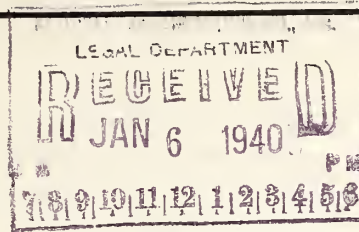


HEINL RADIO BUSINESS LETTER

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LESS INTERFERENCE EXPECTED WHEN TREATY OPERATES

Considerable improvement in broadcasting conditions in this country, with a substantial decrease in interference caused by overlapping stations, was forecast this week by Commissioner T.A.M. Craven following formal notification that the Mexican Senate had ratified the North American Regional Broadcast Agreement on December 31.

While details of the action were still lacking at the week-end, the Federal Communications Commission and State Department officials were optimistic at the prospect of bringing order into North American broadcasting conditions for the first time.

The only danger that this goal may not yet be in sight is that Mexico may have adopted the 1937 Treaty with reservations.

The agreement was promulgated at the First International Radio Conference held at Havana in 1937 and has been ratified by five countries - Canada, Cuba, Haiti, Mexico and the United States. It can be made effective as soon as Mexico deposits the signed document at Havana.

Should the Treaty become operative, a widespread reallocation of broadcasting facilities in the United States will be ordered by the Federal Communications Commission within a few months. It is estimated that more than 650 of the country's 814 stations will have to change frequencies.

The changes in most cases, however, will be slight or between 10 and 40 kilocycles.

Radio repairmen will get a lot of business when the shake-up is ordered as push button receivers will have to be altered slightly and sets that don't go up to 1600 kc. will have to be adjusted.

On other sets listeners will have to change their habits or logs to pick up their favorite stations on new wavelengths.

One of the achievements of the Treaty, unless Mexico adopted it with reservations, will be to eliminate the troublesome "border stations", those high-powered radio outlets along the Rio Grande which are operated almost solely to reach American audiences.

Under the treaty they will be abolished and Mexico's wavelengths will be so limited that it probably will not turn any of them over to American promoters. Mexico will be permitted to construct high power stations within the interior but not along the U. S. border.

While suffering a reduction in exclusive clear channels, this country will get more shared channels under the Treaty and be able to license more interference-free stations than it now has on the regular broadcasting bands.

The reallocation probably will not be put into effect without some protests from stations and certainly not without a public hearing. It is expected that the change in assignments and the inquiry will require at least six months.

The Havana Treaty is largely the work of Commissioner Craven, who headed the American delegation to the North American Conference in 1937. Working almost alone, with the FCC then taking little interest in the problem, he succeeded in selling the idea of stabilization to the Latin American countries.

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INTEREST IN INTERNATIONAL RADIO CALL LETTERS REVIVED

World events have revived attention to radio call signals allocated to the various countries, the Federal Communications Commission noted this week.

Under international agreement, the first letter or the first two letters of radio call signals indicates the nationality of the station. According to Section 1, Article 14, of the International Radio Conference at Cairo in 1938, as annexed to the International Telecommunications Convention at Madrid in 1932:

"All stations open to the international service of public correspondence and all aircraft stations not open to the international service of public correspondence, as well as amateur stations, private experimental stations and private radio stations, must have call signals from the international series assigned to each country . . ."

The Cairo convention further provides that when a fixed station in the international service uses more than one frequency, each frequency is designated by a separate call signal used for that country only.

As a general rule, land stations use three letters, ship stations four letters, and aircraft stations five letters. One or two letters and a single figure followed by a group of not more than three letters identify amateur stations and private stations.

The 26 letters of the alphabet, as well as figures (with use of "0" and "1" limited to amateurs) may be used to form call signals. Chief exceptions are combinations beginning with A or B, these two letters being reserved for the International Code of Signals, and combinations which might be confused with distress and other emergency signals, and combinations reserved for certain approved abbreviations.

Says the international agreement further:

"Each country shall choose call signals for its stations from the international series which is allocated to it and shall notify the Bureau of the Union of the call signals which it has assigned to its stations. This notification does not concern the call signals allocated to amateur stations, to private experimental stations, and to private radio stations."

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CRAVEN DISSENTS ON PROPOSED WIRE MERGER

Commissioner T.A.M. Craven cast the only dissenting vote against the proposed merger of Western Union and Postal Telegraph Companies as the plan was submitted to Congress this week. He gave no official explanation for his act, but the coolness with which the recommendation was greeted on Capitol Hill indicated he will find many members in accord with him.

Chairman Wheeler, of the Senate Interstate Commerce Committee, who probably will take the initiative in promoting the legislation, said he will call a meeting of the Committee within a few days. A Sub-Committee probably will be named to hold hearings.

The probable effect of the consolidation on the employees of the two wire companies, particularly Postal, appeared likely to have considerable influence on the decision although there were rumblings that the Administration may be charged with trying to take the first step to take over the communications facilities.

The Federal Communications Commission recommended consolidation of telegraph companies as "an obvious remedy for many of the existing ills" of the industry.

Western Union has nearly 20,000 offices and Postal nearly 4,400. On last June 30, Western Union had 43,490 employees and Postal (land lines), 14,560.

The Commission suggested that Congress remove the present prohibition against consolidation, in the report sent to Chairman Wheeler of the Senate Interstate Commerce Committee. The recommendation brought a suggestion from two Senators that such a merger should consider the welfare of employees affected. Wheeler commented that he "would want to know that labor was adequately taken care of in any merger and that thousands of employees were not just thrown out of work".

Senator Truman (D.), of Missouri, another Committee member said he felt "there may be some merit in the merger idea provided the labor situation can be worked out without the loss of too many jobs".

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"If properly safeguarded through effective regulation", the Commission said, consolidation would "maintain for the telegraph using public the benefits inherent in competition in the telegraph field and result in the rehabilitation of an industry which at present offers little security for its employees".

It added that "communication needs incident to national defense will be more effectively provided for" by unification.

Saying that competition, changing economic conditions and other causes have brought about a situation which "jeopardizes the existence of certain of the existing telegraph carriers", the Commission commented:

"The financial situation of the Postal system is precarious and that of Western Union, although less critical, is definitely unfavorable".

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LONGER INTERVAL FOR ANNOUNCING RECORDS ADOPTED BY FCC

In the interests of public service and radio station convenience, the Federal Communications Commission this week agreed that station announcements of the use of mechanical records can be made at 30-minute intervals instead of the 15-minute requirement as heretofore. This is to avoid interrupting the entertainment continuity of a recorded series of records, or of the long records now quite generally used, particularly of recorded programs relayed by wire facilities.

At the same time, Section 3.93(e) of the broadcast rules has been changed to read:

"The identifying announcement shall accurately describe the type of mechanical record used, i.e., where a transcription is used it shall be announced as a 'transcription' or an 'electrical transcription' and where a phonograph record is used it shall be announced as a 'record'."

The Commission added religious service to the types of continuous recorded programs - speech, play, symphony concert or operatic production - of longer than half an hour for which the 30-minute announcement rule is waived.

This change is effective immediately.

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RADIO TO HOLD LEAD ON TELEVISION, SAYS ENGINEER

The production of sound radio receivers will continue to exceed production of television receivers for the next decade and be the backbone of the industry "for at least five years to come" in the opinion of Julius Weinberger, Fellow of the Institute of Radio Engineers.

In a paper published in the recent I.R.E. Proceedings, Mr. Weinberger analyzes the "Basic Economic Trends in the Radio Industry" and arrives at the following summarized conclusions:

"1. The character of the distribution of receivers to various markets has altered materially since the inception of broadcasting. Prior to 1927, sales for initial equipment to the home absorbed practically the entire annual production; by 1930, initial equipment for homes constituted only 59.4 per cent and replacements 33.5 per cent of all sales; by 1936, initial-equipment 'home' sales were 19.8 percent, replacement 'home' sales were 30.3 percent, and new sales channels were absorbing receivers as follows: Secondary receivers, 15.7 per cent; sales for other than family use, 7.8 per cent; automobile receivers, 17.2 per cent; exports, 8.1 percent.

"2. Extension of the trends of the past 14 years leads to the conclusion that further alterations in the character of the 'normal' annual demand will occur; emphasis on home-type primary (or 'living-room') sets should decrease and emphasis on secondary ('compact' or 'extra') and automobile models should increase. Annual demand for primary receivers as initial equipment for homes should fall continuously; demand for replacements of primary receivers should pass its peak in a few years and fall slowly thereafter. At the same time, annual demand for secondary sets should continue to rise steadily and automobile-set demand for initial equipment should rise for the next 3 or 4 years, with a gradual decline thereafter. (A replacement demand for automobile receivers would tend to sustain total production after 1941.)

"3. Total annual production of all types of receivers goes through wide cyclical fluctuations, above and below a 'normal' trend line. At the present time, the 'normal' is about 6.7 million receivers, and increasing at the rate of about 250,000 receivers per year. In the last 3 years, however, the industry has produced well over this normal amount (more than 8 million receivers during 1936 and 1937, and 7.1 million receivers in 1938). Thus, there has been an excess over 'normal' production of about 4 million receivers in these 3 years. In view of this excess production, we may anticipate a sharp drop to subnormal demand sometime during the next few years, probably during the next business recession. During the next 9 years, the 'normal' should rise gradually to about 8.5 million receivers.

"4. The length of time that the public retains its receivers before purchasing replacements has been increasing. It would appear that in 1928, the average life of a receiver was about

5 years. This increased gradually, until now 75 percent of receivers are being retained an average of 7 years. It is anticipated that this condition will continue to exist in the future.

"5. Television receivers will constitute an inducement for the slow replacement of existing sound receivers. The growth curve of such replacements is not expected to be as steep as that of replacements of older types of sound receivers by newer types, for reasons given in the text. In terms of unit volume, annual production of sound receivers for the various markets, during the next 10 years, should considerably exceed production of television receivers; and for at least 5 years to come, it is likely that the backbone of the industry will be the production of sound receivers."

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WASHINGTON OFFICIALS MOURN DEATH OF BELLOWS

Veteran radio officials and attorneys in Washington joined this week in expressing sorrow at the death of Henry A. Bellows, Director of Public Relations for General Mills, Inc., writer and an authority on radio. Mr. Bellows died at his home in Minneapolis on December 29 at the age of 54.

He was a pioneer in radio and in 1927 was appointed by President Coolidge as one of the five members of the original Federal Radio Commission. In 1929 to 1934 he was President of the Northwestern Broadcasting, Inc. And from 1930 to 1934 was Vice-President of the Columbia Broadcasting System. In 1934 he became Chairman of the Legislative Commission of the National Association of Broadcasters, which position he retained until 1935. In 1936 Mr. Bellows joined General Mills, Inc.

Mr. Bellows was born in Portland, Me., September 5, 1885. He graduated from Harvard in 1905, getting his Ph.D degree in 1910. He was married to Mary Sanger, Cambridge, Mass., in 1911. (Mrs. Bellows died January 19, 1935.) Mr. Bellows' two children are Mrs. Phillip W. Pillsbury, and Charles Sanger Bellows. Mr. Bellows was married the second time to Alice Rickery Eells, of Washington, D. C., on April 13, 1936.

A versatile and talented man, Mr. Bellows was one time a Professor of Rhetoric at the University of Minnesota and later Managing Editor of "The Bellman" at Minneapolis. He was for awhile music critic of the Minneapolis Daily News and wrote program notes for the Minneapolis Symphony Orchestra.

He was a Colonel in Minneapolis Home Guards and a writer on scholarly topics and a translator.

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WILE RECOUNTS EARLY PAYLESS RADIO COMMENTATING

Frederic William Wile, noted Washington correspondent, recalls the difficulty which he had in the early days of broadcasting in convincing radio officials that he should be paid for his comments over the air, in his entertaining "News Is Where You Find It", recently published by Bobbs Merrill.

Uncovering some little known history of the debut of commentators on the air, Mr Wile says his contract with the Columbia Broadcasting System at \$10,000 a year in the Winter of 1928-29 was "No. 1 arrangement of this kind".

"My first radio high spot", Mr Wile recalls, "was attained on March 4, 1925, when Calvin Coolidge was inaugurated president in his own right. I had not expected to participate in the broadcasting program from the Capitol. But early in the evening of March 3, Kenneth Berkeley, now Manager of Station WRC, telephoned me that N.B.C. unexpectedly received permission to put on a speaker before the inaugural microphone at noon on March 4, immediately preceding the swearing in and inaugural address of the President-elect. Would I be prepared to take the air for ten minutes and speak to the visible inaugural throng on the east front of the Capitol over the public address amplifying system and to the radio audience over the N.B.C. network? My material, Berkeley said, might be of general character appropriate to the impending ceremony. It was short notice for so auspicious a stunt, but before bedtime I wrote and had ready for delivery a 1,500-word talk on 'The Presidency'. I was informed it was the only time on record that a private citizen had been privileged to stand in that place and speak just prior to the induction utterance of the incoming President."

After relating his early experiences, Mr Wile wrote:

"Though broadcasting was progressively fascinating, continuously flattering to one's ego, and productive of many desirable personal and professional contacts, I came to tire of art for art's sake, and decided to terminate that uneconomic situation. In other words, after four years of service at the microphone, I thought the time had come to take the National Broadcasting Company to remunerate me."

As David Sarnoff, President of RCA, felt that Mr. Wile was earning an adequate salary as a syndicate writer, the correspondent appealed to Owen D. Young in 1928.

"Young admitted that my attitude on the question of pay was entirely sound. He assured me the time was approaching when radio, then in its swaddling clothes as an industry, would, as a matter of course, have to buy broadcasting programs and would be in position to do so. At the moment, Young explained, radio revenue was derived only from the sale of receiving sets. R.C.A. was owned or controlled jointly by General Electric and the Westinghouse interests, both large-scale manufacturers of receiving

apparatus. Sets of the dial pattern were still costly and by no means in general use.

"Younr urged me to be patient. He said: 'Your time will come. With every week's talk, you are building up a reputation. Don't break contact with the radio audience by leaving the air now.'"

"I returned to Washington, much impressed by Mr. Young's forecast of the day when my ship would come in via the wave lengths. But as I was now beginning to find the weekly talk more and more of a task, I decided after fresh and futile soundings in New York on the salary outlook, to go on strike - the very first strike, to my knowledge, in broadcasting history. Choosing a psychological moment that would have done credit to John L. Lewis himself - a critical situation at Washington involving one of Coolidge's infrequent run-ins with Congress - I notified F. P. Guthrie, general manager of R.C.A. in the National Capital, that I was no longer prepared to broadcast for love and glory. Reversing the old saw, I told him that unless N.B.C. put up, Wile would shut up!

"For two weeks there was no discussion of the Washington political situation 'tonight' or any night on the air. Presently Guthrie offered me \$50 a week if I would resume where I left off. Thus radio's maiden strike was ended and won. Never since that day, I believe, now more than ten years ago, has any important broadcasting concern asked a professional commentator on public affairs to work for nothing. It was not long afterward - the winter of 1928-29 - that I received overtures from the up-and-coming competitor which, on a shoestring, had just dared to enter radio as a rival of N.B.C. and its powerful capital affiliates. A twenty-eight-year-old Philadelphian named William S. Paley, at that time in charge of production and advertising for the Congress Cigar Company, and the reputed possessor of a fortune in his own right, had joined with his family and certain Philadelphia friends, including Lawrence W. Lowman, a college chum, to acquire the tiny and tottering Columbia Broadcasting System from the Columbia Phonograph interests, which had started it as a rather feeble competitor of the General Electric-Westinghouse-supported N.B.C. project.

"Contact with Paley had been established for me through Martin Codel, a brilliant young Washington newspaper writer who was specializing in radio and who happened to be an admirer of my work on the air. Codel, now the publisher of Broadcasting, the leading organ of the radio industry, and himself a factor in what he long ago christened 'the Fifth Estate', first introduced me to Alfred J. McCosker, general manager of Station WOR, then the New York outlet of C.B.S. McCosker, a canny former Broadway press agent, who knew the show business and was combining that knowledge with a keen sense of public relations, waxed enthusiastic about the prospect of my joining C.B.S. as a political commentator. "Mac", now Chairman of the Board of the Mutual Broadcasting System and a former president of the National Association of Broadcasters, has played a stellar role in developing radio to the present level of significance in American life.

"Thus I found that even before Codel had paved the way to an appointment for me with handsome young Bill Paley, president of C.B.S., in New York, that boyish-looking executive, whose 1938 salary was slightly under \$175,000, which is more than twice that of the President of the United States, had made certain soundings regarding my professional status at Washington. In consequence, C.B.S., Paley said, was ready to offer me a three-year contract to be its political analyst at \$10,000 a year - No. 1 arrangement of its kind, I think, in broadcasting annals. My talk was not to be commercially sponsored, but to become what the trade calls a 'sustaining' feature, i.e., paid for by the broadcasting chain itself. Paley asked me to draw up the kind of a contract that I thought the situation required. My dear friend, Frank J. Hogan, leader of the District of Columbia Bar, and 1938-1939 President of the American Bar Association, thereupon prepared an agreement which met with Paley's unqualified approval. It provided, among other things, that my broadcasts on the political situation in Washington were not subject to censorship by the network."

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WIRED RADIO USE SPREADS IN GERMANY

Wired radio experimentation is progressing in Germany, according to the American Consulate, at Leipzig.

First trial experiments were started by the German postal authorities in 1933. Meantime they have been improved so as to be made accessible to the general public. The Postal Management in the Leipzig district has begun to introduce this new wire broadcasting system in many cities under its jurisdiction, such as the southern suburbs of Leipzig, as well as in Bitterfeld, Halle (Saale), and Sangerhausen. Every participant in broadcasting service is compelled to permit the fixing of the connection with the wire broadcast transmission at his receiving set. The same applies to every owner of a telephone connection, as well as to all owners of buildings in which telephone connections or radio receiving stations already exist. The German postal authorities connect the radio receiving party without his application and without any cost to the wire broadcasting net. It is claimed that the wire transmission improves the tone of the performance and diminishes disturbances to a minimum degree.

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Station WTAL, Atlanta, Georgia, joins the Mutual network on Sunday, January 21, to become the network's 125th affiliate. WTAL is operated by the Atlanta Broadcasting Co., operates on 1,370 kilocycles, with 250 watts daytime and 100 watts nighttime.

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TRADE NOTES

A revised form of annual financial report required of standard broadcast stations and networks was adopted by the Federal Communications Commission this week. It is applicable to the 1939 income statement, with balance sheet, which is due March 1, 1940. The forms do not include schedules for program data, since it was requested by representatives of the broadcast industry that such schedules be distributed separately.

Directors of the Columbia Broadcasting System have elected William C. Gittinger to the post of Vice-President in Charge of Sales. With the company six years, the last five as Sales Manager, Mr. Gittinger has been active in the development of sales policies which continue under his direction. Prior to 1933, he was associated, over a twenty-year period, as an advertising executive with Tidewater Associated Oil Company, the Joseph Richards agency, and the Vacuum Oil Company.

The NBC Artists Service Concert Division finished 1939 with the largest income it has ever had. Bookings have grossed \$1,430,000, against \$1,300,000 for 1938, with the benefit concert of Toscanini and the NBC Orchestra December 2 bringing over \$24,000 into the box office.

R. Henry Norweb, United States Minister to the Dominican Republic, sailed this week on the Grace liner Santa Lucia as head of the United States communications experts to the Inter-America Radio Communications Conference in Santiago, Chile, the last week in January. Mrs. Norweb accompanied him.

Mr. Norweb said he had been an amateur radio operator for twenty years and assumed that this was one of the reasons he had been named to head the United States delegation.

"Great interest I am sure will be shown in the exchange of weather information among our countries", he said. "We've got to do something to improve our weather reports, which have been crippled since the war began."

Gross billings for time on the Columbia Network -- prior to deductions for agency commissions and time discounts to sponsors -- totaled \$3,529,154 during December, 1939. The December figure brings the twelve-month cumulative total for 1939 to \$34,539,665.

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ASCAP WINS VICTORY IN NEBRASKA COPYRIGHT SUIT

The American Society of Composers, Authors, and Publishers won a distinctive victory last week in its fight against State laws restricting its activities when a Federal Court in Nebraska granted the first permanent injunction against the application of an anti-ASCAP law.

The decision declared the Nebraska anti-ASCAP law unconstitutional and was written by a three-judge constitutional court in Lincoln, Neb.

The court ruled that portions of the law which it adjudged invalid were so essential to the whole that the whole law must be held inoperative. Circuit Judge Gardner of Huron, S.D., wrote the opinion, with District Judges Munger and Donohoe also hearing the case.

Exercise of State police power over combinations allegedly in restraint of trade is subject to the Federal Constitution, the court stated, describing the right of an author in intellectual productions as similar to any other personal property right. "The statute cannot be justified as a method of exercising the police power", the court stated. "This power may not be extended to the extent of taking private property for a public use.

"While the power reasonably to restrain unlawful monopolistic trade, restraining combinations from exercising any rights in the State may be conceded, an act which compels the owner of a copyright to offer it for sale in a certain way, and if he fails to do so take it from him without compensation, violates the due process and equal protection clauses of the Constitution and the Federal Copyright Act."

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NEW NETWORK POSTPONES OPENING IN AGENCY ROW

The Transcontinental Broadcasting System, of which Elliott Roosevelt is president, announced this week at its New York headquarters that the projected opening of the 102-station system on New Year's Day had been postponed a month.

John T. Adams Chairman of the radio system's Board, charged in a statement that "an advertising agency" had "declined to fulfill its commitments" for two of its clients, the programs of which were anticipated for the radio chain. Collectively, it was said, these clients were to have used the equivalent of fifteen hours of time on the air weekly. Now, it was said, the postponement will be necessary to complete arrangements with other agencies for the radio time.

In response to the network's statement, Maurice Bent, Vice-President of Blackett-Sample, Hummert, Inc., with which the radio system was negotiating, declared in a statement that arrangements never had gone beyond the "negotiation state". Further, the agency's statement asserted, the radio system "failed to submit evidence of its financial ability to operate a network".

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