

# HEINL RADIO BUSINESS LETTER

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## WHAT HAS HAPPENED TO FCC "GLASS BOWL"?, HOUSE ASKED

Despite the fact that Chairman Frank R. McNinch stated that he would conduct the affairs of the Federal Communications Commission as if they were in a gold fish bowl when he took office, they are still conducted in strict secrecy to the detriment of the public, Representative Connery (D.), of Massachusetts, charged on the House floor on Wednesday.

"It is my understanding", he said, "that more secrecy surrounds their actions, except to the privileged few, than ever before; that more executive sessions have been held and less accomplished than ever before; that access to public records is virtually denied to everyone other than those who represent the radio monopolists.

"One might well say that hypocrisy again prevails when one considers the Chairman's public utterances and compares such utterances with what is actually happening."

Representative Connery said the question had been asked, "Why is it that the Chairman of the Commission seems so friendly to the monopolist networks?" He stated that he had no personal knowledge of any relationship of the sort but he recounted a newspaper report regarding the case of Station WPTF, of Durham, N. C.

Renewing his demand for a Congressional investigation of the FCC and the radio industry, Representative Connery said:

"Mr. Speaker, permit me to say that a congressional investigation of the Federal Communications Commission and the radio monopoly will show that the Communications Act of 1934 is openly, flagrantly, and continually violated without any action or restraint on the part of the Federal Communications Commission. The law specifically requires the Commission to find that the licensee or grantee shall serve public interest, convenience, and necessity. Naturally those network officials residing in New York City, with no knowledge or interest in what constitutes public interest, convenience, and necessity in thousands of our communities throughout the United States, cannot know, let alone serve, as the Congress intended public interest, convenience, and necessity.

"Mr. Speaker, many Members of the House seemingly overlook the interest which the American listening public has in the proper regulation of radio broadcasting. It is my understanding that official records reveal that Mr. John Q. Public has invested more than \$2,000,000,000 in radio receiving sets while the total investment of radio broadcasters in 629 stations is less than \$50,000,000.

"With this investment of \$50,000,000 plus possession of these invaluable grants from the Government, for which they pay nothing to the Government, their reported net profits last year, after paying all taxes, were some \$18,000,000.

"Surely, Mr. Speaker, with the radio monopoly about to unload upon an unsuspecting public television sets the value of which at this time, according to the newspapers, competent radio engineers question, is it not about time that the Congress, acting in the public interest, insisted upon a congressional investigation of the entire radio subject?"

Citing "abuses" of the Communications Act, Representative Connery said:

"A few years ago some of the advertising element prevailed upon the Commission to issue a new form of license or grant for the use of so-called booster stations. A booster station is a grant in another community to a grantee already owning a radio station. A booster station is nothing but a series of wires and an amplifier transmitting the radio broadcasts from the mother station. The booster station provides practically no employment for those in the community wherein it is located. It does, however, succeed in diverting the advertising of that community from the local newspapers to these alleged radio stations.

"The cost of operation of these booster stations is practically nil, and yet they serve the purpose of destroying the opportunities for expansion of newspapers owned by those who have invested their all in trying to properly represent and to reflect the views of their community.

"In addition, these booster stations eliminate possibilities of employment in the publication of the newspapers with whom they most unfairly compete locally."

Representative Michener (R.), of Michigan, interrupted to express the hope that the proposed investigation "will develop why Boake Carter was taken off the air".

"Of course", said Mr. Connery, "I say frankly that I do not believe in censorship, but I do believe that a broadcaster given the privilege and the sole privilege of operating in a particular district should not himself be permitted to have his own views and editorial policies expressed over his station either by himself or through somebody subservient to him. I believe that is what the gentleman is hitting at.

"It will interest the Members of the House to know that an important radio network recently so conducted its news and editorial policies, during a city election, that a very important Democratic newspaper, the Boston Post, editorially referred to the tactics used by these radio stations as the 'hatchet men of the air'.



"Yet no action has been taken by the Federal Communications Commission, despite sworn charges that the stations referred to had contravened the law.

"Incidentally, I want to say in answer to the question asked earlier by the gentleman from Michigan (Mr. Michener) in case I do not have an opportunity to reply to him later, what I was really hitting at was that the Federal Communications Commission, to all intents and purposes, evidently is controlled by the big monopolistic owners of these radio chains. That is your answer right there. These conditions would not exist if that were not so.

"I say with all sincerity, Mr Speaker, that the sooner we investigate this radio problem the less corruption we will be confronted with later, because corruption having existed in this agency, I understand, since the early days of the control of radio by the Department of Commerce, it has grown like Banquo's ghost.

"Records on file at the Federal Communications Commission will show that one of the dominant networks has, in its report to the Federal Communications Commission, openly charged off an average of \$300,000 as an expenditure it made in acquiring the grants which they possess, or a total of about two and one-half millions of dollars.

"Yet the Government receives nothing in the form of license fees for these invaluable franchises or grants from which a few had been enriched to the tune of many millions of dollars."

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WE MUST HAVE MISSED THIS ONE!

A report of a party that the newspaper boys must have missed was related to the House in a somewhat vague way Wednesday during Representative Connery's diatribe on radio.

Mild-manner Representative Massingale (D.), of Oklahoma, recounted the "rumor" of "a recent entertainment that took place in some 'hot spot' in New York City, where members of the Federal Communications Commission were present."

"They got into a drunken brawl", said Mr. Massingale, "and in the brawl some woman was hurt - her arm twisted. I do not know whether it was the licensees who were giving the entertainment or whether it was members of the Federal Communications Commission, or who it was."

Representative Connery, in answer to a question, said he had heard the report but had not verified it.

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## TELEVISION GROUP TO SEE WESTERN MANUFACTURERS

Continuing its efforts to obtain all the facts on television, the Special Television Committee of the Federal Communications Commission will confer with representatives of Mid-Western and Western radio manufacturers early next week and the following week.

Among the companies who will participate are: the Zenith Radio Corporation, of Chicago; the Crosley Corporation, Cincinnati; the Majestic Radio and Television Corporation, Chicago; the Don Lee Company, of Los Angeles; and the Wald Corporation.

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## RADIO OCCUPIES PUBLISHERS AT N.Y. CONVENTION

Radio as a business competitor occupied the attention of the American Newspaper Publishers' Association in convention at New York City this week.

James G. Stahlman, President of the ANPA, called on the publishers to extend public services in order to outstrip their rivals. At the same time he urged a strengthening of the understanding between the press, the motion picture industry, and the radio.

Earlier the ANPA was told that newspapers publishing radio programs free are giving away annually about \$4,500,000 worth of advertising to their chief competitors.

The statement was made at the session, devoted to the problems of the smaller dailies, by J. M. Bunting of the Bloomington (Ill.) Panatagraph. John L. Stewart of the Washington (Pa.) Reporter, who was chairman of the meeting, prepared the way for Mr. Bunting's attack. He said it "must be obvious to all of us that we cannot preserve press freedom unless we preserve our own economic independence", and later said:

"I think all of us have come to recognize in late years the intrinsic value of news as a commodity in distinction to that of its public service. The radio and the weekly news magazines have capitalized on it, not only at our expense, but have shown us means and methods of using news commercially to the 'nth' degree."

Mr. Bunting, who led the fight at last year's convention on free publication of radio programs, reported that publishers who had refused to publish programs without charge had effected economies without loss of circulation. He said he had written the thirty-three publishers reported in an ANPA questionnaire that they had abandoned free radio programs.

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"Believe it or not, their experience made us look like pikers", said Mr. Bunting. "Not a single circulation loss was reported and circulation increases ran from 7 percent to 36 percent since radio programs had been discontinued."

Paul Bellamy of the Cleveland Plain Dealer presented the report of the Committee on Cooperation of Press, Bar and Radio, of which he is Chairman. The report said that "in the opinion of the Committee there is not much chance, in the present state of mind of both press and bar, to bring about a greater degree of cooperation than is defined in the Baker report, as amended."

Atherton W. Hobler, President of Benton & Bowles, Inc., advertising, in answering the question, "What is the matter with newspaper advertising?" which he said had been put to him often in the last year, declared:

"While I have dared to mention the subject of radio, I do not want to leave it without clearing up another point. I was told that in a recent meeting of newspaper publishers the statement was made that the advertising agencies prefer to use radio because they make a much higher percentage of profit on their radio billing than they do on newspapers; that they also make a higher percentage of profit on magazine advertising than they do on newspaper advertising. Unbelievably high profit figures were quoted.

"I cannot understand such wishful thinking on the part of any publisher, for the statements as reported to me are without fact or foundation. If there is any incentive on the part of agencies to use one medium as contrasted to another because of the profit they make (and I do not believe there is) radio would not be used by many agencies.

"The facts of the matter are that radio has increased the cost of operating an advertising agency and tends greatly to reduce the net profit of the agency business. I know of no first ranking agency that has been able to eliminate any of its copy, art, research, contact or overhead cost because of radio.

"On the other hand, expensive departments handling radio have had to be added on top of these departments. Each year the majority of agencies belong to the four A's report in detail their operating costs and percentage of profit to their total billing. Since the advent of radio profits have been decreasing. There are, of course, other factors that have contributed to the decrease - high corporate income taxes, social security, old-age pensions, etc."

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## SENATE AGREES TO ADMIT RADIO MEN TO GALLERY

After some discussion, which revealed that members of the wire press association actually have had no right to the Senate press gallery, the Senate this week adopted a resolution which permits the Rules Committee to admit radio news reporters on the same basis as newspaper men.

Senator Gillette (D.), of Iowa, disclosed that the press associations have been admitted to the gallery "by sufferance" as the former Senate rules did not specify wire news reporters.

"Who suffers", interposed Majority Leader Barkley, "the members of the Senate?"

The amended resolution, Senator Gillette explained, placed the same limitation on the gathering of news for radio agencies as are now on reporters for newspapers and extends to them the same privileges.

The House previously had established a separate gallery for radio news gatherers.

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## FORECASTS ON TELEVISION TRADE VARY WIDELY

That industry estimates on the probable number of television sets that will be sold to the public during 1939 vary widely is brought out by Radio & Television Today in its current issue:

"No question posed in radio has caused more discussion or resulted in a wider variety of answers", the article states.

"Answers have ranged all the way from 10,000 receivers - up to 75,000 and 100,000 receivers. Middle-of-the-roaders strike a figure somewhere around 28,000 to 40,000. Those who have inspected English television, think that 10,000 receivers can be absorbed by the New York area to supply restaurants, bars, hotels and stores, alone - with many more going into homes and apartments. Others who see the installation problem, say the limit is not the number of willing purchasers nor even the production lines of the factories, but is set by the difficulty of training service men to make antenna installations which will give satisfaction."

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 ::: TRADE NOTES :::  
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Dr. Frank B. Jewett, Vice-President of the American Telephone & Telegraph Co., was elected President of the National Academy of Sciences, the "senate of American science", at its annual meeting in Washington this week.

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The preview showing and christening of the new Crosley automobile at the Indianapolis Motor Speedway was described in a broadcast over the NBC-Blue Network on Friday. The preview was held two days prior to presentation of the car to the public at the New York World's Fair. Powel Crosley, Jr., head of the firm manufacturing the new vehicle, attended.

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A full-page advertisement in the New York Times on Friday by the Du Mont Laboratories, Inc., New York, is one of the first to offer television receivers for sale. The advertisement is headed "Television gives its 'coming out party' Sunday" and urges the public to see the Du Mont television receivers.

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R.C.A. Communications, Inc., was keeping in close touch with Major Vladimir Kokkinaki, noted Soviet pilot, in his Moscow-to-New York flight this week-end. RCA expected to keep in constant communication with the flier.

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The NBC Blue Network took a surge upward during the first three months of 1929 as compared with the same period last year, a breakdown of figures for Red and Blue, issued last week, shows. The total of business signed on both networks since January 1 was \$11,519,041, an increase of \$5,067,361 or 78.5 per cent over a comparable period in 1938. Of the total \$3,537,602 was signed on the Blue, an increase of \$2,251,895 or 175% over the first three months in 1938.

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Eddie Sobol, longtime associate of Max Gordon, noted Broadway producer, and himself director of several New York hits, has been added to the television production staff of the National Broadcasting Company.

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Belmont Radio Corporation reports for 1938: Net income, \$298,212, equal to 99 cents each on 300,000 capital shares, against \$280,232, or 93 cents a share, in 1937.

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From short-wave radio equipment installed in a special studio built in one of the baggage cars on the Union Pacific exhibition train, programs will be relayed for rebroadcasting by 16 major long-wave stations in cities from coast to coast as the train travels along on its transcontinental tour from Los Angeles, reaching Boston May 5 and terminating in Kansas City on May 15.

This is believed to be the most extensive series of broadcasts ever attempted from a moving train. The equipment, installed by General Electric engineers, consists of a 50-watt transmitter, operating on a wave length of 2012 kilocycles, or about 150 meters. The station has the call letters WOEK, and its operation on this trip will be in charge of Robert Lingle, G-E engineer from Schenectady, N. Y.

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American Bosch Corporation reports for the March quarter: Profit of \$64,811, compared with net loss last year of \$134,501; net sales totaled \$1,105,163, compared with \$957,470.

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#### PALEY LAUDS FCC CHAIN-MONOPOLY INVESTIGATION

William S. Paley, President of the Columbia Broadcasting System, took occasion to commend the FCC chain-monopoly investigation in a recent report to CBS stockholders, a reprint of which was distributed this week in a pamphlet titled "Twelve Months".

"An unusual opportunity developed during 1938 for Columbia to present at public hearings before the Federal Communications Commission a complete picture of its policies and operations as a broadcasting network", he said. "The Commission undertook an investigation of the whole radio industry which it is still conducting. This investigation concerned practically every important feature of the business. Columbia welcomed the opportunity to present the facts as to its corporate history, its financial operations, its contractual relations with affiliates, its program and other operating policies.

"This is the first comprehensive presentation of modern radio chain broadcasting service which has ever been put on public record. It is our belief that this record of testimony and exhibits will do much to inform, enlighten and interest people in this business. It is also our belief that Columbia's presentation showed that we operate with a high sense of public responsibility; that this method of operation represents the soundest way in which the current high standards of sustaining and sponsored programs can be maintained and improved, and that the diversified programs available to the American people as a result of our operations are impressively extensive."

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## TELEVISION RAISES DEALER PROBLEM, SAYS EDITOR

The debut of television in metropolitan areas raises serious problems for the radio dealers in televisionless areas, according to O. H. Caldwell, former Federal Radio Commissioner and now editor of Radio and Television Today.

"'Experimental television service to the public' - as defined by RMA - begins in the New York area this month. Its coming brings two distinct sets of problems to the radio trade - one set for dealers in television areas; another lot of problems for the larger part of the trade beyond television transmissions.

"Most radio dealers inside the limited television areas see in television a stimulating new business opportunity for expanding sales of larger units, under the glamour of intense public interest. Yet even here, a note of caution is sounded in Radio Today's survey of the plans of metropolitan merchandisers.

"But to the three-quarters of our radio dealers who will be without television broadcasting for some time to come, television talk in the newspapers and popular magazines, is bringing an immediate hazard to radio-set sales. People will want to 'wait'. Then it will be the dealer's job to urge such buyers not to hold off getting a radio, but to enjoy the good things that are on the present broadcast channels. To show the customer that a good radio is still as good an investment in home entertainment as it ever was.

"It will require skill and convincing argument to point out the limitations of television transmission. In televisionless Omaha one dealer has even bought a television set for his salesroom to clinch this point. When customers start talking about 'waiting for television', he leads them to this dark and silent television set. 'There you see, we have a set - but try it for yourself', says the salesman. 'Well, if that's all it will do', concludes the customer after a minute's fiddling with dials, 'I guess you'd better show me a nice radio console.' That incident sounds the keynote: In areas without television, radio sales must still go on!

"Yet, even radio dealers and distributors in televisionless territories will want to inform themselves all about the new art. Eventually, these problems of television service will be their also. But how soon, nobody knows.

"Radio Today believes that television eventually will be a nationwide service, and that, as in the case of present broadcasting, the way will be found to make television economically sound for all involved - television broadcasters, manufacturers, distributors and dealers."

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## PRESS PLEASED WITH NEW RCA RADIO RECEIVER

The National Press Club's current "Gold Fish Bowl", news bulletin sheet, carried the following:

"That new PCA-Victor 15-tube console radio in our lounge bears the explanatory brass plate: 'Presented to the National Press Club of Washington in appreciation of its contribution to the success of the first all-electronic television demonstration in the District of Columbia, January 27th to Feb. 2nd, 1939, by the Radio Corporation of America, March 27, 1939.'

"To insure foreign reception, RCA had its own staff of experts come down from Camden and put an elaborate spider-web antenna on the roof. At the same time it reconditioned the old radio, which has been transferred to compete with other sound in the ladies' dining room. All this welcome radiovizng was under the direction of a new National Press Club member, Robert L. Pritchard, local RCA public relationist."

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## A. T. &amp; T. OPENS EXHIBIT AT WORLD'S FAIR

Led by Walter S. Gifford, President of the American Telephone & Telegraph Company, officials of the organization Thursday conducted several hundred guests on a tour of the telephone exhibit in the World of Tomorrow at the World's Fair in New York.

Entering the large rotunda of the streamlined building adjacent to the Trylon-Perisphere Theme Center, the New York Times reported, the visitors were greeted by a large face outlined in gold on the wall and identified as Voder or synthetic speech-maker. While a young man on the platform asked various questions, a young lady at the keyboard of the artificial voice created the electrical currents that gave the answers as if from a human throat. This actor, popularly known as Pedro the Voder, will perform at intervals daily at the Fair.

The visitors then were invited to participate in the hearing test. In modernistic, booth-like compartments accommodating six or seven at a time, they got an opportunity to rate the efficiency of their ears by means of musical tones varying in pitch.

The next show in order as the visitor walks around the building is the long distance demonstration, which, according to the enthusiasm displayed for it at the informal inspection, is to be a popular exhibit at the Fair. A huge map of the United States is dotted with 3,500 tinted electric bulbs each representing a city or town. Through this system it is planned that daily 150 visitors will be invited to make free telephone calls to any part of the country.

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