

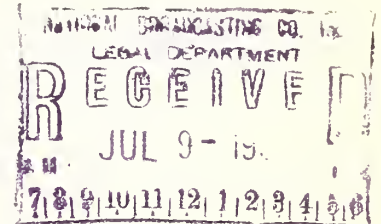
HEINL RADIO BUSINESS LETTER

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POLITICAL BROADCAST RULES ARE ANNOUNCED

Rules which make more specific provisions of the Communications Act relative to political broadcasts were adopted by the Federal Communications Commission this week and made effective as of July 1st. While introducing no innovations in policy, the rules are aimed at helping broadcasters observe the law.

Chairman Frank R. McNinch stated that the FCC will see to it that the regulations are rigidly observed although he admitted that problems may arise which are not covered in the rules.

"While no set of rules or statutes can specifically cover all situations that may arise", he said, "conformity to the spirit as well as the letter of these rules will enable stations to make their facilities available to political candidates upon terms and conditions which will assure fair treatment to all.

"The Commission will, of course, insist upon good faith in the application of these rules and will deal vigorously with infractions thereof."

The rules paraphrase and elaborate the pertinent section of the Federal Communications Act. The most important states that "no station licensee is required to permit the use of its facilities by any legally qualified candidate for public office, but if any licensee shall permit any such candidate to use its facilities, it shall afford equal opportunities to all other such candidates for that office to use such facilities, provided that such licensees shall have no power of censorship over the material broadcast by any candidate."

The rules also provide that the same rates must be charged all candidates for the same office, without rebates directly or indirectly. They likewise nullify any contracts or agreements which have the effect of excluding any qualified candidate for the office. Legally qualified candidates are defined as those who have met the requirements prescribed by local, State and Federal law.

All licensed stations are required to keep and permit public inspection of a complete record of all requests for broadcast time, together with appropriate notations regarding the disposition of the requests and the rates charged if they are granted.

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McNINCH VERY ILL IN NAVAL HOSPITAL

Chairman Frank R. McNinch this week was in Naval Hospital, Washington, being treated for severe stomach disorders from which he has been suffering for some time. While his condition was said to be serious, FCC officials said they expected him to be back on the job by the middle of the month.

The severe strain of his work since taking over the Chairmanship of the FCC was said to be largely responsible for his condition although he had suffered from cilitis previously. This is the first rest he has taken since assuming the FCC past last Fall.

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RADIO OPERATORS TO PROTEST RULES JULY 11

The nation's radio operators will be given a hearing next Monday by Chief Engineer E. K. Jett on the new rules of the Federal Communications Commission governing them.

A number of protests against the rules, especially the new regulation which requires examinations every five years, are to be aired at the hearing.

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PERRY, FORMER RADIO COUNSEL, DIES

William Armstrong Perry, radio counsel to the Payne Fund, died this week in Westport, Conn. He was 61 years old.

His study, "Radio in Education", was published by the Fund. Fund lent him to the National Advisory Committee on Radio in Education, of which former Secretary of the Interior Wilbur was Chairman. Mr. Perry directed the Committee's survey of educational broadcasting facilities and in 1933 made a survey of educational broadcasting in European countries, published in The Congressional Record.

Later he was the first specialist in radio in the United States Office of Education, and in 1934 became Director of the Service Bureau of the National Committee on Education by Radio.

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RADIO ADVERTISING RISE FORECASTS DEPRESSION END

The upward trend of radio advertising on the three major networks, disclosed this week, gives credance to statements by Secretary of Commerce Daniel C. Roper, RFC Chairman Jesse Jones, and others that this Fall will see the end of the present business depression.

NBC, CBS, and Mutual all reported record times sales for June and for the first half of 1938.

Advertisers in June increased their use of NBC facilities for the first half of 1938, or rather for seven successive months, over comparable periods a year ago, with gross billings rising to \$3,200,569, up 6.6. percent, or \$196,182, over June, 1937. The June total, continuing the series of record months, brought the cumulative total for 1938 to \$21,023,674, up 5.4 percent over 1937, the highest for any similar period in the company's history.

Commercial broadcasting on the CBS network for June, 1938, totaled \$2,120,235, closing the first six months of the year 5.3% ahead of 1937. Cumulative figure, \$15,581,295, represents the best half-year for any network in the history of radio. June, 1938, gross was 14.4% behind the same month of 1937, when a record high of \$2,476,576 soared 64.8% over the previous June.

A 15.1 percent increase in time billings for the first six months of 1938 is reported for the Mutual Broadcasting System in comparison with the same period in 1937. Total billings for this period in 1938 were \$1,342,182. For the first six months of 1937 they were \$1,165,620.

Total billings for June, 1938, were \$202,412. For the same month in 1937 they were \$117,388. Billings for May, 1938, were \$194,201. The percentage of increase for June, 1938 over the same period in 1937 is 72.4 percent.

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Sales of private radio receiving licenses in Canada during the fiscal year ended March 31, 1938, totaled 1,104,207, recording an increase of 6.3 percent compared with the corresponding period of the preceding year, according to statistics made available in Canada and reported to the Department of Commerce by the office of the American Commercial Attache at Ottawa. All provinces with the exception of Saskatchewan reported an increase in the sale of radio licenses during the past fiscal year, the report stated.

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RADIO EMPLOYMENT RISES; RCA ADDS 1,200

Coincident with an announcement by the U. S. Bureau of Labor Statistics that the radio industry showed a substantial increase in employment for April, George K. Throckmorton, President of the RCA Manufacturing Co., Inc., Camden, N. J., stated this week that more than 1,200 new employees had been added to the normal 8,500 during the past month.

The employment increase noted by the Bureau of Labor Statistics for last Spring was the first in the radio industry since last September, while the payroll rise was the first since August, 1937.

The increase in radio factory employment in April, 1938, was 2.3 percent, but still leaving it 44.4 percent below radio employment in April 1927. The April index figure was 88 percent, compared to the March index figure of 86 percent, and to the February index of 95.4 percent.

Radio factory payrolls last April increased 13.7 percent above March payrolls, but were still 45.5 percent below radio payrolls of April, 1937. Average weekly earnings last April of radio factory employees were reported at \$20.91, an increase of 11.2 percent over the March average, but 1.9 percent below the April, 1937, average weekly earnings. The April national average of all manufacturing industries was \$22.28, a decrease of one percent from March, and that of all durable goods manufacturers was \$24.16, an increase of .2 percent, but 18.2 percent below the April, 1937, average.

Average hours worked per week in radio factories last April were 33.5 hours, an increase of 8.8 percent over the previous March average of 30.7 hours, but were 7.8 percent below the average working hours of April, 1937.

Average hourly earnings last April by radio factory employees were reported at 62.6 cents, an increase of 1.8 percent over the March average of 61.6 cents but they were 7.7 percent above the April, 1937, average. The national average hourly earnings of all manufacturing industries last April was 65.2 cents, a decrease from March of .3 cents. The national average of all durable goods manufacturers in April was 72.2 cents, a decrease of .1 percent but this average was 2.8 percent above the April, 1937, average.

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DEMPSEY NAMED COUNSEL IN MONOPOLY PROBE

Appointment of William J. Dempsey as Special Counsel of the Committee of the Federal Communications Commission investigating charges of monopoly within the broadcasting industry was announced this week through the office of Chairman Frank R. McNinch.

Public hearings, Chairman McNinch said, will get under way about September 1st. Meanwhile, preliminary investigations and the gathering of voluminous data will continue.

"The investigation, which is expected to provide a comprehensive factual basis for the formulation of special regulations applicable to chain broadcasting and, possibly, revision of the Commission's regulations governing broadcasting generally, will be conducted in a thorough, impartial, and business-like manner" the McNinch statement said. "Should it appear from the facts developed in the course of this investigation that amendment of the Communications Act of 1934 is desirable or necessary, the Commission will be ready to submit recommendations for legislation when the Congress convenes for its next regular session.

"Preliminary work in connection with the investigation has been under way for several months and will be carried forward aggressively. It is not believed, however, that hearings will be commenced until about the first of September in view of the vast amount of work that still remains to be done on this phase of the investigation."

Commissioner Thad H. Brown is Chairman of the Committee, and the other members are Paul A. Walker and Eugene O. Sykes, with Chairman McNinch as ex-officio member.

The work of this Committee will be watched with particular interest as it was because of its existence that Administration leaders were able to forestall a Congressional investigation of the FCC and the broadcasting industry.

The Commission Committee has been engaged for several months in the collection of data to be used for the investigation, and has asked the broadcasters for certain definite information designed to give the Commission a preliminary view of the practices. However, there is much to be done by the Commission's investigating experts before public hearings can be held.

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CONNERY CARRIES ON IN CONGRESSIONAL RECORD

Although Congress adjourned three weeks ago, Representative Connery (D.), of Massachusetts, was still carrying on his campaign for a Congressional investigation of the Federal Communications Commission and the broadcasting industry this week - in the Congressional Record.

Extending his remarks in the supplemental issue of July 5th, Representative Connery lauded the activities of Commissioner George Henry Payne and derided the Special Committee named by the FCC to investigate monopoly practices and chain broadcasting.

"The House of Representatives, in the closing hours of the session, did vote against a Congressional investigation of the radio monopoly only after positive assurances on the part of the House leaders, that the Monopoly Investigation Committee, with \$500,000 at its disposal, would make a thorough investigation of the radio monopoly, and that the Federal Communications Commission would hereafter function in the interest of the people rather than in the interest of the radio monopoly", Mr. Connery said.

"The recent Congressional disclosures, revealing the deplorable conditions prevailing in the Federal Communications Commission and the influence of the radio monopoly will, to my mind, however, plague Congress until a real Congressional investigation is made and the proper remedial legislation enacted, unless the radio monopoly is soon broken up.

"The Commissioners alone as a body and their individual acts as Commissioners have made possible the present radio monopoly. There are some who would if they could, lead us to believe that the 'mess' which Chairman McNinch a year ago promised to clean up, is due to employees of the Commission. Only those too cowardly to assume full responsibility for their own official actions ever resort to such a subterfuge.

"A few days ago, while attending the hearings before the Rules Committee on the resolution calling for a Congressional investigation of the radio monopoly, I was astounded when I listened to some who but a few weeks before had been quite vociferous in their demands for a Congressional investigation of the radio monopoly respond most graciously to the whinings of Chairman McNinch, who, in 'Charley McCarthy' fashion, danced to the music of the radio 'Pied Pipers', as he did in 1928 when he deserted the Democratic Party to support President Hoover. It was laughable to listen to Chairman McNinch plead for an opportunity for the Federal Communications Commission to investigate its own activities.

"How ridiculous this is can best be considered when we find two of the three, or at least, two of the four members of the Commission he has assigned to investigate the actions of the Federal Communications Commission in creating the radio monopoly are in great part responsible for the many complaints uttered against the Commission. Can anything other than a whitewash be expected from such an inquiry?

The answer of the Rules Committee to this appeal of Chairman McNinch was the recommendation by the Committee that a Congressional investigation of the radio monopoly was necessary. The investigation would have been voted overwhelmingly but for the positive assurances of the House leaders that an investigation would be made by the monopoly investigating committee and that the evils cited would be corrected.

"Commissioner Payne, who, although an independent Republican, is a strong supporter of President Roosevelt, realizing the need for legislation to correct known and admitted evils in the radio field, told the Rules Committee that he welcomed a Congressional investigation of the radio monopoly and the official actions of the Federal Communications Commission."

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TWO NEW STATIONS AUTHORIZED; 1938 TOTAL 30

Construction permits for two new broadcasting stations were granted by the Federal Communications Commission this week, bringing the total number authorized since January 1 to 30.

The newest authorizations are:

Pinellas Broadcasting Co., St. Petersburg, Fla.,
1370 kc., 100-250 watts, unlimited time.

Wichita Broadcasting Co., Wichita Falls, Texas,
620 kc., 250-1,000 watts, unlimited time.

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If permission is received from the Federal Communications Commission, the New York City Board of Education hopes to operate its own short-wave radio broadcasting station this Fall, according to the New York Times. Regular broadcasts are planned to supplement the classroom instruction; at the same time the school system will conduct an experiment in the use of radio in education.

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NEVILLE MILLER TAKES OVER NAB PRESIDENCY

Neville Miller, the first full-time paid President of the National Association of Broadcasters, took over his job in Washington this week.

He and Mark Ethridge, who has been Acting Head of the NAB since its reorganization last Spring, have been in Washington all week conferring with new departmental executives of the NAB and the Executive Committee.

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RADIOS FIRST CHOICE OF FARMERS

Radio sets are the most popular electrical appliance on newly electrified farms, according to a survey of forty-six projects of the Rural Electrification Administration. In the June issue of "Rural Electrification News", U. S. Commissioner of Education Studebaker stated that radio is almost always the first appliance bought by farmers on REA projects. Radio ranked first in popularity among electrical appliances on 38 of the 46 projects surveyed, and was a close second on eight other projects. Radio "saturation" amounted to 90 percent and over on eight projects. According to the REA survey, radio is an inexpensive but dependable instrument contributing to the culture, entertainment and information of the farm family, being especially valuable for bringing crop and market information to the farmer. Radio repays its cost many times, according to the REA report.

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NEW BROADCASTING STATION AT BUENOS AIRES

The Buenos Aires broadcasting station LS1, under the auspices of the Municipal Government, recently inaugurated its new transmitting equipment, according to a report to the Department of Commerce by the office of the American Commercial Attache at Buenos Aires. Congratulatory messages were received from the Mayors of New York, London, Paris, Berlin, Rome, and leading cities in Latin America, the report stated.

The station formerly operated on a 5.6 kilowatt power, but since the installation of the new equipment, it will now have a 50 kilowatt in the antenna and will broadcast on a frequency of 710 kilocycles.

The equipment for the new station was manufactured in the United States, according to the report.

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:::: TRADE NOTES ::::
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Portland daily newspapers have discontinued their radio columns. This is in keeping with a similar policy adopted by newspapers in other Pacific Coast cities.

The increasing popularity of the television programs of the British Broadcasting Corporation has raised a curious and interesting problem regarding advertising, which the corporation has always banned from its spoken programs, the New York Times reports. The problem was strikingly illustrated during the televising of the Derby when an estimated total of 50,000 watchers not only had an excellent view of the race but a good look at the huge outdoor posters of branded gin and whisky around the course.

Joseph P. Ryan, President of the International Longshoreman's Association, an A. F. of L. affiliate, charged last week in New York that the radio rooms of every ship leaving American ports in 1937 were under the control of the Communist Party.

In a resolution directed to President Roosevelt, the Federal Communications Commission and Governor James V. Allred, the Texas Board of Medical Examiners recently asked that the people be protected from the "source of radio advertising", Editor & Publisher reports. "Flagrant violations of the medical practice act of the State are daily occurring along the Texas-Mexican border by unfair, untrue and merciless radio advertising", said the resolution adopted at a meeting in San Antonio. While the Board did not go into details, it obviously had in mind radio broadcasts from Mexican stations in behalf of medical practitioners on this side of the border.

Lever Bros. again tops the list of all 65 clients of the Columbia Broadcasting System, according to billings for the first six months of 1938. General Foods, Colgate-Palmolive-Peet, Wrigley, and Ford follow in that order. General Foods and Proctor & Gamble join the ranks of the first ten this year after being absent in the first half of 1937.

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A Federal grand jury this week in New York indicted the woman president and three other executives of Tower Marazines, Inc., on charges of using the mails in a \$1,000,000 scheme to defraud national advertisers. The corporation, now bankrupt, formerly published such magazines as Home, Illustrated Detective Mystery, Illustrated Love, Serenade and Radio Magazines. They were distributed through a chain of 5-and-10-cent stores.

A meeting of the RMA Television, Engineering Committee, to discuss experimental developments and other standards, will be held in New York City during the week of July 11. The Committee hopes to complete additional television standards for submission to the Federal Communications Commission at Washington and to consider various technical problems in the television experiments now being conducted.

In addition to television standards, there are television allocation problems for consideration of the RMA engineers and also the FCC. At the recent allocation hearings of the Commission, representatives of private communication companies opposed allocations of ultra-high frequencies from 100,000 to 300,000 kc. There was little objection to the assignments below 100,000 kc.

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LOCOMOTIVE BROADCAST GRADE CROSSING SIGNALS

Ultra-short wave radio equipment is to be installed on a number of railway engines in Stockholm to transmit warning signals to receiving stations to be established at grade crossings, according to a report received in the Transportation Division, Bureau of Foreign and Domestic Commerce.

The signals so received will be automatically amplified and announced through fixed loud speakers at grade crossings, it was stated. For the present only those engines which are employed on routes having a large number of level crossings are to be equipped with the transmitting apparatus.

It is claimed in Stockholm that this system of signaling is more efficient than the ordinary arrangement of rail contacts since it permits the sounding of the warning in accordance with the speed of the train, according to the Commerce Department.

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NELSON SALES MANAGER FOR NBC-BLUE DRIVE

Lenox R. Lohr, President of the National Broadcasting Company, this week announced that plans adopted for more intensive development of the Blue network would become operative late this month, when A. E. Nelson, Manager of Station KDKA, Pittsburgh, joins the New York staff as Sales Manager of the Blue network, under the general supervision of Roy C. Witmer, Vice-President in Charge of Sales.

Mr. Nelson's successful record in directing KDKA and, previously, NBC's Denver station, KOA, led to his selection to coordinate the extensive Blue network activities, Mr. Lohr said.

Mr. Nelson is one of the pioneers who ventured into radio when its future was unknown and who helped develop it as a successful commercial enterprise as well as a major medium of public service. He founded Station WIBO in Chicago in 1923, and was its principal owner until, in 1933, it was discontinued under an "Overquota" provision of the law which has since been repealed.

Despite this setback he determined to remain in radio and achieve equal success with another station. In 1934 he joined the National Broadcasting Company, and shortly was assigned to Station KOA in Denver as General Manager. In Denver he attained outstanding success, building KOA up to a position of preeminence in the Rocky Mountain region, from the commercial as well as the program point of view. Among his other achievements in Denver was the building of the new KOA studios, known as Denver's "Radio City".

In September, 1937, Mr. Nelson was transferred to Station KDKA, Pittsburgh, which in the short period intervening he has advanced to a position where it not only tops all other Pittsburgh stations in national spot advertising, but in local advertising as well.

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