

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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No. 1188

January 10, 1939

## FCC PROBE TO BE DEMANDED IN HOUSE AGAIN

A renewed effort to persuade the House of Representatives to authorize a sweeping investigation of the Federal Communications Commission and the broadcasting industry was promised last week-end by two members who were most insistent in a demand for a probe last year.

Representatives Connery (D.), and Wigglesworth (R.), both of Massachusetts, announced jointly that they will introduce a measure within a few days.

The present chain-monopoly inquiry now being conducted by an FCC Committee, they said, "has proved nothing". They reiterated charges that the radio industry is rampant with monopolistic practices.

Senator White (R.), of Maine, meanwhile, indicated he will reintroduce his resolution calling for a radio inquiry in the near future.

Legislation introduced during the first week of the 76th Congress was of a minor nature.

Representative Maloney (D.), of Louisiana, offered a bill which would require personal endorsements of products advertised by radio to be accompanied by statements that the endorsements were paid for.

Two bills sponsored by Representative Culkin (R.), of New York, seeking to prohibit the advertising of alcoholic beverages on the air, were reintroduced.

An indication that another fight will be made for the authorization of government-operated short-wave radio stations was given by Representative Celler (D.), of New York. Congressman Celler, who sponsored a bill last year for the establishment of a Pan American short-wave station in Washington, apparently has changed his plan somewhat, however. In an extension of remarks in the Congressional Record he disclosed that the State Department was urging him to reintroduce his measure but with the location of the station to be the Panama Canal Zone.

Outlining eleven measures for combatting Nazi and Fascist propaganda in the Latin Americas, Representative Celler proposed:

"The Government shall set up at the Panama Canal Zone a huge radio station in pursuance of my bill, to counteract and checkmate the vicious and ruthless German propaganda by radio and

short wave pouring into all South American countries. It is as ceaseless as it is villanous. The United States, our President and other high governmental officials are especial targets of attack. Americans are portrayed as naught but cut-throats, bandits, racketeers, cheats, and scoundrels in their business dealings. These insults spill over the airways from Germany 24 hours a day, 365 days a year. As yet we have done nothing to meet this evil. But it is an evil that must be met and met soon - otherwise the wrong done will be irreparable. Nazi proselyting while damning us will have gone too far. I am encouraged by the State Department to reintroduce the measure. Frankly, I am tempted to ask the question: Don't you think we need such a station? If you agree, write me, write the Federal Communications Commission and write your own Senator and Congressman."

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### NBC THROUGH, CBS TAKES STAND IN MONOPOLY INQUIRY

The Federal Communications Commission's chain-monopoly inquiry entered its second stage this week as the Columbia Broadcasting System opened its case following the conclusion last week of the testimony of the National Broadcasting Company. CBS is expected to be on the stand for the next several weeks.

Lenox R. Lohr, President of NBC, brought the network's case fo an end following a cross-examination by members of the FCC Committee and William J. Dempsey, Commission Counsel.

At the conclusion, Mr. Dempsey praised the network and its counsel, Philip J. Hennessey, for the manner in which it had responded to the Commission's request for information and for other cooperative efforts.

Before leaving the stand Major Lohr predicted that it will be several more years before television may be transmitted on a chain or network basis as radio. He also told Chairman Frank R. McNinch that NBC uses stern measures to prevent radio entertainers from "ad libbing" in "naughty fashion".

Television is temporarily stopped from chain broadcasting, Mr. Lohr said, because of the lack of necessary wire equipment. He estimated it would take \$100,000,000 at present rates to build a line across the country which would carry all the frequencies necessary for television broadcasting.

There are tremendous cost problems facing the broadcast companies in solving television entertainment, he said. He added that when the National Broadcasting Co. goes on the air in the Spring with television in the New York area, it will have a program of from two to three hours a week, and this will require the full time service of 40 persons. To put on one hour a day of television, he added, would cost \$1,000,000 a year.



Television programs will change the whole technique of broadcasting, he predicted, because no longer will the principals be able to read script, and this will necessitate weeks of rehearsal.

While he said there will be improvements in television as it has been developed to date, it is definitely good enough now to go to the public and is comparable with the home movie.

Stern measures are used by the National Broadcasting Co. against those who ad lib in questionable manner on the air, even to the point of threatening to bar them from the air in the future, the NBC President told the Commission later in his cross-examination.

During cross-examination, Mr. Lohr testified that there was no such thing as freedom of speech over the air. He said free speech had no meaning in radio, as it was a physical impossibility to give every one who desired it a place on the air, and broadcasters had to determine who should be given the right to speak. Mr. Lohr said that persons who do go on the air have no rights, as the rights are in the listeners alone.

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#### NEW STATION, TRANSFER AMONG FCC DECISIONS

Authority to construct a new broadcasting station and to transfer control of an existing station were among decisions reached this week by the Federal Communications Commission.

The Commission granted the application of S. B. Quigley, Mobile, Alabama, for a construction permit, for a new station to operate on 1200 kilocycles with power of 100 watts, daytime only.

The applications of Associated Broadcasters, Inc. (WEST), Easton, Pa., and Keystone Broadcasting Corp. (WKBO), Harrisburg, Pa. for modification of licenses to operate simultaneously at night or unlimited hours, were also granted. These stations now operate each with power of 250 watts during daytime and 100 watts at night on the frequency of 1200 kc., simultaneous operation during day and sharing time at night.

Peter Goelet, owner of WGNV, Newburg, N. Y., was given a construction permit to operate his station on 1220 kc., with power of 250 watts, daytime. Station WGNV now operates on 1210 kc., with power of 100 watts, sharing time with Stations WBRB, WFAS and WGBB.

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## FCC ASKS DATA ON STATION OWNERSHIP

In assembling evidence for its investigation of chain and network broadcasting and monopoly, the Federal Communications Commission is making a searching inquiry into the ultimate ownership and control of radio broadcast stations, including the control or other interest in such stations held by holding companies, it was disclosed this week.

Four questionnaires have been sent to a total of approximately 2,300 broadcast licensees, holding companies and other corporations holding direct and indirect stock interests in the licensee corporations, and stockholders and officers of the holding companies, the Commission announced yesterday (Monday).

The questionnaires call for answers under oath to numerous questions bearing upon relations between direct and indirect owners of any two or more broadcast stations, and the relations of owners of all stations and their officers, to other interests such as communications companies, newspapers, and amusement enterprises.

Replies to the questionnaires will also throw light upon the extent and character of absentee ownership, and the use of voting proxies in effecting or maintaining the direct or indirect control of licensees. Present indications are that in certain instances, where first and second tier holding companies have acquired interests in broadcast stations, the "top" holding companies make extensive use of such proxies, obtained from the other shareholders, to maintain their control of the corporations and the management.

Chairman Frank R. McNinch made it plain that the Commission has taken no position with respect to the propriety of any of the practices under investigation. All present effort, he said, is aimed at obtaining full information about the conditions and practices existing.

Collation and analysis of replies received to the series of questionnaires is under way. Replies to the latest of the questionnaires are expected soon, and in the next five or six weeks it is anticipated that evidence of this character will be ready for presentation. It is expected to become then the basis for testimony by Commission witnesses, reflecting the conditions found to exist.

Heretofore information about ownership and control of stations, beyond the immediate owners of stock in the licensee enterprise, has not been available uniformly and fully. In seeking more complete information, for its investigation and for the purposes of future regulation, the Commission first sent a questionnaire to each of more than 400 corporations which hold stock in the licensees.

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In many instances it appeared that stock in certain of these 400 corporations was held in turn by other corporations. Accordingly, as its second step, the Commission sent questionnaires to 169 corporations appearing to have stock holdings of this "second tier" character.

To reach beyond this "second tier" approximately 1,000 questionnaires were sent to the stockholders, officers and proxy holders of the "second tier" corporations.

A fourth questionnaire which has just been distributed went to the more than 700 licensees of standard broadcast stations. This seeks from the licensees information similar to that which is being gathered from the persons and corporations whose relationship to broadcasting is more remote. The questionnaire calls for information bearing upon the direct relations between stations, and between any station or group of stations and other interests. It seeks to elicit full information about management control, and about transfers of management control which may have occurred, not merely where the change has been avowed or directly sought, but where it may have come about as a result of the practices that have obtained in voting the stock and operating the station.

Definition of the authority of different members of the executive personnel of each station also is sought, and with this an account of the technical and other qualifications of the operating personnel.

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#### G. E. GETS PERMITS FOR FOUR VISUAL STATIONS

The Federal Communications Commission this week granted the applications of General Electric Company for experimental broadcast and television stations at Albany, N.Y., Bridgeport, Conn., and Schenectady, N. Y.

Construction permits were allowed to establish four television broadcast stations, two for Schenectady, and one each in the cities of Albany, N.Y., and Bridgeport, Conn. The frequency band for the Albany and Bridgeport stations will be 60,000 to 86,000 kilocycles, and the Schenectady stations' frequency band shall be 42,000 to 56,000 kilocycles, with 40 watts power.

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## ADVISORY COUNCIL APPROVES NBC PROGRAM POLICIES

Approval of the program policies of the National Broadcasting Company was voted unanimously Monday by the NBC Advisory Council at a meeting in New York City. Present at the meeting, among others, was former Governor Alfred E. Smith, recently named to the Council to fill a vacancy.

Lenox R. Lohr, President of the NBC, in outlining the network's program policies, said:

"These policies have been previously discussed by the Advisory Council, and the management believes that their recommendations, which have been followed in practice, for as long as eleven years, are still sound and applicable. But this is a world of rapidly changing philosophies, and radio is a developing art, so it is believed that these policies should be again scrutinized in the light of present-day conditions and either re-affirmed or amended."

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## TELEVISION NOT READY FOR COMMERCIALIZATION

Information available indicates that the technical phases of the television art are progressing in a satisfactory manner, the Federal Communications Commission stated in its annual report to Congress last week.

"However, it is generally agreed that television is not ready for standardization or commercial use by the general public", the report added. "No applications for commercial authorizations were filed with the Commission during the fiscal year. Formal hearings were conducted on six applications for new experimental television stations.

"Television has developed to the state where complete transmitting equipment is available on the market, but such equipment is costly and, because of the experimental status of the art, may become obsolete at any time due to new developments. A few of the existing licensees are attempting scheduled program transmissions as part of their research and development work."

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A radio gun, a new type of atom smasher, the first 1939 scientific achievement to come from college laboratories, was announced Sunday by Cornell University. The gun is a glass tube, 8 feet long, 6 inches in diameter, its interior a vacuum in which short-wave radio power drives light or heavy atoms so they attain speeds of thousands of miles a second.

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## ADMIRAL CROSLLEY DIES

Rear Admiral Walter S. Crosley, U.S.N., retired, age 67, cousin of Powel Crosley, Jr., died Saturday in Baltimore. Admiral Crosley had a very distinguished career and served as hydrographer of the Navy from 1925 to 1927. Early in his career he was commended for "eminent and conspicuous conduct" in an engagement in the Spanish-American War in which a gunboat was destroyed.

Admiral Crosley was Resident Director of the International Hydrographic Bureau at Monaco from April, 1937, to June, 1938. During the World War he received the Navy Cross. He also was decorated with the Sampson Medal, the Spanish Campaign Medal, the Philippine Medal, the Dominican Medal and the Victory Medal with star. He was the recipient of the Chinese Order of Wen Hu and the Haitian Medal of Honor.

Admiral Crosley was buried in Arlington last Monday. Honorary pall-bearers included Powel Crosley, Lewis Crosley, Admiral W. D. Leahy, Rear Admiral Frank Clark and David Sellers, Gen. Frank Parker, and Edward F. Ball of Muncie.

Admiral Crosley was survived by his widow and two sons, Lieut. F. S. Crosley, U.S.N., retired, and Lieut. Paul C. Crowley, attached to the U.S.S. CLAXTON.

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## TELEVISION GRANTS IN PATENT LIST FOR 1938

Numerous patents in the television field were included in the list of 38,076 patents granted last year by the United States Patent Office, it was disclosed this week with the filing of the annual report.

Patents granted in 1938 included the basic patent on electronic television. Invention in television was particularly active with patents for improved screens yielding brighter and larger images, for three-dimensional, color and composite television being granted.

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Supporters of the Rev. Charles E. Coughlin, staging their fourth consecutive Sunday afternoon demonstration in New York in protest against curtailment of his broadcasts, extended their picketing for the first time this week to the Columbia Broadcasting System headquarters, 485 Madison Ave. Demonstration leaders said the protest was staged because the chain had "refused" to give Father Coughlin time on the air. Columbia officials declined to comment.

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 ::: TRADE NOTES :::  
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Sale of radio Station WHAT, located in the Evening Public Ledger building, to the Bonwit Teller store was announced last week. The station is operated by the Independence Broadcasting Co., which is owned and controlled by the Public Ledger, Inc. The sale agreement filed with the application was between John C. Martin, President of the Public Ledger, Inc., and F. Raymond Johnson, President of Bonwit Teller. The sale must be finally approved by the Federal Communications Commission.

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Mutual Broadcasting System's advertisements - "Eyes That Do Not See", "Who Said Radio Is Expensive", and "Whales for Sale" - have been selected for copy excellence, outstanding design and layout, and skill in handling problems by the American Institute of Graphic Arts. This makes the third straight award for the Mutual Sales Promotion Department in the past six months.

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The appointment of C. L. Menser as Program Manager of the NBC Central Division, effective immediately, has been announced by Sidney N. Strotz, Acting Manager of the Central Division of the National Broadcasting Company. Mr. Menser succeeds Mr. Strotz in the post of Program Manager. Jules Herbuveaux, formerly Assistant Production Manager, succeeds Mr. Menser as Production Manager, and Wynn Wright, formerly a member of the production staff, becomes Assistant Production Manager.

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Miss Angela Frances McCosker, daughter of Mr. Alfred J. McCosker, President of WOR, and Mrs. McCosker, will be married on January 26th to Sheldon Van Dolen, son of Mr. and Mrs. Lawrence M. Van Dolen of South Orange, N. J. The ceremony will be performed by the Rev. Joseph P. Connor of West Orange in the Roman Catholic Church of St. Ignatius Loyola.

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Too much time is given to advertising on radio programs, according to 60 percent of women queried in a national survey on "What the Women of America Think About Entertainment", published in The Ladies' Home Journal for February. The survey is one of a series the magazine has been conducting to discover the opinions of the country's 37,000,000 women on various matters. Answering another question, 52 percent declared that radio advertising annoyed and irritated them, but 67 percent would not prefer radio programs with no advertising at all. Some 57 percent said they would not object to advertising on the screen.

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## KAROL TREASURER STATISTICAL ASSOCIATION

John Karol, research and marketing expert of the Columbia Broadcasting System, New York, was elected Treasurer of the American Marketing Association and the American Statistical Association at Detroit last week.

Nathaniel H. Engel of the United States Bureau of Foreign and Domestic Commerce was named President of the Marketing Association. Theodore N. Beckman, Ohio University, and D. R. G. Cowan, Chicago, were chosen Vice President, and Albert Haring, Lehigh University, Secretary.

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## ZENITH INTRODUCES THE "WAVEMAGNET"

Something said to be really new in radio is the "Wavemagnet" introduced by Zenith during the holidays. It is a small compact bakelite model with a handle on it, 6 tubes, using no antenna, no ground, no batteries, for \$19.95 AC-DC.

A talking point of the "Wavemagnet" is that it affords great protection against noise and "man-made static". In a try-out at the Waldorf-Astoria in New York, Zenith reports that in spite of elevators and other machinery the set brought in with excellent quality 28 stations in the daytime and 48 stations at night.

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## COURT RESERVES DECISION IN RCA SUIT

Supreme Court Justice Aaron Levy reserved decision last week on the request of attorneys for the Radio Corporation of America to consolidate three stockholders' suits charging present and former officials and directors of the corporation with negligently and fraudulently permitting the waste of corporate assets.

All three complaints, which became public last week, criticize the directors for alleged failure to regain 2,000,000 shares of radio common stock given to General Electric Co. 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 defendants denied the charges.

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## McCOSKER SEES 1939 AS BUSY RADIO YEAR

Alfred J. McCosker, President of Station WOR, in a statement last week declared that he looked forward to equally outstanding achievements during 1939.

"It is difficult to prophesy where the impetus of modern radio will take us during the year 1939", he said. "It seems inevitable the next twelve months will be prolific of broadcasting accomplishment and an increasing influence on the daily life of the people.

"The increased tempo of world news and events during 1938, for example, has provided opportunity for radio's special feature crews who have acquitted themselves creditably in keeping pace with the pulse of international events. With the foreign nations in a state of unrest, the year ahead promises even busier days for this phase of broadcasting and WOR will continue to fill the public demand for speedier, fuller coverage of all news.

"Technical developments have been advancing rapidly. WOR is proud to be a pioneer in the new and promising field of facsimile - art of transmitting pictures and reading matter over the air into the listener's home. During the coming year, among other plans, WOR will operate its regular nightly facsimile broadcast to attain further experience in facsimile transmission."

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## WALLERSTEIN HEADS NEW CBS RECORDING SUBSIDIARY

Edward Wallerstein, formerly Sales Manager of RCA Victor, has been appointed by the Columbia Broadcasting System as President of its newest subsidiary, American Record Corporation. Mr. Wallerstein, who has been with RCA Victor since 1933, began his career in the field of home recording in 1920.

The acquisition of American Record Corporation by CBS marked a reversal of history, in that Columbia Phonograph, a member of American Record, held controlling interest in the Columbia Broadcasting System during its early days. A similar coincidence is noted in the fact that Mr. Wallerstein's first work in the recording industry was with Brunswick-Balke-Collender, then makers of Brunswick Records, which are now produced by American Record Corporation.

Other officers, as previously announced, have been named by CBS on a temporary basis. They are: Frank K. White, Treasurer; C. C. Boydston, Assistant Treasurer; Ralph F. Colin, Secretary.

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## INCREASE IN AFFILIATES HIGH SPOT OF NBC YEAR

The National Broadcasting Company entered 1939 better prepared to serve the vast listening audience, its affiliated stations, and all who use its facilities than at any time in its twelve years of existence, according to Lenox Lohr, President.

"One of the most significant developments during the twelve months' period just ended has been the increase in the number of affiliated network stations", he stated. "Twenty-five stations, with a potential circulation of 1,447,848 radio families have become affiliated with NBC during the year, bringing the total number of stations served by the Red and Blue Networks to 166. The real significance of this lies not in the mere fact that the number of affiliates has increased but in the wider public service that such affiliations have made possible.

"The record spoke very clearly for itself in 1938. The coverage of the European war crisis, without bias or editorial opinion; the fine Music Appreciation Hour; the broadcasts of the NBC Symphony Orchestra under the baton of Toscanini and other internationally known conductors; the Pulitzer Prize Plays series; the broadcasting fairly and impartially of all sides of public issues - have set new standards in radio.

"Realizing that they shared the public responsibility of radio, advertising agencies and clients alike have cooperated to present a uniformly high standard in programs of entertainment and education. That they have had a high degree of public acceptance is evidenced by the fact that bookings for the coming year have mounted to a record high, evaluated with any comparable period in the history of the company."

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## CROSLEY OPTIMISTIC OVER NEW YEAR

Powel Crosley, Jr., President of the Crosley Corporation, Cincinnati, was quoted as follows in Editor & Publisher's annual review:

"To say that 1939 holds prospects of greatly improved business conditions is only to join in an almost universal opinion. The recession that started in the Fall of 1937 has practically run its course and fundamental conditions have to a great extent righted themselves. This should be reflected in better business in 1939, so far as anyone can tell at this time we feel quite enthusiastic about the prospects for 1939 in our business and our merchandising plans and production schedules are being formulated accordingly."

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