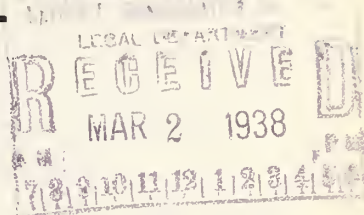


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No. 1104

March 1, 1938.

BAN ON RADIO LIQUOR ADS PROPOSED IN BILLS

The broadcasting of any advertisements of alcoholic beverages would be prohibited under provisions of identical bills introduced in the Senate and House this week.

The measures were sponsored by Senator Johnson (D.), of Colorado, and Representative Culkin (R.), of New York. They were referred to the Senate and House Interstate Commerce Committees.

Proposing to amend the 1934 Communications Act, Section 316, the amendment is tacked on to the provision outlawing the broadcasting of information on lotteries. The new section reads:

"(b) No person shall broadcast by means of any radio station for which a license is required by any law of the United States, and no person operating any such station shall permit the broadcasting of, any advertisement of or information concerning any alcoholic beverage, if such advertisement or information is broadcast with the intent of inducing the purchase of any alcoholic beverage.

"(c) Any person violating any provision of this section shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both, for each and every day during which such offense occurs."

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ASCAP SUIT MAY BE DROPPED, CUMMINGS SAYS

The three-year-old suit of the Justice Department against the American Society of Authors, Composers, and Publishers may be dropped shortly, Attorney General Cummings has informed Senator Wheeler (D.), of Montana.

A letter, made public by Senator Wheeler, stated that efforts of the Government and ASCAP counsel to stipulate the facts in the anti-trust suit, as suggested by a trial judge, had been fruitless.

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U.S. SEEKS TO COUNTERACT EUROPEAN PROPAGANDA

Somewhat tardily, the United States is turning its attention to the broadcasts of political propaganda that European nations, notably Germany and Italy, have been pouring into South America via short-wave radio transmissions.

With the backing of President Roosevelt himself, an Inter-departmental Committee was at work this week preparing to make a study of international broadcasting with particular reference to the Latin Americas.

Chairman Frank R. McNinch was elected Chairman at the first meeting, and other sessions will be held shortly although a meeting scheduled for Monday night to set up sub-committees was postponed.

Other members of the Committee are:

Attorney General Homer S. Cummings; Harvey B. Otterman and George H. Butler, of the Department of State; Roy North, Deputy Third Assistant Postmaster General; E. K. Burlew, Administrative Assistant to the Secretary of the Interior and John Ward Studebaker, Commissioner of Education; Leslie A. Wheeler, Chief, Division of Foreign Agricultural Service, Bureau of Agricultural Economics, and E. N. Bressman, Special Adviser to the Secretary of Agriculture; Dr. Alexander V. Dye, Director, Bureau of Foreign and Domestic Commerce, of the Department of Commerce; and Warren Lee Pierson, President of the Export-Import Bank.

Chairman McNinch said that the Committee will report its findings directly to the President.

One of the objectives of the study is to work out a cooperative program for the United States and Latin American countries to use the Pan American frequencies for an exchange of good-will broadcasts.

These frequencies were allocated on February 1st to the World Wide Broadcasting station, WLXAL, of Boston, and the General Electric Company, for W2XAD and W2XAF, Schenectady. It was stated at the time, however, that they should be available for Government use.

Pan American broadcasts and a Government-owned Pan American short-wave station in Washington were envisioned as long ago as 1932 at a Pan American Conference in Montivedeo. At that time a resolution was adopted proposing the station, and the President subsequently set aside the frequencies by Executive Order.

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For reasons never fully explained the plan was never put into effect, however, and one of the waves was lent to the Columbia Broadcasting System.

Commissioner George Henry Payne stirred the matter up last year, and Representative Celler (D.), of New York, introduced a bill to establish a Pan American Government-owned station, as originally planned.

Because of the necessity of acting quickly to forestall the possible loss of the frequencies at the Cairo Radio Conference, the Administration decided to lend them to private broadcasting organizations already equipped to use them. Hence the February order.

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UNIFORM ACCOUNTING SYSTEM READY BY MARCH 9

A uniform accounting system for all broadcasting stations is being prepared by the Chief Accountant of the Federal Communications Commission, Chairman Frank R. McNinch disclosed this week and will be ready for Commission consideration by March 9th.

"Only through adoption of such a system", Chairman McNinch said, "can the communications industry or the public have any dependable and comparable financial data."

He added that all licensees will have an opportunity to criticize the proposed system and offer suggestions before the final order is adopted.

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WOULD GRANT ZENITH TELEVISION LICENSE

Examiner Hill has favorably recommended that the Federal Communications Commission grant a television license to the Zenith Radio Corporation of Chicago.

Counsel in this matter for the Zenith Corporation was Irving Herriott, of Chicago.

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SUPER-POWER HEARINGS SET FOR MAY 16; U.S. PLAN RUMORED

Public hearings on the highly controversial super-power issue have been scheduled by the Federal Communications Commission to begin May 16th. Fifteen stations, in addition to WLW, Cincinnati, which is now operating with an experimental license, are asking for permits to broadcast with 500,000 watts.

Present indications are that the FCC will continue to shy from the issue and at least will postpone its final decision for some time in view of the general hostility in Congressional circles to super-power on the ground that it will put smaller stations out of business.

The WLW case itself will attract considerable attention, both in and out of the industry, because of the year-old feud between Powel Crosley, Jr., owner of WLW, and Commissioner George Henry Payne, who recently designated Mr. Crosley's application for renewal for hearing while he was acting as a one-man Commission.

Meanwhile rumors were current in Washington that Cabinet members are toying with the idea of proposing super-power governmental broadcasting stations which would be used to carry programs now put out by U.S. agencies over commercial networks.

Martin Codel, publisher of Broadcasting, declared in the March 1st issue that the idea is still in the "thought stage". Power of from 500,000 to 1,000,000 watts has been suggested, he said, for use on clear channels.

Secretaries Ickes, Wallace and Morgenthau are said to be behind the move as their Departments are among the largest users of radio time. Chairman Frank R. McNinch, of the FCC, refused to confirm or deny the report.

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Treasury collections last January of the Federal 5 percent excise tax on radio and phonograph apparatus declined 46 percent compared with January, 1937, taxes. Total collections last January were \$367,742.97, against \$683,578.06 in January, 1937, and reflects the layoff of about 40 percent radio factory employees, reported by the Department of Labor, last November and December. Excise tax collections on mechanical refrigerators last January were \$463,424.49, against \$392,886.01 in January, 1937.

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NAB LOOKING FOR "BEST QUALIFIED MAN" IN U.S.

The reorganized National Association of Broadcasters is looking for "the best qualified man in the United States" to offer the job of paid President, Mark Ethridge, Temporary Chairman of the Board of Directors, stated in a letter last week to the NAB members.

Discussing the present status of the trade association, Mr. Ethridge said:

"We have persuaded Philip G. Loucks, former Managing Director, to act as Special Counsel to the Board of Directors until the next meeting on March 21st. He will see that the routine functions of the Association are carried on from day to day, and has been requested to report at the next meeting of the Board on several problems carried over from the convention. You will receive from the Washington headquarters, reports on decisions as they are made, as well as information pertinent to the industry.

"All members are concerned, and rightly so, with the necessity of attracting to the NAB as its President, the best qualified man in the United States. Numerous suggestions have been made and an extensive investigation is now being conducted by your Board. We assure you that action will be taken as soon as the right man has been found and the details of the office have been worked out with him.

"We have quite a distance to travel before your Association is in a position adequately to cope with the problems before it. We must have your support if we are to succeed. We need your financial help. We need new members. We need a united industry. We are moving with as much speed as good judgment dictates. We wish to have your cooperation and your patient consideration of the task we have before us."

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WOR's Sales Promotion Department received the annual award for the best series of advertisements distinguished by excellence of layout, art and typography last week at the Awards dinner held in the Waldorf Astoria Hotel, New York. The advertisements were written by Joseph Creamer, Sales Promotion Manager of WOR. The annual awards are sponsored by the advertising publication, Advertising and Selling, and it is said to be the first time that the award has been given to a radio station.

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RCA NOTES TELEVISION PROGRESS IN PAST YEAR

While noting substantial progress in television experiments, the Radio Corporation of America in its annual report to stock-holders this week did not predict when visual broadcasting may be on the market.

Commenting on RCA's contribution to the progress, the report said:

"Improvements in the RCA system of television in 1937 took place both in the laboratory and in field tests under actual operating conditions.

"Engineering studies and investigations of the requirements of a practical television system have already led to a ten to twelve-fold increase in sensitivity of the Iconoscope - the electric eye or pick-up tube - and its associated equipment. This improvement makes possible the reception of clearer and larger images and extends the possibilities of television programs.

"RCA developed mobile television units during 1937, for pick-up of outside scenes remote from the studios. NBC will use these units in the present year to augment its knowledge of television program technique gained through having staged about 130 studio demonstrations. Approximately 250 artists, musicians and personalities participated in these demonstrations.

"Significant advances were made in 1937 toward determining the fundamental standards for an American television system to meet the requirements of our nation, with a territory of 3,000,000 square miles and a population of 130,000,000 people. Our experiments with television in the past 18 months improved the system by increasing its capabilities and efficiency, thus enabling it to move closer to the inauguration of a television service for the American home."

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A construction permit for a new broadcasting station at Fayetteville, N.C., was recommended to the Federal Communications Commission this week by Examiner P. W. Seward. The applicants, W. C. Ewing and Harry Layman, asked for an assignment on 1340 kc. with 250 watts, daytime.

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WHAT A BRITISHER THINKS OF U.S. BROADCASTING

The average Englishman admires the "sparkle" in American broadcasting, but there are some things that he doesn't like, according to an unsigned article in a recent issue of World-Radio, British Broadcasting Corporation weekly. The article, written by an Englishman who lives in New York, follows, in part:

"What do I think of American broadcasting? There is too much of it, far too much.

"There are more than 600 transmitters operating in the United States. The larger ones are required by the terms of their licenses to remain 'on the air' - it is a question of endurance both for the broadcasters and the listeners - eighteen hours a day. It is easy to see how difficult a task dialing has become in traversing such an aural labyrinth. Accustomed to a breathing-space between programs, an English listener finds himself wondering sceptically. Can there exist, or occur, even in so vast a country, a great enough number of human beings, or Acts of God, to furnish program material for such an unremitting barrage? What chance can there possibly be of retaining any sense of order or balance as between the countless programs?.....

"With this sort of compulsion behind it, the American microphone therefore thrusts in everywhere, from the President's study in the White House to hospital surgeries in which 'interesting' operations actually in progress have been described for the lay listeners. Nothing seems sacred from the questing microphone. With a ruthless ideal of coverage, it ranges through almost the whole of human activity and then on into illimitable Nature. Broadcasters, concentrating their efforts in the competitive search for material to broadcast, have little time to contemplate any of the ultimate effects of their activities. They are forced to leave it pretty much to listeners to discriminate between the ridiculous and the sublime. Clashing contrasts are the result: the minute shattering sounds of a farmyard chick breaking out into the world from its shell; then a solar eclipse, described romantically from a desert island in the Pacific and again, making for lavish completeness, from a mountain-top in Peru; the detonations are heard from dynamite charges eighty feet below Radio City as the New York municipality constructs a new subway; the splendors of the Aurora Borealis are detailed from the MacGregor Expedition at the North Pole, or a description given from a balloon of the violet semi-darkness of the stratosphere.

"An abundance is thus provided, and then dumped indiscriminately into the living-rooms of countless American homes via the loudspeaker. Even as one admires the insatiable persistence, the willingness to experiment, the bright vigilance and verve necessary to achieve this sort of a radio picture, the question cannot be answered as to how any due proportion and harmony can be got into the composition, or of how any intelligent control can possibly be exercised over the colorful elements. Meanwhile the non-American would-be listener in search of a particular program often finds himself looking for a needle in a haystack. An English listener, so sure of what he can or cannot

hear at home, almost shrinks from trying his fortune in the lucky dip of American radio.

"There is a vitality of its own in the frankly personal quality which all the conditions of American broadcasting encourage. The feeling has been retained that broadcasting after all is still pretty wonderful and a lot of fun. Those who can do it best - whether amateur or professional matters not at all - become national figures. Even the news commentators are star performers, welcomed into the home each evening for their personal qualities as much for the tidings they may bring. An American tourist on board a vessel lying off Malaga heard shots, saw explosions caused by bombing 'planes.

"We knew something awful was going on', she related, 'so we spent the whole night in the ship's radio room trying to get Lowell Thomas so we could really find out what had happened.'

"Similar faithfulness to their favorite broadcasters causes many Americans to time important engagements so as not to miss Amos 'n' Andy.

"I find I have down on my notes an emphatic minus against certain announcers, masters of ceremonies, and others who, I suspect, try too hard to live up to the description of broadcasting which aspirants to announcing positions were once given. The mentor of these young hopefuls was Floyd Gibbons, who had become one of broadcasting's fastest talkers. 'Radio', he said, 'is a whirling, swirling, rushing, tumbling show, a fascinating, stimulating battle.' This he would proceed to demonstrate by talking so fast that one unaccustomed to his machine-gun delivery could not possibly understand him! Sports commentators, in their efforts to follow out this conception too closely, have upon occasion verbally knocked down the wrong heavyweight, or begun excitedly shouting, 'He's down, folks! He's down!' but leaving listeners in the dark as to which of the gladiators was being referred to.

"Another minus must be recorded for the microphone manliness of a certain type of announcer, particularly when the fulsome, chesty tones enunciate, with unconvincing friendliness, a commercial 'plug'.

"Ordinary news bulletins remain dull, even when attempts are made to 'pep them up' by reading them excessively fast and interjecting telegraph sound effects and occasional 'flashes'. On the other hand, if radio in routine news runs a poor second to its older rival, the press, it often outdoes the journalists in its immediate coverage of news 'breaks'. Through the development to a much greater extent than in England of short-wave pack transmitters, radio links are established by the American broadcasters, with their almost incredibly ingenious and resourceful staffs, with remarkable speed wherever they may be needed - in Spain, in Ethiopia, in the Far East - wherever news is breaking. They are greatly assisted, of course, by the gratifying absence of red tape.

"Those who would have broadcasting in this country emerge upon a higher level than mere showmanship have really no effective answer to these commercial, superbly managed variety shows.....As one who has listened, I want to say again: one can forgive it many of its faults for its sparkle and initiative and for its crisp reflection of contemporary American life."

WOV AND WPG ASK FULL TIME; POWER INCREASES

An allocation problem that has disturbed the Federal Communications Commission for the last three years popped up again this week with the filing of applications by Stations WOV, New York, and WPG, Atlantic City, for full time and 5,000 watts power.

Should the FCC grant the applications, WBIL, of New York, formerly owned by the Paulist Fathers, would be taken off the air. The station is now owned by Arde Bulova, watch manufacturer, who owns WOV also.

Under the new proposal, WPG would shift from 1100 to 1130 kc., while WOV would move from 1130 to 1100 kc.

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TELEVISION THREE YEARS OFF, SAYS PHILCO OFFICIAL

Although a large market is awaiting the advent of television on a public scale, it is still at least three years off, according to Harry Boyd Brown, Merchandising Manager of the Philco Radio & Television Corporation, Philadelphia.

Speaking to the New York Advertising Club last week, Mr. Brown said that 8,000,000 persons are eager for television sets.

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COLUMNIST RAPS RADIO STATIONS TAX PROPOSAL

Foreseeing the danger that newspapers might be next in order if the Boylan Radio Station Tax Bill were enacted into law, David Lawrence, Washington columnist, attacked the proposal in a syndicated article this week.

"Freedom of the press has become recognized as a guarantee established by the Constitution", he wrote, "but freedom of the air apparently has yet to run the gauntlet of arbitrary restriction before court decisions will permanently restrain those legislators of bureaucrats who would tamper with broadcasting.

"The issue comes up in a novel way. It now is proposed by the administration to levy a tax on broadcasting stations, with the assessment graduated upward in accordance with the number of watts of power used. This is but another way of saying that the stations with large circulation or listener audience shall pay more than those stations reaching smaller audiences by reason of their limited range of transmission.

"Such a form of taxation, popularly known as 'the Huey Long tax' is the same sort of thing which the State of Louisiana tried when it passed a law declaring that, in addition to all other forms of taxation, the newspapers with a circulation in excess of 20,000 copies should pay a license tax of 2 percent on gross receipts for the privilege of engaging in business.

"The Supreme Court of the United States ruled in an unanimous opinion on February 10, 1936, that this tax was a limitation on the freedom of the press. Radio is admittedly today a form of transmitting knowledge to the people, in fact some public officials contend it is more far-reaching than other instrumentalities because of its mechanical advantages for instantaneous communication. But, however that may be, radio broadcasting is considered by almost everybody nowadays one of the major means of imparting knowledge and hence, it will be contended, should be as immune from interference as is the press.

"Some confusion has arisen because the radio companies get their wave lengths assigned to them by the Federal Government and from this it has been erroneously assumed that the Government can do as it pleases about regulating or imposing taxes on radio broadcasting. But the falsity of such an assumption is apparent from a legal viewpoint, at least when it is realized that newspapers and magazines obtain and pay fees for second-class mail privileges also derived from the Government, but this does not in any way authorize the Federal Government to exact a larger charge or fee from publishing companies of larger than smaller circulation for carrying a single copy through the mails. There has never been any such discriminatory tax on size of circulation, and if the principle of a graduated tax, based on size of listener audience, is ever upheld by the courts with respect to radio stations, it would seem that newspapers and magazines would thereafter be vulnerable from the same Federal taxing power."

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RCA REPORT SHOWS \$9,024,858 NET PROFIT

The 18th annual report of the Radio Corporation of America, released last Saturday to nearly a quarter of a million stockholders, shows a net profit for the year 1937 of \$9,024,858.13. (The preliminary estimate of profit published on February 8th was \$9,000,000.00.) This represents a profit margin of 8% on a gross income of \$112,639,497.78 derived from the corporation's activities in the fields of communications, broadcasting, manufacturing and radio research.

RCA's 1937 dollar volume was up 11.3% from the 1936 figure of \$101,186,309.90. Operating costs increased 8.4%. The net profit increase over the previous year's figure of \$6,155,936.72 was 46.6%. The total of taxes paid or accrued

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by the corporation during 1937 amounted to \$4,297,500, exclusive of Federal excise taxes. Of this amount \$2,117,300 represents provision for Federal income taxes, and \$2,180,200 payments of Social Security, State, local and other taxes.

During the year RCA stockholders received a total of \$6,409,226.30 in dividends. This sum included regular quarterly dividends on the convertible first preferred stock, all dividends in arrears on the remaining shares of "B" preferred stock, and a dividend of 20 cents a share paid to holders of common stock.

RCA's report to its stockholders, signed by Gen. James G. Harbord, Board Chairman, and David Sarnoff, President, is a 24-page booklet. The consolidated balance sheet and profit-and-loss statement, together with explanatory comments, occupy only six pages. The remainder of the booklet is devoted to information concerning the corporation's manifold activities in all fields of radio, with particular reference to progress made during 1937.

Mr. Sarnoff also announced that quarterly dividend number eight on the outstanding shares of the Corporation's \$3.50 Cumulative Convertible First Preferred stock, and a quarterly dividend on the outstanding shares of "B" Preferred stock, were declared at the regular meeting of the Board of Directors.

The dividend on the First Preferred stock, covering the period from January 1, to March 31, 1938, is 87½ cents a share, and is payable on April 1, 1938, to holders of record of such stock at the close of business on March 9, 1938.

The dividend on the "B" Preferred stock is for the period from January 1 to March 31, 1938, and amounts to \$1.25 per share. This dividend is payable to holders of record of such stock at the close of business March 16, 1938.

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