

HEINL RADIO BUSINESS LETTER

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LONG FIGHT OVER FCC REORGANIZATION SEEN

A bitter and probably a long-drawn-out fight in Congress over the proposed reorganization of the Federal Communications Commission appears likely on the eve of the introduction of a bill to abolish the present Commission and set up a three-man agency.

The bill is due to be submitted to Chairman Wheeler, of the Senate Interstate Commerce Committee on Wednesday, by Frank R. McNinch, Chairman of the FCC. It will be introduced in the Senate promptly, but the speed with which the proposed reorganization is proceeding will end there, it is believed.

While Senator Wheeler, long a critic of the FCC and more recently of the Administration, apparently has joined with Mr. McNinch in pushing the reorganization ahead of the pronouncement of policies by Congress, other Senators and members of the Interstate Commerce Committee have indicated they want time to study the matter and probably public hearings.

The House at this time appears even more adamant against a quick change in the Communications Commission set-up despite the frequent attacks made on it in the past.

The Amlie appointment has given opponents of the reorganization timely ammunition, and members are getting ready to sound warnings of dictatorship of the air, political control of the ether, etc.

That public hearings will be demanded before legislation setting up a three-man Commission is enacted by Congress is certain. Whether or not they will be held will depend upon the strength of Administration forces in the Senate and House.

Although the McNinch bill may be put through the Senate quickly, the House Interstate Commerce Committee is in no hurry to expedite the change, according to Chairman Lea, of California. Other and more important matters have priority, he said.

The reporting of the independent offices supply bill, probably next Monday, is expected to launch a tirade against Chairman McNinch and the FCC in the House.

The transcript of the hearing itself will contain interesting reading for the members as to the "purge", dissension within the Commission, and the FCC Chairman's views on newspaper ownership, super-power, and censorship.

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Afterward Representative Wigglesworth (R.), of Massachusetts, and probably Representative Dirksen (R.), of Illinois, will explain the recent history of the FCC in more detail, with editorial comment.

Washington observers are admittedly stumped as to the major purpose of the reorganization of the FCC. They recall that Chairman McNinch has commanded a majority of the Commission at all times and consequently was able to adopt any policies he wished regardless of opposition from a militant minority. Some believe that he wishes to eliminate this minority entirely and to set up a rubber-stamp Commission.

Suggested membership for this Commission includes, besides Chairman McNinch, Commissioners Thad H. Brown (R.), of Ohio, and Eugene O. Sykes (D.), of Mississippi.

Other observers believe that Mr. McNinch is "being thrown to the wolves" and that he will not be given a place on the reorganized Commission. A great deal doubtless will depend upon the Congressional reaction to him once hearings are started.

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HOSPITAL TO TRY TELEVISION ON OPERATIONS

Experimental installation of television equipment in one of the nine operating rooms at Israel Zion Hospital, Brooklyn, New York, to enable medical students in the galleries to observe surgical technique more closely was announced this week. This was believed to be the first time television was being put to such use.

The equipment, to be installed at the end of the week by engineers of the American Television Corporation, will consist of an electric iconoscope camera, similar to the type used in regular television broadcasting, and several receiving sets in the galleries. As explained by a company representative, camera lenses, suspended over the operating table, will transmit details of the operation by cable to the screens, each equipped with dials to vary the contrast of light and shade.

On the basis of tests made at the company's laboratories, he estimated that the equipment would pick up surgical technique in incisions several inches deep.

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MORE RADIO APPEAL TO HEADS NEEDED, SAYS McNINCH

A better balance between radio programs that appeal to the head and those that appeal to the feet is needed, Chairman Frank R. McNinch, of the Federal Communications Commission, declared last Saturday night in dedicating an Interior Department program, "What Price America?" over the Columbia Broadcasting System.

"The Commission recognizes the stupendous force of radio", he said. "But it also recognizes that radio, for all its magnificent growth and development in the past fifteen years, is still standing on the threshold of its greatest opportunity. There is far too much at stake for every person in this country for any of us to relax our vigilance lest this powerful force ceases to be an instrument of democracy and, under the domination and control of some group, person or party, be used to serve private rather than public interest.

"While it is true that the radio is still groping its way toward maturity, it now has the power to stimulate the mind of man and help inform him about the more serious complexities in the world. Radio can make us laugh; it can also make us think. It can force our feet to keep time to a light-hearted tune; it can uplift our spirit with the music of the masters; it can rouse our intellect with thought provoking words.

"When radio has become integrated to the point where it appeals to our head as well as our feet in more balanced proportion, it will take its position not merely as a great art, but as the greatest of the arts. Combining as it can both the intellectual and the emotional elements that have made the theater, poetry, and music great, it possesses a universality of appeal and enjoyment for all that hitherto the Arts have given only to a few.

"It is the function of the Federal Communications Commission to so regulate broadcasting in the interest of the public that radio may contribute to a fuller life for every listener. It is my hope that the members of the Commission and their successors will never fail the American people in discharging this solemn duty.

"This new and important aid to civilization is peculiarly dependent upon the intelligent and informed help of the Government because without regulation by the Government of the use of radio frequencies, radio reception would be impossible. This was demonstrated by the period of chaos known to those in radio as "the breakdown of the law" which existed for a period just prior to 1927, when anyone who desired could obtain a license, erect a transmitter, and broadcast at any time on any frequency and with any power he desired. Since the passage of the Radio Act of 1927, the Government has undertaken to carry out, with more than a fair degree of success, a program of allocation of radio frequencies so as to provide as far as possible interference-free reception for all who care to listen."

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GOAL OF 60 DAYS SET FOR CHAIN PROBE BY McNINCH

While only the two major networks have been heard in the current chain-monopoly investigation, Chairman Frank R. McNinch hopes to conclude the inquiry within sixty days, Commissioner Eugene O. Sykes disclosed last week.

The Columbia Broadcasting System was due to complete its testimony this week, after which the Mutual Broadcasting System will go on the stand.

Some of the highlights of last week's testimony and the witnesses were:

W B. Lewis, Vice-President in Charge of CBS Programs, spent two days discussing the network's programs, policies with respect to controversial issues, development of new talent, etc. During 1937, he said, CBS lost an estimated \$140,000 due to the cancellation of commercial programs for the broadcasting of important public events.

Questioned regarding the Orson Welles-H.G. Wells "The War of the Worlds", Mr. Lewis said that the broadcast was educational to many listeners in that they became interested in the works of the British author.

Frederic A. Willis, Assistant to the President in Charge of International Stations, explained the non-commercial broadcasts of CBS over Stations W2XE and W3XAU.

Paul W. Keston, CBS Vice-President, insisted that there is a constant competition between CBS and other networks for advertising sponsors. He also discussed details of a CBS contract.

Arthur Judson, President of Columbia Concerts Corporation, explained the functions of his organization as the inquiry adjourned until Tuesday.

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Airplanes operating on internal routes in Egypt will be equipped with wireless telephony as a result of an agreement concluded between the Egyptian Civil Aviation Department and the one company operating in that country, according to a report to the Department of Commerce from the office of the American Commercial Attache, Cairo. Many of the planes being operated on the internal routes of Egypt now employ wireless telegraphy while in flight, according to the report.

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CAPITAL ENTHUSIASTIC OVER FIRST TELEVISION

A customarily blase National Capital became as goggle-eyed as a country village during the RCA-NBC outdoor television demonstration over the week-end.

Members of Congress, Government officials, Diplomats, and newspaper men turned out despite cold weather and rain to get "televised" and see the images of others carried from the Department of Agriculture grounds to an auditorium of the National Press Club, about half a mile away.

Invitations to see the demonstration were accepted with such alacrity that local NBC officials were forced to refuse many requests that the persons invited be permitted to bring wives or friends.

The transmissions, from a technical point of view, were highly successful even during a heavy rain and fog on Sunday. The Sabbath had been selected as the time for members of Congress to be "televised" because it was the only day when one or the other House was not in session.

Despite inclement weather, the members flocked down to the outdoor scene for the interviews and then to the Press Club Building for the reception. They were interviewed by NBC announcers under umbrellas. Flood lights were turned on them to improve the clarity of the images. Afterward, NBC officials expressed surprise at the success of the Sunday transmissions, one explaining that "we did things we had never done before".

The demonstration was prolonged two days because of the demand for additional invitations. Members of Congress, after seeing the exhibit, wanted to bring their wives. One foreign Ambassador asked permission to bring 14 secretaries.

The National Broadcasting Company took advantage of the public interest in the show to announce that it already was making plans to televise the next inauguration in January, 1941.

The television demonstration was in charge of Frank M. Russell, NBC Vice-President and K. H. Berkeley, Washington manager. The idea of giving the first showing outside of New York City in Washington is credited to Oswald F. Schuette, of the RCA. As in the case of the RCA broadcasts started recently in Washington by Mr. Schuette, to which invitations are issued to high Government officials, members of Congress, Government heads and foreign diplomats, who in one way or another are customers of the RCA, the television demonstration was said to have been urged by Mr. Schuette as a good-will proposition and as a means of beating competitors to it by associating television in the Government mind with RCA. This was said to be the objective rather than of paving the way to the sale of sets when and if a television station is built in Washington.

Among those who came from New York to assist one way or another in the demonstration were Frank Mullen, in charge of Public Relations of RCA, O. B. Hanson, Vice-President, National Broadcasting Company and Chief Engineer, Clayland T. Morgan, Director of Public Relations, NBC, Vance Babb, head of NBC Press Bureau, Dr. C. B. Jolliffe, Engineer in Charge RCA Frequency Bureau, Frank Wozencraft, General Solicitor for RCA, and Edward F. McGrady, Vice-President, RCA.

A reception was given by the National Broadcasting Company Saturday afternoon to the people putting on the television exhibit and to members of the press.

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RADIO AD CONTROL HELD THREAT TO PRESS

"Insiders in Washington foresee an effort to give the Federal Communications Commission regulatory power over the advertising rates of broadcasting stations", Editor & Publisher declares editorially in the current issue. "As the next step, if the first succeeds, they predict a downward revision of those rates as a move to make radio a more effective competitor against newspapers, with the expected result that the press will become more 'co-operative' toward the Administration.

"Details are lacking, but the idea in principle seems half-baked and thoroughly unsound. Rate regulation must necessarily be applied to stations individually, and it is difficult to conceive of a power with greater possibilities of tyrannical abuse. The potential club that the government now holds over radio in its semi-annual licensing would be a real and immediate threat if a politically constituted body held discretionary power over the income of station operators.

"There are few desirable hours now vacant on the schedules of the networks, and it is difficult to see how the number of radio advertisers could be materially increased by the reduction of time rates. If, in fact, the downward revision was effected, it might be conjectured that the money thus saved by advertisers could be devoted to other forms of advertising and that newspapers might be benefited, rather than injured, by the change.

"We hope that our informants have misjudged the trend of events. If they are correct, the situation represents a pernicious state of mind in Washington. It means that the people in power, like the dictators of Europe, cannot tolerate the democratic process of opposition through a free press, and that, barred by the Constitution from the gag measures that have been effective abroad, they seek the same end by extra-legal economic pressures."

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RADIO'S INCOME \$150,118,400 LAST YEAR

The gross volume of "time sales" by broadcasting stations and networks in the United States during 1938 amounted to \$150,118,400, as compared to \$144,142,482 during the preceding year, according to the 1939 Yearbook published as of January 30th by Broadcasting Magazine, trade journal.

The actual dollar volume or net income for the year, however, amounted to \$122,890,000, before the deduction of advertising agency commissions, cash and frequency discounts, etc. An additional \$15,000,000, it is estimated, was derived by the industry from talent and program sales.

Of the \$150,118,400 gross, the Broadcasting Yearbook survey shows that \$71,728,400 represented time sales by the three major network organizations - National Broadcasting Company, with two networks, Columbia Broadcasting System and Mutual Broadcasting System. Local time sales by stations amounted to \$40,090,000; national and regional non-network time sales, \$34,680,000, and regional network time sales, \$3,620,000.

Of the net time sales, it is estimated that the national networks represented 47% of the industry's income; local, 30.8%; national and regional non-network, 19.8%, and regional networks, 2.4%.

The Yearbook discloses that there were exactly 764 stations in operation or authorized for construction as of January 1, 1939. Of these, 52 had been authorized during 1938 by the Federal Communications Commission; 29 of these remain to be built.

In addition to the national networks, the Yearbook lists 35 State and regional networks or group-operated stations in the United States.

Among the 764 stations, the Yearbook discloses that 238 are owned in whole or part by newspaper or other publishing interests, this number comparing with 211 the year before. Twenty-five stations in Canada are newspaper owned. That the trend toward newspaper acquisition of stations noted in recent years is continuing, is evidenced not only by the increase during 1938 but by the fact that at least 10 applications are pending before the FCC for approval of purchases or transfers of that many stations to newspaper interests.

All but 56 of the country's stations are privately owned and all but 36 derive their revenues from the sale of advertising time. The Yearbook lists 36 stations owned by educational institutions, of which 12 sell time; 13 owned by church organizations or religious groups, of which two sell time, and seven owned by municipal or State groups, of which six sell time.

As of January 1, 1938, the Yearbook discloses, there were 26,666,500 homes in the United States equipped with one or more radios, or 82% of all homes in the country. Urban homes with radios numbered 17,195,600, representing 91% of all such homes, while 9,470,900 rural homes, or 69%, had radios. These figures are given in the 1938 survey of the Joint Committee on Radio Research of the American Association of Advertising Agencies, Association of National Advertisers and National Association of Broadcasters. Later estimates in the Yearbook, however, indicate that 6,000,000 additional home radios and 800,000 auto radios were sold during 1938, which would substantially increase the Joint Committee's count.

The heightening interest in radio among the younger generation is shown in a survey of colleges and universities offering courses in radio instruction. It discloses that 310 institutions of higher learning now offer courses in various phases of radio ranging from actual appearances before the microphone to construction and engineering. Many of these offer credit courses, while 210 more colleges and universities engage in extra-curricular activities involving some phase of radio.

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RADIO EXCISE TAX RETURNS FALL FOR 1938

Total Treasury collections in 1938 of the Federal 5 percent tax on radio and phonograph apparatus were \$4,431,614.20, a decrease of \$2,227,348.03, or 33.4 percent from the 1937 collections of \$6,658,962.23, which were the largest radio collections in any year since the law became operative in 1932, according to the Radio Manufacturers' Association. The records do not include additional taxes, at 2 percent, on automobile radios and accessories, which are not segregated in the Treasury returns. The 1938 collections of radio excise taxes for the entire year and also for each half-year period were virtually the same as in 1935. The 5 percent tax on phonograph records, amounting to about \$300,000 annually, was repealed June 30, 1938.

The possibility of repeal or reduction of the Federal excise taxes, including the 5 percent radio tax, was practically closed by President Roosevelt in his budget message to Congress on January 5. The President advised Congress that it was necessary to continue all of the special excise, or so-called "nuisance", taxes and also asked Congress to explore sources for \$422,000,000 in new taxes to cover the national armament and agricultural programs.

President Roosevelt's emphatic demand for continuance of all excise taxes, including that on radio, is expected to be followed by Congress and close the door to any tax repeals or reductions. The RMA recently urged the Treasury Department to recommend complete repeal of the radio tax but the Treasury and also Congress will probably follow the President's recommendations in view of the increase in the 1940 Federal budget to ten billion dollars. A hope for future repeal sometime of some of the excise or "nuisance" taxes was held out by the President.

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 ::: TRADE NOTES :::
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Several radio promotion projects, for receiving set, parts and amplifier manufacturers, and including national cooperative plans with the broadcasting industry, will be considered at a meeting of the Board of Directors of the Radio Manufacturers' Association which has been called for Thursday, February 2nd, at the Roosevelt Hotel in New York City. The major project is that of the National Association of Broadcasters and RMA for a national industry-wide campaign to promote the use and sale of radio.

 In the first case handled under its new procedure, the Federal Communications Commission this week adopted Proposed Findings of Fact and Conclusions granting the application of John T. Alsop, Jr., Ocala, Florida, for a construction permit to erect a new broadcast station to operate on the frequency 1500 kc. with 100 watts power, unlimited hours.

 The Columbia Broadcasting System's "American School of the Air" has been made a part of the New York City school system's course of study and will make its bow to the class rooms of the city's high schools on Thursday, February 2. The program, which for nine years has been radio's foremost contribution to classroom education in the nation, will include, under the new plan, actual participation in the broadcasts of pupils from the metropolitan New York high schools.

 Large increases in exports of American sets, tubes, and speakers, but a decrease in parts and accessories, were detailed in the November, 1938, report of the U. S. Bureau of Foreign and Domestic Commerce. The tube exports were even larger than those of November, 1937, while the November exports of sets were the largest of any month in 1938. Total exports of all American radio last November were \$2,206,141, a decrease of only 18 percent from the November, 1937, exports of \$2,696,018, and a diminishing rate compared with previous months in 1937.

Receiving set exports last November numbered 54,414, valued at \$1,249,065, compared with 48,602 valued at \$1,118,231 in October, 1938, against 64,297 sets valued at \$1,569,812 in November, 1937.

 President Roosevelt has requested \$1,490,071 for radio equipment for the Signal Corps.

 Police Chief Joseph T. Kluchsky is studying the possibility of equipping Milwaukee policemen with two-pound short wave radio receiving sets similar to the type used experimentally by San Antonio, Texas, police. Chief Kluchsky said that such radio receivers, sealed on the police station short wave length, would increase efficiency materially in cases of large-scale riots and on man hunts.

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CONFERENCES HELD AS ACTORS THREATEN STRIKE

On the eve of a nation-wide strike call, the American Federation of Radio Artists agreed this week to meet with a newly formed committee empowered to speak for more than 70 percent of the commercially sponsored network broadcasts and to continue to confer without recess "until a conclusion has been reached". The conferences began Monday morning.

The decision to seek an amicable settlement of the dispute over minimum wage scales for radio actors, singers and announcers was reached by the Union after it had received a request for a meeting from Chester J. LaRoche, President of the advertising agency of Young & Rubicam and Chairman of the new "Committee for Advertisers". The invitation was followed by appeals from officials of the Columbia and NBC networks, with which the Federation has contracts covering entertainers on sustaining programs, that all steps be taken to adjust the controversy without a walkout.

Authority to call a strike was vested in the National Board of the Union by unanimous vote of its 6,000 members throughout the country. The radio artists had been assured of support by the Screen Actors Guild, Actors Equity Association, the American Federation of Actors and the American Guild of Musical Artists, and officers predicted that 35,000 entertainers would refuse to appear on commercial programs if a stoppage was ordered.

Members of the Committee include J. G. Sample, President of Blackett-Sample-Hummert; John U. Reber, Vice-President of J. Walter Thompson; Chester B. Bowles, Chairman of Benton & Bowles; W. B. Ruthrauff, Vice-President of Ruthrauff & Ryan; Leonard T. Bush, Vice-President of Compton Advertising, and Don Francisco, President of Lord & Thomas.

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NEW RADIO DISCOVERY CALLED TELEVISION AID

Three young scientists at Palo Alto, Calif., produced a totally new type of radio which may speed television development, give aviation a formidable "lifesaver" and revolutionize the whole field of ultra-short wave transmission, according to the Associated Press.

Stanford University announced invention of the instrument saying that radio engineers had pronounced it the most important advance in that science since Dr. Lee de Forest produced the vacuum tube in 1906.

It generates extremely short waves which not only have great power but are easily controlled, an impossibility with the usual ultra-short wave equipment. Its sponsors said that its waves, being so short that they made a new approach in minuteness toward the length of light waves, could be concentrated and reflected like the beams of a searchlight and just as easily.

So well-behaved are these waves, Stanford scientists declared, that many, perhaps hundreds of them, might be shot simultaneously through a long metal tube, each of them carrying a telephone conversation or a telegraphic message.

A single wave, they reported, could be made so narrow - so nearly like the shape of a beam of light - that an airplane pilot could follow it with complete confidence to a blind landing.

This same narrow wave, they added, could serve with new precision as an "absolute altimeter" to tell a pilot his exact distance above the terrain.

Technically, the revolutionary instrument utilizes the fact that an electric field influences the speed of electrons.

An electron stream from a cathode tube is run parallel to the invisible lines of force in an electric field. The field causes the slower electrons to speed up and the faster ones to slow down. The result is that they align themselves into waves or "solid fronts" with intervals of space between.

These electron bunches then pass into a tank containing an electrical current of extremely high frequency. This current picks up energy from the bunched electrons and then bangs itself against a metal plate 3,000,000,000 times or more every second to produce the ultra-short wave.

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NAZI NEWS OFFERED FREE IN ECUADOR

While the Radio Corporation of America and the American Telephone and Telegraph Company are negotiating with the government over the installation of broadcasting stations and a radio-phone service, representatives of the German Government's Transocean service are offering to build a powerful broadcasting station, in Guayaquil, Ecuador, according to the New York Times.

The Germans are offering newspapers a part of the news service free, with an extremely low rate for the rest. They are attempting to gain the favor of the press for their proposed contract.

Transocean, the German Government's official propaganda service, is already supplying so-called news to some other Latin-American countries. Further proposed stations in Latin-America would supplement the propaganda broadcasts from Berlin.

A station is being built in Lima, Peru, which is expected to be in operation before the end of the year.

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