Mass Education Via Radio Plan Of Egypt.....	8
BBC Engineer Sees Television Obstacle Fading.....	8
Trade Notes.....	9
Food-Drugs Bill Passes Senate, Faces Trouble In House.....	10
Zenith Operating Profits Rise For Nine Months.....	10
NBC Shows Role Of Radio In Vast Rural Markets.....	11
RCA Blames Hoffman For "Bad Judgment" In Strike.....	12

No. 1011

PAYNE INITIATES "LOBBY" PROBE AS CONNERY GETS HEARING

Under the sponsorship of George Henry Payne, the Federal Communications Commission this week initiated a new inquiry that may delve into some of the charges of "radio lobbying" as the House Rules Committee opened hearings on the Connery resolution calling for a general broadcasting investigation by Congress.

The FCC probe is directed at a single Washington attorney, who is alleged to have disregarded FCC rules of procedure by inserting affidavit copies in a Commission docket file. The Commission had already acted on the case, transferring an aid in the docket section and reprimanding the lawyer, George S. Smith, of Washington, when Commissioner Payne returned from a period of illness.

Commissioner Payne, who has frequently assailed what he terms "the Washington radio lobby", insisted that the FCC action was not severe enough and demanded that the inquiry be reopened. The FCC then designated him Chairman of a special investigating Committee. The other members are Commissioners Irvin Stewart and Thad Brown.

While the Committee was directed to investigate the Smith case, it is not unlikely that Commissioner Payne will find a way to extend his inquiry into general practices of radio attorneys before the Commission.

Representative Connery, Chairman of the House Labor Committee, opened the hearing before the Rules Committee in behalf of his resolution calling for a broad investigation of radio broadcasting.

Next Tuesday his State colleague, though a Republican, Representative Wigglesworth, will also appear before the Rules Committee in support of the resolution.

The question of whether the resolution will ever be reported out by the Rules Committee is still uncertain, and it appears that there is a great deal of trading going on among members interested in this and other resolutions pigeon-holed by the Committee.

Already stripped of direct reference to the Federal Communications Commission, reputedly done at the suggestion of

3/12/37

members of the Rules Committee, the Connery resolution provides for the establishment of a committee of seven members of the House to be named by the Speaker. Representative Connery presumably would be Chairman.

The resolution authorizes the Committee "to inquire into and investigate the allegations and charges that have been or may be made relative to irregularities in or pertaining to the monopoly which exists in radio and the activities and functions carried on under the Communications Act of 1934 and all matters pertaining to radio and radio broadcasting."

The Smith case started in a row between attorneys in a Johnson City, Tenn., application for a new stations. Mr. Smith, who was formerly a legal aid of the Commission, allegedly sent 15 affidavits to Johnson City for signatures. Ten of them were returned signed and five unsigned within the period allowed.

When the hearing began before an Examiner, however, five copies of the unsigned affidavits were in the FCC docket files with signatures. John S. Brady, the opposing lawyer, consequently demanded that all the affidavits be rejected and the Examiner sustained him. Mr. Smith allegedly admitted placing the five affidavit copies in the FCC files with the aid of Miss Mary Belle Anthony, Chief of the Docket Section.

The Commission named a committee composed of George B. Porter, Assistant General Counsel; Chief Examiner Davis G. Arnold; and John B. Reynolds, Acting Secretary, to make an inquiry. After this group reported, the Commission transferred Miss Anthony to the Accounting Section, reorganized the Docket Section, and reprimanded Mr. Smith.

Upon returning to Washington from a New York hospital, Commissioner Payne asserted that the punishment of Mr. Smith was not severe enough and charged that he had apparently "corrupted" the Commission clerk, Miss Anthony.

Commissioner Payne plans to call the first meeting of the Committee next week.

X X X X X X X X

The number of French listeners is now 3,031,526. France is third among European countries in the matter of listeners, the first two being Great Britain and Germany. Sweden, which follows France, has rather fewer than one million listeners.

X X X X X X X X X X

PRALL REAPPOINTED CHAIRMAN OF FCC FOR ONE YEAR

Despite occasional disruptions in the Federal Communications Commission and threats of inquiry on Capitol Hill, Anning S. Prall, a former Tammany Congressman, is still riding high with the Administration.

President Roosevelt announced this week that he had designated Prall Chairman of the Commission for another year. His previous term expired on March 11th.

X X X X X X X X X X

JANUARY RADIO ADVERTISING TAKES SEASONAL DROP

Total broadcast advertising in January amounted to \$10,369,556, a decrease of 6.7% from the level of the preceding month but a 29.1% increase over gross time sales for the corresponding month of last year, according to the National Association of Broadcasters. The usual seasonal declines occurred in all portions of the medium. Compared to last January only regional networks failed to show a gain, declining 3.3%. The principal increase was registered in the national non-network field where advertising rose 42.2% over January, 1936.

Although all advertising media experienced the downward seasonal trend during January, radio broadcasting declined to the least extent when compared to December. Advertising in national magazines declined 26.1%, national farm papers 14.2%, and newspapers 25.3%.

X X X X X X X X X X

RULE GOVERNING POLICE SERVICE IS AMENDED

The Federal Communications Commission this week amended Rule 330a relating to emergency service, to read as follows:

"Rule 330a. In the event that the amount of power allocated above is insufficient to afford reliable coverage over the desired service area, the Commission may authorize the use of additional stations of the same or less power, or upon proper showing being made, may authorize such additional power as may be necessary, but not to exceed 500 watts, provided, however, that municipal police stations authorized to serve an entire county under the provisions of Rule 331, may be licensed to employ a maximum power of 1000 watts between one hour after local sunrise and one hour before local sunset, on condition that the applicant files with the application an agreement, entered into with other licensees operating on the same frequency and in the same area to which the frequency is assigned, including a statement giving their consent to the use of such increased power."

X X X X X X X X X X

3/12/37

TWO AUTO ALARMS FOR SHIPS APPROVED BY THE FCC

Sea-going vessels of 5,500 gross tons or over will be able to use either of two approved automatic alarms as supplementary to the services of a qualified radio operator in order to maintain a continuous watch as the result of action taken this week by the Federal Communications Commission.

Auto alarms designed and manufactured by the Radio Corporation of America (Model AR-8600) and the Mackay Radio & Telegraph Company (Type 101-A) were approved providing certain minor conditions are met, at a meeting of the FCC Telegraph Division on Wednesday.

The International Convention for Safety of Life at Sea, London, 1929, which was ratified by the United States, effective November 7, 1936, provides (Article 29) that each ship required to be fitted with a radiotelegraph installation shall carry a qualified radio operator. Certain ships are further required under Article 29 of the Convention to maintain continuous watches by means of qualified operators, "if not fitted with an automatic alarm". It follows under this language that such a ship, if fitted with an automatic alarm meeting the provisions of the Convention, is exempt from the requirement of maintaining a continuous watch by qualified operators.

At a meeting en banc, on Wednesday, the Commission extended the exemption from the continuous watch requirement for a further period from April 7, 1937, to and including August 6, 1937, subject to the same terms and conditions as those heretofore in effect and referred to above.

Under the Ship Act of 1910, as amended, certain of the vessels referred to above, being such as carry or are licensed to carry fifty or more persons (including crew and passengers or both) and ply 200 miles or more between two ports or places, are required to carry at least two operators and maintain a continuous watch. The action of the Commission in granting exemption under the Safety Convention does not remove or alter in any way the requirements of the Ship Act with regard to such vessels.

The FCC and its predecessor, the Federal Radio Commission, have been studying alarm systems for several years preparatory to making the provision of the Safety of Life at Sea Convention effective.

In its report approving the RCA and Mackay devices, the Commission warned:

"The Commission finds that certain fundamental physical limitations are inherent in any automatic alarm device designed to operate on the type of radio signal prescribed in the regulations."

It added, however, after explaining that thorough "noise tests" had been made by the Bureau of Standards and the Coast Guard, that:

"Except in certain particulars which the Commission finds can be remedied without affecting the efficiency of the alarms, the tests disclose without question that the automatic alarm devices submitted are capable of proper operation within the prescribed audio and radio frequency band, with the types of emission specified; that they contain the prescribed testing devices and controls and equipment for regulating sensitivity, and for disconnecting the system from the regular receiving apparatus, and that they are provided with bells capable of giving a satisfactory audible alarm in the event of failure of important units or component parts."

X X X X X X X X X X

NEW DEAL GIVEN \$25,000 BY BROADCASTERS IN CAMPAIGN

Broadcasters and persons associated with the industry contributed approximately \$25,000 to the Democratic National Committee during the Fall campaign, the Senate Campaign Expenditures Committee disclosed this week. The list includes only donors of \$500 or more.

Anning S. Prall, Chairman of the Federal Communications Commission, contributed \$500, while George Henry Payne, a Progressive Republican, also a Communications Commissioner, gave his party \$1,000, but that also went to Mr. Roosevelt.

Among other contributors to the President's war chest were:

Raymond E. Buck, Fort Worth (KTAT) \$13,700; Amon Carter, Dallas, and Forth Worth (WBAP, KGKO) \$3,000; Jesse Jones, Houston (KTRH), \$6,000; Paul Spearman, former FCC Chief Counsel and currently attorney for regional broadcasters, \$1,000; Alfons B. Landa, radio lawyer, \$520.

Among Republican donors were Powel Crosley, Cincinnati (WSAI, WLW), \$5,000; and William Randolph Hearst (WINS, WCAE, KEHE, et al), \$50,000.

X X X X X X X X X X

SHANNON ALLEN GIVEN WPA RADIO POST

Secretary of the Interior Harold L. Ickes, this week announced the appointment of Shannon Allen as Assistant Director of the WPA Educational Radio Project in the Office of Education, U. S. Department of the Interior.

Mr. Allen, who was given a leave of absence as night manager of the National Broadcasting Company's Washington division, will assume his new duties as editor of the Educational Radio Project's script and editorial divisions immediately, succeeding Leo S. Rosencrans, who resigned to take a position with Wilding Motion Pictures, Inc. Mr. Allen brings with him more than 10 years of radio work training and some 15 years' experience as a newspaperman.

X X X X X X X X X X

SOVIETS PLAN THREE TELEVISION STATIONS

Three television centres are planned in the Soviet Republic, according to a report from Radio Centre, Moscow.

On January 19th, the first conference of questions of television took place in Moscow. The American equipment for the television centre now under construction in Moscow, will arrive in April. Equipment for the Leningrad television centre is being made at Soviet factories. It is planned to build the third television centre in Kiev.

This year it is proposed for the first time to carry out television transmission from sport stadiums and squares of Moscow with the help of special portable television stations.

X X X X X X X X

FREQUENCY MONITOR RULE POSTPONED SIX MONTHS

The Broadcast Division of the Federal Communications Commission has further extended the working date of Rule 981 for six months from March 15, 1937. This rule requires all relay, international, television, facsimile, high frequency, and experimental broadcast stations to have in operation by September 15, 1936, a frequency monitor. This monitor does not have to be approved by the Commission but must have an accuracy of one-half the allowed tolerance of the class of station with which it is to be used. It is believed that sufficient commercial monitors will be available within six months so that all stations of this class can be equipped as required.

X X X X X X X X X X

8/12/37

MASS EDUCATION VIA RADIO PLAN OF EGYPT

A scheme to educate the masses by radio providing an expenditure of L. E. 130,000 (\$650,000) is now under consideration by the Egyptian Ministry of Education, according to U. S. Commercial Attache James T. Scott, Cairo.

This scheme provides for a program of broadcast talks on topics most closely connected with the life of the fellsheen (peasants) such as precautions to be taken against epidemics, advice on keeping the family in good health, the best ways of cultivating the land, etc.

As the average peasant has not the means to buy a radio set, it is reposed to fit up one set in each village in a public place so that all the peasants can gather to listen to the talks.

The Ministry of Education hopes to provide every village in Egypt with a radio set within the next 5 years and it is expected that a credit of L. E. 36,000 will be opened in the 1937 budget for carrying out this project.

X X X X X X X X X

BBC ENGINEER SEES TELEVISION OBSTACLE FADING

Sir Noel Ashbridge, Chief Engineer of the British Broadcasting Corporation, in a recent address to the Royal Empire Society said that he believed that many of the chief difficulties that still remained in the technique of television transmissions would ultimately be removed. He expressed a belief that it would soon be possible to develop a more sensitive "electron" camera which would greatly reduce the difficulties under which the producer of television programs now works. With such a camera, he suggested that it would be possible to use a telephoto lens in order to televise scenes at some distance, or a microscopic lens for the transmission of small objects.

While it might be possible to pick up the signals from the Alexandra Palace in distant parts of the world under extremely favorable conditions, Sir Noel said that reception would be erratic and that the day was still a long way off when it would be possible to provide a television service from London to the distant parts of the Empire.

Col. A. S. Angwin, Deputy Engineer-in-Chief of the British Post Office, referred to the developments which had recently taken place in laying co-axial cables between London and provincial cities. These cables would enable the London television programs to be broadcast simultaneously by other television transmitters which might be erected in other parts of the British Isles as a result of experience gained in the London area.

X X X X X X X X X

3/12/37

TRADE NOTES

Glenn Van Auken, of Indianapolis, this week was granted a construction permit for a new broadcasting station to operate on 1050 kc. with 1 KW power, daytime. The order is effective May 11th.

Since President Roosevelt proposed his Federal Court reorganization plan to the Congress early in February, the National Broadcasting Company has presented, or has scheduled for presentation, over its two networks, a total of 63 speeches, 33 for and 30 against the proposal.

The Crosley Radio Corporation and Subsidiaries reports for 1936 a net profit after surtax on undistributed profits of \$1,237,057, equal to \$2.27 a share on 545,800 no-par capital shares. The Company has changed its fiscal year from March 31st to December 31st. In the nine months ended December 31, 1935, the Company showed a consolidated net profit of \$469,675, or 86 cents each on 545,800 shares.

Station WHA, University of Wisconsin, Madison, is conducting a short course for "mike-shy" legislators. H. B. McCarty, Program Director of WHA is in charge of the course, which includes "Radio Speaking", "Radio Writing", and "Your Voice in Wax!"

Over 225,000 requests were received by the Pontiac Motor Company in response to an offer made three times only on Kathryn Carvens' "News Through a Woman's Eyes", broadcast thrice weekly over a nationwide Columbia Broadcasting System Network. The offer, an automobile polishing cloth, was mentioned during the programs of February 22, 24 and 26, and it was required that post-cards or letters in reply be postmarked sometime during that week.

X X X X X X X X X X

3/12/37

FOOD-DRUGS BILL PASSES SENATE, FACES TROUBLE IN HOUSE

The much amended Copeland food-drugs-cosmetic bill, which will govern radio and other forms of advertising of these products if it becomes a law, passed the Senate this week and is now in the House. Indications are that it will face serious opposition there and may undergo some changes.

The bill, which Senator Copeland, Chairman of the Committee on Commerce, said had been re-drafted to meet objections voiced recently by the President, passed the Senate unanimously.

The Copeland measure prohibits false advertising, including advertising by radio, of foods, drugs, therapeutic devices and cosmetics.

X X X X X X X X

ZENITH OPERATING PROFITS RISE FOR NINE MONTHS

Zenith Radio Corporation reports an operating profit for the first nine months ended January 31, 1937, of its current fiscal year amounting to \$2,347,987.27 after depreciation, excise taxes, royalties and liberal reserves but before other Federal taxes as per the Company's books, according to Hugh Robertson, Vice-President and Treasurer.

This compares with \$1,015,966.46 in operating profits for the nine months ended January 31, 1936.

Shipments for the period were more than double the same period a year ago.

Shipments of the new line of automobile sets announced December 28th have already exceeded by a substantial margin the total for the entire season a year ago and present demand indicates that production of these sets will continue well into the Summer.

The manufacturing department is at present moving into its new quarters and will shortly start production on a new line of household models for the coming season. The offices will be moved early in April.

X X X X X X X X

NBC SHOWS ROLE OF RADIO IN VAST RURAL MARKETS

The National Broadcasting Company has mailed to advertisers and agencies the results of a thorough study of radio's influence upon a market of some 60,000,000 persons in rural areas. Following are some of the highlights of the report made by Charles Morrow Wilson.

Conclusions are based on an approximate consensus of opinion expressed in 209 homes visited. The summary also takes into account the views of 41 representative county agricultural agents.

1. Radio is the fastest growing medium of farm entertainment at the present time.

2. On the better type of farm, radio is building for itself a distinctive place in the routine of farm living. It has substantially moved back farm bedtime.

3. Today, radio has an outstandingly significant place in the problems of farm youth.

4. The farm appetite for entertainment is pretty uniformly distributed among all age groups.

5. There is no one best type of farm radio program. Farm interests are broadened to a point where they are genuinely cosmopolitan.

6. On the other hand, a great many widely known radio programs are definitely limited of rural appeal and merchandising value.

7. Music is definitely the surest bet in valid radio entertainment for a rural audience.

8. Creation of successful farm radio entertainment is a field of outstanding challenge.

Following is a summary of voluntary and verbal testimony offered by 151 farm-catering storekeepers or store managers in 25 states:

1. Radio is the fastest-growing farm advertising medium. Its scope of farm penetration is definitely on the upgrade.

2. Radio advertising now provides the most rapid introduction of new products to a farm buying public.

3. The prize or premium contests, as broadcast by radio and other advertising, now have tremendous rural appeal.

4. Radio is proving increasingly powerful in selling merchandise through the agency of farm children and farm wives.

5. Many more products could be advertised to farmers over the radio.

6. You can sell more to farmers through persuasion than through high-pressure sales talks.

X X X X X X X X X X

3/12/37

RCA BLAMES HOFFMAN FOR "BAD JUDGMENT" IN STRIKE

Executives of the RCA Manufacturing Co. of Camden, testified at the opening of an inquiry before the Senate Civil Liberties Committee Thursday that a letter from Gov. Harold G. Hoffman of New Jersey was responsible for their "bad judgment" in hiring a detective agency to combat a strike.

They said that Hoffman's letter of recommendation, coupled with a persuasive sales talk by a salesman, led them to engage the Sherwood detective agency to work against the strike of their employees last June.

E. T. Cunningham, President of RCA, and Robert Shannon, Vice-President, testified they believed the Sherwood agency, a New York concern, would be able to supply 200 State detectives to keep order at the Camden plant when violence and riots started.

Mr. Cunningham testified George Williams, a Sherwood salesman, brought the letter with him shortly before the strike of United Radio and Electrical Workers. As sales talk, Mr. Cunningham asserted, Mr. Williams informed him that combating strikes by violence was out-of-date.

Instead, the witness told the committee, Williams proposed to import 25 "missionaries" to go from house to house as representatives of a "law and order league" and to circulate propaganda against the union.

After the strike had been in progress for three days, Shannon testified, riots broke out in the streets and Williams said he would get State detectives. When Shannon investigated and learned the "detectives" were recruited in nearby cities, he said, he cancelled the contract with the agency and ordered the men to leave.

The company then paid the Manning Industrial Service Company \$150,000 to supply guards.

Records also were submitted at the hearing to show Radio Corporation of America, of which the Camden corporation is a subsidiary, paid Hugh S. Johnson, former NRA administrator, \$40,000 for acting as a "consultant" in the dispute.

X X X X X X X X