

HEINL RADIO BUSINESS LETTER

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No. 1184

December 20, 1938

MONOPOLY HEARING RESULTS NIL AT RECESS

If the Federal Communications Commission hopes to avert a Congressional investigation of itself and the radio industry on the basis of its own chain-monopoly inquiry, it is likely to be disappointed in the opinion of informed observers.

With five weeks of the investigation completed and the FCC Committee preparing to take a Christmas recess on Wednesday, it is apparent that no information or testimony not heretofore known to the FCC and available to the public has been produced.

Even Chairman Frank R. McNinch has lost most of his early enthusiasm for the probe and has left the tedious job of presiding at the hearing to Commissioners Eugene O. Sykes and Thad H. Brown. They, too, have found the role tiresome and usually take turns at presiding while the other goes out. Fifteen-minute recesses during the morning and afternoon also are taken to give everybody a rest.

Volumes of exhibits and testimony constitute the only tangible result of the hearing to date although it is likely that the inquiry will drag on through the Winter and into the Spring.

Chairman McNinch's ban on prepared statements, instead of speeding up the investigation, seems to have enabled NBC counsel to drag out the testimony.

A revival of public interest in the inquiry is expected after the holidays, however, when Lenox Lohr, President of the NBC takes the stand and as the Columbia Broadcasting System opens its case.

Once the CBS starts its parade of technical witnesses, though, it is probable that the hearing again will be avoided except by persons whose presence is required by their jobs.

A detailed account of relations between the NBC and its advertisers was given as last week's sessions came to a close. Roy C. Witmer, Vice-President in Charge of Sales, was the witness.

He explained provisions of a typical advertising contract and stated that some contracts are made directly with advertisers and others are negotiated through an agency. Thirteen weeks is the minimum time, except for special event broadcasts,

he said. This time was settled upon as a result of the network's experience with cancellations during the depression.

Before Mr. Witmer took the stand, brief testimony was given by Walter J. Damm, of the Journal Company, Milwaukee, and Alfred H. Morton, NBC Vice-President in Charge of Managed, Operated and Programmed Stations.

Earlier, William S. Hedges, Vice-President in Charge of Station Relations, was cross-examined by FCC General Counsel William J. Dempsey and his aides.

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FRANCE PLANS CHAIN OF TELEVISION STATIONS

A chain of television stations that will cover the whole of France is being projected by the French Minister in Charge of Communications Affairs, according to World-Radio.

The statement is attributed to M. Jules Julien, the Minister, and is said to have been taken from the Paris journal, L'Intransigeant.

The television stations at Lyons and Lillie, which are identical with the Eiffel tower transmitter, will be completed shortly, it was said, after which the chain construction will begin.

Television will be used more and more, the French Minister said, for outdoor transmissions, such as races, sporting events, and ceremonies, and everything possible will be done to popularize it.

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NEW STATION IN UTAH IS RECOMMENDED

Granting of a construction permit to Clifton A. Tolboe, doing business as the Citizens Voice and Air Show, for operation on 1210 kc. with 100-250 watts power, unlimited time, was recommended to the Federal Communications Commission this week by Examiner P. W. Seward.

At the same time he recommended that Stations WJBL, Decatur, Ill., and WBOW Terre Haute, Ind., be permitted to exchange frequencies of 1200 and 1310 kc., respectively.

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TELEVISION PRESENTATION ANNOUNCED, POSTPONED

President Roosevelt and some of his aides in the Administration almost got gifts of television receivers this week, but something went wrong and the sets never crossed the White House corridors.

Following the publication of a press release from the American Television Corporation, of New York City, stating that television receivers had been given to the President and others, a telegram was sent out Monday night to Washington correspondents saying:

"Important you cancel Tuesday White House television release. Event postponed."

While there was no official explanation for the cancellation, it was reported that White House officials had decided not to accept the gifts.

Besides the White House, television sets were to be installed in the homes of Secretary Ickes, Acting Secretary Ebert K. Burlew of the Interior Department, and Marvin H. McIntyre, Secretary to the President.

As correspondents asked the question, "What are they going to receive?", the donor explained in a statement to the press:

"Although Washington is not yet equipped with a public telecasting station, the Capital is looked upon as the most active potential center of picture broadcasting because of its position of influence and effect upon public affairs.

"The set installed at the White House is of the all-electronic type, designed to receive the standard 441-line image and regular radio broadcasts as well as the sound affiliated with picture reception.

The installations were to be made by Samuel M. Saltzman, American Television Executive.

The new sight-and-sound receiver was described as a "videor" model designed to pick up telecasts from studio, theater and concert stage, or from the portable-mobile unit, a truck-borne camera which has been used successfully by broadcasters to televise sports and news events.

The cabinet which houses the cathode ray tube and other video-audio parts of the set was specially designed by Lurelle Guild, industrial engineer.

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EXAMINER RECOMMENDS WFBR SYNCHRONOUS EXPERIMENT

A new experiment in synchronous broadcasting, involving a regional station and the use of a low-powered secondary outlet, was recommended to the Federal Communications Commission this week by Examiner Tyler Berry.

Station WFBR, Baltimore, which is now building a new transmitter to use 5 KW. power daytime and 1 KW at night on 1270 kc., asked authorization to build and operate a synchronous station at Frederick, Maryland, with variable power from 10 to 100 watts. Frederick and Baltimore are about 45 miles apart by air line.

The synchronous station will be located at the Francis Scott Key Hotel, Frederick. The installation of the proposed synchronous station varies in no essential respect from the installation of any broadcasting station except for the addition of the synchronizing equipment which is designed to automatically adjust the frequency of the carrier radiated by the synchronous station to the same frequency as that of the master station, which will be located near Baltimore. A wire line connection from the master station to the synchronous station will be utilized for this purpose. The radiation of the synchronous station will be very much the same as if it were an independent broadcast station.

It is estimated that the construction of the proposed synchronous station at Frederick will cost approximately \$15,525.

Examiner Berry, in his findings of fact said:

"The experiments will embrace consideration of the use of a synchronous station on a regional channel; a determination of radiation efficiency of the synchronous radiator; a measurement of the coverage of the synchronous station; observations on night limitation to the station from co-channel stations and the location and delineation of the zones of interference between the synchronous station and the master station, where various powers are used at the synchronous station.

"The first three of the proposed experimental elements are not primarily of an experimental nature. However, the general experimental plan of the applicant is considered feasible, and if the authorization is granted, it would present an opportunity to make a study as to the actual ratio of the desired to the undesired signal as between the master and synchronous stations, in order to receive signals in the area where there is interference between the two. Information thus obtained would be of general application and would constitute some contribution to the advancement of the radio art. Also, if the experiments proposed prove successful, it will be possible to improve and enlarge the services of existing local and regional stations.

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"In this connection it should be noted that there are no specific rules or regulations adequately governing the operation of synchronous stations, and therefore, what is expected of an experimental synchronous program and the antenna efficiency required, if any, have not been adequately determined.

The proposed experimental operation and experimentation will be under the direct supervision of a qualified engineer, with an adequate staff of engineers competent to carry on the program of research and experimentation.

The interests of Stations WASH, WOOD, WFDX and WOL will not be adversely affected by reason of interference.

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PRINCETON TO STUDY "MARS INVASION"

With a \$3,000 grant from the General Education Board of New York City, Princeton University's radio project is embarking on a study of the effects of the recent Orson Welles broadcast of an "Invasion" from Mars, Dr. Harold W. Dodds, President of the University, announced this week.

The project has been working for more than a year on an analysis of the radio's influence on the lives of its listeners. The School of Public and International Affairs, supported by a \$67,000 grant from the Rockefeller Foundation, has been the sponsor of the work.

"Investigation of the broadcast, which was based on H. G. Wells' book, "The War of the Worlds", will be confined to the educational aspects of the situation, leading to "first, a determination of the general extent and nature of the public reaction of the broadcast; second, the social psychological reasons for this reaction in various types of individuals."

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The Federal Communications Commission this week denied the application of Juan Piza, of San Juan, Puerto Rico, for a permit to construct a new experimental broadcast station for the reasons that the applicant has now shown that either he or his technical staff is qualified to undertake his program of experimentation and for other reasons.

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PERFORMERS' RIGHTS STUDIED BY INTERNATIONAL LABOR

Another step in the battle over performers' rights in their productions on records and in broadcasts is reported by the International Labor Office at Geneva, Switzerland, the National Association of Broadcasters disclosed this week.

A committee representing recordings interests, broadcasters and performers suggested that the International Labor Organization adopt the following principles:

"Without prejudice to the exclusive rights of authors, no record and no broadcast may be made without the consent of the performer. (This provision does not cover recording for the internal technical needs of the broadcasting institution.)

"The performer is entitled to require that his name be indicated on records of his performances and when his performances are broadcast.

"The performer is entitled to claim from his employer a separate remuneration, distinct from the remuneration for the performance itself, if his performance is broadcast (in the case of theatrical performances or concerts given in theatres or public halls), even when his contract contains no provision to that effect.

"Performers should be protected against clandestine recording (that is recording without the performer's knowledge and consent) and against all use of such records.

"The broadcasting organizations are entitled to register artists' performances for broadcasting at a later date without making a payment additional to that stipulated for the direct broadcast. On the other hand, if subsequent use is made of the registration, special remuneration must be given for it.

"Exercise of these rights should be vested in performers or, in the case of group performances, in the persons empowered to this effect.

"The acquisition from an artist of the right to record all his future performances in consideration of a lump sum payment should be prohibited.

"The experts also agreed on including in the proposed regulations provisions concerning the duration of the rights of performers, their transfer to the heirs of the artist, exceptions to be allowed in the application of the rights of performers for concerts in the public interest, and methods of the transmission of all or part of such rights. They also stressed the necessity of providing for arbitration in case of dispute."

If the Organization adopts these principles at a future June meeting and if they are adopted by the United States Senate, they will have the force of Federal law in this country, the NAB explained.

The United States was not represented on the committee that adopted these principles, but is represented at the June conferences.

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RADIO NOTABLES ENJOY GRIDIRON DINNER

No dinner during the entire year brings more celebrities under the same roof than the Gridiron, and this year was no exception to the rule. President Roosevelt, however, broke a precedence of forty years by not speaking at this dinner. There are always two set speeches at the Gridiron - one by the President of the United States, and the other usually by an outstanding citizen of the opposing political party. This year, however, President Roosevelt nominated Postmaster General Farley to speak for him. The other speaker was Thomas E. Dewey, of New York.

Among the radio celebrities present was the newest of them all, Orson Wells of the Mercury Theater, whose amazing broadcast was the subject of a Gridiron skit. Others identified with the industry who attended, were:

Capt. Taylor Branson, leader of the United States Marine Band, who at the old Navy station at Anacostia, put on one of the first musical broadcasts in this country; Gene Buck, President, American Society of Composers; Harry Butcher, Vice-President, Columbia Broadcasting System, Washington; Raymond Clapper, new NBC radio commentator; Martin Codel, Editor, Broadcasting Magazine; Irving Herriott, counsel for the Zenith Radio Corporation; Maj. Lenox Lohr, President, National Broadcasting Company; Commdr. E. F. McDonald, Jr., President, Zenith Radio Corporation; Edgar Morris, Washington representative of Zenith; Kurt G. Sell, German Broadcasting Company; and Gerard Swope, President, General Electric Company.

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"Listeners Digest", a monthly devoted to publishing the best radio broadcasts, in whole or in part, will make its appearance in January. Published by Conde Nast Press, it will sell for 25 cents a copy and will accept no advertising.

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BRITISH BROADCASTING HOUSE TO DOUBLE SIZE

Excavation of the site upon which Broadcasting House, London, will be extended to more than twice its present size has begun, according to the British Broadcasting Corporation.

More than a million cubic yards of earth will be removed, and the depth to which the building will go - fifty-four feet below pavement level - will be lower than the vaults of the Bank of England, BBC stated. Broadcasting House is probably London's deepest building. So large will be the volume of the pit from which the superstructure will ultimately rise that it would have a capacity of nearly ten million gallons of water.

The work of excavation and the erection of retaining walls around the site, which has already been cleared, will be complete by about the middle of 1939. Soon afterwards, work will begin on the construction of the new building, which will be ready for occupation by the end of 1940. The site area at ground-floor level is 20,950 square feet, compared with the 17,390 square feet of the existing building.

The elevation - one of five schemes submitted - has been approved by the Royal Fine Art Commission. The architectural treatment of the extension will continue and amplify that of the existing facade to Portland Place, the two parts of the building forming a complete architectural entity that will be both dignified and in harmony with its surroundings.

Five underground studios will be incorporated in the extension, and in order to eliminate all possible risk of extraneous noise each will be constructed as a separate shell, floated and isolated from the building itself. There will be a General Purposes studio, 80 ft. long, 54 ft. wide, and 30 ft. high; three Dramatic studios; an Effects studio; and a number of rehearsal rooms.

Above ground-floor level the extension is designed as an office building, with rather more accommodation than Broadcasting House has at present. There will be a Control Room suite on the seventh floor but this does not replace the present Control Room.

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TWO STATION TRANSFERS APPROVED BY FCC

The Federal Communications Commission this week approved the license transfers of two stations. One was Station WMBO, Auburn, N.Y., from Roy L. Robertson to the Auburn Publishing Company, which publishes the Citizen-Advertiser, for \$15,000.

The other involved a stock redistribution and a change in the ownership of Station KFDM, Beaumont, Tex., from the Magnolia Petroleum Company to the Sabine Broadcasting Company.

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CBS BUYS COLUMBIA PHONOGRAPH COMPANY

The Columbia Broadcasting System this week purchased the American Record Corporation from Consolidated Film Industries, Inc., it was announced by William S. Paley, President of Columbia. An interesting aspect of the purchase is that the Columbia Phonograph Company, one of the American Record Corporation subsidiaries, some years ago was the owner of the Columbia Broadcasting System. Through the acquisition the Columbia Broadcasting System takes over the manufacture and distribution not only of Columbia phonograph records but also of Brunswick, Vocalian and other well known labels.

"The popularity of home records has grown tremendously during the last few years", Mr. Paley said, "and there is every indication that future increases are assured. Technical advances in radio combinations, phonographs, record playing attachments, and in the discs themselves, have greatly improved the quality of music that records can reproduce in the home. As a result there has been a widespread revival of interest among people of all ages in both classical and popular records."

"Within a few weeks", Mr. Paley said, "we hope to know enough about the details of the new company to issue statements covering general policies and the personnel who will be in charge. Our primary purpose will be to find new patterns for both serious and popular music which will give the greatest enjoyment to the public. We plan to accelerate record sales both by vigorous business management and by innovations in the production and marketing of records. Special interest will be paid to the field of education."

"Broadcasting and records have a great deal in common", Mr. Paley continued. "Both appeal to the ear, rely in general on the same artists, and have a great many similar technical problems. We feel that the Columbia Broadcasting System in entering the record business is broadening the base of its service along natural lines. Intensive consumer studies have disclosed the fact that the use of phonograph records is supplemental to and not a substitute for radio listening. They indicate also that radio broadcasting in itself has widened the market for records. People come to know compositions by hearing them on the air, then buy records so that they can hear the music they are familiar with at the moment they want to hear it."

The American Record Corporation's subsidiaries are Columbia Phonograph Company, Inc., Brunswick Record Corporation, American Record Corporation of California, and Master Records, Inc. A number of inactive subsidiaries are also included. Of the stock acquired by the Columbia Broadcasting System 20 percent will be held by a minority group under an option giving the broadcasting company the right to re-purchase it after a period of years.

The American Record Corporation has pressing plants in Bridgeport, Connecticut, and in Hollywood capable of manufacturing a large share of the entire output of this country. The corporation has several foreign exchange agreements, notably with Columbia Graphophone, Ltd. and Electrical Musical Industries, both in London, by which the outstanding American and European recordings are exchanged.

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COMMENTATOR ADDRESSES OPEN LETTER TO McNINCH

Dorothy Thompson, distinguished newspaper commentator, addressed an open letter to Chairman Frank R. McNinch, of the Federal Communications Commission in her syndicated column Monday regarding the Father Coughlin broadcasts.

Quoting from Chairman McNinch's address to the National Association of Broadcasters at White Sulphur Springs, and from his rebuke of the National Broadcasting Company in the Mae West episode, Miss Thompson asks why the FCC Chairman hasn't had something to say about what she considers a more important "abuse of the air".

"In view of the policy which you so clearly enunciated a month ago, may I ask whether you have been listening to the broadcasts of Father Coughlin?" she wrote. "Have you sent for the records of them? And if you have, do they, in your opinion, contribute to the fomenting of 'racial or religious persecution?' Do you believe that they serve to 'injure any racial, religious or other group?' Whether you feel that they do or do not, you would be rendering a public service, first, to the broadcasting companies, and second, to the American public, by making a ruling on the matter.

"In case they have escaped your attention, may I say that in a somewhat cautious and subtle manner, in a style which is not unfamiliar to me, since I became acquainted with it some years ago when I was living in Germany, Father Coughlin is coupling in his own mind and in the minds of his hearers, Judaism with atheism and with communism.

"It would seem to me, in view of your statement of policy last month, to be fitting that the Federal Communications Commission should analyze these broadcasts, the groups that are supporting them and demanding that they be continued on the air and the effect they are having on American public opinion.

"I am aware that the Federal Communications Commission is constrained, and rightly so, by the Act which created it, from censorship.

"Nevertheless, it issues or withhold its licenses to broadcasting networks on the basis of whether the radio is serving "the public interest, convenience and necessity". And on several occasions it has been led to reprimand broadcasting companies because of the nature of their programs. We all recall the fact that when Mae West went on the air with a rather ribald script called 'The Garden of Eden', the Federal Communications Commission called for records of the program, demanded a hearing, and issued a reprimand to the broadcasting company responsible for the number, and threatened to take it into account in considering the renewal of licenses for all stations that carried it. . . .

"And finally, does the Federal Communications Commission believe that the truth or untruth of a statement of fact transmitted over the radio is a matter affecting 'public interest, convenience and necessity?'

"If it does, then it would seem to me that Father Coughlin's recent broadcasts might be investigated from the viewpoint of whether or not what he has been saying is true, or whether he is disseminating misquotations and misrepresentations."

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An endless chain of pickets composed, police said, of 1,800 persons, marched Sunday around the block in which Station WMCA, New York, is located, according to the Associated Press. Many carried placards demanding the Rev. Charles E. Coughlin's speeches be carried again by the station. WMCA barred the Detroit radio priest on November 27 when he failed to submit an advance copy of his speech. The American Patriots, Inc., sponsored the picketing.

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I. T. & T. INCOME \$6,155,819 FOR NINE MONTHS

Consolidated net income of the International Telephone & Telegraph Company as set forth in a statement to stockholders this week, amounted to \$6,155,819 as compared with \$7,044,070 for the nine months ended September 30, 1937.

Gross earnings including gross profit on sales amounted to \$49,559,953 as compared with \$46,271,243 for the corresponding period in 1937. However, taxes increased by \$1,156,218 and as a result of the further decline in the U. S. dollar value of certain foreign currencies, the income account for the 1938 period includes a net foreign exchange loss, mainly in value of net current assets, of \$1,619,483 as compared with a net exchange profit of \$492,200 for the same period in 1937 as set forth in the notes to the statement of income accounts. Total interest charges of the corporation and subsidiaries increased \$993,960, principally as a result of subsidiary company financing. The interest charges of the corporation will be reduced upon the retirement of the corporation's ten-year 4½% convertible debentures due January 1, 1939.

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