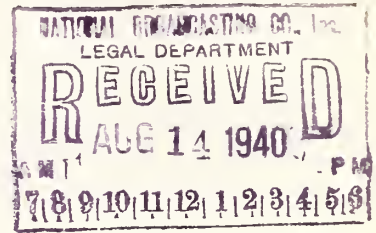


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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF AUGUST 13, 1940

Radio Used Improperly Politically Fails, Says Fly.....	2
Netherlands Supply Cuban Radio Market Despite War.....	3
Broadcasters' Idea To Terrorize, Says ASCAP.....	4
Thad Brown Hearings Go Into Second Month.....	6
FCC Meets But Not Much Doing.....	8
Germans Schedule New War Superhet.....	8
Now 45,000,000 Sets In U.S.....	9
Ever Hear Of Radioville?.....	9
Trade Notes.....	10
Station Bars Nazi Broadcast.....	11
Willkie Quick On The Radio Trigger.....	12

No. 1257-A

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August 13, 1940.

RADIO USED IMPROPERLY POLITICALLY FAILS, SAYS FLY

Somewhat overshadowed by the bricks the Broadcasters were shying at the Composers and vice versa was the advice Chairman James Lawrence Fly, of the Federal Communications Commission, gave to the National Association of Broadcasters at San Francisco last week.

"The broadcaster owes to the public whose facility he occupies - and to the democracy he is bound to preserve - the inescapable duty of full and fair reporting, balanced treatment, and honest and impartial comment on all facts and information of public concern; and adequate coverage on all public issues by two-sided discussions and equality of facility and representation", Chairman Fly declared in an address, the full text of which has just reached Washington. "The responsibility for this service rests with the licensee. It is inconceivable that control of the radio as an instrument of freedom should be delegated to any special interest with the liberty to control news, information and comment services. So soon as this service is rendered on behalf of a special interest or political party the radio ceases its most important function in the public interest."

Whereupon Mr. Fly took quite a wallop at the newspapers, saying:

"Broadcasting is all the more important in places where the other vital source of public information and opinion has on occasion utilized its basic freedom to promote its own or other special interests and causes. In the press we have long respected the traditional role of the editorial, however much we might deplore it in the radio, yet one cannot but view with concern the instances where 'News' is handled in such manner as to give the public what the newspaper owner, in the light of his interest, wants the public to receive.

"'News' can be colored. Headlines can be slanted. Spacing can be contracted or expanded; emphasis supplied or extracted by artful placing; important events or responsible views can be overlooked, yet John Doe can send a telegram and become a national character overnight. All this may appear momentarily to be good business; but it would not be democracy. It would overlook the real function of our basic freedom; and we should have an instrument of freedom devouring itself and the democratic structure which nourished it."

Expressing the fullest future confidence in radio, Mr. Fly handed broadcasting this bouquet:

"Let me not be deemed to criticize the American system of broadcasting. I am here to praise it. These are trying times and I have thought it beneficial frankly to discuss the great principle. Frankness is essential in these discussions, and those which I hope will follow on other problems of mutual concern. You will know that I am proud to observe the great public service rendered by the broadcasters in the midst of a tremendous conflict.

"Their general news, informational and commenting service have been of a high order. News has been searched out and brought to us from the four corners of the earth. The networks have rendered particularly valuable public service in this regard. And so have the many broadcasters moved across a vast field of public service with creditable results. I face the future with confidence in radio and believing in it as a great and permanent institution. There can be no real fear that, conscious of your great privilege and its attendant responsibility, you would ever let the torch fall."

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NETHERLANDS SUPPLY CUBAN RADIO MARKET DESPITE WAR

Imports of sets to Cuba from the Netherlands continued to be received, according to the American Consulate General in Havana, during recent weeks, these shipments arriving from Mexico and the Netherlands West Indies, in which areas considerable stocks of sets had apparently been maintained in anticipation of difficulties that might arise in receiving shipments from the Netherlands.

Collections are not being received as satisfactorily as was the case last year, or earlier this year and more care is being used in making installment sales.

Imports of radio sets by Cuba during the first 6 months of 1940, about 30 percent over the year before, numbered 11,106 units of all makes valued at \$186,583, as compared with 8,310 units valued at \$158,809 imported in the corresponding period of 1939.

Entries of Netherlands sets during the first half of this year totaled 1,222 units valued at \$17,140 as compared with 748 sets valued at \$13,099 received during the first 6 months of last year.

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Samuel R. Zack, Director of WMCA's "Labor Arbitration" program is one of New York's first arbitrators having settled labor disputes in Brooklyn back in 1917 before the existence of any labor relations legislation. At that time he was Sales Manager for a large manufacturing concern and his interest in arbitration developed as a result of a tremendous turn-over in labor due to misunderstandings.

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BROADCASTERS' IDEA TO TERRORIZE, SAYS ASCAP

Whether it will be a NAB musical blackout or an ASCAP blitzkreig remains to be seen but in a sizzling White Paper just delivered to the advertisers of the country signed by Gene Buck - but to the eye of this writer also showing signs of the fine Italian hand of Claude Mills - the object of the whole thing is said to be an attempt to throw a terrible scare into the Composers.

"May we point out that Broadcast Music, Inc., which the networks announce will be made use of as their principal instrumentality through which an adequate supply of music will be made available after the announced boycott of ASCAP music is put into effect, is the wholly owned creature of the broadcasters, and that a majority of its stock is owned by the two networks", Mr. Buck says in addressing the advertisers who pay the radio bills. "It purposes, according to its public announcements, to create between now and January first, from the offerings of amateur song writers and special arrangements which it will make of music in the public domain, a repertoire sufficient for the needs of broadcasting, or at least to make broadcasting 'less dependent upon ASCAP music'.

"Something less than a majority of the broadcasters have committed themselves to an investment of something over a million dollars in this activity, and they are presently endeavoring to interest the broadcasters in investing something like four million dollars in a group of publishers which have heretofore been members of ASCAP, so that their respective catalogs may be added to the BMI repertoire. Of course, the whole idea is to terrorize and intimidate ASCAP, but if it is of any comfort or usefulness to those who are sponsoring this movement to know that it entirely fails in the slightest degree to accomplish that objective, we would like to make that statement here and now. We wish the BMI well. We earnestly hope that it discovers many hundreds, even thousands, of desirable songs, and we are indeed glad that there has been created a responsible source to which the amateur writers may go with their material and hope to have it published."

Taking a vicious lunge at the chains, Mr. Buck declares:

"ASCAP is not in the slightest concerned at the bombastic edicts being presently issued by the two chains, in which it is very noticeable that the overwhelming majority of independent and individual stations do not join. It is apparent that the chains, drunk with power, assuming to speak for the independents, intend to dictate what copy an agency will use in the space it buys on the blank white pages of radio. . . .

"We are amazed at the manifestation of a degree of censorious conceit such as would prompt these two great and overpowering radio groups to believe for a moment that they are going to tell Damrosch, Whiteman, Waring, Lombardo, or Black what music to play. By what process of loose reasoning do these radio rajahs deduce that they will tell Lucky Strike, Cities Service, Maxwell

House Coffee, or their advertising agencies, who have purchased 'time on the air', of what musical content their programs shall be made?

"Of course, it is all an absurdity. . . . Nothing of the sort is going to happen. ASCAP music will be 'on the air' just as frequently as it is now.

"In the meantime, great harm may be done. It will be interesting to observe the development of this controversy. Assuming the Government is equally as interested in violations of the law by others as if alleged to be by ASCAP, what will it think of a conspiracy by the broadcasters, advertising agencies, and performing artists, in a concerted action to boycott the music of the ASCAP repertoire? We think the Government may be intensely interested to note this effort to prohibit the performance of such music by corporations which own booking offices, phonograph record factories, and motion picture producing units."

Propheying huge damage suits if the Broadcasters win, Mr. Buck concludes:

"If the effort should by some fantastic process become successful, we imagine damages will lie against those responsible in sums that will far transcend any which they ever would have paid for performing rights fees. Let every thinking man in a position of responsibility carefully consider the possible ultimate result of a complete and unqualified success if the orders of NBC and CBS are carried out by artists, advertising agencies, etc.

"Is it to be thought for a moment that by such dicta these two chain operators will at one stroke destroy the intellectual integrity of orchestra leaders and singers; render valueless music libraries owned by these leaders in which there are millions invested; nullify the value of the stocks of phonograph records and electrical transcriptions stored by the hundreds of thousands of dollars worth in the racks of the broadcasting stations throughout the country?

"We invite any advertising agency representative, and all performing artists and orchestra leaders to bring to our attention each and every instance in which any pressure whatever is brought to bear upon them that might deprive them of complete freedom to choose, according to their artistic or commercial judgment, the music best suited to their particular use or purpose. All information thus received will be held in strict and inviolable confidence.

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On Sunday, August 11, Station KWOS, Jefferson City, Mo., joined the coast-to-coast network as the 143rd Mutual network full time affiliate.

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THAD BROWN HEARINGS GO INTO SECOND MONTH

Still overshadowed by the alleged RCA bribery charges in connection with the attempt to secure a Federal anti-trust case continuance back in 1932 the inquiry by the Senate Interstate Commerce Committee into the qualifications of Col. Thad H. Brown to succeed himself as a member of the Federal Communications Commission is now going into its second month. At the resumption of the hearings Tuesday as was the case several days last week, Colonel Brown himself was not even present.

David Sarnoff, President of the Radio Corporation of America was recalled as a witness and was accompanied by Niles Trammell, new President of the National Broadcasting Company. In the absence of Senator Wheeler of Montana, Chairman of the Committee, Senator Homer T. Bone, of Washington, presided.

As usual Senator Charles W. Tobey (R.), of New Hampshire, who has been the moving figure in conducting the inquiry was assisted by his son Charles W. Tobey, Jr., a graduate of Dartmouth College and George Washington Universities. Roger Whiteford, who had acted as RCA counsel in 1932, and a friend of Senator Moses, also mentioned in the case, told Senator Tobey that he had had a telephone conversation with former Senator George H. Moses (R.), of New Hampshire, last Monday night.

"Is Senator Moses coming down here to testify before us?" Senator Tobey asked.

"That was what I advised him to do. I told him that E. O. Keller, a so-called contact man, had accused him of being paid \$5,000 by the RCA in connection with the court postponement."

"I didn't get anything out of that case", Mr. Whiteford said Moses replied. "Anyway, I couldn't come down to Washington before Thursday."

It was said that if Senator Moses did not come voluntarily that he might be summoned.

"There were all kinds of stories that I had paid Senator Moses money in this case in behalf of RCA", Mr. Whiteford declared, "but they were not true. I never paid Senator Moses any money in my life."

Later when asked to produce three groups of bank check stub-books pertinent to the case in 1932, Mr. Whiteford said they were missing, that he could not help but believe "they had been taken out deliberately".

"I should infer from that you think they were stolen", Senator Tobey echoed. Also Mr. Whiteford could not produce a check for \$2,500 payable to Mr. Al Hyslop, another friend of

Senator Moses in New Hampshire. The charge had been made that this money was really paid to Senator Moses. Mr. Whiteford said that it was merely a loan to Mr. Hyslop. Mr. Whiteford, when it was charged that something like \$30,000 had been spent by RCA in its attempt to secure a postponement of the anti-trust suit, ejaculated: "If that is true, I think it was a lousy waste of money."

"Did you hear that Senator Moses needed money for his campaign fund?" Senator Tobey inquired of L. P. Handy, a Washington realtor, who had been one of the go-betweens.

"No, but I heard that Senator Hastings did", was the reply. The law firm of then Senator Daviel O. Hastings, of Delaware, had been retained by the RCA in the case. Mr. Handy said when Mr. Sarnoff and party arrived in Concord, N.H., to see Senator Moses, Mr. Hyslop remarked: "It looks like a football team coming up here." To which Senator Tobey retorted, "Who was calling the signals?"

"How about your threats to the RCA for money from the three real estate men for their part in it - the threats that caused Mr. Whiteford to read the "blackmail statute" to them, Senator Tobey asked.

"I don't believe he ever read it."

"Whiteford testified he did."

"The blackmail statute was never read in my presence."

"Didn't you say if you didn't get your money you were going to kick this case wide open?" Tobey asked.

"No", Handy replied.

"Didn't you threaten suit if the RCA didn't pay?"

"I certainly did."

After a cross-examination of the witness by Manton Davis, RCA counsel, Senator Tobey declared with some heat.

"Your legal representative met these people. He said it was worth \$50,000 to get a continuance of the court case. Your legal representative asked them to contact somebody to get the job done and the job was done."

When Senator Wallace White (R.), of Maine, a member of the investigating committee, was asked when he thought the inquiry would end. He replied, throwing up his hands:

"God only knows!"

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FCC MEETS BUT NOT MUCH DOING

For the first time in several moons, there will be a meeting of the full Federal Communications Commission tomorrow. Recently, because of Summer vacations and other reasons, the work of the Commission has been carried on by an Administrative Committee, usually any two or three members who happened to be in town.

Because of the fact that Chairman James L. Fly has not yet returned from San Francisco, Commissioner T.A.M. Craven will preside at tomorrow's meeting. Others to be present are Commissioners Thompson, Walker and Payne. The familiar face of Thad Brown was missing, due to the fact that he has not been confirmed by the Senate.

It was said nothing of particular importance was scheduled to come before the Commission at this mid-Summer meeting and only routine business would be transacted.

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GERMANS SCHEDULE NEW WAR SUPERHET

The far-reaching structural change in the German radio industry necessitated by war conditions has been primarily toward the manufacture of communication equipment for the armed forces. By necessity the output of radios for civilian purposes other than for export has been reduced to a minimum since the beginning of hostilities and has since consisted largely of a mere assembly of part stocks. A departure from this policy was the manufacture of an unspecified but reputedly considerably number of German midget radios at the beginning of 1940 (Deutsche Kleinempfaenger). Now, according to reports from the German Electrical Manufacturers' Association, reprinted by the U. S. Commerce Department, the manufacture is contemplated of a typical wartime high fidelity receiving set which will contain only an indispensable minimum of "short" raw materials. In this connection, it is noticeable that for several months the radio trade as a rule has been selling new replacement tubes only against the surrender of the old tubes.

The number of licensed radio receiving sets in Greater Germany (inclusive of Danzig, Memelland and the incorporated Eastern Provinces but exclusive of the Protectorate of Bohemia and Moravia and of the occupied territories) amounted to 14,327,918 on May 1, 1940, an increase of 176,262 over the preceding month, the American Embassy in Berlin reports. This number includes 1,004,277 receiving sets which are exempted from paying the license fee for social reasons (shut-ins, disabled veterans, etc.). The monthly license fee for radio sets in the new Eastern Provinces amounts to RM 1.20 and to RM 2.00 in the other districts of the Reich.

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NOW 45,000,000 SETS IN U.S.

There are now 45,000,000 radio sets in this country, according to Neville Miller, President of the National Association of Broadcasters. Addressing the 18th annual convention of the NAB in San Francisco, Mr. Miller said last year had been radio's greatest, with sales of over 9,000,000 radio sets. "With less than 7% of the world's population, our country has nearly half of all broadcasting stations and receiving sets", he stated in his annual report.

Ed Kirby, NAB Public Relations Director, referred to "a growingly mature and better understanding between press and radio" that has arisen since the Munich crisis.

"It can be successfully demonstrated we believe", said Mr. Kirby, "that the greater amount of coverage of important spot news by radio, the greater number of newspapers sold, and, conversely, as more newspapers are sold as a result of spot news developments, the more radio news listening results. We believe that NAB has eliminated an erroneous concept in some sections of the newspaper world which felt that radio wished to live at the expense of the press. Neither press nor radio can be sold at the expense of the other for long. Each has its field of service."

"Mr. Kirby's statement is not news to circulation managers who have dealt with the problem of newspaper-radio competition for the past decade", Editor & Publisher comments. "The important point, it would seem, is that for the first time there appears to be a better understanding between the press and radio as to their respective functions in the field of news dissemination."

"As pointed out in our recent roundup on increased newspaper sales as result of the war, radio has not been a serious handicap to newspaper circulations. True, radio has supplanted the newspaper extra, but the press continues to enjoy an increasing readership as the public looks to radio for the news flash and to the newspaper for the complete story."

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EVER HEAR OF RADIOVILLE?

Radio, Va., just outside of Washington, adjoining Arlington, where are located the great Army and Navy broadcasting stations, has been on the map many years. Now, according to an announcement by the Federal Communications Commission, a composite transmitter has just been installed at the point-to-point telephone station located at Radioville, Alaska.

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 ::: TRADE NOTES :::
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A new GL-869-B mercury vapor rectifier employing a horizontal mesh filament has been introduced by the General Electric Company. The filament structure of the new tube makes it possible to double the average anode current of previous 869's when filaments are connected in quadrature.

Thomas D. Connolly, CBS Sales Promotion executive, has been appointed to the newly created post of "Manager of CBS Merchandising Service".

The Zenith Radio Corp. has been granted a construction permit for a new portable-mobile special relay broadcast for the area of Chicago; 156750, 158400, 159300, 161100 kilocycles; 100 watts; to be used in connection with applicant's high frequency broadcast Station W9XER in Chicago.

"And with lotions of listeners" - a booklet containing a study of the pulling power of the Jergens-Walter Winchell program has just been issued by Keith Kiggins, Sales Manager of the NBC Blue Network. //

A new 1000 kc. crystal unit, Type GL8A, for use in amateur frequency standards has been announced by General Electric. It has a temperature range of +10 degrees to +45 degrees centigrade and a temperature coefficient over that range of .0001 per cent per degree C.

Press Wireless, Inc., Hicksville, N.Y., has been granted extension of special temporary authority by the Federal Communications Commission to point-to-point radiotelegraph station in the Fixed Public Press Service, Hicksville, to communicate with the Deutsche Reichspost, Berlin, Germany, until further order of the Commission, but in no event beyond November 9, 1940, using its regularly licensed frequencies, power and emission.

Station KGLU, Safford, Arizona, will become affiliated with the National Broadcasting Company, September 1, as a bonus outlet for advertisers using Station KTAR, Phoenix, Arizona.

Mrs. Laura Hobson has been appointed to the newly-created post of "Copy Chief" of the CBS Sales Promotion Department.

Federal Judge William H. Holly entered a final decree in Chicago for the reorganization of the Majestic Radio and Television Co., and discharged the trustee in bankruptcy, Claude A. Roth. Walter Glen Scott, of Newark, N.J., a former member of the Board of Directors of the dissolved concern, will be the Operating Manager, and Elmer C. Upton, of Chicago, former secretary of the Balaban and Katz Theater Corporation, will become Secretary-Treasurer.

Columbia Broadcasting System and Subsidiaries for the six months to June 29 showed a net income after all charges of \$2,932,976, equivalent to \$1.72 a share on 1,716,277 common shares, compared with \$2,651,013, or \$1.59 a share in the corresponding period of 1939. Gross revenues, less discounts, returns and allowances, were \$17,689,376, against \$15,076,554.

Returning by plane from the San Francisco Broadcasters' Convention where he was a speaker, Stephen T. Early, Secretary to President Roosevelt, accompanied by Harry C. Butcher, Columbia Vice-President in Washington, and Louis Ruppel, CBS publicity man in New York, stopped off enroute at Seattle to visit President Roosevelt's son-in-law and daughter, Mr. and Mrs. John Boettiger.

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STATION BARS NAZI BROADCAST

Station WHIP, at Hammond, Ind., has notified the German-American National Alliance that hereafter its German-hour program will not be accepted for broadcasts. The decision, it was announced, was made by the station's Directors following what was said to have been a virtual order by the Alliance that all members must listen to the broadcast of Colonel Lindbergh.

"The primary reason for using any foreign language on the station has been to facilitate better understanding of American institutions", said Dr. George F. Courrier, President of the Broadcasting corporation.

"It is obvious that the German-American National Alliance represents a minority group of the American populace. Although it is important to America to allow minorities to plead their cases at the bar of public opinion, and that no essential right shall be denied them, radio broadcasting cannot be regarded as an essential right.

"Radio broadcasts should be used to solve problems rather than to create them. Any broadcast that engenders social conflicts or kindles hatreds cannot be construed as serving the public interests."

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WILLKIE QUICK ON THE RADIO TRIGGER

In demanding equal time with President Roosevelt and talking "turkey" with Elliott Roosevelt, who happened to be passing through Colorado Springs, Wendell Willkie proves himself radio conscious and ready to fight for his rights on the air as elsewhere.

Elliott Roosevelt told reporters that he and Willkie had talked about the recent meeting in San Francisco of the National Association of Broadcasters, at which the Republican National Committee requested radio time equivalent to that given President Roosevelt in his fireside chats.

Young Roosevelt advised Willkie that in view of the Hatch law restricting campaign expenditures the radio should follow newspapers in giving free expression to candidates' views.

"If Mr. Willkie comes to Texas", said Elliott, "I will see that the Texas network gives him as much time as the Republican Committee desires."

Mark Sullivan in the Washington Post calls attention to the importance of Mr. Willkie making good with the people in his acceptance speech next Saturday, especially the radio part of it.

"Former Governor Landon's acceptance speech did not draw the country into the grip of his personality", Mr. Sullivan writes. "For one reason, his personality was slight. For another, Mr. Landon's radio voice and manner did not have the quality of engagingness. Mr. Landon's radio effectiveness improved somewhat as he went on, but never became distinguished. Unfortunately, as his radio technique improved, the substance of his campaign speeches went the other way. So long as Mr. Landon's speeches dealt with subjects within which he had information and convictions they were good. But his experience had not given him the scope to deal authoritatively with all the issues of a presidential campaign under modern conditions.

"Nothing of that kind need the Republicans fear about Mr. Willkie. He has ideas and convictions, he has an extremely well-read mind and an accurately functioning one. He is a natural debater - he loves it. For expression, for putting his ideas into effective words, he has a real gift. Whether he happens to have radio personality is within the discretion of the gods. It is very important in modern politics. My notion is that Mr. Willkie has it; I just cannot imagine that immense magnetism, that direct and simple heartiness, failing to project itself along the air waves."

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