

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**

## INDEX TO ISSUE OF FEBRUARY 1, 1938

Facsimile Broadcasting Takes Spurt Forward.....	2
Publishers' Organ Approves Craven Report.....	3
FCC Amends Rules Governing Operators.....	4
NAB Considers Libel Insurance Plan.....	4
N. Y. Schools Plan Extensive Use Of Radio.....	5
WLW 50 KW License Renewed As Hearing Is Fought.....	6
BBC Conducts Radio Poll By Mail.....	6
Cost Of Power Raise Causes Adverse Report.....	7
New Weather Radio Station Atop Mountain.....	7
Trade Notes.....	8
Broadcasting Abroad ~ Bulgaria.....	9
Dawes, Dunn, Angell Named Directors.....	10
New Radio Devices Featured At Air Show.....	11

No. 1097

February 1, 1938.

## FACSIMILE BROADCASTING TAKES SPURT FORWARD

Heretofore playing second fiddle to television experiments, facsimile broadcasting has begun to attract increasing interest and threatens "to arrive" before its more publicized colleague. Recent developments point to an early commercialization of the art as applications for experimental licenses reflect the growing belief that facsimile broadcasting has reached a practical technical stage.

Recognizing the widespread interest in the transmission of written, published, or photographic matter via radio, Walter J. Damm, Managing Director of WTMJ, the Milwaukee Journal station, proposes to organize an association of facsimile broadcasters when the National Association of Broadcasters meets in Washington February 14-16th.

One of the pioneer experimenters in the field, Mr. Damm also disclosed that WTMJ will broaden its facsimile broadcasts as soon as new equipment can be installed.

Newspapers that are in broadcasting are taking a leading role in the development of facsimile transmission because of the general belief that it may be used ultimately to broadcast the morning newspapers to a subscriber via an attachment on his radio receiver.

Besides the Milwaukee Journal, which operates two short-wave facsimile stations, newspapers or press organizations which are engaged in experimentation are the Pulitzer Publishing Company, of St. Louis, the McClatchy newspapers on the Pacific Coast, and the Oregonian Publishing Company, of Portland, Ore.

Eight regular broadcasting stations are authorized to engage in facsimile transmission experimentally after midnight, usually between 1 and 6 A.M., while five short-wave facsimile stations are licensed.

Many more applications are pending, however, and the RCA Manufacturing Co., of Camden, N. J., the Finch Telecommunications Laboratories, of New York, and other manufacturers of facsimile equipment report that they are being stormed with orders from broadcasting stations.

Regular broadcasting stations authorized to conduct experiments in facsimile transmission are:

WGH, Newport News, Va.; WHO, Des Moines; WOR, Newark; KSTP, St. Paul, Minn.; KFBK, Sacramento, Calif.; KMJ, Fresno, Calif.; KSD, St. Louis; and WSM, Nashville.

Short-wave stations licensed are:

The Yankee Network, Inc.; the Oregonian Publishing Co., Portland, Ore.; Radio Pictures, Inc., New York, and the Journal Co., Milwaukee, Wis.

X X X X X X X X X

#### PUBLISHERS' ORGAN APPROVES CRAVEN REPORT

Editor & Publisher accorded general approval to the section of the report of Commissioner T.A.M. Craven dealing with newspaper control of radio stations in an editorial in its current issue.

"One solid fact we gleaned from the report of T.A.M. Craven, member of the Federal Communications Commission. That is that newspapers own 28% of the stations on the American broadcast band, which makes them the largest single group of broadcasters. The rest of Mr. Craven's report referring to radio-press relationships, is in guarded words that may have several meanings.

"He fears that withholding representation on the radio from any industry may involve unreasonable discrimination without a reasonable basis; that press-radio relationship may eventually involve the freedom of speech and the press; and that it may also cause a 'possible turning aside of what may be a natural course of progress by which other established media bring their experience and their equipment to the gradual utilization of the new methods which science makes possible.'

"The establishment of undesirable precedents is also cited as a possible peril.

"If present and future Commissioners bring to their task the same solicitude for social questions as is evidenced by Mr. Craven, we don't believe the press need fear either expropriation of its radio rights, nor interference with press freedom for the maintenance. If other Commissioners are as diligent in seeking the information which Mr. Craven correctly declares is lacking, the press has nothing to fear. But if radio is to be made the volley ball between politically minded publishers and politicians who see in the radio a counter political weapon, you can look for hurricanes ahead.

"The warning, if any, in Mr. Craven's remarks, is that newspaper owners of radio stations so conduct themselves as to avoid justified criticism, and that all newspapers keep a sharp eye on the proceedings of the Communications Commission. They are potentially the most explosive in current Washington."

X X X X X X X X

## FCC AMENDS RULES GOVERNING OPERATORS

Effective April 1, 1938, the Federal Communications Commission has amended in several respects Rule 443, outlining the scope of the authority granted by operator licenses. The major changes are with respect to the authority granted under the radio-telephone third class operator license. At the present time this license is generally valid for the operation of radiotelephone stations of 50 watts or less power, and with certain exceptions for other radiotelephone stations. The amended rule removes this power limitation. However, it specifically provides that stations manned solely by personnel holding a radiotelephone third class operator license must be supervised and maintained from a technical point of view by personnel holding a second class license, either radiotelephone or radiotelegraph.

The examination for radiotelephone third class operator license is limited to matters of law and regulation, and the possession of such a license gives no assurance that the holder thereof has any special technical qualifications. A number of instances have come to the attention of the Commission in which stations were involved in difficulty due to the attempts made by non-technical personnel to adjust the apparatus.

It should be pointed out that the provision of this rule does not require the person holding the second class operator license to be employed on a full-time basis or be required to stand a regular watch. It is believed that this should work no hardship on any licensee since any person that is technically capable of properly servicing and adjusting radio apparatus would have no difficulty in obtaining a radiotelephone second class operator license by examination. The setting of the effective date as April 1, 1938, should give ample opportunity for such qualification.

Other changes made in this rule do not affect the scope of authority as now existent. The rule is clarified to take into account recent changes in legislation and changes in the provisions of treaty which have become effective since this rule was first promulgated.

X X X X X X X X X

## NAB CONSIDERS LIBEL INSURANCE PLAN

The National Association of Broadcasters has under consideration a plan for group action to provide broadcasters with insurance against libel suits.

Following informal discussions over a long period of time, Managing Director James W. Baldwin is in the middle of a preliminary survey of trade organization members which indicates widespread interest in obtaining protection against suits and intimidation.

X X X X X X X X X X X

## N. Y. SCHOOLS PLAN EXTENSIVE USE OF RADIO

Convinced that educational horizons still are untouched by radio, the New York City school system is planning to embark upon an extensive program of classroom broadcasting, according to the New York Times. Starting March 1, daily broadcasts will take place. This may be increased later to two or three a day.

Not intended to take the place of the classroom teacher, the radio will be used, rather, to supplement the school curriculum. A committee is working on a plan whereby pupils throughout the city can listen to the programs at the same hour. Two sets of broadcasts are being prepared - one for the high school and the other for the elementary school level.

Extension of the use of the radio in the classroom grows out of the experiment conducted by the school system last Fall, when Dr. Harold G. Campbell, Superintendent of Schools, authorized seven radio broadcasts on the secondary level. These were voted a success, and as a result the authorities have cooperated to extend the local "school of the air."

All broadcasting will be supervised by members of the school staff. The script is to be written by teachers but, whenever feasible, students will be invited to participate in the writing, either as an extra-curricular project, or as a classroom activity. The radio presentations will be made entirely by pupils. Already many boys and girls have been chosen, following competitive auditions. No dearth of candidates was found, it was said.

The programs will be broadcast at the Brooklyn Technical High School, where the Board of Education maintains a radio studio linked to the municipal station, WNYC. The first series will go on the air from 11 to 11:15 every morning. The programs are intended primarily for classroom use.

X X X X X X X X X X X X

The Hazeltine Service Corp., New York, has filed an application with the Federal Communications Commission for a construction permit for a new television broadcasting station to operate on 42000-56000 and 60000-86000 kc., with 125 watts.

X X X X X X X X X X

## WLW 50 KW LICENSE RENEWED AS HEARING IS FOUGHT

A routine renewal of the 50 kw. license of Station WLW, Cincinnati, was ordered by the Federal Communications Commission this week as it pondered a legal challenge of the designation for hearing of the station's application for renewal of its experimental license to use 500 KW.

Attorneys for Powel Crosley, Jr., filed a petition with the FCC asking a review of the action of Commissioner George Henry Payne in scheduling the experimental license for hearing. They challenged the right of Commissioner Payne to act on an experimental license despite the FCC reorganization which places him in a position of a one-man Commission under the new FCC procedure.

Indications meanwhile were that no hearing will be held for some time and that Station WLW will continue to operate with 500 KW.

X X X X X X X X X

## BBC CONDUCTS RADIO POLL BY MAIL

Sir Stephen Tallents, BBC Controller of Public Relations, has written to some ten thousand wireless license holders in the British Isles, inviting them to help the BBC by answering a questionnaire about their listening habits. The organization of the inquiry, which is the most ambitious experiment in listener research so far attempted in Great Britain, was worked out jointly with the British Post Office. The British Broadcasting Corporation selected the areas from which it wanted the names drawn, on a plan which ensured that every region should be represented. Then the Post Offices in each district picked the names at random and addressed the envelopes, so that the confidential nature of the record of license holders should be preserved.

The questionnaire asked, among other things, what type of program listeners preferred, what they considered the best times for them, what news bulletins they listened to, and when they usually had their sets on. In order to make the inquiry more effective, listeners were also invited to give their occupations and ages, but were expressly requested not to give their names.

X X X X X X X X X

## COST OF POWER RAISE CAUSES ADVERSE REPORT

The apparent inability of a community to support a 5 KW broadcasting station was given as the sole reason for an adverse recommendation this week by Examiner Melvin H. Dalberg on an application by WIBG, Glenside, Pa. The station sought an increase in power from 100 watts to 5 KW on 970 kc.

While admitting that the programs of the stations are "meritorious" and that the step-up would not cause interference, the Examiner stated:

"All of these matters, however, are entirely academic in view of the fact that the granting of this application would involve a cost of construction amounting to \$49,610 and a cost of operation for the first year amounting to \$60,796.60, and there was no proof whatsoever of financial support upon which a recommendation for the granting of this application could be predicated herein."

"It is therefore obvious that the granting of this application would not be in accordance with the public interest, convenience and necessity."

X X X X X X X X X

## NEW WEATHER RADIO STATION ATOP MOUNTAIN

The recent commissioning of a new full-powered simultaneous weather broadcast and radio range station on top of Lookout Mountain, adjacent to Mullan Pass, Idaho, brings to completion one of the most complicated radio construction projects ever undertaken by Bureau of Air Commerce engineers.

Situated 6,400 feet above sea level, the new station will furnish radio directional guidance and weather information to planes flying along the Northern Transcontinental Airway which traverses this pass through the Bitter Root Mountains. The station is directly on the Spokane-Missoula section of this airway, and the site was first suggested by airline pilots who felt that a station in this area would offer an excellent check and fixing point in addition to the directional guidance and weather information which would assist them in flying through this locality. The location of the station commands an excellent view of the surrounding country, and this feature is of particular value in analyzing and interpreting weather conditions for the information of pilots.

Profiting by past experience in the operation of radio stations in mountainous country, representatives of the Bureau quickly discarded four of the five sites under consideration because of the highly mineralized country, interwoven with mining tunnels and shafts which greatly attenuates radio signals and contributes to the phenomena known as multiple ~~courses~~.

X X X X X X X X X

2/1/38

\_\_\_\_\_  
::: TRADE NOTES :::  
::::

William S. Paley has sent a gift of 125 CBS publications on radio broadcasting to the library of the University of Michigan, where a separate division devoted to all phases of the subject has been established. The collection will be available to students and research workers. Officials of the Columbia Broadcasting System, after conferring with Dr. Randolph G. Adams, curator of the William L. Clements Library, University of Michigan, offered to cooperate in launching the library. It is believed that this is the first collection of its kind in the country. The publications sent by Mr. Paley include the widely known research studies of the radio audience initiated by Columbia in the last seven years. In addition, the Columbia Research Division compiled a bibliography to assist university officials in their building up of the radio library.

-----

A new broadcasting station at Poughkeepsie, N. Y., was recommended to the Federal Communications Commission this week by Examiner Melvin H. Dalberg, reporting on the application of Platt & Platt. The request frequency is 1,000 kc. with 1 KW power, limited time.

-----

Commander T.A.M. Craven, member of the Federal Communications Commission, will speak over the WABC-Columbia network Saturday, February 5th, from 10:45 to 11:00 P.M., EST., on his recent report on the economic and social aspects of broadcasting.

-----

World-Radio, organ of the British Broadcasting Corporation, has recently issued a booklet entitled "Station Identification Panels", which lists all major European stations, a few American medium wave outlets, and all U. S. short-wave stations. Copies of the booklet may be obtained from BBC, Broadcasting House, London, W.1, for one shilling each.

-----

An increase in power for WFBR, Baltimore, Md., from 500 w.-1 KW to 1 KW-5KW was recommended by Examiner P. W. Seward this week in a report to the Federal Communications Commission.

=====

X X X X X X X X X

## BROADCASTING ABROAD -- BULGARIA

Broadcasting was introduced in Bulgaria in 1929, when a group of amateurs constructed a broadcasting station at Sofia, with antenna power of 100 watts. This station was maintained by private contributions of money and phonograph records, small advertisement fees, and amateurs' labor and service. The power was gradually increased to 500 watts, but because of limited funds the programs consisted almost exclusively of records, advertisements, and performances by amateur musicians. In 1935, the Bulgarian government assumed the technical and program supervision of the station, increasing the power to 750 watts.

Broadcasting is now a monopoly of the Government, under the management of the Administration of Posts, Telegraphs and Telephones under the Ministry of Railways, Posts, and Telegraphs.

In the early part of 1935, bids were opened for two additional broadcasting stations of 2,000 watts each, and for a national broadcasting station of 100,000. The two small stations, at Varna and Stara-Zagora, have been operating since December, 1936, and the national broadcasting station is expected to open in September.

There is also a small short-wave station (LZA) at Sofia with a wave-length of 20.04 meters, and antenna power output of 1,500 watts.

Programs are arranged both for entertainment and for cultural purposes. They include lectures of a general character and hours for children and peasants. The musical programs lay emphasis upon original Bulgarian music, modern music by Bulgarian composers and the classics. Most of the performers are distinguished Bulgarian musicians and singers, relays from the National Opera and concerts of the Bulgarian State Philharmonic Orchestra. There is a well organized news service, reporting sport and other events. The religious portion of the programs includes services from churches as well as religious talks.

Although there is some income from radio advertising, the policy has been a moderate one, and radio advertising has not over-burdened the regular broadcasting program. Most of the commercial advertisements are offered with music or some kind of entertainment, and only a small number are in the form of advertising copy. Only 10 minutes of the daily program are devoted to radio advertising (5 minutes at noon and 5 minutes in the evening) after the purely musical program is terminated.

X X X X X X X X X

## DAWES, DUNN, ANGELL NAMED DIRECTORS

General Charles G. Dawes, former Vice-President of the United States, author of the Dawes Plan, and subsequently Ambassador to the Court of Saint James; and Gano Dunn, noted scientist, engineer, administrator and President of the J. G. White Engineering Corporation, were elected to the Board of Directors of the Radio Corporation of America at the regular meeting of the Board held last Friday in New York City. They fill vacancies due to the recent deaths of Frederick Strauss, banker, and Newton D. Baker, former Secretary of War.

David Sarnoff, RCA President, further announced that at the meeting of the National Broadcasting Company Board, held the same day, Dr. James Rowland Angell, former President of Yale University, and now in charge of educational program development for the NBC, was elected a Director of that Company. General Dawes and Gano Dunn were also elected as Directors of the NBC.

"The election of these men as Directors", said Mr. Sarnoff, "brings to the RCA organization and its services, the benefits of a wide and successful experience in their respective fields of government, education, research, engineering, business, finance and administration."

General Dawes' long record of public service as soldier, statesman, financier and administrator before, during and since the World War, are well known at home and abroad. A native of Marietta, Ohio, he is now Chairman of the Board of the City National Bank and Trust Company in Chicago. His many contacts with business enterprises and people in the Mid-West enable him to bring to the RCA an understanding and appreciation of the viewpoint of that section of our country.

Gano Dunn, a native of New York, graduated as an engineer from C.C.N.Y. and Columbia, received the honorary degree of Master of Science from the latter in 1914. After several years in the communications and electrical engineering field he joined the J. G. White Engineering Corporation in 1911 as Vice-President in charge of engineering and construction, and was elected President of that company in 1913. He has directed such outstanding construction projects as the steam plant at Muscle Shoals, thirteen trans-oceanic radio stations for RCA, three large irrigation dams for Chile and five large dams for Mexico.

Mr. Dunn is now President of Cooper Union and a Trustee of Barnard College. He is a member of Secretary Roper's Business Advisory Council and several years ago was appointed by President Roosevelt a member of the Science Advisory Board. In 1933 he was awarded the Townsend Harris medal of the College of the City of New York, and this week he received the Thomas A. Editor medal of the American Institute of Electrical Engineers

"for distinguished contributions in extending the science and art of electrical engineering, in the development of great engineering works, and for inspiring leadership in the profession." He has been an officer or delegate on many important scientific committees and special governmental commissions and is a past president of the American Institute of Electrical Engineers. He is a Fellow of that Society, the Institute of Radio Engineers, the American Association for the Advancement of Science and many other leading scientific societies, as well as a member of the Franklin Institutes and a long list of business, historical and engineering societies.

X X X X X X X X

#### NEW RADIO DEVICES FEATURED AT AIR SHOW

Inspired by new civil air regulations requiring all planes flying in bad weather to be equipped with radio transmitters and receivers, the leading manufacturers of radio equipment are showing new transmitters and receivers especially designed for private airplane owners at the air show in Chicago, the New York Times reports.

The Western Electric Company of New York was featuring a new light-weight transmitter with a power output of fifteen watts with crystal control. A special feature of the set is light weight and a substantial range of operation for the power.

It is designed to operate on the frequencies used by the air lines or on the frequencies used by the Federal Bureau of Air Commerce stations under license by the Federal Communications Commission. Working through airway stations the owner of a private plane in flight can keep in touch with ground stations throughout his flight.

The RCA Manufacturing Company of Camden, N. J., is showing another low-powered transmitter and several receivers for private aircraft. The company also is featuring a simplified antenna reel developed by George W. McCauley, President of the Aeronautical Radio Company of Roosevelt Field, L. I. Prices of the equipment vary from a figure slightly under \$400 for the Western Electric transmitter. But all of the quotations are substantially under prices of several years ago, when the Government first required transmitters on planes operating under instrument flying conditions.

Aircraft receivers feature simplified and more accurate tuning dials than heretofore.

X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

## INDEX TO ISSUE OF FEBRUARY 4, 1938

WIXAL And G.E. Share Pan American Waves.....	2
Senate Prints Radio Law Articles.....	5
New Naval Radio Station Ready By Summer.....	5
Engineer Cites Potentiality Of "Piped Waves".....	6
CBS Net Earnings \$4,297,600 For 1937.....	6
Craven Turns Down Opportunity To Go To Cairo.....	7
Austrian S-W Station To Broadcast To U.S.....	7
NAB Shake-Up Held Sure As Convention Nears.....	8
Trade Notes.....	9
Mae West Protests Boost Radio Hour's Following.....	10
Japan Opens Largest Oriental Station.....	10
Broadcasting Abroad - Poland.....	11

No. 1098

## W1XAL AND G.E. SHARE PAN AMERICAN WAVES

Good-will broadcasts to the Latin Americas from international short-wave stations in the United States were made possible this week when the Federal Communications Commission allocated four Pan American frequencies equally to General Electric and the World Wide Broadcasting Foundation, of Boston.

W1XAL, the Boston outlet, was awarded the frequencies 11,730 and 15,130 kc., while General Electric, which operates W2XAD and W2XAF, at Schenectady, was given 9,550 and 21,500 kc.

The National Broadcasting Company, which asked for the frequencies for its Chicago short-wave station, W9XF, was denied any share of the waves on the ground that its service would largely duplicate that of General Electric and that the latter would do it better.

The FCC left undisturbed the "loan" of the fifth Pan American frequency, 6120 kc., to the Columbia Broadcasting System, whose W2XE, at Wayne, N. J., uses it.

All of the allocations are on a temporary basis, however, and may be recalled at any time by the government should it ever decide to go forward with a government-owned Pan American station. No commercial announcements or advertising will be permitted.

The allocation was made coincident with the convening of the world radio conference at Cairo, Egypt, where nations will soon be scrambling for additional radio frequencies in the crowded broadcast spectrum. Had they not been assigned at this time, it is likely that a demand would have been made that they be given to other countries.

Lying idle since 1932, they were set aside by Executive Order following a Pan American Conference at Montevideo for use by the United States Government in fostering Pan American relations. At that time the United States planned to erect a Government short-wave station in or near Washington, D. C., and to operate it in the interest of this country and the nations south of the United States.

For varied reasons the station has never been built, and last Fall the Navy, which held the waves, became afraid that they might be taken away from the United States at Cairo were they not put to use by the first of February.

While a bill was introduced in the House by Representative Celler (D.), of New York, to authorize construction of a Government station, it was never endorsed by the Administration. The State Department, in fact, supported the application of the educational station, W1XAL, for all four of the frequencies.

The decision strengthens the position of General Electric as the foremost experimenter in the field of short-wave broadcasting in this country. Only a few months ago General Electric was authorized by the FCC to erect a supplementary international station on the West Coast to reach listeners in the Far East.

"Operating under the authority requested in this application Station W2XAD will provide a service to the Pan American countries", the FCC report stated. "As in the past, the programs to be rendered consist, in a large degree, of network material supplied by the National Broadcasting Company. In addition, educational programs are and will be supplied through contact with several of the larger universities. For service to the Central American countries, the General Electric Company will cooperate with the Pan American Union, from which it will receive suitable program material. The program department of Station W2XAD is under the supervision of one who has recently made a study of the needs and interests of the Pan American countries, and the type of program best suited to meet those needs and interests will be supplied.

"The so-called panel antenna was developed by the General Electric Company at Station W2XAD and tests indicate that it is an efficient directive system. A comprehensive program of research in this respect has been conducted by the applicant in the past, and will be continued as one of its major radio experiments.

"Knowledge of the signal strength in South America from European stations indicates that considerable power radiated from the United States, in the order of 100 kw, is necessary to deliver a comparable signal and thus overcome interference. This is particularly true for a broadcast service to the southern portion of South America."

Concerning W1XAL's plans, the FCC said:

"Through the use of the additional frequencies sought in this application, Station W1XAL would improve its broadcast service throughout the Pan American countries. In the matter of program material suitable for these countries, cooperation has been obtained from the heads of many large universities in the United States. Educational programs will be originated in the classrooms of those universities. The Pan American Union has associated itself with this station and has contributed program material suitable for use in the Pan American countries.

Full cooperation from this institution will be given in the future. The Program Director of Station W1XAL has personally surveyed the foreign countries which will be supplied with service from the station and has become fully acquainted with the needs and interests of the various countries involved both from economic and cultural standpoints, and with the type of program material most desirable. Concrete plans have been formulated to transmit programs in accordance with the findings made as the result of this survey.

"The experimental work on directional antennas conducted by this applicant in the past, the general surveys to determine the reaction of the foreign audiences to the programs broadcast by W1XAL, and interference to the reception thereof, will be continued, using the additional facilities involved in this application. Transmissions by means of directional antennas will be used to accomplish an improved coverage in Central and South America. The directional arrays are to be so designated and constructed that the radiated energy is within a desired angle and directed for adequate coverage of the foreign service area selected."

Regarding NBC's application, the Commission observed:

"The proposals of the National Broadcasting Company and the General Electric Company regarding programs are substantially alike, in that each contemplates, for the most part, the use of regular chain material of the National Broadcasting Company. Consequently, if the applications of the General Electric Company and the National Broadcasting Company were granted, in part, and authority given to each to use a portion of these facilities, there would be the possibility of a duplication of the general type of program service in the foreign countries reached by the signals of their respective stations.

"Since the program of experimentation and research which has been and will be conducted by the General Electric Company is more meritorious than that of the National Broadcasting Company, and in view of the fact that its station (W2XAD) will render more substantial broadcast service by virtue of operations with power of 100 kw., it would follow that the General Electric Company is fitted to provide the service in question in a higher degree. Moreover, the General Electric Company requests only two of the four frequencies involved in this proceeding for a definite purpose, based on the results of actual engineering surveys."

X X X X X X X X X

## SENATE PRINTS RADIO LAW ARTICLES

Upon motion of Senator Bone (D.), of Washington, the Senate this week ordered printed as a Senate document, articles written by Andrew G. Haley, senior counsel of the Federal Communications Commission, on legal phases of broadcasting. They were published originally in the January issue of the George Washington Law Review. The Senate reprints may be purchased from the Government Printing Office.

In making the motion, Senator Bone said:

"They relate to the broadcasting of radio programs in the public interest, convenience, and necessity, and also cover the general question of libel on the radio. I think the articles will be intensely interesting to every Member of the Senate and probably to 99 percent of the lawyers of the country. They are well documented and thoroughly annotated."

X X X X X X X X X

## NEW NAVAL RADIO STATION READY BY SUMMER

The new naval radio communications station which is under construction about 15 miles outside Washington at Camp Springs, Md., will be ready for operation next Summer, Commdr. W. J. Ruble, of Naval Communications Division, told a House Committee this week.

Testifying in opposition to a plan to build a national airport at Camp Springs, Commander Ruble said that the flying field would seriously interfere with the radio station and would thereby hamper national defense plans.

The Navy has purchased 559 acres of land, completed construction of most of the permanent buildings and moved in part of its personnel, it was testified. By the middle of the Summer the Navy investment will total \$1,000,000 and the station will be practically ready for operation, Commander Ruble told the Committee.

"We have waited years to put into operation the world-wide receiving facilities now being completed at Cheltenham", Commander Ruble said. "Now that we have the station just about at the point of completion it is just inconceivable to me that an airport should be permitted to come in and destroy all this work and wipe out an investment of \$1,000,000, especially in view of the urgent need of the station as a matter of national defense."

2/4/38

The 600-foot radio towers at Arlington, Va., probably will be removed as soon as additional facilities have been completed at the Navy transmitting station at Annapolis, Md., Commander Ruble testified. Congress has been asked for funds for installation of the substitute transmitting equipment at the Annapolis station.

X X X X X X X X X

#### ENGINEER CITES POTENTIALITY OF "PIPED WAVES"

Communications channels more extensive than those of radio and wires may be opened by the development of "piped" electro-magnetic waves, according to George C. Southworth, research engineer of the Bell Telephone Laboratories.

Speaking this week at a meeting of the Institute of Radio Engineers in New York City, Mr. Southworth demonstrated the transmission of the waves, which he said may be carried through rubber or metal tubes at a faster speed than light travels.

Investigators are finding, he said, that, paradoxically, as shorter and shorter guided waves are produced, the methods of controlling them proves easier. Mr. Southworth's lecture was reported at length by the New York Times.

X X X X X X X X X

#### CBS NET EARNINGS \$4,297,600 FOR 1937

Net earnings of Columbia Broadcasting System, Inc., for 1937 were estimated at approximately \$4,297,600, according to a notice sent to stockholders this week by Frank R. White, CBS treasurer.

The report is subject to an audit now being made and represents a jump in revenue of more than a half million dollars over the previous year's business, which was \$3,755,500.

The \$4,297,600 figure is equivalent to \$2.52 per share of CBS stock. Last year's \$3,755,500 was equivalent to \$2.20 per share.

X X X X X X X X X

2/4/38

## CRAVEN TURNS DOWN OPPORTUNITY TO GO TO CAIRO

Although he is admittedly the best informed member of the Federal Communications Commission on the technical aspects of radio, Commissioner T.A.M. Craven will not go to the International Telecommunications Conference at Cairo unless serious complications develop.

Commander Craven was not appointed a delegate by the President, but the understanding was that he might join the delegation later after he had submitted the economic report on broadcasting.

The reason for the change in plans, it is understood, is that the FCC expects to promulgate new rules and regulations and study the reallocation proposed by its Engineering Department. As Commander Craven drafted the report, his presence is held essential if any shake-up is to be ordered in the near future.

X X X X X X X X

## AUSTRIAN S-W STATION TO BROADCAST TO U. S.

The Austrian radio broadcasting company "RAVAG" has decided to construct a 50 kilowatt short-wave transmitter in the Spring of 1938, according to the American Commercial Attaché at Vienna. At present the plans for this transmitter are being examined but no decision has yet been made with regard to its location.

The antennae will consist of one circular aerial on an iron tower 60-70 meters high, to which will be added at a later date four directional aerials, one pair of which will be directed via England to the United States and in the opposite direction toward the Orient, the other pair toward South America and eastern Asia.

The order will be placed with the firm of Czeija, Nissl & Co., XX Dresdner-strasse 75, Vienna, which represents the interests of an American firm.

X X X X X X X

## NAB SHAKE-UP HELD SURE AS CONVENTION NEARS

Complete reorganization of the National Association of Broadcasters appeared certain this week as broadcasters prepared for the largest convention of the trade organization ever held. The meeting will be at the Willard Hotel in Washington February 14-16th.

Leading broadcasters predicted that there will be little, if any, opposition to the plan proposed by the reorganization committee for employing a paid president and secretary-treasurer along with departmental directors.

A large variety of "big names" has been suggested for the post of president, but indications at present are that Philip G. Loucks, Washington attorney and counsel of the Reorganization Committee, will be retained at least temporarily as Acting President or an advisory counsel.

The NAB program will include addressed by Senator Wheeler (D.), of Montana, Commissioners Frank R. McNinch and T.A.M. Craven and Representative Barton (D.), of New York, who also is Chairman of the Board of Batton, Barton, Durstine & Osborn, Inc., New York advertising agency.

The reorganization plan proposes the abolition of the post of Managing Director, now held by James W. Baldwin, but would pay him his salary until June.

A New Board of Directors will be set up under the shake-up as the plan proposes to divide the country into seventeen districts, each of which would name a Director to serve for two years.

Under present plans the convention will be closed except to NAB members.

X X X X X X X X X

The 300th anniversary of the Swedish settlement on the Delaware is to be celebrated next year both in Sweden and the United States. The Swedish Broadcasting Company is preparing a series of talks on Swedish colonization and emigration to America, and one of their reporters is touring this country with a recording van. He has visited the territory round the Great Lakes, where most of the Swedes live, collecting broadcasting material. The subsequent programs will give an interesting and vivid picture of the daily life of the two million Swedes now living in U.S.A.

X X X X X X X X X X

:::  
 :: TRADE NOTES ::  
 :::

Now on the high seas, bound for Australia, Mr. and Mrs. Wesley M. Angle sailed January 19th from Vancouver via the S.S. "Niagara", to represent the Stromberg-Carlson Telephone Mfg. Co., of Rochester, N. Y., and Stromberg-Carlson Telephone Mfg. Co., of Canada, Ltd., of Toronto, Ontario, at the first World Radio Conference, to be held at Sydney.

Alleging the use of unfair methods of competition in the interstate sale of candy and other merchandise including radios, washing machines and electric razors, the Federal Trade Commission has issued complaints against two Chicago concerns, Fascination Candy Co., 1137 North Wood St., and Roy B. Davis, 1737 Howard St., trading as Great Lakes Novelty Co., and Great Lakes Radio & Novelty Co.

~~II~~ Five men, prominent not only in their own particular spheres, but for their familiarity with amateur radio activities in this country, have been named to the Board of Award for the Second William S. Paley Amateur Radio Award for outstanding performance in 1937 for research, technical development or operating achievement in this field. Members of the Board are Rear Admiral Cary T. Grayson, Chairman of the American Red Cross; The Honorable C. P. Edwards, Director of Radio, Canadian Department of Marine; Rear Admiral Russell Randolph Waesche, Commandant, United States Coast Guard; Dr. J. H. Dellinger, Chief of the Radio Section, U. S. Bureau of Standards, and Professor A. E. Kennelly, Professor Emeritus of Electrical Engineering at Harvard.

A new station at Charleston, W. Va., to be built by the Kanawha Valley Broadcasting Co. was recommended to the Federal Communications Commission this week by Examiner R. H. Hyde. The requested facilities are 1500 kc., 100 watts, unlimited time.

The total number of wireless licenses in Germany on January 1st is officially given as 9,087,454, an increase during December of 291,487. The number of free licenses is not mentioned. Belgium passed the 1,000,000 mark during December.

Denial of the application of John P. Harris, of Hutchinson, Kans., for a construction permit to use 710 kc. with 1 KW power, daytime, was recommended to the Federal Communications Commission this week by Examiner Robert L. Irwin.

X X X X X X X X

## MAE WEST PROTESTS BOOST RADIO HOUR'S FOLLOWING

Despite the loud protests of churchmen and Congressmen and the rebuke administered to the National Broadcasting Company by the Federal Communications Commission because of the Mae West "Adam and Eve" skit in the Chase & Sanborn Hour, the radio listeners apparently liked it.

The radio audience of the Chase & Sanborn Hour, which features Charlie McCarthy, has grown since the incident, according to Variety, mouthpiece of the amusement industry.

"Chase & Sanborn's Sunday night hour on NBC zooms to an all-time C.A.B. popularity rating of 44.9 in the latest compilation of that copyrighted trade barometer", the periodical stated this week. "This is a jump of around 7 points since the Mae-West-Don Ameche skit that caused all the uproar, censorship threats, apologies, spanking and headaches.

"Looks like the public is not concerned with the moral aspects of the much-vaunted case. Or that the front page and pulpit advertising compensated for all the difficulties by stimulating an audience perk-up.

"By the standards, and on the mathematical logic of C.A.B., figure of 44.9 means that about half the radio sets in the United States tune in on the Edgar Bergen-Charlie McCarthy gallop."

X X X X X X X X

## JAPAN OPENS LARGEST ORIENTAL STATION

Becoming the most powerful radio station in the Orient, JOAK started broadcasting on 150 kilowatt power regularly the first of this year, with the completion of the two studios at Kawaguchi and Hatogaya, in Saitama prefecture, which were built for the purpose, according to the Japan Times and Mail, Tokyo.

JOAK had previously used only 10 kilowatt power, and its new broadcasting studios will enable more people to hear its programs with simpler receivers and less hum. As a result of the new system, fewer broadcasting stations will be needed in the country and it will become easier to hear Japanese programs in foreign countries, but reception of foreign programs will become difficult, the newspaper said.

"Building of powerful stations is now the fashion all over the world", it added. "The Soviet Union and the United States each have one of 500 kilowatt power, and Finland and Luxemburg each have one of 220 kilowatts."

X X X X X X X X

## BROADCASTING ABROAD - POLAND

Broadcasting in Poland is under the control of Polskie Radio (The Polish Radio Co.) which is a Government-owned and operated enterprise, according to the U. S. Commerce Department. The broadcast programs, which still have room for improvement from an American standpoint, are supported by subscription fees paid by radio owners. At its beginning only 40 percent of Polskie Radio was owned by the Government but in 1935 this percentage was increased practically to the exclusion of private interest except for technical assistance purposes.

Poland has nine long-wave broadcasting stations at Lwow, Torun, Poznan, Wilno, Katowice, Crakow, Lodz and two at Warsaw, all operating in the middle wave band with one exception, ranging from 224 to 559.7 meters. The exception if SP1 of Warsaw or Warsawa I (Raszyn) on 1339 meters. There is only one short-wave broadcasting station in Poland, station SPW located at Crakow. All of the long-wave stations are owned and operated by Polskie Radio but the present short-wave station is owned by the "Ministry of Posts and Telegraphs. Polskie Radio is constructing its own short-wave station.

The "Research Bureau" of Polskie Radio advised that in 1936 there were at station Warsaw I a total of 16,832 different broadcasts extending over a total time of 4,512 hours and 2 minutes. Included in these totals were 4,300 music broadcasts extending over 2,438 hours, or 54.0 percent of the total time; 9,866 talks, 1,375 hours, 30.5 percent; 1,886 mixed broadcasts, 359 hours, 8.0 percent; 81 church services, 9 hours, 2 percent, 300 gymnastic broadcasts, 82 hours. 1.9 percent; and 409 advertising broadcasts, 169 hours, or 3.8 percent.

In the first half of 1937 there were at station Warsaw I a total of 2,018 music broadcasts extending over 1,174 hours, or 52.3 percent of the total time; 4,591 talks, divided, 869 brief talks, 239 literature talks and 3,483 news reports, extending over a total time of 590 hours, or 26.3 percent divided, 157 hours, or 7.0 percent for brief talks, 87 hours, or 3.9 percent, for literary talks and 346 hours, or 15.4 percent for news reports; 197 mixed broadcasts, 114 hours or 5.1 percent; 56 church sermons, 62 hours, 2.8 percent; 174 gymnastic broadcasts, 47 hours, 2.1 percent; 140 advertising broadcasts (up to April 1, 1937), 38 hours, 1.7 percent; and 924 broadcasts for special groups, 225 hours, 9.8 percent.

Advertising, which did not reach American standards, was interspersed between records in the recorded musical programs but on April 1, 1937, all commercial advertising over the radio was discontinued. In 1936 the income from advertising amounted to 555,359 zlotys, and up to April 1, 1937, 172,723 zlotys.

Slightly more than 20 percent of the broadcasting time of the most important Polish radio stations is devoted to the broadcasting of recorded music. Additional time is devoted to recorded talks but this time is not regular. Poland offers only a very small market for American made phonograph records.

X X X X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**

## INDEX TO ISSUE OF FEBRUARY 8, 1938

Unique Mormon S-W Station Favored In FCC Report.....	2
Senators Urge Government Pan American Station.....	4
Growth Of Radio Cited In New Yearbook.....	5
It Isn't Television, Charley! .....	6
Senator Herring Urges Radio Review Board.....	6
Huge "Tube" To Show Radio Art At N. Y. Fair.....	7
Critical Audience Best Censor, Craven Says.....	8
FCC Finds Flood Removed Evidence Of Interference.....	10
Trade Notes.....	11
British To Let Public Try Wired Radio.....	12
Year Book Lists Radio Editors, Stations.....	12

No. 1099

February 8, 1938.

## UNIQUE MORMAN S-W STATION FAVORED IN FCC REPORT

An international short-wave station that will be unique, both in its programs and its engineering experiments, was recommended to the Federal Communications Commission this week in a report on the application of the Church of Jesus Christ of the Latter Day Saints, of Salt Lake City, Utah.

A missionary campaign that will be a far cry from the days when pioneer churchmen braved hostile and unknown wildernesses will be made possible by the allocation, if approved by the FCC.

The Mormon Church is not a new or naive entry into the field of radio broadcasting as it has for several years operated KSL, a long-wave outlet, at Salt Lake City.

The applicant proposes to build a short-wave station near Salt Lake City and to transmit programs throughout the world by means of a 5-beam rhombic type directional antenna. The requested waves are 6020, 9510, 11710, 15170, and 25675 kc.; the proposed power is 50 KW.

While the church states that its programs will not be entirely religious in character, the Examiner, Melvin H. Dalberg, observes in the report:

"It is contended that the motives upon which this application is predicated are a desire to improve universal economic conditions and to encourage peace and goodwill among all of the inhabitants of the world without regard to race, creed, or color."

Explaining further the plans of the church for an international station, the report states:

"The applicant plans to summon men who are representing the Church from various parts of the world to assist in the preparation of programs for the proposed station. It is intended to make a survey as to the type of programs must suitable. The tentative broadcasts, which were offered in evidence by the applicant, include musical, dramatic, and cultural features, public events, talks pertaining to peace and special subjects of historical and educational interest. It is planned that representatives of the universities and colleges in the area of Utah are to be utilized in supervising the educational programs proposed.

"It is the custom of the church to send annually approximately 1,000 of its members into foreign fields. These men are, for the most part, college graduates and are to be trained in the

construction, installation and operation of high-powered short wave receivers and, in each instance, will be equipped with the same type of apparatus. Standard forms will be supplied to them and regular reports thereon will be required from these observers at regular intervals. These reports are expected to indicate the results of the broadcasts over the various frequencies involved and the strength and quality of signals, fading or interference during the day and night.

"For the purpose of determining the quality of the signal of the requested facilities throughout the world, at various times of the day and night and at different seasons of the year, the applicant plans to arrange for what it terms 'listening posts' in England, France, Switzerland, Germany, Czechoslovakia, Austria, Denmark, Sweden, Norway, and the Near East, South Africa, China, Japan, Australia, New Zealand, Society Islands, Tongan Islands, Samoa, Hawaii, Argentina, Brazil, Mexico, Virgin Islands, Alaska, Canada, and the United States of America. These so-called 'listening posts' are proposed to be manned by American citizens who speak the language of the country to which they are respectively assigned. It is the intention of the applicant to establish a total of 860 of these locations, utilizing 1,905 observers."

Regarding the engineering experiments contemplated, the Examiner said:

"Among other engineering proposals, the applicant intends to construct a 5-beam rhombic type directional antenna. It is the purpose of the applicant to attempt to surmount the difficulties imposed by magnetic disturbances in the north magnetic polar region. It is intended with this end in view to build antennas of high gain over a small angle and to so orient them with respect to the location of world centers of population as to give the most effective possible listener coverage. It was stated by the applicant's engineer that the use of this 5-beam antenna will increase the power of the station, depending upon the frequency and width of the beam as much as 20 decibels, which is in effect an increase of 100 times the ordinary power of the station. Under this arrangement, according to applicant's engineer, it will be possible to use any of the frequencies applied for on any one of the five beams of the antenna.

"It is also proposed that a directional system be constructed consisting of nine vertical antennas arranged in a square with three-quarters of a wave length space between each of the units. The purpose of this will be to change the directivity in the vertical plane as well as in the horizontal plane. It was contended that with this type of antenna the beam would equal a power increase of ten times 500 kw.

"According to the proof, inasmuch as Salt Lake City is located in a flat basin, 4,200 feet above sea level, the operation of the proposed station will permit experimentation under condi-

tions uniquely different from any other international station now existing in the United States.

"Because a half-wave antenna used for international purposes is only 20 feet in height, the cost of half-wave radiators for this type of service is not comparable with the cost of a half-wave antenna used ordinarily by broadcast stations.

"It is stressed that the experiments proposed by the applicant, with reference to changing the directivity of the antenna in the vertical as well as in the horizontal planes, are not now being conducted by any other international station in this country. The use of this type of antenna, according to the proof, would enable the proposed station to serve Canada, Europe, North Africa, Asia Minor, Bermuda, South Africa, Mexico, Central America, South America, the South Pacific Islands, New Zealand, South Sea Islands, Australia, New Guinea, the Orient, East Indies, Western Russia, and India. The use of the proposed nine-unit antenna will permit the sending of eight beams to all parts of the world and, it was predicted, would be flexible enough to throw a beam in any direction. Experiments are also to be made in modulation characteristics most suitable for international service."

X X X X X X X X

#### SENATORS URGE GOVERNMENT PAN AMERICAN STATION

Despite the temporary allocation of the Pan American short-wave frequencies to privately-owned international stations last week, a new bill has been introduced in the Senate to establish a Government-owned Pan American station. Senators McAdoo (D.), of California, and Chavez (D.), of New Mexico, sponsored the measure, which proposes that the station be located in the vicinity of San Diego, California.

Similar but not identical to the Celler Bill which has been lying dormant before the House Naval Affairs Committee for more than a year, the McAdoo-Chevez bill would place the station under direction of the Secretary of the Navy.

The measure does not specifically designate the Pan American frequencies, set aside six years ago for the purpose, but states that the Federal Communications Commission shall allocate the short-waves.

The aim of the station shall be "to promote friendly relations among the United States and other nations of the Western Hemisphere." The State Department will formulate the programs with this purpose in mind. An original appropriation of \$3,000,000 and an annual outlay of \$100,000 is authorized by the bill.

An Advisory Council is set up to determine questions of policy for the station's operation. It would comprise the Secretary of State, the Chairman of the FCC, the Secretary of Commerce, and two other offices of the United States to be selected by the President.

X X X X X X X

## GROWTH OF RADIO CITED IN NEW YEARBOOK

There were exactly 691 radio broadcasting stations in operation in the United States and its possessions as of January 1, 1938, with 25 more authorized for construction but not yet in operation, according to the 1938 Yearbook Edition of Broadcasting Magazine, trade journal of the broadcasting industry, released to its subscribers February 7th. Canada has 81 stations, according to the Yearbook, which in addition to listing the executive personnel, wave lengths and powers of all U. S. and Canadian stations, carries a complete log of all long and short wave broadcasting stations in the world.

The Federal Communications Commission, the Yearbook shows, authorized 37 new stations, chiefly local low power outlets, during 1937 as compared with 57 during 1936. Despite discussion of possible administration action dealing with newspaper ownership of stations, many of those newly authorized are owned in whole or part by publishing interests. The Yearbook, listing exact stock ownership, shows that 211 stations in the United States and Hawaii and 21 in Canada have newspaper interests identified with their ownership, while 17 other stations are under option to be sold to newspaper interests awaiting FCC approval.

Illustrating the growth of radio as a news disseminating medium, the Broadcasting Yearbook shows that 493 stations in the United States and 17 in Canada subscribe to the major press associations selling their services to radio - namely, International News Service, Transradio Press and United Press.

That various phases of radio other than engineering are taking a prominent part in the curricula of U. S. and Canadian colleges and universities, is indicated by a directory showing 250 such schools offering courses in radio speech, radio writing, radio dramatics, program production, television, etc. This was practically an untouched field years ago.

The Broadcasting Yearbook estimates that gross time sales of the broadcasting industry during 1937 amounted to approximately \$140,000,000, an increase of 19% over 1936. The major networks -- NBC-Red, NBC-Blue, CBS and Mutual -- together accounted for nearly \$69,000,000 of this total.

X X X X X X X X

Contracts have been placed for the provision of two further high-power short-wave transmitters at the BBC Empire Station at Daventry and for the necessary plant and auxiliary equipment. An extension to the building to house the new transmitters is already in hand. These developments at Daventry are in connection with the foreign language broadcasts.

X X X X X X X X

## IT ISN'T TELEVISION, CHARLEY!

In the Zenith broadcast last Sunday night, the guesses of several persons were given as to what the new Zenith product, soon to be announced and about which there is so much conjecture, is to be. Charles J. Gilchrest, the usually very well-informed Radio Editor of the Chicago Daily News, was quoted as saying that he believed it was going to be a television set. Mr. Gilchrest's guess, which is timely, might well be based on the fact that Commander McDonald has applied for a television license and has for years been working on television in his laboratory. Nevertheless, it can be said positively that the new Zenith product will not be a television set and will have nothing to do with television. Commander McDonald has been foremost in the ranks of those fighting the premature introduction of television. Neither will the new Zenith device be a machine to cook by radio as someone else suggested Sunday night. Still another guess, widely missing the mark, was that the new product will be a facsimile writing device.

As the mystery of "What Is It?" increases, Commander McDonald is now on a month's cruise on his seagoing yacht "Mispah" in the Caribbean Sea. In order to get the yacht, which is 185 feet long and carries a crew of 24, from Chicago to Florida, it was necessary to take her through the St. Lawrence to Boston and then down the coast. Mr. McDonald, who sailed from Miami last Saturday noon, gave his friends back home quite a thrill by telephoning them from the "Mizpah" as it plowed its way towards Cuba. The yacht has a powerful new radio set similar to that in use on the ocean liners. The conversation was transmitted to Miami and thence by land telephone lines to various parts of the United States.

Among those in the party on the "Mizpah" with Commander McDonald are Mrs. McDonald, their young daughter, Miss Marianne Jean McDonald, Eugene McDonald Kinney, a nephew, of Buffalo, N. Y., and Mr. Irving Herriott, of Chicago.

X X X X X X X X X X

### SENATOR HERRING URGES RADIO REVIEW BOARD

A Federal Board of Review, which would censor radio programs before they are broadcast was proposed this week by Senator Herring (D.), of Iowa, proposed as a step toward "cleaning up the air". Stations would submit scripts "voluntarily" under the proposal. The Iowan said there "isn't a broadcaster in the country who wouldn't be glad to submit his program, before delivery", to such a Board.

Senator Herring is drafting legislation to set up the review board within the Federal Communications Commission

George Porter, FCC counsel, is assisting him. Appointed by the President, the Board would report its conclusions to the Communications Commission which, Senator Herring said, already has authority to suspend the license of a station for use of obscene, indecent or profane language.

Radio stations would be prohibited under his proposal from using their facilities for material "contrary to public interest, convenience or necessity."

He called his proposal a means of "locking the door to harmful programs before they are given, not afterward."

Senator Herring first expressed determination to "clean up broadcasting" at the time the FCC began an inquiry into a program featuring Mae West, but he said his action was not prompted by that incident.

X X X X X X X X X X

#### HUGE "TUBE" TO SHOW RADIO ART AT N. Y. FAIR

The latest developments in the radio art, displayed in panoramic fashion, will constitute an exhibit at the New York City World's Fair, according to a joint announcement this week by David Sarnoff, President of the Radio Corporation of America, and Grover A. Whalen, President of the Fair Corporation.

The display to be housed in a building designed to appear from the air like a huge radio tube, will embrace all the products of R.C.A. Communications, the Radiomarine Corporation of America, the Radio Institutes and the National Broadcasting Company.

Experimental television programs will be staged and there will be animated demonstrations of some of the principal RCA services. Visitors will have an opportunity to see the latest radio receiving sets and tubes in the actual process of construction.

The announcement said the exhibit building, viewed from the air, will be "shaped somewhat like a huge radio tube 136 feet in length, resting on a broad base 190 feet wide." It will be a two-story structure, the entire front of which will be of glass. An outdoor display space will be provided in a garden of trees and fountains at the rear.

X X X X X X X X X X

## CRITICAL AUDIENCE BEST CENSOR, CRAVEN SAYS

A critical radio audience is the best assurance of continuously improving radio programs, Commander T. A. M. Craven, of the Federal Communications Commission, asserted Saturday night in an address over the CBS network on his recent economic report on broadcasting.

"Broadcasters and sponsors will not, and under a competitive system they cannot, long tolerate a type of program that does not win public acceptance", he said.

"And for my part, I would prefer to entrust this progressive improvement to the collective judgment of the great mass of radio listeners rather than undertake to authorize any governmental agency to lay down fixed and rigid requirements of program content.

"The function of government, in addition to policing the channels of the air and assuring a fair allocation system, is to make certain that real competition does exist in broadcasting.

"Unquestionably there is ample opportunity for the improvement of radio programs", he continued. "The acceptability by the public of advertising content and continuity is a problem which needs constant study both by the industry and the government regulatory body. Progressive broadcasters already have recognized the advantages of limiting advertising content as to time and writing sales messages in a manner which brings results to the advertiser without offending the listener. All broadcasters would do well to emulate such standards. While it is a fact that advertisers render the vast majority of the financial support to radio broadcast stations, it is also a fact that broadcast station licensees have the responsibility of rendering a service which is acceptable to the public. In other words, as was emphasized in our report, the stations are not licensed by the United States Government for the sole benefit of advertisers, and if the latter are to secure the best return from the use of radio, it would appear essential that they, as well as the station licensees, recognize the advantages of the good will of the public in sustaining interest in radio.

"Leaders in the industry recognize that broadcasting is a dynamic, changing art. They are making continuous efforts to develop new and improved techniques in presenting more interesting programs and in discovering even greater usefulness of the medium of radio. With the cooperation of government agencies as well as private institutions, intelligent research into radio as an educational medium is being intensively pursued. Such efforts constitute a wholesome symbol that these broadcasters realize their responsibilities as trustees of a valuable public franchise. And I believe that it is the function of broadcasters,

with the help and advice of government, to pioneer the new and undeveloped potentialities of the use of radio as an instrument of public benefit even as they have blazed the trail in its scientific and physical development. Our consideration of the role of government in the field of determining what broadcasting should do about its programs led us to the inescapable conclusion that progress could be better served and - yes, democracy itself made more secure - by encouraging the industry to produce and develop higher program standards. Such a policy should not lull individual broadcasters into a sense of false security. Theirs is a positive duty in rendering an increasingly better program service. The regulatory authority does not recognize any rights of its licensee to use his facilities in any manner he sees fit. In addition to the specific provisions in the Act concerning equal treatment of rival political candidates, there is the general standard that the licensee must serve the public interest, convenience and necessity. Failure of a broadcaster to meet this standard means that he has breached the trust reposed in him by the public through the Government in granting him the use of a valuable facility of mass communication. Such a breach justifies the Commission in refusing to renew the license and awarding the facility to another who will meet in specific detail the general provisions of that broad standard.

"Included in our analysis in the report was a complete survey of ownership of radio stations, the physical service available in types of communities, the question of super-power stations, certain suggested technical improvements and other economic phases of the industry.

"However, one important phase to which I would make specific reference concerns networks. Much criticism has been directed at the network system, and while there is a need for improvement, it was our conclusion that networks perform a sound and essential method of program distribution in our broadcast structure. The four coast to coast networks and the 24 regional networks have developed an organization of facilities for mass communication as well as program sources and technique that are indispensable. Here again progress will best be served by encouraging the operation of competitive factors rather than by undertaking a radical departure from what already has been achieved.

Lately, there has been a great deal of comment about broadcasting. Much of this is the result of misinformation. There have been charges of 'monopoly', 'favoritism' and abuse of public trust. It was not the purpose of the report which I have been discussing to attempt to answer any of these charges. Rather, it was our intent to organize, in an objective manner, available data as a guide in formulating conclusions. Much of our information is admittedly inadequate. We have suggested methods of making it more complete. This much we have learned -

there is no dogmatic formula upon which to build intelligent progress. If we may have caused a better understanding by the industry of its shortcomings, and created an appreciation by the people of some of the problems to be met, our efforts will have been worthwhile."

X X X X X X X X X

#### FCC FINDS FLOOD REMOVED EVIDENCE OF INTERFERENCE

The Federal Communications Commission in solemn fashion last week found that the question of whether or not an amateur radio station in Norfolk, Va., actually caused interference to a neighborhood receiver was moot because a flood had destroyed the "ham" set in the Summer of 1936.

The FCC was acting on a petition filed by J. A. D. Parrish, of Norfolk, who complained that "key thumps" or "key clicks" were disturbing his reception and that the amateur station, W3ADD, operated by Dr. A. D. Dudley, was to blame.

While admitting the possibility of the interference, the FCC notes that one of the complainant's receivers is obsolete and the other only "reasonably modern". It then disposes of the complaint with the following observation:

"However, it appears to be established from the record that Station W3ADD had not been operated for some time prior to the hearing, and could not have been operated, due to the equipment having been ruined by water at the time of the Norfolk flood in the Summer of 1936. Nevertheless, petitioner continued to receive some type of interference from unknown sources."

X X X X X X X X X

Through the cooperation of listeners, more than half the total of 1,213 S O S and Police messages broadcast from all BBC Home transmitters during 1937 were successful; the percentage was actually 50.79. The biggest of the four general sections into which these broadcasts are divided was again that for relatives of persons dangerously ill, and of the 823 broadcasts of this kind, 472 (or 57.36 per cent) are known to have been successful; the result of 66 of these S O S's it has not been possible to ascertain. The significance of so large a proportion of successes is emphasized by the fact that these broadcasts are made only when all other means of communication have failed.

X X X X X X X X X

::: \_\_\_\_\_ :::  
::: TRADE NOTES :::  
::: \_\_\_\_\_ :::

The story of how Frank Conrad, of Westinghouse, became interested in and aided in the development of radio, is told in a review of the Westinghouse Electric Company in the February issue of Fortune.

-----  
Renewal of the license of Station KMPC, Beverly Hills, Calif., to operate on 710 kc., with 500 watts power, limited time, was recommended to the Federal Communications Commission this week by Examiner Melvin H. Dalberg. Another applicant for the facilities, W. H. Kindig, of Hollywood, Calif., failed to appear at the hearing.

-----  
K. Wallace Husted, Assistant General Manager of Station WCCO, Minneapolis, will become Assistant Sales Manager of WLW-WSAI in charge of the Western Division, effective March 1st. John Kuelling Koepf, Promotion Manager of the Cincinnati Post, joins the Crosley stations February 14th as Sales Promotion Manager. E. C. (Jimmy) Krautters, who moved to the Sales Department a few months ago, will continue as Assistant Sales Manager in charge of service.

-----  
Granting of the application of Station WACO, Waco, Texas, for an increase in power from 100 to 100-250 watts power on 1420 kc., was recommended to the Federal Communications Commission this week by Examiner P. W. Seward.

-----  
22.3 percent of all programs heard over the coast-to-coast network of the Mutual Broadcasting System, are devoted to the presentation of educational and fine musical programs, it was announced this week. Out of a total of  $102\frac{1}{4}$  network hours a week,  $22\frac{3}{4}$  hours are devoted to programs on literature, education, public affairs, and serious music.

-----  
  
The Oregon Supreme Court recently affirmed the dismissal of a \$75,000 libel suit which developed from a radio broadcast of court-room proceedings. Mrs. Josephine Irwin charged that her reputation was damaged when David R. Vandenberg, defense attorney at the murder trial of Marion Meyerle, broadcast his closing arguments to the jury. She sued Station KFJI, its owner, George Kincaid; Mr. Vandenberg and Presiding Judge Edward B. Ashurst.  


Denial of the application of the Pacific Radio Corporation, of Grants Pass, Ore., for a construction permit to use 1320 kc. with 500 watts power, daytime, was recommended to the Federal Communications Commission this week by Examiner Robert L. Irwin.

X X X X X X X X X X

#### BRITISH TO LET PUBLIC TRY WIRED RADIO

The British Post Office is preparing to introduce a public experimental wire-broadcast program at Southampton during 1938, according to a consular report to the U. S. Commerce Department. This service will be undertaken as a part of the practical experimental work in wire distribution of broadcast programs, with which the Post Office was charged by the Government's Committee on Broadcasting in 1935.

In addition to the main public service distributed by means of a special wire network, a limited experiment will be made in the distribution of broadcast programs over the telephone wires; subscribers will have a choice of several broadcast programs.

X X X X X X X X X X

#### YEAR BOOK LISTS RADIO EDITORS, STATIONS

The 1938 International Year Book just issued by Editor & Publisher reports gains in newspaper circulation over the country and lists considerable radio data.

All radio stations and radio editors of both the United States and Canadian papers are listed along with books on radio and the press.

Circulation gains for week-days, the Year Book reported, were from 35,175,238 per day, morning and evening, at the clost of 1933, to 40,292,266 for 1936, and 41,418,730 for 1937. Sunday circulation rose from 24,040,630 in 1933 to 30,956,916 in 1937.

X X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**

RECEIVED  
FEB 14 1938  
181

## INDEX TO ISSUE OF FEBRUARY 11, 1938.

Baldwin Report Foreshadows Row At NAB Meet.....	2
Canadian Official Defends U. S. Programs.....	4
Home Town Would Name Station After Wile.....	5
FCC Authorizes Station At U.S.-Mexican Border.....	6
British Plan To Counteract S-W Propaganda.....	6
Gallup Finds Listeners Opposed To U. S. Censorship.....	7
U. S. Radio Exports For 1937 Hit New High.....	8
Four Point Short-Wave Plan Suggested For Cairo.....	9
Trade Notes.....	10
Data Asked On Radiotelegraph Traffic By FCC.....	11
Exit Tam's Hat.....	11
Sarnoff Reports RCA Profit Of \$9,000,000.....	12

No. 1100

## BALDWIN REPORT FORESHADOWS ROW AT NAB MEET .

A bitter inter-organization fight over the proposed NAB reorganization was foreshadowed this week as a highly critical report by the retiring Managing Director, James W. Baldwin, was circulated privately among members.

While marked with a release date of next Monday, when the convention opens in Washington, the Baldwin report was published in part in trade papers and immediately stirred up a hornets' nest within the broadcasting industry.

Meanwhile, other obstacles to immediate reorganization of the National Association of Broadcasters loomed because of the lack of funds to put the expansive administration in operation. Indications are that even though the plan is approved, it will be some months before it is on a working basis.

Though the name of Philip G. Loucks, Washington attorney and counsel for the Reorganization Committee, continued in the lead as the most likely choice as temporary head of the organization, broadcasters and politicians alike were interested in a report that Marvin McIntyre, one of President Roosevelt's secretaries, might be named President of the NAB.

Mr. Baldwin in his final report not only assailed the Loucks report as impractical and cumbersome, but he turned his guns on the networks as well and charged them with imposing on independent broadcasters in the recent musician negotiations. He likewise asserted that the North American treaty drafted at the Inter-American Conference in Havana threatened the independents with further domination by the networks.

Finally, he criticized the general run of NAB members for their failure to adopt self-censorship of radio programs to forestall stringent FCC regulation and for their refusal to support the Federal Radio Education Committee and the NAB Copyright Bureau.

Proposing that a Board of Review be set up to examine network programs before they are broadcast, Mr. Baldwin chided the broadcasters for allowing the advertising agencies to gain control of program policies.

"Through the fault of no particular person", he said, "the large advertising agencies have more and more been allowed to assume control over the hiring of talent, preparation of script, and rehearsal of radio shows.

"These agencies have isolated the network companies to too great a degree to mere vehicles through which the programs are presented to the American people. This is a dangerous trend because it amounts to a delegation of authority and responsibility which in the final analysis can attach only to the licensees of the broadcasting stations."

Citing the responsibility that goes with possession of a station license, Mr. Baldwin said:

"My belief is that the failure by the broadcasters to accept their full responsibility in this matter will be ample justification for the Federal Communications Commission to adopt regulations governing this subject."

Mr. Baldwin's chief criticism of the North American agreement was that it opens the door for the creation of super-power outlets, which, he charges, would be controlled by the two major networks - NBC and CBS.

Citing an engineering study by Jansky & Bailey, the report asserts that the treaty would make possible the licensing of nine NBC and four CBS 500 KW stations.

"I hold that herein lies one of the greatest dangers that has ever faced the American broadcasters", Mr. Baldwin added. "The possibilities of a monopoly in broadcasting by the NBC and CBS are obvious."

Reviewing the prolonged negotiations with the American Federation of Musicians, Mr. Baldwin charged that the independent stations were led into accepting heavy operating expenses by the networks.

"Through the means of negotiations restricted primarily to a certain class of stations (a class of stations that enjoys the best economic position in the industry) an agreement has been reached whereby minimum expenditures for musicians are imposed upon all stations participating in the negotiations", the report said.

"The stations participating in these negotiations are affiliated with the national networks. The number of musicians to be employed is determined by one group of men and the wages and working conditions of the musicians are determined by another group of men. The stations are denied the right to submit their disputes for arbitration. . .

"It has always been understood that the same demands which have been made upon the network affiliated broadcasting stations are to be made upon all stations in the industry. It is obvious that any part of an industry that has the economic power to establish labor standards for that industry as a whole has the power to destroy its competition."

2/11/38

As an alternative to the Loucks plan for reorganization, Mr. Baldwin suggested a National Federation of Group Organizations representing the varied conflicting interests, such as networks, clear channel stations, locals, regionals, etc.

If the NAB attempts to broaden its field of enterprise, he said, it will get on dangerous ground because of the rival economic interests and must either take sides or be ineffectively neutral.

X X X X X X X X X X

CANADIAN OFFICIAL DEFENDS U. S. PROGRAMS

A proposal by private Canadian broadcasting companies that the publicly-owned Canadian Broadcasting Corporation be displaced by an independent nation-wide radio network, with license fees reduced from \$2.50 to \$1 a year, was countered by a government statement in Parliament this week that the C.B.C. was being attacked "not because it is a failure, but because it is a success", according to an Ottawa correspondent of the New York Times.

C. D. Howe, Minister of Communications, defended not only the Canadian Broadcasting Corporation against the charge that it was using too many United States programs, but also the American programs themselves. Of ninety-eight hours in a week of C.B.C. chain broadcasting, he said, only eight and three-quarter hours of paid American advertising was carried.

He admitted that seventeen and one-half hours of sustaining programs from the United States were used, but upheld these on the ground that the opera and symphony concerts, which formed a prominent feature of them, were broadcasts of music international in character.

Canadians, he said, should be grateful that Toscanini concerts, for which the NBC paid their conductor \$40,000, should be made available for them at such low cost.

X X X X X X X X

2/11/38

HOME TOWN WOULD NAME STATION AFTER WILE

As an honor to Frederic William Wile, veteran political radio commentator and Washington correspondent, applicants for a radio station permit in his home town, La Porte, Ind., have requested permission to use WILE.

Formal application for a license to establish a 250-watt broadcasting station with a frequency of 1,420 kilocycles for daytime operation already has been approved by one of the Commission's Examiners. Approval by the Commission sitting as a final court of review now is necessary. Pending the decision, Gerald A. Travis, license applicant, has been notified that if and when the application is granted, the letters WILE will officially designate the station.

Such a designation is rare. Station WEVD, in New York City, is a memorial to the late Eugene V. Debs, Socialist leader, who was also from Indiana. The call letters of the station include only the initials of Mr. Debs (EVD), whereas the proposed call letters of the La Porte station spell out Mr. Wile's name.

Mr. Wile's radio career began in August, 1923, when Calvin Coolidge became President. With the National Broadcasting Co. at that time, Mr. Wile became associated with the Columbia Broadcasting System six years later and has remained on the CBS staff since that time.

The veteran political commentator, student and honorary LL.D. of Notre Dame, entered newspaper work 40 years ago.

When President Coolidge was inaugurated on March 4, 1925, Mr. Wile became the first private citizen ever permitted to talk from the inaugural stand, giving a historical review of the presidency and a description of the inaugural scene.

Mr. Wile's varied career took him to London in 1930, where he broadcast periodical news summaries of the International Naval Conference by trans-Atlantic radio and introduced prominent delegates, including Secretary of State Stimson and Secretary of the Navy Adams.

X X X X X X X X

## FCC AUTHORIZES STATION AT U.S.-MEXICAN BORDER

A construction permit was issued this week by the Federal Communications Commission for the erection of a broadcasting station just across the border from one of Mexico's famed high-powered outlets catering to American audiences.

The FCC granted the permit to Mervel M. Valentine, of Laredo, Texas, which is just across the border from Neuvo Laredo, Mexico, where Norman Baker's XENT is located. It is not far, moreover, from the two stations of Dr. John R. Brinkley, notorious "goat gland specialist", who operates XERA at Villa Acuna and XEAW at Reynosa.

The American station, which will broadcast on 1500 kc. will use only 100 watts power, however, so will scarcely be effective in disturbing the high-power Mexican stations.

The Commission, in awarding the permit, suggested that the station will have an audience in the Mexican territory as well as in Texas.

"According to the 1930 United States Census, the population of Laredo, Texas, was 32,618", the report states. "It is estimated that since 1930 there has been an increase in population of approximately 5,000; that in Neuvo Laredo, Mexico, which is across the river, there are approximately 37,000 more inhabitants and that approximately 70,000 persons reside within a radius of 8 miles of the proposed location of the station's antenna. The only broadcast service available in this area from a station located in the United States is that of WOAI, San Antonio, Texas, 140 miles distant. The signal of WOAI is not sufficient to render primary service in residential areas of Laredo."

X X X X X X X X X

## BRITISH PLAN TO COUNTERACT S-W PROPAGANDA

Great Britain is speeding preparations for broadcasts soon to South America to combat Italian and German propaganda in that field, which it is feared is hurting British prestige and trade, according to a London correspondent of the New York Times. It is reported the government will discuss plans for counteracting German and Italian activities in South America in Parliament next week.

It is possible the discussion will reveal points contained in the report by Felix Greene, the British Broadcasting Corporation's representative in New York, who made a survey of the South American situation. This report was said to be behind the move to start broadcasts as soon as possible.

X X X X X X X X X

## GALLUP FINDS LISTENERS OPPOSED TO U. S. CENSORSHIP

The majority of radio listeners are opposed to any sort of Federal censorship of programs, regardless of the Mae West incident or any other slips, according to the findings of Dr. George Gallup, Director of the American Institute of Public Opinion, who this week announced the results of a cross-section survey.

The complete report of Dr. Gallup, as published in various newspapers, follows:

"With Senator Herring of Iowa now preparing a bill on stricter control of radio broadcasts, a Nation-wide survey by the American Institute of Public Opinion shows that Government censorship of programs is opposed by a majority of radio owners.

"A movement toward Federal censorship was started among Congressmen after the National Broadcasting Co. was severely criticized by the Federal Communications Commission last month for permitting a broadcast by Mae West which the Commission thought 'vulgar'.

"The Institute survey found that 59 per cent of radio owners feel Government censorship of programs would be harmful, while 41 per cent think it would do good. Applied against the 24,500,000 estimated radio owners, the poll indicates that 14,500,000 prefer to have no Federal censorship, while 10,000,000 favor it.

"The question put to a representative cross-section of radio owners in the survey was: 'Do you think Government censorship of the radio would do harm or good?'

"The Commission put teeth into its rebuke of the National Broadcasting Co. by warning that the Mae West affair would be taken into consideration when licenses of the stations broadcasting the program come up for renewal. 'Of all means of entertainment', declared the Commission's Chairman, Frank R. McNinch, in a press interview, 'I believe radio must have the highest standard.'

"To determine whether radio listeners are satisfied with the moral standards of radio programs, the Institute survey asked:

"During the past year have you heard any broadcast that has offended you by its vulgarity?"

"An overwhelming majority replied in the negative. Only 15 per cent said they had been offended, while 85 percent said they had not.

"At present, radio broadcasters operate under a system of self-imposed censorship, with each station or chain exercising editorial veto power over programs submitted to them. The Federal Communications Commission, while it controls station licenses, does not attempt to censor programs in advance of broadcast.

"Apparently satisfied with the present system, the majority of voters in the survey give several reasons for opposing Federal control over broadcasts. The main objection, judging by comments from voters, is that direct Federal censorship would be a dictatorial usurpation of power which would soon lead to censorship of other media besides radio.

"Impairment of free speech is given as another reason. 'Censorship would be used as a political expedient', declared one voter. 'Whichever party was in power would choke off the opposition party for its own advantage.'

"Many others declared that both public opinion and the broadcasting companies themselves were now exercising a sufficiently effective censorship.

"Those who, on the other hand, favor greater control by the Federal Government declare that better programs might result. 'It would eliminate misleading advertising', said one typical voter. Vulgarity of programs was not mentioned as a leading reason by those who favor censorship.

"An analysis of the vote by income groups shows that Federal censorship is particularly opposed by radio owners in the upper levels, whereas those of below average income are divided about evenly. In the average and above average group, 64 per cent say censorship would do harm, and 36 per cent say it would do good. Among radio owners of below average income the vote is 51 per cent against censorship, 49 per cent in favor."

X X X X X X X X

#### U. S. RADIO EXPORTS FOR 1937 HIT NEW HIGH

For the fourth consecutive year, American radio exports in 1937 reached a new peak, with an increase of 14.4 percent over 1936 exports, according to a compilation by the Radio Manufacturers' Association. Total 1937 exports were \$32,357,417, compared with \$28,284,251 in 1936, \$25,454,188 in 1935, and \$24,856,592 in 1934.

Radio parts and accessories accounted for the larger portion of the increased exports in 1937. In dollar volume there was an increase of 34.9 percent in parts and accessory exports; 25.7 percent increase in loud speakers; 15.7 percent in tubes; 1.9 percent in receiving sets, and 47.6 percent in transmitting apparatus. While the larger portion of exports occurred during the last half of 1937, previous percentages of increase were not maintained.

X X X X X X X X

#### FOUR POINT SHORT-WAVE PLAN SUGGESTED FOR CAIRO

A four-point plan for easing the international congestion in the short-wave broadcasting band was set forth in a recent article by Dr. Arno Huth, writer of note on broadcasting, in World-Radio, BBC organ.

Citing the present crowded condition in the short-waves, Dr. Huth suggested that the world conferees at Cairo, now in session, might consider the following four proposals "for an easing of the critical situation and for the avoidance of interference":

"(1) Use of a common wave by several stations. This possibility is, however, relatively limited, since short waves have a great range and therefore cause mutual interference not only in neighboring countries, but in different continents.

"(2) Division of transmitting times between the stations operating on the same wavelength. This remedy, favored, moreover, by the difference in time, would undoubtedly bring about considerable improvement. But against that it seems that some countries would not be satisfied with a limited service; rather do they desire to transmit for the whole 24 hours.

"(3) General use of directional aerials. This would probably not be of much value, because in industrial transmission it is not possible to suppress a fair amount of radiation in other directions which would be sufficient to cause interference.

"(4) Setting a lower limit to the power of transmitters would eliminate numerous very low-powered local service transmitters, which on the short-wave band are capable at times of causing interference at varied ranges."

Modestly, Dr. Huth adds:

"All the above-mentioned suggestions are only partial solutions, and their realization will meet with great opposition, since no country is willing voluntarily to give up the right of unlimited use of the possibilities of radio. The short-wave problem is made considerably more complicated by the fact that it is not a question of technique, but, in many cases, one of prestige, so many stations serving predominantly political, cultural, and religious propaganda."

X X X X X X X X X X

:::: ----- ::::  
:::: TRADE NOTES ::::  
:::: ----- ::::

Washington radio stations are preparing to broadcast local traffic court proceedings as part of a Congressional-inspired campaign to reduce traffic accidents.

Alleging the use of unfair methods of competition in the interstate sale of merchandise, including radios, electric razors, dishes, and silver-ware and grill sets, the Federal Trade Commission has issued complaints against two Chicago concerns, John Milton Bregstone, trading as J. M. Bregstone & Co., 538 South Clark St., and Charles M. Bregstone, trading as The Veltrola Co., 180 North Wacker Drive, and against Thomas R. Moss, Dyersburg, Tenn., trading as Okeena Novelty Co., and Manufacturers Sales Co.

Morris S. Novik, Secretary to the New York County Committee of the American Labor party, was sworn in by Mayor La Guardia at City Hall this week, as Director of WNYC, the municipal broadcasting station, at a salary of \$7,500 a year.

Radio facsimile was successfully demonstrated by WOR engineers this week in a special facsimile test over the station's regular broadcast channel. The tests, acclaimed highly successful by the engineers, were conducted from 2 to 6 A.M., Thursday morning, when WOR had completed its regular day's program of broadcasting activities.

Guy T. Helvering, Commissioner of Internal Revenue, said this week he had been informed that radio stations in the north-central area "had leased time to certain persons to engage in the wrongful activity of seeking to induce producers of hogs and consumers of different articles to file claims for refund of the processing tax imposed during the effective period of the Agricultural Adjustment Act."

The new \$300,000 studios of WTAM, the National Broadcasting Company's owned and operated station in Cleveland, Ohio, will be formally dedicated Saturday, February 19th. Climaxing a week of activities in connection with the dedication a special half-hour broadcast will be presented from the new studios over the coast-to-coast NBC-Red Network at 9:00 P.M., EST.

An order to cease and desist from certain unfair methods of competition involving the use of lottery methods in the sale of radio receiving sets and other merchandise to ultimate consumers, has been issued by the Federal Trade Commission against Max Schreiber, Philip W. Simons and William Klompus, trading as DeLuxe Manufacturing Company, 173 West Madison St., Chicago, Ill.

X X X X X X X X X X

#### DATA ASKED ON RADIOTELEGRAPH TRAFFIC BY FCC

The Federal Communications Commission, which on Monday will open hearings on the applications of wire and radio communications companies for an increase in rates, this week called upon all radiotelegraph carriers to furnish detailed data on traffic done and business affiliations.

The carriers are instructed to furnish the information by May 1 and to set forth the amount of traffic handled and to specify why inactive points of communication should be discontinued.

The FCC also scheduled a hearing for April 11th with regard to objections filed to the recent frequency allocations in the bands from 30,000 to 300,000 kc. by several communications services.

X X X X X X X X X X

#### EXIT TAM'S HAT

A muse was awakened when Bond Geddes of the Radio Manufacturers' Association took the hat of FCC Commissioner T.A.M. Craven, following a party at the home of Harry C. Butcher, Vice-President of Columbia Broadcasting System. The next morning Commissioner Craven got his hat back by special messenger with the following verse from Mr. Geddes:

"WHO PULLED A BONE IN BUTCHER'S HOME?"

(To music (recorded) of ~ "Where Did You Get That Hat?")

I think somebody's ravin',  
 I think his name is Craven,  
 (Maybe he won't give a damn)  
 (Because his name is TAM).  
 For here's the hat.  
 And that's that.

X X X X X X X X

2/11/38

## SARNOFF REPORTS RCA PROFIT OF \$9,000,000

An estimated profit for 1937 of \$9,000,000 was reported to the stockholders of the Radio Corporation of America in an advance statement mailed to them this week by David Sarnoff, President. While the final audit is not yet completed, this preliminary estimate indicated an increase of approximately \$2,844,100 over the net profit of the previous year.

The preliminary earnings statement was issued with the call for the Corporation's annual stockholder meeting to be held in New York City, April 5th. The annual report containing the final figures and detailed information concerning the past year's operations will be mailed to stockholders later this month.

Gross income of RCA for the year was estimated at \$112,650,000, compared to \$101,186,300 in 1936. After cost of operations, net income before deductions was estimated to be \$15,400,000, compared to \$11,464,100 the previous year. Deductions for taxes, interest, depreciation and amortization of patents and goodwill, were estimated at \$6,400,000, leaving a net profit of \$9,000,000. After allowing \$3,230,000 to cover the year's dividends on preferred stocks the earnings applicable to the common stock are equal to  $41\frac{1}{2}$  cents a share.

In comparison with the previous year, 1936, the Radio Corporation's operations for 1937 showed an increase of 11% in gross income, while net profit increased 46% over the net profit in 1936 of \$6,155,900.

During the year the holds of First preferred stock received their regular dividends, the dividend arrears on the few remaining shares of "B" Preferred stock were paid in full and the holders of Common stock received a dividend of 20¢ a share. The total dividends paid by the corporation during the year amounted to \$6,409,226. This amount was paid to 11,790 holders of 916,142 shares of Preferred stock and 230,659 holders of 13,853,415 shares of Common stock.

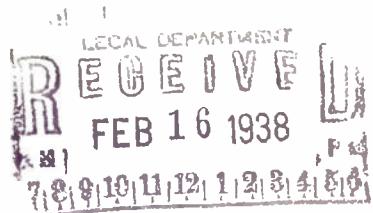
X X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



## INDEX TO ISSUE OF FEBRUARY 15, 1938

Our Radio System Best For U.S., Says Craven.....	2
Warns Only Folly Can Bring Government Radio.....	3
Facsimile Exhibit Draws Interest At NAB Meeting.....	5
NAB Adopts Reorganization Plan, Names Directors.....	7
FCC To Make Own Radio Investigation, McNinch Says.....	8 ✓
Harbord To Inspect RCA Plants Abroad.....	12

No. 1101

February 15, 1938.

## OUR RADIO SYSTEM BEST FOR U.S., SAYS CRAVEN

Stating that he considered the American system of broadcasting had been proved beyond question the best for our country, Federal Communications Commission T.A.M. Craven, believed by some to be ultimately slated for the Commission head upon the retirement of Chairman Frank R. McNinch, told the National Association of Broadcasters at their convention in Washington that he knew of no sound reason for suggesting a radical change in the fundamental radio law.

Confidence was also expression in the system in a letter from President Roosevelt read by Chairman McNinch in which the former wrote:

"One of the greatest advantages of the system of licensing broadcasting is that it is sufficiently flexible to lend itself readily to adjustment to meet our changing social and economic needs. In a new field of public service such as that of broadcasting we may and should expect rapid progress in both the development of the art and in meeting the public requirements that this national resource shall increasingly contribute toward our social as well as our economic advancement. The broadcasting industry has, indeed, a very great opportunity to serve the public, but along with this opportunity goes an important responsibility to see that this means of communication is made to serve the high purposes of a democracy."

Commissioner Craven declared it is proper that radio broadcasting in this country be operated by private industry and it is equally proper and necessary that this industry be encouraged to earn reasonable profits when it renders good service to the public. The Commissioner said that he was personally opposed to any form of censorship, either direct or indirect, but he suggested that the public relations department of the broadcasters' organization consider most carefully existing public reactions, and seek to develop a constructive program of improvement, particularly with reference to advertising continuity.

Mr. Craven said he wished to emphasize the fact that the agreement reached by the conference of Canada, Mexico, Cuba, Mexico and the United States is an acceptable one.

"It eliminates destructive radio interference; it averts chaos in radio, and it reserves to the United States the greatest possible flexibility, under the circumstances, to settle its own domestic affairs without undue complications.

"I am surprised at the apparent lack of understanding of the North American Treaty, and I feel that the radio industry should be seriously concerned with some of the recommendations made in his report with respect to reservations to be placed in the Treaty by the Senate of the United States.

"I suggest to the industry that the Treaty is one to which the industry can subscribe wholeheartedly, because the price paid is so much smaller than hitherto thought possible for such an international negotiation. A failure to ratify this agreement on the part of the United States will of certainty cause the United States to pay a tremendously greater price in the future, either through destructive interference or else through the surrender of far more than was relinquished at Havana in November, 1937."

X X X X X X X X X

WARNS ONLY FOLLY CAN BRING GOVERNMENT RADIO

It will be the fault of the radio industry itself if the United States ever takes over the broadcasting stations of the country, Senator Burton K. Wheeler, of Montana, Chairman of the Interstate Commerce Committee and head radio man in the Senate, cautioned the broadcasters' convention in Washington.

"For obvious reasons, neither you nor I want to see government ownership in American radio; but we cannot ignore the signs or the tempo of the times", Senator Wheeler admonished. "Only broadcasting's own folly would make the threat real. And that would evolve if we allowed any entities in the industry to become too large, too potent; to permit them to reach the point where the influence they exert is so great as to create political anomalies and inter-necine strife that could only result in its destruction."

Mr. Wheeler said that the clear channel, as such, is undesirable. The initial reason for the clear channel was rural coverage, the Senator explained. That premise is no longer valid, he added, when it is found that practically all of these channels now are assigned to the metropolitan centers of the country rather than rural areas and that the majority of them therefore serve a small geographical area over which they are merely giving a duplication of service.

While discussing the responsibility of networks in broadcasting offensive material and evidently referring to the Mae West case, Senator Wheeler said that if the regulation of radio has lagged in any particular, it has been in relation to the networks.

"In this connection I call attention to the Federal Communications Commission's action when after receipt of complaints made an investigation into the allegedly obscene or indecent performance of a motion picture actress over one of the networks. The Commission's ruling, while reprimanding the network, likewise reprimanded some sixty stations affiliated with the chain. Many stations have taken this as an open threat that if any other complaints were made against those stations they would be hauled onto the carpet to show cause why their licenses should not be revoked. I cannot believe that this was the Commission's purpose as they must realize that the stations affiliated with the networks have little, if any, control over the programs originated by the chains. They are in no position to censor these programs, or delete them in advance of their rendition. They cannot cut off the program that transgresses the law, offends listeners, or is immoral until after the danger is done. In all cases such as this, it seems to me the responsibility must rest squarely upon the shoulders of the station that originates such programs as it is there alone that correction in any broadcast can be made."

Referring to the requirement that rival political candidates be treated equally as the "doctrine of fair play", the Montana Senator went on:

"Congress did not write into the law all the specifications which would require licensees to adhere to this doctrine of fair play. To undertake such a task would lead into immense difficulties and when the job was finished, such legal specifications might abridge the right of free speech itself. However, Congress did say that you, as a licensee of a broadcasting facility, cannot take sides in a political controversy by denying the use of your station to one candidate and granting it to another. And I think you will all agree that this is a sound principle.

If it is sound with respect to political candidates in a campaign year, it must also be a good policy with respect to other public questions, whether or not it is written into the law. In other words, radio, unlike the newspaper, should have no editorial policy, no axes to grind, nor any group's particular political or economic philosophy to peddle. Radio should afford equal facilities to those who are responsible and have something worthwhile to say, irrespective of the personal views of the licensee.

Senator Wheeler went on record against licensing stations for a longer period.

"Many of you have discussed with me the lack of stability in the broadcasting industry that has resulted from short-term licenses - the six months tenure. You would like to hear me say that I believe you should have your licenses granted for a three year term,--the longest permissible under the Communications Act. I am sorry but I do not feel it is yet time for this, even though I am mindful that some of you are doing outstanding broad-

casting. I do not believe that a three year license is yet justifiable. Radio broadcasting is still in too unsettled a state. The course has not yet been clearly charted for the future, as I have attempted to indicate to you. I do not say, however, that longer licenses should not be issued - perhaps for a year at the start - as a means of encouraging investment of a sounder nature in broadcasting. Possibly that would be a desirable move. Also the Commission, by the terms of the Act under which it functions can revoke licenses for cause at any time, after due notice and hearing, and it is not necessary for it to await a license renewal period to take punitive action.

"It is true many of your programs are excellent but you have not yet learned to keep all the cheap and mediocre sort of things off the air. I refer to those offerings of old-time stage comedians whose stock in trade is the double entendre or downright smut. This is not good for radio. Entertainment which transgresses the standards of decency and good taste undermine the prestige of radio and subject licensees to a risk which they need not assume.

"I have observed that the complaint against commercial announcements has diminished in recent months. But many advertisements over the air to me appear to be far too blatant for the good of the advertisers themselves.

"I fully appreciate that the frequencies on which you operate were useless before you made investments and put them into service. Because you did put them into service does not, however, give you a property right. They still belong to the people and only as long as the public is properly served may they remain in your charge."

X X X X X X X X X X

#### FACSIMILE EXHIBIT DRAWS INTEREST AT NAB MEETING

A demonstration of facsimile broadcasting by the Radio Corporation of America attracted considerable attention at the NAB convention early this week.

Foreshadowing the newspaper of the future, which could be delivered overnight via the radio receiver, the facsimile machine is one of two types that broadcasting stations have been acquiring recently as they obtained permission from the Federal Communications Commission to experiment with the new art.

Charles J. Young, RCA facsimile inventor, conducted the demonstration. A small one-sheet edition of Broadcasting, trade magazine, was received on the machine and was said to be the first actual spot news newspaper to be transmitted by facsimile.

Another thing sent by facsimile was the letter of greeting which President Roosevelt sent to the convention. It was received from the White House by messenger but later was placed before the entire convention by means of facsimile. Also the report of the 17 Directors elected was transmitted by facsimile today (Tuesday).

Opinions differ as to the possible future effects of facsimile broadcasting on newspapers. Some hold that it never will do more than supplement the newspaper, while others contend that it will supplant it.

Bruce Bliven, editor of the New Republic, recently predicted in an address in Washington that facsimile will open up entirely new fields for newspaper circulation, permitting a national paper to broadcast its editions throughout the country. Several publishers, aware of the potentialities, are already experimenting with the art. They are not going to be caught napping as most publishers were on radio in the early days of development.

It is expected that the receivers, plus an ordinary radio receiver in the same cabinet, can be sold for about \$150 when they are built in quantities, according to Mr. Young.

At present, he said, newspapers in Fresno and Sacramento, Calif.; Spokane, Buffalo, Milwaukee and Portland, Ore., have ordered both sending and receiving equipment and the FCC has granted experimental licenses to several others.

The system designed by Mr. Young utilizes ordinary white paper and carbon paper at the receiving end. No processing is required. The width of the matter received is eight and a half inches, and the speed of reception and printing is three feet an hour.

A time clock incorporated in the apparatus makes it possible to set the machines to begin and end operating at pre-selected hours. One type, designed by Mr. Young, cuts twelve-inch printed pages off a roll of paper and deposits them in a tray. Once a machine is set to start and stop at certain hours a lid covering all the moving parts may be closed and the operator can forget about it. The clock starts the mechanism by turning on the current and the finished sheets emerge from a slot. The receiver-printers are slightly larger than an ordinary typewriter.

X X X X X X X X

The first ultra-high frequency station which has its own programs separate from a long-wave station is W8XWJ, owned by the Detroit News, which also operates WWJ. The separation of the two stations was effected last week after experimental joint operation for the last two years.

X X X X X X X X X

## NAB ADOPTS REORGANIZATION PLAN, NAMES DIRECTORS

By unanimous vote the National Association of Broadcasters adopted the sweeping reorganization plan late Monday and proceeded at once to name 17 regional directors, who in turn were to select six directors-at-large, as the convention speeded toward adjournment Tuesday night, a day earlier than scheduled.

The Reorganization Plan, which was adopted with only a few minor amendments, calls for a paid President and a paid Secretary-Treasurer and a broad administrative set-up, which, however, must be passed upon by the new Board of Directors. The Directors will meet on Wednesday to select the Secretary-Treasurer, but the naming of a President is expected to be delayed.

A temporary administrative officer, probably Philip G. Loucks, Washington attorney, who was counsel for the Recorganization Committee, was being boosted for the job although he stated he would not accept the paid presidency. Edwin M. Spence, former manager of Stations WPG and WBAL, was the likely choice for Secretary-Treasurer.

Adoption of the reorganization plan without a dissenting vote was a marked victory for the Reorganization Committee in view of the fact that James W. Baldwin, the retiring Managing Director, assailed the plan in a scathing report to the NAB on Monday.

The 17 Directors elected at regional caucuses Monday night are as follows:

District 1. (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island) John Shepard, 3d, Yankee Network; District 2, (New York) - Harry C. Wilder, WSYR Syracuse; WJTN, Jamestown; District 3 - (Delaware, New Jersey and Pennsylvania) - Clair McCollough, WDEL, Wilmington; WORK, York; WGAL, Lancaster; WAZL, Hazleton; WEST Easton. District 4 )District of Columbia, Maryland, North Carolina, South Carolina, Virginia and West Virginia) - John A. Kennedy, WCHS, Charleston; WPAR, Parkersburg; WRLK, Clarksburg.

District 5 - (Alabama, Florida, Georgia, Porto Rico) - W. Walter Tison, WFLA, Tampa. District 6 (Arkansas, Louisiana, Mississippi, Tennessee) - Edwin W. Craig, WSM, Nashville. District 7 - (Kentucky, Ohio) - Mark Ethridge, WHAS, Louisville; District 8 - (Indiana and Michigan) - John E. Fetzer, WKZO, Kalamazoo. District 9 (Illinois, Wisconsin) - Walter J. Damm, WTMJ, Milwaukee; District 10 (Iowa, Missouri, Nebraska) - John J. Gillin, Jr., WOW, Omaha.

District 11 (Minnesota, North Dakota and South Dakota) - Earl H. Gammons, WCCO Minneapolis; District 12 (Kansas, Oklahoma) Herbert Hollister, KANS, Wichita; District 13 (Texas) - O. L. Taylor, KGNC, Amarillo, and KFYO, Lubbock; District 14 (Colorado Idaho, Utah, Wyoming, Montana) - Gene O'Fallon, KFEL, Denver; District 15 (California, excluding counties of San Luis Obispo, Kern, San Bernardino, Santa Barbara, Ventura, Los Angeles, Orange, Riverside, San Diego and Imperial; Nevada and Hawaii) - Ralph R. Brunton, KJBS, San Francisco and KQW, San Jose.

District 16 (Arizona, California including counties excepted in District 15, and New Mexico) - Donald W. Thornburgh, KNX, Los Angeles; District 17 (Alaska, Oregon, Washington) - C. W. Myers, KOIN-KALE, Portland.

X X X X X X X X

#### FCC TO MAKE OWN RADIO INVESTIGATION, McNINCH SAYS

The Federal Communications Commission will make its own investigation of charges of monopoly, of chain broadcasting, and related matters, Chairman Frank R. McNinch disclosed today (Tuesday) in an address to the National Association of Broadcasters.

Chairman McNinch said he would suggest the inquiry to the FCC soon, and there is little doubt that the proposal will be carried out unless Congress should order a probe on Capitol Hill in the meanwhile. The latter course appears unlikely at this stage in view of administration coolness toward the pending resolutions for a sweeping investigation of both the FCC and the radio industry.

There is reason to believe, in fact, that Chairman McNinch's suggestion is the administration's answer to the Congressional critics.

Commenting on the address of Senator Wheeler (D.), of Montana, in which he cited the danger of monopoly within the broadcasting industry, Mr. McNinch said:

"My word to you on this subject is that it is the duty of the Communications Commission to prevent the development of a monopoly or to set about to destroy it if one exists. I have no less determination than that I shall contribute all that I can toward these ends. I am not particularly interested in whether there may be a technical or legal monopoly, for my concern runs quite ahead of that consideration to discover whether there is such a concentration of control as to amount to a practical monopoly. If there is a monopoly, it exists in direct violation of the law; if there is no monopoly, may I suggest that you yourselves re-examine to what extent there is centralization of control and whither it is tending?"

"I have in mind suggesting to the Commission that it proceed soon to investigate this question as to whether there is a monopoly and whether there is any undue or anti-social centralization of power and control. This would mean also an investigation of the chain broadcasting systems and of the chain contracts with the affiliates; of the management contracts; and of the actual practices of the chains in dealing with the affiliated local stations. So much has been said in the Congress, and by the press generally, about monopoly and the control of the industry by chains that the time is here when we must deal with these problems by fully exploring these matters so we may have exact information upon which to predicate judgments and policies.

"The Communications Act vests the Commission with power and authority to regulate chain broadcasting and I believe it ought to do this promptly if it has the necessary information upon which to base regulations; but, if not, that this information should be gotten to the end that within a few months the chains and the affiliates and the public may know the standards, requirements, and policies prescribed in the regulation of the chain systems."

Mr. McNinch also predicted that the FCC shortly will adopt a uniform system of accounting so that accurate fiscal data on the industry may be made available. In this regard he said:

"As a necessary means to the proper regulation of the industry, I hope the Commission will soon adopt a uniform system of accounting, for only through such a system can the Commission or the industry or the public have any dependable and comparable financial data. The Commission will not, of course, adopt such a system without first giving you opportunity to consider the proposed system and will invite your suggestions and criticisms. However, the system ultimately adopted must be thorough and comprehensive and comparable to the uniform systems of accounting adopted by regulatory agencies for other industries."

The FCC Chairman said a good word for chain programs, while suggesting that the chains be investigated. He said:

"My comments on the necessity for regulating the chain systems were made in the light of the fact that I have a genuine appreciation of the contributions made to our programs by the chains. I congratulate them with complete sincerity upon their having given to the listening American public many features that surpass in interest and quality the program material provided for listeners in other countries. Indeed, I am disposed to doubt whether, under our present system, there could be supplied programs of the kind and quality we now have except through a chain system or something akin to it. But while the broadcasting industry is to be highly commended for the quality of most of its program service, I would be less than candid did I not say that in my opinion some of the program features fall below the standard which I believe the public expects and has a right to expect.

"This comment and such further comments as I may make on programs is made in a friendly, cooperative and purely advisory spirit. I am neither a purist nor a prude but one does not have to be either to believe that those who visit our family circles by means of the radio should be careful not to abuse this privilege. I do not believe in nor want the power of censorship. I read many, many complaints against program features that do not seem to warrant active consideration. However, I am pursuing the practice of forwarding to the stations complained against those protests which appear to have sufficient merit to justify bringing them informally to the attention of the station to the end that it may know something of the complaints forwarded to the Commission. This is done in the hope that it may be of some service to you and not with any thought whatever that the reference of any such protest or complaint to you carries with it any implication that the Commission has formed any conclusion or judgment upon the matter. You know as well as the members of the Commission what is fair play, what is vulgar, or indecent, or profane, or what may reasonably be expected to give offense. In such situations the Commission has a duty to the listening public to discharge, for your license is dependent upon your serving the public interest, convenience and necessity."

Regarding advertising on the air, Chairman McNinch warned the broadcasters that they must guard against over-commercialization unless they wanted the Commission to step in and exercise more rigid control.

"May I suggest for your own good", he said, "that you scrutinize more carefully the sponsored advertising script and ask yourself the question in each case, which the Commission must ask itself ultimately, 'Is this for the public interest, convenience or necessity?' In interpreting that statutory phrase, I put the emphasis upon the key word 'public' and I believe you would do well to test in this crucible every script offered. Is it in the public interest that medical remedies or other products be advertised in phrases that are deceptive, misleading or even false? Keep in mind that your sponsors are making their sales talk in the home. You have a real responsibility in determining what products you will permit to be advertised as well as the language in which you will permit them to be advertised, for there are products which it is lawful and legitimate to sell but which the average American home may not welcome an invasion in an effort to sell.

"May I make bold to suggest that you consider the wisdom of adopting a policy that would deny your facilities to those who seek to cultivate the consumption of intoxicating beverages. There is comparatively little radio advertising of intoxicating beverages over the radio and you are to be congratulated on so largely eliminating this sales appeal. I believe that those who drink as well as those who do not drink these beverages would approve the elimination from the radio of advertising directed toward increasing the consumption of

2/15/38

liquors. A majority of our citizens registered their will that it should be lawful to sell such beverages but the minority on this subject, as upon all other controversial questions, has, I believe, a right to have its homes protected against that which is offensive.

"I commend the industry upon the service it has rendered without compensation to many fine social, religious, civic and educational causes. Your contribution has been noteworthy. There are, however, yet wider fields of usefulness for the radio than have as yet been entered, and I believe you will win and deserve an even larger measure of public favor than you now enjoy if you can find it practicable to make your facilities available for larger measures of public service along these lines.

"As you know, the Commission has recently made allocation of some twenty-five channels in the high frequency band between 41 thousand and 42 thousand kilocycles to recognized non-profit educational agencies for the advancement of educational work in local communities. You have a great opportunity to supplement this local educational work by close and active cooperation with the Federal Radio Education Committee which was appointed by the Commission December, 1935. This Committee has already accomplished a great deal in the field of educational broadcasts and it now has a program of projects which, if the means are available to continue its work, would prove of exceedingly great value in advance the cause of education, in its broadest sense, over the radio. This Committee's budget calls for \$250,000 to carry forward ten projects for from two to five years. Of this amount \$167,500 was allotted to foundations and has been subscribed, so I am advised. The sum of \$84,000 was allotted to broadcasters, and I understand that only a relatively small part of this amount has been forthcoming. I respectfully commend the work of this Committee to your favorable consideration.'

Referring by implication to the NAB Reorganization Plan, Chairman McNinch said that broadcasting calls for a high type of leadership and yet warned the broadcasters against "autocratic power within the industry."

"Of all industries, it seems to me that radio - because it is so essentially social in its implications and effects - calls clearly for leadership that has social vision and a mature wisdom which understands that the only safe and sure way to win and hold the public favor is through an enlightened, genuine and unselfish purpose to serve the best interests of the public. Beware of reliance upon propaganda and political pull and influence. These are broken reeds upon which you dare not lean. The leaders of this industry must be able to take the long view and not look too closely and immediately at profit, for a just public is always willing to pay a fair return for a valuable service rendered but is quick to discern the devices of the profiteer.

"You are in a high sense trustees of a public resource, and the public neither expects nor will it tolerate that this resource shall become primarily the plaything of fortune hunters. If the National Association of Broadcasters is earnestly interested in maintaining the present license system, as I am sure you are, then I summon all of you to a public spirited cooperation among yourselves and with the Federal Communications Commission and with the Congress to the end that radio may become an increasingly constructive, enlightened, entertaining and helpful servant of the people.

"If you want to keep radio democratic, as I do not doubt that you do, you must be on your guard against the growth and development of any autocratic power within the industry. Yours is a young industry and it need not fall into the grievous errors that other industries have fallen into in the past. Certain industries in the past permitted a concentration of control that grew to such vast proportions as to become a veritable Frankenstein that turned upon and destroyed its creators. The railroads and the power industry and other industries paid the price of public condemnation for their own folly in permitting these industries to come under the domination of a few powerful greedy men. Do not flatter yourselves that this could not happen to the radio industry. Face the stark reality that, as a member of your own industry has said to me, 'radio could not survive an Insull'. Indeed, it could not, as the people feel a more intimate interest in and a more definite proprietorship over radio than perhaps over any other public agency. They have a keen consciousness that it belongs to them. They are watching with an intelligent interest how you administer that which is loaned to you. They have high expectations of the kind and quality of service they are to receive and, while the public is patient, it will nevertheless hold to strict accountability an industry to which has been entrusted such an important and influential resource as the radio."

X X X X X X X X X X X X X X X X

#### HARBORD TO INSPECT RCA PLANTS ABROAD

General James G. Harbord, Chairman of the Board of the Radio Corporation of America, left New York Monday on a tour of inspection of his company's plants and facilities in Asia and Europe. In Australia he will be the guest of Sir Ernest Fisk, President of the Institution of Radio Engineers, and will address radio and communications experts from many countries who will meet at a World Radio Conference in Sydney.

Inspections of R.C.A. Communications stations in Hawaii, Java, Philippines, China, Japan and other Asiatic countries and of the RCA Victor record plant in Tokyo which manufactures phonograph records for the oriental markets, will be made by General Harbord during the trip. He will return home by way of Moscow and Europe, reaching New York in July.

X X X X X X X X

- 12 -

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**

SEARCHED  
INDEXED  
FILED  
FEB 19 1938  
BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

## INDEX TO ISSUE OF FEBRUARY 18, 1938

NAB Board Defers Selection Of Paid President.....	2
FCC Chairman Says He'll Hold On Awhile.....	3
Listens To Us From Egypt.....	3
Two Stations Transfers Approved By Examiners.....	4
Young Roosevelt One Of New NAB Directors.....	4
Herring Bill Not Censorship, Author Says.....	5
New NAB Dues Range From \$5 to \$500 A Year.....	5
Educators Show Interest In FCC Allocation.....	6
McNinch Departs From Prepared Speech To NAB.....	7
G.E. Ultra Short-Wave Station Ready.....	8
Trade Notes.....	9
Editor Notes Progress In Television Art.....	10
CBS Television Debut Delayed Until Summer.....	11
WMCA Signs Off With Prayer For Oppressed Peoples.....	12
First Marconi Award Goes To Naval Officer.....	12

No. 1102

wy

p

## NAB BOARD DEFERS SELECTION OF PAID PRESIDENT

With Philip G. Loucks, Washington attorney, temporarily at the helm, the National Association of Broadcasters has deferred selection of a paid president at least until next month but will proceed meanwhile to set up an extensive administrative staff.

The newly elected Board of Directors, comprising 17 Regional Directors and six Directors-at-large, met immediately after the NAB convention was concluded Wednesday morning but reached no decisions other than the appointment of Mr. Loucks as Special Counsel.

The Board will meet again March 21st and at that time may or may not choose an executive head. The broadcasters insist that they are not looking for a "czar" or "dictator" but merely for a distinguished leader who will act as spokesman and "front" for the industry. No salary range has been specified, but indications are that the NAB would pay between \$25,000 and \$50,000 if they find the right man.

At the discretion of the new Board, the following administration posts may be filled: Director of Labor Relations, General Counsel, Director of Public Relations, and a Research Director. A paid Secretary-Treasurer also will be employed.

Broadcasters who attended the NAB convention are reported to be somewhat disturbed by the critical talk made by Chairman Frank R. McNinch of the Federal Communications Commission, last Tuesday, and there have been rumors that he might be offered the post of president in order to silence him. Authoritative sources, however, scoff at the possibility.

Chairman McNinch has been invited to attend a luncheon meeting of the Board on March 21st and at that time he probably will express his views as to the type of leader he believes the industry needs.

Among the names mentioned for the NAB plum, according to Broadcasting, trade organ of the industry, are the following:

Patrick Hurley, former Secretary of War; former Senator C.C. Dill, now a Washington attorney; John G. Winant, former Governor of New Hampshire and former Chairman of the Social Security Board; Stewart McDonald, Federal Housing Administrator; Edgar Kobak, Vice-President of Lord & Thomas; M. H. Aylesworth, former President of the National Broadcasting Company and now with Scripps-Howard.

James W. Baldwin, former Managing Director of the NAB, so far is entirely out of the picture of the reorganized organization, but it is reported that he will draw his \$16,000-a-year salary until next June.

A budget of \$250,000, double the former one, is anticipated to put across the new organization. Dues have been stepped up along the line in proportion to station profits.

X X X X X X X X X

~~II~~  
FCC CHAIRMAN SAYS HE'LL HOLD ON AWHILE

Frank R. McNinch, Chairman of the Federal Communications Commission, has no intention of quitting his job for sometime despite the fact that President Roosevelt is keeping the Chairmanship of the Federal Power Commission open for his return.

Chairman McNinch told broadcasters in an address at the NAB convention that he found the work "intriguing" and that he would not quite it until he had completed his assigned task of house-cleaning.

"When I took office as Chairman of the FCC", he said, "I had but little understanding of the wide scope of the duties and responsibilities of the Commission in the licensing and regulation of the radio. Each week has brought to me an increasing realization of the importance of the Commission's work to the public as well as to the industry. So intriguing and fascinating has the Commission's field of opportunity for public service become, that while, as it was expressed in the press, I was loaned from the Power Commission to the Communications Commission for a period of a few months, I am now planning, gentlemen, to continue in this work until I may have had a part in at least charting a course of constructive regulation and the formulation of policies for the guidance of the industry and the solution of some of the more important problems inherent in radio and facing your industry."

X X X X X X X X X

LISTENS TO US FROM EGYPT

John H. Payne, Chief of the Electrical Division of the Bureau of Foreign and Domestic Commerce, writes from the Cairo Radio Conference, where he is a delegate:

"I have a good radio and am listening to America frequently."

X X X X X X X X X

## TWO STATIONS TRANSFERS APPROVED BY EXAMINERS

Approval by the Federal Communications Commission of two station transfers was recommended this week by an Examiner although both admittedly violated the Communications Act and a Commission rule.

The transfer of the control of the Honolulu Broadcasting Co., Ltd., operator of Station KGMB, to the Pacific Theatres & Supply Co., Ltd., by the sale of 850 shares was held by Examiner Tyler Berry to be a violation of Section 310(b) of the Communications Act.

"However, there was no evidence of concealment or a wilful purpose to disregard the statute", he added, "and it does not appear that the public interest or any other service has suffered any injury because of the failure to report the attempted transfer of the stock."

Regarding a transfer of control of the Arkansas Radio & Equipment, Co., which operates Station KARK, Little Rock, Ark., Examiner Berry held that the transfer of 617 shares of stock by John R. Frazer to Radio, Inc., was not subject to the Communications Act but that the transfer of a similar number of shares from Radio, Inc., to T. H. Barton without the consent of the Commission was a technical violation of Section 310(b).

"However, Mr. Barton at that date owned in his own right, all of the outstanding stock of Radio, Inc.", Berry said, "and upon the dissolution of Radio, Inc., Mr. Barton became the legal owner and entitled to the possession of the stock of Arkansas Radio & Equipment Co. so that the delivery of the stock of the Arkansas Radio & Equipment Co. to Mr. Barton, in fact, constituted no change in ownership."

X X X X X X X X

## YOUNG ROOSEVELT ONE OF NEW NAB DIRECTORS

Elliott Roosevelt, son of the President and head of Hearst Radio, Inc., was elected one of six Directors-at-large this week by the 17 Regional Directors of the National Association of Broadcasters.

Other Directors-at-large are: Harold Hough, WBAP, Fort Worth; Lamdin Kay, WSB, Atlanta; Frank M. Russell, WRC, Washington; John Elmer, WCBM, Baltimore; and Edward A. Allen, WLVA, Lynchburg, Va.

An Executive Committee also was named following the convention. It comprises Edwin W. Craig, WSM, Nashville; Mark Ethridge, WHAS, Louisville; Walter J. Damm, WTMJ, Milwaukee; Frank Russell, WRC, Washington; and John Elmer, WCBM, Baltimore. The President, as yet unchosen, will head the Committee.

X X X X X X X X

2/18/38

## HERRING BILL NOT CENSORSHIP, AUTHOR SAYS

Senator Herring (D.), of Iowa, this week sought to correct what he said was "an erroneous impression" that his radio bill would "interfere with free speech or provide for the Government censorship of radio broadcasts."

The Iowan, leader of a movement to "clean up" the radio broadcasts, said the amendments he was drafting for the Federal Communications Commission, asked no additional powers for the Federal Communications Commission.

He added he would propose establishment in the Commission of a Board of Review program voluntarily submitted by the broadcasters before they were put on the air.

X X X X X X X X X

## NEW NAB DUES RANGE FROM \$5 TO \$500 A YEAR

Broadcasting stations will pay well for their broader trade organization under the scale of dues adopted at the NAB convention this week.

The scale, based on the range of income, is as follows:

<u>Range of Income</u>	<u>Monthly Dues</u>
\$ 0 - 15,000	\$ 5.00
15,001 - 36,000	10.00
36,001 - 60,000	15.00
60,001 - 80,000	20.00
80,001 - 120,000	30.00
120,001 - 160,000	40.00
160,001 - 200,000	50.00
200,001 - 300,000	75.00
300,001 - 400,000	100.00
400,001 - 500,000	125.00
500,001 - 600,000	150.00
600,001 - 800,000	200.00
800,001 - 1,000,000	250.00
1,000,001 - 2,000,000	400.00
Over \$2,000,000	500.00

X X X X X X X X

## EDUCATORS SHOW INTEREST IN FCC ALLOCATION

Although only one application for short-wave educational facilities has been filed with the Federal Communications Commission since it set aside 25 ultra-high frequencies for educational use, schools all over the country are showing a keen interest in the matter.

The first application came from the Cleveland Board of Education and asked for 41,500 kc., with 500 watts unlimited time.

Boards of Education in New York City and Detroit have asked the FCC for information concerning the new allocation, while the U. S. Office of Education has been besieged with inquiries, according to Dr. John W. Studebaker, the Commissioner.

"The reservation of 25 channels means that a large number of allocations can be made to educational groups throughout the United States ", Dr. Studebaker said. "Engineers point out that a minimum of about 50 stations in various parts of the country may use each frequency, since the ultra-high radio waves are distinctly local in character. This indicates that there is room in the sector reserved for at least 1,250 local non-profit educational radio stations.

"The new frequencies will be used to stimulate the interest of students in subjects they would not ordinarily be eager to learn. Detroit is presently engaging in such broadcasts. There will be broadcasts to classrooms as there now are to science classes in Rochester. Model lessons broadcast by especially expert teachers in various subjects will gradually improve classroom teaching. Cleveland is one city now following this practice. The University of Wisconsin's radio classes in singing doubtless will be duplicated in many other areas. Chicago and Long Beach have made emergency use of radio to reach pupils in their homes when schools were closed.

"These frequencies can be a great boon to the isolated rural school with its one or two teachers. At present county superintendents or supervisors may be able to visit each school in the county or district only once or twice a year. Under this plan constant contact may be maintained with all schools.

"The newly allocated frequencies are distinctly local in character. They will be serviceable at a radius of 5 to 15 miles from the transmitter. A radio tower on a hill top probably will be a characteristic adjunct of many American schools in the not-too distant future."

X X X X X X X X X X

## McNINCH DEPARTS FROM PREPARED SPEECH TO NAB

Chairman Frank R. McNinch, of the Federal Communications Commission, departed from the text of an address given to the press this week when he addressed the National Association of Broadcasters. Some of his interpolations were more critical than the comments in his prepared speech.

A stenographic report of Chairman McNinch's address, published in the current issue of Broadcasting, contained the following comments by the FCC Chairman on programs and program standards:

"While the broadcasting industry is to be highly commended for the quality of most of its program service, I would be less than candid if I did not say that in my opinion some of the program features fall below the standard which I believe the public expects and has a right to expect.

"This comment and such further comments as I may make on programs is made in a friendly, cooperative and purely advisory spirit. It is not intended to carry the least threat. I want to help you if I can, for that is my job. I hope I may be able to look at these things from the standpoint of the average citizen. Maybe you are not quite so well placed to do that, for sometimes we are so close as not to be able to see the woods for the trees. All that I say is intended to be helpful to you rather than hurtful.

"I am neither a purist nor a prude, although I have had questions asked me indicating that I was both - and then some.

"Not at all! I think I am just an average American citizen. If I have ideals and fairly high conceptions of public interest, public taste and public desire, I do not believe I overrate the concepts of the average American citizen. I do not think I have any higher conception of the home than you have, and I am not willing to grant that any other has a more exalted opinion of the home than I have. I have a family, a wife and five children, and I can get a fair impression similar to that made upon the average American home by program material that is broadcast.

"As I sit in our family circle listening to the radio, we are, I believe a typical American family. Some programs are not welcomed. They subtly and sometimes boldly suggest to young people things that I wonder if any of you think it proper to suggest to young minds in their plastic and formative stage when impressions are quickly and indelibly made, often to last through life. Beware of the danger to the ideals, the morals, the thought-habits of our youths and children. I wonder if here there is not the highest possible degree of responsibility that is carried by any public agency because you do come into our homes, whisper your message or your song whether for good or ill to those assembled.

"I do not believe in, I do not want, I shall not exercise consciously any power of censorship. The supervision of your programs rests squarely upon your shoulders, but it is definitely there and it goes with and is incident to your license. You cannot escape that responsibility.

"I have heard that some have the jitters about what the Commission may do about censorship. I do not know what I may say about it that would not be misleading, but I shall try to say a helpful word. Why have the jitters about censorship? The Commission has done nothing that I know to justify your sitting on edge lest you be haled into court upon some frivolous accusation as to a broadcast over your station.

"If you sat at my desk you would read many, many complaints against the stations, about which you do not hear because they do not appear to warrant active consideration.

"I send other complaints to you from time to time without any expression of opinion but for your information. I think I owe that to you. You would not like, would you, that the Commission should continue to receive complaints against your station without your knowledge? When the complaints are received from the Commission without comment, I would like you to be sure that the Commission has formed no opinion whatever touching the matter complained of."

 X X X X X X X X

#### G.E. ULTRA SHORT-WAVE STATION READY

General Electric's new ultra-short-wave radio transmitter erected on top of the State Office Building in Albany, N. Y., will officially inaugurate its broadcast schedule Monday night, February 21st. This new station, to be known by the call letters of W2XOY, will operate on a frequency of 41 megacycles or 7.31 meters with a power output of 150 watts. It will be on the air four times each week, on Mondays, Wednesdays and Fridays from 8 to 9 P.M., and on Saturday afternoons from 3 to 5 o'clock. All programs will originate in General Electric's short-wave studios in Schenectady and will be carried by a special wire line to the Albany transmitter.

Signals on this ultra band are supposed to travel in straight lines, the same as light waves, to be heard within a distance of 20 or 25 miles from the point of origin. However, in one of the early tests about two months ago a report was received from an amateur in Phoenix, Arizona, more than 2,000 miles distant, telling of receiving the station

 X X X X X X X X

::: ----- :::  
 ::: TRADE NOTES :::  
 ::: ----- :::

Station WLXK, Boston, this week placed in operation a new directional rhombic antenna beamed on Capetown, South Africa, and expected to greatly improve service to all of South Africa. The new antenna comprises four 60 foot wood poles arranged in the form of a diamond 205 feet on each side. The resultant power gain is 20 times, thus giving an effective beam power of approximately 120 KW.

// ----- "Monopoly in Radio" is the title of an article in the March issue of Pacific Monthly. The author is J. F. Burke, "editor of the air", who speaks daily over Stations KFVD and KMTR. *\$hould get from DC*

/ ----- Mae West got in the last word in the recent radio row by taking a whole page in Variety to address "salutations" to the National Association of Broadcasters during the Washington convention. The tag line was: "Remember me, boys!"

----- Station WMCA has become the New York outlet for the WLW line following a deal worked out between John L. Clark, head of Transamerican Broadcasting & Television Corp. and Donald Flamm, President. The alliance became effective this week with the clearance of two WLW line commercials over WMCA. Other new line commercials will be moved over to WMCA from WHN as spots become available on the former station, and as approvals for such changes are obtained from the clients concerned, Variety reports.

----- Station WOR, Newark, announced this week the placement of an order for radio facsimile equipment to be supplied by RCA. This additional equipment, to be delivered within a few weeks, differs in a number of points from the facsimile system now being used by the station during experimental broadcasts which are being conducted daily by the WOR engineering staff.

----- Work on a series of recordings for the National Association of Manufacturers was started this week by the NBC Electrical Transcription Service. The 15-minute programs will consist of talks on current events and economic trends by George E. Sokolsky, well-known writer, lecturer and commentator. The recordings will be made available without charge to one local station in each community. They already are reported to be scheduled on more than 235 stations throughout the country.

"Radio as a Political Instrument" by Cesar Saerchinger, formerly a U. S. network representative abroad, appears in the current issue of Foreign Affairs Quarterly.

-----

General Electric's enlarged short-wave broadcast schedule, to include use of the two new frequencies recently granted W2XAD by the Federal Communications Commission, will go into effect March 4th. Four frequencies will then be used by Stations W2XAD and W2XAF in transmitting programs to international listeners. The broadcasting schedule will be increased by two and one-half hours with the use of the new frequencies. W2XAD, on 21,500 kilocycles or 13.95 meters, will be in operation from 8 A.M. to 12 noon; on 15,330 kilocycles or 19.56 meters from 12:30 p.m. to 7 p.m.; and on 9,550 kilocycles or 31.41 meters from 7:30 p.m. to 12 midnight, EST. Station W2XAF, operating on a frequency of 9,530 kilocycles or 31.48 meters, will be in service from 4 P.M. to 12 midnight, EST.

X X X X X X X X

#### EDITOR NOTES PROGRESS IN TELEVISION ART

Encouraging developments in television experimentation were noted by Orrin E. Dunlap, Jr., Radio Editor of the New York Times, in the lead article on his radio page last Sunday.

"Along two new fronts the attack on television is being widened to simplify and make telepictures practical for reception in the home", he wrote. "First, research experts here and abroad have turned their attention to the development of a television attachment for standard broadcast all-wave sets to convert them into receivers of ethereal cinema.

"Second, apparatus, including cathode ray tubes or 'eyes' is being designed at prices that encourage amateur experimenters to enter the field of radio optics. In addition, several new systems of flickerless telecasting are being evolved which promise to simplify transmission and reception in an effort to make both as practical and clear as the broadcasting of sound.

"Today, under television methods in use in New York and London, the sending and receiving machines must be synchronized, and this is quite a complex electrical trick. The practice is to 'paint' the picture at the sending end and also at the receiver, locking the two terminals by electrical synchronization so they will work in step or harmony. When the electron 'brush' sweeps a line across the transmitter's eye, a similar 'brush' must sweep a duplicate stroke across the screen at the receiver.

"To simplify the magic, Allen B. DuMont, veteran radio engineer, at his laboratory in Upper Montclair, N. J., recently demonstrated a new system in which the image or scene is 'painted' electrically at the transmitter. Then the complete picture is broadcast, along with what the engineers call the 'controlling factors' necessary for holding the receiver in perfect step with the transmitter. This eliminates much of the work heretofore done at the receiver and facilitates simplification of the apparatus.

"As television is now evolving there is to be no overnight upset of the nation's broadcasting system; there is to be no overnight obsolescence of home radios, for a radio of 1938-39 design may well be a television receiver some day when the 'eye' attachment is ready to be plugged into the circuit to 'see' what the loud speaker is talking about. That day may not be far away."

X X X X X X X X X X

#### CBS TELEVISION DEBUT DELAYED UNTIL SUMMER

Due to a change in specifications for the visual transmitter, the Columbia Broadcasting System will not make its debut in television before late Summer. Earlier plans called for the transmissions from the Chrysler tower to begin this Spring. RCA is making the equipment.

Plans for the studios also have been changed. Instead of permanent stage fixtures, as originally proposed, it is planned now to use portable fixtures until the period of experimentation in television broadcasting is past.

X X X X X X X X X X

Speaking in the Australian House of Representatives recently, a member of the Cabinet stated that newspapers have complete control of 20 broadcasting stations in Australia. In addition to this, newspapers had interests in 11 other broadcasting stations which they did not control. These facts were given to refute any suggestions that newspapers were gaining control of the majority of radio broadcasting stations in Australia, which at the present time number 102, of which 20 are "National Stations" owned by the Government and operated by the Australian Broadcasting Commission, while 82 are "commercial stations".

X X X X X X X X X X

~~NOTE: DUE TO THE GOVERNMENT OFFICES BEING CLOSED FOR THE WASHINGTON BIRTHDAY HOLIDAY, THERE WILL BE NO ISSUE ON TUESDAY, FEBRUARY 22ND.~~

X X X X X X X X X X

## WMCA SIGNS OFF WITH PRAYER FOR OPPRESSED PEOPLES

Station WMCA, New York, last Sunday broadcast a prayer for "oppressed people in other lands" and stated it will be given nightly at the conclusion of the regular program. The announcement, made by Donald Flamm, President of Station WMCA, marks the first definite expression of an editorial policy by any American radio station.

The prayer, set to appropriate music and preceded by the national anthem, reads: "At this time, may we express the fervent prayer that the sweet freedom of democracy, so keenly enjoyed by all Americans, may some day soon, be restored to those people of other lands who, tonight, are yoked by oppression. And may the spirit of brotherly love preserve inviolate the glorious principles on which our own great country was founded. Peace on earth, good will to men."

X X X X X X X X

## FIRST MARCONI AWARD GOES TO NAVAL OFFICER

The first Marconi Memorial Gold Medal for Valor established by the Veteran Wireless Operators' Association in memory of the Italian inventor, who was honorary president of the organization, was awarded in New York last week at the Association's annual dinner to Lieutenant Carl O. Petersen, U.S.N.R., for outstanding radio work as a member of the Byrd Antarctic Expeditions.

David Sarnoff, President of the Radio Corporation of America, a life member of the Association, made the presentation to Lieutenant Petersen.

The RCA president also announced his personal gift of \$1,000 toward the erection of a suitable memorial in New York to Marconi, who died on July 20, last year, in Italy. Funds for this purpose, it was learned, already have reached nearly \$3,000. The monument is to cost more than \$10,000.

Lieutenant Petersen received the Marconi medal for his work in connection with radio communication from an airplane during an exploration flight over the Antarctic Continent by Rear Admiral Richard E. Byrd on Jan. 3, 1934. For that occasion Lieutenant Petersen rigged up a radio compass which was said to have been of inestimable value in aiding the fliers to reach their landing place at Little America after hours in the air over the inland polar wilderness.

For his work with the Byrd parties the radio man also has received the Congressional Gold and Silver Medals, the Navy Distinguished Flying Cross and the Lief Erikson Medal. Only three of the latter ever have been awarded.

X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**

## INDEX TO ISSUE OF FEBRUARY 25, 1938

Broadcasters Plan Fight On Boylan Tax Bill.....	2
FCC Examiner Approves Sale Price Above Station Cost.....	4
Ickes' Broadcast To Britain Hit In House.....	5
Three Cities Refused Additional Radio Outlets.....	5
RMA Urges Industry To Fight Excise Tax On Radio.....	6
WLW Loses Appeal From Payne Order For Hearing.....	7
Free Radio Time In Elections Urged By Knox.....	8
American Radio Reviewed In Special BBC Edition.....	8
Columbia U. To Make Study Of Radio As Educational Media.....	9
Trade Notes.....	10
Television Won't Reach Farmer, Says Ramsdell.....	11
Former N.C. Governor Boomed For NAB Job.....	11
McDonald Lauds Dominican Government.....	12

No. 1103

## BROADCASTERS PLAN FIGHT ON BOYLAN TAX BILL

Broadcasters, led by the National Association of Broadcasters, were discussing plans this week for fighting the proposed tax on radio stations, based on power watts, after Representative Boylan (D.), of New York, disclosed that hearings will be held this session on his bill.

The broadcasting industry was taken somewhat by surprise by the announcement as it had been generally assumed that the measure, originally drafted by Commissioner George Henry Payne, was dead for the session at least.

So confident were the broadcasters that the tax proposal was dormant that they didn't bother to take any action on it at the recent convention of the NAB in Washington.

Officials who are serving as interim officers of the NAB pending the employment of a paid president and other executives said that NAB undoubtedly will be prepared to battle the bill when hearings begin before a sub-committee headed by Representative Thompson (D.), of Illinois.

Neutral observers are inclined to believe that while hearings probably will be held that it is doubtful that any tax law will be enacted at the present session of Congress. No date will be set by the sub-committee until the general tax measure now pending before the full Ways and Means Committee is reported to the House.

The Payne-Boylan tax plan would cost the broadcasting industry between \$5,000,000 and \$7,000,000 a year, it is estimated, and would fall hardest on the high-power stations.

The broadcasters received a second jolt when Chairman Frank R. McNinch, of the Federal Communications Commission, came out publicly endorsing the proposal to tax broadcasting stations on the ground that FCC regulation cost the Government \$1,700,000 a year and that broadcasting stations pay nothing for the use of the Government-owned radio channels.

Mr. McNinch explained that he did not endorse the Payne-Boylan tax plan as he had worked out no rates, but he added:

"Broadcasters enjoy the privilege granted by the Government, and they ought to pay some reasonable tax to support the regulatory agency."

The idea of charging radio stations license fees has been discussed for several years during hearings by House and Senate Appropriations Committees.

On March 2, 1929, the Senate adopted a resolution calling upon the Federal Radio Commission to formulate a schedule of fees, and on Dec. 9, 1929, Chairman Ira E. Robinson submitted a plan.

A bill incorporating parts of these suggestions was introduced in the House on Feb. 15, 1933, by the then Representative Ewin Davis of Tennessee, and referred to the Merchant Marine, Radio and Fisheries Committee. It died in a pigeon-hole.

The Boylan bill also provides that every person operating a broadcast station after passage of the bill, "or upon first engaging in the operation of a broadcast station in the United States, and thereafter on or before the first day of July of each year, shall register with the Collector for the district in which such station is located, his name or style, principal place of business and places of business in such district, and pay a special tax, computed on the power authorized by the Commission for use by the station."

The following rates are proposed:

"For every station authorized to use not in excess of 1,000 watts, \$1 per watt for each watt authorized.

"For every station authorized to use in excess of 1,000 watts and not in excess of 10,000 watts, \$2 per watt for each watt authorized.

"For every station authorized to use in excess of 10,000 watts, \$3 per watt for each watt authorized."

Broadcasters were quick to point out that they now pay income taxes and other normal levies which other business organizations pay.

They also contended that the graduated tax plan, as proposed by Representative Boylan, would impose an undue hardship on high-powered stations. A 50,000-watt station, of which there are 34, would have to pay \$150,000 a year.

Station WLW, which operates with an experimental power of 500,000 watts, would have to pay the Government the prohibitive tax of \$1,500,000 a year. A dozen or more other stations have applications pending for similar super-power licenses.

X X X X X X X X X

## FCC EXAMINER APPROVES SALE PRICE ABOVE STATION COST

The sale of a broadcasting station for a price in excess of the physical value of the property is not an assertion of ownership of a frequency and is not a violation of Section 301 of the Communications Act, according to an interpretation by Examiner Melvin H. Dalberg of the Federal Communications Commission.

Recommending approval of the application of Charles H. Gurney to sell controlling stock in WNAX, Yankton, S. D., to the South Dakota Broadcasting Corporation, Examiner Dalberg said:

"Section 301 of the Communications Act of 1934 provides for the use but not for the ownership of frequencies for communication by licensees of the Federal Communications Commission. By this provision Congress has provided, and the courts have so held, that a licensee may not assert any control over a frequency as against the regulatory power of the Commission (Nelson Bros. Bond and Mortgage cases). It is not believed that the sale of the stock of a licensee corporation at a price in excess of the actual physical value of the property used in broadcasting is an assertion of any ownership of a frequency as against the Commission.

"There appears to be no provision in the Communications Act of 1934 which gives the Commission jurisdiction to deny an application for approval of a stock transfer upon consideration growing out of a per share price paid for the stock of the corporation only. It seems to be clear that Section 310(b) of the Act invites the Commission's consideration to the matter of public interest and excludes contractual consideration between the parties from the matters confided to the Commission except insofar as the price paid might affect such interest in relation to the service of the station. This approval may be granted within the purview of Section 301 and 310 of the Communications Act of 1934 and of Rule 103.18 and of the Regulations of the Commission and it is believed that the granting thereof will serve the public interest, convenience and necessity."

The report discloses that Mr. Gurney acquired the entire issue of Class A non-voting stock in the station for \$150,000. Of the 500 Class B voting stock, he held 428 because of his holdings in the House of Gurney, which originally owned the station properties. Thereafter he acquired 22 additional shares at a cost of \$100 a share. He had an option to purchase the remaining 50 at the same figure.

The proposed sale price is \$200,000 or at the same rate of \$100 a share.

Another proposed transfer of ownership was recommended for approval by Chief Examiner Davis G. Arnold. It involved KGRV, of Weslaco, Texas.

The sale price is \$54,000, and the value is explained in the report as follows:

"The original cost of all the equipment proposed to be sold and transferred in connection with the sale and transfer of the stock of the corporation is shown to have an original cost of \$50,494.49. Depreciated value is placed at \$47,443.38 and the replacement cost is shown to be \$55,943.61."

X X X X X X X X X

#### ICKES' BROADCAST TO BRITAIN HIT IN HOUSE

The recent broadcast of an address by Secretary Ickes directly to the English people via the British Broadcasting Corporation system brought repercussions in the House this week as it suggested new possibilities for American statesmen interested in world affairs.

The speech was assailed by Representative Taber (R.), of New York, because it ignored the customary diplomatic channels used when one government communicates with another. Congressman Taber called upon President Roosevelt and Secretary Hull to state whether or not they approved or inspired the talk, which was an attack both on fascism and communism.

While novel to this country, the broadcasting of similar addresses by other countries has been going on ever since short-wave transmission became widespread. Italy, Germany, France, and recently Great Britain broadcast talks directly to foreign countries, in the language of the country receiving the broadcast.

X X X X X X X X X X

#### THREE CITIES REFUSED ADDITIONAL RADIO OUTLETS

While Examiners are weekly recommending new broadcasting stations for small towns and cities throughout the country, Examiner John P. Bramhall this week filed an adverse report with the Federal Communications Commission on four applications for new stations in three large cities.

The applicants sought facilities in Detroit, Pittsburgh, and Chattanooga. All except one asked for 1120 kc. The Examiner pointed out in each instance that the applicant had failed to establish a need for additional service in the city.

X X X X X X X X X

## RMA URGES INDUSTRY TO FIGHT EXCISE TAX ON RADIO

Continuing his fight on the 5 percent excise tax on radio receiving sets and equipment, Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, this week enlisted the support of the entire industry in a move to persuade Congress to drop the tax from the pending general tax bill.

In a letter, urging that interested parties write to their Senators and Representatives, Mr. Geddes said:

"Your action, now, is needed in the immediate effort before Congress by the entire radio industry - manufacturers, dealers, distributors, and also broadcasters - to relieve radio from the 5 percent Federal excise tax on receiving sets, etc.

"You are earnestly requested to write letters to your two U.S. Senators and also your Representatives, and immediately, urging repeal of the radio tax, or at least its substantial reduction. If the whole industry acts vigorously, results will benefit everybody in radio and also the consuming public.

"The Radio Manufacturers' Association has opened a vigorous campaign in Congress to completely repeal the 5 percent radio excise tax (or, if repeal is not now possible, to at least reduce the rate to  $2\frac{1}{2}$  or 3 percent), for the following major reasons:

"(1) Radio, because of its universal public service and use, should, like the press, be free of any tax burden.

"(2) Radio is a greater medium of mass communication than the press, and the radio tax burdens this great public agency and service, which should be tax exempt, to develop its maximum public usefulness.

"(3) Radio today is a universal necessity in modern American life, 45,000,000 in use, many millions more than automobiles (taxed only 3%), or telephones.

"(4) What might have been deemed a semi-luxury a few years ago is today the most universally used necessity, in peace or war or nationwide importance; for public information, education, entertainment, culture, religion, civic, political, and enlightened citizenship.

"(5) Repeal of excise taxes, of \$25,000,000, is proposed by the House Committee and Treasury Department in the pending tax revision bill - and on unquestionable luxuries, including furs, sporting goods, chewing gum, cameras, and cosmetics - several entailing more revenue loss than the annual radio tax of about \$6,400,000.

"(6) Repeal of the radio tax should be given first consideration in the excise tax revision of Congress - and prior to any luxuries.

"(7) The radio tax is a special, selective, discriminatory 'nuisance' tax. Its repeal would take a burden off radio's service to the consuming public, increase sales of dealers and distributors, as well as manufacturers, increase broadcast listeners, and provide an immediate needed business stimulus.

"The House tax revision bill soon will come before the House and later the Senate. You are earnestly urged to write letters immediately to your U. S. Senators and Representatives of your district and State, to assist the entire radio industry in its effort to make radio tax free. Your cooperation will be appreciated."

XX XXX XXX XXX

#### WLW LOSES APPEAL FROM PAYNE ORDER FOR HEARING

The Federal Communications Commission this week denied a petition for review of the action taken by Commissioner George Henry Payne in designating the application of WLW, Cincinnati, for renewal of its 500 kw. license for a hearing.

This means that a hearing will be held, probably before the full Commission, at an undesignated time.

Attorneys for Powel Crosley, Jr., owner of Station WLW had challenged the order of Commissioner Payne on the ground that a single Commissioner could schedule a hearing before the Commission en banc. Commissioner Payne had acted while in charge of routine matters under the new revolving set-up instituted by Chairman Frank R. McNinch.

Messrs. Payne and Crosley have been at odds for more than a year following an altercation over WLW accounts at a general broadcast hearing.

XX XXX XXX XXX

The High Court of Australia, in a judgment delivered not long ago, held that the broadcasting of races as seen from outside a race course does not interfere with the rights of the racing club. Therefore, it refused the application made by a racing club for an injunction to restrain a commercial broadcasting station from making such broadcasts. The decision, which is considered one of the most significant in the history of radio broadcasting in Australia, has been received with much satisfaction in radio circles.

XX XXX XXX XXX

## FREE RADIO TIME IN ELECTIONS URGED BY KNOX

Frank Knox, Chicago newspaper publisher and 1936 Republican candidate for Vice-President, this week suggested that political candidates be allowed free time on the air during election campaigns.

The proposal, he pointed out, would eliminate one of the most expensive items on a political budget, but he did not observe that it would take away a very lucrative income from broadcasting stations. The Knox plan would apply only during presidential years and "near election time".

Broadcasting stations now give political parties free time frequently for airing their views over the air, but during election campaigns they are forced to charge candidates and their supporters on account of their large number.

Broadcasters pointed out that if the Knox plan were adopted they would be besieged by applicants for time and would have little or no time left for commercial programs, which support the stations.

Speaking at Des Moines, Ia., at a Republican rally, Mr. Knox proposed a limitation of \$1,000 on national campaign contributions. Regarding radio costs, he said:

"What I have in mind is the cost of radio broadcasting. It has already become very nearly the largest single item in the expense of a campaign. Radio, in a sense, is a natural monopoly. Each station uses a certain wave frequency. It is granted the right to this frequency, and is protected in its enjoyment of it, by the Federal Government, representing all the people.

"Why not, as a partial compensation for this privilege, require that, near election time, both great parties be allowed, without expense, an equal amount of time on the air, to the end that both sides of all issues be fairly and adequately presented to the people? Minor parties should, of course, be treated with proportionate consideration."

X X X X X X X X

## AMERICAN RADIO REVIEWED IN SPECIAL BBC EDITION

A rather comprehensive picture of broadcasting in the United States is given in the February 11th issue of World-Radio, just received in this country. The publication is a weekly organ of the British Broadcasting Corporation.

Signed articles by Lenox R. Lohr, President of NBC; William S. Paley, President of CBS; and W. E. MacFarlane, of the Mutual Broadcasting System, are included in the resume. Another article is devoted to President Roosevelt's fireside chats, and still another to television developments in the U.S.

X X X X X X X X X X

## COLUMBIA TO MAKE STUDY OF RADIO AS EDUCATIONAL MEDIA

A broad study of radio in relation to education was ordered this week by Columbia University with the appointment of a committee of seven by Dr. Nicholas Murray Butler, President.

The task of the Committee, an announcement said, is "to consider all phases of radio with reference to courses of study, to broadcasting on the part of the university, or any groups or parts of it, and to the relation of radio to the educational services of the university."

The Committee is composed of Dean Carl W. Ackerman of the School of Journalism, Chairman; Provost Frank D. Fackenthal, Dean Herbert E. Hawkes of Columbia College, Dean Virginia C. Gildersleeve of Barnard College, Dean George B. Pegram of the Graduate Faculties, Dean William F. Russell of Teachers College and Dean Joseph W. Barker of the School of Engineering.

"The appointment of this Committee marks the culmination of many years of interest, experiment and study of the radio on the part of individual members of the university", Dr. Butler said. "In both the scientific and the educational development of wireless communication and radio broadcasting, Columbia University has been represented by members of the several faculties and alumni.

"Radio today is the most important instrumentality of public communication. It may well be as valuable to the people as an agency for the diffusion of knowledge as it is today in the distribution of information and in spreading appreciation and understanding of the cultural and industrial arts.

"Radio today is related not only to the future of our domestic institutions but to world peace and progress. The hourly international short-wave broadcasts by the several governments of the world present a world-wide problem in education. This activity is a challenge to the ingenuity and to the resourcefulness of all institutions functioning in the field of liberty.

"It is my hope that this Committee will obtain the advice, the assistance and the cooperation of all individuals and groups within the university, the radio industry and among the many public bodies, to the end that a fundamental and continuing policy may be developed to augment the educational and the public services of the university."

X X X X X X X X

2/25/38

::::: ----- :::::  
::::: TRADE NOTES :::::  
::::: ----- :::::

A national agreement, granting sole collective bargaining rights to the United Electrical, Radio and Machine Workers of America, a C.I.O. affiliate, in all plants of the General Electric Company in which the union is designated as majority representative, has been worked out by the company and the C.I.O. group. The contract, the first entered into by General Electric with any union on a national basis, will become operative in five plants with 27,000 employees as soon as it has been ratified by the C.I.O. unions in the General Electric system.

Construction permits for two new stations at Aurora, Ill., and Atchison, Kans., were recommended to the Federal Communications Commission this week by Examiners. The applicants are Martin O'Brien and Carl Latenser, respectively.

At a luncheon session of the Inland Daily Press Association convention last week, William J. Cameron of Ford Motor Company, explained how his criticism of impertinent advertising on radio had resulted in his appearance on the Ford Sunday Evening Hour. He remarked that advertising is not generally considered impertinent in newspapers, while radio's "anxious, persistent, insistent, unmannerly salesmanship is an affront which radio announcers should be the first to feel."

Denial of the application of the Young People's Association for Propagation of the Gospel, Philadelphia, for a radio station permit was recommended to the Federal Communications Commission this week by Examiner Melvin H. Dalberg on the ground that the broadcasts would be limited to a single religious sect.

According to the office of the American Commercial Attaché, Paris, statistics published in the trade press indicate that 4,099,404 radio receiving sets were registered in France on December 1, 1937. Of this amount, 1,577,460 were in the Paris region.

X X X X X X X X X

## TELEVISION WON'T REACH FARMER, SAYS RAMSDELL

What will television mean to the farmer? Nothing at all at the start, declares Sayre M. Ramsdell, Vice-President of Philco Radio and Television Corporation. "Unless", he adds, "television is withheld until visual broadcasting can properly cover the country, which is unlikely."

"The public introduction of television is still quite a way off", Mr. Ramsdell said. "However, there are indications that it may be introduced prematurely because of the impatience of one company or another now working on television to be first in the field. I say prematurely from the point of view of television broadcasting and not of receiving sets.

"At present, the maximum range of a television program is about 25 or 30 miles. By the time television is likely to be offered to the public in what I call a premature state, the range may very well be 50 miles."

That, explained Mr. Ramsdell, is why television will have very little effect with the farmer. "There must be stations for television, and as no network systems will be possible at the start, the cost of broadcasting will be tremendous", he says. The cost of building even a moderate number of stations would take millions of dollars alone. All this cost will have to be borne by the television industry because there will be no commercial value in a station until there is further development in coverage."

X X X X X X X X X X X X X

## ~~FORMER N.C. GOVERNOR BOOMED FOR NAB JOB~~

There's a boom for former Gov. O. Max Gardner of North Carolina as paid President of the National Association of Broadcasters, according to Frederic William Wile, Washington columnist.

"The fact that the one-time Tarheel executive hails from the same neck of the woods as Chairman McNinch of the Federal Communications Commission is supposedly one of Gardner's chief claims to eligibility for the broadcasting job", "Mr. Wile wrote. "Since leaving office at Raleigh in 1933, he has been active at Washington as counsel for the cotton textile and rayon industries. The ex-Governor rates as having an inside track to the White House, because he was an original Roosevelt man in Dixie."

X X X X X X X X X X

2/25/38

MCDONALD LAUDS DOMINICAN GOVERNMENT

In view of recent discussions in the press concerning the administration of President Trujillo of the Dominican Republic and of events in that country, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, now on board the yacht "Mizpah" in the harbor of the Caribbean Republic's capital city, has sent the following radiogram:

"At the cathedral we were received and personally conducted by the Archbishop with the Secretary of State and the Secretary of the Interior. Using the third key the Archbishop opened the tomb of Columbus and displayed to us the container of the remains of Christopher Columbus. This tomb is ordinarily opened only once a year.

"The Archbishop is to be our guest for lunch tomorrow and President Trujillo is to be our guest for dinner tomorrow evening. President Trujillo is well called the benefactor of the Dominican Republic. With only \$10,000,000 a year he has done marvels. His Republic is an example of friendliness and good order. His people worship him. He has been President eight years and his people are imploring him to run for a third term. He should. I have talked with the natives. They all worship this man who is efficiency personified. The exaggerated stories of Dominican conditions should be ignored. They have a modern government here."

From Santo Domingo the "Mizpah" will proceed to a number of Caribbean ports including the penal colonies of French Guiana, where Dr. Leonarde Keeler, head of the Crime Detection Laboratory of Northwestern University, a member the party, intends, with the permission of the French Government to make some experiments with the lie detector.

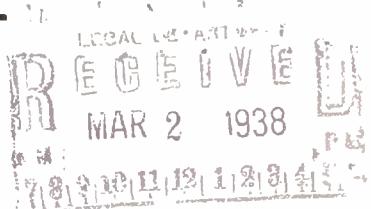
X X X X X X X X X

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



## INDEX TO ISSUE OF MARCH 1, 1938.

Ban on Radio Liquor Ads Proposed In Bills.....	2
ASCAP Suit May Be Dropped, Cummings Says.....	2
U.S. Seeks To Counteract European Propaganda.....	3
Uniform Accounting System Ready By March 9.....	4
Would Grant Zenith Television License.....	4
Super-Power Hearings Set For May 16; U.S. Plan Rumored.....	5
NAB Looking For "Best Qualified Man" In U.S.....	6
RCA Notes Television Progress In Past Year.....	7
What A Britisher Thinks Of U.S. Broadcasting.....	8
WOW And WPG Ask Full Time; Power Increases.....	10
Television Three Years Off, Says Philco Official.....	10
Columnist Raps Radio Stations Tax Proposal.....	10
RCA Report Shows \$9,024,858 Net Profit.....	11

No. 1104

*f*

*g m y*

March 1, 1938.

BAN ON RADIO LIQUOR ADS PROPOSED IN BILLS

The broadcasting of any advertisements of alcoholic beverages would be prohibited under provisions of identical bills introduced in the Senate and House this week.

The measures were sponsored by Senator Johnson (D.), of Colorado, and Representative Culkin (R.), of New York. They were referred to the Senate and House Interstate Commerce Committees.

Proposing to amend the 1934 Communications Act, Section 316, the amendment is tacked on to the provision outlawing the broadcasting of information on lotteries. The new section reads:

"(b) No person shall broadcast by means of any radio station for which a license is required by any law of the United States, and no person operating any such station shall permit the broadcasting of, any advertisement of or information concerning any alcoholic beverage, if such advertisement or information is broadcast with the intent of inducing the purchase of any alcoholic beverage.

"(c) Any person violating any provision of this section shall, upon conviction thereof, be fined not more than \$1,000 or imprisoned not more than one year, or both, for each and every day during which such offense occurs."

X X X X X X X X X X

ASCAP SUIT MAY BE DROPPED, CUMMINGS SAYS

The three-year-old suit of the Justice Department against the American Society of Authors, Composers, and Publishers may be dropped shortly, Attorney General Cummings has informed Senator Wheeler (D.), of Montana.

A letter, made public by Senator Wheeler, stated that efforts of the Government and ASCAP counsel to stipulate the facts in the anti-trust suit, as suggested by a trial judge, had been fruitless.

X X X X X X X X X X

## U.S. SEEKS TO COUNTERACT EUROPEAN PROPAGANDA

Somewhat tardily, the United States is turning its attention to the broadcasts of political propaganda that European nations, notably Germany and Italy, have been pouring into South America via short-wave radio transmissions.

With the backing of President Roosevelt himself, an Inter-departmental Committee was at work this week preparing to make a study of international broadcasting with particular reference to the Latin Americas.

Chairman Frank R. McNinch was elected Chairman at the first meeting, and other sessions will be held shortly although a meeting scheduled for Monday night to set up sub-committees was postponed.

Other members of the Committee are:

Attorney General Homer S. Cummings; Harvey B. Otterman and George H. Butler, of the Department of State; Roy North, Deputy Third Assistant Postmaster General; E. K. Burlew, Administrative Assistant to the Secretary of the Interior and John Ward Studebaker, Commissioner of Education; Leslie A. Wheeler, Chief, Division of Foreign Agricultural Service, Bureau of Agricultural Economics, and E. N. Bressman, Special Adviser to the Secretary of Agriculture; Dr. Alexander V. Dye, Director, Bureau of Foreign and Domestic Commerce, of the Department of Commerce; and Warren Lee Pierson, President of the Export-Import Bank.

Chairman McNinch said that the Committee will report its findings directly to the President.

One of the objectives of the study is to work out a cooperative program for the United States and Latin American countries to use the Pan American frequencies for an exchange of good-will broadcasts.

These frequencies were allocated on February 1st to the World Wide Broadcasting station, W1XAL, of Boston, and the General Electric Company, for W2XAD and W2XAF, Schenectady. It was stated at the time, however, that they should be available for Government use.

Pan American broadcasts and a Government-owned Pan American short-wave station in Washington were envisioned as long ago as 1932 at a Pan American Conference in Montevideo. At that time a resolution was adopted proposing the station, and the President subsequently set aside the frequencies by Executive Order.

3/1/38

For reasons never fully explained the plan was never put into effect, however, and one of the waves was lent to the Columbia Broadcasting System.

Commissioner George Henry Payne stirred the matter up last year, and Representative Celler (D.), of New York, introduced a bill to establish a Pan American Government-owned station, as originally planned.

Because of the necessity of acting quickly to forestall the possible loss of the frequencies at the Cairo Radio Conference, the Administration decided to lend them to private broadcasting organizations already equipped to use them. Hence the February order.

X X X X X X X X X X

#### UNIFORM ACCOUNTING SYSTEM READY BY MARCH 9

A uniform accounting system for all broadcasting stations is being prepared by the Chief Accountant of the Federal Communications Commission, Chairman Frank R. McNinch disclosed this week and will be ready for Commission consideration by March 9th.

"Only through adoption of such a system", Chairman McNinch said, "can the communications industry or the public have any dependable and comparable financial data."

He added that all licensees will have an opportunity to criticize the proposed system and offer suggestions before the final order is adopted.

X X X X X X X X X X

#### WOULD GRANT ZENITH TELEVISION LICENSE

Examiner Hill has favorably recommended that the Federal Communications Commission grant a television license to the Zenith Radio Corporation of Chicago.

Counsel in this matter for the Zenith Corporation was Irving Herriott, of Chicago.

X X X X X X X X X X

## SUPER-POWER HEARINGS SET FOR MAY 16; U.S. PLAN RUMORED

Public hearings on the highly controversial super-power issue have been scheduled by the Federal Communications Commission to begin May 16th. Fifteen stations, in addition to WLW, Cincinnati, which is now operating with an experimental license, are asking for permits to broadcast with 500,000 watts.

Present indications are that the FCC will continue to shy from the issue and at least will postpone its final decision for some time in view of the general hostility in Congressional circles to super-power on the ground that it will put smaller stations out of business.

The WLW case itself will attract considerable attention, both in and out of the industry, because of the year-old feud between Powel Crosley, Jr., owner of WLW, and Commissioner George Henry Payne, who recently designated Mr. Crosley's application for renewal for hearing while he was acting as a one-man Commission.

Meanwhile rumors were current in Washington that Cabinet members are toying with the idea of proposing super-power governmental broadcasting stations which would be used to carry programs now put out by U.S. agencies over commercial networks.

Martin Codel, publisher of Broadcasting, declared in the March 1st issue that the idea is still in the "thought stage". Power of from 500,000 to 1,000,000 watts has been suggested, he said, for use on clear channels.

Secretaries Ickes, Wallace and Morgenthau are said to be behind the move as their Departments are among the largest users of radio time. Chairman Frank R. McNinch, of the FCC, refused to confirm or deny the report.

X X X X X X X X X X

Treasury collections last January of the Federal 5 percent excise tax on radio and phonograph apparatus declined 46 percent compared with January, 1937, taxes. Total collections last January were \$367,742.97, against \$683,578.06 in January, 1937, and reflects the layoff of about 40 percent radio factory employees, reported by the Department of Labor, last November and December. Excise tax collections on mechanical refrigerators last January were \$463,424.49, against \$392,886.01 in January, 1937.

X X X X X X X X X X

## NAB LOOKING FOR "BEST QUALIFIED MAN" IN U.S.

The reorganized National Association of Broadcasters is looking for "the best qualified man in the United States" to offer the job of paid President, Mark Ethridge, Temporary Chairman of the Board of Directors, stated in a letter last week to the NAB members.

Discussing the present status of the trade association, Mr. Ethridge said:

"We have persuaded Philip G. Loucks, former Managing Director, to act as Special Counsel to the Board of Directors until the next meeting on March 21st. He will see that the routine functions of the Association are carried on from day to day, and has been requested to report at the next meeting of the Board on several problems carried over from the convention. You will receive from the Washington headquarters, reports on decisions as they are made, as well as information pertinent to the industry.

"All members are concerned, and rightly so, with the necessity of attracting to the NAB as its President, the best qualified man in the United States. Numerous suggestions have been made and an extensive investigation is now being conducted by your Board. We assure you that action will be taken as soon as the right man has been found and the details of the office have been worked out with him.

"We have quite a distance to travel before your Association is in a position adequately to cope with the problems before it. We must have your support if we are to succeed. We need your financial help. We need new members. We need a united industry. We are moving with as much speed as good judgment dictates. We wish to have your cooperation and your patient consideration of the task we have before us."

X X X X X X X X

WOR's Sales Promotion Department received the annual award for the best series of advertisements distinguished by excellence of layout, art and typography last week at the Awards dinner held in the Waldorf Astoria Hotel, New York. The advertisements were written by Joseph Creamer, Sales Promotion Manager of WOR. The annual awards are sponsored by the advertising publication, Advertising and Selling, and it is said to be the first time that the award has been given to a radio station.

X X X X X X X X

## RCA NOTES TELEVISION PROGRESS IN PAST YEAR

While noting substantial progress in television experiments, the Radio Corporation of America in its annual report to stock-holders this week did not predict when visual broadcasting may be on the market.

Commenting on RCA's contribution to the progress, the report said:

"Improvements in the RCA system of television in 1937 took place both in the laboratory and in field tests under actual operating conditions.

"Engineering studies and investigations of the requirements of a practical television system have already led to a ten to twelve-fold increase in sensitivity of the Iconoscope - the electric eye or pick-up tube - and its associated equipment. This improvement makes possible the reception of clearer and larger images and extends the possibilities of television programs.

"RCA developed mobile television units during 1937, for pick-up of outside scenes remote from the studios. NBC will use these units in the present year to augment its knowledge of television program technique gained through having staged about 130 studio demonstrations. Approximately 250 artists, musicians and personalities participated in these demonstrations.

"Significant advances were made in 1937 toward determining the fundamental standards for an American television system to meet the requirements of our nation, with a territory of 3,000,000 square miles and a population of 130,000,000 people. Our experiments with television in the past 18 months improved the system by increasing its capabilities and efficiency, thus enabling it to move closer to the inauguration of a television service for the American home."

X X X X X X X X X X

A construction permit for a new broadcasting station at Fayetteville, N.C., was recommended to the Federal Communications Commission this week by Examiner P. W. Seward. The applicants, W. C. Ewing and Harry Layman, asked for an assignment on 1340 kc. with 250 watts, daytime.

X X X X X X X X

## WHAT A BRITISHER THINKS OF U.S. BROADCASTING

The average Englishman admires the "sparkle" in American broadcasting, but there are some things that he doesn't like, according to an unsigned article in a recent issue of World-Radio, British Broadcasting Corporation weekly. The article, written by an Englishman who lives in New York, follows, in part:

"What do I think of American broadcasting? There is too much of it, far too much.

"There are more than 600 transmitters operating in the United States. The larger ones are required by the terms of their licenses to remain 'on the air' - it is a question of endurance both for the broadcasters and the listeners - eighteen hours a day. It is easy to see how difficult a task dialing has become in traversing such an aural labyrinth. Accustomed to a breathing-space between programs, an English listener finds himself wondering sceptically. Can there exist, or occur, even in so vast a country, a great enough number of human beings, or Acts of God, to furnish program material for such an unremitting barrage? What chance can there possibly be of retaining any sense of order or balance as between the countless programs?.....

"With this sort of compulsion behind it, the American microphone therefore thrusts in everywhere, from the President's study in the White House to hospital surgeries in which 'interesting' operations actually in progress have been described for the lay listeners. Nothing seems sacred from the questing microphone. With a ruthless ideal of coverage, it ranges through almost the whole of human activity and then on into illimitable Nature. Broadcasters, concentrating their efforts in the competitive search for material to broadcast, have little time to contemplate any of the ultimate effects of their activities. They are forced to leave it pretty much to listeners to discriminate between the ridiculous and the sublime. Clashing contrasts are the result: the minute shattering sounds of a farmyard chick breaking out into the world from its shell; then a solar eclipse, described romantically from a desert island in the Pacific and again, making for lavish completeness, from a mountain-top in Peru; the detonations are heard from dynamite charges eighty feet below Radio City as the New York municipality constructs a new subway; the splendors of the Aurora Borealis are detailed from the MacGregor Expedition at the North Pole, or a description given from a balloon of the violet semi-darkness of the stratosphere.

"An abundance is thus provided, and then dumped indiscriminately into the living-rooms of countless American homes via the loudspeaker. Even as one admires the insatiable persistence, the willingness to experiment, the bright vigilance and verve necessary to achieve this sort of a radio picture, the question cannot be answered as to how any due proportion and harmony can be got into the composition, or of how any intelligent control can possibly be exercised over the colorful elements. Meanwhile the non-American would-be listener in search of a particular program often finds himself looking for a needle in a haystack. An English listener, so sure of what he can or cannot

hear at home, almost shrinks from trying his fortune in the lucky dip of American radio.

"There is a vitality of its own in the frankly personal quality which all the conditions of American broadcasting encourage. The feeling has been retained that broadcasting after all is still pretty wonderful and a lot of fun. Those who can do it best - whether amateur or professional matters not at all - become national figures. Even the news commentators are star performers, welcomed into the home each evening for their personal qualities as much for the tidings they may bring. An American tourist on board a vessel lying off Malaga heard shots, saw explosions caused by bombing 'planes.

"'We knew something awful was going on', she related, 'so we spent the whole night in the ship's radio room trying to get Lowell Thomas so we could really find out what had happened.'

"Similar faithfulness to their favorite broadcasters causes many Americans to time important engagements so as not to miss Amos 'n' Andy.

"I find I have down on my notes an emphatic minus against certain announcers, masters of ceremonies, and others who, I suspect, try too hard to live up to the description of broadcasting which aspirants to announcing positions were once given. The mentor of these young hopefuls was Floyd Gibbons, who had become one of broadcasting's fastest talkers. 'Radio', he said, 'is a whirling, swirling, rushing, tumbling show, a fascinating, stimulating battle.' This he would proceed to demonstrate by talking so fast that one unaccustomed to his machine-gun delivery could not possibly understand him! Sports commentators, in their efforts to follow out this conception too closely, have upon occasion verbally knocked down the wrong heavyweight, or begun excitedly shouting, 'He's down, folks! He's down!' but leaving listeners in the dark as to which of the gladiators was being referred to.

"Another minus must be recorded for the microphone manliness of a certain type of announcer, particularly when the fulsome, chesty tones enunciate, with unconvincing friendliness, a commercial 'plug'.

"Ordinary news bulletins remain dull, even when attempts are made to 'pep them up' by reading them excessively fast and interjecting telegraph sound effects and occasional 'flashes'. On the other hand, if radio in routine news runs a poor second to its older rivel, the press, it often outdoes the journalists in its immediate coverage of news 'breaks'. Through the development to a much greater extent than in England of short-wave pack transmitters, radio links are established by the American broadcasters, with their almost incredibly ingenious and resourceful staffs, with remarkable speed wherever they may be needed - in Spain, in Ethiopia, in the Far East - wherever news is breaking. They are greatly assisted, of course, by the gratifying absence of red tape.

"Those who would have broadcasting in this country emerge upon a higher level than mere showmanship have really no effective answer to these commercial, superbly managed variety shows..... As one who has listened, I want to say again: one can forgive it many of its faults for its sparkle and initiative and for its crisp reflection of contemporary American life."

## WOW AND WPG ASK FULL TIME; POWER INCREASES

An allocation problem that has disturbed the Federal Communications Commission for the last three years popped up again this week with the filing of applications by Stations WOW, New York, and WPG, Atlantic City, for full time and 5,000 watts power.

Should the FCC grant the applications, WBIL, of New York, formerly owned by the Paulist Fathers, would be taken off the air. The station is now owned by Arde Bulova, watch manufacturer, who owns WOW also.

Under the new proposal, WPG would shift from 1100 to 1130 kc., while WOW would move from 1130 to 1100 kc.

X X X X X X X X

## TELEVISION THREE YEARS OFF, SAYS PHILCO OFFICIAL

Although a large market is awaiting the advent of television on a public scale, it is still at least three years off, according to Harry Boyd Brown, Merchandising Manager of the Philco Radio & Television Corporation, Philadelphia.

Speaking to the New York Advertising Club last week, Mr. Brown said that 8,000,000 persons are eager for television sets.

X X X X X X X X X X

## COLUMNIST RAPS RADIO STATIONS TAX PROPOSAL

Foreseeing the danger that newspapers might be next in order if the Boylan Radio Station Tax Bill were enacted into law, David Lawrence, Washington columnist, attacked the proposal in a syndicated article this week.

"Freedom of the press has become recognized as a guarantee established by the Constitution", he wrote, "but freedom of the air apparently has yet to run the gauntlet of arbitrary restriction before court decisions will permanently restrain those legislators of bureaucrats who would tamper with broadcasting.

"The issue comes up in a novel way. It now is proposed by the administration to levy a tax on broadcasting stations, with the assessment graduated upward in accordance with the number of watts of power used. This is but another way of saying that the stations with large circulation or listener audience shall pay more than those stations reaching smaller audiences by reason of their limited range of transmission.

"Such a form of taxation, popularly known as 'the Huey Long tax' is the same sort of thing which the State of Louisiana tried when it passed a law declaring that, in addition to all other forms of taxation, the newspapers with a circulation in excess of 20,000 copies should pay a license tax of 2 percent on gross receipts for the privilege of engaging in business.

"The Supreme Court of the United States ruled in an unanimous opinion on February 10, 1936, that this tax was a limitation on the freedom of the press. Radio is admittedly today a form of transmitting knowledge to the people, in fact some public officials contend it is more far-reaching than other instrumentalities because of its mechanical advantages for instantaneous communication. But, however that may be, radio broadcasting is considered by almost everybody nowadays one of the major means of imparting knowledge and hence, it will be contended, should be as immune from interference as is the press.

"Some confusion has arisen because the radio companies get their wave lengths assigned to them by the Federal Government and from this it has been erroneously assumed that the Government can do as it pleases about regulating or imposing taxes on radio broadcasting. But the falsity of such an assumption is apparent from a legal viewpoint, at least when it is realized that newspapers and magazines obtain and pay fees for second-class mail privileges also derived from the Government, but this does not in any way authorize the Federal Government to exact a larger charge or fee from publishing companies of larger than smaller circulation for carrying a single copy through the mails. There has never been any such discriminatory tax on size of circulation, and if the principle of a graduated tax, based on size of listener audience, is ever upheld by the courts with respect to radio stations, it would seem that newspapers and magazines would thereafter be vulnerable from the same Federal taxing power."

X X X X X X X X X X X X

#### RCA REPORT SHOWS \$9,024,858 NET PROFIT

The 18th annual report of the Radio Corporation of America, released last Saturday to nearly a quarter of a million stockholders, shows a net profit for the year 1937 of \$9,024,858.13. (The preliminary estimate of profit published on February 8th was \$9,000,000.00.) This represents a profit margin of 8% on a gross income of \$112,639,497.78 derived from the corporation's activities in the fields of communications, broadcasting, manufacturing and radio research.

RCA's 1937 dollar volume was up 11.3% from the 1936 figure of \$101,186,309.90. Operating costs increased 8.4%. The net profit increase over the previous year's figure of \$6,155,936.72 was 46.6%. The total of taxes paid or accrued

3/1/38

by the corporation during 1937 amounted to \$4,297,500, exclusive of Federal excise taxes. Of this amount \$2,117,300 represents provision for Federal income taxes, and \$2,180,200 payments of Social Security, State, local and other taxes.

During the year RCA stockholders received a total of \$6,409,226.30 in dividends. This sum included regular quarterly dividends on the convertible first preferred stock, all dividends in arrears on the remaining shares of "B" preferred stock, and a dividend of 20 cents a share paid to holders of common stock.

RCA's report to its stockholders, signed by Gen. James G. Harbord, Board Chairman, and David Sarnoff, President, is a 24-page booklet. The consolidated balance sheet and profit-and-loss statement, together with explanatory comments, occupy only six pages. The remainder of the booklet is devoted to information concerning the corporation's manifold activities in all fields of radio, with particular reference to progress made during 1937.

Mr. Sarnoff also announced that quarterly dividend number eight on the outstanding shares of the Corporation's \$3.50 Cumulative Convertible First Preferred stock, and a quarterly dividend on the outstanding shares of "B" Preferred stock, were declared at the regular meeting of the Board of Directors.

The dividend on the First Preferred stock, covering the period from January 1, to March 31, 1938, is  $87\frac{1}{2}$  cents a share, and is payable on April 1, 1938, to holders of record of such stock at the close of business on March 9, 1938.

The dividend on the "B" Preferred stock is for the period from January 1 to March 31, 1938, and amounts to \$1.25 per share. This dividend is payable to holders of record of such stock at the close of business March 16, 1938.

X X X X X X X X X X