

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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## FCC ANNOUNCES PROCEDURE FOR POWER HEARING

The Federal Communications Commission this week announced its procedure and the order of appearance of witnesses at the hearing on its new rules and regulations which will begin next Monday and run for possibly a month. More than 100 broadcasters and organizations will be heard.

With broadcasters divided on issues of super-power, use of clear channels, and other technical questions, the hearings promise to produce considerable fireworks.

Commissioners T.A.M. Craven, Norman Case and George Henry Payne will preside at the inquiry and afterward report their findings and recommendations to the entire Commission for action. Although the hearings will be open to any testimony regarding any of the new rules, the two major issues are expected to be:

Whether the FCC will change its present rule limiting regular broadcast stations to 50 KW. power, and

Whether clear channels are to be opened further for regional station operation.

Immediately after the hearing on the rules the FCC committee will delve into the WLW case, which while involving only a single station is likely to produce as many sensations in view of the past scraps between Commissioner Payne and Powel Crosley, Jr., owner of WLW.

On the outcome of this hearing will depend whether WLW, now the nation's most powerful station will continue to operate experimentally with 500 KW.

Commissioner Case, though a Republican, will preside at the hearings. Chairman Frank R. McNinch, of the FCC, is an ex-officio member of the super-power committee and is expected to attend the hearing irregularly.

George Porter, Assistant General Counsel, will be in charge of the case for the Commission, whereas the stations and organizations will be represented by a score of lawyers.

The clear channel issue is to be injected into the inquiry by the recently organized National Association of Regional Broadcast Stations. The Clear Channel Group, on the other hand, will defend the exclusive use of the frequencies for high power and at the same time will make a fight for super-power.

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The first major witness scheduled is the National Committee on Education by Radio. Following will be the American Civil Liberties Union and the National Association of Broadcasters. All other witnesses are direct station operators or networks.

In connection with the hearing the FCC said:

"All testimony received in the hearing will be under oath but a reasonable departure from the strict rules of evidence will be permitted. A witness may give testimony on behalf of groups of stations or parties. The use of prepared statements in question and answer form will be permitted provided a copy thereof is furnished to counsel for each party at the time of hearing. Cross-examination of witnesses generally will be by the Commission and its staff. Cross-examination of Commission's witnesses will be permitted. Requests for cross-examination of other than Commission witnesses will be considered at the time of hearing.

"It is contemplated that at the beginning of the hearing certain factual data compiled by the Commission from questionnaires will be submitted for the record in order that the various parties in interest may have ample time to examine it."

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#### EX-LOUISVILLE MAYOR TO BE PRESIDENT OF NAB

The search of the National Association of Broadcasters for a paid president who will defend the interests of the industry before the Federal Communications Commission, Congress, and critics apparently has ended.

Neville Miller, former Mayor of Louisville, Kentucky, and now Assistant to the President of Princeton University, has been selected by the NAB Executive Committee. Formal ratification of the choice is expected next Monday at a meeting of the Board of Directors in Washington. He probably will take office July 15th.

The salary of the "radio czar" will be \$25,000 a year with \$5,000 allowed for expenses.

While not carrying a big name such as broadcasters were reported to be looking for early this year, Mr. Miller achieved a national reputation as Mayor of Louisville during the flood of 1937. He is an intimate friend of Mark F. Ethridge, who has been acting head of the NAB since its reorganization. Mr. Ethridge will return to his post as General Manager of the Louisville Courier-Journal and Times and Station WHAS.

Ulric Bell, Louisville newspaper correspondent, described the prospective NAB President for Broadcasting Magazine as follows, in part:

"He is the last man in the world one would take for a 'czar'. Yet Nevill Miller was in supreme command of a great American city under catastrophic conditions, and emerged not to be damned but to be lionized.

"His manner, in some degree, is that of a schoolboy. But his record is that of a man who once routed the whole United States Army, overwhelming red tape, gold braid and brass hats by knowing what he wanted and feeling that he was right.

"Neville Miller was not taken too seriously as Mayor of Louisville by two great corporations of the country when he set out to obtain what he deemed were just utility rate reductions. But their lawyers and statisticians discovered that he could compete with them on their own ground because he set for himself the task of learning their business.

"He is not a great orator or a professional politician. But his administration as Mayor was called so pronounced a success that he could have commanded bi-partisan backing for higher office had he chosen. One office which beckoned to him was the Governorship of Kentucky.

"He is a student, a scholar, a Bible teacher, a lawyer, a little bit of a recluse, a soft-spoken, gentlemanly fellow who has a ready smile and nothing of the 'iron man' about him. But watch out if he is pitted against you.

"Tall, a little stooped but with an energetic stride, Neville Miller at 44 has had experiences of such diversity that his mildness of manner is probably only a manifestation of inner assurance."

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C O R R E C T I O N: BEG YOUR PARDON!

Several statistical mistakes occurred in the story carried in last week's news release on a Commerce Department report on the radio industry. The mistakes resulted from the inadvertent confusion of figures on tubes and on receivers in a table covering sales from 1922 to 1937, inclusive.

The correct figures on sales of receivers in 1937 are 7,631,267 and the gross return \$404,457,150. For the year 1929 the sales were 4,428,000 with a gross of \$592,068,000. The greatest sales, however, did not occur in 1929 but in 1936, when 8,158,290 were sold for \$464,007,000.

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## PAYNE ACCUSES COLLEAGUES AT HOUSE HEARING

Commissioner George Henry Payne accused his colleagues on the Federal Communications Commission of "yielding too greatly" to the influence of "radio lobbyists" on Thursday during an open hearing of members of the FCC by the House Rules Committee.

The Committee, which is considering demands for a Congressional investigation of the radio industry and the Communications Commission, summoned Mr. Payne to return next Tuesday, when he will amplify his charges in a closed session of the Committee.

Chairman Frank R. McNinch told the Committee that the FCC is preparing to make its own investigation of charges of monopoly and other unlawful practices and implied, without saying so, that a Congressional probe is unnecessary.

Commissioner Payne charged that "free competition" is rapidly disappearing in broadcasting and that the industry has exchanged its social consciousness for "spoils".

Questioned by Representative Eugene E. Cox (D.), of Georgia, Commissioner Payne admitted that he was accusing his colleagues of "yielding too greatly" to the influence of a group of powerful lobbyists. He refused, however, to accede to Representative Cox's request that he back up the charges immediately. "At an investigation, I should be glad to take an oath and testify", Mr. Payne said.

His stand was defended by Committee Chairman John J. O'Connor (D.), of New York, who said the meeting would be turned into an investigation if Commissioner Payne were to answer such questions.

The Commissioner charged that several of the lawyers practicing regularly before the FCC have become "arrogant and are in the habit of commanding, rather than of asking or pleading."

"Not long ago one of these lawyers actually doctored the records of the Commission in a case in which he was interested, and, in addition, violated two stringent rules", he said.

"The tendency in the broadcast industry is to strengthen and perpetuate two or three powerful chains", he continued. "In fact, at the present time, the National Broadcasting Company, the Columbia Broadcasting System and the Mutual Broadcasting System own or control most of the best facilities on the airwaves. Huge profits have been made by many broadcast stations to the detriment of the public."



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"The tendency in programming is to establish a dead level of mediocrity in order to please the greatest number of people. In the attempt of the stations to reach the lowest common denominator, radio is driving intelligent people away from their receiving sets."

Commissioner McNinch told the Rules Committee that the FCC is prepared to start its own investigation, in accordance with a resolution adopted March 18th, to determine whether monopolistic relationships exist between the three large broadcasting chains and stations using their programs.

He said that the legal staff already has completed a two-volume analysis of radio contracts. Commissioner Payne contended, however, that the FCC has neither the facilities nor the time to conduct such an inquiry.

Chairman McNinch testified that since he had been appointed Chairman by President Roosevelt last Fall, the FCC's docket had become "practically current" and that transfer applications which had lain untouched for months were disposed of "some favorably, some unfavorably."

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#### DEALER RESPONSE POINTS TO INCREASED RADIO SALES

Dealer response to the 1939 radio models shown by leading companies for the first time last week was considerably better than had been expected, sales managers of the various companies reported, according to the New York Times. In one instance the week's quota for a large company was reached on Tuesday and other organizations reported that the orders placed by dealers were greater than they had anticipated.

"Among the companies introducing new models", the Times said, "were General Electric, RCA-Victor and Philco. Dealers were said to be enthusiastic, because of the strengthening of the price structure through fair trade contracts, and bought their initial requirements liberally."

"Manufacturers admitted that the season just closed was a bad one, with several changes made in the standing of the various companies in sales volume. Over-production and price-cutting among dealers were demoralizing factors. Output this season, however, will be watched carefully, and price wars are expected to be reduced to a minimum."

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## STATION COMPETITION HELD ESSENTIAL BY COMMISSION

Competition in the broadcasting field was held essential under the Communications Act by the Federal Communications Commission in two decisions involving newspapers, announced this week.

The Louisville Times Co., which operates WHAS, was refused a construction permit to build and operate a 100-watt station as well on the ground that it would have an advantage over Station WAVE, also of Louisville.

At the same time the FCC refused to sanction the purchase of Station WREN, Lawrence, Kans., by the Kansas City Star Company, of Kansas City, Mo., which now operates WDAF. The Kansas City Star had agreed to purchase the station for \$295,000.

Regarding the Louisville Times application, the Commission said:

"The underlying principle of the provisions of the Communications Act of 1934 relating to radiobroadcasting is that radio facilities must be licensed by the Commission to the end that the public will be best served. In effecting this requirement of the Act the Commission must consider many elements, one of which, in this case, becomes of particular importance, namely, the furtherance of competition in program service to a community to the end that the best service will be made available.

"It is true that in this instance the applicant is the licensee of a cleared channel station, and the application herein is for a local station, and it may be argued that the element of competition is not present as the services are different. But the cleared channel station serves all of the area which the proposed local station would cover, and as the people residing in that area may listen to only one station at one time, it is manifest that they would have to choose between the two. It is clear, therefore, that the two stations must necessarily compete for public reception.

"At the present time Stations WHAS and WAVE are in a position to compete for both commercial support and public reception. Granting a local station to WHAS would unbalance this competitive situation as it would place in the hands of the latter (which also has a monopoly on daily newspaper expression in the community) an outlet for local programs and commercial advertising.

"The Commission has heretofore pointed out that the available frequencies in the broadcast band are limited, and the Commission is loathe to grant facilities for an additional broadcast station to one who already holds a license for a

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station in the same community unless it is clearly shown that the public convenience, interest, or necessity would be served thereby. Other things being equal, it would appear that if there were a need for an additional local broadcast station in a community and if there were a frequency available for this service, the facilities should be granted to someone who does not already hold a broadcast license for an unlimited time station in that community. Experience shows that where a real need exists for radio service in a populous area, applications to establish service are readily forthcoming.

"In order to assure a substantial equality of service to all interests in a community, to assure diversification of service and advancements in quality and effectiveness of service, the Commission will grant additional facilities to identical interest only in cases where it clearly appears that the facility, apart from any benefit to the business interests of the applicant, is for the benefit of the community, fulfilling a need which cannot otherwise be fulfilled. The applicant, in this case, has failed to show that, in the operation of two stations, the program service of each would afford the greatest benefit to the community, and therefore the public interest, convenience and necessity will not be served by granting the application."

As to the Kansas City Star's application, the Commission said:

"Station WREN, Station WDAF, and Station KMBC, which serve substantially the same area, now compete on equal terms, each having the same day and night power. If the transfer were to be approved by the Commission, Stations WREN and WDAF would be owned and controlled by the same interests and would compete with Station KMBC, thus creating a situation in the service area of these stations in which, instead of three equally powerful mutually competitive stations, there would be one station having as a competitor the owner and operator of two equally powerful stations. This would obviously place Station KMBC at a serious competitive disadvantage as well as materially reduce competition in the area."

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Which radio programs are most popular with WLW listeners will be determined in the coming two weeks during a letter-writing contest being conducted by the Nation's station in cooperation with the Cuban National Tourist Commission, according to James D. Shouse, Vice-President of the Crosley Radio Corporation in Charge of Broadcasting.

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## RADIO MONOPOLY BAN PROPOSED BY SHAPPARD

Senator Sheppard (D.), of Texas, who has had little to say regarding the suggestions for a radio investigation, has introduced in the Senate a bill to amend the Communications Act so as to prevent monopolies and to prohibit excessive duplication of broadcasting programs in any area.

The bill seeks to amend Section 307 and to be known as Section 307 $\frac{1}{2}$  and would read as follows:

"Sec. 307 $\frac{1}{2}$  (a) For the purpose of this section a network program is defined as any program lasting five minutes or longer which is broadcast simultaneously from two or more broadcasting stations, whether by wire, aerial reception, electrical transcriptions, recordings, film, or otherwise, or which being broadcast over any broadcasting station is recorded and thereafter rebroadcast or repeated from another such station.

"(b) The Commission is directed to refuse licenses and renewals of licenses to any broadcasting station having an authorized operating power in excess of fifty kilowatts over which there shall be broadcast any network programs as defined in this section.

"(c) Upon formal advance application therefor the Commission may from time to time authorize any station having authorized power in excess of fifty kilowatts to broadcast network programs when the public interest will be served thereby but in no calendar month shall such authority cover an aggregate period of more than one hour.

"(d) The Commission shall publish in the Federal Register appropriate regulations for the enforcement of this section."

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## FCC TO PROBE NBC-WESTINGHOUSE CONTRACT

The Federal Communications Commission this week ordered that a hearing be held with regard to the contract between Westinghouse Electric & Manufacturing Company and the National Broadcasting Company, dated November 21, 1932, to determine whether any provision of the Communications Act is violated thereby and whether the agreement is in fact or in law a lease. Such hearing is to be conducted by the Special Committee investigating chain broadcasting, the Special Committee to fix the date and have authority to correlate this matter with other phases of its investigation.

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## THREE STATIONS DELETED; TWO NEW ONES ORDERED

The score was 3 to 2 this week as the Federal Communications Commission deleted three existing stations by refusing to renew their licenses and granted construction permits for new stations to two applicants.

Stations which were ordered off the air are:

WMBQ, of Brooklyn, N. Y., operated by the Metropolitan Broadcasting Corp., on 1500 kc.; KWTN, Watertown, S. D., operated by the Greater Kampeska Radio Corporation, on 1210 kc.; and KGDY, Huron, S. D., operated by the Voice of South Dakota, on 1340 kc.

New stations to be set up are:

Carl Latenser, Atchison, Kans., using 1420 kc., 100 watts power, daytime.

Dorrance D. Roderick, El Paso, Texas, using 1500 kc., 100 watts power, unlimited time.

In deleting the Brooklyn station the Communications Commission settled a row that has been going on for several years and granted WMBQ's facilities to Station WWRL, New York, with which it had shared time. The Commission charged WMBQ with broadcasting "information pertaining to a lottery" and failing to "exercise proper control over the broadcasting of foreign commercial announcements."

The two South Dakota stations were charged with operating contrary to the Commission's technical rules. Station KGDY, it was said, has been silent more than a year because of defective equipment.

The FCC granted a license for a new station at El Paso although El Paso has two stations, KTSM and WDAH, which share time on 1310 kc. The latter case has been pending before the Commission for two years and heard by the U. S. Court of Appeals.

The Court this Spring remanded the case to the FCC for further hearing on appeal of the Tri-State Broadcasting Company, which operates Stations WDAH-KTSM. The FCC, however, has again granted the application, though apparently in accord with the Court's rulings.

"The presence and operation of an additional radio station in El Paso", the Commission said, "will result in the creation of a competitive situation between the applicant and the licensee of KTSM-WDAH. However, in view of the fact that for the years 1934 and 1935 the existing licensee made a profit which is about 19 percent in 1934 and about 28 percent in 1935

on its investment, in addition to paying a substantial bonus to its manager, and which operated during the years 1929-33 without losing money, although operating in a manner which was admittedly antagonistic to the people in El Paso, and still having had but a small part of the potential business of the City of El Paso, it does not appear that the expected competition will immediately or ultimately result in such a reduction in income to Tri-State Broadcasting Company (KTSM-WDAH) as to require deterioration of its service to the listening public. Such competitive condition may reasonably be expected to insure an improved broadcasting service to the City of El Paso."

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### G.E. DEVELOPS RADIO WITH A MEMORY

Radio engineers of the General Electric Company this week demonstrated in Bridgeport, Conn., an "electrical memory", which they described as "time-tuning". The development means that the performance of a radio receiver during every 15-minute interval of a full 24-hour day can be predetermined.

"The effect of time-tuning is that of adding a silent master of ceremonies to the household", declared P. F. Hadlock, G.E. engineer. "This ghostly individual will awaken the family by turning on the radio in the morning, and will remember to shut off the power at the appointed time at night, even if everybody has fallen asleep. Selected programs will automatically be tuned in at their scheduled time during any 24-hour period and in between times the radio will shut itself off if it has not previously been directed to continue. Lacking the human frailty of the average listener, who often intends to tune in a specific broadcast, but doesn't, the electrical memory device is infallible - it can't forget."

The new development consists of a simple but ingenious radio time control unit which permits the preselection of favorite programs, throughout the entire day and night, on five different stations. The preselector is divided into ninety-six 15-minute time intervals. In practice a user consults radio programs for the ensuing 24 hours, moves the correct slider-contacts into position - and the automatic control takes complete charge. The cycle will be repeated each day unless further changes are made in the setting. A self-starting electric clock in the center of the control panel maintains absolute accuracy in automatic operation once it has been set and an electrical connection made.

The pretimer does not interfere at any time with the normal operation of the radio receiver, and stations may be manually tuned if desired. Afterwards the receiver will revert to the schedule which has been laid out for it.

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## HEARING ON SHIP RADIO POWER ORDERED

The Federal Communications Commission, upon its own motion, this week ordered an investigation of the facts, circumstances and conditions affecting the determination of power required for ship transmitters in order to comply with the terms of treaty and statute. The Commission scheduled this matter for hearing on September 12, 1938, at 10 A.M., in the offices of the Commission in Washington, D.C., before a Commissioner, to be designated by order of the Commission at a later date.

"Any person who desires to present evidence bearing on this rule at the hearing scheduled shall file notice of intention thereof at least 10 days in advance of the date set for such hearing", a FCC statement said.

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 ::: TRADE NOTES :::  
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Station WRVA's new transmitter of 50,000 watts is due to go on the air about October 1st. CBS has just announced new rates for the station, which will have the strongest signal in the area between Philadelphia and Charlotte, N. C.

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Following receipt of a report by the Federal Communications Commission to the House and Senate regarding interference from apparatus using radio frequency electrical interference, Chairman Wheeler, of the Senate Interstate Commerce Committee, introduced S.4074 giving the Commission authority to prescribe such restrictions and conditions as are necessary to prevent interference from medical apparatus and similar devices employing radio frequencies.

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David Sarnoff, President of the Radio Corporation of America, was awarded the degree of Doctor of Commercial Science this week by Oglethorpe University at Atlanta, Ga.

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The United States Court of Appeals for the District of Columbia last week, in effect, affirmed the granting by the Federal Communications Commission to Station WATR, Waterbury, Conn., of a change in frequency to 1290 kc., an increase to 250 watts power and unlimited hours of operation, by dismissing the appeals of Stations WJAS, Pittsburgh, Pa., KDYL, Salt Lake City, Utah and WEBC, Duluth, Minn., on the ground that none of the three stations had an appealable interest.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

RECEIVED  
JUN 8 - 1936  
LEGAL DEPARTMENT  
BROADCASTING CO., INC.

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June 7, 1938

ETHRIDGE RAPS FCC CONTROL OF PROGRAMS

Mark Ethridge, retiring President of the National Association of Broadcasters, told the Federal Communications Commission this week that the Commission's proposal to judge cultural standards for radio programs was inconsistent with principles of democracy, as hearings opened on proposed new rules and regulations for the broadcasting industry.

John V. L. Hogan, of New York City, radio engineer and Chairman of the NAB Engineering Committee, discussed the technical phases of the proposed new rules, suggesting a number of changes.

Representing the National Committee on Education by Radio, S. Howard Evans declared that there was a need for more cultural programs and that more of them should be required by the Commission.

Regarding the proposed rule that the Commission would take into account "such cultural programs as may be required", in authorizing new stations or increasing power authorizations, Mr. Ethridge said, in part:

"It is not suggested that the Commission should not take into account the program service of broadcasters in passing upon applications for various authorizations.

"The program structure of an individual station obviously is the most important element in standard of public interest. But there is a vast difference between the Commission considering the general program structure and laying down program specifications to which the licensees must adhere.

"It is a matter of common knowledge that the American system has produced the highest type and widest variety of programs in the world. \* \* \*

"But if the Government assumes control and attempts to dictate the types of programs to be broadcast, the very foundation of the existing system is destroyed. \* \* \*

"I confess to a total inability to understand how any group of men or women would be able to draw a cultural pattern in a democratic country. Of course, it can be done, after a fashion, at least, in a country that has a dictator. Herr Goebbels has the power to order all opera companies in Germany to give only Wagnerian operas, as he did for one year, and the

people hear Wagner, whether they like it or not. He has the power, and exercises it, to purge the libraries and the people have to read what Mr. Goebbels thinks is good for their minds. Germany is the perfect example of a country that has a fixed pattern of culture and it is the most eloquent testimony to the contention that a country cannot have rigid pattern without military enforcement. In other words, capsule culture is incompatible with democracy.

"Under the competition between networks and the individual stations themselves the quality of radio programs has been constantly improving and will continue to improve as talent in this country is developed and as broadcasters themselves learn the new uses of talent."

Mr. Ethridge also opposed the proposals for continuation of the six-month license system, limits on "absentee ownership of stations, and restrictions on experimental broadcasting.

Regarding the short-term licenses, he said, in part:

"It is our feeling that the short-term license is actually against the public interest. \* \* \*

"Certainly, it cannot be in the public interest for a business with such a great investment to have any uniform element of uncertainty, applicable to all stations and to all owners. If the industry is to be subjected to regulation - and we have no desire to contest the right of the Commission to regulate along the lines laid down by Congressional policy - then it should be given at least a minimum assurance which is now lacking - an assurance which only the Commission itself can give.

"The short-term license operates against the public interest in that it tends to foster, rather than to discourage, exploitation of radio facilities. \* \* \*

"The broadcaster is confronted, upon the one hand, with the necessity for large outlays if he is to keep pace with the Commission's engineering and public interest requirements, and, on the other hand, he has the uncertain and hazardous factor of a short-term license.

"There is another element of which the Commission must certainly be aware. The short-term license is against the public interest in that, whatever may be its purpose as far as the Commission is concerned, it is an effective threat over the control or management of a station. \* \* \*

"To my mind, the Commission could make no gesture more reassuring of its own solicitude for the full play of democratic forces and it could do nothing more encouraging to the individual stations to raise their own program standards than to extend the terms of the licenses."

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## RMA COUNSEL ASSAILS WASHINGTON BUREAUCRACY

Washington bureaus with a maze of personal rules and regulations under laws enacted by Congress have created such uncertainty in business that legitimate commerce is hampered, according to John W. Van Allen, of Buffalo, New York, General Counsel of the Radio Manufacturers' Association, in an address today (Tuesday) at the organization's annual convention at the Stevens Hotel in Chicago.

"Business can thrive only in the belief in the stability and soundness of government processes", said Mr. Van Allen. "Where this belief is in constant and sustained question, business hesitates, commerce diminishes, unemployment rises, money ceases to circulate normally, surpluses are consumed, public debts are increased, and we live in a spirit of uncertainty. To these factors is largely due the situation in business today."

The annual convention of the Radio Manufacturers' Association was presided over by Mr. Leslie F. Muter, of Chicago, its President. Mr. John H. Payne, representing the Department of Commerce, also made an address. The radio manufacturers will elect officers and hold the annual industry banquet Wednesday evening at the Stevens Hotel. A national trade show of radio parts and accessories will open Wednesday.

Bureaucratic rules and regulations from Washington agencies, according to Mr. Van Allen, have caused apprehension by business interests because Government has largely become one of personal orders, of men, rather than of well-defined laws. He cited the Supreme Court rebuke in the Kansas City Stockyards case to Secretary Wallace, stating the Supreme Court's injunction to Government "that they must accredit themselves by acting in accordance with the cherished judicial tradition embodying the basic concepts of fair play."

In recent years, Mr. Van Allen told the Radio Manufacturers' Association, many laws have been passed "which give an administrative officer or an administrative bureau or commission vast powers to establish rules and regulations and give orders of the binding force of law on men engaged in nearly every business or occupation." In some cases they are both prosecutors and judges, and the situation, said Mr. Van Allen, "becomes not a government of laws but a government of men, exercising unreasonable dictatorial and arbitrary powers over the personal rights and property of citizens."

"Because Congress and other legislative bodies have enacted this kind of legislation, the business atmosphere is charged with a spirit of controversy; administrative officers disclose competing philosophies of government and contradictory ideas of judicial administration and attempt to make a partisan

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issue out of what should be an impartial issue. These causes cannot be abolished by adding more government in business.

"As government faults are corrected and salutary and impartial laws passed to prevent abuses, business will go forward, unemployment will decline, money will circulate, and revenues for the support of the government will increase, and the public debt diminish. Business will not withhold its cooperation but will assist in every way to bring back its normal recovery. We as manufacturers of radios and parts provide the means whereby communication with millions of people is possible, and we offer our services to government and business to act in solution of problems which now beset us in so many directions."

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#### "CUT-PRICE" RADIOS GONE, SAYS GEDDES

"Cut-price bargain" radio receiving sets have almost disappeared, with the present introduction of new and improved receivers, according to industry leaders who are meeting in Chicago for the Fourteenth Annual Convention of the Radio Manufacturers' Association.

"Inventories of obsolete 1937 receiving sets are practically cleared up", said Bond Geddes, Executive Vice-President of the manufacturers' national organization. "The period of 'cut-price bargains' in receiving sets is over. New and greatly improved models are now being introduced, at more moderate prices to meet present conditions. There is a noticeable increase in demand for automobile radios."

Over 200 manufacturers will have exhibits at the national trade show of parts and accessories, opening the Stevens Hotel Exhibition Hall Wednesday and continuing through Saturday. This is a national trade show but not open to the public. There will also be annual meetings of the Radio Servicement of America, the Sales Managers Clubs and other radio organizations.

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The Office of the American Trade Commissioner, Singapore, reports that the State of Johore has introduced regulations for the control of radio and will not permit the use of loud-speakers from midnight to 6 A.M. Any person who causes a disturbance with his radio between those hours will be prosecuted.

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6/7/38

## NAB DIRECTORS ELECT MILLER PRESIDENT

Neville Miller, "flood mayor" of Louisville, Kentucky, was elected President of the National Association of Broadcasters last night (Monday) by the Association's Board of Directors, confirming action taken earlier by the NAB Executive Committee.

Mr. Miller succeeds Mark Ethridge, Vice-President and General Manager of the Louisville Courier-Journal and Times, who has been serving in a temporary capacity since the Association was reorganized last March. He is now assisting Harold W. Dodds, President of Princeton University, in administrative reorganization. He will take over his radio post about July 1st.

Although he has been well-known in legal and educational circles for many years, Mr. Miller first received the full glare of the national spotlight in 1937 when he directed relief and rehabilitation at Louisville during and after the disastrous Ohio River flood.

With the complete cooperation of radio stations not only in the flood area but also throughout the country, he directed the evacuation of the flooded sections of the city, obtained aid for the flood-stricken families, and supervised the tremendous task of putting the city back on its feet after the water subsided.

Born in Louisville, February 17, 1894, Mr. Miller received his preliminary education in the public schools of that city. He received his A.B. degree from Princeton in 1916 and his Bachelor of Laws degree from Harvard four years later. Along with his general practice, he taught at the Jefferson Law School from 1920 to 1925 and at the University of Louisville Law School from 1920 to 1930. He left active practice in 1930 to become Dean of the University of Louisville Law School, a post he held until 1933 when he was elected Mayor of the city on the Democratic ticket. At the expiration of his term, Dr. Dodds called him to Princeton.

The new NAB chief is a son of Shackelford Miller, one time Chief Justice of the Kentucky Court of Appeals. He wife is a cousin of General John B. Castleman, famous Civil War figure. Mr. Miller has four daughters.

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RCA FIGHTS MACKAY AT HOUSE HEARING

The Radio Corporation of America yesterday (Monday) opposed legislation which would require the Communications Commission to consider "public interest" in allotting international broadcast bands.

The Mackay Radio Company, alleging that RCA controls more than 90 per cent of transoceanic radio telegraph business, told a House Interstate Commerce subcommittee last week it should be permitted to share that traffic.

Frank W. Wozencraft, General Solicitor for RCA, saying that "more than ample competition now exists", denied before the same group that the company had a monopoly. Enactment of the measure, he said, would operate to reduce radio rates to a point where international business would be driven from radio to cables.

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TWO NEW IOWA STATIONS ON 1310 KC. RECOMMENDED

The granting of construction permits to two applicants for permits to operate stations on 1310 kc. with 100 watts power, unlimited time, was recommended to the FCC this week by Chief Examiner Davis G. Arnold.

The applicants are the Clinton Broadcasting Corp., of Clinton, Iowa, and the Burlington Broadcasting Co., of Burlington, Ia.

Other Examiners recommended the following:

That the Farmers & Bankers Broadcasting Corp. be authorized to move Station KFBI from Abilene, Kans., to Wichita, Kans. The station operates on 1050 kc. with 5 KW power, unlimited time.

That Herbert Lee Blye be permitted to assign the license of Station WBLY, Lima, O., to the Fort Industry Co.

That the First Baptist Church of Pontiac, Mich., be denied permission to transmit programs by wire to Station CKLW, Windsor, Ontario, Canada, for broadcasting.

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## RULES COMMITTEE LEANS TOWARD INQUIRY, POLL SHOWS

The House Rules Committee, which this week will hear Commissioner George Henry Payne amplify charges he made last week against his colleagues, is reported to be leaning toward favorable action on a Congressional investigation of the radio industry and the FCC.

The United Press made an unofficial poll of members and reported in a copyright article that the Committee will grant a special rule giving the inquiry resolution right-of-way in the House.

Several obstacles, however, still stand in the way of an actual investigation. The nearness of adjournment of Congress is one of these, and the coolness of Chairman Warren, of the House Accounts Committee, which must approve a fund for the inquiry, is another.

Representative Warren, who comes from North Carolina, is a friend of Frank R. McNinch, Chairman of the FCC, and has stated that he believes the Commission should be permitted to make its own investigation before Congress takes a hand.

The Rules Committee is scheduled to meet Wednesday in executive session to hear further evidence from Commissioner Payne, who charged that a group of radio lobbyists had "too greatly influenced" other Commission members.

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## EXAMINER O.K. GIVEN SALE OF WFAB TO WEVD

The proposed sale of Station WFAB, New York to the Debs Memorial Radio Fund, which operates WEVD, New York, on the same frequency, was given preliminary approval this week by Examiner John P. Bramhall in a report to the Federal Communications Commission.

Stations WFAB, WEVD, WHAZ, and WBBR all now share time on 1300 kc.; WEVD proposes to buy WFAB for \$85,000, and close it, utilizing its share of broadcasting time.

Station WEVD now operates 50 hours a week. A transfer of the license of WFAB, which is operated by the Fifth Avenue Broadcasting Corporation, would add 36 hours to its schedule.

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TRADE NOTES

Edward F. McGrady, Former Assistant Secretary of Labor and now Director of Labor Relations, Radio Corporation of America, will be one of the principal speakers at the 1938 convention and exposition of the Advertising Federation of America, June 12-15, in Detroit, Mich. Mr. McGrady's address, "Labor, Industry and the Public", will be delivered at the convention's general session on Monday, June 13th.

Leonard Lyons, Broadway columnist, wrote this week: "The report in radio circles is that RCA is constructing a huge television studio on the ninth floor of Radio City to be ready before August - and to which the audience will be charged admission prices."

Frank A. Arnold has been elected Vice-President of Edwin Bird Wilson, Inc., in charge of its Radio Department. For six years he was Director of Commercial Development for the National Broadcasting Company, following his resignation as Secretary and Director of the Frank Seaman Advertising Agency.

The Western Newspaper Union has set up a new subsidiary known as Western Radio Union, affording a tie-in with commercial radio broadcasting and weekly newspapers, effective next Fall. The plan does not contemplate operation of radio stations by weeklies, but provides for a radio program publicity service, mentioning sponsors' names, to be furnished to users of WNU ready-prints.

Appointment of Josef Cherniavsky to the post of musical director of WLW and WSAI, Cincinnati, was announced this week by James D. Shouse, Vice-President of the Crosley Radio Corporation in Charge of Broadcasting. Mr. Cherniavsky will have complete charge of all musical activities of both stations.

The Chicago Tribune and the Oakland and Seattle papers have followed the lead of the Los Angeles newspapers in dropping radio columns, according to Editor & Publisher. The Chicago Daily News and the Evening American had previously discontinued the radio news and comments, carrying only programs. The Tribune's action, it was said, is an experiment.

When a radio artists says that he just "laid an egg", don't be alarmed. When a radio production man says that "a program is a dog", do not think that four-footed mammals are running around Studio 1, 2 or 3. All this is radio jargon which is explained in the new booklet just released by the Sales Promotion Department of WOR and titled, "What Goes On Here?" Fifty thousand copies of the new book, which is designed to make thousands of radio fans more conscious of what goes on in a radio station, have rolled off the printing press.

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The American Federation of Labor has gone in for radio drama. An experiment started last March has resulted in arrangements to broadcast recordings of dramatized labor events from 55 stations, A.F. of L. spokesmen said. The recordings will be put on the air once a month for 15-minute periods. The Federation is underwriting the cost of producing the records, but the air time is being provided without charge.

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#### RADIO LINKED TO DECREASE IN SEA CASUALTIES

Radio is responsible for a substantial decrease in the loss of life at sea, according to the Lighthouse Service Bulletin, of the Commerce Department.

"In inviting attention to the great strides made regarding safety at sea, particularly since the World War", the Bulletin states, "an article in the Shipping World of April 6, published in London, contains a table showing sharp reductions in the average of vessels lost as well as the loss of lives of passengers per year from the year 1904 to 1937, in which period the average of vessels lost was reduced from 86 to 38 and the passengers and crew from 406 to 44.

"It is further pointed out in the quoted article that this progress is due to a number of reasons, but 'perhaps the most of all to the development of wireless' and further that 'The great development of the direction finder which enables a ship to grope its way in fog and the gradual increase in the numbers of wireless beacons on shore had further added to safety. It was satisfactory that many of the light vessels which were not being gradually replaced would, in future, be fitted with radio-beacons.'

"It is further stated in regard to the necessity of fully protecting the radio frequencies now used for such purposes as radio direction finding as follows: 'It is most essential that the wireless wave bands used by the maritime services shall not be encroached upon by other services \* \* \* Much as one appreciates the need for continuous development of broadcasting, it is of the first importance that we put safety of life at sea before any other consideration, and that due regard is paid to the essential services which shipping renders to mankind.'"

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## STILL LOTS OF RADIO BUSINESS, SAYS CALDWELL

"Just because a recession is in progress in general business at the moment, radio men can't afford to let down, or temporarily shut up shop!", O. H. Caldwell, editor of Radio Today, said in a statement issued this week.

"There are still lots of radios to be sold - still people who need better sets - additional sets; need these radios now more than before. And have money to pay for them.

"Radio men can't let down now, or relax their efforts. Conditions abroad may be distressing; affairs in Washington and Wall Street may be disappointing. But these are no excuses for the radio dealer to slow up and just ponder. That won't help any.

"The only thing that will help is to keep busy going out after business. This much the radio man owes to his family and dependents, - owes to the organization he has built around him in his business.

"But even more important to his future will be another result of courageous activity now, - repeating history familiar to most. Back in 1932, when a real Depression was upon us, and things looked blackest, some firms resignedly slowed up or 'folded'. Others initiated policies of aggressive action, and went out and got what business there was. Then as the old Depression lifted, these tireless workers found themselves among the new leaders in their fields - found themselves at the top of the ladder, to which they might never have climbed had business just been easy.

"The same thing will take place during the present recession. Vigorous fighters will grab the opportunity to sail ahead of stodgy conservative competition. New business equities will be established. New names will arise to shine as radio leaders in their communities.

"Radio men who really know this great art and its myriad potentialities ahead, will never lose faith in it. It is only unseeing business opportunists, who suspect, 'radio is at the end of its rope', because they know no better.

"Radio's future prizes are of surpassing promise - they are worth fighting for more than ever. Out of the recession will come new leaders for radios big days ahead. These leaders will pull themselves into front rank by the energy and enterprise they display now."

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NBC, CBS AND MUTUAL BILLINGS FOR MAY

Advertisers' expenditures for time on the National Broadcasting Company in May rose to \$3,442,280, up 7.1 percent over May, 1937. A contra-seasonal gain of 4.0 percent was made over April of this year. The figure for May is a record high for the month. A new high has been reached every month since, and including, December, 1937.

NBC's cumulative billings for the first five months of 1938 totaled \$17,851,185, up 5.3 percent over the previous record of \$16,944,720 set for the same period of 1937.

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Gross time sales on the Columbia Network for May, 1938, the second largest May in network history, totaled \$2,442,283. This shows a slight decrease from last May (4.6%) but brings the cumulative total for the first five months of 1938 to \$13,461,060, a 9.2% increase over the corresponding period of 1937.

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A 25.6 percent increase in time billings is reported for the Mutual Broadcasting System for the month of May, 1938, in comparison with the same month's figures in 1937.

Total billings for May, 1938, were \$194,201. For the same month in 1937 they were \$154,633.

Cumulative billings for the first five months of 1938 total \$1,139,769, an 8.7 percent increase over the same period in 1937. For the same period in 1937 they were \$1,048,280.

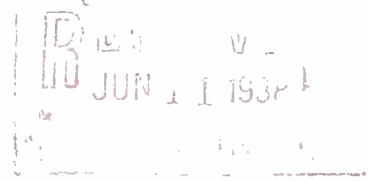
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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



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*Handwritten signatures and initials at the bottom of the page.*

## WELLS IS NEW PRESIDENT OF RMA

For the first time in four years, the Radio Manufacturers' Association has a new president. Albert S. Wells, of Chicago, President of Wells-Gardner & Company, was chosen as the head of the manufacturers at the conclusion of their Fourteenth Annual Convention in Chicago. Leslie F. Muter, of Chicago, who for four consecutive terms has served the Association so well as president was elected its Treasurer.

Five new Directors were named as follows: Glenn W. Thompson, Noblitt-Sparks Industries, Inc., Columbus, Ind.; Harry G. Sparks, The Sparks-Withington Company, Jackson, Mich.; Octave Blake, Cornell-Dubilier Electric Company, New York, N.Y.; James C. Daley, Jefferson Electric Company, Bellwood, Ill.; and J. McWilliams Stone, Operadio Manufacturing Co., St. Charles, Ill.

James S. Knowlson, of Stewart-Warner Corporation, Chicago, was elected Chairman of the Set Division and J. McWilliams Stone, newly elected Director, was likewise slated to head the Sound Division.

Bond Geddes, of Washington, D. C., was again re-elected Executive Vice-President and Judge John W. Van Allen, of Buffalo, continues as General Counsel.

Mr. Wells is prominent in Chicago manufacturing circles and is a member of the Nordic and Evanston Golf Clubs, the Five Lakes Club, the Swedish Club of Chicago, and the Svithiod Singing Club. He is also a member of the Masonic Order and of the Shriner's Oriental Consistory and the Columbia Commandery Knights Templar. He has been connected with radio for the past fourteen years.

The Radio Parts Trade Show was inaugurated as usual at the conclusion of the last business session of the manufacturers-convention and the whole thing ended in a blaze of glory at the radio industry's annual banquet.

Directly after the luncheon of the newly elected Directors of the RMA Wednesday afternoon, before the banquet Wednesday evening, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, Chicago, took the past and present

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Directors out on board his yacht, the "Mizpah", for a sail on Lake Michigan. The guests heard a first-hand account of a 90-mile gale which Commander McDonald recently encountered returning from the Caribbean Sea. It caught the "Mizpah" off the Bay of Fundy just after Commander McDonald had visited his old skipper, Commander Donald B. MacMillan, the famous Arctic explorer, at Provincetown, Mass., and was the worst storm known there in years. Many boats were wrecked and several lives were lost. It took the "Mizpah's" canopies away and bent the stanchions badly but aside from that Commander McDonald told his guests he suffered no inconvenience and was little worried.

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#### ROOF FIRE IMPERILS CAMDEN RCA PLANT

Fire in the roof of the television department of the RCA-Victor plant, Camden, N.J., across from Philadelphia, endangered laboratory equipment valued at hundreds of thousands of dollars.

Twenty-five employees, about half of them laboratory workers, fled the building as dense smoke poured from the tarred roof and enveloped the neighborhood.

Swirling across River Avenue, the smoke filled the Sheltering Arms Home for Children, an orphanage, driving out the occupants. Five children, ranging in age from 20 months to seven years, were taken to safety.

Two alarms of fire, turned in within an interval of five minutes, brought most of the fire-fighting apparatus in the city to the scene. Thirty-five minutes later a fire broke out at the plant of the General Chemical Company, a block away, and all fire companies not already in action responded.

The fire at the RCA Victor plant was in the building designated as No. 53, a long, one-story structure with stucco sides and a tarred roof. The blaze apparently began on the roof and damage to the interior was said to have been limited to scorching of walls and ceilings by flames sucked into the building by down-drafts through ventilators. An official of the company said the loss was not great.

The fire at the General Chemical Co. plant started on a wharf at the rear of the building and ate its way up to the rear wall before it was checked. The plant of the Standard Oil Co., with several large storage tanks, adjoins the property, but was not endangered.

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RATES FCC AMONG CAPITAL'S "LOUSIEST"

In the "National Whirligig" edited by Richard H. Waldo, and supplied to a large number of newspapers by the McClure Newspaper Syndicate, Ray Tucker writes:

"The Roosevelt Communications Commissioners - Messrs. Payne, McNinch, et al. - have finally clinched. Every Washingtonian on the outside looking very far in hopes that they will knock each other's block off.

"Next to the Coal Commission and the Tennessee Valley Authority, the Federal agency which rules the air is perhaps the lousiest - the word is used advisedly, and Fiorello LaGuardia has given it dictionary currency - at the Capital. There's no graft there, but they have favored favorite sons of favorite persons (especially in Texas), and they have shown a remarkable incapacity for aerial administration. The industry fears and distrusts them, as the decision over WLW's request for high power will reveal.

"No reporter, no matter how brilliant or painstaking, could smell out this sort of scandal. It is rooted too deep; it has been covered too copiously. But when and if Mr. Payne, who once wrote editorials for William Randolph Hearst while a member of the New York Board which assessed property, really swings at the Hoovercrat McNinch who was knighted by Mr. Roosevelt - then the Barney Ross-Henry Armstrong fight will seem like a breeze. Get your ringside tickets now!"

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PHILCO STRIKERS ASK GOVERNOR TO INTERVENE

Governor George H. Earle has finally been appealed to by the Philco strikers to intervene in the labor dispute which has disrupted the Philadelphia radio plant for the past five weeks. Following the appeal, Governor Earle dispatched a State Department of Labor mediator to investigate the Philco situation and make a personal report to him. The strike has grown out of a difference of opinion of terms for renewal of the contract of the C.I.O. United Electrical, Radio and Machine Workers Union.

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## ZENITH NETS \$701,477 FOR YEAR

The net income of the Zenith Radio Corporation for the fiscal year ended on April 30th was \$701,477 after depreciation, royalties, Federal income tax and surtax on undistributed profits, according to the annual report, released for publication. The income was equivalent to \$1.42 each on 492,464 shares of capital stock, excluding treasury shares, and compared with \$1,904,074, or \$3.81 a share, earned in the preceding fiscal year.

Current assets on April 30th last, totaled \$3,597,041, including \$1,243,290 cash and government securities, while current liabilities were \$1,084,842. On April 30, 1937, current assets amounted to \$4,980,745, cash and marketable securities were \$2,866,273 and current liabilities were \$2,400,259. Inventories increased to \$1,813,058 from \$1,510,412. Total assets were \$6,814,622, against \$7,917,971, and earned surplus was \$2,116,815, against \$1,907,802.

"Notwithstanding the many perplexing problems which have confronted our company during the past fiscal year, it has been able to maintain its usual sound financial position, and has earned a substantial net profit", Commander E. F. McDonald, Jr. President of Zenith, said.

"While the volume of business done by the radio industry generally decreased approximately 15% during the period covered by this report, your company's sales were slightly above those of the previous year.

"The corporation recently held regional showings of its products for its distributors, at which were introduced several low priced models of the new 1939 line of superheterodyne receivers. The models shown range in price from \$14.95 to \$89.95. Orders were taken for May and June delivery. The values of the models shown were so outstanding, and the reception so enthusiastic that orders received will heavily tax the company's production facilities in order to make deliveries on time.

"The popularity of the company's armchair models during the past two years indicates that this type of radio will definitely outmode and make obsolete the old style conventional console or wall type radios.

"The company's subsidiary, Wincharger Corporation of Sioux City, Iowa, also made very satisfactory progress during the year. Demand for the larger units for lighting and power has steadily increased so they are now one of the company's principal sources of income.

"The recently announced new product, 'Radio Nurse', has been marketed through regular radio channels, but a change

in policy is being effected so that this device will be made available through medical and drug outlets where it will be brought more directly to the attention of persons having a need for it.

"The Examiner for the Federal Communications Commission has recommended that a permit be issued to the company for the construction and operation of an experimental television transmitter. Formal authorization from the Commission is expected in due course, and when received construction will proceed immediately."

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### PAYNE TAKES HAND IN NAZI RADIO INQUIRY

That Commissioner George Henry Payne is also seeking to ascertain the facts with regard to reports of Nazi propaganda coming to the United States via short-wave was disclosed by correspondence between Commissioner Payne and Oswald F. Schuette, organizer of the Short Wave Institute of America. Representative Bernard (Farmer-Labor), of Minnesota, had written to Chairman Frank R. McNinch, Chairman of the Federal Communications Commission asking the latter to learn who were the backers of the Short Wave Institute and of Mr. Schuette, who is now an official of the Radio Corporation of America.

In his letter, Representative Bernard referred to Mr. Schuette as a "known and unrestrained admirer of the Nazis". Commissioner Payne wrote to Mr. Schuette and asked if these charges were true and why he had previously refused to give the names of those who had contributed to the support of the Short Wave Institute.

Mr. Schuette's letter in reply, as given out at Commissioner Payne's office, follows:

"Thank you for sending me a copy of Representative Bernard's letter of May 23. Unfortunately your own letter, although dated May 24, 1938, was not mailed - as shown by the postmark - until "June 1, 4 p.m." I have just received it. I do not know why Representative Bernard did not write to me direct.

"So far as his letter relates to me, the answers are simple. I am not 'a known and unrestrained admirer of the Nazis'. The Short Wave Institute of America, of which I was president until June 30, 1936, was organized solely to promote the sale of short wave receiving sets, and to that end to interest the public in short wave broadcast reception. Its backers were five outstanding American radio manufacturers - Radio Corporation of America, General Electric Company, Zenith Radio

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Corporation, Sparks-Withington Company and Sears-Roebuck Company. Besides these companies and myself, no one else had any interest of any kind, direct or indirect, in the organization; nor has it been active since June 30, 1936.

"At that time, it became apparent that this work could be better carried on as part of the activities of a single large radio organization. Therefore, I resigned as president of the Institute and since that time have been employed by the Radio Corporation of America. One of my important activities has been the development of the short wave operations of that company, which have now served to put the United States into the forefront of the international broadcasting activities of the world, and thus to off-set the foreign radio propaganda activities of which Representative Bernard complains.

"There has never been any secret about my associates in the Short Wave Institute. In testifying on general broadcasting problems at the informal engineering conference held by your Commission in June, 1936, I spoke only as an individual with a long and active experience in radio. I felt I had no authority to speak for the associates on a subject in which their various interests might conflict with each other or with my individual views.

"Although all five of the companies named were also identified with the Radio Manufacturers' Association, their short wave set sales were greater than those of most of the other RMA members, and they were therefore interested in a more active promotion of short wave operations than their trade organization, at that time, was devoting to this subject.

"Further to answer Representative Bernard's specific question, none of my associates, in this or in any other enterprise, includes or included, any foreign government, the agents of any foreign government, or of any political party or faction or clique in any foreign government.

"I understand that Representative Bernard has also written to other members of your Commission. I am therefore taking the liberty of sending a copy of this letter to your colleagues, as well as to Representative Bernard."

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## RADIO SUPER-POWER HEARINGS GRIND ALONG

Testimony, much of it highly technical, continued to be given at the Federal Communications Commission to a sub-committee composed of Commissioners Craven, Case and Payne on the question as to whether or not the lid should be taken off on power limitation of broadcasting stations. Judge A. L. Ashby, Vice-President and General Attorney of the National Broadcasting Company, presented W. C. Lent, an engineer, who testified in behalf of the NBC. Mr. Lent declared that out of all of the 50 KW stations in the United States, only about one-fifth of them were in the West. He said if the proposal went through to give half of the channels of KNX, at Los Angeles, and KPO, at San Francisco, to Canada, for duplicate stations, KFI, at Los Angeles, would be the only 50 KW station on the West Coast.

Increase of power in the preservation of the system of clear channels for certain radio stations is the only feasible way of improving radio reception at night to 80 percent of the continental United States, J. H. Dewitt, Jr., of Nashville, Tenn., Chairman of the Engineering Committee of the clear channel group told the FCC, making a strong play for super power.

Mr. Dewitt, who was expected to occupy the witness stand for the greater part of the day, was about half-way through reading a 48-page printed statement when the Commission took its luncheon recess. His testimony was illustrated with nearly three-score large map exhibits purporting to show graphically how the various radio stations of the country cover their areas.

From a radio reception standpoint, he told the Commission, a map of the country with circles drawn on it showing the areas now getting unsatisfactory signals, would look much like a Swiss cheese. He asserted that transmission conditions are much worse now than in 1935.

Establishment of stations in areas now given for radio signals will not correct the difficulty, he said, adding that "no matter how much we may wish the contrary were true, we cannot escape the cruel fact that broadcast stations can be located only in communities that can support them economically."

Radio listeners in the rural areas who, it is asserted, are now denied satisfactory broadcast receiving facilities, would be the greatest beneficiaries of so-called super-power radio stations, the Commission was told by Edwin W. Craig, of Nashville.

Mr. Craig, representing the so-called clear channel group, also told the Commission that Mexico and European countries have provided for super-power, and such stations in the United States should be provided for by the Communications



Commission in order that they might serve to their listeners a signal which would not be affected by interference from those countries.

It was said that 82% of the total area of continental United States was unsatisfactorily served from a broadcasting station's viewpoint. It was contended that in this great area that a signal of less than one-half a millivolt prevailed. The FCC has ruled that a 10-millivolt signal is essential to satisfactory service.

James Shouse, General Manager of Station WLW, at Cincinnati; R. J. Rockwell, Chief Engineer of WLW, and Dr. C. B. Jolliffe, of the Radio Corporation, New York City, were other important witnesses heard.

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WHEELER SENATE RESOLUTION WOULD HOLD POWER DOWN TO 50 KW

Senator Burton K. Wheeler, of Montana, submitted a resolution in the United States Senate yesterday (Thursday) (S. Res. 294), which was ordered to lie on the table, as follows:

"Resolved, That it is the sense of the Senate of the United States of America that the operation of radio broadcast stations in the standard broadcast band (550 to 1600 kilocycles) with power in excess of 50 kilowatts is definitely against the public interest, in that such operation would tend to concentrate political, social, and economic power and influence in the hands of a very small group, and is against the public interest for the further reason that the operation of broadcast stations with power in excess of 50 kilowatts has been demonstrated to have adverse and injurious economic effects on other stations operating with less power, in depriving such stations of revenue and in limiting the ability of such stations to adequately or efficiently serve the social, religious, educational, civic, and other like organizations and institutions in the communities in which such stations are located and which must and do depend on such stations for the carrying on of community welfare work generally.

"Resolved further, That it is, therefore, the sense of the Senate of the United States of America that the Federal Communications Commission should not adopt or promulgate rules to permit or otherwise allow any station operating on a frequency in the standard broadcast band (500 to 1600 kilocycles) to operate on a regular or other basis with power in excess of 50 kilowatts."

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## FCC FAILS TO STOP ACTION FAVORING CONGRESS RADIO PROBE

A last minute effort on the part of a majority of the members of the Federal Communications Commission failed to head off the House Rules Committee from favorably reporting the resolution introduced by Representative Lawrence J. Connery (D.), of Massachusetts, which calls for a Congressional investigation of the radio industry and a thorough housecleaning of the FCC.

Nearness of adjournment of Congress may forestall the investigation ; also the fact that Chairman Warren, of North Carolina, of the House Accounts Committee, who must approve the money for the inquiry, is said not to be very enthusiastic about such an investigation and may be another stumbling block. Representative Warren is reported to be a friend of Chairman Frank R. McNinch, of the FCC, who likewise was against the investigation.

Nevertheless, the action of the Committee was considered a victory for Commissioner George H. Payne, who not only declared from the start that he would be glad to have such an investigation, but who single-handed fought for it on the Hill. Previously the Commission by a vote of 5 to 2 had gone on record against a Congressional probe. Chairman Frank R. McNinch favored the Commissioners themselves making their own investigation of charges of monopoly and other unlawful practices and implied, without saying so, that a Congressional probe was unnecessary. The two Commissioners who voted in favor of giving Congress a free hand were Mr. Payne and Commander T.A.M. Craven.

Commissioner Payne was so insistent upon Congressional action that he was recalled by Chairman J. O'Connor (D.), of New York of the Rules Committee. Whereupon Mr. Payne is said to have again accused his colleagues of yielding too greatly to the influence of the radio lobbyists.

Apparently an S.O.S. was sent down from the Capitol Friday morning (June 10) causing the Commission to adjourn a meeting and, with the exception of Commissioner Payne, to appear for an eleventh hour hearing before the Rules Committee, in an effort to stall off action. Nevertheless word filtered out from the Rules Committee a short time later that the Committee had favorably reported the Connery resolution providing for a Congressional FCC probe.

Commissioner Payne expressed himself as jubilant over the result.

"This ends a two and a half year fight begun by the late Representative William P. Connery, Jr., of Massachusetts, who believed the FCC should be investigated by Congress", Commissioner Payne said. "His brother and successor in Congress, Representative Lawrence J. Connery told me he felt, in view of

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the former's strong views in the matter that it was his duty to do everything in his power to have the Rules Committee consider his resolution favorably.

"Ever since there has been talk in Congress in favor of an investigation. I have taken the position that the FCC should be for it. I feel that Commissioner Craven should be given credit because he stood by me when I tried to get the Commissioners to put themselves in a proper light before the public by not only saying that they were not afraid of an investigation but that they would welcome it."

The text of the Connery resolution follows:

"Resolved, That a committee of seven Members of the House of Representatives shall be appointed by the Speaker, which committee is hereby authorized and directed to inquire into and investigate the allegations and charges that have been or may be made relative to irregularities in or pertaining to the monopoly which exists in radio and the activities and functions carried on under the Communications Act of 1934 and all matters pertaining to radio and radio broadcasting; be it further

"Resolved, That the said committee shall make a thorough and exhaustive investigation of all allegations and charges that have been or may be made in connection with or pertaining to the monopoly which exists in radio and the activities and functions carried on under the Communications Act of 1934 and all matters pertaining to radio and radio broadcasting, and shall report in whole or in part at any time to the House of Representatives, together with such recommendations as it deems advisable; and be it further

"Resolved, That for the purpose of this resolution the said committee is authorized to hold such hearings, to sit and act during the sessions and the recesses of the present Congress at such times and places, either in the District of Columbia or elsewhere, and to employ such expert, clerical, and stenographic services as may be found necessary and to require by subpoena or otherwise the attendance of witnesses; to administer oaths; to compel the production of books, papers, and documents by Government or private agencies; and to take and record such testimony as the committee may deem advisable or necessary to the proper conduct of the investigation directed by this resolution."

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## FCC APPROVES RADIOMARINE CORPORATION EQUIPMENT

The FCC Commission has sent the following letter to the Radiomarine Corporation of America in New York City:

"You are hereby notified that the Chief Engineer of the Federal Communications Commission, approved the following types of radiotelegraph transmitting equipment as capable of meeting the specifications of the Ship Radiotelegraph Safety Rules for a main transmitter in existence prior to February 1, 1938:

<u>Manufacturer</u>	<u>Type Number</u>
Radiomarine Corporation of America	3627-S
Radiomarine Corporation of America	3627-AS
Radiomarine Corporation of America	3627-BS"

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## FLOOD HERO RECEIVES PALEY AMATEUR AWARD

William S. Paley, President of the Columbia Broadcasting System, last Thursday presented the second annual Paley Amateur Radio Award to Robert T. Anderson, of Harrisburg, Ill., for valiant service rendered during the January, 1937, flood emergency in the Ohio River Valley.

At the presentation luncheon yesterday in the Waldorf-Astoria Hotel, Rear Admiral Russell Randolph Waesche, Commandant, United States Coast Guard, and Capt. Stanford C. Hooper, United States Navy, joined Mr. Paley in paying tribute to Anderson and to the 55,000 amateur operators in this country and Canada for the public service they perform in times of national emergency.

George W. Bailey, Vice-President of the American Radio Relay League, spoke on behalf of his organization in retaining permanent custodianship of the trophy symbolizing the award to Anderson.

Anderson, a 32-year old employee of the Harrisburg Standard Electric Company, was chosen for the second William S. Paley Amateur Radio Award by a Board of judges comprising the Hon. Norman H. Davis, Chairman of the American Red Cross; Lieut. Commdr. Charles P. Edwards, Chief of Air Services for the Dominion of Canada; Dr. J. H. Dellinger, Chief of the Radio Section of the United States Bureau of Standards; Professor A.E. Kennelly, Professor Emeritus of Electrical Engineering at Harvard University, and Rear Admiral Waesche.

The award for 1937 to Anderson was based on his having worked for four days, obtaining only 10 hours sleep, to secure relief for the beleaguered town of Shawneetown, threatened with inundation by the raging Ohio River. Largely through his efforts all 1,500 of Shawneetown's inhabitants were evacuated without the loss of a single life.

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The Connery Resolution proposing to investigate radio monopolies was killed by the House of Representatives yesterday (Tuesday) by a vote of 234 to 101.

R. D. Heinl

CONFIDENTIAL — Not for Publication

JUN 10 1938

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

RECEIVED  
JUN 10 1938  
U.S. DEPARTMENT OF COMMERCE  
BUREAU OF BROADCASTING

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June 14, 1938.

## COMMISSIONERS DENY LINK TO RADIO CHAINS

Chairman Frank McNinch of the Federal Communications Commission and Commissioners Eugene O. Sykes, Thad Brown, Norman Case, in answer to questions by Rules Committee members declared they had no connection with any broadcasting chain or station. Commissioner Craven intended making the same denial, Chairman McNinch said, but the Committee went into closed session before he could do so. Commissioner Walker was ill or it was said that he would have been there. Commissioner Payne who had alleged that the Commission was "susceptible to outside interests" was also absent.

During the brief Committee session, Chairman O'Connor, of the Rules Committee, asked Mr. McNinch if he wasn't aware that two or three big radio chains have been favored at the Commission in assignment of licenses. Mr. McNinch denied the accusation.

"Of course, they don't need many more licenses if they control 95 percent of the air already", Representative O'Connor replied.

In answer to another question from the Committee Chairman, Mr. McNinch said he believed the Commission had done all it "legally could" in reprimanding the National Broadcasting Company for its Mae West broadcast.

Mr. O'Connor referred to the Commission's reprimand of NBC in that case as a "slap on the wrist".

Mr. McNinch testified that he knew of "no undue activity" by lawyers practicing before the Commission in the eight months he had been Chairman.

Representative Dies, (D.) of Texas, asked Mr. McNinch he was aware of charges that lobbyists had "constantly been seen in company with at least one Commissioner."

The Chairman replied that the charge apparently was no more true than often-made charges of lobbying "up here on the Hill."

The Committee gave the Commissioners an opportunity to make statements.

"Any insinuation that I am in any way connected with the Columbia Broadcasting Company, or any other radio company, is absolutely false", Commissioner Sykes said.

"I'd like to make the same statement with reference to the two major companies or any other", Commissioner Brown declared, adding that in 1927 he was a stockholder of a Cleveland station.

Representative Lawrence J. Connery, of Massachusetts, had placed in the Congressional Record reports that Commissioner Sykes "is credited with having a very wholesome interest in the affairs of the Columbia Broadcasting System" and Commissioner Brown was "interested in the success of the National Broadcasting Company".

Mr. Connery set forth that he had exchanged correspondence with Chairman McNinch.

"This correspondence fully substantiates the talk, to put it mildly, of the probability of the radio monopoly being directly represented in the membership of the Federal Communications Commission itself", Mr. Connery went on. "I deemed it proper, before making my presentation to the Rules Committee, to ask directly of the Commission itself the accuracy or inaccuracy of this serious indictment of those members of the Commission, supposedly serving the public interest, but who are suspected and talked about as in reality serving private vested interests.

"Chairman McNinch, in his reply, states that he had read my letter to the Commission. It will be noted in the reply of Chairman McNinch that the Commission very carefully refrain from commenting on my request as to whether or not it was true that Commissioners Sykes and Brown were regarded as being interested in the radio monopoly, namely, the Columbia Broadcasting Company and the National Broadcasting Company.

"This correspondence and the failure of the Chairman of the Commission to deny the interest which these two members of the Commission are credited with having in the beneficiaries of the Commission's gratuities, naturally warrants some inquiry on the part of the House.

"I note from a study of this Commission's activities that those attorneys having a very successful radio practice, or many of them, are former officials of, or attorneys of, this Commission and its predecessor. In fact, the former general counsels, all three of them, appear often and quite successfully for their clients before this Commission, which they have served as general counsel. The present influence which these former officials and employees of the Federal Communications Commission have with those officials and employees still in the employ of the Commission, and the help that these former officials and former employees of the Commission receive from their former associates, to my mind, would, if thoroughly investigated, bring forth a condition to which, in comparison, Teapot Dome would fade into insignificance.

"As an indication that Chairman McNinch is conversant with this under-handed influence and pressure, I might note that Chairman McNinch himself, since he was appointed to the Commission, has called for a listing of all persons who call or telephone in the interest of any pending application.

"As further evidence of the unsavory conditions which are believed to exist in this Commission, it is worth noting that Chairman McNinch was apparently unwilling to accept the legal advice of the legal division of this Commission. I note that he brought into the Commission two attorneys' to advise him rather than be dependent upon the advice of a legal staff which costs the Government some \$300,000 a year.

"The Rules Committee has before it, presented by Members of Congress, evidence which shows that the moneys of this radio monopoly have been used to corrupt elected Representatives of the people, judicial officials of our Government, that traffick- ing in licenses exists with the knowledge and approval of the present Commission, and that the present Commission is unable or unwilling to penalize those radio stations which broadcast pro- grams which are indecent, obscene, profane, or obnoxious to the American people."

The letter from Chairman McNinch in reply to Represent- ative Connery follows:

"I read your letter to the Commission at its regular broadcast meeting on May 11, all members being present except Commissioner Case, whom I had consulted personally theretofore. Every member of the Commission stated that he had neither heard nor read of any discussion of the vote on the Columbia Broad- casting System case or the National Broadcasting Company case, to which you referred, except at the regular Commission case conferences, at which these cases, along with other cases, were considered and discussed.

"I particularly inquired as to whether any member of the Commission had heard of or knew of any effort on the part of any member of the Commission to persuade any other member to change whatever may have been his vote on these cases or to trade votes on them in exchange for votes on any other case. All members of the Commission said they knew of no such discussion nor had they heard of any effort to have any member change his vote nor of any proposed trade in votes.

"From this it appears, as you will see, that informa- tion upon which were based the statements made in your letter was utterly without foundation.

"As to your request for a statement as to the votes on the cases in question, I beg to advise you that; because of a unanimous agreement among the Commissioners to the effect that votes on cases before the Commission would not be made public until the opinion in a particular case was written and filed with

the Secretary, and thus made available to the public, I could not nor could any other member of the Commission honorably give you information as to how any one or all members of the Commission may have voted on a case prior to the publication of the opinion in such case."

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### NATION'S LARGEST STATION MAKES STRONG SUPER-POWER PLEA

The representatives of WLW, the most powerful radio station in the United States, owned and operated by the Crosley Radio Corporation of Cincinnati, Ohio, have occupied with approximately three days of testimony to date in the hearing which the Federal Communications Commission is holding to determine whether or not broadcasting station power shall be limited. The presentation was in charge of James D. Shouse, Manager of WLW, and Duke M. Patrick, Crosley counsel in Washington.

Unlike the testimony which preceded it upon behalf of the Clear Channel Group, the showing of WLW has been limited rather strictly to a factual presentation. The showing was commenced by an introduction of the station's operating statement for the fiscal year 1937, and followed with a breakdown of the programs for the week of March 6, 1938, in the manner indicated by the Commission questionnaire which was sent to all stations requesting the same information. This testimony was followed by a detailed analysis of the cost and maintenance figures for WLW, first as a 50 kw unit, and second as a 500 kw unit.

Following the introduction of this testimony, a representative of the National Broadcasting Company gave a detailed analysis of the number of NBC sponsored programs which had been carried on WLW and on the stations within its service area, both before and after WLW's increase from 50 to 500 kw. These figures showed generally an increase rather than a decrease in the number of NBC sponsored programs which had been carried by stations other than WLW since the latter's power increase. They also showed rather conclusively that the program duplication between WLW and other stations in its recognized service area had increased rather than decreased during the period under consideration.

This testimony was followed by a detailed analysis of the present coverage of Station WLW when operating with power of 500 kw and a comparison of that coverage with coverage when operating with a power of 50 kw. Facts were also developed relative to the decrease in secondary service brought about during this phase of the so-called sun-spot or solar cycle which was estimated as having reduced the effective secondary service of clear channel stations to approximately one-half or one-third of that shown by the Clear Channel Survey figures as obtained in the



years 1934 and 1935. Mr. Leydorff, chief technical witness for Station WLW, generally confirmed the figures previously submitted by the Clear Channel Group relative to the order of signal necessary to overcome static conditions existing during approximately one-third of the calendar year, and particularly in the southern one-half of the United States. Mr. Leydorff stated that there were two major variables which affected secondary service by clear channel stations, first the sun-spot cycle, and second static conditions. A third and contributing factor was stated by him to be the increased use of electrical appliances by rural listeners.

Mr. Leydorff was followed on the stand by Dr. Richard Mead, of the Wharton School of the University of Pennsylvania, who gave various data concerning the size and relative importance of the broadcasting industry and its trend as compared to other advertising media. He gave it as his opinion that no static level had been reached in the expenditures for radio advertising, in view of developments to date, and the trend of the industry as compared to other industries and indices in general.

Following Dr. Mead, numerous exhibits were introduced showing the radio activities, that is, the filing of applications for new stations and the Commission action thereon for the four-year period immediately preceding and following WLW's power increase. Data was also submitted showing the trend in the rate structure of various stations of the several classifications, both in the service area of WLW and elsewhere. The showing was uniformly to the effect that the rates of stations of all classifications had been materially increased during the last four or five years and had not been affected in any degree by the operation of Station WLW.

Additional data was introduced showing the gross revenue of the several stations of the various classifications within the one-half millivolt contour of Station WLW, both before and after its power increase. These show generally that the income of all stations had been materially increased during this period and that in all cases the rate of increase had been approximately the same or greater than that of WLW during the same period.

In concluding the presentation of its case, WLW then introduced a proposed change in Rule 117 as follows:

Stations of this class may be licensed  
to operate with power in excess of 50 kw  
when it is made to appear:

1. That the use of such additional power will not result in objectionable interference to stations on adjacent channels.
2. That the use of such additional power will not cause objectionable interference with stations licensed by other countries pursuant to any agreement to which the United States is a party.



3. That the station is so situated geographically that (with or) without the employment of a directive antenna or other directive radiating devices substantially all of its primary and secondary service areas fall within the Continental United States.

4. That the use of such additional power is necessary to provide an adequate and acceptable radio service not otherwise available, or a choice of such services, to a substantial number of persons who do not reside within the primary service area of any other broadcast station licensed by the United States.

5. That at least fifty per cent of the programs broadcast by said station during both daytime and nighttime operation shall consist of live talent programs originated by it and not otherwise available to the area and audience described in Paragraph(4).

Dr. C. B. Jolliffe, engineer in charge of the RCA Frequency Bureau and ex-Chief Engineer of the Communications Commission had previously presented evidence on behalf of the Clear Channel Group to indicate that 500 kilowatt stations in the United States would not cause damaging interference with foreign stations. He was qualified not only as an engineer expert; but also as an expert on international radio problems. He outlined the history of international agreements as they related to high power limitations and pointed out that the earlier conferences provided for specific limitations of power and were indicative that the administrative authorities of Europe were afraid of the effects of increased power. At Cairo, in the revision of the Additional Protocol which set up the directives for the European broadcasting conference to be held in February, 1939, the annex of the Madrid Convention having to do with limitation of power was changed so as to delete any definite power limitation. There was apparently no opposition expressed and no discussion.

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#### GERMANY TAKES TO AUTO RADIOS

The use of automobile radio sets has grown rapidly in Germany, the Office of the American Commercial Attache in Berlin advises. Whereas in 1934 only 76 sets were sold, in 1935 the number jumped to 1300, and subsequently increased to 1,500 in 1936, and 3,000 in 1937. Telefunken (AEG and Siemens) sell about half of these and the rest are divided among a number of other companies. In 1937, the regular price for these sets was 370 reichsmarks which, since April 1, 1938, has been reduced to 360, still a very high price according to American standards. If the demand continues to grow, the industry plans to start mass production and reduce the price by 20 percent. Experiments are also being made toward the production of a simple, popular set to sell at 230 reichsmarks. (The reichsmark, at average rate of exchange, equaled \$0.4020 in 1937; at present rate, it equals approximately \$0.4016).

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## WHEELER RESOLUTION RESTRICTING POWER TO 50 KW PASSES SENATE

The resolution of Senator Burton K. Wheeler, of Montana, that the Federal Communications Commission should not permit radio stations to operate with power in excess of 50 KW passed the Senate last Monday (June 13). Senator Bulkeley, of Ohio, blocked the Senate's action, by declaring his intent to call the Wheeler resolution up for reconsideration. He may do this at any time before the adjournment of Congress.

The resolution set forth that the operation of radio broadcast stations in the standard broadcast band (550 to 1600 kilocycles) with power in excess of 50 kilowatts is definitely against the public interest, in that such operation would tend to concentrate political, social and economic power and influence in the hands of a very small group, and is against the public interest for the further reason that the operation of broadcast stations with power in excess of 50 kilowatts has been demonstrated to have adverse and injurious economic effects on other stations operating with less power, in depriving such stations of revenue and in limiting the ability of such stations to adequately or efficiently serve the social, religious, educational, civic, and other like organizations and institutions in the communities in which such stations are located and which must and do depend on such stations for the carrying on of community welfare work generally."

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## PUBLISHERS OPERATE ONLY 51 STATIONS

Although approximately 200 of the Nation's 700 radio outlets are generally catalogued as "newspaper stations", only 51 actually are operated by publishing companies, the accounting department of the Federal Communications Commission finds, Editor & Publisher reports.

There are scores of instances of newspaper control over broadcasting corporations, and operating agreements between the two systems for transmission of information are numerous, but joint operation was found to be uncommon.

This information was furnished the Commissioners this week as they launched a study of broadcasting regulation and the advisability of amendment of rules.

The statistical study placed the income of 629 stations which responded to questionnaires at \$131,205,866. Advertising, selling and publicity expense was fixed at \$5,551,202, and payments to agents and brokers amounted to \$16,982,960.

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## ITALY'S NEW S.W. TO BE HEARD THROUGHOUT WORLD

On December 9, 1936, a project was approved by the Council of Ministers in Rome, for the setting up of a new short-wave station in Rome, in order to improve the present technical organization of the E.I.A.R., and the broadcasting service of the colonial Empire, as well as that of Italian propaganda throughout the world, the office of the American Commercial Attache, at Rome, reports. This new station will be completed within the first six months of the current year.

The Rome short wave station located at Prato Smeraldo was established in 1930. The newly approved plan consists in the improvement of the power of the two existing transmitting stations, which will be increased from 25 KW. to 40 KW., in alternations of the modulation system, waves, etc. In addition, two new 100 KW power broadcasting lines will be set up, amounting totally to four; two of these will work on separate waves, rapidly, separately modulated, transmitting each a different program. The four broadcasting lines will be established in a new two-story building, erected on an area of about 25 hectares, which has recently been purchased by E.I.A.R.

About 200 meters from the mentioned building, a smaller one will be constructed to hold two other 50 KW. power transmitters, of which only one will be set up. This transmitter is of the pluri-wave type, i.e., able to get any wave on the scale 14-16 meters, with rapid commutation to four prefixed waves. This broadcaster is intended to be used as an experimental station to test the efficiency of new waves, broadcasting directions, etc., without therefore hindering the regular broadcasting of the four mentioned transmitters.

Fourteen steel towers will sustain the aeriels, some of which will measure 60 meters and others 80 meters in height. Particular attention has been given to the broadcasting with the Ethiopian Empire, for which four bands will be employed, each with a separate wave and 100 KW. transmitters. There will be other broadcasting lines directed to North America, South America, Central America, Japan and Australia.

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Representative J. Hardin Peterson, of Florida, has introduced a bill (H.R. 10869) to prevent monopolies and to prohibit excess duplication of broadcast programs in any area. The bill has been referred to the House Committee on Interstate and Foreign Commerce, and it is identical with the bill introduced last week by Senator Sheppard of Texas,

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## SEATTLE STATION SUES SENATOR BONE FOR \$250,000

United States Senator Homer T. Bone (D.), of Washington State, was named defendant yesterday (June 13) in a \$250,000 damage suit in which operators of radio station KOL, Seattle, charged him with using his public office to further a private radio business, an Associated Press dispatch from Seattle states.

Saul Haas, Collector of Customs at Seattle, and formerly Senator Bone's secretary; the Columbia Broadcasting System, the Queen City Broadcasting Company, Seattle, operators of radio station KIRO, and wives of Messrs. Bone and Haas also were named.

The complaint, filed by the Seattle Broadcasting Co., accused Senator Bone of using his position on the Senate Committee on Interstate Commerce to have a Columbia station contract transferred from KOL to KIRO, after owners of KOL had refused an alleged request to give Messrs. Bone and Haas a controlling interest in KOL. Messrs. Bone and Haas, it alleged, own and control KIRO.

At Seattle, statements denying conspiracy charged were issued by Station KIRO on behalf of Senator Bone and Louis K. Lear, President of the Queen City Broadcasting Company, which operates KIRO.

The statement issued for Bone said:

"I am not now and never have had any interest whatever in station KIRO. The same is true of Mrs. Bone.

"During the very time mentioned in the complaint, I was urged to be helpful to Station KOL in its efforts to secure a large increase in power. I was glad to do this so far as I could do so legitimately. Station KOL was granted the increase it sought and now has five times as much power as Station KIRO.

"If this is a conspiracy, it is the funniest conspiracy ever hatched by human beings."

Senator Bone further contended that the allegations were false and instituted maliciously "solely for political purposes."

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A larger newspaper schedule than formerly with no consideration for national magazines is planned by General Electric Radio to launch its story for 1939, built around three new radio developments called, "Three Scoops". Maxon, Inc., New York, is the agency. Approximately 165 newspapers will be used in the campaign, details of which have not been complete, which will start late in September. Trade magazine copy will start July 1.

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## I. T. &amp; T. NET QUARTERLY INCOME SHOWS INCREASE

The net consolidated income of International Telephone and Telegraph Corporation and subsidiaries for the three months ended March 31, 1938 amounted to \$2,299,336, as compared with \$1,658,438 for the three months ended March 31, 1937, according to Sosthenes Behn, President.

Gross operating revenues of the telephone and radio-telephone subsidiaries which are consolidated, amounted to \$8,517,602 as compared with \$7,638,003 for the similar period of 1937. There was an aggregate of 712,993 telephones in service (excluding Spain) at March 31, 1938, an increase of 16,536 since the first of the year.

Gross operating revenues from cable and radiotelegraph operations amounted to \$1,229,311 as compared with \$1,289,992 for the same period of the previous year.

Gross profit on sales of manufacturing and sales subsidiaries amounted to \$5,504,696 as compared with \$4,117,360 for the corresponding three months of 1937. Sales amounted to \$21,013,000 as compared with \$16,487,000.

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## RADIO INDUSTRY IS WARNED AGAINST UNSOUND MERCHANDISING

There were words of advice from Arthur T. Murray, of the United American Bosch Corporation, of Springfield, Mass., retiring Chairman of the Set Division of the Radio Manufacturers' Association. Mr. Murray has long been identified with the radio industry but is now an official of the Moore Drop Forging Company of Springfield.

"The radio industry at best has always had too many vicious and completely unsound merchandising practices to contend with, and I sincerely hope that the efforts which your committees, under the Chairmanship of Messrs. Skinner and McDonald, have put in, will at not too distant a date prove to be of sound and of lasting benefit to the industry", Mr. Murray declared. "The industry owes much to these gentlemen for the efforts which they have expended in its behalf.

"What does the radio industry face? It faces a production capacity that has but little relation to the most extravagant consumption demands that can possibly be placed upon it. Any industry that finds itself in that position must of necessity give up, for its collective good, all unsound practices in which it has heretofore indulged. I believe firmly that the industry, up until the Fall of last year, had made a



very marked improvement in its habits and in its conduct generally, but even at best, it had made but small progress over the road which must be covered before it can look upon itself as an industry whose solidity is such that it commands the respect of itself and of the public generally. I sincerely hope that the ground which has been lost in these past six months may be quickly recovered as a result of a realization on the part of the leaders of the industry that the ways of the industry must be permanently mended. Until the five or six leading factors in the industry stand shoulder to shoulder with each other in the improvement of morale, the industry, it seems to me, is doomed to never attain the type of solidity and real worth which destiny intended that it should have.

"The opportunity to play an important role in the destinies of an industry which has the romance which is so indelibly a part of this industry, has been given to but few men. Today radio is an essential part of the life of everyone. Its possibilities for good and, unfortunately also for evil, are almost without limit. It is the type of service for which any fair-minded human would pay fairly and well if he were permitted to do so, and it isn't the fault of the consumer that this has not been so. It has been wholly the fault of the set manufacturer, and I think the industry would be exceedingly wise to acknowledge the existence of this fault, and again make a strenuous effort, selfishly, if you please, for the betterment of the industry's economic being.

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#### TELEVISION EXHIBIT PLANNED FOR VISITORS TO RADIO CITY

Television, in the present stage of its development, soon will function for visitors to the National Broadcasting Company studios in Radio City. A television exhibit to be opened late this Summer will augment the guided tours through the NBC studios.

"The NBC television exhibit will be a complete unit in itself. Though demonstrating the same principles and employing the same type of apparatus used in RCA-NBC experimental television over Station W2XBS in the Empire State Tower, the exhibit will be entirely separate and distinct from it", according to an NBC release.

"Three studios have been set aside for the benefit of the public. The first houses the Iconoscope camera, a 'boom' microphone and other equipment for broadcasting sight as well as sound. Once the camera has been inspected the group will be taken to an adjoining studio separated from the telecasting room by a huge glass panel. This second room will contain the four RCA experimental television sets which will show the action taking place in the studio. A fifth receiving set, yet to be delivered, will be in an unfinished chassis, with all the works exposed.

"The third room will be the first television museum with television apparatus from its earliest, crude beginnings to its present state."

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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## SENATE RATIFIES HAVANA TREATY AND CONVENTION

Paving the way for a general shake-up in the broadcasting spectrum, the Senate just before adjourning this week ratified the North American Regional Broadcasting Agreement and the Inter-American Radio Communications Convention.

The documents, drafted at the Inter-American Radio Conference in Havana last Fall, were reported favorably to the Senate by the Foreign Relations Committee, together with an analysis and the favorable report of Senator Wallace H. White, Jr., (Republican), of Maine, who recently was a delegate to the world Communications Conference at Cairo.

Ratification of the North American treaty will have its effect on the present inquiry into super-power proposals and the new FCC rules and regulations. Had the Senate's action been taken earlier, the engineering proposals would have been made a part of the hearing.

The FCC's new rules, however, cover the most important phases of the Havana treaty, it was said, and the reallocation of channels in accordance with the agreement may be effected without any revolutionary changes. The treaty constitutes the base of many of the new engineering rules, though, including the reclassification of stations and general increases in power.

The two documents approved by the Senate were explained to Secretary Hull by Commdr. T.A.M. Craven, the FCC member who helped draft them at Havana, as follows:

"The Inter-American Radiocommunications Convention undertakes to establish, at least temporarily in the city of Habana and under the auspices of the Government of Cuba, an Inter-American Radio Office (O.I.R.) which, in a consultative capacity, is intended to provide for closer cooperation among the member states and for a fuller and more rapid dissemination of technical, legal and other data of interest in the field of communications, all for the purpose of an improvement of engineering practices and a better understanding of the legal problems in the field of communications in the participating countries. . .

"The North American Regional Broadcasting Agreement undertakes to establish in that region, which consists of Canada, Cuba, Dominican Republic, Haiti, Mexico, Newfoundland and the United States and within the standard broadcast band, frequency assignments to specified classes of stations on clear, regional and local channels with a view to avoiding interference which in

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this region has caused great inconvenience to radio listeners. It is believed that the principles laid down in this Convention, if carried into effect, will result in general satisfaction not only to the listening public but to the broadcasters as well."

Secretary Hull in submitting the North American agreement to the Senate said:

"This agreement, while eliminating the theory of exclusive radio channels for broadcasting, will provide in its stead a more effective plan which will greatly increase the availability of radio frequencies for broadcasting purposes in North America, including 14 additional channels for use by United States stations, through the establishment of various classes of clear channels graduated according to power and mileage separation, regional channels, and local channels.

"Nationally this agreement is of importance because it not only reserves to the United States the necessary complement of frequency channels within the standard broadcasting band of 550 to 1,600 kilocycles but provides at the same time for sufficient flexibility to permit of the allocation of those frequencies to the best interests of the broadcasting industry and of the listening public in this country.

"Internationally the agreement is of importance because it provides for a definite plan in North America with respect to the use of broadcasting channels, thus eliminating the dissatisfaction heretofore evident in North American countries other than the United States due to allocations to them which they have deemed insufficient to meet their needs and avoiding the confusion which naturally resulted from the efforts of those countries to provide themselves with adequate broadcasting facilities."

An analysis of the Treaty and the Convention by Senator White are carried elsewhere in this news service.

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#### TWO ENGINEERING HEARINGS CALLED BY THE FCC

Two informal hearings on proposed new rules affecting special radio services were scheduled this week by the Federal Communications Commission.

State Forestry Departments and other organizations administering forestry lands were invited to a conference on the use of radio-communications in the protection of forested areas. The parley is set for June 29th.

Another conference of professional radio operators was called for July 11th. The FCC explained it is considering a draft of revised radio operator regulations for all professional classes.

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## 75TH CONGRESS NOTED FOR KILLING RADIO MEASURES

The 75th Congress, which adjourned last night (Thursday), was notable for killing more radio legislation than it enacted. With its adjournment a score of bills affecting the broadcasting industry died automatically, but they may, of course, be reintroduced in the 76th Congress when it convenes.

After ignoring radio matters for almost its entire three sessions, Congress took a sudden interest in pending bills during the closing weeks only to reject them.

Outstanding were the numerous proposals for Congressional investigations of the radio industry and the FCC. The House voted down the principle resolution, while the Senate refused to consider the White resolution although it had been reported by two committees.

Hearings were held in both the House and the Senate on bills to establish a government-owned Pan American short-wave station, but united industry opposition, together with a lack of support from the administration, caused them to be buried in committees.

Copyright legislation, including Senate ratification of the international copyright treaty, was at a standstill as Congress quit, no action having been taken since the first session.

The Senate adopted a resolution expressing its opposition to super-power for broadcasting and ratified the North American Broadcasting Agreement and Inter-American Communications Convention during the final week.

A dozen or so minor bills affecting radio, including one proposal of the FCC regarding control of diathermy machines, failed even to obtain Committee approval.

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## BROADCASTERS' EARNINGS BARED BY FCC STATISTICIANS

Broadcasters of the country were definitely in the money in 1937, according to figures made public this week by the Federal Communications Commission during the super-power hearings. They had a gross income of \$114,222,906 and a net return of \$18,883,935.

Estimating the industry's investment in properties as \$46,240,128, the FCC statisticians figured the net return as 16 percent. The figure, however, does not include network properties as distinguished from their key stations. Broadcasters believe this would add another \$10,000,000 to the industry's investment and reduce the percentage profit accordingly.



Network revenues, including secondary chains and key stations, amounted to \$40,541,062 in 1937, or a net return of \$6,395,955, about a third of the industry's total earnings.

Capital investments of networks, including key stations and owned and managed stations, was estimated at \$16,000,000 by the FCC statisticians.

Program and talent made up by far the greatest expense of the broadcasters, as might be expected. The total for the year was \$32,500,677. Salaries of the administrative and sales staff ran a close second, however, amounting to approximately \$20,000,000.

Total time sales by networks and stations amounted to \$117,908,973, of which the networks took in \$35,812,537.

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#### WHITE ANALYZES HAVANA RADIO TREATY AND CONVENTION

Following are excerpts from the analysis of the North American Broadcasting Agreement and the Inter-American Radio Communications Convention by Senator Wallace H. White, Jr., (R.), of Maine, the Senate's leading authority on radio matters:

"The North American Regional Broadcasting Agreement is an agreement concluded by Canada, Cuba, the Dominican Republic, Haiti, Mexico, and the United States. It may be said generally that this agreement establishes the technical principles which our radio experts believe should be followed in the use of the standard broadcast band in the North American region, so-called, which includes the countries party to this agreement. The agreement represents the efforts of the technicians of the six countries to establish these principles and to make practical application to them.

"I have heard but two criticisms of this agreement. The first is that it sanctions superpower stations and thereby threatens harm to stations of lesser power in our country and tends to concentrate broadcasting opportunity in the hands of the few who are licensed to use superpower. In my opinion the criticism is not justified. It is true that in the agreement, stations with a power in excess of 50 kilowatts are recognized and defined as class 1-A stations. This classification does not authorize the erection or the operation of any station with power in excess of 50 kilowatts. It simply recognizes that there are such stations; that the nations under their own law may license such stations; and it seeks with respect to them to declare the principles which shall control their operation precisely as it seeks to lay down the principles which shall guide in the operation of other classes of stations. Under present United States law our Communications Commission has authority to license stations of any power the Commission sees fit. This agreement

neither adds to nor takes from our Communications Commission the authority vested in it in this respect. I repeat that the criticism is without merit.

"The other complaint is that by this treaty the United States surrenders some of the rights in the broadcasting spectrum now enjoyed by it. I do not agree with this criticism. I think it is ill-founded. I believe that the United States will secure from this treaty definite advantages over those now possessed by it.

"This pending broadcast agreement is the result of long study and many preliminary conferences between our authorities and those of Canada, Mexico, and Cuba. I regard it as a substantial accomplishment. I have said above that one criticism of this treaty was that the United States lost rights it has heretofore enjoyed. In my judgment, this is not so. For a long while we have used 90 of the 96 channels within the standard broadcasting band. Of these channels 40 were allocated to clear channel stations, 44 to regional stations and 6 to local stations but the interferences from stations within the other countries party to this treaty have been such that we have had in effect only about 10 clear channels instead of the nominal 40 clear channels. Under this treaty, the broadcasting band has been increased from 550-1500 kilocycles to 550-1600 kilocycles. This added 100 kilocycles will make available 10 additional broadcasting channels. As a result of this increase and other provisions of the treaty, the United States will have the full use of 93 channels and a limited use of 13 channels, making a total of 106 channels which is 100 percent of the broadcasting band. It is an increase of 16 channels over the 90 within the broadcast band we have heretofore been using. For the sake of accuracy, I should add that we have heretofore been using three channels outside the standard broadcasting band. This means that we have made a net gain of 13 channels under this treaty.

"In addition to this, through the technical provisions of the treaty, 32 of the 40 clear channels, the use of which has been heretofore greatly disturbed by foreign interference, have now been cleared. We have the use also of 14 other clear channels, making a total of 46 clear channels which the United States may now use. Of these, 32 will be clear of all interference and the remaining 14 will be measurably free from objectionable interference. At the time of the conference, of approximately 1,000 broadcasting stations on the North American continent, 725 were in the United States. Not a single one of these stations within the United States need be given up because of the agreement reached at Havana.

"These accomplishments have not been brought about without a price but that price involves only a shifting of the frequency allocations made to our broadcasting stations. This shifting of frequencies is necessary to conform our broadcasting structure and our operating practices to the technical principles and standards agreed upon in Havana. The shifting will impose a small expense only upon the stations involved."

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Regarding the Inter-American Convention, Senator White said:

"The Inter-American Communications Convention is an undertaking on the part of the United States and the other principal countries of the Western Hemisphere to establish a permanent inter-American radio organization through which the signatory or adhering countries can effectively consult concerning common radio-communication problems. It contemplates further that the countries party to the convention shall communicate to this central organization all provisions of internal and international radio legislation and regulations in force in their respective territories and statistical, technical, and administrative reports relative thereto. By the terms of the convention this inter-American organization is to have charge of the work preparatory to future inter-American conferences and the publication and circulation of the work accomplished by conferences. Generally, it may be said that this inter-American organization is to be the secretariat for all future inter-American conferences and that it will perform the duties and have the responsibilities incident to such a service.

"In addition to this general purpose, the convention includes various agreements all of a general character, as for example, that the contracting Governments shall take appropriate measures to insure the maintenance of adequate radio service for the safety of navigation by sea and by air; that aircraft when operated on international scheduled services and carrying passengers shall be provided with radio apparatus in efficient condition and in charge of properly licensed operators; that each Government will take steps to establish a sufficient number of regional radio stations to furnish meteorological and safety information for use in air traffic; that they will encourage rapid and economical transmission, dissemination and exchange of news and information among the nations of America, and other provisions general in character which it is believed will benefit all nations."

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Dr. Ernest F. W. Alexanderson, radio inventor and consulting engineer of the General Electric Company, has received word that the honorary degree of Doctor of Philosophy has been conferred upon him in absentia by the Royal University of Uppsala, Sweden.

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## McCOSKER SEES 50 KW MINIMUM UNDER NEW TREATY

Although he testified the day before the Senate ratified the Havana Treaty, Alfred J. McCosker, President of Station WOR foreshadowed the effect it would have on United States stations in testifying at the super-power hearing at the Federal Communications Commission.

"If the Commission today, or for many months to come, considers it undesirable to permit the use of power in excess of 50 KW by a station in the United States, there is still no necessity or apparent value in the adoption of a rule by the Commission restricting the Commission's authority to grant the use of power in excess of 50 KW", Mr. McCosker declared. "It deserves to be kept in mind that, in the relatively near future, it is probable we will be operating our radio stations in accordance with the Inter-American Radio Treaty. In that treaty Class 1-A stations are required to operate with a minimum power of 50 KW.

"Our neighbors now have in operation at least one station using power in excess of 50 KW, and it may reasonably be expected they will, in the future, have additional stations operating with power in excess of 50 KW. It is my understanding the licensing authorities of the other countries, signatories to the Havana Treaty, have no thought or intention to limit in such countries, by rule or practice, the use of power by their Class 1-A stations. Therefore this rule, if adopted, will serve the negative purpose of inviting our neighboring foreign stations to encroach on our commercial markets and to spread such gospel as they may choose. This rule, if adopted, would be similar to a law prohibiting the exportation of our goods into foreign markets and permitting the unrestricted importation of foreign goods into our markets."

Mr. McCosker, who was offered as the principal witness by Former Representative Frank D. Scott, of Michigan, counsel for WOR, continued to dwell upon the foreign aspect of the situation as follows:

"It is neither the purpose or intention of this country to tell our neighbors how they should live, or the manner in which they should govern themselves. However, it is definitely our responsibility to furnish accurate information to our citizenship to preserve our form of Government and to keep our house in order. Recent world events have proven that conquest can be accomplished by persistent partisan propaganda as successfully as by war. The adequate self defense of our institutions require us to maintain the possibility of using a medium of communication in the United States."

Mr. McCosker launched a strong protest against the proposal to class WEAJ, WJZ and WABC as Class 1-A stations and the proposal to place WOR as a Class 1-B station saying this had occasioned adverse repercussions toward WOR.



"The advertising agencies immediately contacted us with a query as to why WOR was to be relegated to a 1-B classification. It may be urged that this is mere psychology. Such a diagnosis has been made of depressions and other social convulsions", Mr. McCosker submitted. "However, as long as we have human beings, we may expect psychology to play an important part in our scheme of life. The people who use the facilities of WOR, by and large, insist on using one of the best stations in the New Jersey-New York area. It may be urged there is no material difference between 1-A and 1-B stations, but we cannot convince our customers and prospects that there is a distinction without a difference. They ask: 'Then why the distinction?' In truth there is a substantial difference between 1-A and 1-B stations independent of the comparative protection to service areas. The Class 1-A station has the opportunity of promotion - expansion. The Class 1-B station is definitely static."

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#### SEES WCAU'S 1938 BUSINESS ALMOST DOUBLED

A large increase in the business of Station WCAU, despite depression conditions, was seen by Dr. Leon Levy, of Philadelphia, its President, at the Federal Communications Commission's super-power hearing. Dr. Levy, introduced by his counsel, Paul A. Porter, said:

"From January 1st to June 1st, of this year, we did a gross business of approximately \$430,000, and my estimate of the gross business for the year 1938 is approximately \$800,000. Our company does not owe any money other than current monthly liabilities and has no outstanding preferred stock or bonds.

"At the present time, we are spending about \$40,000 for improvements in our building. Although we have been in this building a little over five years, we have expanded our organization considerably during that time, and we are now constructing two additional studios. We will have a coordination of our offices which will bring about increased efficiency. We are building separate recording studios with up-to-date equipment and increased facilities for experimental and research work."

Dr. Levy told the Commissioners that the WCAU Broadcasting Company owned its building against which there are no mortgages or encumbrances, that it was located on the principal street in the most important section of Philadelphia and added that \$263,801 had been spent on the transmitter and land.

The station has 120 employees with a monthly payroll of \$23,000, operating expenses per month of \$48,000, and about \$10,000 a month spent on local talent. The witness stated that the station's owners had invested \$1,600,000 in the promotion and development of the station, a sum, which it was declared, was perhaps not equalled by any other individual broadcasting station in America.



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This led to a plea on the part of Dr. Levy that WCAU be classed as an 1-A station. Calling attention to the fact that Philadelphia is the third largest city in the United States, he declared:

"Surely, such development should not be retarded and should not be penalized by any reallocation that fails to take all of these matters into consideration.

"If necessary, the number of 1-A station classifications should be increased to twenty-six which can be done without prejudice to any other existing station and which should be done by the United States at this most important time when it would appear that final allocation is to be made of the various frequencies. The United States should not penalize themselves by a policy of adopting only a minimum number of 1-A stations.

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#### LOBBYIST CHARGES EXCHANGED AS HOUSE BLOCKS PROBE

Charge of lobbying were hurled both by proponents and opponents of a resolution calling for an investigation of the radio industry and the FCC before the proposal was voted down late Tuesday night in the House by a vote of 234 to 101.

Critics of the resolution turned their principal fire on Commissioner George Henry Payne, who had appeared before the House Rules Committee to make charges against his colleagues and figures in the radio industry.

Representative Warren (D.), of North Carolina, called him "a disgruntled Republican smart aleck", while Representative Cox (D.), of Georgia, asserted that he "presented a very sorry figure in his appearance" before the Rules Committee.

Chairman O'Connor, of the Rules Committee, led the unsuccessful fight for the resolution. He was joined by Representatives Connery (D.), and Wigglesworth (R.), of Massachusetts, and others, including Representative Fish (R.), of New York.

Representative Fish dared the House Democrats to pass the resolution and declared he was particularly interested in finding out whether Charley Michelson, Democratic publicity chief, "is still receiving \$10,000 from the Crosley Radio Corporation of Cincinnati for the use of his influence".

The lengthiest defense of the radio industry and the FCC came from Representative Stefan (R.), of Nebraska.

Excerpts from the hour-long debate follow:

Mr. O'Connor:

"I have never seen a situation just like this! I have never in my life seen such lobbying against a resolution, from high places and from low places, from part of the leadership of the House and from the page boys of the House and even the colored boys in the other places. I have been here so long I can smell what is going to happen in this House.

"This is not my resolution. It is the resolution of a great friend of ours, our late beloved colleague 'Bill' Connery, of Massachusetts, who introduced it years ago. It is his resolution that has been reported out. Admittedly there is a 95-percent monopoly of radio in the hands of certain interests. You can walk out in that lobby tonight and you will find difficulty in getting through the lobby because of the crowd of radio lobbyists from New York and all over the country, and from every department of the Government. This is the situation we face. The Committee on Rules instructed me after holding hearings for 2 years to bring in this resolution to investigate the radio monopoly. I know all the pressure that has been put on my friends. I know all the pressure that has been put on all the Members of this House. I shall reply to the alibis when I close. I can take a licking, but there will be a scandal in America as far as the interests of our public are concerned if this resolution is voted down. We shall have a roll call and see who is for the public and who is for the radio trusts."

Mr. Wigglesworth:

"We are confronted also by a practice of trafficking in licenses which to my mind carries with it all the possibilities for the capitalization of these Federal franchises into profits to the detriment of the people as a whole, as in other fields in the past in this country.

"I have not time to go into the details of the monopoly. Every one of the 40 so-called cleared channels in the broadcast band is today controlled by a station owned or affiliated with one of the three big chains; 96 percent of the full-time operating power is similarly allocated to chains affiliated with the big three. At last accounts no independent station was authorized to operate with more than 1,000-watt power, while over 200 Big Three stations were authorized to operate with a power of 50,000 watts, one of them with a power of 500,000 watts."

Mr. Connery:

"Mr. Speaker, first of all I wish to commend the chairman of the Committee on Rules and the Rules Committee for bringing this resolution into the House for action. It seems ridiculous to me that anybody should have to stand in the well of this House and tell its membership that a radio monopoly exists. It is generally conceded that such a monopoly does exist, and in this resolution the National Broadcasting Co., the Columbia Broadcasting System and the Mutual Broadcasting Company are specifically named. The greatest proof, to my mind, that a radio monopoly does exist, and that the whole situation shows that there is something 'rotten in Denmark', is the very fact that the Federal

Communications Commission itself, realizing that such monopoly does exist and that conditions are obnoxious, has voted and is now in the process of an investigation of its own into the situation.

"But here we have the farcial situation of the Federal Communications Commission investigating something for which it is directly responsible. This monopolistic situation is nothing new. Radio monopolies have existed for years; and the Federal Communications Commissioners have had every opportunity to rectify conditions and clean them up; and, therefore, it seems ridiculous to me, and it should to all other Members of the House, that we can expect the Federal Communications Commission to investigate itself. Such procedure, of course, will only result in whitewash."

Mr. Warren:

"Mr. Speaker, I certainly am not here to offer any alibis that might be attempted to be answered later on in this debate as to my opposition to this resolution. No lobbyists have talked to me about it. No one has seen me and asked me to oppose it, although it is a well-known fact that this hall out here has been covered with them today asking Members to support it. . .

"I will tell you what is back of this thing. The whole thing was started on baseless charges which he has refused repeatedly to substantiated by Commissioner Payne, a disgruntled Republican smart aleck of the Communications Commission.

"I hold no brief for Mr. Frank R. McNinch. Back in the Hoover administration I appeared before the Senate committee in opposition to his confirmation, and I made some very caustic remarks at that time about the gentleman. We were mad then in North Carolina; a political question was involved, and we attributed most of our troubles at that time to Mr. McNinch."

Mr. Cox:

"The gentleman from North Carolina put his finger upon the trouble. This resolution is here because of certain insinuations that have been made by Mr. Payne of the Commission. The Rules Committee had Mr. Payne pay it a visit, and he was given full opportunity to make complete disclosures and sustain by evidence the insinuations or the charges which he had been making for many months.

"Mr. Speaker, Mr. Payne presented a very sorry figure in his appearance before that committee. Having stated he would offer proof to sustain his charges, upon a subsequent appearance he confessed that he had no evidence to support the statements he had made. He was loose, careless and irresponsible in what he said, and made a most unfavorable impression."

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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## TELEVISION ALLOCATIONS FOUGHT BY RADIO SERVICES

Protests against the allocation of 19 channels to experimental television in the ultra-high frequency bands were heard by the Federal Communications Commission this week in a move to clear the way for making its frequency allocations between 30,000 and 300,000 kc. effective next October.

Radio services engaged in communications united in urging the FCC not to give television such a large share of the ultra-high frequencies while it is still in the experimental stage.

FCC engineers hoped to work out a compromise, however, whereby the allocation order would be no longer delayed. Issued last Fall, it is due to take effect in October.

Involved in the order, though not in the controversy, are 75 channels in the band 41,020 to 43,980 kc. for aural broadcasting - a new type of radio station that is designed to provide local service exclusively.

The Commission in its Order No. 19 allocated seven channels between 44,000 and 108,000 kc. to television along with 12 channels between 156,000 and 300,000 kc. Each television channel is six megacycles wide.

Objections were made by the following radio communications services:

Mutual Telephone Company of Hawaii, Mackay Radio & Telegraph Co., Inc., RCA Communications, Inc., Press Wireless, Inc., Aeronautical Radio, Inc., and International Business Machines Corp.

Col. Manton Davis appeared as counsel for R.C.A. Communications, Inc.; Louis G. Caldwell represented Press Wireless and Aeronautical Radio, while John H. Wharton appeared for Mackay. International Business Machines was represented by Alfons B. Landa and Walter S. Lemmon, President of the World Wide Broadcasting Foundation.

Because the ultra-high frequencies promise to open new fields for radio, the outcome for the fight for allocations is likely to have profound influence on the development of the radio industry.

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## CLEAR CHANNEL COMPLETES CASE ON SUPER-POWER

The Clear Channel Group of broadcasting stations completed their case in behalf of super-power before a special committee of the Federal Communications Commission early this week and the regional stations opened their arguments for horizontal power increases and a break-up of clear channels.

With the hearings going into the third week, public interest had subsided to such an extent that a much smaller room was taken for the inquiry than the Commerce Department auditorium where the investigation opened June 6th.

More lively testimony and possibly some pyrotechnics were anticipated when the hearing shifts to the WLW case, probably next week.

A damper was put on the plea of the Clear Channel Group of stations for a change in FCC rules to permit regular authorized power of 500 KW by the action of the Senate just before adjournment in adopting the Wheeler resolution. Although the Wheeler resolution was merely advisory, even broadcasters admitted that the FCC would hardly move to amend its 50 KW power limitation rule in the face of a Senate expression of policy against super-power.

As a consequence the major issue for the remainder of the inquiry appeared to be a fight between the Clear Channel Group and the National Association of Regional Broadcast Stations over whether or not the clear channels are to remain intact or be split up for the benefit of regional outlets.

The Clear Channel Group did not ask for an immediate assignment of stations to 500 KW but requested that the FCC rule limiting power to 50 KW be amended to fix 50 KW as the minimum power for clear channel stations. This change would open the way for super-power allocations in the future.

Regional stations were asking for horizontal power increases from 1,000 to 5,000 watts, while local stations sought to raise their power from 100 to 250 watts. No opposition had developed up to this week on this demand.

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## ENOUGH ADVERTISING FOR ALL, MALAND CONTENDS

Contradicting arguments that super-power stations would undermine the economic support of regional and local stations, Joseph O. Maland, of WHO, Des Moines, appearing as the final witness for the Clear Channel Group this week argued that there is enough potential advertising for all classes of radio stations even though the super-power stations over-reach the locals and regionals.

Under questioning by Louis G. Caldwell, counsel for the Clear Channel Group, Mr. Maland discussed at length the social and economic issues involved in super-power operation.

"What little competition now exists between a 50 KW. clear channel station and a regional or local station in the same city will disappear", he said. "WLW, for example, carries no local advertising whatsoever; its commercial programs consist entirely of network and national spot advertising. All local advertising in Cincinnati is done over the other stations, together with a large amount of network and national spot advertising as is apparent from Table 27. At present, for the remaining 28 full-time 50 KW. stations, about 22.5% of the time sales is local advertising. Of the 10 in our group, the percentage is 14.2%. Even this percentage may be too high because a number of stations have reported time sales as 'local' that must be considered regional and therefore national, so far as radio is concerned. That is, they require or desire coverage over a larger area than a regional or local station can give. In the case of WHO, we find our local advertising at present is only 2.9% of the total. Whatever be the correct percentage, it is clear that it will be lost with an increase of power to 500 KW. and it is equally clear that it will go to regional or local stations in the same city. A local retailer is not going to pay high rates for coverage over an area which means nothing to him. The same is true of local wholesalers, to a large extent.

"With reference to network and national spot advertising, it is also clear that regional and local stations will not lose the business they now have. There will still be as many competing networks and probably more. The regional and national spot advertising regional and local stations now have will be retained; the very fact they have it is due either to the higher rates and excess coverage, or the higher rates alone when the appropriation is limited, or the unavailability of the particular time of day desired by the advertiser. The same reasons, and particularly the higher rates, will be even more in evidence with the increase of the clear channel station's power to 500 KW."

"In my opinion, local advertising is one of the fields which radio has hardly begun to take advantage of. This is shown by the experience of the principal other class of media which can meet the needs of the local advertisers, newspapers.

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For example, the Media Records Blue Book showed that during the year 1937 the display advertising in 396 daily and Sunday newspapers in 103 cities was 70.4% local retail, 21.6% general or national, and the other 8% divided between automobile and finance. The issue of Editor and Publisher for February 26, 1938, showed that of the total advertising revenue of all newspapers for 1937, amounting to \$620,000,000, \$194,000,000 went to national advertising. The experience of newspapers is that the smaller the community, the larger is the percentage of local display advertising.

"Successful national advertising acts as a spur to local advertisers to use the same methods and the same media, so far as possible, to reach the local public."

Discussing the increase in rates necessary to support a 500 KW. station, Mr. Maland stated that in his opinion it would amount to from \$175 to \$200 per hour over existing rates for 50 KW operation. He pointed out that every member of the Clear Channel Group was firmly convinced that if the stations increased their power to 500 KW., the proportion of network programs was certain to be reduced to about two hours instead of three out of four.

Mr. Maland pointed out that with \$8,000 in time charges an advertiser could have a quarter-hour advertising program over a network of 90 to 100 outlets from coast-to-coast with a potential audience of many millions, while the Saturday Evening Post, with a circulation of slightly over 3,000,000 charges \$8,000 for one page in the interior of the magazine in black and white and as high as \$15,000 for the outside back cover in colors.

With respect to the location of clear channel stations, Mr. Maland stated that for technical reasons stations must, for the most part, be established in the larger centers of population where a higher signal strength is necessary, whereas the surrounding population can be served by weaker signals. With respect to economic factors, he contended that due to the cost of operation, high power stations must necessarily be located in the larger trading areas.

With regard to the social factors, Mr. Maland stated that there could be no basis for fear that licensees of the Clear Channel stations might use them for editorial or political purposes.

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## ENGINEERS REVIEW LABORATORY GAINS IN TELEVISION

Considerable progress has been made in laboratory experiments with television in this country, RCA scientists told the Institute of Radio Engineers in New York last Saturday at a special session devoted to visual broadcasting.

Dr. R. B. Janes and W. H. Hickok of the RCA tube laboratories at Harrison, N. J., described improved pickup or "Iconoscope" tubes in which tubes of the general type now employed in the field tests were made three times as sensitive through research in the chemistry and physics of photo sensitive surfaces. The scientists also conducted experiments in the field of optics, and by improved glass envelopes for the tubes have been able to transmit images to the "mosaic" within the tube with greater clarity and sharpness of focus. The increased sensitivity thus obtained at the point of pick-up is added insurance against their being reproduced in the receiver with the characteristics of an under-exposed photograph. It was revealed that the improved Iconoscopes were now receiving practical test by NBC engineers in the field tests.

A paper by Dr. R. R. Law considered advances in providing greater contrast in the images reproduced in Kinescope tubes. It was pointed out that, desirable as "bright" images may be, this quality is not sufficient in itself for the clearest possible picture reproduction. Accordingly, Dr. Law's recent researches have been concerned with the improvement of "contrast" in television receiving tubes.

Closer to the frontier of pure research, and consequently somewhat more remote from practical application, were the revelations of H. Iams, Dr. G. A. Morton and Dr. V. K. Zworykin. This paper reported on the progress of the RCA laboratories in combining the electron image tube with the Iconoscope to provide a six to ten time increase in sensitivity. In this "super Iconoscope" the scene to be televised is focussed on a photo-cathode surface. Light striking the surface knocks out electrons from its further side in proportion to its intensity at any point.

Another possible approach to Iconoscopes of increased sensitivity was described by Dr. V. K. Zworykin and J. A. Rajchman in their joint paper dealing with the "electrostatic electron multiplier". This is a device in which electrons are made to bounce from surface to surface, dislodging several times their number at each impact. It has been calculated that it is theoretically capable of amplifying an impulse 200,000,000 times. Obviously, such a device, successfully coupled to an Iconoscope, should increase its sensitivity enormously.



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When RCA scientists announced the creation of the electron multiplier, in 1936, the bouncing electrons were controlled by a magnetic field. However, magnetic fields in immediate proximity to the Iconoscope present problems, because magnetism is also used to control the beam that scans the picture within the tube. In the electrostatic electron multiplier, the magnetic field is eliminated in favor of other control, which does not interfere with the normal working of the Iconoscope. The engineers have thereby removed a large obstruction from their path toward the "candid" Iconoscope of the future, which will get clear pictures under adverse conditions of illumination.

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#### DELETION OF WMBO URGED FOR ACT VIOLATION

Denial of the application of Station WMBO, Auburn, N.Y., for renewal of its license was recommended to the Federal Communications Commission this week by Examiner Robert L. Irwin on the grounds that it was transferred to the Auburn Publishing Company in violation of the Communications Act.

At the same time Examiner Irwin recommended that the license of WBNY, Buffalo, also operated by Roy L. Robertson be renewed.

Mr. Robertson, according to the Examiner's report, acquired control of WMBO in February, 1936, but in July 1, of the same year entered into an agreement to transfer the station to the Auburn Publishing Company for \$15,000 without obtaining FCC approval.

Other Examiner's recommendations during the past week were:

That WBNX, New York, and WMBG, Richmond, Va., both operating on 1350 kc., be granted increases in power from 1 KW to 1 KW-5KW, the latter for daytime operation.

That WHBL, Sheboygan, Wis., be granted an increase in daytime power to 1 KW and that the operating hours of WEMP, Milwaukee, be increased from daytime to unlimited.

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## CELLER STRONGLY DEFENDS RADIO INDUSTRY

A vigorous defense of the radio industry was made by Representative Emanuel Celler (D.), of Brooklyn, in opposing the investigation of the Federal Communications Commission recently voted down by Congress.

"Various charges and so-called indictments have been brought against a number of radio companies", Mr. Celler said. "I herewith set forth some of these charges, and what I deem to be the correct answers thereto:

"First. It was charged that sales and transfers constituted 'trafficking in licenses'.

"Transfers of radio stations must be approved by the FCC. Transfers cited before the Rules Committee were approved after public hearing. In each case it was demonstrated that the transfer price was reasonable in relation to prospective earnings. To base transfers on the value of equipment involved would be to limit such transfers to radio stations which are unsuccessful as business ventures. Public interest, not price, is the test upon which transfer of control should be determined. Congress did not intend transfers should be disapproved because the sale price is more than the value of the apparatus.

"Second. It was charged that because of network operation, a monopoly exists in the ownership and operation of radio stations.

"There is intense competition among networks. There are four major networks, many regional networks. A station affiliated with a network is an independent station, voluntarily entering into a contractual arrangement to obtain the program service of a network just as a newspaper subscribes to the service of a press association.

"Third, It was charged that big stations 'drown out' small stations, and that small stations have the best programs.

"Engineering data at the F.C.C. reveal that two stations can now serve the same area without mutual interference, irrespective of the power output of either station. Questions of program content are matters of common knowledge. The FCC is engaged in a comprehensive study to determine the place of small stations in the future development of the industry.

"Fourth. It was charged that radio is 'dominated and controlled by the power trusts'.

"The FCC is required to keep a complete record of stock ownership of all radio stations. Full and complete information of ownership of radio stations is now available from public records. Only 2 of 696 broadcasting stations in the United States are owned by power companies.

"Fifth. It was charged that the 40 clear-channel stations in the United States are controlled by the major network companies.

"Most of these stations are independently owned stations and have affiliated with the networks to obtain high quality program service. Of the 97 stations carrying Columbia programs - March 1937 - only 10 are clear-channel stations.

Columbia owns eight and leases one of these stations, five of which are clear-channel stations.

"The National Broadcasting Co. controls 17 stations outright. Its blue network and red network comprise 145 stations, including the 17 aforesaid.

"Mutual owns only one station, and that is WOR, located at Newark, N. J. It has arrangements with 77 other stations.

"It is interesting to note that no network license has ever been revoked."

Representative Celler declared that much is said concerning the high profits of some of the broadcasting stations.

"My answer is. 'What of it?' Representative Celler went on. "They pioneered; they risked their all in the beginning. They went into undiscovered regions. They are entitled to their rewards. Just as in the beginning they pioneered in the field of radio, so they are now pioneering in short-wave broadcasting. They are constantly experimenting. Before long these same companies will give us television. The profits derived in radio aids these companies in developing and advancing in these new realms. If not for these profits, we would not have advanced so far in radio. If not for these profits, we would not now have the present benefits of short-wave broadcasting and television. There would not now be at the disposal of these companies funds for experimentation into short wave and television."

The Brooklyn Congressman referred to the purchase of KNX, a 50,000 watt station in Hollywood, the payment of \$1,250,000 for which occasioned considerable comment last year.

"While such a price may appear high, it should be noted that on this investment an earning of 16% was shown", Mr. Celler continued. "A thorough hearing on this transfer was held by the three Commissioners comprising the Broadcast Division of the Communications Commission. They unanimously approved the transfer. Undoubtedly, the desire to encourage competitive conditions in the industry entered into their decision. It was shown in the records that Columbia Broadcasting System had no adequate outlet in Southern California and that to deny the transfer would be tantamount to denying the people of that area a full opportunity to hear Columbia programs. Moreover, important programs can be originated from that source because of the concentration of available talent incident to the moving-picture industry. These and other factors made it appear to the Commission that the transfer was thoroughly justified. And it is undoubtedly true that this purchase price is substantially lower from the standpoint of earnings than the price paid for other stations which the Commission has approved.

"In connection with the purchase of Station KNX, it was the view of a certain company that it would be subject to justifiable criticisms if it declined to meet the price at which this station was available. In order to perform acceptable public service, it was necessary to have this outlet on the West Coast.

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Had this company failed to acquire this property on the grounds that the price asked represented an amount in excess of the value of the equipment, it was felt that the company would not be meeting its obligation to offer the listeners in every section of the United States the benefit of its service.

"It should also be noted that Federal taxes are an important factor in arriving at an agreement for the price to be paid for a station. An example is Columbia's proposed purchase of WOAI at San Antonio, Tex., for \$825,000, which also has been referred to before the Rules Committee. The purchase price, I am informed, was based upon the seller's desire to obtain \$600,000 net for his station. The remainder of the purchase price, or \$225,000, was the approximate amount which would be paid in taxes to the Federal Treasury. In this case taxes constituted such a problem that the seller insisted upon cancellation of the contract after December 31, 1936, if the proposed transfer was not approved by the Commission. The Commission neither approved nor disapproved this transfer, there having been insufficient time for consideration after the examiner who conducted the hearing made his report. This proposed purchase was an attempt by Columbia to equalize the facilities in Texas where Columbia suffered a competitive disadvantage."

The history of the rapid growth and development of the radio industry Representative Celler stated clearly demonstrates that there is vigorous competition among networks and reveals that the charge of monopoly is wholly without foundation.

"The National Broadcasting Co. was organized in 1926, and, as it pioneered the field, had no competition when it formed its red and blue networks", the speaker continued.

"The Columbia network was established in 1928 and began with a nucleus of a very few relatively low-powered stations which were on the less-favored channels in the East. In the face of strong and established competition, the Columbia network has steadily developed. By its initiative, its originality of production, the need which it met, and the public acceptance of its services, this network has rapidly increased its competitive force. Then came the Mutual Broadcasting Co., which has ever sought a betterment of facilities which will improve its opportunity to serve the listeners of the United States. Certainly it can be demonstrated that National, Columbia, and Mutual have brought effective competition into the network field. It has prevented what otherwise threatened to become a great single network monopoly, as I said before, under the control of one giant company analogous to the American Telephone & Telegraph Co. Inquiry to advertisers who purchase radio time or a casual examination of the industry's trade publications will disclose that competition among major networks is intense and that no monopoly exists."

"It should be obvious that four networks do not constitute a monopoly.

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"It was asserted before the House Rules Committee that the 40 clear channels in the United States are controlled by National Broadcasting Co., Columbia, and Mutual.

"Without going into great detail to answer this charge, it may be pointed out that there are four major networks operating regularly from coast to coast in the United States - National Broadcasting Co., with its Red and Blue networks, the Columbia, and Mutual. A few clear-channel stations are on each network. Some of these stations are owned by the networks, but most of them are owned independently and have become affiliated with the networks to obtain high-quality programs presented by nationally known talent.

"Each of the networks serves substantially more regional and local than clear-channel stations, the vast majority of all classes being independently owned. For example, of the 97 stations carrying Columbia programs as of March 1937, 10 are clear-channel stations, 6 are duplicated or 'broken-down' clear channel stations with coverage somewhat larger than regional stations, but substantially less than clear-channel stations, 2 are part-time clear channel, 65 are regional stations, and 14 are local or 100-watt stations. Of this group of 97 stations which comprise the Columbia Broadcasting System, Columbia owns only 8 and leases 1, and of these 9, 5 are clear channel, 1 is duplicated channel, and 3 are regional stations. The remaining 89 stations are independently owned and have voluntarily entered into contractual relationship with Columbia in order to receive its program service."

"It must be remembered that the broadcaster, to attract and hold the attention of the audience, must be keep to perceive what the audience wants and likes to hear. Whereas a Senator or Congressman comes up for reelection periodically, the broadcaster's programs are subject to continual vote of their listeners. It takes only a twist of the dial for the listener to vote for or against the offering of a network or a station, and this voting process is going on continually. The fact that the American people seem well satisfied with the quality of service they are receiving, plus the fact that the American programs have the highest quality of those of any country in the world, is evident from the general approbation the industry continually receives from the public."

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Stations WOR, Newark, N.J., and WLW, Cincinnati, were granted authority this week to increase the power with which they are conducting facsimile transmission experiments from 5 to 50 KW.

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## BAN ON RADIO NEWS DISCUSSED AT NAEA MEETING

The recent trend toward elimination of radio news columns from newspapers was discussed at the annual convention of the Newspaper Advertising Executives' Association in Detroit last week, according to Editor & Publisher.

"Newspaper advertising managers evidenced a keen interest in the subject of eliminating radio news columns from the paper, with some advocating going 'whole hog' and dropping radio program listings as well as gossip columns", the article stated. "Perry LaBounty, Bloomington (Ill.) Pantagraph, led off the discussion by citing his paper's experience in dropping all radio publicity and programs. The Pantagraph has followed such a policy for six years, he said, with no apparent loss in circulation. He termed his paper's stand as being like that of the country boy 'who had an aversion to giving away free what he had to sell'.

"J. W. Fleck, Detroit Times, raised the question as to how much radio has taken away from newspapers in actual lineage. Based on what he termed a fragmentary study in his local field, he was of the opinion radio, as an industry, has put more lineage into newspapers than it has taken out via commercial broadcasting. He suggested national research was needed on this subject to clearly establish facts.

"Don Bridge, New York Times, mentioned the experience of one big agency which has added radio to its client's newspaper and magazine advertising program, showing that, contrary to the general impression agencies are eager to push their clients into radio because it is more profitable from the agency's standpoint, such was not the case.

"A show of hands indicated a number of papers have rejected the recent offer of sandwiching in commercial radio programs by sponsor's name, at paid space rates, along with regular unpaid listings.

"Lee Anderson, President of Lee Anderson Advertising Company, Detroit, departed from his prepared speech at the outset to inject his opinion into the radio discussion which preceded his talk. He reminded his audience that newspapers fostered public interest in radio as an entertainment medium in its early stages. He questioned how rigidly newspapers can now clamp down on radio publicity, asserting readers have come to view radio news as an entertainment feature, comparable to baseball, theater, art and book news, which, he said, are given news treatment entirely out of proportion to advertising revenue received directly from them.

"C. M. Campbell, Chicago Tribune, cited his paper's reasons for dropping its radio news column recently. He expressed the opinion that radio news columns should not be compared with movie review and comments, primarily because movies are not a direct competitor of the newspaper from an advertising standpoint. He referred to the paradoxical situation in which newspapers, through radio columns, build listening audiences for radio programs, which, in turn, help make radio a more effective advertising medium."



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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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## FCC MAY ISSUE RULES ON POLITICAL BROADCASTS

Rules for broadcasting stations to follow in the distribution of radio time among political candidates may be issued shortly by the Federal Communications Commission, Chairman Frank R. McNinch disclosed this week after receipt of a petition from the WTAR Radio Corporation of Norfolk, Va..

Chairman McNinch said he would lay the matter before the Commission within a few days with the idea of promulgating rules for the guidance of stations during the approaching campaigns. The rules, rather than handicapping stations, are expected to help broadcasters solve many perplexing problems in the allocation of time to political speakers.

Although the campaign is still young, it was said at the FCC that many stations already are having trouble observing the provisions of the Communications Act which require that a station which allocates time to one candidate must afford equal opportunity to all rival candidates.

A broadcaster may, however, refuse all political candidates time or may censor their prepared speeches if he believes that any statement may make his station liable for damages or punitive action under the Communications Act's ban on obscene or indecent language.

The WTAR Corporation filed a petition citing that Section 315 of the Communications Act requires the Commission to draw up such rules. The section does not require a station to allow political candidates use of its facilities, but provides that if the privilege is given to one it must be given equally to others under such rules as the Commission shall make.

"Although the Communications Act became law on June 19, 1934, no such rules and regulations have been promulgated, and the stations to which the law applies have, therefore, been compelled to follow their own interpretation thereof", the petition said.

Although the Communications Act provides that the Commission shall make such regulations, Chairman McNinch said the group had never taken any action. The question is one of the most delicate to confront the politically-conscious FCC.

It was pointed out that the regulations will require considerable study and careful wording, as no matter what line is drawn for the broadcasting stations to guide themselves, political repercussions are inescapable.

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Not even any tentative rules have been drawn up, but suggestion has been made that the Commission might find it necessary to draw rules which would assure all candidates desiring to buy time an opportunity to get the space.

A case was cited where a station had offered time to a candidate and he had refused to take advantage of the offer. Subsequently, an opponent entered the field and bought all of the available time on the particular station. The first man complained of his inability to get time, whereupon the station showed he had been offered air space and declined. The candidate countered by saying that at the time the space was offered he did not have any opposition.

It is such cases that will require careful study. Stations, it was pointed out, have time to sell, and if they cannot sell it to one person they must sell to others if they are to survive. The question has been raised as to whether a station must keep political time available, to be used whenever a candidate desires it to serve his own ends, without any consideration of the operation of the station as a business concern.

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#### COMMDR. WEBSTER GIVEN FCC ENGINEER POST

The Federal Communications Commission this week appointed Commander E. M. Webster as Assistant Chief Engineer, effective July 1st, as successor to Lieutenant E. K. Jett, who was appointed Chief Engineer last January. Commander Webster has been Acting Assistant Chief Engineer.

Commander Webster is a retired officer of the United States Coast Guard. He completed 25 years of active service in the Coast Guard on November 1, 1934, at the time he was relieved from active duty and accepted appointment in the Engineering Department of the Commission. Fifteen of those years he devoted to participation in communication problems, the last eleven years being on duty as Chief Communications Officer of the Coast Guard and having complete charge of the communications system of that service.

For many years he has been active in coordinating communication activities within the government and is one of the original members of the Interdepartment Radio Advisory Committee. He has assisted the State Department in the preparation of material for ten international conferences relating to the various phases of communications and has attended nine international conferences as a representative of the United States.

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Since his appointment to the Federal Communications Commission, Commander Webster has been administering in the Engineering Department all matters relating to record communication by wire, radio, or cable. The radio services involved include aviation, experimental, point-to-point, emergency, agricultural, geophysical, marine relay, mobile press, fixed public press, amateur, and ship to shore. The work also includes administration of the matters affecting radio operators including their qualifications and classifications.

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### COX ASKS PAYNE TO RESIGN; FCC CHARGES EXPLAINED

A demand for the resignation of Commissioner George Henry Payne from the Federal Communications Commission was made on Capitol Hill this week as Mr. Payne denied in a letter to Boake Carter that he had directly charged his colleagues on the FCC with being tools of the radio lobby and accused a Congressman of giving a "biased" report on an executive session of the House Rules Committee.

The demand for Commissioner Payne's resignation was made by Representative Cox (D.), of Georgia, in an extension of remarks in the Congressional Record published Thursday. Congressman Cox, who criticized Mr. Payne during the House debate on the radio probe resolution, is a member of the House Rules Committee that heard Commissioner Payne's accusations.

Representative Cox charged that Commissioner Payne had "convicted himself as being entirely irresponsible and wholly unfit" for his position on the FCC. He said the FCC member had failed to substantiate his charges that the Commission was susceptible to influence of radio lobbyists.

"It is my opinion - and, I am sure, shared in by other members of the Rules Committee", he said, "that the restoration of confidence in the Communications Commission and the proper discharge of its functions would be aided if Payne were separated from the Commission, and the Chairman of the Commission, Mr. Frank R. McNinch, and the Commission be given as free a hand as possible in the performance of their labors.

"With the Chairman given associates who will cooperate with him, there can be no question but that the Commission will quickly overcome the injury done the Commission in the public mind by Mr. Payne, who has convicted himself as being entirely irresponsible and wholly unfit for a place on the Commission."

Commissioner Payne later issued a formal statement in which he said, in part:

"Congressman Cox's attack is so obvious an attempt to befog the issue of radio reform that it deserves little notice. The question of veracity I am perfectly willing to leave to those who know Cox and those who know me.

"He has made an invidious attempt to shake an official in his strivings to protect the public. He has built his whole case upon misrepresenting what I said. He, Cox, is trying to make out a case for monopoly and abuse in radio. I am sure he will fail."

Answering statements made by Mr. Carter following the House rejection of the radio inquiry resolution, Commissioner Payne said he was told following his testimony before the Rules Committee that the discussion would be regarded as confidential.

"Ten minutes later an antagonistic Congressman on the Rules Committee was not only revealing what had taken place but placing on it his own biased interpretation", Commissioner Payne said.

"I did not charge two, or any, of my fellow Commissioners 'with being under the tumb of broadcasters' lobbies'", he added. "These are my exact words: 'In my opinion the Federal Communications Commission has been susceptible to this outside pressure.' The Commission staff, as you know, consists of over 500.

"You are right in saying that I do not favor Government ownership of broadcast stations, but you are wrong in saying that I 'left the broad hint that it might be well for the Government to do the broadcasting business and entertaining of 130,000,000 citizens itself.'

"I do believe that the Government should own and operate its own short wave Pan American station. The Government is qualified to operate such a station, whereas private individuals and companies have been operating such stations with dubious success.

"I have made a constant fight against the horror programs for children on the radio, and that the thoughtful of this country are behind me is slightly indicated by the enclosed extracts from the many letters that I have received.

"Of course, I never intended to imply that people who listen to Ed Wynn, Eddie Cantor, and other such comedians are 'morons' or anything of the sort. I realize that the Ed Wynns and the Eddie Cantors have a place in radio, but I hope you do not mean to imply that such entertainment should be our whole fare to the exclusion of programs which are on a higher or a more cultural level . . . . .



"Not one single broadcaster has ever protested my attitude or right to criticize - a right that every American citizen has. Many indeed have come to me or written that I was right. It was the radio lobby here in Washington, a lobby as vicious as it is arrogant, that had the impudence to say that I should 'mind my own business'. In the four years that I have been with the Federal Communications Commission I have seen a vast improvement in the amount of superior material on the air. To their credit be it said that some of this was the outgrowth of the natural desire to improve, but much of it resulted from the criticism that insisted on reform."

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#### LEAGUE URGES FACILITIES FOR RADIO REPORTERS

Radio reporters abroad should receive the same facilities as newspaper correspondents, according to the League of Nations committee of experts on broadcasting in the interests of peace, the Geneva correspondent of the New York Times reports. The Committee wants an international convention to this effect.

As regards apparatus radio reporters need in their work, it recommends a liberal system for transport and customs formalities subject to international reciprocity.

The experts also recommend that the League study how to train the public taste in radio, with a view to improving international understanding. It proposes that each country form panels of speakers who might be called on to broadcast together in countries on national non-political topics. It also suggests that an international service be formed for the exchange of documentary and educational phonograph records.

The eighteen experts included A. R. Burrows, Secretary General of the International Broadcasting Union; Dr. Max Jordan, Continental Director of NBC; Edward Murrow, Columbia's European Director; Professor John Whitton, of Princeton, Director of the Geneva research center, and Sir Alfred Zimmern of Oxford.

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In terms of volume, Greek radio equipment imports in 1937 were 21 percent smaller than in the preceding year, although imports from the U.S.A. were reduced only 3.4 percent, according to a report to the Department of Commerce from the American Commercial Attache at Athens, Greece.

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## REGIONALS FIGHT SUPER-POWER FOR CLEAR CHANNELS

The National Association of Regional Broadcast Stations this week argued against super-power for clear channel stations but at the same time asked a 5 KW. top for regional stations as hearings continued before a three-man committee of the Federal Communications Commission.

John Shepard, 3rd, Presidently of the newly-formed association and of the Yankee Network, told the FCC that the authorization of super-power or 500 KW. for stations on 25 clear channels would ruin the rest of the industry.

"My firm conviction<sup>is</sup> that the change in the proposed rules limiting power to 50 KW.", he said, "as advocated by the Clear Channel Group would have a far-reaching effect and probably upset the whole present structure of the broadcasting industry and its services to the public."

If the Clear Channel Group gets 500 KW., he added, it would be only fair that regional stations be allowed 100 KW. power and locals 10 KW.

"Inasmuch as this is obviously impossible", he said, "without causing ruinous interference, it would seem evident that the lifting of the power limit of 29 stations out of 629 would assign to the owners of these 25 stations a most unfair percentage of the facilities available."

He further pointed out that the 29 clear channel stations last year earned \$8,469,603 of the total net revenue of the broadcasting industry, amounting to \$18,260,003. That meant, he added, that the other 600 stations had an aggregate net return of \$9,790,400.

Paul D. P. Spearman, Washington attorney, opened his case with considerable technical testimony and exhibits presented by G. W. Picard and Paul E. Godley.

Asked by Commissioner T.A.M. Craven just what the NARBS was asking for, Mr. Spearman said:

"The thing we are proposing is that enough flexibility be left in the rules to permit the operation of regional stations in general with 5 KW. if such operation will not interfere to a greater extent than at present with other services and if in operating with an increase in power they give a better and more reliable service to their listening audience."

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## U.S. DEVELOPS HYGROMETER FOR USE IN RADIO METEOROGRAPHY

A new type of humidity-indicating unit which operates electrically without appreciable lag, solely for use in radio meteorographs which, when carried aloft by free balloons, constitute an important method for determining upper air weather conditions, has been designed by Francis W. Dunmore of the Radio Section, of the Commerce Department's National Bureau of Standards.

The new device is a special type of electrical resistor made up of the roughened glass surface between two separate coils of bare wire, space-wound on a very thin-walled glass tube. The glass surface may be coated with a diluted solution of lithium chloride which aids it in absorbing moisture. Experiments at various humidities in the temperature range between 86° to -4° F show a correction for the effect of temperature on the unit must be made, but since, in radio meteorography, it is customary to measure temperature when making humidity measurements, this correction may be applied.

In actual use, two glass hygrometer units with different percentages of lithium-chloride coating may be alternately connected to the transmitting instrument by a fan or motor-operated switch. Each unit may be made to function over a different temperature range, while covering the full humidity scale on the graphical recorder connected to the receiver on the ground. In addition to the two humidity units, a temperature unit and photo-electric cell may be connected into the circuit, emitting audio notes that give temperature and light brightness (cloud height and thickness), in addition to humidity.

Flight tests have been made up to 50,000 feet using the new dual-coil electrical hygrometer in conjunction with the old type of hair hygrometer, the only instrument previously available for this service. These tests showed that the new unit responds almost immediately to changes in humidity, even at high altitudes. The hair unit registered humidity changes some 2 minutes later than the dual-coil units. An ascent rate of 1100 feet per minute was used which caused the hair unit to indicate a humidity change some 2200 feet above the point where the real change took place.

Mr. Dunmore points out that considerable work remains to be completed to the calibration of these units, particularly at low temperatures.

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## HUMAN NATURE HAMPERS RADIO, SAYS ENGINEER

Ever since 1896, when the British issued a patent to Marconi for an "odd device", radio receivers have been seized by occasional fits of howling, purring and squealing.

Not a Utopia of perfect reception is nearing - if human nature doesn't trip up science. So thinks Peter L. Bellaschi, delegate to the Summer convention of the American Institute of Electrical Engineers meeting in Washington this week. But he is cynical about the human nature.

About five years ago he and his fellow scientist C. V. Aggers plunged into a metal-sheathed room in Sharon, Pa. They have come out bearing sheets of statistics and a new word. The word is "microvolt".

"It would take 110,000,000 microvolts to make the light in that bridge lamp burn", said Bellaschi. "We use the term in measuring the amount of interference entering your radio, and we can measure within two units. With our instruments we have made a great scientific advance, for we can now determine radio noise quantitatively as well as qualitatively."

Radio whoops and hollers come from three sources, he said. There is "true static", due to lightning and "the little flashes of light you can see on a Summer night if you look closely." There is transmission distortion, which comes from the bouncing together of the waves which shoot up to the heavy-side layer in the upper air and those which stream along the ground. Then there are the noises due to appliances in your home and near it - the special field of study of Aggers and Bellaschi.

These can be cured by using special filters, having appliances properly designed, and by increasing the strength of the signal to be received through super-power radio stations and better antenna.

"But all this will require cooperation", Mr. Bellaschi remarked.

He said that the spark gap transmitter is being used extensively in Europe in propaganda warfare. While one nation sends out programs, another is engaged in making an intolerable roar through the entire wave band of the region. Still more effective sabotaging machinery may be developed, unless the situation can be cured by international agreement, he thinks. On a smaller scale, he said, neighbors can be "pretty unpleasant" if they are careless - or want amusement.

"With an electric razor you can produce 90,000 microvolts, and 1,000 are enough to be troublesome. For real results, however, use a sun lamp. They are very high in wave frequency, and can ruin short-wave reception for blocks."

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## NEW RADIO DEVICE TYPES LETTERS AUTOMATICALLY

A new development in high speed business communications by radio was demonstrated to members of the Federal Communications Commission during a public hearing this week.

Walter S. Lemmon, radio engineer and General Manager of the Radiotype Division of the International Business Machines Corp., testified to the many new radio developments as aids to business and industry now being developed in the research laboratories of his company.

To illustrate what might be accomplished for the business office of the future by these new radio devices. Mr. Lemmon rolled into the hearing room a radiotype machine which automatically types letters, orders, invoices, and other documents directly over the air from a similar typewriter keyboard located several miles away in another part of Washington.

The new radiotype machine, which will shortly be placed on the market in many countries throughout the world by the IBM organization, looks just like a standard office typewriter mounted on a small modernistic desk. The keyboard is identically similar to that of thousands of office typewriters now in use. The secret lies in the electrical circuits located beneath the machine which automatically convert the radio wave impulses sent by the distant stenographer into "graphic intelligence" clicking the typewriter keys with machine-like precision at speeds of 100 words per minute. This remarkable speed of the radiotype is almost double that which has heretofore been obtained with machines now utilized over wire circuits.

Mr. Lemmon heads the staff of engineers pioneering this new radio device and has had a long experience in the field of radio development. He is the founder of an educational short-wave radio station WLXAL in Boston which is operated in connection with Harvard University and other New England colleges.

Mr. Lemmon told the FCC that to assign large quantities of these new ultra high frequency radio waves at this time exclusively to unknown services like television would tend to stifle American radio experiments in other fields. He urged that the FCC keep open many of these new avenues through the "ether" for these developments as free highways and not shut the door to American pioneering.

"The experiments in television for a single locality at present seem to require a tremendous band width of 600 kilocycles", he said. "On such a single wide 'ethereal' boulevard the FCC could provide the facilities for hundreds of new local broadcasting stations or facilities for thousands of radio equipped business offices throughout the country when engineering knowledge in this young art of micro-wave transmission is further advanced."

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TRADE NOTES

The Federal Communications Commission this week designated Chief Engineer E. K. Jett as its representative on the Interdepartmental Radio Advisory Committee, succeeding Commissioner T.A.M. Craven, who was named to that post by the Commission when he was appointed Chief Engineer November 20, 1935, and has served in that capacity since that date. This action was taken on the recommendation of Commissioner Craven.

The new five-studio broadcasting headquarters at Schenectady of WGY, will be opened officially on Saturday, July 9th. Embodying the most recent technical and structural developments, the building stands on a triangular plot at the junction of two main highways and overlooks the main East-West Highway through the Great Western Gateway.

A landscaped open-air theatre where popular radio programs will be staged will be included in a group of buildings of modern design to be erected at the New York World's Fair by Standard Brands, Inc., according to Thomas L. Smith, president of the company.

Work will begin soon on a new \$50,000 antenna and transmission plant for Station WOL, Washington. It will be located on Ager Road, Prince George County, in the Chillum section and only a few hundred yards from WOL's new tower.

An indication of the expectation among leading advertisers of an early business upturn is shown in contract renewals by 11 sponsors for 23 programs received last week by the National Broadcasting Company. The total time involved is 19 $\frac{3}{4}$  hours a week. Eighteen of these programs, or shows which they will replace, are now on the air and will continue through the Summer.

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## BRITISH END RADIO TRADE AGREEMENT

"The Financial News" (London publication) is informed that, following a meeting of the radio manufacturers concerned in the Radio Wholesale Trading Agreement of 1931, the radio wholesalers have been informed that the agreement is to be terminated as from the end of this month, and that they will then be free to make their own arrangements with individual manufacturers regarding the British material content in the sets offered to the public, the U. S. Commerce Department reports.

The agreement which is being terminated fixed the British material content of the sets at a minimum of 95 percent, and at the same time, the Radio Manufacturers' Association made observance of this percentage a condition of entry to the show at Olympia.

Recently, however, the wholesaler has found it increasingly difficult to satisfy the needs of the public on a 95 percent British material basis, and it was suggested that some of the manufacturers were not adhering to this percentage.

Lately therefore, the wholesalers gave notice of their desire to terminate the agreement, and almost immediately some of the largest wholesalers, it is believed, made individual agreements for the sale of the products of a company with United States connections.

Discussions have been in progress between the wholesalers and the manufacturers, and the latter put forward as a basis for a new agreement the formation of a register of British Radio Wholesale Distributors and suggested that those of this register should adhere to distribution terms similar to those of the old agreement. This suggestion was not acceptable to the wholesalers, and after further discussions a deadlock arose so that the manufacturers had no alternatives to holding up supplies or releasing the wholesalers from the agreement.

The RMA told the "Financial News" that at the moment there was no suggestion that the conditions governing exhibition of sets at Radiolympia should be modified in any way.

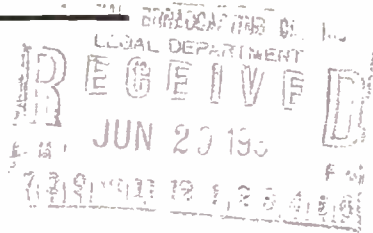
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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



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June 28, 1938

## McNINCH CALLS HOUSE ACTION VOTE OF CONFIDENCE

Chairman Frank R. McNinch, of the Federal Communications Commission, considers the action of the House of Representatives in rejecting an FCC inquiry resolution a vote of confidence, he told the convention of the Atlantic Division of the American Radio Relay League in Washington last Saturday night.

After praising the radio activities of the amateurs, Mr. McNinch turned his address into a defense of the FCC, which he said had been the object of "a deliberate campaign of propaganda by innuendo and misrepresentation."

"My appeal to you is to assist in every proper way you can in establishing a broader and more universal public confidence in the Federal Communications Commission", he said. "I do not ask that you or that the public give to the Commission any larger measure of confidence than it actually earns or deserves on the basis of merit and performance. But I give you my pledge that I shall do everything in my power to have the Commission deserve the fullest possible measure of public confidence. A deliberate campaign of propaganda by innuendo and misrepresentation has been directed by a few against the Commission and I would be neither frank nor realistic did I not admit that this has had some effect upon the public mind.

"However, these attacks were unavailing in Washington where the facts could be known, for only ten days ago the House of Representatives defeated a resolution promoted by those who wanted an investigation of the Commission. The overwhelming defeat of that measure was a vote of confidence by the House of Representatives, of which I am justly proud. I regard that vote, however, as a vote of confidence which carried with it a solemn mandate that the Commission should proceed in the orderly, fair, impartial and courageous administration of the Communications Act. I have set myself to that very task and it is going to be done and done to the satisfaction of every fair-minded person.

"When President Roosevelt asked me to leave my work as Chairman of the Federal Power Commission for a season and become Chairman of the Federal Communications Commission to assist in the work here, I dedicated myself completely to what appeared to me to be a great public service to which I had been called. I am going to carry through this job without fear or favor and with the public interest as my guiding star.

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"There is, in my opinion, much yet to be done in the regulation of broadcasting in the public interest, and I shall not be turned aside by carping critics. I welcome criticism and especially do I welcome a free expression by the listening public, as I want to know what they are thinking and how they think the Commission can best serve their interest. It is my judgment that, in order that the Commission may function most effectively, there are changes that should be made in procedure and the efficiency of the staff personnel as a whole increased. These matters will be attended to in due time and many of these changes can best be made during the approaching Summer and early Fall because readjustments can now be made with less interference with the Commission's business than at any other time of the year.

"It is my ambition that, cooperating with the members of the Commission, we will be able to solve satisfactorily the vexatious problems inherent in a work so controversial as the regulation of broadcasting necessarily is, to the end that broadcasting, which involves the use under a license of radio frequencies which are a part of the public domain, shall become increasingly an instrument for the service primarily of the people to whom these frequencies belong.

"Being a practical man, I do not hope to attain all of the desired ends within a brief period of time, but I am unswerving in my determination that broadcasting, which goes directly into our homes and into the office and the shop, and into unnumbered places, and which reaches directly with its voice approximately 80 millions of people daily, shall be their servant and not their master and shall contribute to the general welfare of the nation. To this end I need and want the support of all, the broadcasting industry, the 47,000 amateur operators and the listening public as a whole."

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#### CHANNELS ASSIGNED BY FCC UNDER HAVANA TREATY

Although the North American Regional Broadcasting Agreement, ratified by the Senate just before adjournment, will not become effective until approved by other participating countries, the Federal Communications Commission this week issued new rules assigning channels to classes of broadcasting stations as provided for in the Treaty.

It was stated at the Commission that this action is preliminary and will not become effective until the Treaty actually goes into operation, probably a year from now.

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## RULES ON EMERGENCY SERVICE RELEASED

Another important step in the control of radio in the public interest was taken last week by the Federal Communications Commission when it made public rules and regulations covering the emergency service, providing for the permanent allocation of frequencies between 30,000 and 60,000 kilocycles.

The emergency service, it was explained, means a radio communication service carried on for emergency purposes and includes municipal, state, and interzone police stations as well as marine fire stations. Provision has been made for the use of ten frequencies for forestry stations for radio-communications necessary for the prevention and suppression of forest fires. This is a new service.

Applications for assignment of frequencies in accordance with these rules and regulations will be received by the Commission beginning July 1. It is expected that prior to the time of expiration (October 1, 1938) all experimental licenses will be converted to permanent licenses. Licensees and applicants are requested to arrange for the proper choice and use of frequencies to minimize interference, the agreement to be filed with the Commission.

In adopting rules and regulations for the emergency service the Commission is rapidly clearing the way to put into effect its order (No. 19) adopted October 13, 1937, and made effective October 13, 1938. That order covers the allocation of frequencies between 30,000 and 300,000 kilocycles on a permanent basis for commercial use.

Promulgation of rules and regulations for the emergency service has been delayed because of protests filed by licensees. Recently the Commission amended Order No. 19 and as a result these protests have been withdrawn in so far as they relate to the frequencies below 60,000 kilocycles. The hearing scheduled for June 20, 1938, for these protestants will be limited to the allocation of frequencies above 60,000 kilocycles.

As previously announced as a result of experimentation during the past few years, encouraged in every possible way by the Commission; it was decided last Fall to provide allocations of frequencies to various classes of services in the newly developed portions of the radio spectrum from 25,000 kilocycles to 300,000 kilocycles. It was pointed out that from the standpoint of space in the so-called radio ether there now comes under regulation ten times the "ether space" than has ever before been attempted in this country.

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The first major step taken by the Commission to put into effect allocation of frequencies in the high frequency band occurred January 26, 1938, when Chairman Frank R. McNinch announced that twenty-five channels in the band between 41,000 and 42,000 kilocycles had been assigned to non-commercial educational broadcast stations. Educational stations to use these frequencies are being established throughout the United States under the direction of Dr. John W. Studebaker, U.S. Commissioner of Education, in cooperation with the Commission.

It is the hope of the Commission as expressed by Chairman McNinch that these radio frequencies will provide adequate facilities for educational service to every city and town in the United States.

The rules and regulations promulgated today for the emergency service, in addition to existing frequencies, cover twenty-nine new frequencies made available to state, municipal police systems, two additional frequencies for marine stations, ten new frequencies for special emergency stations (for use when all other means of communication have been crippled or destroyed by floods, hurricanes, etc.) and ten frequencies for the new forestry stations.

The forestry service, it is believed, will greatly reduce the loss and hazard of forest fires which yearly seem to become more destructive and will be valuable in forestry development and conservation work.

The rules and regulations governing police stations are made as flexible as possible, with the view of rendering the maximum service to the officials of municipal, state, and interzone stations in their efforts to suppress crime and apprehend criminals. Notable progress has been made in a few years in the use of radio as an aid to police systems and it is expected when the new allocations go into effect the results will be most gratifying.

In connection with the allocation of police channels in the high frequency band the Commission calls attention of municipalities on the border of the United States to provisions of the "Inter-American Arrangement Concerning Radiocommunication" which authorizes limited international communication under specific conditions and limitations as to the emergency nature of the messages and as to their authentication. The establishment of this service should be of material advantage in the control of crime, particularly with respect to those criminals who endeavor to escape to a foreign country.

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## STATIONS AIR GRIEVANCES AS POWER PROBE CONTINUES

With organized broadcasters having completed their cases on super-power or other aspects of the new rules and regulations of the Federal Communications Commission, individual stations this week began airing their grievances as the inquiry before a three-man FCC committee entered its fourth week.

The National Association of Regional Broadcast Stations concluded its plea for more flexible rules governing regional stations and voiced its opposition to super-power for clear channel stations with John Shepard, III, President, on the stand.

Counsel for the Clear Channel Group cross-examined him severely regarding his statements on power.

Questioned with respect to the competitive effect of a super-power stations carrying network programs on regionals and locals in its service area, Mr. Shepard stated that as the 500 KW. station would take only those programs with the widest popularity that the regionals and locals would gradually lose a large percentage of their listeners, necessitating a reduction in their advertising rate. As to the possibility of national spot advertisers using more live talent to attract a local audience, Mr. Shepard stated that an advertiser would be reluctant to spend \$5,000 for talent on a station whose rate was \$400 per hour although the same advertiser would readily spend that amount on a network on which he was paying \$10,000 per hour.

Mr. Shepard admitted that advertisers do not now buy on the basis of power alone but he contended that if Class 1-A stations were permitted to go to 500 KW. that power would again become a predominant influence in the sale of time. As to whether an average person would listen to a low signal carrying a good program rather than a strong signal transmitting a less desirable program, Mr. Shepard stated that it would depend on whether the low signal brought in good programs regularly, thereby causing the listener to depend upon the station for entertainment, etc.

Station WMBI, which was the next in the order of appearances, was represented by Henry C. Crowell who traced the license history of Station WMBI, presented its financial statement and brought out that the station was operated as a non-profit, educational undertaking.

Mr. Crowell was followed by Wendell P. Loveless, Director of the Radio Department of Station WMBI, who introduced several exhibits showing its typical programs. He testified that the cost of operating the station was approximately \$4,500 per month but that this did not include a great

amount of free musical talent furnished by the members of the student body. He pointed out that the stations was operated by a non-sectarian institution and that all of its programs were made up of live talent except for theme songs and background musical effects.

Gene T. Dyer, President of Station WCBD, and Glenn D. Gillett, consulting engineer, were next in order. They were followed on the stand by George G. Davis, consulting engineer for Stations KFEQ and WPTF, and James C. McNary, consulting engineer for Station WHKC. Their testimony was all of a technical nature.

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#### FCC TO HOLD HEARING ON GREAT LAKES RADIO

Radio and safety requirements necessary or desirable for the protection of life and property on the Great Lakes, is the subject of the hearing to be conducted by Commissioner Thad H. Brown, beginning July 18th, in Cleveland, Ohio. This hearing is an important part of the Survey of the Great Lakes and Inland Waters, which is being conducted by the Federal Communications Commission.

This survey is being made for the purpose of promoting safety of life and property at sea through the use of wire and radio equipment, and to make more effective the International Convention for the Safety of Life at Sea, drawn up in 1929.

The Federal Communications Commission, by authorization of Congress, appointed Commissioner Thad H. Brown as the Commissioner in Charge of this investigation. Under Commissioner Brown's supervision, research work has been going on for some time, to obtain factual information in regard to shipping and communication conditions and requirements relating to commerce on the Great Lakes.

Commissioner Brown reports that preliminary conferences have been held with Canadian officials, looking to their cooperation in providing for uniform radio requirements covering the Great Lakes area. Recommendations growing out of the Survey are to be made by the FCC to Congress before December 31, 1939. Possible legislation in the matter may involve an international agreement between the United States and Canada in matters pertaining to the installation of radio and its most effective use to protect safety of all shipping on the Great Lakes.

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## WORK OF RADIO AMATEURS LAUDED BY FCC CHIEF

Amateur radio transmission is the only hobby that is officially recognized and fostered by the United States Government, Chairman Frank R. McNinch, of the Federal Communications Commission, told the Atlantic Division of the American Radio Relay League meeting in Washington over the week-end.

Pointing out that there are 47,000 amateur stations in the United States, Chairman McNinch said this constituted 78 per cent of the radio amateurs in the world.

The phase of radio amateur activity which appealed most to him, the FCC Chairman said, was not the scientific investigation nor the heroic work during times of national emergency.

"To me the glory of amateur radio lies in the creation and the development of this altruistic passion for the unselfish dedication of the time and talent of more than 60,000 radio amateurs of the world to the public service.

"The amateur has lent assistance to these arms of the Government on many occasions. In 1924 amateurs maintained reliable communication with the United States dirigible 'Shenandoah' as it made a tour of the country. In 1925, when the United States battle fleet made a cruise to Australia, the Navy wanted to test out short-wave equipment. The American Radio Relay League furnished amateur operators for the job who proved the value of these short waves for Naval use.

"So valuable were the amateurs considered, that in 1925 both the Army and the Navy came to the American Radio Relay League with proposals of definite cooperation. The result is that the Navy now has its Naval Communication Reserve and the Army its Army Amateur Radio System with several thousand members throughout the entire United States. These amateurs secure actual training and handle routine matters over the air, become skilled in military procedure, and thus add greatly to national security.

"In providing a secondary reserve line of national and international communication the amateur fills a role scarcely less important from the standpoint of the national welfare of our country than his role as a supplement to our military and naval forces. There are some 47,000 amateur stations in the United States and an equal number of amateur operators, all licensed by the Federal Communications Commission. This, in effect, constitutes a complete nationwide communication network which is available for emergency purposes and with the other 13,000 amateur stations and operators in other parts of the world, a fairly effective international communications system."

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## MORMON CHURCH DENIED INTERNATIONAL STATION

Reversing an Examiner, the Federal Communications Commission this week denied an application of the Church of Jesus Christ of Latter Day Saints, of Salt Lake City, Utah, for a permit to construct an international short-wave station to operate on 6020, 9510, 11710, 15170, and 25,675 kc. with 50 KW. power.

The applicant proposed to establish a far-flung missionary service via radio with 860 listening posts in 30 countries and "to encourage peace and good will among all the inhabitants of the earth regardless of race, creed or color."

The FCC pointed out that of the 91 frequencies available for international broadcasting the United States is now using 21. Four of the five frequencies requested by the Mormon Church, the Commission said, are now occupied by foreign international broadcast stations.

A suggested time-sharing arrangement whereby the Salt Lake City station would use the frequencies only when the foreign stations were silent would not be satisfactory, the FCC held.

"The applicant has failed to submit sufficient evidence to reasonably assure the Commission that the operation of an international broadcast station such as proposed herein will not involve objectionable interference with the service of existing foreign international stations occupying the frequencies requested for this purpose", the report stated. "Therefore, the burden of establishing the absence of such interference was not maintained by said applicant. Under these circumstances a grant of the application under consideration would involve possible violations of the terms of the Telecommunication Convention of Madrid of 1932, a treaty to which the Government of the United States is a party."

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## NBC ISSUES S-W PROGRAMS IN SEVERAL LANGUAGES

NBC short-wave programs and news are now being distributed in printed forms by the recently organized Short-Wave Division headed by Frank Mason, Vice-President of the National Broadcasting Company.

The programs are being distributed in Spanish and Portuguese for the convenience of newspapers in the Latin Americas, Consul Generals, and other interested parties.

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## WAGE-HOUR LAW APPLIES TO BROADCASTING

The National Association of Broadcasters was informed last week by Gerald D. Reilly, Labor Department Solicitor, that the wage and hour bill would affect the broadcasting industry.

He pointed out that the bill, approved by Congress and awaiting President Roosevelt's signature, excepted bona fide executives, administrators, professional workers and employees acting in a local retailing capacity, from both its wage and hour provisions.

Hours for all others are limited to 44 a week unless time and one-half is paid for overtime. This maximum is to be reduced to 42 during the second year of the Act's operation and to 40 during the third year and thereafter.

The minimum wage for the first year was fixed at 25 cents an hour, at 30 cents an hour for the next six years and at a maximum of 40 cents thereafter.

Mr. Reilly also pointed out that the administrator could appoint a wage board representing the broadcasting industry, broadcasting labor and the public, to fix the minimum wage at a maximum of 40 cents before the expiration of seven years, if the board's findings showed such to be advisable. The administrator probably would be so busy with the so-called sweated industries, however, that he would not likely turn to radio for some time, Mr. Reilly believed.

The bill is to become effective 120 days after it is signed.

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## NEW STATION, TRANSFER AUTHORIZED BY FCC

A construction permit for a new broadcasting station at Baker, Oregon, was granted by the Federal Communications Commission last week simultaneously with an authorization for a transfer of Station KRGV, Weslaco, Texas.

The new station will operate on 1500 kc. with 250 watts daytime power and 100 watts nighttime. The applicant is Louis P. Thornton.

KRGV was sold, subject to FCC approval, by M. S. Niles, to O. L. Taylor, Gene A. Howe, and T. E. Snowden for \$54,000. The original cost of the station was \$51,804.18 and the depreciated value is \$45,640.88.

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TWO NEW STATIONS, TRANSFERS ARE APPROVED

Construction permits for new broadcasting stations at Montgomery, Ala., and Prescott, Ariz., were issued this week by the Federal Communications Commission. The applicants are John S. Allen and G. W. Covington, Jr., and the Southwest Broadcasting Co., respectively.

The Montgomery station will operate on 1210 kc. with 100 watts power, daytime only, while the Prescott station will use 1500 kc. with 100-250 watts power, unlimited time.

The FCC rejected an application of the Colonial Network, which is headed by John Shepard, III, for a permit to erect a new station at Providence, R. I., on the ground that it would cause objectionable interference.

Sale of Station KARK, Little Rock, Ark., by Radio, Inc., to T. H. Barton in a Stock Exchange deal that preceded passage of the Communications Act was approved along with the transfer of Station KGMB, Honolulu, from J.L.P. Robinson to Pacific Theater & Supply Co., Ltd.

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McGRADY ELECTED RCA VICE-PRESIDENT

Edward F. McGrady was elected Vice-President of the Radio Corporation of America last week at a meeting of the RCA Directors in New York City. Mr. McGrady, formerly Assistant Secretary of Labor under Secretary Perkins, joined RCA in the latter part of 1937 as Director of Labor Relations.

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The Swedish Government has given its approval for the construction of a new radio broadcasting station to be erected in Falu, Dalecarlia, the Commerce Department reports. This project is expected to cost 1,510,000 crowns, which have been appropriated. The apparatus and auxiliary equipment will, according to the State Telegraph Board, be of foreign manufacture, several bids having already been received. The staggered radio mast, which will also serve as antenna, will be of Swedish manufacture.

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The Federal Communications Commission has decided to hold oral arguments during the month of July. In recent years, hearings and arguments have rarely been held during the summer months.

Public offerings of 99,500 shares of capital stock of American Television Corp. will be made Thursday in New York by J. A. Sisto & Co. at \$1 per share, the par value of the stock. The corporation has been formed under the laws of the State of New York with a capitalization of 1,000,000 shares.

Warren Wade, for eight years Program Director at Station WTAM, has been added to the National Broadcasting Company's experimental television staff. Mr. Wade, who will work under supervision of Thomas H. Hutchinson, Director of Television programs, has begun to adapt plays for future presentation over Station W2XBS.

A course in radio broadcasting has been added to the Blackfriar Institute of Dramatic Art for the second Summer session opening at Catholic University, Washington, D. C. The course will be directed by William Coyle, National Broadcasting Company announcer and commentator, and will cover the fundamentals of and practice in the technique of radio work.

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SOUSA BRIDGE NOW ASSURED

The bill to name the bridge to be erected over the Anacostia River in the District of Columbia after the late "March King", John Philip Sousa, composer of the "Stars and Stripes Forever", one of the radio's most popular patriotic pieces, was considered by the House of Representatives, ordered to be engrossed for a third reading, read the third time and passed.

The bill had previously been passed by the Senate.

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