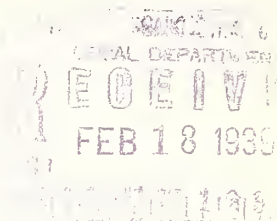


HEINL RADIO BUSINESS LETTER

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WHITE ASSAILS WHEELER BILL AND McNINCH

Foreshadowing a bitter fight over the McNinch-Wheeler Bill to abolish the Federal Communications Commission and to set up a centralized three-man agency, Senator White (R.), of Maine, on Thursday issued a bristling statement attacking the measure and its author, Chairman Frank R. McNinch.

Senator White, outstanding authority on radio legislation on Capitol Hill, charged that Mr. McNinch was seeking to effect a "legislative purge" of his dissenting colleagues. While not mentioning them by name, it was understood he referred to Commissioners T.A.M. Craven and George Henry Payne.

No legislation is necessary, Senator White said, to make effective the framework and administrative machinery of the Commission, but he added that he will sponsor in the near future alternative proposals to the Wheeler Bill.

Coincident with the issuance of the White blast, Chairman Lea, of the House Interstate and Foreign Commerce Committee, introduced a companion bill to the Senate measure in the House. He indicated, however, he would let the Senate act first.

Senator White, who has frequently represented this country at international conferences on radio, is ranking minority member of the Senate Interstate Commerce Committee and consequently is expected to be a member of the sub-committee which will hold hearings early in March on the Wheeler Bill.

The McNinch-Wheeler Bill, Senator White stated, "when its implications are understood, will meet the general condemnation it deserves".

Asserting that it does not "reflect the considered judgment of any person informed as to our communications problems", Senator White charged: "The Bill is crude in draft, wrong in principle, political in purpose and carries in its terms and implications a sinister threat to all our communication facilities and to the country itself."

Senator White chided Mr. McNinch with a quotation from the Chairman's statement in October, 1937, when he abolished the three divisions of the FCC. At that time Chairman McNinch stated that "the aggregate wisdom and judgment of seven minds is surely greater than any two or three of the seven".

"I appeal from Mr. McNinch of 1939 to Mr. McNinch of 1937", Senator White added.

Citing the history of radio legislation in Congress, Senator White said the Wheeler bill "challenges every previous declaration of the Congress on this subject and it repudiates the heretofore expressed opinions of Mr. McNinch himself."

Blame for the present ills of the FCC administration were placed squarely on Mr. McNinch's shoulders by Senator White.

"It should be noted", he said, "first that the present legal framework and administrative machinery of the Commission with which the President expresses dissatisfaction is in no small part the handiwork of Chairman McNinch and, next, that in the twenty months or thereabouts since Mr. McNinch was confirmed as Chairman there have come from the Commission no recommendations as to policies on the substantive side. On the contrary, efforts to undertake a congressional study of principles and of policies by the Congress have been blocked by Commission and executive hostility.

"No change in law is necessary to authorize the creation of three Divisions or the designation of three Administrative Assistants. The Communications Act of 1934 specifically authorizes the establishment of divisions, the fixing of their functions and the appointment of a Director for each. It does not however place the divisions or the Directors thereof 'under the administrative supervision of the Chairman' as does this McNinch proposal and this is its offense in the view of those sponsoring the pending Bill.

"When Mr. McNinch became Chairman, he promptly proposed an order abolishing the three Divisions existing under the authority of the 1934 Act. His theory, as then expressed by him, was that seven members could not be divided in this way; and that experience had shown that these Divisions were really only composed of two Commissioners because of (and I quote Mr. McNinch) 'the impracticability of the Chairman keeping himself currently informed and attending the meetings has resulted in two members of the Commission carrying an unnecessary load of responsibility and exercising an undesirably large portion of the powers and functions of the Commission' and because 'the aggregate wisdom and judgment of seven minds is surely greater than any two or three of the seven.' Mr. McNinch, having abolished Divisions but a short while back, now proposes to recreate them but as reestablished each Division is to be in charge of an Administrative Assistant to act 'under the Administrative supervision of the Chairman'.

"Manifestly if this assistant is an employee, the decisions of the Chairman will be his decisions. And what may this assistant pass upon? Anything and everything which the Board may assign or refer to have save only 'the making of final decisions in contested proceedings involving the taking of testimony at public hearings.' In the Broadcasting Division included in his power would be the making of rules and regulations, the classification of radio stations, prescribing the nature of the service to be rendered by each class, the allocation of frequencies

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to stations, the regulation of the kind of apparatus, special regulations for network broadcasting, the granting of construction permits, licenses, renewals, modifications, assignments and many other authorities. These warn as to the powers which might be conferred on this Chairman dominated assistant in the other Divisions.

"Who wants one man to have such powers subject to the doubtful remedy of review by the Commission of three of whom one would be the Chairman from whose decision the appeal is filed?

"The plain truth of the matter is that the aggregate wisdom and judgment of seven men is not now wanted. Mr. McNinch in the name of cooperation demands the yielding to his direction of the experience, knowledge, judgment and conscience of the other Commissioners. And it is because some Commissioners will not thus unconditionally surrender, that they are to be legislated out of office. A legislative purge of Commissioners of independence and courage is now demanded.

"Stripped of all pretense, this Bill, in disregard of all previous congressional purpose and drafted without present congressional study, proposes, through his statutory administrative control of the Division assistants and through his influence as Chairman, to vest in one man authority over the vast communication interests of this country and, in particular, a life and death power over broadcasting, one of the two means of reaching the mind and influencing the thought of America. The Bill makes contribution only to the political efficiency of the Commission. It does this through the centralized power hereinbefore referred to and through the provision transferring all officers and employees of the present Commission, other than the members thereof whose offices are abolished, from their present protected Civil Service status to a temporary status. It serves no good end whatsoever."

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CASE CHAIRMAN DURING McNINCH'S ABSENCE

Chairman Frank R. McNinch has designated Commissioner Norman S. Case as Acting Chairman of the Federal Communications Commission during his absence on a short vacation in Atlantic City. Mr. McNinch plans to return next Monday, February 20th.

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N. C. STATION DEAL MAY FIGURE IN SENATE PROBE

The sale of a North Carolina broadcasting station may arise in the forthcoming Senate hearing on the Wheeler Bill to embarrass Chairman Frank R. McNinch, of the Federal Communications Commission, according to an unidentified member of the Senate Interstate Commerce Committee.

Quoting the anonymous Senator, the Times-Herald this week said that Chairman McNinch will be questioned regarding the deal, which it summarized as follows:

"An outstanding example of the sort of practice into which the Committee will look, he said, is that concerning Station WPTF, of Cary, in McNinch's home State of North Carolina.

"WPTF was originally licensed to the Durham (N.C.) Life Insurance Company, which, in 1933, voluntarily assigned the license to a wholly owned subsidiary, the WPTF Radio Company, which, in turn, applied for an improved broadcasting period.

"Station KPO, of San Francisco, licensed to the National Broadcasting Company, objected, and because KPO had a dominant, or 'clear channel', WPTF was denied improvement until its owners had granted the National Broadcasting Company an option to buy control of WPTF Radio Company. The option was granted and all was amicable, until suddenly, in October, 1938, the option was exercised and a check for \$210,000 drawn on the Wachovia Bank and Trust Company was left in escrow until the FCC could approve the transfer of title.

"By this time, McNinch had become Chairman of the FCC and was holding a majority of the members with him on voted issues. On January 27, 1939, application was made to the FCC for permission to transfer the controlling stock in WPTF from the Durham Life Insurance Company to the National Broadcasting Company. The life insurance company has attempted to persuade NBC to forego exercise of its option, but has been refused.

"Meanwhile, a group of North Carolinians, including political allies of McNinch and a member of the family of Josephus Daniels, the U. S. Ambassador to Mexico, organized a third corporation. To this new group, officials of NBC said, the assignment of the WPTF broadcasting license ultimately will go, if the FCC permits.

"Two things I want to get from Mr. McNinch', said the Senate Interstate Commerce Committee member. 'First, whether he considers this sort of transaction living up to the letter and spirit of the Communications Act of 1934, in view of the expressed wish of Congress that no such trafficking in licenses be allowed. I understand there are a number of instances in which control of stations has been switched by the sale of transmitter equipment alone, without FCC consideration. I think this is wrong.

"The second thing I want to know is just wherein the rest of the Commission has failed Mr. McNinch.'"

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TELEVISION AT LEAST FIVE YEARS OFF, SAYS LOHR

Commercial television is still at least five years away, according to Maj. Lenox Lohr, President of the National Broadcasting Company, who added this week that it would be logical to raise this figure to 50 years by basing the estimate on the experience of the British Broadcasting Corporation.

The statement is carried in the February 13th issue of Advertising Age.

"The latter induced the public to buy television receivers at the rate of 2,000 a year during the first two years the sets were offered", the article states. "If it be assumed that Americans would buy at a ten times greater rate, that would mean only 20,000 sets per year. If sponsored television depends upon the sale of 1,000,000 receiving sets, it might take 50 years for television to become an advertising medium.

"Major Lohr placed the figure at five years despite these figures because he expects abnormally rapid development in this country. He emphasized, however, that excessive production costs will hold back television several years.

"With respect to the cost of televising broadcasts, the NBC president revealed that the network is planning to approach the American Federation of Musicians, the American Federation of Radio Artists, and similar organizations with a separate and lower scale than that now prevailing for regular radio broadcasting.

"Major Lohr branded as false the rumor that either NBC or Radio Corporation of America might set up a separate television corporation. Such a move would be far too expensive at the present time, he said. NBC will continue to handle television, but steps are being taken to make possible a shift to a separate television unit when and if the need arises."

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NAB CONVENTION TRANSFERRED TO EAST, NEAR D. C.

The National Association of Broadcasters will hold its annual convention on the East Coast, instead of in San Francisco, it was disclosed this week following a meeting of the Executive Committee. Washington or Atlantic City probably will be chosen, and the meeting date will be in June.

The change in the convention meeting place was made, it was said, for the double reason that broadcasters felt that they should be close to Washington so long as Congress is in session and because of inadequate hotel facilities at San Francisco due to the opening of the World's Fair.

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RADIO TASTES ON FARM LIKE THOSE IN CITY

Just as the automobile and movies have eliminated most of the hayseed from farm life, the radio has brought about a similarity in tastes for entertainment, according to a survey by the Columbia Broadcasting System.

The study of CBS rural listeners, just published under the title of "Columbia's RFD Audience", was made by the Hooper-Holmes Bureau, the same investigators who made the report on rural audiences for the Joint Committee on Radio Research.

The radio listener in a farm or small town home is very little if at all different from his city cousin, with just about the same listening habits, program preferences and susceptibility to radio advertising, the CBS report concludes.

To find the program preferences of the rural listeners, the investigators submitted a list of typical programs and personalities, "studiously avoiding the inclusion of any program or star which might be said to have a strictly rural appeal" and even including a few "which might be said to have 'exclusive' urban appeal". They found that 80.9% of all families interviewed reported listening to Major Bowes, 71.8% to Eddie Cantor, 57.8% to Kate Smith, 55.5% to Hollywood Hotel, 54.6% to Lux Radio Theatre, 45.3% to Professor Quiz, 35.3% to Big Sister and 26.7% to the New York Philharmonic Orchestra.

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SUB-COMMITTEE STUDIES RADIO NEWS PLEA

A Senate Rules Sub-committee this week was studying a proposal by Fulton Lewis, Jr., Mutual Broadcasting System news commentator, for a change in Senate rules to permit use of the press gallery by radio newsmen.

The Sub-Committee consists of Senator Gillette (D.), of Iowa, Chairman, and Senator Barbour (R.), of New Jersey.

Mr. Lewis, a member of the Senate Press Gallery until he left newspaper work to enter radio, had applied to the Standing Committee of Correspondents for admission to the gallery, but was rejected on the ground the 54-year-old Senate rule limits gallery membership to representatives of daily newspapers. He then appealed to the Rules Committee.

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FCC SENDS OUT NEW FINANCIAL FORMS

The Federal Communications Commission announced this week the distribution of forms to licensees of standard broadcast stations for use in reporting their financial qualifications. This report is required under the new rules of practice and procedure for the Commission, and the current forms cover the year 1938. Due date for return of this report has been extended until March 15.

The new forms are considered an improvement over those required for the financial study conducted by the Commission in 1937, the FCC stated, and differ from those forms principally in that they provide for a general balance sheet of the licensee, showing the investment both in broadcast and non-broadcast property, the amount of liabilities, including debt, and the net worth. This has not been required of licensees in all cases heretofore, but under certain circumstances has applied in a number of cases.

"It will not be necessary now for the licensees to file any other financial forms during the year in connection with their licenses", the FCC added. "If any assignment or transfer is sought, the applicant will then file an additional set of forms for the interim period to supplement those to be filed now."

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1938 RADIO EXPORTS 28% BELOW 1937

Total exports of American radio in 1938 were \$23,100,060, a decrease of \$9,257,357 or 28.6 percent from the all-time high record of 1937, although exports sharply improved during the last half of the year. Radio Exports last December, according to the latest report of the U. S. Bureau of Foreign and Domestic Commerce, were the largest for any month in 1938, topping the substantial increase in exports of American radio which began last August.

The 1938 record of American radio exports showed a decline of 30.8 percent in the number and 35.5 percent in the dollar volume of receiving sets shipped abroad. The 1938 decrease on tube shipments was 24.8 percent in units and 26.8 percent in dollar volume. The percentage decrease in component parts and accessories combined was 24.5 percent from 1937, while speaker exports last year decreased 15.8 percent in units and 23.4 percent in value. There was a decrease of only 3.8 percent in 1938 exports of transmitting apparatus.

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NAB TRANSCRIPTION LIBRARY IS SOLD

Langlois & Wentworth, New York transcription and program firm, has agreed to take over the public domain transcription library of the National Association of Broadcasters and build 300 hours of tax-free music for radio, Neville Miller, NAB President, disclosed this week.

A contract was signed after E. V. Brinckerhoff, of New York, had withdrawn his company's offer, originally accepted by the NAB Board last December over the competitive proposal of Lang-Worth.

Mr. Brinckerhoff had agreed to a \$25,000 cash offer to NAB for the 20 hours of public domain already recorded, plus a percentage of receipts from additional sales to reimburse the NAB for its \$60,000 investment since 1935. Later he withdrew his bid, presumably after concluding that he could not fulfill the monetary requirements.

Lang-Worth, already in the tax-free music field, using RCA recordings, does not make any cash guarantee, but will pay to NAB a portion of the receipts. NAB stands to realize possibly one-half of its \$60,000 investment, and may recapture its entire investment.

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CBS MAY BUY WORLD BROADCASTING SYSTEM

Contracts have been signed under which the Columbia Broadcasting System may acquire the World Broadcasting System, prominent electrical transcription company, it was announced this week by William S. Paley, President of CBS. After a period of examination, and contingent upon the working out of certain corollary agreements, it is contemplated Columbia will acquire control from Percy L. Deutsch, President of World Broadcasting System, who will continue with the transcription company in the same capacity. No changes in the World organization are being considered.

"When and if the acquisition is completed", Mr. Paley said, "Columbia will have extended still further its service to radio advertisers, and at the same time will be able through the American Record Corporation, purchased in December, to offer records in the home field recorded on the highest quality equipment. The World Broadcasting System's studios and the equipment installed by Electrical Research Products, Incorporated, are acknowledged to be outstanding for recording purposes."

Mr. Paley said that although the World Broadcasting System and the American Record Corporation would use the same studios and equipment, the two companies would be operated as separate subsidiaries of CBS. No further statements will be made until the final arrangements have been completed.

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RADIO SEEN AS AID TO BLIND BY REP. STEFAN

A prediction that radio will soon supplant the wax records made available to blind persons by the Library of Congress and other libraries was made this week by Representative Stefan (R.), of Nebraska.

Questioning a witness on the Legislative Supply Bill regarding an estimate for additional records, Representative Stefan said:

"I predict some day that you are going to eliminate these wax-record systems.

"Because there is not a radio station in the United States today that would not cooperate with the United States Government in a project of this kind. There are many radio stations today who have furnished blind people and invalids with small radio receiving sets.

"The radio stations in the country have been cooperative in their relations with the Government, in sending out educational or recreational programs. In doing that for the blind and for invalids, shut-ins their services could be used to great advantage, eliminating the tremendous cost which this is going to entail, as you go along, if you are going to continue this particular program. Although I am not opposing it, I think eventually it will be a waste of a lot of money.

"I should like to say to you gentlemen that I have had a great deal of experience in radio. Years ago, before the national chains went on the air with the broadcast of baseball games directly from the parks, we put on programs, picking up the story of the game from the Morse telegraph sounder, with the result that listeners demanded something which would enable the invalids and the blind and the shut-ins to take advantage of those broadcasts. Voluntarily and by public subscriptions in one locality, 135 shut-ins received little radio sets which are in use today. The radio-broadcasting stations have cooperated in giving this free service at practically no cost to anyone except so far as the public subscriptions are concerned."

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AWARDS ANNOUNCED IN RADIO ADVERTISING

John U. Reber, Vice-President of J. Walter Thompson Co., was awarded the medal award for contribution to knowledge and technique of radio advertising in New York Thursday during the presentation of Annual Advertising Awards for 1938.

Batten, Barton, Durstine & Osborne, Inc., was given a similar award for outstanding skill in program production in connection with "The March of Minnesota" program, while another

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medal for excellence in commercial announcements went to Marschalk & Pratt, Inc., in connection with the advertising of the Esso Marketers.

The Columbia Broadcasting System announced subsequently that "The March of Minnesota", which was carried over its network, would be repeated Saturday night from 6:15 to 7 P.M. over the WABC-CBS network.

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AUTO ALARM APPROVAL EXTENDED UNTIL 1940

Extension of tentative approval of auto alarms to March 31, 1940, was announced by the Federal Communications Commission last week. In extending approval of this type of emergency alarm, the Commission reported that on January 1, 1939, there were 1,134 United States vessels equipped with the auto alarm which the Commission in 1937 ordered placed on all cargo vessels over 1600 gross tons, navigating the ocean.

Prior to recommendation concerning final approval or rejection, the Engineering Department of the Commission plans a series of eight studies of a technical nature such as "an investigation of the effect of excessive heat caused by the impossible improper physical placement of units of the auto alarm installation upon its efficient and reliable operation". The Commission also wants "a further study of auto alarms with respect to their ability to respond to an alarm signal while being subjected to interfering signals and/or atmospherics of considerable magnitude in relation to the desired alarm signal".

The value of the auto alarm signal was most recently proven in the rescue work following the sinking of the British seaplane "Cavalier". At this time, the radio operator of the S.S. ESSO BAYTOWN, who was not on watch and was busy elsewhere on the ship, was called to the radio room by the sound of the auto alarm. the ESSO BAYTOWN subsequently rescued the ten survivors.

Pending final approval by the Commission, more than half of the United States shipowners are renting their auto alarms from the two manufacturers making this type of emergency signal device.

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 ::: TRADE NOTES :::
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Seven demonstrations of the varied techniques used by Columbia network's Department of Education and Talks in preparing and presenting its educational programs are to be given at the annual convention of the American Association of School Administrators in Cleveland from Saturday, February 25, to Thursday, March 2. All seven will be in the form of broadcasts. Six will originate before the delegates.

The Federal Communications Commission this week repealed Paragraphs 18(c), 19(j), and 21 of the Ship Radiotelegraph Safety Rules and adopted a substitute to become effective April 13, 1939.

Station KSCJ, Sioux City, Iowa, will join the National Broadcasting Company networks on September 24, 1939. This brings the total number of NBC affiliates to 169, the last two to join being WBCM, Bay City, Mich., on January 1, and KVOA Tucson, Ariz., on February 5. KSCJ operates on a frequency of 1330 kc. with a power of 5000 watts day and 1000 watts night.

Donald S. Shaw has been appointed Vice-President in Charge of Sales and General Manager of Station WMCA, effective February 20th. Mr. Shaw formerly was assistant to the President of McCann-Erickson, Inc., and for four years previously was Sales Manager of NBC.

R.C.A. Communications, Inc., reports for December and twelve months to December 31:

	1938	1937
December gross	\$450,620.00	\$457,894.00
*Net income	75,882.00	87,036.00
12 months' gross	4,071,128.00	5,225,144.00
*Net income	443,764.00	1,060,749.00
*After charges and taxes		

Max Gordon, noted producer of Broadway hits, will advise and assist the National Broadcasting Company in the production of television programs, Lenox R. Lohr, President of NBC, announced this week. Though he will continue his work in the theater, Mr. Gordon agreed to assist in the development of television because he feels that television offers the entire field of the theater vast possibilities. Mr. Gordon will work closely with John Royal, NBC Vice-President in Charge of all Programs, television as well as radio.