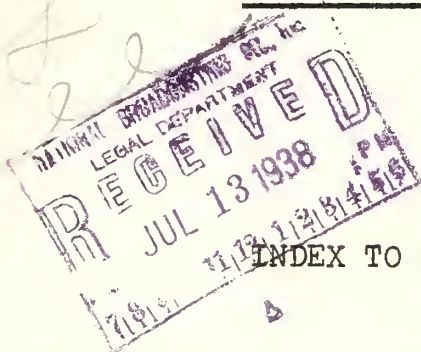


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No. 1140

July 12, 1938

MONOPOLY STUDY UNLIKELY TO COVER BROADCASTING

While definite plans of the joint Congressional Committee investigating monopolies have not been disclosed, broadcasters have reason to believe that any extensive probe of chain broadcasting will be avoided.

There is more likelihood, however, that the Committee will examine patent licensing agreements of the radio manufacturing industries and the telephone companies.

Administration leaders in the House made vague predictions that the monopoly inquiry would cover broadcasting when they urged rejection of the Connery resolution on the eve of adjournment. Since then Representative Connery (D.), of Massachusetts, and other agitators for a broadcasting probe have assumed that this promise would be carried out.

Senator O'Mahoney (D.), of Wyoming, Chairman of the Committee, has steadfastly refused to specify which industries will be examined for monopolistic practices, but a study of the general outline of the investigation indicates that broadcasting will escape a thorough overhauling.

Moreover, the broadcasting industry has a distinct friend among the administrative officials on the Committee. He is Richard C. Patterson, Jr., who for three years was Executive Vice-President of the National Broadcasting Company.

The only Congressional member of the Committee who has previously criticized the broadcasting industry is Senator King (D.), of Utah, who let loose a blast early last session.

Meanwhile, although Chairman Frank R. McNinch is in the Naval Hospital, the FCC is going forward with plans for its own radio monopoly inquiry, beginning about September 1st. This will be conducted by a special committee headed by Commissioner Thad H. Brown, an Ohio Republican. Chairman McNinch, as an ex-officio member, however, is expected to direct the course of the probe.

William J. Dempsey, who was named Special Counsel of the FCC Committee last week, has taken over his duties and is directing the Commission investigators in gathering data preliminary to the holding of public hearings.

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RULES GROUP PROPOSES PROCEDURE REGULATIONS

The FCC Rules Committee this week recommended a new set of regulations of procedure governing attorneys and others who practice before the Commission. The rules, which may be the subject for a hearing, must be approved by the Federal Communications Commission before they become effective.

One of the new rules is designed to prevent a repetition of the Segal-Smith case in which dummy applications allegedly were filed with the FCC to block rival applicants. The new regulation requires that the applicant disclose his true identity, his associates, and other pertinent data.

Ignoring a proposal of Commissioner George Henry Payne that lawyers who quit the FCC for private radio practice be barred from appearing before the Commission for two years, the Committee recommended instead a rule that an attorney or Examiner be prevented only from appearing before the FCC in a case in which he was associated before resigning.

Radio lawyers and other interested parties have been invited to offer suggestions or proposed amendments before the rules become effective.

The Committee comprises T. J. Slowie, Secretary of the FCC; Chief Engineer E. K. Jett, and William J. Norfleet, Chief Accountant.

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TELEVISION CABLE USED FOR TELEPHONE CALLS

The German Post Office, in cooperation with Siemens Halske, A.G., of Berlin, recently for the first time on record used a television cable for the transmission of telephone calls, according to the American Commercial Attache at Berlin. In this case the Berlin-Leipzig television cable was used and about 30 calls were put through without interruption to the television service.

The success of the experiment has led to plans for the regular telephonic use of the cable, and it is estimated that as many as 200 calls a day may be so transmitted. The supplementary use of the television cable for telephone calls is particularly desirable as it obviates the necessity for additional telephone cables and thus saves metal urgently needed for other purposes.

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HOW DO FCC RULES APPLY TO PRESIDENTIAL TALKS?

Washington political writers and commentators are asking the questions: Do the FCC rules on political broadcasts apply to the radio speeches of President Roosevelt on tour when they are admittedly made in behalf of candidates for the United States Senate?

The Federal Communications Commission is having nothing to say on the matter and will make no ruling unless called upon to do so by a rival candidate to the presidential choice.

Also there arises another questions: When does the President cease being the Chief Executive and become Mr. Roosevelt, heading a political party?

Many a Republican partisan believes the President mixes the two without giving the public any warning.

The President has not asked the broadcasting companies for any time, any nation-wide hook-up. The broadcasting companies themselves have offered their facilities. The White House attitude toward the question of a proper division of time on politics, therefore, is that what others do on the air is no business of the White House.

The large broadcasting companies are not the least disturbed by the Federal Communications Commission rule to split radio time evenly between candidates. Such procedure is their general rule. Also, in certain instances, they would rather give time than to sell it because there is likely to be a public feeling that the side with the most money gets the best radio "break" and such a viewpoint might react unfavorably to radio.

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IMPORTS OF RADIOS INTO CHILE DECLINE IN 1937

Total imports of radios into Chile from all countries during 1937 were valued at \$481,000, an increase of 27.9 percent compared with the imports valued at \$376,000 during 1936, according to a report to the Commerce Department from the office of the American Commercial Attache at Santiago. Imports from the United States, however, amounted to only \$298,000 during 1937 declining 10.6 percent compared with \$333,000 in 1936, while those from other countries amounting to \$171,000 increased 545.2 percent compared with the imports valued at only \$29,000 in 1936, statistics show.

The serious inroads made upon the predominantly American market was made largely by compensation countries as a result of the gold rates which were applied to American products throughout 1937.

It was pointed out, however, that not all of the loss in American imports could be attributed to the obstacles caused by import control, because one of the largest distributors of American radios in Chile established a factory and assembling plant in that country late in 1936 and the value of the completed sets imported during the year 1937 naturally declined somewhat as a result, according to the Commerce Department.

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FLAWS IN COMMUNICATIONS ACT ARE CITED

Both the Communications Act and its administration by the Federal Communications Commission are criticized in a two-column letter to the Editor of the New York Times published last Sunday over the signature of Harold R. Shapiro, of New York. Pertinent excerpts from the letter follow:

"A vital safeguard of democracy under our American system of radio broadcasting is the fact that stations, to obtain license renewals, actually compete with each other in granting radio time to all shades of public opinion in order to prove to the Federal Communications Commission that they are serving 'public convenience, interest or necessity.' Nor may the Commission itself redistribute wave-lengths arbitrarily or capriciously, but on the contrary it must so act as to provide an equitable allocation of broadcasting facilities in accordance with the statute.

"Charges have been made that whereas the present Commission is empowered to grant licenses to broadcasting stations for three-year periods, it has nevertheless not issued licenses for more than six months at a time.

"The only possible excuse suggested for so short a license period as six months is that it enables the Commission to hold hearings on charges or complaints against a licensee instead of attempting to revoke his license. Yet six months is far too short a time to permit the development of adequate station policies or program service, nor is it ample security for the vast investments in broadcasting equipment and facilities.

"However, the specter that a six-month license may not be renewed is not the sole worry of the station owner. Coupled with it is the long-standing complaint against the Commission's habit of summoning stations to untimely 'license renewal hearings'. It has engendered worse than fear; it has produced more than annoyance.

"Not only have stations convinced themselves that they must submit to the arbitrary political requests of the Administration, or else; not alone have stations found themselves obliged to divert funds from improvement of their services, in

order to pay large sums to legal counsel who have the job of protecting the station's very life at these chronic hearings, but there inevitably develops the attitude that it would be cheaper for a station to control those who grant the licenses than to have a political versions of the Sword of Damocles suspended over its head.

"Despite the serious charge that six-month license period limitation and the chronic license renewal hearings tend to compel broadcasters to submit to arbitrary political requests and orders, the system nevertheless has the outstanding virtue of encouraging stations to furnish their facilities to representatives of divergent points of view.

"In contradistinction to these not-unmixed blessings of the Communications Act as administered by the Commission is the dangerous power granted to the President by Section 606(c) of the same Act.

During these depression years, when the vultures of Fascism still hover over the sickbeds of democratic governments, Section 606(c) contains a central power-switch that could be used by unscrupulous or misguided hands to convert our radio beams into dictatorial darkness. That subsection, which at first glance appears merely to implement the President's power in war-time, reads as follows:

"Upon the proclamation of the President that there exists war or a threat of war or a state of public peril or disaster or other national emergency, or in order to preserve the neutrality of the United States, the President may suspend or amend, for such time as he may see fit, the rules and regulations applicable to any or all stations within the jurisdiction of the United States as prescribed by the Commission, and may cause the closing of any station for radio communication and the removal therefrom of its apparatus and equipment, or he may authorize the use or control of any such station and/or its apparatus and equipment by any department of the government under such regulations as he may prescribe, upon just compensation to the owners."

"Unlike our experience in the last war, a similar exercise of presidential dominion over the radio during any future conflict would be vitally felt by every man, woman and child in this country. The very thought of one man - whatsoever his party affiliation - possessing unlimited power over our air waves in wartime should be enough to cause liberty-loving men and women to move heaven and earth not only to avoid a war but to amend the statute immediately to safeguard civil liberty as they ask themselves, 'Will this power be surrendered when the war is over?'

"Yet it is the peace-time threat of Section 606(c) before any war is declared that should concern Americans most. A President needs only to proclaim 'there there exists war or a threat of war or a state of public peril or disaster or other

national emergency, or in order to preserve the neutrality of the United States.' Nowhere in the Act is 'national emergency' defined. We must take the word of the President. Upon making the proclamation, he may forthwith assume supreme control over our entire broadcasting system, with unlimited discretion to silence or take over any and every station, or suspend or amend existing rules and regulations 'for such time as he may see fit'!"

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LEAVE COURTS, LEGISLATURES TO PRESS, SAYS E. & P.

The newspaper is much better equipped than the radio to sift the chaff from the wheat in courtrooms or legislative halls, according to Editor & Publisher. In an editorial in its current issue, it says, in part:

"In the absence of a final pronouncement from the American Bar Association, it can be deduced from past reports that the lawyers don't like the idea of having trials broadcast from the courtrooms. Most newspapermen also dislike the idea, but refrain from official disapproval by saying the question is not the proper business of a newspaper association.

"Broadcasting presents a more personal, and therefore, a more difficult problem. Lawyers know that a 'radio presence' can be of considerable advertising value; its lack can be a damning vacuum. Judges are close enough observers of politics to share that knowledge. They fear that the processes of justice might be distorted if witnesses and counselors divide their attention between the subject of testimony and the magnetic pull of the mike that carries their voices to the ends of a continent. And sometimes, in the heat of litigation, judges, lawyers and witnesses alike go into tailspins that would not sound well on the air.

"The last consideration gives a laugh to Howard Vincent O'Brien, Chicago Daily News columnist, who thinks it an excellent reason for providing all courtrooms with microphones. The public ought to know how the high-priced legal talent conducts its business. He would have a mike in every legislative hall, too.

"We can't go along with Mr. O'Brien. Granting that the air waves are too valuable to be wasted on 'tunes, gags, set speeches and advertising', we can't see much improvement in dialogue which runs like this:

"Speaker - 'The clerk will read the bill!'

"Clerk - 'This act will take effect immediately.'

"Or this:

"President Pro Tem - 'Does the Senator yield?'

"Senator - 'The Senator from New York yields 10 minutes to the Senator from Montana.'

"We've got newspapers to thrash all that chaff out and tell us in short words what is going on in the courts and legislatures. They have expert eyes and ears which cut through the mumbo-jumbo of legalism and keep confusion from the minds of the people who aren't learned in the machinery of government. If newspapers aren't doing that job now, let them get busy and do it. Why abdicate the function for which they primarily exist and owe their constitutional privilege, to an agency which is not physically competent to perform the duty?"

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NAB STUDYING SCRIPTS OF NEWSCASTS

Because of allegations of "biased news broadcasts", the National Association of Broadcasters has requested all stations to submit to the trade association scripts of all news broadcasts for the week of June 20th.

"The charge has been made seriously in quarters which cannot be ignored", NAB stated, "that a great many radio stations throughout the country are putting biased news broadcasts on the air. We do not believe it is true, but we are unable, for lack of information, to dispute the statement."

In addition to the request for news scripts for the June 20th week, NAB also asked stations to submit any editorial broadcasts of any kind, together with other material, including remarks of radio commentators aside from those on the networks.

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The Italian State Railways have been experimenting with radio apparatus to facilitate train operation. They had done so as far back as 1910, without satisfactory results. When railcar services were introduced it was thought they might be run without ordinary signalling, on the tramway principle, could some means be devised of indicating continuously to drivers their nearness to the preceding car. Tests were accordingly made in the Turin division a few years ago with equipment enabling a musical note to be received on a car, varying in tone according to the distance away of the car in advance, and so forming a kind of continuous, movable, audible block system. The risk of interference with reception, however, was too great for the system to be adopted.

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TRADE NOTES

Neville Miller, new President of the National Association of Broadcasters, will make his first public address as NAB chief at Commencement Exercises at Peabody College for Teachers, Nashville, Tennessee, on August 18th.

The appointment of Thomas J. Dolan as Supervisor of Program Transmission of the Traffic Division of the National Broadcasting Company was announced this week by B. F. McClancy, Traffic Manager. Mr. Dolan succeeds Roy H. Holmes, resigned.

The Commission of Atlantic City enacted last week an ordinance by which the city sells its municipal broadcasting station, WPG, to Arde Bulova, watch manufacturer, for \$275,000. The ordinance, introduced two weeks ago, gives Bulova the right to move the station wherever he desires. The sale must be approved by the Federal Communications Commission. The station has been in operation since 1925.

Food and food beverage advertising over the National Broadcasting Company's Blue and Red Networks increased by \$1,466,012, or 33.1 percent, during the first six months of 1938 over the corresponding period of 1937, NBC's industrial breakdown figures show. Although automotive advertising fell off by \$1,072,265, or 70 percent, total expenditures of advertisers over the NBC networks in 1938 were \$21,023, 674, compared with \$19,948,107 during the six-month period of 1937, or an increase of 5.4 percent.

Richard D. Hallett, Chairman of the Washington local of the American Communications Association, this week made public a letter to Mervyn Rathborne, National President of the C.I.O. Communications Union, resigning his membership and denouncing evidences of communistic links which he charged had been impressed upon him since he joined the organization. Mr. Hallett made it clear that he was not acting to favor the Commercial Telegrapher's Union, A.F. of L. affiliate, nor the Association of Western Union Employees, which he last week attacked as a "company union".

Analysis of the \$15,581,295 invested in CBS time from January through June, 1938, setting a record six-month high, reveals that 65 advertisers in 15 industries spent up to 103% more than during the same period a year ago. In order of volume, the first six industries represented on CBS (each accounting for over a million dollars) are foods and food beverages; drugs and drug products; cigarettes and tobacco; automotive; soaps and household supplies; confectionery.

BROADCASTING ABROAD - JAPAN

Broadcasting in Japan proper is under the control of a single organization, the Broadcasting Corporation of Japan (Nippon Hoso Kyokai), a semi-official concern closely supervised by the Department of Communications, according to the U. S. Commerce Department. Programs are subject to strict censorship and nothing that might harm the interests of the country and its people is allowed to go on the air. Advertising of all sorts is prohibited. Political speeches cannot be included in the daily program. Even election campaign speeches and Diet proceedings cannot be broadcast.

Short-wave reception in Japan is prohibited, the few sets operated being owned by Government officials or foreign diplomats. Satisfactory reception from the United States is reported to be impossible, owing to the fact that the power broadcasting stations are all on the Atlantic seaboard of the United States and also because of climatic and other interference. It is possible that a powerful station on the Pacific Coast could be heard in the Orient with some degree of regularity and satisfaction.

The strict governmental control is exercised with a dual purpose. Instruction of the people is the principal object, and the second is the discouragement of any facilities which might make Japan a field for the dissemination of foreign propaganda. The distribution of stations is part of this program, inasmuch as low-powered receivers are capable of satisfactory service under the plan in effect, and there is little encouragement to the purchase of higher powered types which would be within the range of foreign broadcasting. An early law, but one abrogated some years since, prohibited the use of receivers capable of receiving any foreign stations.

The Japan Broadcasting Corporation was organized by public-minded individuals who contributed varying amounts to its initial fund. By the end of June, 1937, the number making such contributions reached 5,495.

The revenue of the corporation is obtained from the license fees paid by owners of radio sets. Each owner pays a monthly fee of 50 sen (about 14.5 American cents) to the corporation, while an initial fee of one yen (about 29 American cents) is paid to the Department of Communications. The corporation pays the Government an annual monopoly fee of 20 sen (about 5.8 American cents) per subscriber.

The corporation operates 34 transmitting stations in Japan proper, including 3 alternative transmitting stations at Tokyo, Osaka and Nagoya. The stations are distributed on a plan seeking to give approximate equality of reception throughout the Islands, aiming toward an ideal of one-station reception in all regions.

7/12/38

Prior to November, 1937, central stations with aerial power of 10,000-watts were located in the principal stations of Tokyo, Osaka, Nagoya, Hiroshima, Kumamoto, Sendai and Sapporo. Supplementing these main stations were 27 other stations with aerial power ranging from 100 to 3,000 watts, at important points throughout the country. Two more sub-stations will be opened in July, 1938.

During November, 1937, the aerial power of the two 10,000-watt stations in Tokyo was changed to 150,000 watts, making them the most powerful broadcasting stations in the Orient, according to local claims. Plans are under way to increase the power of the 10,000-watts stations at Osaka and the 500-watt station at Fukuoka to 100,000 watts.

All stations have been linked by a permanent relay line, so that events of national interest can be broadcast to every corner of the country. Further, programs are regularly exchanged with the official broadcasting entities in Chosen (Korea), Taiwan (Formosa) Kwantung Leased Territory and "Manchukuo". Plans are being made for the extension of these broadcasts to North and Central China.

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CANADIAN TARIFF BOARD OPENS RADIO PROBE

The Canadian Tariff Board will open hearings at Ottawa July 12th, on an inquiry into the radio industry of Canada, according to a report from the office of the American Commercial Attache, Ottawa.

This investigation, authorized by the Minister of Finance last January, will cover the production, distribution and sale of radio receiving sets, radio tubes and batteries, the bearing of the patent law upon the manufacture, use and importation of radio sets, tubes and batteries, and the effects of the alleged pooled control of patent rights upon the importation, cost and use of radios in Canada.

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G.E. DEDICATES NEW S-W SERVICE

An enlarged broadcasting service to South America of the General Electric Company short-wave stations W2XAD and W2XAF will be inaugurated Wednesday night, July 13, at 7 o'clock, EST. The increase in international broadcasting follows closely the opening of the new WGY building and provides the short-wave stations with more studios and the latest equipment for transmitting to the South American republics.

Climaxing 12 years of short-wave broadcasting, the two stations now operate on four frequencies and broadcast regularly scheduled programs in six languages: English, Portuguese, Spanish, French, German and Italian for listeners throughout the world.

Improved service to South America was made possible recently by the granting of two new frequencies to the stations by the Federal Communications Commission, which now provides better reception in South America.

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BIG FARM MARKET SEEN FOR RADIO

The farmer likes the radio, owns one and yet offers the biggest single market for radio, according to the results of a nation-wide survey made for Philco Radio & Television Corporation.

This survey covered a field of more than 200,000 farm families which could be grouped into the more prosperous agricultural classification as they were all owners of electrified farms and farmhouses. Probably the highest percentage of radio ownership in the country was found in this group, with 93.7% owning one or more radios of one kind or another. The non-owners totaled 6.4%.

This high proportion of ownership would hardly indicate a huge market for radio, except for these figures which were obtained from the radio owners covered by the survey. Only 12.1% of these owned radios less than one year old. Sets either one or two years old amounted to 31% while those which were three, four and five years old totaled 25.1%. The chief surprise was that radios over six years old accounted for 31.8%, the highest single grouping.

The total proportion of radios over three years old amounted to 56.9%, or considerably more than half of all the radios owned.

These figures, according to Sayre M. Ramsdell, Vice-President of Philco Radio & Television Corporation, point to a huge farm market for radios.

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