

HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, INC.
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No. 1433

NEW FCC DIVISION AS COAST GUARD CALLS WEBSTER

E. M. Webster, Assistant Chief Engineer and Chief of the Safety and Special Services Division of the Engineering Department of the Federal Communications Commission, has been called to active service as Chief of Communications of the United States Coast Guard. To fill this post while Mr. Webster is on duty with the armed forces, the Commission this week appointed William N. Krebs to be in charge as Chief of the Safety and Special Services Division.

Because of the vital importance of the work of the National Defense Operations Section of the Field Division of the Engineering Department and the increased responsibilities recently assigned in connection with the war effort, the Commission raised the status of this section to that of a division. The new division will be known as the "Radio Intelligence Division" of the Engineering Department. George E. Sterling, who formerly served as Chief of the National Defense Operations Section, was appointed Assistant Chief Engineer and Chief of the Radio Intelligence Division.

These changes will become effective on June 1, 1942 and continue for the duration of the war.

Mr. Krebs is 37 years old and was born at Baltimore. He was graduated from the Baltimore Polytechnic Institute in 1923, and completed courses in Electrical Engineering at Johns Hopkins University. He was employed in 1925-26 as installer and radiotelephone operator at Station WBAL. In October, 1926, he entered the employ of the Navy Department as a radio engineer in the Radio Test Laboratory of the Washington Navy Yard. In July, 1930, he was appointed Associate Radio Engineer with the Radio Commission, thereafter transferring to the Communications Commission.

Mr. Krebs designed and supervised the installation of new radio message centers for the War and Navy Departments in Washington. During 1938 and 1939, he was in charge of the investigative engineering activities of the Great Lakes and Inland Waters Survey to determine the radio requirements necessary for vessels navigating the Great Lakes.

Mr. Sterling was born at Peaks Island, Portland, Maine, June 21, 1894. He attended public schools in Maine and Johns Hopkins University and Baltimore City College. His experience in radio dates from 1908 as an amateur operator. He was one of the first in the State of Maine to be licensed by the Federal Government as an amateur operator and station owner.

During World War I, Mr. Sterling served as radio instructor in Signal Corps schools of the American Expeditionary Forces. He assisted in organizing and operating the first radio intelligence section of the Signal Corps in France, which engaged in the location of enemy radio stations and interception of their messages. For this work he received a citation from Chief Signal Officer of the American Expeditionary Forces for "especially excellent and meritorious service".

Mr. Sterling served as a radio operator in the Merchant Marine and in 1922 entered commercial employment as a marine radio inspector. He entered the Federal service as a radio inspector in the Bureau of Navigation, Department of Commerce in 1923.

He was appointed Inspector in Charge of the 3rd Radio District, Federal Radio Commission at Baltimore in 1935. He was transferred to Washington as Assistant Chief of the Field Division, Engineering Department, FCC, in June 1937. He was appointed Chief, National Defense Operations Section, Field Division, Engineering Department July 1, 1940.

Mr. Sterling is the author of "The Radio Manual" - (3 editions) - which is recognized and used extensively as a standard textbook on radio communication equipment and procedure by radio schools and for government training purposes and as a reference book by colleges and universities.

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STILL MORE LEEWAY GIVEN TO SMALL STATION OPERATORS

Responding to war-time shortages of technical personnel for broadcast stations, especially critical in cases of small stations, the Federal Communications Commission further relaxed its rules to grant operation permits to persons certified by station licensees as familiar with their respective broadcasting equipment. Holders of these restricted radiotelephone operator permits would be limited to operations at a specified station and would be required to shut down the station in technical emergencies until some first-class operator repaired the trouble. An added requirement provides that persons obtaining the restricted permit would have to pass within six months an FCC examination on radio theory entitling them to endorsement of their permits by the Commission for similar work at any station.

Radio engineering experts declare that women could easily meet the requirements now in effect for restricted radiotelephone operator permits. It is believed that persons of normal intelligence should be able to pass the examination for the restricted radiotelephone operator's permit after 8 or 10 hours study of the FCC study course for this examination. The Study Guide and Reference Material for Commercial Radio Operator Examinations may be

obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the sum of 15 cents.

This latest action of the FCC war-time policy of coming to the aid of broadcast stations on the matter of operator and operation requirements is specifically directed to the problem of low-powered broadcast stations operating on frequencies assigned for local services. There are 441 licensees benefited by today's action. Earlier FCC relaxations of operator requirement rules with respect to broadcast stations were made on February 17, 1942, under Order No. 91 and again on April 21, 1942, under Order No. 91-A.

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SENATE EXPECTED TO O.K. WARTIME WIRE TAPPING

It is believed no time will be lost by the Senate in approving a bill passed by the House earlier in the week legalizing wire tapping by the Army, Navy, FBI and other agencies in detecting war crimes and making information thus gained admissible as evidence in court.

Whenever there is reasonable suspicion that an offense against the national security is about to be committed, the House bill requires that telegrams, radiograms, cablegrams or other wire or radio communications be delivered to authorized Government agents. The bill would remain in effect only until six months after the end of the war.

Introduced by Representative Celler, of New York, the bill's provisions are applicable only in cases of efforts to undermine national defense and security by treason, sabotage, espionage, seditious conspiracy, violations of the acts requiring the registration of foreign agency or registration of groups carrying on foreign activities "in any manner".

Representative Hobbs, of Alabama, tried to get a bill to legalize wire tapping through the House last year when it was charged that Chairman James L. Fly of the Federal Communications Commission was the only high Government official opposing it.

Before the House voted on the bill just passed, Mr. Hobbs declared that if it had been law before December 7, there would have been no attack on Pearl Harbor.

"I made that statement on my own initiative and responsibility", Mr. Hobbs told the House. "It is true, as every member of the Judiciary Committee knows who heard testimony in executive committee. We know whereof we speak though we can't take Congress into our confidence."

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SMALL STATION MANAGER SUGGESTS GOVERNMENT BUY TIME

The greatest help that the Government can give the radio stations and especially the smaller stations that feel the loss of business more keenly, is to set up some plan of paying for at least part of the heavy war publicity work the radio stations are now doing gratis, George Blumenstock, Manager of WSKB, a 250-watt station at McComb, Miss., suggests.

Addressing William B. Lewis, Radio Coordinator of OFF, Mr. Blumenstock writes:

"Why should the different Government agencies be forced to 'beg' this important commodity - radio publicity? And if publicity is important, and we don't dispute this, why shouldn't the Government buy choicest time in this emergency?

"Radio publicity is a commodity, which must be produced at a given cost, the same as printers ink, paper, telephone and telegraph messages, railroad and airplane transportation, yes, even the production of ships, planes and ammunition. The Government pays reasonable prices for these commodities, why not for important vital radio time?

"Let us face these facts squarely. Radio Stations must carry on. It costs money to carry them on. Advertising revenues must necessarily decrease, as too many lines are being taken from the market. Is it cheaper and better for the Government to take over the radio stations and assume their operating expenses, or is it better and wiser to assist them, even moderately, by buying from them their only commodity 'time', now given free most generously by the radio industry.

"How long can this continue? Can the majority of radio stations maintain their service, their personnel and their equipment with the reduced revenues and a constantly growing volume of free time? Is this asked by our Government from any other industry? Why the radio?

"My suggestion would be that the Government, through the Office of Facts and Figures buy one hour a day on each station at the hourly rate and that it be divided into four quarters, one quarter hour early in the morning during the Farm programs, one quarter hour around the noon time, one quarter hour in the mid-afternoon and one quarter hour in the evening.

"It is quite true as was said in the University of Chicago program in which Chairman Fly recently took part, that 60% of the people depend on radio for information. Personally, I think it is even greater.

"WSKB covers a population of from 400,000 to 500,000. There are fully 500 radio stations in our class and they can cover fully 80% of the listening audiences at a very low cost to our Government and at the same time the Government would assist these stations to improve their service, maintain their equipment and keep them well organized to serve the Nation in this emergency."

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DCB CLOSES RADIO-TELEGRAPH TRAFFIC WITHIN U. S.

The Defense Communications Board has directed the closure of all public domestic point-to-point radio circuits within the continental limits of the United States, effective midnight, June 30. Provision is made, however, that upon proper showing to the Federal Communications Commission and a finding by that Commission that a particular circuit is necessary to meet a vital public need, the DCB will seek ways and means to meet that need.

Transmission of private messages over domestic radio circuits can be heard and easily monitored outside the United States. In many instances the nature of these private messages can give information of value to the enemy. The burden of possible censorship has been deemed insoluble within reasonable limits of available man power and funds. In any event, the censorship which would be necessary if these circuits remained, would involve a delay in transmission not necessarily found in the case of domestic wire circuits.

Eighty stations operated by eleven companies will be affected by the order. The chief carriers concerned are R.C.A. Communications, Inc., Mackay Radio and Telegraph Co., Tropical Radio Telegraph Co., Globe Wireless, Ltd., Press Wireless, Inc. (press only), Radiomarine Corp. of America, Central Radio Telegraph Co., Michigan Wireless Telegraph Co., Wabash Radio Corp., Pere Marquette Radio Corp., and the Western Radio Telegraph Co. Their total traffic is considered quite small in comparison with all domestic message volume. Chairman Fly stated that adequate wire line communications facilities remain available to all users of these domestic radio circuits.

If upon recommendation of the Federal Communications Commission the DCB should permit any particular circuit or circuits to remain in business, it will follow as a matter of course that they will be effectively censored. Routine precautionary measures, including monitoring by the FCC Radio Intelligence Division will continue in any case.

Not affected by the DCB order of March 28th are the coastal and ship-to-shore radio stations, which are under the control of the Navy Department.

The order will also not affect the public availability of the world-wide international radiotelegraph service of R.C.A. Communications, Inc., according to William A. Winterbottom, Vice President and General Manager.

Through an agreement of long standing between RCAC and Western Union, Mr. Winterbottom said, radiograms destined for foreign cities may be marked "Via RCA" and filed at any Western Union office in the country. Messages marked in this manner are relayed by Western Union wire to either San Francisco or New York, from where RCAC transmits them internationally by radio. The

company operates direct radiotelegraph circuits between these two cities and more than forty nations.

The principal cities in which the domestic services of RCAC will be affected by the DCB closing order are Chicago, Detroit, Los Angeles, New Orleans and Seattle.

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CONGRESS RADIO PROBE MAY LAST TWO WEEKS LONGER

Although it may still run a couple of weeks the end is in sight for the hearings on the Sanders Bill to reorganize the Federal Communications Commission which will be resumed before the House Interstate and Foreign Commerce Committee next Wednesday, June 3rd. It is doubtful whether the hearings can be concluded in the coming week but the opinion was expressed that they would surely be finished during the week following.

The first witness next week will be Arthur G. Hayes of the American Civil Liberties League. Mr. Hayes will be followed by the Mutual Broadcasting System witnesses. These will probably include Alfred J. McCosker, Chairman of MBS Board, Fred Weber, General Manager, and Louis Caldwell, Counsel.

Then will come Paul D. P. Spearman who will testify in behalf of Network Affiliates, Inc., in opposition to testimony of the clear channel group.

At some stage of the proceedings, Chairman James L. Fly will testify and very likely FCC Commissioner T.A.M. Craven, known to have opposing views to Mr. Fly.

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REDUCED CABLE AND RADIO RATES FOR OUR BOYS ABROAD

Special low-priced message rates to be made available to members of the American Expeditionary Forces in sending cable and wireless messages from their overseas bases, were announced by the Federal Communications Commission. Special tariffs will permit American soldiers, sailors and marines abroad to send home messages for a flat rate of sixty cents. From Great Britain and Northern Ireland the equivalent rate of 2 shillings, six pence will be charged, while the rate in Newfoundland currency will be sixty cents.

Chairman James L. Fly of the Communications Commission explained that the men in the armed forces "will be able to select from 100 prepared texts a message suitable to the occasion". He added, "In operation, the new service will work something like the holiday greeting messages, with which the American public is long

familiar. The soldier or sailor will be able to select from one to three of these prepared texts and send them in a message. These messages would have the same rank in priority of transmission as Night Letters and other greeting messages."

Designation of the messages will be "EFM". An idea of the savings to the soldier can be had by comparison with ordinary overseas rates of 20 cents to 42 cents per word including address and signature, depending upon the point of origination.

Companies participating in the special reduced rates are: All America Cables and Radio, Inc., The Commercial Cable Company, Commercial Pacific Cable Company, Mackay Radio and Telegraph Company, Postal Telegraph Cable Company, R.C.A. Communications, Inc., and The Western Union Telegraph Company.

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POOR RESPONSE TO NAZI SHORT-WAVE SUGGESTION

A few weeks ago, a German propaganda speaker urged American listeners to go to public libraries to read certain volumes known to contain anti-British material. To learn just how much stock American radio listeners (if there were any listeners outside official Government monitors, and others studying the problem) the Federal Communications Commission asked the American Library Association to circulate member libraries for a check on public requests for these volumes.

"A complete report from the Association shows but a solitary request, which occurred at the San Francisco Library, and that was from a person having an unrelated purpose in mind", it was said at the Commission.

"This indicates fairly well that few listen to Axis propaganda outside persons in the crank fringe and of course those studying the material such as the Government's own listening services, which make prompt use of such material to propagandize Germany and Italy in return.

"These latter operations by our own country and our allies sometimes provoke trouble in the occupied territories. For example, just this last week the German-controlled Netherlands Radio broadcast a threat against 460 prominent Dutchmen in Nazi lands as hostages. The German-controlled station declared that something dire would happen to these hostages unless the London Radio operated by the Dutch Government-in-Exile were silenced. This obviously was because the London station was 'inciting the Netherlands people against the Germans.'"

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NOT TO PUBLIC INTEREST TO WRECK NETS IS WARNING

Stating that the broadcasting industry is in a turmoil, that the Federal Communications Commission has charged that the entire system of network broadcasting is monopolistic in character causing two of the broadcasting companies to carry to the Supreme Court a suit to enjoin the Commission's rules; citing anti-trust action by the Justice Department and Congressional investigations, one of which has proposed that Congress investigate the Federal Communications Commission charging that its Chairman "is guilty of a monstrous use of power and is rapidly becoming the most dangerous man in the Government", Bernard B. Smith in the June issue of Harper's Magazine sounds this warning:

"Amid all the bitterness, the charges and countercharges in this bewildering series of events, there is only one factor which should concern the radio-listening public, and that is the preservation and improvement of network broadcasting in the public interest. Let this, therefore, be stated at once: the public interest will be served not by breaking up the networks, but by increasing their responsibilities and their control over their own radio programs; by compelling them to extend network facilities where the existing ones are insufficient; and, finally, by accomplishing this through sound regulatory legislation rather than through lawsuits which threaten the very existence of the networks."

Mr. Smith's article is titled: "What's Wrong With The Broadcasters? - The Curious Case of the 'Monopolists' Who Do Not Control Their Own Programs". The author is described by Harper's as a New York lawyer, a large part of whose practice is devoted to radio problems - or rather, to the advertising agencies and independent radio producers, writers, and artists who have the problems. He is also Chairman of the Legislative Committee of the New York Building Congress and is counsel for the Operative Plasters Union in New York City."

"Taking a glance backward, it is clear to almost everyone that it is to the networks we owe a large share of the improvements in the technical aspects of broadcasting", Mr. Smith goes on to say. "It is quite true, as the FCC points out, that there are remote areas of the country which are still entirely without network broadcasting services, and that in certain other areas available services are insufficient. What is not equally clear to everyone, however, is that as long as network broadcasting derives its principal financial support from the sponsorship of radio programs by national advertisers, network facilities will be extended only if advertisers require such extension."

"It seems pretty clear that the networks have been operated primarily in the service of the advertisers rather than in the interest of the public, and it is in this fact, rather than in the allegedly monopolistic character of the industry, that the basic deficiencies of American network broadcasting have their origins."

"The networks, in order to induce the large national advertisers to purchase their facilities for the sponsorship of national radio programs, have worked out a system of discounts which sharply reduces the time-costs for those advertisers who employ the greatest amount of broadcast time in a given year. In addition, the national advertisers who purchases the facilities on a network for a continuous hour of broadcasting pays in proportion substantially less for this hour than an advertiser who purchases only a fifteen-minute period. And during the daytime fifteen minutes constitute the standard period. * * * * *

"It is, therefore, not surprising that the crowding out of the smaller advertiser as a commercial sponsor of national network programs has become a pronounced phenomenon of network expansion. Thus in the five years from 1937 through 1941, while the network revenue of the largest broadcasting company increased over fifty per cent, the number of its commercial advertising sponsors decreased almost twenty-five per cent; and by 1941 eleven advertisers accounted for over fifty per cent of the network revenue of all the national networks in the United States.

"The networks are not to be condemned for such situations, for it is only by encouraging large firms to use radio as an advertising medium that network broadcasting has received the financial support which made possible its phenomenal growth and advancement. Nor, for that matter, can we criticize the conduct of the national advertisers; for in the keenly competitive climate in which they operate, uncontrolled by adequate government regulations, these advertisers must seize upon every available advantage in order to keep their trade names and shibboleths ubiquitously and incessantly before the public. In fact, despite the purely commercial character of their enterprise, they have provided the nation with some of its finest radio fare.

"But there are further difficulties. For example, if a small independent manufacturer, using only a single fifteen-minute period for network broadcasting, should develop an excellent radio program and through this means achieve notable success in spite of being confined to a less desirable time-spot, it rests within the power of the network upon the expiration of a thirteen-week period to terminate its contract with that company in obeisance to some powerful competitor. It is true that networks have not been known to employ such tactics. Nevertheless, under existing unregulated network broadcasting, the network may at its own pleasure refuse to renew the time contract of a legitimate small advertiser. Today, when drugs, soaps, and grocery products depend in vital measure upon radio advertising as a means of keeping their trade names before the public, the power of the networks to take away the broadcast time of a given advertiser and to grant such time to others is almost a power of life and death. * * * *

Working under such a system, the broadcasting companies cannot exercise real control over the programs broadcast on their networks. Their contention that they provide balanced programmatic fare is refuted by even a cursory examination of their actual pro-

gram schedules. The truth is that the decision as to whether or not a radio program shall be presented over network broadcasting depends not on the network's opinion of the program's worth but on the advertiser's opinion about its effectiveness in promoting the sale of the laxative, dentifrice, or breakfast food he produces.* *

"The broadcasting companies speak tenderly of the educational sustaining programs which they provide without profit to the stations comprising their network. Yet during the period of greatest 'radio attendance', from 7 P.M. to 10:30 P.M. each evening, we find few such programs. These most valuable broadcast hours are now owned almost exclusively by advertisers of drugs, foods, soft drinks, cigarettes, soaps, and beauty preparations. We have yet to hear of a network terminating the time-contract of a national advertiser in order that it may supply the nation with a half-hour sustaining program of intellectual significance.

"Thus the advertiser determines not only what the people of the country shall listen to but also - in accordance with his own market problems and at variance, frequently, with the public interest - precisely what sections of the country are going to be permitted to hear a specific broadcast."

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 ::: TRADE NOTES :::
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Back in the harness after a long illness, Niles Trammell, President of the National Broadcasting Company, will deliver the commencement address at DePauw University's 103rd Commencement at Greencastle, Indiana, Sunday, May 31. Mr. Trammell has announced that he will discuss "Broadcasting for Victory and Peace".

 Radios and radio-phonographs, with an increase of 153 per cent, led in the April sales gains of department stores in the Second Federal Reserve District, in comparison with the same month a year ago, according to the report issued by the Federal Reserve Bank of New York. The second largest gain, 42 percent, was noted for washers, ironers, stoves, vacuum cleaners and cabinets.

 Rio de Janeiro, Sao Paulo, Recife and Porto Alegre, four of Brazil's leading cities, will hear a new series of programs in Portuguese from New York, as a result of arrangements just completed by WOR-Mutual and the Office of the Coordinator of Inter-American Affairs. Originating in WOR's studios, the programs will be beamed to South America via A. T. & T. facilities, but will not be broadcast in the United States. Eight stations in the Brazilian cities will carry the series, Mondays through Saturdays.

At the Annual Meeting of the stockholders of the International Telephone and Telegraph Corporation held in Baltimore last Wednesday, all Directors were re-elected as follows: Arthur M. Anderson, Sosthenes Behn, F. Wilder Bellamy, Daniel C. Borden, John W. Cutler, Charles E. Dunlap, James E. Fullam, John L. Merrill, Walter E. Ogilvie, Henry B. Orde, Samuel G. Ordway, Frank C. Page, Bradley W. Palmer, Henry M. Pease, Frank W. Phelan, George E. Pingree, Wolcott H. Pitkin, Lewis J. Proctor, William F. Repp, Kenneth E. Stockton and Mark A. Sunstrom.

Because of the serious radio interference it caused the U. S. Air Force, the Defense Communications Board ordered that the electromedical machine of Dr. W. L. Smith at Monroe, La., be closed down. It was further ordered that in event of failure to comply that War Department remove the machine.

Denying it has disseminated false advertisements over the radio and in newspapers concerning a cosmetic designed "Chen Yu Nail Lacquer", Associated Distributors, Inc., 30 West Hubbard St., Chicago, filed answer to a complaint issued by the Federal Trade Commission. Since July 30, 1941, the answer states, the respondent corporation has not engaged in business and has filed with the Secretary of State of Illinois notice of its intention to dissolve.

The salary of David Sarnoff, President of the Radio Corporation of America for the past year as listed by the Security and Exchange Commission was \$100,900.

It is reported that Lester Hemingway, the brother of Ernest, the author, will resign from WPB to join the Federal Communications Commission.

A contract with the Navy by Harvard University for the training of officers in radio communications, calls for an immediate enrollment of 500 men in the program, with a stipulation of a possible extension of 500 more enrolling in groups of 125 monthly.

The Civil Service wants radio service men with two and a half years of paid experience to inspect Army radio equipment. Appointees will be stationed at manufacturing plants outside the District of Columbia. Salary is \$2,000. Apply 801 E St., N.W. Washington.

Stockholders of Bloomingdale Brothers, Inc., of New York City, at the annual meeting held recently, voted to amend the certificate of incorporation to allow the concern to go into the broadcasting business.

In an interpretation of the General Maximum Price Regulation, the Office of Price Administration stated, "Advertising allowances granted by a seller for promotional services rendered by a buyer are not 'frozen' by the Regulation and are not to be considered as an element in the price at which goods were delivered during March" (The base period under the universal price ceiling.)

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