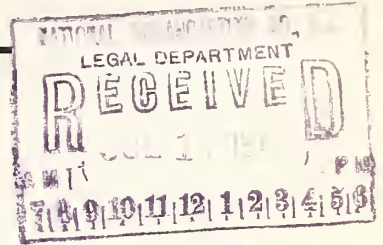


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1250

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FTC AMPLIFIES REPORT ON RADIO ADS EXAMINED IN 1939

Additional data on the analyses of radio and periodical advertising made by the Radio and Periodical Division of the Federal Trade Commission were released this week as a supplement to the report issued April 13.

"Of the total 334,532 commercial radio continuities examined during the first half of the calendar year 1939, (later data not available), 15,390 originated from commercial broadcasts by nation-wide networks", the FTC stated. "Of these latter continuities, 22.2% were marked and referred for further investigation.

"Owing to the obvious interstate appeal of advertisers utilizing the broadcast facilities of nation-wide networks, copies of network commercial continuities are procured on a continuous weekly basis, and the commercial script examined, therefore, comprised all such network announcements.

"Commercial radio continuities are procured from individual station broadcasters, (for non-network broadcasts) uniformly as to frequency and length of period sampled, (and irrespective of transmittal power); with returns being staggered and proportionated throughout the year.

"From the total 305,787 commercial continuities examined in script rendered by individual station broadcasters, 150,192 comprised commercial continuities broadcast by medium-powered regional stations. Of these latter continuities, 3.3% were marked for further investigation.

"On a whole, it was observed that the average commercial continuities representing nation-wide network broadcasts, were about 7 times the script length of those rendered for individual station commercial announcements.

"Commercial continuities covering the built-in commercial portions of electrical transcription recordings intended for radio broadcasts, are procured on a continuous monthly basis direct from the producers of such recordings. (Therefore, while the continuity data presented for this type of broadcast, represented all commercial recordings of the producers, there is no data available to indicate the number, or period of time that copies of such recordings, may have been repeated over the air through the facilities of multiple stations.)

"The completed tabulation, showing other particulars representing each group type of broadcaster whose commercial con-

tinuities were included in the advertising surveys during the first half of 1939, are given in the data presented below. (Individual broadcasters are grouped according to their respective authorized maximum night transmittal power, prevailing during the broadcast period reported upon.)"

Type of Broadcaster Maximum Night Power	Commercial Continuities		Broadcasters Surveyed	
	Quantity Examined	Per Cent: Marked	Script Procured	Stations or Net- works Represented
Nation-Wide Networks	15,390	22.2%	100%	3
Regional Networks	9,228	6.5%	100%	22
Total All Networks	24,618	16.4%	100%	25
<u>Individual:</u>				
Low Local (100 watts)	113,927	2.3%	16-2/3%	308
Med. Regional (1,000 watts)	150,192	3.3%	16-2/3%	252
High Regional (10 kw)	19,736	4.4%	16-2/3%	36
Clear Channel (Inc. Special High) (25 Kw-300 Kw)	21,932	7.0%	16-2/3%	36
Total Individual Station	305,787	3.3%	100%	632
Transcriptions	4,127	13.4%	100%	--
	334,532	4.2%		

"The percentages and other statistics presented relate only to the initiation of inquiry and are not necessarily representative of any final adverse action taken by the Commission", the report explained.

"In analyzing advertising survey data of this Commission, which may be procured through its Radio and Periodical Division, consideration should be given to the fact that this data is derived only from representative, selected advertising mediums, and selected advertisements therein, deemed pertinent to the Division's and the Commission's work. Resultant marked specimens of advertising,

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often originate from similar individual advertising mediums; and the surveys do not comprise a complete coverage of all magazines or newspapers or all radio commercial broadcasts.

"Owing to the limited size of examining staff available and the large volume of local commercial radio announcements broadcast, such commercial continuities are procured from individual station broadcasters, (non-network), on an equal representative basis. However, for practical use by the Commission, experience has proved that the commercial script rendered, includes current representative specimens of practically any national or regional advertising campaign of consequence, pertaining to products in commerce, disseminated through such broadcasters.

"Many commercial radio continuities and published advertisements marked in the preliminary stage as warranting further investigation, may pertain to respective cases already receiving legal attention in the Commission; and various specimens included, may be only duplicates of similar representations previously observed, or also in process of appropriate attention; and the number of marked specimens tabulated, do not of themselves signify the existence of a like number of cases, prospective or pending."

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NAB SEEKS "FREE RADIO" IN DEMOCRATIC PLATFORM

The broadcasting industry will try to get the Democrats to include "free radio" plank in the convention platform this week.

Since the Republican National Convention in Philadelphia June 19 unanimously adopted a radio plank endorsing the principle of free radio on a parity with the press, it is expected that the Democratic Convention will follow through in similar fashion. Neville Miller, President of the National Association of Broadcasters, and members of the NAB Legislative Committee will appear before the Democratic Resolutions Committee on behalf of such a plank.

In addition to Mr. Miller, it is likely that Harry C. Butcher, CBS Washington Vice-President and member of the Legislative Committee; John A. Kennedy, West Virginia Network, Chairman of the Legislative Committee, and F. M. Russell, NBC Washington Vice-President, will appear before the Democratic Board.

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ZENITH WELCOMES TEST CASE WITH TRADE COMMISSION

E. F. McDonald, Jr., President of the Zenith Radio Corporation, Chicago, this week stated that he welcomes the test case instituted late last week by the Federal Trade Commission against Zenith for alleged misleading advertising.

"Information released by the Federal Trade Commission at Washington indicates that a formal complaint was issued against the Zenith Radio Corporation because of certain advertising practices", Commander McDonald said. "The points of this case have been discussed at length by Zenith, the Radio Manufacturers' Association and many members of the industry with the FTC over a period of years and its disposition will represent the first complete determination of the questions involved. Behind all the legal wording of this complaint is the first step in a friendly proceeding to attempt to give test case background to several points raised by the Commission.

"First, they desire to stop the advertising of ballast resistors as tubes, a practice which has long since been abandoned not only by Zenith but other major manufacturers of the industry.

"Second, to ascertain whether magic eye tubes, rectifier tubes and other special purpose tubes should properly be referred to as tubes in advertising. These tubes have been described as tubes by the manufacturers and the industry generally in the forty million radios that are now in use.

"It also strangely appears from this complaint that the Commission questions whether a radio may be sold for the reception of foreign programs and whether it is proper to advertise the fact that German, French, Russian and Italian short-wave broadcasts are now conducted in English.

"Zenith welcomes the test case as I feel sure will the entire industry."

Zenith was charged in the FTC complaint with misleadingly advertising the number of tubes contained in its radio receiving sets and the power and capacity of such sets for foreign reception.

The complaint alleged that Zenith has advertised, among other things:

"Zenith Short-Wave Radios are guaranteed to bring in Europe, South America, or the Orient every day or your money back! * * *"

"Positively the greatest 1940 Zenith values ever offered *** ten-tube superheterodyne***eleven-tube superheterodyne*** radio console with eight tubes *** the

amazing new 1940 eight-tube, three band Radiorgan Zenith long distance radio *** six tubes! Push buttons! Long and short-wave *** six-tube heterodyne with wave magnet aerial, two-button Radiogram."

"These representations and others made by the respondent", the FTC charged, "are misleading, for in truth the Zenith radio sets are not equipped with six, eight, ten or eleven active, necessary, fully functioning tubes, but contain one or two, or more ballast non-functioning, or tuning beacon tubes, or rectifier tubes which do not serve as amplifying, detecting, or oscillating tubes and do not perform any recognized and customary function of a radio receiving tube in the detection, amplification and reception of radio signals.

"Contrary to the respondent's representations", the FTC added, "Zenith radio sets equipped with such tubes will not bring in broadcasts from London, Paris, Berlin, Moscow, Rome, and other points in Europe and from South America and the Orient in sufficient volume, free from static, to be distinctly heard at all times and under all conditions."

The complaint grants Zenith 20 days for filing answer to the charges.

Criticism of the Trade Commission's procedure in publicizing complaints before the respondent has an opportunity to answer them was criticized last week by representatives of the Association of National Advertisers. G. S. McMillan, ANA Secretary, and I. W. Digges, ANA counsel, attacked various phases of Federal Trade Commission procedure at a hearing of the Attorney General's Committee on Administrative Procedure in Washington. During the last several weeks the Committee has been holding hearings at which private parties are given an opportunity of voicing their suggestions on procedure of Government administrative agencies.

The ANA representatives' principal criticism lay with the FTC procedure in issuing complaints against business concerns "relating to alleged falsity of advertising claims before there has been any determination on the merits of such claims". Mr. McMillan declared this practice on complaints "often results in very real damage to national corporations", since the publicity accorded complaints may be used by competitors to damage a concern and also makes a bad impression on the public. Mr. Digges recommended that complaints be withheld until the defendants have an opportunity to answer, and that both sides of the case be made public simultaneously.

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NAMING OF COMMUNICATIONS DEFENSE BOARD AWAITED

Announcement of the appointment of a Defense Communications Committee comprising Government officials concerned with radio and wire regulation was expected to be made at the White House this week or next.

James L. Fly, Chairman of the Federal Communications Commission, stated at his press conference on Monday that all preliminary work had been done and that the matter is in the President's hands.

A suggestion by Neville Miller, President of the National Association of Broadcasters, that a communications expert from the industry be appointed to serve with the National Defense Commission headed by William S. Knudsen, has not met with the approval of Chairman Fly.

Whether this difference of opinion has caused a delay in the creation of the Communications Committee was not known definitely.

Mr. Miller suggested in a letter to Chairman Fly that an outstanding communications authority should be appointed to the Defense Commission to give the industry the same representation accorded other fields. Mr. Fly, however, points out that co-ordination of activities is required for communications, whereas the Defense Commission deals principally with procurement problems.

While Mr. Fly declares the industry will be consulted if the plan for a separate governmental board is approved, industry is said to be apprehensive that a Board composed entirely of Government officials would be a forerunner of Government operation. Although Government officials disclaim such intention, it is known that certain FCC members are inclined toward this objective.

Sub-committees representing the various branches of the communications industry are expected to be appointed as aides to the governmental Communications Committee.

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Selection of the winner of the Paley Amateur Radio Award for 1939 has been waived by the Board of Judges. This action was suggested by the American Radio Relay League because, in its opinion, no candidate was named whose accomplishments in "research, technical development or operating achievement" justified presentation. William S. Paley, President of the Columbia Broadcasting System, is donor of the prize.

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FCC WORKING ON TREATY REALLOCATIONS, SAYS FLY

The staff of the Federal Communications Commission is busily engaged in preparing proposed reallocations of most of the nation's broadcasting stations in accordance with the provisions of the Havana Treaty, Chairman James L. Fly stated this week.

At the same time he indicated that the reallocation may not take place in the early Fall, as had been anticipated, by explaining that the October 1st date was fixed at the time when broadcast licenses would expire and not as the time when the re-allocation necessarily would become effective.

Meanwhile, reports were current that the FCC is divided on the question of retaining clear channels as provided in the treaty and the broadcasting industry was represented as being deeply concerned over the Commission's delay in making the Havana pact operative.

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COMMISSION MUST ACT ON REQUESTS FOR MONOPOLY PROTEST

The Federal Communications Commission must determine whether it will accept briefs in opposition to provisions of the monopoly report, Chairman James L. Fly stated this week in response to questions. He explained that the Columbia Broadcasting System already has asked permission to file such a brief.

The Chairman's statement was made despite the fact that he did not contradict John J. Burns, special counsel for the Columbia Broadcasting System, when he told the Senate Interstate Commerce Committee last week that Mr. Fly had indicated that all parties would be accorded the privilege of filing briefs. The FCC Chairman was present at the time.

CBS counsel has charged that the report, so far as it concerns Columbia, is full of errors and "unwarranted" conclusions, especially with regard to the CBS-Paramount deal.

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World Radio Market reports issued recently by the U.S. Bureau of Foreign and Domestic Commerce include the following: Seychelles, Sierra Leone, Belgian Congo, Costa Rica, and Iceland.

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STATIONS DON'T HAVE TO QUOTE RATES, SAYS FCC

A New Yorker inquires of the Federal Communications "whether a company operating a commercial radio station is under a duty to quote rates for time not sold and to sell such time if its rates are met." Under the Communications Act a radio broadcast station is expressly declared not to be a common carrier, the Commission replied. Accordingly, except the provision which relates to candidates for public office, a radio broadcast station is under no obligation to quote rates or sell time. Hence a radio broadcast station is unlike some other classes of radio stations - notably radiotelegraph and radiotelephone which have the status of common carriers and are required to furnish service in accordance with tariffs filed with the Commission.

From the same city comes a lone letter protesting certain restrictions imposed upon amateurs at the present time. By way of explanation, the Commission replied in part:

"Although it is realized that these orders will probably cause inconvenience and annoyance to some of the amateur operators, the Commission feels that the recent restrictions and requirements are not only entirely justified but that they are necessary actions in the interests of neutrality and national defense. From the responses received from amateur organizations and individual amateurs throughout the country, it appears that the amateurs themselves are appreciative of the reasons necessitating the adoption of these orders and that they will fully cooperate in their enforcement. As you are undoubtedly aware, this Commission is cognizant of the valuable services rendered to radio and the nation by its amateurs and has on numerous occasions made public its appreciation of those services. The Commission does not believe that the order requiring more detailed proof of citizenship than has been required in the past can be construed as an indication of distrust of the American amateurs. This is also true as to the commercial operator to whom that order also applies. Requiring fingerprints is not an indication of suspicion. You will be interested to know that all Federal employees under Civil Service have been required to submit fingerprints for a number of years."

Since the Commission lacks jurisdiction in the matter, it has suggested to a Palm Beach woman that she submit to independent stations and networks a prayer that she wants to be broadcast twice daily throughout the United States.

In response to query from Chicago, the Commission advised that there is no rule or regulation pertaining to the solicitation of funds over the air, and that the matter is one within the discretion of station management.

The Commission said it is likewise without authority to take remedial action with respect to the following complaints:

A Brooklyn, N.Y., man is irked because a network substituted an address by Winston Churchill for the usual baseball program.

A Washington, D. C., man alleges failure of a network to advise the listening audience concerning the reconvening of the Republican National Convention.

A San Francisco listener takes issue with the "man in the street" type of programs.

A Bronx, N.Y., individual would bar the radio to minority groups.

A Lynn, Mass., florist dislikes radio advice to purchase hosiery for Mother's Day gifts rather than flowers.

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PARTY CONVENTIONS PROVE EXPENSIVE TO NETWORKS

The Republican and Democratic conventions will cost the major networks well over \$500,000, it appeared this week, as accurate reports on the Philadelphia hook-ups were released.

The networks lost in commercial accounts and paid out of their pockets a total of \$364,700 to cover the Republican conclave, of which more than \$300,000 was for rebates made to advertisers whose programs were cancelled.

The Democratic convention is not expected to be quite so expensive, especially if it continues only four days as has been predicted.

The detailed expenses of the networks at Philadelphia were:

Out-of-pocket costs of convention coverage were set at \$15,000 by NBC, \$25,000 by CBS and \$8,000 by MBS, a total of \$48,000. Commercial cancellations cost NBC \$87,500 for time and \$58,000 for talent rebates. CBS lost \$125,000 in time charges and \$45,000 in talent rebates. Mutual cancellations totaled \$1,200.

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RADIO MEN INVITED TO JOIN R.A.F. BY BRITISH

An appeal to American radio operators and fliers to enlist in the Royal Air Force via Canada came this week from Great Britain through American correspondents.

The service for radio operators, it was said, would be both on the ground and in the air. Ground operators would be acceptable up to 50 years of age although the age limit for fliers is 18 to 32.

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NILES TRAMMELL NAMED PRESIDENT OF NBC

Niles Trammell, Executive Vice-President, was elected President of the National Broadcasting Company at the regular meeting of the Board of Directors in New York City last Friday. He succeeds Lenox R. Lohr, who resigned to accept the post of President of the Chicago Museum of Science and Industry. Mr. Lohr's resignation, announced June 7th, was accepted at the NBC Board meeting, and Mr. Trammell was elected as his successor.

The announcement, made by David Sarnoff, Chairman of the Board of the National Broadcasting Company, stated.

"The National Broadcasting Company at its regular meeting of Directors held here (New York City) today, accepted the resignation of Lenox R. Lohr as President, tendered on June 7th. The Board unanimously expressed its appreciation for Mr. Lohr's devotion and service to the company and its good wishes for his continued success in the new work he has chosen.

"Niles Trammell, who for the past 18 months has been Executive Vice-President of the NBC, was then elected by the Board as the new President of the National Broadcasting Company.

"In electing Mr. Trammell, the Board has promoted to the presidency a man who has risen from the ranks of the company. He began his career with the RCA in 1923, and joined the National Broadcasting Company in 1928, where he has achieved outstanding success as a broadcasting executive both in Chicago and in New York. He now brings to the position of President, 17 years of experience in communications, merchandising and broadcasting.

"Mr. Trammell is 46 years of age. It is a distinction to a young industry that it has produced from its ranks a young executive of his type. Mr. Trammell's successive advances in positions of responsibility with the NBC have been made as the broadcasting industry grew from small beginnings to a nation-wide service of entertainment, information and education, and as a medium of vital service to commerce and industry.

"His intimate knowledge of broadcasting, his popularity and wide acquaintanceship in all segments of the industry, and his contributions to the development of nation-wide broadcasting, are important assets of the company he now heads."

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The following appeared in the syndicated column of Harlan Miller, Washington columnist:

"Lady Bountiful: Mrs. Roosevelt has developed a great fondness for making people gifts of radios. She buys them by the wholesale, sometimes around a hundred a year, to give to friends and acquaintances. Probably she buys more radio sets than any other individual."

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E. & P. SEES ADVANTAGE FOR NEWSPAPER ADVERTISERS

Editor & Publisher last week called attention with a note of sarcasm to the necessary cancellation of sponsored programs during the political conventions.

"The Republican National Convention in Philadelphia, the coming Democratic meeting, and a number of extra-inning ball games have given national advertisers on the radio a foretaste of what they can expect during the Fall political campaigns", it said in an editorial. "Nearly two-score regularly scheduled advertising programs were cut off or curtailed during the Philadelphia meeting, so that the public could get all the thrills of a ring-side seat at the G.O.P. shindig.

"For the past decade, these conventions have been staged as much for the radio as they have for the nomination of candidates, it has seemed to some observers. Business has been strung out over four or five days when it might well be concluded in two, if business was the only consideration. Even the Democrats, facing what seems to be a foregone conclusion of their meeting, are likely to follow the four-day tradition.

"Radio advertisers have no choice in the matter. They are committed to continuity of schedule on their own part, but the stations and networks exercise their privilege of cutting a scheduled commercial whenever news of public interest emerges. In any case, no advertiser's message stands any chance of attention in competition with the roar of a convention crowd, a succession of staccato war bulletins, or the play-by-play of a tense ball-game. When radio news is hot, the advertiser draws a shut-out.

"We commend that fact to our newspaper advertising friends, the representatives, and the advertising agencies. If advertising continuity and consistency has the value that the radio salesmen place upon it, and we believe their argument, it seems to us that it can be found best in newspaper columns. There are only 24 hours around the clock twice, but there is no limit today on the space available for advertising in newspapers."

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STORY OF TELEVISION TOLD BY 11 EXPERTS

"We Present Television", a series of reports on the state and history of visual broadcasting by 11 experts, has just recently been released. Edited by John Porterfield and Kay Reynolds, it is published by W. W. Norton & Co., New York, and sells for \$3.00.

Writers who have contributed to the volume are: Alfred H. Morton, Vice President in Charge of Television for NBC; Donald G. Fink, Managing Editor of "Electronics"; O. B. Hanson, NBC Vice-President and Chief Engineer; Charles E. Butterfield, radio writer; J. R. Poppele, Chief Engineer of WOR; Thomas H. Hutchinson, NBC Television Program Manager; Thomas Lyne Riley, NBC Television Director; Earle Larrimore, actor; Robert Edmond Jones, stage designer; Benn Hall of Radil Daily, and Harry R. Lubcke, Director of Television for the Don Lee Broadcasting System, Los Angeles.

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