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# HEINL RADIO BUSINESS LETTER

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CHAIN INQUIRY TO COVER 13 SPECIFIC POINTS

As both the networks and the Federal Communications Commission prepared this week for the opening of the FCC chain-monopoly hearing on October 24, the commission disclosed that 13 specific points will be covered in the investigation.

They are:

1. "The contractual rights and obligations of stations engaged in chain broadcasting, arising out of their network agreements.
2. "The extent of the control of programs, advertising contracts and other matters exercised in practice by stations engaged in chain broadcasting.
3. "The nature and extent of network program duplication by stations serving the same area.
4. "Contract provisions in network agreements providing for exclusive affiliation with a single network and also provisions restricting networks from affiliation with other stations in a given area.
5. "The extent to which single chains or networks have exclusive coverage in any service area.
6. "Program policies adopted by the various national and other networks and chains, with respect to character of programs, diversification, and accommodation of program characteristics to the requirements of the area to be served.
7. "The number and location of stations licensed to or affiliated with each of the various national and other networks. The number of hours and the specified time which such networks control over the station affiliates and the number of hours and the specified time actually used by such networks.
8. "The rights and obligations of stations engaged in chain broadcasting so far as advertisers having network contracts are concerned.
9. "Nature of service rendered by each station licensed to a chain or network organization, particularly with respect to amount of program origination by network purposes by such stations.

10. "Competitive practices of stations engaged in chain broadcasting as compared with such practices in the broadcasting industry generally.
11. "Effect of chain broadcasting upon stations not affiliated with or licensed to any chain or network organization.
12. "Practices or agreements in restraint of trade or furtherance of monopoly in connection with chain broadcasting.
13. "Extent and effects of concentration of control of stations locally, regionally or nationally in the same or affiliated interests, by means of chain or network contracts or agreements, management contracts or agreements, common ownership or other means or devices, particularly in so far as the same tends toward or results in restraint of trade or monopoly."

At the same time the commission disclosed a letter it had sent to all radio networks asking that their evidence concern itself with 20 specific points of inquiry.

Based on the 13 major bases for the inquiry, the communication to the networks asks for detailed data on corporate set-ups, contracts and relations with affiliates, any tie-ups between the networks and advertising agencies, and other matters.

Of more public interest is the twentieth point on which the FCC asks evidence. It is:

"Extent of program duplication in the primary and secondary service areas of stations carrying the network programs, particularly the percentage of population in the primary service area of each network station which may receive a network program as primary service from such station and from other network stations, the percentage of secondary service area of each network station which receives a network program as secondary service from such station and from other network stations, the number and extent of such duplications and amount of duplication required for adequate service on chain programs. The primary and secondary service areas shall be considered as defined in the Commission's proposed Rules and Regulations governing standard broadcast stations and Standards of Good Engineering Practices concerning the same."

A second letter sent by the commission to all standard broadcast stations says in part:

"The Commission in its investigation under Order No. 37 plans to make a comprehensive study of all contracts, agreements and other arrangements between licensees of broadcast stations and other persons or organizations which involve the management, control,



or, operation of such stations. You are therefore directed to file within ten days from the date hereof, in triplicate, with the Commission copies of all such contracts or agreements affecting your station and a memorandum stating the substance of any such contract, agreement, or arrangement which has not been reduced to writing, together with a verified statement setting forth in detail the manner and extent to which the same effect in practice the management, control or operation of your station. This statement should include the names and addresses of the persons or organizations who are parties to the same. Any of this information which may have already been filed with the Commission will require that you present through a qualified witness or witnesses at the hearing any further information with respect to this matter.

"If you have access to or possess any evidence bearing on any phase of the investigation which you believe should be presented for the consideration of the Commission, a notice of appearance should be filed in conformity with the notice of hearing, which is enclosed herewith.

"You are also directed to file at the same time a detailed statement, properly verified, covering the kind and amount of electrical transcriptions or other recordings your station has used and now uses for program purposes, and your past and present relations with, and extent to which through stock ownership, contract or otherwise you control or are controlled by companies engaged in producing or distributing such recordings.

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#### NBC S-W STATION GIVEN TWO MORE CHANNELS

Station W3XAL, operated by the National Broadcasting Company at Bound Brook, New Jersey, this week was granted modification of its license authorizing use of frequencies 9670 and 21,630 kc. on a temporary basis only and subject to cancellation by the FCC at any time without notice.

The grant apparently is on the same terms as the Pan American short-wave allocations made to the World-Wide Broadcasting Foundation (WIXAL) and General Electric (W2XAF and W2XAD) early this year.

Station WIXAL already was broadcasting on 17,780 and 6,100.

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The application of the United States Broadcasting Company to erect a new broadcasting station in Washington, D.C., has been dismissed by the Federal Trade Commission with prejudice

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## FOREIGN COUNTRIES STEAL U.S. RADIO TRADE NAMES

The Radio Manufacturers Association has been advised by several members that there is apparently an epidemic in several foreign countries of pirating of trade marks and trade names of American companies, according to Boyd Geddis, executive vice-president. Chairman Thompson of the RMA Export Committee has suggested to RMA members that they take immediate steps to protect their trade names in foreign countries at the risk of having unscrupulous native concerns steal their trade marks.

The situation has been called to the attention of U. S. Bureau of Foreign and Domestic Commerce and all possible official assistance is being given to protect American trade names abroad. The U. S. Bureau of Foreign and Domestic Commerce recently, at the request of RMA, made a world-wide survey of radio trade names .

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## FALSE TUBE CLAIM BRINGS FTC COMPLAINT

Misrepresentation of the number of tubes contained in Kadette radio sets is alleged by the Federal Trade Commission in a complaint issued against International Radio Corporation, 559 Williams Street, Ann Arbor, Michigan; Wieboldt Stores, Inc., 76 Ninth Avenue, New York.

The respondent companies allegedly advertised the sets as being equipped some with 10 and some with 11 active, fully functioning tubes necessary for the proper reception, tone, volume, and performance of such sets. According to the complaint, such representations are false and misleading in that the sets are not equipped with 10 and 11 active, necessary fully functioning tubes, but contain two or more ballast or non-functioning tubes.

It is alleged that the respondent companies have acted together and cooperated with each other in the false advertising practices charged in the complaint. Twenty days are allowed for answering the complaint.

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Internal Revenue collections of the 5 per cent federal excise tax on radio and phonograph apparatus in August 1938 were \$399,828.47, a decrease of 47.5 per cent as compared with the August 1937 excise taxes of \$761,882.87. The collections were substantially larger than those in the preceding month of July and were larger than in any month of 1938 except last June. The August excise taxes on mechanical refrigerators also showed a relative decline, the refrigerator taxes being \$418,762.09 compared with \$895,323.53 in August 1937.

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## CLEVELAND HAS BIG PLANS FOR EDUCATIONAL STATION

Plans for the operation of the first educational short-wave broadcasting station to be authorized by the Federal Communications Commission following the allocation of 25 ultra-high frequencies for education use are described in the current issue of "Education by Radio", organ of the National Committee on Education by Radio.

The station is being built by the Cleveland board of education and will operate on 41.5 megacycles with 500 watts power.

Describing the plans for the station, H. M. Buckley, assistant superintendent of Cleveland schools, says:

"The radio program which has been planned for the new station, WBOE, is essentially an extension and expansion of the work which has been found effective in the elementary schools. In addition, some broadcasts will be given in the junior and senior high schools, such as "The News of the Day." Some phases of administration and general supervision will be conducted over the radio. Special supervision of groups of teachers in specific subjects will be attempted.

The elementary subjects for which scripts, teacher guides, and pupil work sheets have been prepared and which will be broadcast through out the year are as follows:

Grade 1	Music	Safety	.	
Grade 2	Music	Safety	Arithmetic	
Grade 3	Music	Safety	Science	
Grade 4	Music	Healty	Science	Geography
Grade 5	Handcraft	History	Science	Spelling
Grade 6	Handcraft	Art	English	Spelling Handwriting

"The effective use of the radio in junior and senior high schools waits upon some satisfactory solution for the problem of scheduling. We expect to make recordings to determine how far they can serve as a substitute for repetitions of a given broadcast, otherwise necessary for the courses having a number of sections meeting at different hours in the same high school.

"Plans have been made to use the radio for various parent groups. These groups will need to meet in the school building because the ordinary commercial sets will not pick up the ultra-high frequency broadcasts. Adapters are coming onto the market which may overcome this handicap.

"Your Child and His School is a series which has been prepared for parents of primary pupils. These scripts are the work of the Paul Revere Curriculum Center. Parents of kindergarten and pre-school children will be given talks on the health and training of the infant.

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"It is expected that some stimulation and sense of unity may be given to such clubs as the Science Club, Art Club, Airplane Club, and the like. A single club in an individual building should find the reports of other clubs of value.

"It cannot be too strongly emphasized that all effective radio work in the schools will teach discrimination in radio listening. This implies that interesting science, rich humor, and all other cultural values will be incorporated into the school broadcasting program.

"The radio is certain to become the most effective instrument for the interpretation of the work of the schools to the community. Furthermore, since almost 50 percent of our American adult population ceased its formal education at the sixth grade level, there is an important field for the radio in adult education.

Personnel and equipment--The leading educators, not only of the United States, but of the civilized world, are quite well convinced that the radio will become increasingly significant in organized education. They are, therefore, concerned with the service that the radio can render which cannot be done as well or better without it, and they want to know the requirements in personnel and equipment for the operation of a radio station by a public school system.

"So far as practicable, the plan in Cleveland will be to conduct the station with the addition of the fewest numbers. The station is to become an instrument in the hands of the supervisory and teaching staffs. The regular staff, therefore, will be responsible for its operation, with few exceptions.

"The problem of station management in a public school system is of minor significance compared with the commercial station so far as financing, publicity, and audience are concerned. We are not now considering measurement and evaluation as a part of station management, since evaluation concerns the entire supervisory staff which make use of the station. In evaluation, we shall include a much larger factor of experienced professional judgment than has been the common practice. We desire qualitative as well as quantitative evaluation. There are many values which figures or numbers will neither reveal nor express.

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Television Station W9XAT, Minneapolis, was ruled off the air formally this week when the Federal Communications Commission refused to renew its license. The applicant, George W. Young, presented no evidence in support of his applications.

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## TELEVISION, PRESS-BUTTON TUNING FEATURE PARIS SHOW

As was true at the Radiolympia exhibit in London this fall, television receivers and push-button radio sets were the features of the Paris Wireless Exhibition this month, according to a correspondent of World-Radio, BCC organ.

"The most important feature of the attractions from the point of progress was undoubtedly television," he said. "At previous exhibitions two or three television sets had been demonstrated more or less satisfactorily, and at the Paris Exhibition last year a studio had also been shown in operation. No studio is shown at this year's exhibition, nor are spectators televised (another feature of the Paris Exhibition). There are, however, about half-a-dozen booths, containing from one to four television sets each, where demonstrations are given daily throughout the exhibition. One booth contains the exhibit of the P.T.T. and the others the exhibits of private firms. Some are provided with seats, and in others spectators are expected to walk slowly between railings in order to give more people a chance of seeing the pictures. The transmissions--the characteristics of which are 455-line pictures, 50 frames per second, wavelengths (vision) 6.52 m. and (sound) 7.14 m., power 25 kw--come from the Eiffel Tower, and consist partly of telecinema and partly direct vision.

"Apart from the demonstration booths, there were only two or three television sets on show, and even these were not priced. I made a few inquiries, but was informed that the prices had not yet been fixed. The controls on all sets were very simple, but I noticed a certain amount of distortion near the edges in some of the pictures. Both direct and indirect (mirror) reception were on view, but there did not seem to be any difference in the quality of the results.

"Some of the cheap radio sets of previous years have disappeared altogether, but the inexpensive sets of to-day incorporate many improvements that were found only in the higher-priced sets two years ago.

"The most noticeable feature of the Exhibition from the point of view of the purchaser is the prevalence of the press-button system of tuning. This system, which appeared at the Paris Wireless Exhibition two years ago in a very timid way, on one or two stalls at the most, became well in evidence at the Foire de Paris earlier this year, and it is therefore no surprise to find that it is now to be seen on every stall. The number of stations available by pressing a button varies from five to eleven, as a general rule, with another button to be pressed if free tuning is required. A press-button all-wave set cost from Frs. 1,000 upwards with a very good choice between Frs. 1,500 and Frs. 2,000. There are several varieties of automatic tuning, but it is obvious that this Press-the-button-and-we-do-the-rest system has come to stay.

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TRADE NOTES

H. K. Boice, this week announced his resignation as vice-president in charge of sales of the Columbia Broadcasting System, effective October 20. Mr. Boice's plans will be announced shortly.

Prosperous industrial and farming areas of Michigan, with a total population of more than 600,000, will receive improved service from the National Broadcasting Company beginning Sunday, September 25, when the 4-station Michigan Radio Network becomes affiliated with the NBC-Blue Network, bringing the sum total of stations affiliated with NBC to 158.

Argentina will begin receiving a new series from NBC this week when daily summaries of news in the United States were short-waved to Buenos Aires for rebroadcasting through the cooperation of Radio Splendid, powerful Buenos Aires station.

International Radio Corporation and Subsidiaries--this week reported for the year ending July 31: net income, \$99,040, equal to 52 cents each on 188,400 capital shares, compared with \$180,401, or 96 cents a share, in preceding year.

Dissemination of false advertisements concerning a medicinal preparation designated Gardner's Food Herbs is alleged by the Federal Trade Commission in a complaint issued against Gardner Remedies, Inc., Bigelow Building, Seattle, Washington. The respondent company advertises its preparation by means of radio broadcasts and in newspapers and other publications, according to the complaint.

Nearly a day's time in wages and construction work on one of the buildings at the New York World's Fair 1939 was saved this week when radio facsimile equipment, being used in test transmissions at the Fair grounds, was pressed into service to rush an urgently needed architect's drawing from Philadelphia.

The RMA board of directors will meet on Wednesday, Oct. 12, at the Hotel Roosevelt in New York City. This is the regular fall meeting of the RMA directorate to plan the association's services and working program for the coming year. Promotion activities of the association, merchandising and many other industry problems, including the new federal wage-hour law, will be considered by the RMA board.

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## FCC TO PROBE COPYRIGHTS IN MONOPOLY HEARING

The row between the National Association of Broadcasters and the American Society of Authors, Composers, and Publishers is likely to be aired before the FCC monopoly investigating committee during scheduled hearings.

The commission in its announcement of plans for the hearing did not mention the ASCAP directly but had this to say of the copyright situation:

"A procedure for dealing with patent and copyright questions, insofar as they affect the broadcasting industry, is now being studied by the committee in cooperation with the Temporary National Economic Committee which was organized pursuant to the recent Congressional resolution authorizing a general monopoly investigation. Representatives of both Committees agreed that such a procedure should be developed cooperatively in view of the Temporary National Economic Committee's plan to make a general study of patents and copyrights. When developments in working out such a procedure warrant, a public announcement concerning the same will be made."

Neville Miller, president of the NAB, recently addressed a letter to Senate Monopoly Committee, which set up the National Economic Committee, and asked that it look into the music copyright controversy.

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## O'CONNOR'S DEFEAT A BLOW TO RADIO FOES

The defeat of Representative John J. O'Connor, of New York, for renomination on the Democratic ticket this week brought no tears to broadcasting circles that had opposed a congressional investigation of the industry.

O'Connor, as chairman of the powerful House Rules Committee, brought out the Connery resolution toward the end of the last session after it had been bottled up for almost two years. He then tried unsuccessfully to put it through the House.

Even though he wins the election as a Republican or an independent, he will lose his place as chairman of the Rules Committee. Representative Sabath (Democrat), of Illinois, is in line for the post, but he may be passed over for a younger ranking Democrat.

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## TWO COMMISSIONERS OUT FOR HEALTH CHECK

Chairman Frank P. McNinch, of the Federal Communications Commission, returned to Naval Hospital in Washington this week for a health examination, but it was said that he was not ill.

Physicians who attended him during his illness this summer suggested that he return for the examination. He was expected back at his office next week.

Norman Case, another member of the Commission, was expected to go to John Hopkins or a Boston hospital for an examination because of an arthritis attack. He has been absent from his office for a week due to his illness.

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## BBC READY FOR WAR-TIME OPERATION

The British Broadcasting Corporation, which supplies Britain with all its radio entertainment and news, is prepared to go on a war basis under which it will scrap all regular programs and supply news broadcasts at fifteen-minute intervals, The World's Press, news trade paper of the British press.

Although the BBC said this week is following its traditional policy of not talking for publication, the magazine says that plans have been made and the bulletins will be broadcast on a twenty-four hour basis. The BBC news program is a completely colorless, completely factual, summary of what has happened--or what has officially been said to have happened.

Already it has been decided that the normal news bulletins broadcast thrice daily, starting at 6 P.M., will be supplemented by additional broadcasts at 10:30 A.M., and 1 P.M. during the European crisis, while the normal Sunday broadcast will be supplemented by two additional news program. It is said that the BBC is prepared to switch over to a war basis at fifteen minutes' notice.

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An advertising campaign using newspapers and college football programs and alumni magazines will be run by the Atlantic Refining Company during the Fall to tie in with its broadcasts of 168 football games. Merchandising activities will seek a direct response from the radio audience and dealer support for the programs. A new type of contest in which contestants will write titles for cartoons on football will be used in the advertising copy, which will begin Sept. 28 and run for eight weeks. Prizes will include automobiles and cash. N. W. Ayer & Son, Inc., is the agency.

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## S-W LISTENERS GET NEWS FIRST HAND THESE DAYS

While the major networks are doing an excellent service in bringing news reports to the American nation on the international situation, short-wave listeners have had the advantage of being able to tune in directly to the principal capitals concerned for almost constant news announcements or official statements.

With the return of colder weather reception of broadcasts from Europe has been clear and loud. An interested listener could tune in Prague, Berlin, Rome, London, and Paris at almost anytime of the night and hear some news regarding the Czech crisis.

The networks, however, have been alert to the news interest in the European situation and have carried direct broadcasts from the capital involved as well as almost continual news flashes and comments.

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## BROADCASTERS AND "HAMS" AID IN NEW ENGLAND FLOOD

Broadcasting stations and scattered amateur radio operators played an important role this week in gathering and disseminating news on the disastrous storm and flood that swept New England.

Typical of the service was the activity of Station WJZ, New York, which broadcast eye-witness reports on flood conditions from strategic points over New England.

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The ideas of dealers on the amount of money spent in national advertising by a company whose products they handle vary widely, if a contest conducted by RCA-Victor can be taken as an example. The company recently offered awards for the best guesses as to how much money it has spent in the last ten years in advertising, in which the RCA-Victor name or the trade-mark or Nipper, the dog listening to "His Master's Voice," appears. Guesses ranged from \$1,034 to \$300,000,00. And possibly with his tongue in his cheek, one dealer guessed the staggering figure of \$88,000,000. The winners will be announced next week.

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