

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

1941

NATIONAL BROADCASTING COMPANY, INC.
GENERAL LIBRARY
40 ROCKEFELLER PLAZA, NEW YORK, N. Y.

INDEX TO ISSUE OF OCTOBER 10, 1941

Initial U. S. Radio Subsidies Seen Leading To Others.....	2
Lewis CBS V-P Drafted By LaGuardia.....	3
Argues Dual Ownership Should Be Decided On Merits.....	4
NBC International Stations Seek 100 KW.....	5
Blood On Moon As FCC Mulls Anti-Network Rules Vote.....	6
ASCAP In Tilt Over Free Use To Unlicensed Users.....	7
Claims Pressure By Paper Hurt Station's News Service.....	7
NBC Earnings Put At \$30,041,173 Up To 1941.....	8
Zenith Increases FM Power To 50,000 Watts.....	9
Radio Censorship Laid To New Deal; Probe Asked.....	10
Congressman Is President Of New Station.....	10
Trade Notes.....	11
FCC Action.....	12

INITIAL U.S. RADIO SUBSIDIES SEEN LEADING TO OTHERS

Special grants to United States short-wave stations for good neighbor broadcasting by Nelson Rockefeller, Co-ordinator of Inter-American Affairs, are seen as a precedent for additional subsidies by our government not only for broadcasting to Latin-America but all over the world. For years our short-wave stations have been limping along under a tremendous financial handicap because at first they couldn't take advertising, and later when they were finally allowed to carry advertising, it didn't bring in nearly enough revenue.

In all foreign countries the international stations are either owned by the Government or heavily subsidized. Here in the United States they are owned by private companies who have been operating them at a great loss. Naturally, under those conditions, the companies have not had much incentive to invest large amounts of money in improving the service. Nevertheless, being good Americans, the U. S. broadcasters have been carrying on the work as patriotic Americans and all things considered, have done an excellent job. However, complaints have been received that Germany and Italy have been getting into South America better than we have or that our power has been sufficient to keep us from being knocked off the track by other nations.

Therefore, so that we may combat Germany's radio drive into the countries to the south of us, it is understood negotiations are now being carried on with the National Broadcasting Company and Columbia Broadcasting System which may result in each of them receiving approximately \$250,000 a year to expand their international broadcasting facilities. This would be \$500,000 plus \$200,000 already ear-marked by Mr. Rockefeller for the World-Wide Foundation to boost up the power of its station WRUL at Boston 100,000 watts.

Which sounds like fairly big money until one considers all the years the U.S. short-wave broadcasters have been operating in the red. And to give an idea what expansive business international broadcasting is, CBS has just spent \$400,000 enlarging its facilities and it will cost \$500,000 a year to operate their plant.

Other companies engaged in the work besides Columbia, NBC and World-Wide just mentioned, are General Electric, Westinghouse and Crosley. In addition to beaming their programs to South America, they also cover Europe. The General Electric station in San Francisco covers the Far East in many languages, including Chinese.

So the Latin-American broadcasts are only a part of the chore but there is a feeling in Washington if the Government establishes a precedent in subsidizing broadcasts to our Latin-American neighbors, that it will not be long before assistance will be offered to American stations for broadcasts to other parts of the world.

X X X X X X X X X X

LEWIS CBS V-P DRAFTED BY LA GUARDIA

The latest man to be brought to Washington by Mayor Fiorello LaGuardia, Director of the Office of Civilian Defense, is W. B. Lewis, Vice-President of the Columbia Broadcasting System, in New York, who has been granted leave to act as Liaison Officer between the broadcasting companies and Civilian Defense.

Mr. Lewis went to CBS in 1935 in a job he didn't apply for. At that time Mr. Lewis, 30, was a free lance writer of advertising copy. He read an article on CBS in Fortune Magazine, and decided it was the kind of an outfit he'd like to work for. So he wrote a letter to President William S. Paley.

Two months before CBS had inserted an ad in a newspaper for a man to take the job of commercial program director. Mr. Lewis hadn't seen the ad, but several hundred other men had. The applicants were weeded down to six, and CBS executives, impressed with Mr. Lewis' letter, added his name to the six. He got the job.

Mr. Lewis joined the CBS staff on July 13, 1935, as Commercial Program Director. He became Director of Broadcasts on January 5, 1936, and was elected Vice-President in Charge of Broadcasts in December of the same year, when he was 32.

Unusual program ideas fathered by Mr. Lewis include last Winter's Free Company series, the two Summer "Forecast" series, the Shakespeare series of 1937, the Columbia Workshop Festival. All CBS defense programs are under his supervision. So is the series of adult education programs, which won CBS the Peabody award this year. He brought Orson Welles to the air, in the first Mercury Theater of the Air series - which was sustaining. The who-dunnit "Adventures of Ellery Queen" went on the air under Mr. Lewis' supervision.

Mr. Lewis was born in Lakewood, Ohio. He studied journalism for two years at the University of Missouri, then joined the J. Walter Thompson Company as an apprentice. He graduated to copy writer, and then worked at Joseph Richards Company and Badger Browning and Hersey, Inc., before joining CBS.

X X X X X X X X X X

ARGUES DUAL OWNERSHIP SHOULD BE DECIDED ON MERITS

Opposing the adoption of a hard and fast rule by the Federal Communications Commission prohibiting ownership of more than one broadcasting station serving the same area, Mrs. Mabel Walker Willebrandt, for Assistant Attorney General told the Commission at the recent hearing that continued operation of stations under dual ownership should be determined upon the merits of the case involved as it affects the public interest.

Filed on the eve of the hearing was a statement by the Crosley Corp., operating WLW and WSAI, requesting the Commission to issue a statement "as to the premises upon which the proposed regulation is based". It did not file an appearance as such.

Explaining that the Crosley Corp. knew of no facts or reasons which have come into existence since it acquired WSAI which would in any way be a basis for the Commission reaching a conclusion other than that the two stations are operating in the public interest, the statement said that the Crosley Corp. takes the position that its operation of the stations is serving public interest. It also holds that the deletion of either station would not only not serve public interest, but would be contrary to it.

Mrs. Willebrandt who represented the stations of Ralph L. Atlass - WJJD and WIND, both in the Chicago area - began by explaining that the former is a part-time station sharing time with KSL, Salt Lake, and that WIND is a full time station.

"There are 18 stations in the Chicago area", Mrs. Willebrandt said. "Five of these stations are 50 KW, and six of them have facilities superior to WJJD or WIND. An additional two have facilities comparable to WJJD (WHIP and WGES) and two more (WAAF and WMBI) have facilities slightly less desirable than those of WJJD. All five of the 50 KW stations are network stations. Any one of the five should have more public influence in the market than WJJD and WIND combined. Each one of the four 50 KW channels should account for as much as from three to five times the combined business of WIND and WJJD. The facilities in the Chicago area are controlled by 14 different and competitive organizations."

Mrs. Willebrandt declared there is no monopoly and that WJJD and WIND account for less than 10% of the business.

"Our stations while under dual control maintain separate program staffs, and separate sales organizations. Payrolls during the past eight years have almost quadrupled. They are now over \$6,000 weekly and, as far as we know, greater than that of any other two stations with comparable facilities in a like market.

"WJJD and WIND together have been able to accord various educational groups a service that they apparently have been unable to get over the five 50 KW stations, or any of the 16 other stations in the Chicago area. For instance, the Chicago School Board has

10/10/41

its classes tune in on such educational programs as they deem of merit. This includes programs presented by the Chicago School Board, as well as other selected programs. Eighty-one percent of all students listening in the class room listen to programs presented over WJJD and WIND. This is more than four times the number presented over the other 16 stations combined. Further, these were the only two stations to clear their schedules and give the School Board the Board's No. 1 and No. 2 selections of times determined by the Board as best suited to the school's use.

"WJJD originates more programs for Army and Navy direct from camps than all others this Summer.

"A separate program policy is maintained for each station. WJJD features a type of program that appeals to the many Chicagoans who have come to the city from the smaller towns and agricultural areas, as well as to those areas directly. Religious programs are also featured. WIND has a more metropolitan and cosmopolitan appeal.

"Program duplications are avoided to an extent not possible if the stations had no community of interest. News, for instance, is scheduled at different times on WJJD and WIND, and at times different than it is heard over other Chicago stations. This is done in order to make news always available to Chicagoans. Contrasted to this, there are times when as many as three of the 50 KW stations are presenting news at the same time.

"Five stations formerly carried base-ball at the same time. WIND dropped out and developed a different type of program in order that the listeners might have more variety.

"The outstanding educational service broadcast by WJJD last year led to the station being cited for the Peabody educational award.

"The community of interest in WJJD and WIND has resulted only in a better operation of both stations. The great number of superior facilities used by other stations in Chicago necessarily prevents any monopoly of listeners. The 16 other stations owned by 13 other operators provide ample competition."

X X X X X X X X

NBC INTERNATIONAL STATIONS SEEK 100 KW

WRCA and WNBI, short-wave outlets of the National Broadcasting Company, and important in defense communications, have applied for an increase in power from 50 to 100 kilowatts and to be allowed to operate on 9670 kc.

X X X X X X X X X X

BLOOD ON MOON AS FCC MULLS ANTI-NETWORK RULES VOTE

Apparently a warm session is ahead when the Federal Communications meets early in the week to decide whether it can reach a vote on a revision of the proposed new rules regulating chain broadcasting which the Commission and the industry have been fighting over for several months. According to one source of information, the latest pact is far from satisfactory. It was said that on the fact of it, the proposals upon which a vote is being sought are "a slight concession but that actually they would bring about a state of disorganization and chaos to the industry". They are supposed to be a compromise but when analyzed "are even more disastrous to the networks than before".

Furthermore, Chairman Fly was described as being on the warpath. "Apparently the dressing down Speaker Rayburn is supposed to have given Fly advising him to slow down hasn't done much good judging by the way he has been acting on these network regulations", it was said.

The new rules are said to postpone the time indefinitely subject to six months' notice when the NBC must dispose of the Blue network. Great doubt was by one observer as to whether anybody would want to buy it as things now stand.

"Under the plan as now worked out", it was asserted by William J. Wheatley in the Washington Star, "the chains are allowed to 'option' time for a period of 58 days in advance. It is proposed to divide the broadcast day into four 5-day segments, and in each of these segments a network may option three hours. But, it was added, if at the end of the 58 days the network has not bought the time, then it becomes open to any other network. The two other hours in each segment are open time and are available to any network.

"But those who have read the new rules say that the station is not required to sell this time to a network other than the one with which it regularly deals. In other words, it was explained, that if a station has sold all of its option time in each segment to one network, it can refuse to sell time to a competing network which might want an outlet on that particular station. The network with which it usually deals, or which has all of its optioned time, can buy the extra two hours in each segment, but the station licensee is precluded from contracting to hold it for a network, nor can he have any agreement of any kind to hold it, it was explained.

"The option time provision, however, is said to be a very strict one. When a chain options three hours in each segment and then buys the time for each period, it cannot option the two other hours in each segment, although it is free to buy the time in competition with other networks, the discretion being left entirely with the licensee."

X X X X X X X X X X

ASCAP IN TILT OVER FREE USE TO UNLICENSED USERS

The Board of Directors of the American Society of Composers Thursday in New York voted against approved the action of John G. Paine, General Manager, in releasing the musical score of Walt Disney's "Dumbo" for free use by unlicensed broadcasters. The Board's basis for this action was that the General Manager had acted outside the scope of his authority in granting such free use.

"ASCAP has repeatedly granted free license to religious, education and charitable institutions for use of the Society's music on non-commercial programs", an official explained. "The Society has also released its entire catalogue for use on programs sponsored by the Treasury Department as part of the National Defense program. The Board felt, however, that the granting of a free license for the use of music for commercial purposes would be contrary to the interests of its membership.

"Use of ASCAP music on football broadcasts for the coming week-end was granted by the Board. Similar action has been taken on the two previous weeks during final negotiations with the major networks."

According to the latest reports from New York, the networks are doing everying possible to secure approval of their affiliates of the deal which would restore ASCAP compositions to NBC and CBS stations at an early date. It was said that acceptances were coming in at a satisfactory rate and if this continued, ASCAP music might be back by the latter part of the month. However, judging from Thursday's action, the Composers are taking no chances.

X X X X X X X X X X

CLAIMS PRESSURE BY PAPER HURT STATION'S NEWS SERVICE

The investigation of the policy of granting newspapers licenses to operate radio stations, like the old six-day bicycle races, still grinds on. It was resumed Thursday and was still going strong at this writing Friday.

Rogan Jones, owner of an independent station KVCS at Bellingham, Wash., charged that the daily paper there, the Herald, brought such pressure on the press associations that he was left with only a skeleton news service for six weeks.

Mr. Jones, who also has a station in Wenatchee, Wash., said the Associated Press had been furnishing him a news report for that station, and a regional executive of Press Association, Inc., the radio service of the Associated Press, offered him a radio news wire at Bellingham.

Later, he said, he was told that the Board of Directors of the Associated Press had refused to give him service in Bellingham because of opposition by the local member, the Herald.

The United Press, the witness said, agreed to furnish a radio news wire, but when a proposed contract was sent to New York for confirmation, a reply came that the organization was not interested in furnishing the Bellingham station with news.

He then, he said, reopened negotiations with the International News Service, with a view of resuming its news report, but was told that it would cost 50 percent more than the old contract called for.

For six weeks, Mr. Jones said, "we were without any news service except a short-wave trans-radio report and our own reporters"

Eventually, he said, the United Press consented to give him a wire and this was installed, but it was costing him almost twice the original estimates. He was compelled to pay, he said, the same amount for a special radio news wire that the Bellingham Herald pays for a full leased wire report of the United Press.

X X X X X X X X

NBC EARNINGS PUT AT \$30,041,173 UP TO 1941

From organization of the National Broadcasting Company in 1926 until the end of last year, it earned \$30,041,173, of which \$22,550,000 was paid in dividends to the Radio Corporation of America and \$2,050,000 was used for radio research work, Col. Manton Davis, Vice-President and General Counsel of RCA, testified during the past week in New York at the continuation of hearings before Special Supreme Court Referee Abraham J. Halprin on the fairness of an offer of \$1,000,000 by the General Electric Company and the Westinghouse Electric and Manufacturing Company in settlement of an accounting suit by stockholders of RCA.

He denied that a cabinet factory in Camden, N. J., acquired by RCA as a result of a merger in 1929 with the Victor Talking Machine Company was a "white elephant" to RCA and declared that the suggestion for the merger came from Victor and that Victor's worldwide contacts were valuable to RCA.

The witness testified also that the electric companies through a subsidiary lent \$22,500,000 to RCA to retire Victor's preferred stock and \$9,500,000 to remodel the Victor plant at Camden, N.J., for radio and sound-film purposes. As of Dec. 31, 1928, he said, Victor common stock had a book value of \$47.69 a share, for which stockholders received in exchange \$5 cash and RCA stocks with a book value of \$26.43.

X X X X X X X X

10/10/41

FOR RELEASE Sunday October 12

ZENITH INCREASES FM POWER TO 50,000 WATTS

The pioneer frequency modulation radio broadcasting station in the Chicago area, W51C, owned and operated by the Zenith Radio Corporation inaugurates full time operation with a full 50,000 watts of power Sunday, October 12th, and brings high fidelity frequency modulation broadcasting to the entire greater Chicago area. The new service range of W51C will reach as far north as Racine, westerly to Rockford, easterly to South Bend, and as far south as Peoria and with its wattage increased from 5,000 to 50,000 watts will cover an area with an estimated 5,000,000 population.

In order to provide adequate transmission height for the increased power W51C was recently moved to the tower of the Field Building, in downtown Chicago, which provides facilities for a mast, with an elevation of 650 feet and a 70 mile radius.

Zenith's W51C has been on the air for over 18 months and will celebrate two years of continuous FM programming on February 8th. Currently, W51C, is on the air every day of the week from 8:30 A.M. until 1:00 A.M. next morning (Chicago Daylight Time. Programs consist of "only good music" with special concert and dinner and dance music periods. Chicago now has two FM stations operating - Station W59C, owned by the Chicago Tribune, having commenced FM transmissions on September 21st.

"Frequency modulation offers to the public the third great radio broadcasting service", Commander Eugene F. McDonald, Jr., President of Zenith said. "Its high fidelity of reproduction, when compared with the present best-known type of broadcasting, can best be expressed as the difference between a limited section of the piano keyboard as contrasted with the entire 86 notes. Present-day broadcasting delivers to the home frequencies up to approximately 5,000. Frequency modulation can deliver frequencies up to 15,000 - in other words, it gives a range of tone values that fully matches the capacity of the average ear to hear.

"I do not believe that in the near future this latest development of Maj. Edwin H. Armstrong's - frequency modulation - will entirely replace standard broadcasting. It will furnish an additional and long desired service which will be appreciated most by music lovers. Frequency modulation will undoubtedly have great value in National Defense, aviation and police service because of its ability to over-ride interference entirely apart from its ability to deliver high fidelity music."

The Chicago Police Department now is in the course of converting its radio receivers for "FM" reception.

X X X X X X X X

RADIO CENSORSHIP LAID TO NEW DEAL; PROBE ASKED

Representative Richard M. Simpson (R., Pa.) has called for a congressional inquiry into the "sudden and unexplained cancellation" of a broadcast arranged for Illinois Attorney General George F. Barrett, charging the Administration with "radio censorship", a United Press report states.

He said the Barrett broadcast, scheduled before the National Association of Attorneys General at Indianapolis September 30 was cancelled after a conference between U. S. Attorney General Francis Biddle and President Earl Warren of the N.A.A.G.

"This is not an isolated case of New Deal radio censorship", Representative Simpson said. "There have been many other instances recently which suggested growing radio censorship by the Administration - a most unwholesome and thoroughly unAmerican development. . .

"If our great broadcasting systems have been so intimidated by the Federal Communications Commission that a mere nod from the Attorney General of the U.S. can cancel a broadcast arranged weeks in advance, then we have arrived at Government censorship of the radio as complete as that which prevails in the dictator countries of Europe."

Representative Simpson said the National Broadcasting Company had granted time for the speech and that Mr. Barrett had submitted to NBC a week in advance a copy of the speech which was "a vigorous attack upon communism and fascism, and appealed for restoration and revitalization of American constitutional procedures in Washington".

He said Mr. Barrett eventually resigned from N.A.A.G. and delivered his speech over a local Indianapolis radio station, "but he had been muzzled and gagged on the nation-wide chain".

X X X X X X X X X X

CONGRESSMAN IS PRESIDENT OF NEW STATION

The Allegheny Broadcasting Corp., listing Representative Randolph, (D., W. Va.) as President, has applied to the Federal Communications Commission for authority to construct a new radio station at Elkins, W. Va. The station would operate on 1,240 kilocycles, 250 watts, unlimited time.

Mr. Randolph holds one share in the corporation, the application said. Other officers and their holdings: D. L. Maxwell, Elkins, Vice-President; H. C. Clark, Wheeling, Secretary; James L. Wilverding, Elkins, Treasurer and Business Manager; C. S. Hoffman, Wheeling.

X X X X X X X X

::: _____ :::
 ::: TRADE NOTES :::
 ::: _____ :::

"Berlin Diary", William L. Shirer's best-selling book about the years he spent covering Central Europe for CBS, is to run in daily chapters in sixty-two newspapers in the United States and Canada, distributed by the United Feature Syndicate.

 KFAR, The Midnight Sun Broadcasting Co., Fairbanks, Alaska, has applied for special service authorization to rebroadcast certain commercial radio programs now released on U.S. short-wave international broadcast stations from date of grant to expiration date of present license.

 "Wise Men Look Twice" at the market inside and outside Boston and at WEEI, the CBS station asserts in a booklet which describes WEEI's setting, its coverage area, and finally, its lead in audience according to surveys of Boston's network stations.

 O. O. Bottorff has been appointed president, and D. L. Cornetet Vice President of the NBC Civic Concert Service, Inc., (a wholly owned subsidiary of NBC) which sponsors Civic Music Associations in several hundred cities throughout the country. Through the office of Civic Concert Service, artists such as Flagstad, Rachmaninoff, Kreisler, Swarthout, John Charles Thomas, Melchior, and all of the major symphonies including such conductors as Koussevitzky, Rodzinski, Ormandy, Goossens, Golschman, Metropoulos, have appeared. Marks Levine has been appointed Managing Director of NBC's Concert Division.

 James C. Petrillo, National President of the Musicians Union, cut off seven remote sustaining bands on WABC in New York last Thursday because of a disagreement between the Pittsburgh local of the Union and Station WJAS, CBS outlet in that city.

 Zworykin, RCA television wizard, received the Rumford Medal of the American Academy of Arts and Sciences in Boston last Wednesday for "outstanding contributions to the subject of light". In his acceptance address, Dr. Zworykin told of the results achieved by the electron microscope in the fields of chemistry, metallurgy, and ceramics.

 Pistol teams from all branches of the U. S. Armed Forces will compete for the "Alfred J. McCosker National Defense Trophy" in Event No. 3 at the 4th Annual All-Eastern States Championship Pistol and Revolver Matches at Port Washington, Long Island, October 25 and 26.

 Marine radiobeacons in the United States, of which there were 141 in 1940, have increased during the year to a total of 146, this representing a normal increase, the Coast Guard reports.

FCC ACTION

Applications Received: WAGE, Sentinel Broadcasting Co., Syracuse, N. Y., construction permit to increase power from 1 to 5 kilowatts, changes in directional antenna night and install new transmitter (620 kc.); The McKeesport Broadcasting Co., Inc., McKeesport, Pa., construction permit for a new broadcast station to be operated on 960 kilocycles, 1 kilowatt and daytime hours; WLAV, Leonard A. Versluis, Grand Rapids, Mich., construction permit to change frequency from 1340 to 930 kilocycles, increase in power from 250 watts to 1 kilowatt, install new transmitter, and directional antenna for night use and move transmitter; WIBC, Indiana Broadcasting Corp., Indianapolis, Ind., construction permit to increase power from 1 kilowatt night, 5 kilowatts day to 5 kilowatts night, 10 kilowatts day, make changes in directional antenna for night use and changes in transmitting equipment (1070 kc.).

Also, WFBR, The Baltimore Radio Show, Inc., Baltimore, Md., construction permit to make changes in directional antenna (1300 kc.) and to increase power from 5 to 10 kilowatts, install new transmitter and make changes in directional antenna; WHBC, The Ohio Broadcasting Co., Canton, Ohio, construction permit to make changes in equipment, install directional antenna for night use, change frequency from 1230 to 1480 kilocycles, power from 250 watts to 1 kilowatt (facilities WGAR, contingent on WGAR going to another frequency); WSBT, The South Bend Tribune, South Bend, Ind., construction permit to increase power from 500 watts to 1 kilowatt and make changes in transmitting equipment and directional antenna (960 kc.); Percy C. Klein, Alexandria, Va., construction permit for a new broadcast station to be operated on 740 kilocycles, 1 kilowatt daytime.

Also W6XDL, Don Lee Broadcasting System, San Francisco, Calif., modification of construction permit for a new television broadcast station, requesting extension of commencement and completion dates to 1C-30-41 and 4-30-42, respectively.

X X X X X X X X X X

Advertisers and agency executives are making a full inspection tour this week of WABC's new transmitter on Columbia Island, in the Long Island Sound off New Rochelle, New York, as guests of the Columbia key station. Trips have been scheduled for every day this week.

The journey to New Rochelle is made in a specially chartered coach, and then WABC's guests embark for the island on a power launch. Before the launch ties up at the Columbia pier, it circles around the island to give the guests a full view of the new transmitter and antenna which go into operation October 18.

After they land, advertisers and agency men are taken on a tour of inspection around the island by J. L. Middlebrooks, CBS engineer in charge of construction of the transmitter. He describes the transmitter and answers questions about its construction and use. The visit is completed by an afternoon snack on the Columbia Island lawn.

X X X X X X X X