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No. 1187

McNINCH SEES PROGRESS IN PAST FISCAL YEAR

Steering clear of any major legislative recommendations, the Federal Communications Commission on Thursday submitted its Fourth Annual Report to Congress with a letter from Chairman Frank R. McNinch commenting on what he termed "substantial progress" in the administration of the Commission.

He advised Congress, however, that the Commission is under-staffed and that the need for additional personnel accounts for an increase of \$293,175 in the FCC budget, bringing it to \$2,038,175, the largest amount yet recommended for administration of the radio and communications industries.

Hearings on the budget are expected to be held this month by a sub-committee of the House Appropriations Committee already engaged in studying estimates for independent offices and commissions.

At the same time members of the FCC will be questioned closely, it was learned, regarding the recent "purge" and dissension within the Commission. Representative Woodrum (D.), of Virginia, is Chairman of the sub-committee.

Chairman McNinch in his letter that accompanied the FCC annual report promised a final report of the Commission on the American Telephone & Telegraph Company investigation before Congress adjourns. It has been almost a year since he submitted the "proposed report", prepared by Commissioner Paul Walker.

The FCC Chairman also predicted that "much information of value" will come from the chain-monopoly inquiry which was resumed this week and promises to continue well into the Spring.

The Commission is studying methods of organizing all communications facilities, he said, so they may be used promptly and efficiently in any section in event of national emergency, such as national defense, floods, hurricanes, or fires.

Declaring that the year ended on June 30, last, and the succeeding months had been a period of "significant developments" which, together with amendments to the 1934 Communications Act, had increased considerably the scope and importance of the Commission's administrative and regulatory task, Mr. McNinch reported the FCC to be "practically" up to date with its work, but only through a speeding-up process in the last few months and an increasing amount of overtime estimated at more than 2,000 days in the last fiscal year.

"To remedy this situation of understaffing, overload and accumulation, as well as to provide more adequate and effective facilities for regulation", he said, "the Commission has recommended this year a substantial increase in its budget."

"Reforms" already undertaken, including a reorganization of Commission activities, "promise decidedly improved administration of the Communications Act", but these steps alone "cannot be a complete cure" for the Commission's overload of work, according to Mr. McNinch.

Establishment of 47 new stations was authorized in the fiscal year, representing a little more than one-third of the new stations for which applications were filed, and bringing to a total of 747 the number authorized which by December 1, 1938, had increased to 763. Broadcast authorizations applied for numbered nearly 7,000, including applications for emergency, temporary and experimental character.

"Increasing use of radio for police, marine, fire, aviation and other services has swelled the number of professional operators who must be licensed by the Commission, until the total number is rapidly nearly 40,000", Mr. McNinch reported. "The Commission also licenses approximately 50,000 operators of amateur stations.

"The new responsibility placed upon the Commission by the Seventy-fifth Congress to promote safety of life and property through wire and radio communications, has increased greatly the Commission's duties in maintaining radio on vessels, both American and foreign.

"Radio facilities for aviation have been advanced to the point that installations for instrument landing systems are being made at several of the major airports, with the expectation that such systems will be in actual service in the United States within a few months."

In the field of wire communications noteworthy progress has been made, including development of new types of carrier telephone systems "which are expected to affect profoundly the future of telephony", according to Chairman McNinch.

"One new system provides twelve additional carrier channels, so that a single pair of open wires may be used for a total of sixteen telephone channels", he said.

Among the situations studied by the Commission with a view to revised legislation was unlicensed operation of radio equipment by school children, which, the report noted, might be made a misdemeanor, with lesser penalties but more effective enforcement. Under the present law such operation is a felony and "because of the severe penalties, indictments in such cases are approached with reluctance by the Commission, prosecutors and grand juries", the report declared.

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REAPPOINTMENT OF CASE EXPECTED SOON

With prospects for any immediate shake-up in the personnel of the Federal Communications Commission apparently remote for the time, the reappointment of Norman S. Case as a Republican member of the FCC is expected to be submitted to the Senate for confirmation next week.

Commissioner Case was reappointed upon the expiration of his term last Summer, but he must be renamed and confirmed by the Senate in order to continue in office.

President Roosevelt put at rest last week persistent rumors that the resignation of George Henry Payne had been demanded. At a press conference he stated that no immediate reorganization of the Commission is in prospect and that Mr. Payne had called at the White House a fortnight ago only to state that he was ill and would be out of the city for a time.

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COMMITTEE STUDIES JOURNAL TELEVISION REQUEST

An application of the Milwaukee Journal Company to inaugurate an experimental television service to the public, and a proposal for television transmission standards, were referred this week to a committee of three Commissioners for study and recommendation to the Commission. The committee is composed of Commissioners Craven, Brown and Case.

The Journal Company's application is the first application looking to establishment of an experimental program service for reception in the home as distinguished from fundamental research or technical experimentation in the art of developing television apparatus. The Commission has previously issued a number of licenses for technical experimentation only.

The proposed standards for television transmission were recommended to the Commission recently by the Radio Manufacturers' Association. The Commission has taken no action upon the recommendation. Some manufacturers and experimenters have expressed opposition to the promulgation of standards.

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MBS BILLINGS UP 37% FOR DECEMBER

Billings of the Mutual Broadcasting System in December totaled \$337,268.83, as compared with \$245,465 for December, 1937, a gain of 37.4 per cent. For the year the total was \$2,920,323.65, as compared with \$2,239,077.54, a gain of 30.4 per cent.

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LOHR SAYS NBC WILL CURB CHILDREN'S PROGRAMS

More rigid control of children's programs will be exercised by the National Broadcasting Company in the future, Lenox Lohr, President, disclosed Wednesday as the FCC chain-monopoly inquiry resumed after a holiday recess. At the same time he announced that the NBC had decided to discontinue all broadcasting of beer and wine advertising.

Elimination of stories containing excessive gun play and violence, as well as those filled with scenes of horror and torture, is the chief objective of the new regulations, Major Lohr said. He stated, however, that little cause for complaint had been furnished by NBC's broadcasts up to date.

Chairman Frank B. McNinch and Commissioners Thad H. Brown, Paul A. Walker and Eugene O. Sykes sat for the Commission.

Examination of NBC's president followed testimony of Mark Woods, Vice-President and Treasurer, which was devoted to figures for operating expenses and income from 1926 through December 1937. The witness strove to show the narrow margin that existed over the entire period. In only one year, 1926, was there a loss, he said.

Examination of Major Lohr was conducted by Philip J. Hennessey, Jr., NBC counsel in Washington.

Business reasons, as well as an intention of serving the public and broadcasters to the fullest possible extent, were explained by the president as animating his establishment of long-term broadcasting contracts, affiliation of local stations throughout the country with the main originating stations of the network, and the establishment of an Advisory Council, and a department to pass on scripts submitted by broadcasters.

Chairman McNinch subjected Major Lohr to cross-examination, evidently with the purpose of establishing whether the NBC or the advertiser had the greater influence in determining the character of broadcasts. The witness described the entire setup to prove that the final word was and will continue to be spoken by the broadcasting company.

Prefacing his description with the statement that the network had found it physically impossible to allow wide-open opportunities for all religious sects in the country to buy space, Mr. Lohr told of the formation of three main committees, composed of Protestants, Catholics and Jews, which select representatives to broadcast on religious themes, barring all dogmatic and sectarian discussions.

Operation of an Advisory Council composed of qualified representatives of national and international authority, with whom the NBC can discuss and check the correctness of their judgment on matters of public policy, was also described.

Several existing policies of the company are to be discussed with the full Council on January 9, Major Lohr announced. These include the policy on religious broadcasts, on controversial subjects - which now are proscribed, except as they enter a broadcast accidentally or in a secondary capacity, and the question of children's broadcasts. The question of the proportion of a program that may be devoted to commercial "plugs" will also receive consideration from the Council, although the NBC President stated his opinion that no rigid rule should be applied.

The witness submitted a list of these regulations in tentative form. They specified that programs must accord in general tone with law and order, respect for adult authority, good morals, and clean living. Heroes must not be portrayed who are not intelligent and worthy of respect. The principles of fair play must be observed. They must contain no torture or suggestion of horror, and no horror present or impending. They must be free of the supernatural or the superstitious tending to horror, and shall not dwell on kidnaping, vulgarity, or morbid symptoms and superstitions. In dramatic action there must not be an excessive amount of gun-play or violence. There must be no "sound effects" of death or physical torture.

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I.T.T. AFFILIATE GETS COPENHAGEN CONTRACT

Standard Electric Aktieselskab, associated company in Denmark of the International Telephone and Telegraph Corporation, reports that it has received an order from the Danish Authorities to supply the complete studio equipment for the new Broadcasting House to be erected in Copenhagen. This is to be one of the largest radio centers in Europe, and will have several features new to studio equipment and studio arrangement.

The progressive policies of the Danish Broadcasting Authorities have been principally responsible for the fact that Denmark has one of the highest radio receiving set developments outside of the United States with 214 per 1,000 population. Development in the United States, including automobile sets, is approximately 290.

Denmark has three major broadcasting stations, including Kalundborg station which is a 60 KW. installation.

The contract with Standard Electric A/S covers supply of complete speech input and studio equipment for the new Copenhagen building which will house twenty studios and the administrative offices of the broadcasting service. The studios include a concert hall, which will be one of the largest single studios in the world, designed to pick up 100 instrumentalists or a chorus of approximately 110. One of the more interesting new features is a special suite of four studios, for the production of radio plays, all arranged to be visible to and controlled by the producer from one dramatic control desk.

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NEW PROCEDURE IN MOTIONS DOCKET STARTED

The Federal Communications Commission's newly established Motions Docket procedure, set up under the New Rules of Practice and Procedure, which became effective January 1st, was inaugurated on Friday when Commissioner Paul A. Walker heard motions and petitions in nine pending cases. The motions docket will be called at 10 A.M. on Friday of each week.

Under the old rules most of the motions and petitions were handled by a Commissioner without hearing the parties and without specific and uniform provision for the filing of opposition, although opposition was considered when it was offered.

Under the new plan the Commissioner designated to the Motions Docket will study the motions and petitions and will also hear the parties at an open hearing. Full provision has been made for notice and opposition both through the filing of counter-motions and counter-petitions and through argument. A member of the Law Department will be present at hearings.

The Commissioner presiding will pass upon all motions, petitions, or matters in cases designated for formal hearing, excepting motions and petitions requesting final disposition of a case on its merits, those having the nature of an appeal to the Commission, and those requesting change or modification of a final order made by the Commission.

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REGIONAL RADIO PACT ANNOUNCED BY U. S.

The State Department last week announced the result of the Regional Radio Conference recently held at Guatemala City.

The Conference, which was called by the Government of Guatemala, was designed to effect an allocation of broadcasting frequencies for the countries of Central America, Panama, and the Canal Zone within the frequency band of 2300 to 2400 kilocycles. Broadcasting frequencies for this region in the band indicated were desired because of static due to climatic conditions which affected broadcasts in the standard broadcasting band of 550 to 1600 kilocycles.

It was the desire of all participating States that there be accorded to each, including the Canal Zone, one primary frequency which might be used by each with sufficient power to reach all of Central America and Panama. It was also desired that there be accorded each participating State one secondary channel for use on a purely local basis. The allocation of these frequencies involved consideration of the needs of the military radio facilities related to the defense of the Panama Canal.

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With the cooperation of all participating delegations, the delegation from the United States representing the Canal Zone was able to effect an agreement with respect to a plan of allocation which meets the requirements of all the countries represented while at the same time procuring the insertion in the Convention of clauses designed adequately to protect the radio facilities in the Canal Zone.

The delegates were Fay Allen Des Portes, American Minister to Guatemala, Chairman; Harvey B. Otterman, Division of International Communications, Department of State, Vice Chairman; Lieut. Col. David M. Crawford, United States Army; Lieut. Commdr. Mervin Arps, United States Navy; Gerald C. Gross, Chief of the International Division, Federal Communications Commission.

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FCC SETS LA GUARDIA PLEA FOR HEARING

The Federal Communications Commission this week set for hearing a petition of Mayor Fiorello H. LaGuardia, of New York City, in the matter of Station WNYC, municipally owned broadcast station of that city.

The Mayor petitioned the Commission to amend certain of its rules in order to permit the rebroadcasting of programs of high frequency and international broadcast stations, by regular broadcast stations whose licensees are universities, other educational institutions, municipalities, other government agencies, or other non-commercial non-profit-making organizations.

As now written the rules of the Commission do not prohibit the rebroadcasting of programs of high frequency broadcast stations but merely require the authority of the Commission for the rebroadcast. However, the rules do not permit regular broadcast stations to rebroadcast the programs of international broadcast stations located within the United States except where wire lines are not available to transmit the programs to regular broadcast stations.

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CBS DECEMBER SALES UP; YEAR DOWN

Gross billings for the year 1938 on the Columbia Network totaled \$27,345,397. December, 1938, grossed \$2,529,060, rising 3.1% over November. Totals for the 12 months of 1937, and for December a year ago, respectively, were \$28,722,118 and \$2,786,618. These data, in tabular form, are as follows:

	<u>1938</u>	<u>1937</u>
December	\$2,529,060	\$2,786,618
Full Year	\$27,345,397	\$28,722,118

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RCA DIRECTORS NAMED IN STOCKHOLDERS SUITS

Three stockholders' suits have been instituted in the New York Supreme Court against present and former officials and Directors of the Radio Corporation of America charging that they negligently and fraudulently permitted the dissipation and waste of corporate assets, according to the New York Times. In one action the loss to the corporation is estimated at about \$500,000,000. In the other two no estimates are made.

Existence of the suits was disclosed this week when the defendants moved before Justice Aaron J. Levy to consolidate the three so that they could be disposed of at a single trial. Justice Levy reserved decision on the motion.

The plaintiffs in all three suits have minor holdings of Radio Corporation stock. They are suing on behalf of themselves and all other stockholders and ask that the defendants be required to repay the corporation any amounts found to have been taken from its treasury improperly.

Besides present and former officials, defendants in the actions include the General Electric Company, Westinghouse Electric and Manufacturing Company and the American Telephone and Telegraph Company. The corporate defendants are alleged to have received improper payments from Radio Corporation.

In an action brought by Rose Druckerman, owner of twenty-five shares of Radio common, forty individual defendants are named.

The other actions were brought by George Saievetz and by Leo J. Coslow and Jacob Fox. They list fewer individual defendants, virtually all of whom are included in the Druckerman list.

In all three complaints an attack is made on Radio directors for their alleged failure to regain 2,000,000 shares of Radio common given to General Electric and Westinghouse in 1932 allegedly in return for certain patent and other rights said to have been terminated by a consent decree in an anti-trust suit. The Druckerman complaint said that this failure caused an \$80,000,000 loss to RCA.

The Druckerman complaint also alleged that RCA lost \$250,000,000 as the result of a deal with General Electric and Westinghouse which originated in 1929. In this transaction, it is charged, 6,580,375 shares of Radio common, allegedly worth \$290,000,000, were given the two corporations for assets said to be worth not more than \$39,300,000.

In formal answers the individual and corporate defendants denied any wrong-doing. The present and former officials assert that they acted at all times in the best interests of RCA. They also assert that their acts were approved and ratified by the stockholders of the corporation and, in the case of the 1932 consent decree, by the Federal courts.

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TWO NETWORKS DROP PRESS-RADIO NEWS

The Columbia Broadcasting System and the National Broadcasting Company have discontinued broadcasting news sent to them by the Press-Radio Bureau. The networks broadcast news summaries at their usual periods but attributed the news to the "existing press services", which meant a United Press service for NBC and CBS and International News Service for NBC. WOR, home station for the Mutual Broadcasting System, continued to use Press-Radio as a "supplemental service" giving credit to it on the air, it was reported. MBS also uses Trans-Radio Press news.

No statement has been made by the networks, or by the ANPA committee or Press-Radio officials.

The Press-Radio Bureau has been in operation in its New York office since March 1, 1934. It was organized under the sponsorship of the American Newspaper Publishers' Association through an agreement between the broadcasting companies, the press associations and the publishers' organization to operate without profit and without commercial sponsorship. The Bureau has been supported by regular contributions from the broadcasting companies.

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GEN. J. G. HARBORD WEDS VIRGINIAN

Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America and Chief of Staff to General Pershing in the World War, was married December 31st to Mrs. Anne Lee Brown, of Virginia. General Harbord's bride is the widow of Col. Lewis Brown, a well-known officer of the Cavalry who served for a number of years in the same regiment with General Harbord.

The marriage of Mrs. Brown and the noted Army officer took place at the home of Mrs. Egbert Leigh at Rapidan, Va. Col. Fitzhugh Lee gave his sister in marriage and the bride's two sisters, Mrs. James C. Rhea and Mrs. John C. Montgomery were her attendants. Capt. Fielding S. Robinson, wartime aide of General Harbord, was the best man.

Mrs. Harbord comes from a long line of distinguished ancestry. She is the daughter of the late Governor of Virginia, Maj. Gen. Fitzhugh Lee, who was one of the great Cavalry leaders of the Southern Confederacy. The former Mrs. Brown is the great-niece of Gen. Robert E. Lee and the great-granddaughter of Light Horse Harry Lee.

General Harbord, who was born at Bloomington, Illinois, in 1866 enlisted in the Army as a private after graduating from the Kansas State Agricultural College. He commanded the Marine Brigade, at Chateau Thierry and the Second Division in the Soissons offensive.

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CENSUS BUREAU ANALYZES RADIO INDUSTRY

Manufacturers of radios, radio tubes, and phonographs in the United States reported a slight increase in employment, a moderate increase in wages, and a considerable increase in value of products for 1937 as compared with 1935, according to preliminary figures compiled from returns of the recent Biennial Census of Manufactures, released by Director William L. Austin, Bureau of the Census, Department of Commerce.

These manufacturers employed 48,343 wage earners in 1937, an increase of 7.9 percent over 44,796, the number reported for 1935 and wages paid, \$52,001,898, showed a gain over the 1935 figure, \$42,906,018, of 21.2 percent. The value of products of the industry for 1937, \$277,807,140, exceeded the value reported for 1935, \$200,972,523, by 38.2 percent.

This industry, as constituted for Census purposes, embraces establishments primarily engaged in manufacturing or in assembling, from purchased parts, radios, radio tubes, and phonographs. It does not cover the manufacture of radio-apparatus parts such as transformers, batteries, coils, condensers, etc., which are made by establishments classified in the Electrical Machinery, Apparatus, and Supplies industry and are sold to manufacturers of radios.

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NBC 1939 BILLINGS TOP \$41,000,000

Gross client expenditures on NBC in one year passed the \$40,000,000 mark for the first time in the history of broadcast advertising with a total of \$41,462,679 for 1938, a rise of 7.3 percent over 1937. Showing an increase for the thirteenth successive month, the December, 1938, billings totaled \$3,887,072, a rise of 6.8 percent over December, 1937.

The tabulation follows:

RED	-	December, 1938	November, 1938
		\$2,928,181	\$2,948,854
BLUE	-	\$ 958,891	950,065

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U.S. NEWS MEN MEET NBC EUROPEAN REPRESENTATIVE

An opportunity to meet Max Jordon, European representative of the National Broadcasting Company, and to obtain first-hand information with regard to the situation abroad was afforded Washington correspondents at a party given by Frank M. Russell, Vice-President of the NBC in the Capital last Tuesday. In addition to the American newspaper men, several foreign correspondents stationed in Washington attended, among them Sir Willmott Lewis, of the London Times, and Kurt G. Sell, of the German News Bureau, Berlin.

Out of two guests included Lenox R. Lohr, President of the National Broadcasting Company, and John Royal, Vice-President of the NBC in Charge of Programs, who has just returned from the International Conference at Lima. Assisting Mr. Russell at the party was Kenneth Berkeley, General Manager of NBC in Washington.

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 ::: TRADE NOTES :::
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David Sarnoff, President of the Radio Corporation of America, spoke on "Science and Freedom" before the American Association for the Advancement of Science at Richmond, Va. on December 28.

 A construction permit for Orville W. Lyerla, Herrin, Ill., to operate a station on 1310 kc. with 100-250 watts power, unlimited time, was recommended to the Federal Communications Commission this week by Examiner P. W. Seward.

 The Southern California Edison Company, Ltd., of Los Angeles, was granted two construction permits this week to establish new special emergency radio stations.

 Newbold Morris, President of the New York City Council, suggested this week that proceedings of the Legislature and of Congress, as well as of the City Council, be broadcast so that the people may know the behavior of their representatives, as demonstrated during the recent all-night session at City Hall.

 Arthur J. Kemp has been promoted by the Columbia Broadcasting System to the post of Sales Manager of the Pacific Coast Network. His headquarters will be in San Francisco. Mr. Kemp joined CBS in July, 1936, serving KNX, Los Angeles, at that time. Later that year he was brought to the New York office, where he became a member of the Radio Sales staff. He returned to the Coast in September, 1938, to assist in the coordination of sales activity for the Pacific Network.

 WHBF, covering the tri-cities of Davenport, Iowa, Moline and Rock Island, Illinois, and located in the latter city, becomes an affiliate of the Mutual Broadcasting System officially on January 14. Simultaneously the station announces an increase of power to 1,000 watts. Owned and operated by the Rock Island Broadcasting Co., an affiliate of the Rock Island Argus, WHBF operates on 1,240 kilocycles.

 Miss Dorothy Aylesworth and Robert Gibson Knott were married last Wednesday afternoon in St. Bartholomew's Church, New York. The bride is a daughter of Merlin Hall Aylesworth, publisher of The New York World-Telegram and former President of the National Broadcasting Company, and Mrs. Aylesworth of 812 Park Avenue.

 An authoritative text on the business of writing for radio was published this week by Max Wylie, Director of Script and Continuity for the Columbia Broadcasting System. In 550 pages, with appendix and numerous illustrations, Mr. Wylie sets forth the principles he has developed in the active production of over 1200 broadcasts during his four years with Columbia.

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