

HEINL RADIO BUSINESS LETTER

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No. 1181

REORGANIZATION RUMORS STIR FCC, INDUSTRY

With the report persisting in the face of official denials that a reorganization of the Federal Communications Commission will be recommended to the next Congress, broadcasters and FCC members were watching developments with keen interest.

An indication from the White House that the governmental reorganization bill might be revived in a different form gave impetus to the speculation although the bill that passed the Senate specifically exempted the FCC from its provisions.

The original Brownlow Committee report, however, it was recalled, proposed that the Federal Communications Commission be absorbed by the Commerce Department and be split into an administrative and engineering bureau and a quasi-judicial commission that would determine policies.

The rumor that Thomas G. Corcoran, author of many New Deal acts, was at work on a bill aimed at abolishing the FCC and substituting a three-man agency came out with a bang this week in a Washington Post story. While similar stories in trade publications and gossip columns had gone officially unnoticed, the Post story brought immediate formal denials from Corcoran and Chairman Frank R. McNinch. Mr. McNinch adopted the unusual procedure of issuing a mimeographed story to the press, in fact.

Nevertheless, the report persisted that Corcoran had been considering the proposal - first suggested by Chairman McNinch at a press conference - of substituting a three-man board for the seven-man Commission, but that the idea had not received White House approval. Hence, the furore that arose when the report was published.

Chairman McNinch, while shouting his innocence of any move to abolish the FCC, has several times indicated his dissatisfaction with the present set-up because of his inability to get 100 percent support from the Commissioners.

At his last press conference, in fact, he stated in answer to questions that he believed a three-man agency might function more efficiently than the present Commission and that he stood ready to make certain recommendations to the President along that line when invited to do so. To date, however, the President has pointedly not requested his advice.

Reports persist that the President is dissatisfied with the Chairman because of his failure to effect a "house cleaning" without bringing down upon the Commission more unfavorable publicity than it had even in the heyday of the Federal Radio Commission.

The President is said to be desirous of returning Mr. McNinch quietly to the Federal Power Commission, but the FCC "purge" has placed the Chairman in such public limelight that his transfer could only be interpreted as an acknowledgment of failure.

Mr. McNinch himself indicated he would return to the Power Commission early this Fall, but now his transfer is uncertain because of the suggestions in the press that he was quitting under fire and to escape a Congressional investigation.

Meanwhile, the dissension within the Commission persists though it is confined largely to executive meetings. Commissioner T.A.M. Craven, whose refusal to be a "rubber stamp" during the "purge" brought Mr. McNinch's wrath down on his head, has shown no signs of weakening in his resistance of proposals by the Chairman that he considers unsound or dangerous.

Despite reports in gossip columns that the Administration axe was being sharpened for Commander Craven, it is learned from an authoritative source that the President is still well pleased with the work of the former Naval officer whom he has known intimately since the days when Mr. Roosevelt was Assistant Secretary of the Navy.

Commissioner George Henry Payne, long the stormy petrel on the FCC, on the other hand, has been unusually quiet during recent weeks although his votes have registered his opposition to Mr. McNinch's policies. The reason for his change in technique, it is understood, is advice from his physicians to "take it easy".

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MACKAY ORDERED TO FILE REQUEST IN BALTIMORE CASE

The Federal Communications Commission this week ordered the Mackay Radio & Telegraph Company to file an application within 30 days for permission to use Postal telegraph facilities already leased between Washington and Baltimore.

Acting on a case that has been pending before the FCC since September, 1936, the Commission over-ruled a motion by Mackay counsel to dismiss the proceedings and held that Mackay's use of the Postal facilities constitutes an "extension" under the provisions of Section 214 of the Communications Act.

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DEMPSEY REORGANIZES LEGAL STAFF INTO DIVISIONS

William J. Dempsey, General Counsel of the Federal Communications Commission, this week announced that he had effected a reorganization of the Legal Department with the aim of promoting efficiency. It was accomplished, he said, without making any personnel changes.

The Department, he said, has been divided into three divisions - Common Carrier, Broadcast, and Litigation and Administration. These will be headed by Assistant General Counsels James A. Kennedy, George B. Porter, and William C. Koplovitz, respectively.

Under the new set-up the two Broadcast divisions have been consolidated into a single division which has been subdivided into five sections. These are, namely, New Stations; Changes in Existing Facilities; Renewals; Section 310(b) matters; and Revocations and Service Complaints. This new arrangement will enable the attorney or attorneys assigned to a matter to handle it from the time it reaches the Law Department until it is finally acted upon by the Commission.

Few changes have been made in the Common Carrier Division. The Litigation and Administration Division is divided into four sections - Litigation, Research, Hearings and Legislation and Rules and Regulations. Two conference rooms have been set up for conferences on Commission business between lawyers of the department and persons not connected with the Commission. Offices of staff members will not hereafter be used for conference purposes, it was said.

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NEW PLAN ON PROGRAM COMPLAINTS IS STUDIED

An entirely new plan for handling program complaints against radio stations is being studied by the Special Committee named last Spring by the Federal Communications Commission and is expected to be made public shortly.

The nature of the plan has not been disclosed, but it is understood that it will permit more self-regulation within the industry and do away with the present procedure of calling a station to account after complaints are made against a single program.

Members of the Committee are Commissioners T.A.M. Craven, George Henry Payne, and Eugene O. Sykes.

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FCC REFUSES TO SPONSOR TELEGRAPH PARLEY

The Federal Communications Commission yesterday (Thursday) declined requests that it sponsor a conference to consider proposals for legislation that might lead to a telegraph merger.

Such a conference had been requested by the trustee in receivership of the Postal Telegraph and Cable Corporation and by an officer of the American Communications Association. It had been suggested to the Commission that all parties interested might agree upon legislation to be recommended to the Congress, empowering the Commission to act upon any application that might hereafter be filed for consolidation or merger of the Western Union Telegraph Company and the Postal Telegraph and Cable Corporation.

The Commission took the view that, as it has no jurisdiction over mergers of telegraph properties, its sponsorship of such a conference, and any effort on its part to arbitrate possible differences of opinion among the parties interested, would be inappropriate. It was felt that the handling of this matter should be left to the Congress.

Proposed legislation to vest in the Commission power to act upon proposed mergers of telegraph companies, and other carriers of written communications, and to safeguard the interests of their workers, was recommended by the Commission in 1935. The Commission has such authority over telephone mergers. The proposed legislation affecting telegraph companies has not yet been acted upon by the Congress.

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LOHR SAYS RELIGIOUS PROGRAMS MUST BE SUSTAINING

Religious broadcasts must continue on a sustaining basis, Lenox R. Lohr, President of the National Broadcasting Company, declared in an address on Wednesday at the biannual meeting of the Federal Council of Churches of Christ in Buffalo, N. Y.

After tracing the history of NBC's cooperation with religious groups and stressing the importance of maintaining freedom of worship, Mr. Lohr said:

"Commercial sponsors may purchase time to advertise only goods and certain services. During a campaign, time is sold to political parties, in which they may promote their official candidates. However, ideologies, economic and political beliefs, and propaganda are unsuitable, and unacceptable for commercial programs.

"The National Broadcasting Company does not sell time to anyone to discuss religious matters. If time were sold to one denomination, it would be to all. It takes little imagination to see that enough time to go around does not exist. Even if it did, we would be guilty of making available the powerful weapon of radio to those who had the most money with which to present their religious views. It is our policy instead, to provide time, without monetary recompense, to the three great types of religious faiths prevailing in America - the Protestants, the Jews, and the Catholics - as distinguished from individual churches, or small group movements."

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"WAITING FOR LEFTY" STIRS FCC TO MORALIZING

The Federal Communications Commission this week deliberated seriously over a report of its Legal Division on the profanity in Clifford Odet's world-famed play, "Waiting for Lefty", but after some moralizing decided to do nothing about it.

The matter was brought to the attention of the FCC because of a complaint against a broadcast of the play, which is in the WPA Federal Theatre Project repertoire, by Station WQXR, New York City. The Legal Division culled all of the profanity from the play and presented it before the Commission with a suggestion that some action would be advisable.

Commissioner T.A.M. Craven, who registered the first objection against any FCC censorship of Eugene O'Neill's "Beyond the Horizon", told his fellow Commissioners that he saw nothing particularly wrong about it.

Commissioner Thad H. Brown remarked that it sounded like language used in the trenches and Chairman Frank R. McNinch moralized that it wasn't the kind of language that should enter a home.

Commander Craven, a veteran Navy officer, remarked that he had heard worse profanity in an Admiral's office and that he probably had used just as bad language in his own home at times.

Somewhat non-plussed by this attitude, the FCC decided to renew WQXR's license without a hearing although Commissioner Brown withheld his affirmative vote until after he had examined the script of the radio drama.

Station WQXR, it was pointed out at the FCC meeting, is one of the "high brow" stations of New York and maintains unusually high program standards.

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"MONOTONY PROBE" BRINGS JIBES FROM PRESS

With the removal of the Federal Communications Commission's chain-monopoly hearing from the spacious Labor Department auditorium to a small FCC meeting room, Washington newspapers began poking fun at the lack of public interest in what reporters labelled the "monotony probe".

W. C. Lent, NBC engineer, continued on the stand this week and explained in detail various engineering and technical exhibits.

During his testimony Wednesday he stated that some 12,000,000 persons in various parts of the United States would be unable to receive adequate service from the NBC network under the proposed FCC standards.

With the Congressional monopoly inquiry completely overshadowing the FCC investigation, the Washington Daily News this week reported the latter as follows, in part:

"All of three spectators turned out to take a gander at the Federal Communications Commission's super-colossal investigation of alleged monopoly in radio. Which gives you some idea of why they're calling it the 'Monotony Probe.'

"What started out with such a bang that it took the huge governmental auditorium to hold the eager throng of observers, is now housed in the FCC hearing room. A freight elevator and two phone booths in the Post Office Building are being reserved for future sessions, it is believed. Some 20 people, all told, were there yesterday, almost all either FCC staff or National Broadcasting Co. witnesses. Four disconsolate reporters for the trade press carried on doggedly.

"Just so none of the immortal words bandied back and forth between investigators and witnesses will be lost for posterity, a huge recording machine, manned by a couple of sound engineers, engraves every word on phonograph discs. More than 100 records have been cut so far; each one plays 15 minutes, provided anyone would ever want to play it.

"Its publicity thunder deftly filched by the Capitol Hill monopoly probe, which has an all-star cast of big names, the FCC searchers are trying to make up in volume what they lack in interest.

"Although there have been only 11 days of hearings, 1289 typed pages of transcript have been taken and documentary evidence two feet high has been stacked up. Cooperating fully in attempts to break records, the NBC has devoted 12,000 man-hours to the compilation of just one exhibit, No. 97, in case you're interested."

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POST-DISPATCH BEGINS FACSIMILE SERVICE

W9XYZ, an experimental radio facsimile broadcasting station operated by the St. Louis Post Dispatch, began this week the world's first regular broadcast on ultra high frequency of specially prepared facsimile newspapers, according to the New York Times. The broadcast will continue daily at 2 P.M.

Experimental laboratory broadcasts of printed matter, photographs and cartoons have been in progress for more than a month and results have been studied by engineers of KSD, commercial broadcasting station of The Post Dispatch. During the last two weeks they have been recorded on fifteen receiving sets placed in the homes of members of the station's staff.

These sets, manufactured by the Radio Corporation of America, are the first capable of receiving high frequency facsimile broadcasts, permitting station operation at any hour of the day.

Experimental equipment recently in use by a few other stations employed standard broadcast wave lengths, restricting the period of their use in the early morning hours when regular commercial broadcasting stations were quiet.

Within the next month the manufacturer expects to put out receivers at a cost of about \$260. Several will be put in public places for demonstration. The range of Station W9XYZ, broadcasting on 31,600 kilocycles, is twenty to thirty miles.

No. 1 of Volume 1 of The Post Dispatch's first radio edition consisted of nine pages, eight and one-half inches long and four columns wide, using the newspaper's regular seven-point type.

On the first page were the leading news articles of the day. Then followed sports news, several pages of pictures, an editorial cartoon, a summary of radio programs and radio gossip, and a page of financial news and stock market quotations.

Printed on only one side, the copy may be cut or folded to make pages of the facsimile newspaper. It is unnecessary for the reader to be on hand when a broadcast begins, since a clock, set for the scheduled time, will automatically start the receiving set and stop it at conclusion of broadcasting. It requires fifteen minutes to transmit one page.

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TRADE NOTES

The name of the Crosley Radio Corporation was changed this week by authority of the Federal Communications Commission to the Crosley Corporation.

As soon as their existing network commitments are fulfilled, two more stations will be added to the Columbia network. They are KOIL, Omaha, and WWNC, Asheville, N.C. Both were CBS members prior to their present affiliation.

Through the affiliation of CMQ, Havana, and its complementary short wave station, COCQ, with the National Broadcasting Company, effective immediately, the number of NBC stations is brought to 166. Five of these are foreign stations. The other foreign stations directly affiliated with NBC are CBF, CBM and CFCE, Montreal, and CBL, Toronto.

John H. Mason has been transferred from the WABC Technical Division, where he has served since 1930, to the post of Assistant Program Director in the Production Department of the Columbia Broadcasting System.

Ernest C. Augsten, of Hartford, Conn., has increased his radio repair business 125 per cent in the past few months by moving from a Main Street location to a "hospital" on the city's outskirts, according to a recent Associated Press report. Augsten's ambulance draws up to the homes with two attendants garbed as internes, ready to rush the "patient" to the hospital on a stretcher. He now employs seven "doctors" and "nurses" in his gleaming white establishment compared to the three who worked in his old place, and, he says, new customers are coming in at the rate of 1,000 every thirty days, with business up 125 per cent.

A construction permit was granted this week for a new radio station at Rock Hill, S. C., to be operated by R. W. Spencer on 1500 kc., with 100 watts power, daytime only.

According to the Danish Radio Broadcasting Monopoly, there was in Denmark at the end of September, 1938, 751,744 radio owners. A year previous the figure stood at 673,914, an increase of 72,000 or 10.3 percent. Figuring that Denmark has 3,750,000 inhabitants, there is now one radio receiving set for every five inhabitants.

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Frank R. McNinch, Chairman of the Federal Communications Commission, will be the speaker on a special program over the National Broadcasting Company networks designed for the recognition of Universal Bible Sunday, a nation-wide celebration planned by the American Bible Society. The subject of his address, which will be broadcast on Sunday, December 11, from 3 to 3:30 P.M., EST, over the NBC-Red Network from Washington, D.C., will be "The Organized Attack on Religion". Commissioner McNinch will protest against assaults which have been made on the Protestant, Catholic and Jewish faiths.

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RADIO, TELEPHONE COMPANIES UNDER WAGE-HOUR ACT

The Wage-Hour Administration stated Wednesday that radio stations and telephone companies must abide by the Labor Standards Act as well as banks, insurance companies and newspapers.

Certain firms in such fields had claimed exemption from the minimum wage and maximum hour provisions. They had pointed out that Congress provided exemptions for retail and service establishments doing the bulk of their selling and servicing in intrastate commerce.

In an interpretive bulletin, the General Counsel of the Wage-Hour Administration replied that in his opinion Congress meant by the words "service establishments" only such firms as hotels, restaurants, laundries, garages, barber shops, beauty parlors and funeral homes.

"Service establishments", he said, "are usually local in character and render a service to the ultimate consumer for direct consumption. The service is usually purchased in small quantities for private use rather than for industrial or business use."

The interpretation acknowledged that banks, radio stations, telephone companies, utilities and similar establishments perform a "service".

"It is nevertheless our opinion", he said, "that such enterprises are not, in the ordinary case, sufficiently similar in character to retail establishments to be considered service establishments within the meaning of Section 13 (A)(2)."

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ZENITH PROFITS \$648,382 FOR HALF YEAR

Zenith Radio Corporation reports a consolidated operating profit for the first six months ended October 31, 1938, of its current fiscal year, amounting to \$648,382.94, after depreciation, excise taxes and liberal reserves, but before provision for Federal Income and Excess Profits Taxes or Undistributed Profits Taxes, as per the Company's books, according to Hugh Robertson, Vice-President and Treasurer.

Supplementing its current line of receivers, the Company has just placed on the market a new receiver, incorporating the Zenith Wavemagnet, a recent development in the Company's laboratories. This set requires no batteries, no antenna or ground - it works anywhere. It is only necessary to plug it into any electric light socket, 110 volt AC or DC, and excellent reception is obtained, when other radios refuse to function. In addition to use anywhere in the home where portability may be desired, this new receiver meets a long standing requirement of offices, hotels, hospitals, clubs, schools, colleges, etc. It is expected that sales of this unit will contribute substantially to the Company's volume during the balance of the current fiscal year.

The Company is expanding its operations in the field of manufacturing sets under contract for motor car builders. It is the aim of the management to obtain a sufficient volume of this business to enable it to keep its plants operating continuously throughout the year.

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COLUMNIST COMES TO DEFENSE OF RADIO

A spirited defense of radio was carried in the Chicago Daily News recently in the column of Howard Vincent O'Brien. It follows in full:

"I know at least one person who won't have a radio in his house. Why should he, he asks? Nothing but cheap jazz and patent medicine advertisements. Fare for morons. Tripe.

"Poor fellow, he doesn't know what he's missing. He doesn't realize how rapidly radio is growing up, to what an extent it has become an indispensable medium of communication.

"The milestones of progress fly by fast. The crisis in Europe demonstrated what radio can do in the transmission of news and information. I had hardly recovered from my awe at that when I had a demonstration of what radio can do in the transmission of ideas - 'art', if you care to use an indefinable word.

"This was 'Air Raid', written by Archibald MacLeish and broadcast by Columbia. For power and subtlety this piece could be ranked with the best of drama, opera or symphonic music. It was, in short, art of the first class, showing what radio can do when it is served by a poet of MacLeish's caliber.

"There are those who insist that radio can never rise above the level of its listeners - that level being, it is assumed, a woefully low one. According to these critics, 'art' can have no place on the air because the sweaty masses - the simpletons who send box tops for souvenirs - have no appreciation of 'art'.

"I wonder. I have an idea that Homer smote his bloomin' lyre for the amusement of the masses; and I suspect that more of the masses would have clapped their hands at the surge and thunder of Shakespeare's iambics if more of them could have crowded into the pit of the Globe Theater.

"I think it more than doubtful that appreciation of good writing, good music and good pictures is limited to the 'cultured' few. I would guess that 'Air Raid' was just as moving an emotional experience in the sod house of a Nebraska farmer as it was in the drawing room of a Long Island millionaire.

"My own experience with radio began in France, in 1918, when we were thrilled by our ability to send and receive messages at a distance of 50 yards.

"Lately I have been having a new thrill. Thanks to Comdr. Eugene F. McDonald, Jr., naval officer and radio technician, I have become an addict of the short waves. Last evening I listened to news reports from London, Paris, Berlin, Rome and Guatemala City - all in English, all as clear as any local station.

"Such access to the world requires no elaborate equipment. What it does require is knowledge of when and on what wave lengths these stations are on the air.

"Radio's greatest weakness is the lack of information as to what is on the air. More and more, I think, it will be the function of the newspaper to supply that information.

"There is evidence that newspaper antagonism to the radio, based on a fear that radio was diverting advertising revenue, is dissolving. It is doubtless true that some of the money formerly spent in newspaper advertising now goes into radio, but I think that much of that money will presently flow back. Radio advertisers will discover that newspaper advertising is an indispensable link between program and listener. It is obviously absurd to spend large sums on time and talent when only by accident does the customer learn of their existence.

"The time will soon come, I believe, when radio advertisers will make regular use of newspaper advertising to sell, not so much their products as their radio programs. As that revenue develops, the newspapers will devote more space to radio news.

"The world is black with strife; but man's knowledge grows steadily greater."

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