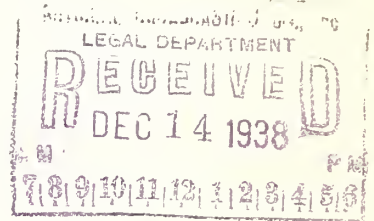


HEINL RADIO BUSINESS LETTER

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No. 1182

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December 13, 1938

WHEELER WARNS RADIO ADS MAY BE LIMITED BY LAW

On the eve of a meeting of the Executive Committee of the National Association of Broadcasters to discuss plans for self-regulation of the broadcasting industry, Senator Wheeler (D.), of Montana, warned the industry that unless it reduces advertising content of programs voluntarily, he will sponsor a bill to have it done by law.

Senator Wheeler, who as Chairman of the Senate Interstate Commerce Committee, has charge of radio legislation in the Senate, spoke at the annual dinner meeting of the Federal Communications Bar Association at the Raleigh Hotel in Washington.

At the same time he assailed Government propaganda programs that are put on the air under the guise of educational programs.

Senator Wheeler took a decided stand against proposed super-power stations, warning that they undoubtedly would result in a monopoly of the air, to be followed by a demand for Government ownership. And, he added, such a step might go further and threaten the democracy of the country, through its control by some future President who might desire to perpetuate himself in office. He told the radio lawyers that there was a question in his mind whether Mussolini, Hitler or Stalin would have been successful in their respective rises to power if they had not had absolute control of the radio.

Senator Wheeler told the lawyers that they should see not only that the Commission functions in a fair and square manner, but that they should see to the regulation of their own radio clients to the end that there would be the least possible regulation by Congress. Unless this is done, he warned there is going to be a demand for Government ownership of the radio, and he added that the American people will rue the day when that time comes. He said that he could not caution the radio industry too much along that particular line.

Senator Wheeler digressed from his prepared address to discuss the part which he said radio would play in the preservation of democracy in this country. He said he didn't believe democracy is a failure here and the way to prove it was to make it work. The way to make it work is to preserve the right for the views of all sides of an issue to be presented over the radio. No radio station, he said, has the right to present only one side of an issue.

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He took a rap at radio commentators who day after day and week after week present what he described as one side of issues. If the people are going to hear the views of one commentator, then there should be commentators to tell the other side, he said, adding that the town hall idea should be enlarged by every station in America.

Senator Wheeler said that he realized that radio stations must have income from advertising, but he added that it was his sincere belief that there is entirely too much radio time consumed by commercial advertising. When, he continued, six or seven minutes of a 15-minute program are devoted to commercial announcements, the effectiveness is greatly reduced, and the program is definitely in bad form. Limited advertising will attract more people to radio programs and there will be more listeners for the advertising, he declared.

"What I chose to call the 'intelligent selfishness' of radio stations", he said, "should dictate a policy of limited advertising with its accompanying increase of listeners. Failure by the industry to rectify this obvious defect in programs inevitably will lead to drastic legislation by the Congress of the United States. And such legislation, I, for one, not only would support but would introduce it, and actively seek its enactment."

Senator Wheeler said that a grave danger, a two-fold threat, "a political and economic monster", seems to be appearing on the broadcasting scene.

He said that 5 per cent of the 700 stations in the country made half the profits in the industry during 1937. It represents, he continued, a trend toward monopoly which is particularly dangerous in broadcasting. He asserted that it was dangerous because it threatens the economic system, but also dangerous because it threatens the social and political system.

While he said that he would not place the responsibility for this discrepancy in the division of profits solely at the door of the operators, or leave it entirely with the licensing authority, it is, nevertheless, a serious problem and should be solved before it becomes more threatening.

"Just as certain as we permit monopoly in radio - or anything which savors of monopoly or monopolistic practices to develop - just so certain are we to have Government ownership and control of radio broadcasting", he asserted. "It is inconceivable to me that the people of the United States will permit a favored and privileged few to control an instrumentality that may mean life or death to democracy. Monopolized radio, public or private, is the means by which dictatorships are created and maintained."

Senator Wheeler was introduced by Duke M. Patrick, retiring President of the Association, who was toastmaster for the dinner. Earlier in the day the Association held its annual meeting at which Frank Roberson, former Assistant General Counsel of the Federal Communications Commission, was elected President. Others elected were Philip J. Hennessey, Jr., First Vice President; Paul M. Segal, Second Vice President; Herbert M. Bingham, Secretary, and John M. Littlepage, Treasurer. Former Representative Swagar Shirley was named to the Executive Committee.

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NO BAN ON DIES, SAYS LENOX LOHR

Lenox R. Lohr, President of the National Broadcasting Company, denied Sunday that any desire to avoid a controversial discussion had figured in the refusal of Stations WJZ and WEAJ to broadcast statements by Representative Martin Dies, of Texas, December 3rd.

Mr. Dies, who is Chairman of the House Committee Investigating Un-American Activities, spoke at a luncheon of the American Defense Society in New York on that date. WJZ and WEAJ were asked to broadcast the proceedings, but were unable to do so because they were already committed to other programs, Mr. Lohr said.

Mr. Dies, who did not ask the company to broadcast his speech, has spoken over the NBC system seven times since last April and was scheduled to speak again from Washington at 8 P.M. Tuesday (today).

"We have no knowledge of Congressman Dies' proposed speech, and he is free to express his views or opinions whether they are controversial or not", he continued. "There is no policy of the NBC preventing discussion of controversial subjects during its sustaining periods. On the contrary, we invite discussion of controversial subjects in which the public may have an interest and furnish our facilities gratis for discussion by responsible persons on both sides of a question."

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WIFE OF RMA PRESIDENT DIES

Mrs. Albert S. Wells, wife of the President of the Radio Manufacturers' Association, died Friday evening, December 9th, following an accident last Wednesday while riding horseback. Private funeral services for relatives and friends were held on Monday, December 12th, at the family residence, 6201 North Kilpatrick Avenue, Chicago, and were followed by services at 2 o'clock at Acacia Park Cemetery Chapel, Irving Park Boulevard.

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ROLE OF RADIO, PRESS, MOVIES CITED BY ACKERMAN

Radio was cited as one of the three modern weapons of mass distribution of words and ideas that must be kept open to the public if liberty is to be maintained in this country, in an address Sunday by Dean Carl W. Ackerman, of the Graduate School of Journalism, Columbia University, at the Washington Cathedral.

"The fate of liberty is not being determined in Washington, or in newspaper offices, or over the radio or in our schools and colleges, or in the pulpit", he said. "Mass opinion, rather than the opinion of intellectual and religious groups, is determining the course of current history.

"Nations fight today with new weapons which destroy morale, hope, faith, confidence, family, racial and spiritual relationships. These weapons may be as destructive of human values and human relationships and of the established institutions of civilization as any military or naval implements. And the massive walls of this Cathedral cannot protect us from attack by these new weapons any more effectively than they could withstand a bombardment, unless we are prepared to defend ourselves with these modern weapons. The modern weapons are words and ideas collected and distributed by the instrumentalities of communication, - the printing press, the radio and the motion picture - to the market places, to the community centers of the nation. These instrumentalities are the agencies of free discussion. They serve as the connecting link between the Bill of Rights and the public usefulness of these rights.

"The task of increasing public faith in liberty depends, I think, upon how the church relates its work to the new market places of the nation created by the radio, the press and the motion picture.

"We cannot isolate a cathedral in the Nation's Capital and expect it to be a National Cathedral. We must recognize that the scientific and the technological developments in the field of communications have enlarged our opportunities and our obligations.

"Even though there may be many practices and policies of the press, the radio and the motion picture industries to which the church should take vigorous exception, all of us should recognize, I think, that during recent years they were important contributing factors in the nationwide revival of public discussion and public interest in liberty. Nevertheless, the significance of this public service does not warrant an indefinite franchise to maintain the status quo. The freedom of the press and of the radio does not belong to the owners of newspapers or radio stations. It belongs also to the church and to the school. It is a public right, in no sense a governmental prerogative or an industrial monopoly.

"The church should focus its new perspective of liberty on the potential services of the press, the radio and the motion picture to religion. This broad field of communications must serve the church and the initiative must come from within the church."

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REALLOCATION DISCUSSED AT BRUSSELS CONFERENCE

The preparation of a draft plan for the redistribution of wavelengths among Europe's broadcasting organizations was among the technical matters that provided the main items on the agenda of a conference of the International Broadcasting Union (U.I.R.) held recently in Brussels under the chairmanship of Monsieur A. Dubois (Holland), the British Broadcasting Corporation reports. About 125 delegates, representing thirty countries, took part.

The preparation of the wave plan - which was initiated at the International Radio Communications Conference at Cairo last Spring - was undertaken by the Union's Technical Commission, which met under the chairmanship of Monsieur R. Brillaud. Three sub-committees were appointed: one to prepare a complete report on the present wavelength situation and on the wishes of the various delegations; one to study the technical bases that could be used for establishing the new plan; and one to give final form to the resolutions. The plan, after submission to the Council of the U.I.R. will be passed to the various European Governments for consideration, and will finally be discussed and adopted at the European Broadcasting Conference to be held in Switzerland early in 1939.

Relays of foreign programs were discussed at an unofficial conference of experts, held under the chairmanship of the President of the U.I.R.'s Program Committee. Fourteen countries, the Secretariat of the League of Nations, and the principal networks of the United States were represented. The conference set up the bases for the exchange of programs and delegates offered their most interesting Winter-season programs for relay. In view of the success of this conference, the delegates agreed that in future two such meetings a year shall be arranged.

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Hearst Radio, Inc., of New York, last week filed its long-delayed application with the Federal Communications Commission for approval of a voluntary transfer of Station WINS to the Metropolitan Broadcasting Corp.

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DR. JOLLIFFE, HEDGES TESTIFY IN MONOPOLY PROBE

Testimony of Dr. C. B. Jolliffe, Chief Engineer of the Radio Corporation of America, and William S. Hedges, Vice-President in Charge of Station Relations, for the National Broadcasting Company, last week-end and the beginning of this week took some of the "monotony" out of the chain-monopoly investigation by the Federal Communications Commission.

Mr. Hedges explained at some length the details of NBC contracts with affiliated stations after Dr. Jolliffe had discussed engineering problems.

Declaring that it is to the economic interest of radio stations to be affiliated with one of the major networks, Mr. Hedges described his own experience in the operation of Station WMAQ, Chicago, before and after it joined the NBC.

"Stations came and went until networks were formed in 1926", he said. "It was not until then that the radio industry found its economic foundation."

Mr. Hedges denied that there have been arbitrary deletions of affiliated stations by the National Broadcasting Company and stated that affiliated stations may cancel a network commercial program if they can convince the network that a local program is more in the public interest. Practically, he said, there have been no disputes of this character between the network and the affiliated stations.

Only 68 percent of what the sponsor pays for a radio program goes to the network and the stations, Mr. Hedges testified, the other 32 percent being absorbed by the advertising agency and preliminary expenses.

The station's share of the 68 percent increases in accordance with the length of the program series. Thus NBC gets the full amount for the first 16 hours. For the next 25 hours the station is paid 20 percent of the gross on the basis of its rates, for the next 25 hours the station gets 30 percent, and for all over 66 hours it is paid 37 percent.

At the conclusion of the testimony of Dr. Jolliffe, a statement by Sir Noel Ashbridge, Chief Engineer of the British Broadcasting Corporation, was ruled out upon a motion made by William J. Dempsey, FCC General Counsel.

Dr. Jolliffe had quoted Sir Noel on the basis of a telegram received from him with regard to an engineering theory on radio coverage.

Earlier the RCA Chief Engineer stated that reception is generally better in England than in the United States due to atmospheric conditions.

He also stated that, contrary to popular belief, all of this country is not adequately served by radio. Some 21,000,000 persons, or 17.4 percent of the population, he said, have to depend upon secondary service of broadcasting stations and that in some rural sections this is very poor.

"It might be possible to rearrange our present stations geographically so that all the radio audience could have primary service", he said, "but under the American system of broadcasting stations must be located generally in centers of population where they are assured of economic support."

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MRS. ROOSEVELT TO PAY TAXES ON RADIO EARNINGS

Mrs. Franklin D. Roosevelt intends to pay income taxes on her future radio earnings, although the Treasury had ruled them tax exempt, it was disclosed this week by friends of hers.

The "purely personal" decision by the President's wife, it was said, was made to avoid any chance of future criticism.

In the past, she has paid income tax on all her earnings except those from radio broadcasts, which were paid direct to a designated charity. Since she received no income for herself, the Treasury ruled in 1934 that such radio earnings were not taxable income.

Mrs. Roosevelt has made no radio broadcasts during the past year, but White House sources said that if she signs any new contracts she will have the money paid directly to her so that it will be taxable.

Mrs. Roosevelt's radio earnings were thrust into the national spotlight in 1937 when Representative Hamilton Fish, Republican, of New York, accused her of using a "loop-hole" to avoid the taxes.

In 1935 Mrs. Roosevelt's radio booking agent was quoted as saying she had made \$119,000 for charity and turned down \$1,000,000 more because suggested programs did not meet her specifications. In 1934 she reported her broadcast receipts were \$36,000, paid directly to the American Friends' Service Committee in Philadelphia.

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::: TRADE NOTES :::
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Col. Robert R. McCormick, publisher of the Chicago Tribune, voiced approval of radio reports of court trials, declaring that "radio will bring the assizes to the countryside", in an address last week before the Chicago Bar Association.

Fulton Lewis, news commentator for the Mutual Broadcasting System, has made application for admission to the Senate Press Gallery on the same terms as newspaper correspondents. A former reporter for Universal Service, Mr. Lewis has indicated he will make a fight if the Committee denies his application.

The Columbia Broadcasting System has announced the affiliation, effective December 15, of a new station, WBRY, New Haven-Waterbury, Conn. Operating with a power of 1,000 watts day and night on 1530 kilocycles, WBRY is the only full-time station located in New Haven County.

The Federal Communications Commission this week granted the application of the Southwestern Bell Telephone Company for authority to acquire and operate all of the interstate toll lines of the United Telephone Company of Kansas.

A bound volume describing the activities of the Columbia Broadcasting System in covering the recent European crisis has just been issued by CBS under the title "Crisis". It is illustrated.

The Crosley Corporation, of Cincinnati, has filed an application with the Federal Communications Commission for a new facsimile station license to use 26,000 kc. with 1 KW power.

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FCC DENIES CROSLEY PLEA FOR INQUIRY CHANGES

The Federal Communications Commission this week denied a petition of the Crosley Corporation requesting the Commission to adopt a different procedure in handling the WLW, Cincinnati, case. Pursuant to the Commission's action, oral argument will take place before the Commission on Thursday, December 15th at 10 A.M. Crosley's petition asked:

- (1) That the Commission grant leave to withdraw request for oral argument upon exceptions to the report of the Committee on super power filed by it on November 21 without prejudice to petitioner's right to renew its request;
- (2) That the Commission instruct the Committee to modify or amend its report to include specific or proper findings of fact upon each of the issues specified in the Notice of Hearing;
- (3) That the Commission adopt the report of the Committee as so amended as its proposed report; and
- (4) That the Commission take such other steps through counsel or otherwise as may be necessary to acquaint petitioner with the position taken or to be taken by the Commission with respect to each question of law presented by the record.

The Crosley application is for extension of Special Experimental Authorization to use 500 kilowatts power.

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SOVIETS PLAN RADIO SERVICE EXPANSION

The People's Commissariat for Communications of the U.S.S.R. has worked out a plan for improving radio service to the population in the current year, according to Pravda, Russian newspaper. A new powerful short-wave broadcasting station built near Moscow is to be put into operation. It will be possible to receive the broadcasts of this station directly in the most remote corners of the U.S.S.R., the paper said.

According to the plan of the Commissariat for Communications, 950,000 new radio outlets are to be established in the U.S.S.R. Of this number 330,000 will be set up in the villages. Moscow will receive an additional 80,000 radio outlets, and Leningrad 70,000. The number of wire transmitting

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radio stations is also to be increased. Seventy-three such stations with a capacity ranging from 10 to 500 watts are to be built.

It has been decided to devote particular attention to the improvement of existing radio installations, the paper stated. This would make it possible to improve the quality of radio broadcasts. First, it is intended to reconstruct 274 wire-transmitting stations and 136 sound-amplifying sub-stations. Until recently, the existing transmitting radio stations were supplied with electric current regularly. This leads not only to long interruptions in broadcasting, but also to complete cessation of transmission by certain stations. To put an end to this situation, the Commissariat for Communications had decided to built 140 powerstations. They will be built where at present there are no local power stations. In addition, 210 power stations which feed current to existing transmitting stations will be reconstructed.

Street loudspeakers are also to be manufactured. In fulfillment of an order placed by the Commissariat for Communications the Moscow Electric Plant named after Kuibyshev will turn out 90,000 dynamic loudspeakers.

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