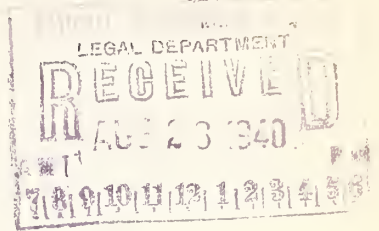


HEINL RADIO BUSINESS LETTER

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No. 1261

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August 27, 1940

PROBE DOUBTFUL NOW; MAY START SOMETHING LATER

After grinding along intermittently for almost eleven weeks, when in the beginning a guess that the matter would require eleven days would have seemed extravagant, the hearings of the Senate Commerce Committee to decide whether or not Col. Thad Brown should be reappointed to the Federal Communications Commission wound up with a bang by Senator Charles W. Tobey (R) of New Hampshire introducing in the Senate a resolution calling for a Congressional investigation of the radio industry and the administration of the Federal Communications Commission.

The purpose of the inquiry, the resolution stated, would be to determine whether there is a monopoly in the industry and to consider the manner in which radio stations are licensed by the FCC. Senator Tobey also released copies of letters to members of the FCC asking them to list for public record the "gifts" favors and other emoluments" they have received from radio companies.

Considerable doubt was expressed as to whether or not an investigation of the radio industry would get any where this session because of the war situation, the uncertainty of adjournment and the anxiety of members to get back to their districts for the campaign.

"It all depends upon whether Senator Burton K. Wheeler, (D), Chairman of the Senate Interstate Commerce Committee, puts his shoulder to the wheel on the resolution whether or not the resolution will be pressed" a Senator said to this writer. "I should say the chances are against it."

If the Tobey resolution fails this session it would have to be re-introduced to be considered by the new Congress next January. In any case, particularly if the Republicans gain strength in the November election, it seems certain that sooner or later there will be a searching inquiry of the radio industry such as the resolution calls for.

The resolution which Senator Tobey offered by unanimous consent and which was referred to the Committee on Interstate Commerce was as follows:

"Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation with respect to (1) the existence, extent, formation, legality, and effect upon the public or any individual or group, of any monopoly in radio broadcasting or any phase thereof or in the production, sale or distribution of radio receiving or broadcasting apparatus;

(2) the administration by the Federal Communications Commission of those provisions of the manner to radio communication; (3) the manner of exercise by licensees of the Federal Communications Commission of the privileges conferred upon them by their licenses from the Federal Communications Commission; (4) the effect upon the public interest of any contract pertaining to radio to which any such licensee or any broadcasting network is a party; and (5) any attempts made by any such licensee, broadcasting network, or any person, company, or corporation engaged in any business relating to radio, or by any attorney, agent, or representative of any such licensee, network, person, company, or corporation, to unduly influence any public official in the exercise of his duties with respect to any matter pertaining to radio. The committee shall report to the Senate, at the earliest practicable date, the results of its investigation, together with its recommendations, if any, for necessary legislation."

"For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions recesses, and adjourned periods of the Seventy-sixth and succeeding Congresses, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee which shall not exceed \$25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman."

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DENIES FALSE RCA REPORT INTENT

Testifying on the last day of the Thad Brown hearings, J. Austin Smith, New York financial analyst, denied before the Senate Interstate Commerce Committee a statement of Chairman Burton K. Wheeler that a report he prepared on the Radio Corp. of America was intended to be false. Chairman Wheeler asserted that Mr. Smith's previous testimony had demonstrated that a man could be employed to get out any kind of a report and insisted the report was not a true picture of the affairs of the corporation and was intended to be false.

Mr. Smith had testified he was employed by Patrick A. Powers, described as a retired moving picture executive, to write a report on R. C. A. It has been charged the report was inaccurate and would make it possible for Mr. Powers to make a connection with the radio company.

Mr. Powers, however, told the committee that Mr. Smith initiated the action which resulted in the preparation of the report. He denied he employed Mr. Smith for the purpose of preparing a colored report.

The Committee heard from Powers what purported to be something of how Joseph P. Kennedy, United States Ambassador to Great Britain, amassed part of his fortune.

According to the testimony, Kennedy bought several thousand shares of moving picture stock early in 1928 at \$5 per share and within the next day or two sold the same stock to R.C.A. at \$25 per share. It was alleged that Kennedy had made the arrangements to sell the stock at \$25 before he bought it at \$5.

This, of course, was several years before Kennedy took over the chairmanship of the Securities and Exchange Commission for the New Deal and began policing the Stock Exchange.

Powers said the deal involved half the outstanding stock of the Film Booking Office, a motion-picture distributing firm. Kennedy thereupon sold the stock to R. C. A. Powers continued, and the Film Booking Office was merged with the Keith-Albee chain of motion picture houses as part of an amalgamation that resulted in the formation of Radio Keith Orpheum, familiarly known as RKO.

This wound up the testimony in the R.C.A. angle of the Brown confirmation inquiry. It was said the Senate Committee would have an executive session at an early date at which time a vote would be taken on Col. Brown's fitness to be reappointed to the FCC.

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WOULD KNOW WHO PAYS COMMENTATORS

There was an exchange on the floor of the Senate between Senator Rush D. Holt (D) of West Virginia and Senator Charles W. Tobey (R) of New Hampshire on the subject of radio commentators as follows:

Mr. Holt. "I have taken a great deal of interest in listening to the radio night after night, especially the news broadcasts, and I find that there is a deliberate premeditated effort not only on the part of some of the radio commentators, but on the part of the present administration to try to tie up our hope with that of France; in other words, to make people feel that we are going to fall as France fell."

Mr. Tobey. "I wish to point out that in my judgement there is no factor more potent in controlling and influencing public opinion than the radio. As the Senator said, night after night these commentators come into the homes and influence the minds of the American people. Their names have become almost household words. We know that Mr. So-and-so and commentator, is announced to speak. What does he do? He holds before us in subtle language the possibilities ahead of us. He inculcates in the minds of the people the need for conscription, the need for giving England our destroyers the dangers of our being attacked by Germany; he decries delay by

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senatorial debate. So he goes on using the power of suggestion adroitly conceived and worded.

"If such a gentleman is retained and hired by some great oil company, for instance, which has extensive interest abroad, and which holds in its heart the damnable doctrine that the American flag should follow the dollar, I think the public ought to know about it, but it does not. All we know is that this eminent commentator comes on the air and reasons with the American people, with his power of suggestion and adroit eloquence, and seeks to stir them up with philosophies that may be un-American, that may be propaganda, and he is paid for doing so by some great oil concern, or some other great commercial company."

"I demand now, in the interest of fair play and unbiased public opinion, that we should know, by definite statement over the radio preceding these commentators, who is paying for them, and what they are being paid."

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DEFENSE COMMITTEE SELECTION RESTS WITH PRESIDENT

At a press conference last Monday (Aug. 26) Chairman James L. Fly, of the Federal Communications Commission said that the selection of the National Defense Communications Committee is now up to President Roosevelt. When asked the status of the recommendations of the FCC regarding the Committee, Mr. Fly said that his impression was that no serious question had developed on this. He declared it was largely a communications matter involving the relation of all services to the national defense.

Mr. Fly said there was nothing in the project to cause concern to the broadcasters. He believed the announcement of the membership of the committee might be made in about a week.

Asked regarding the status of the North American Regional Broadcast Reallocations, the Chairman said that he was studying the FCC engineers recommendations. He didn't know what the other commissioners were doing in the matter.

Sometime ago there was criticism that the television people were lacking in certain rudiments in staging productions. For instance it was noted that a man in a dark suit was shown against a dark background and there was a lack of contrast. Commenting upon this, Mr. Fly said while in the West recently he had visited certain motion picture studios and had noticed the high efficiency of their stagecraft. He hoped that possibly the television producers might profit by this knowledge and perhaps even find a way to utilize some of this material.

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GERMAN TELEVISION PROGRESS REPORTED RAPID

Despite the war there has been rapid progress in television in Germany according to the German Library of Information which reports as follows:

"The transmission of voice and music from one corner of the world to another has long been taken as a matter of course. However, it is only in the last few years that television has been regarded as more than a fantastic dream. That this new wonder has progressed from the realm of fancy to that of reality in so short a time has been due largely to the painstaking work of Germany's foremost scientists and engineers."

"The first important television invention, a rotating disc with holes arranged in spiral form for dissecting pictures into points, was made as early as 1885 by Paul Nipkow, a young Pomeranian engineer. However, not until 40 years later were practical television experiments carried out. The first public transmission was given in 1929 by German broadcasting stations, thus making Germany the first country in the world to develop and perfect a television system for its own use."

"Since then, progress has been rapid. The first event of world-wide importance to be "televised" was the 1936 Olympics in Berlin. The German television exhibit was the major scientific attraction at the Paris World's Fair a year later."

"Since that time, and even since the outbreak of war, German research has forged on toward the ultimate perfection of this new scientific miracle, as is graphically illustrated by the photographs on these pages."

"No small difficulty confronting the engineers and scientists was the fact that in order to televise to the entire country it would be necessary to construct and maintain more television sending stations than the existing number of radio broadcasting stations. Furthermore, ordinary television transmission depends upon short waves, and short waves are almost wholly absorbed by radio transmission. For this reason, experiments were made in sending television pictures through subterranean or submarine cables. Television has already operated between Berlin and various distant cities, such as Leipzig, Munich and Nuremberg by such means."

"The infant science was advanced still further in Germany when two new sending stations were built on the summit of the Brocken, one of the Harz Mountain peaks, and on the Feldberg in the Black Forest in Southern Germany. At such high altitudes--more than 3,300 feet--television waves have uninterrupted play for at least 65 miles in every direction."

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RADIO PLAN TO FORCE ROOSEVELT-WILLKIE DEBATE SUGGESTED

If Mr. Willkie desired to force a debate with President Roosevelt he could ask time on the air after the next Fireside chat David Lawrence, the syndicate writer, suggests. Mr. Lawrence reasons it thus:

"Wendell Willkie can have his debate with President Roosevelt and without asking the latter's consent either. It would differ slightly from what was originally proposed, but for all practical purposes the American people could hear both candidates on the same evening and one could answer the arguments of the other."

"The device is a simple one, in fact it was used in the Landon-Roosevelt campaign in 1936, so there's a precedent for it. When President Roosevelt, for example, makes his next fireside chat, Mr. Willkie can ask all major radio companies in advance that he be permitted to have an equal amount of time on the air immediately following the President."

"No manuscript of the President's remarks would of course be provided Mr. Willkie so he would be just like any other listener. He could make his notes as he listened to the speech and immediately he would be given the chance for an extemporaneous speech."

"This method would be fair because it would give both candidates the same audience and the people would be given an opportunity to hear both sides of a controversy."

"It might be suggested that to grant time to a Republican candidate or, to any one else to answer the President of the United States would be a discourtesy to the latter, but the fact is in a political campaign the broadcasting companies, having announced that they would sell time, cannot logically refuse to sell to any political committee which wants to buy it. In fact the language of the Federal statute governing the use of radio specifically provides that candidates must be given an opportunity to obtain the same facilities for reply as are given to any other candidate."

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PRESS SURVEY SHOWS WILLKIE FAR AHEAD OF F.D.R.

A survey of the newspapers of the United States made by the Editor and Publisher shows the following:

"Wendell L. Willkie has the editorial support of 66.3% of the country's daily newspapers as of August 21; Franklin D. Roosevelt is supported by 20.1%; 13.5% have either declared themselves neutral or have not yet announced a choice between the major candidates for the Presidency of the United States. These percentages

are based upon answers by 1,030 of the country's 1,888 newspapers to three questions asked by Editor and Publisher. The questions were:

1. Did you support Roosevelt against Hoover in 1932?
2. Did you support Roosevelt against Landon in 1936?
3. Which candidate is receiving your support this year?

"The replies, tabulated up to August 21, cover 54.5% of the entire daily newspaper press."

"The proportion favoring Mr. Willkie is far smaller than the estimates which have been published in recent weeks. These have usually put 90% of the dailies in Willkie's column. Mr. Willkie's present advantage--66.3%--is considerably greater than Mr. Roosevelt in newspaper preference four years ago. The usual claim of Mr. Roosevelt's friends has been that his landslide election was accomplished in the face of the opposition of 85 to 86% of the daily newspapers."

"A cursory survey made by Editor and Publisher immediately after the 1936 election proved that Mr. Landon did not have the active support of more than 67 to 70% of the dailies, and that Mr. Roosevelt's cause had been advocated by 30 to 33%. On the basis of the survey published this week, it appears that Mr. Landon's following was only 60.4% of the daily papers while Mr. Roosevelt had 34.5%, and 5% were not committed to either. Later returns to these questions are more likely to increase than decrease the proportion favoring the President for re-election in 1936."

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CBS TO BUILD NEW INTERNATIONAL STATION

Columbia Broadcasting System, Inc., has been granted construction permit by the Federal Communications Commission for a new international broadcasting station to be located at Brentwood, N.Y., and use 50 kilowatts, the minimum power ruled by the commission necessary for satisfactory international service.

Columbia has an application pending to move WCBX, another CBS international station to Brentwood, and increase the power of that station from 10 to 50 kilowatts. It also has understanding with its affiliate WCAB now operated by the WCAV Broadcasting Company at Philadelphia that the latter, now operating on 10 kilowatts, will transfer facilities to Columbia and discontinue operation. Stations WCAB and WCBX have had a working arrangement to provide simultaneous program service to Europe and South America. While one station directed programs to Europe the other delivered programs to South America. It is intended to continue this plan by the use of two stations at the Brentwood location.

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I.T.& T. COMPLETELY REINSTATED IN SPAIN

Final steps in the complete reinstatement of the International Telephone and Telegraph Corporation in the management of its Spanish subsidiary, the Compania Telefonica Nacional de Espana, which operates the Spanish national local and long distance telephone system, were taken at a meeting of the Board of Directors of the C.T.N.E. in Madrid last week, at which four Americans were elected directors, making a total of five American representatives of the IT&T on the Board. At the same meeting American appointees for key executive positions were selected, and five new Spanish directors were chosen.

Colonel Sosthenes Behn, President of the International Telephone and Telegraph Corporation, who has been in Spain for several months, successfully conducted the negotiations which have resulted in the IT&T resuming the same status in the Spanish company as before the war.

When civil war broke out in Spain in July 1936, the Spanish Government, in accordance with the provisions of its contract with the IT&T, immediately took over the operation of the C.T.N.E. telephone system, which covers the entire country. Although the corporate interest of the IT&T in its Spanish company has never been questioned, it was felt by the new Spanish Government after the close of the war that it was desirable for the management to continue in their own hands through the early period of reconstruction. With the election of the American members of the board and the appointment of the American executives, full control reverts to the IT&T.

Americans on the board of the Compania Telefonica Nacional de Espana are F. T. Caldwell, M. A. Sunstrom, E. N. Wendell, A. F. Clement, and G. H. Dennis. New Spanish directors are Jose Bertram y Musitu, Ignacio Satrustegui, Jesus Rivero, Jesus Maranon and Eugenio Barroso.

There are three directors on the board named by the Spanish Government; one from the Treasury Department, one from the War Department and one from the Department of Communication. F. T. Caldwell, who was Executive Vice President before the hostilities, has been selected for the same position. G. H. Dennis is to be Comptroller, E. N. Wendell, Chief Engineer, and other Americans will be in charge of the Construction, Maintenance and Commercial Departments.

The C.T. N. E. was organized by the IT&T in 1924 to build up and operate the Spanish national telephone system. The large and continued program of reconstruction and expansion initiated in that year brought the total number of telephones operated by the company in Spain up to 346,032 immediately prior to the conflict. This number has been reduced during the period of disturbance by about 40,000.

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RCA COMMUNICATIONS SERVICE EMBLEMS AWARDED

Gold emblems have been presented to all RCAC staff members having twenty or more years of service. The presentation was made today by William A. Winterbottom, Vice President and General Manager.

Although R.C.A. Communications, Inc. was organized only eleven years ago, its parent company--the Radio Corporation of America--was organized late in 1919. At that time RCA took over the plant and personnel of the Marconi Wireless Telegraph Company of America. Because of this, many of our present employees have been employed continuously in this group for more than two decades.

Heading the list of veterans is Charles T. Taylor, who joined in 1902. Mr. Taylor has been Vice President in Charge of Engineering since 1929. Algeron Cruttenden is second with thirty-five years.

David Sarnoff, President, is third with thirty-three, and Samuel Campbell is fourth. Although Mr. Campbell also has thirty-three years of service to his credit, Mr. Sarnoff's employment with the Marconi Company began four days previously.

In making the distribution, Mr. Winterbottom, speaking for the Board of Directors, the new RCAC publication Relay reports, said: "The success of our organization is due in no small part to the loyalty and efficiency of this group of employees, of whom you are one, and I should like to take this opportunity to congratulate you upon having achieved this distinction and to commend you for your loyal service."

"It is my hope and belief," Mr. Winterbottom continued, "that you will wear it with pride, just as we are proud to have you working with us for the continued success of the Company."

The solid gold emblem is about three-quarters of an inch long, with a ruby in its lower point.

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To prove that everything is possible in radio, WMAC announces that it will be on the air nightly for the next ten days from 1:30 AM until 6:00 AM broadcasting a "program of silence." It's part of a test for WMCA's new 5000 watt day and 1000 watt night transmitter just completed at Kearny, N. J.

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TRADE NOTES

The Chicago Federation of Labor Station, WCFL, now using 5 kilowatts, has asked permission to double its power and to change its hours of operation from unlimited time experimentally to unlimited time.

A power boost to 5 kilowatts has been granted WDRC of Hartford.

Extensions of authority to transmit network programs from the United States via RCA Communications, Inc., to Station CMX in Havana has been granted to NBC.

The Indianapolis plant of the Radio Corporation of America will be increased by 400,000 square feet of floor space, doubling the area now available for the manufacture of phonograph and radio parts, it was announced today. The addition will increase the company's pay roll by \$3,000,000 annually.

Station WTNJ at Trenton, N. J., has asked to change its frequency to 123- kc, increase its power to 1 kilowatt, unlimited time and move transmitter to Edgewood - Yardley, Yardley, Pa.