

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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No. 1187

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McNINCH SEES PROGRESS IN PAST FISCAL YEAR

Steering clear of any major legislative recommendations, the Federal Communications Commission on Thursday submitted its Fourth Annual Report to Congress with a letter from Chairman Frank R. McNinch commenting on what he termed "substantial progress" in the administration of the Commission.

He advised Congress, however, that the Commission is under-staffed and that the need for additional personnel accounts for an increase of \$293,175 in the FCC budget, bringing it to \$2,038,175, the largest amount yet recommended for administration of the radio and communications industries.

Hearings on the budget are expected to be held this month by a sub-committee of the House Appropriations Committee already engaged in studying estimates for independent offices and commissions.

At the same time members of the FCC will be questioned closely, it was learned, regarding the recent "purge" and dissension within the Commission. Representative Woodrum (D.), of Virginia, is Chairman of the sub-committee.

Chairman McNinch in his letter that accompanied the FCC annual report promised a final report of the Commission on the American Telephone & Telegraph Company investigation before Congress adjourns. It has been almost a year since he submitted the "proposed report", prepared by Commissioner Paul Walker.

The FCC Chairman also predicted that "much information of value" will come from the chain-monopoly inquiry which was resumed this week and promises to continue well into the Spring.

The Commission is studying methods of organizing all communications facilities, he said, so they may be used promptly and efficiently in any section in event of national emergency, such as national defense, floods, hurricanes, or fires.

Declaring that the year ended on June 30, last, and the succeeding months had been a period of "significant developments" which, together with amendments to the 1934 Communications Act, had increased considerably the scope and importance of the Commission's administrative and regulatory task, Mr. McNinch reported the FCC to be "practically" up to date with its work, but only through a speeding-up process in the last few months and an increasing amount of overtime estimated at more than 2,000 days in the last fiscal year.

"To remedy this situation of understaffing, overload and accumulation, as well as to provide more adequate and effective facilities for regulation", he said, "the Commission has recommended this year a substantial increase in its budget."

"Reforms" already undertaken, including a reorganization of Commission activities, "promise decidedly improved administration of the Communications Act", but these steps alone "cannot be a complete cure" for the Commission's overload of work, according to Mr. McNinch.

Establishment of 47 new stations was authorized in the fiscal year, representing a little more than one-third of the new stations for which applications were filed, and bringing to a total of 747 the number authorized which by December 1, 1938, had increased to 763. Broadcast authorizations applied for numbered nearly 7,000, including applications for emergency, temporary and experimental character.

"Increasing use of radio for police, marine, fire, aviation and other services has swelled the number of professional operators who must be licensed by the Commission, until the total number is rapidly nearly 40,000", Mr. McNinch reported. "The Commission also licenses approximately 50,000 operators of amateur stations.

"The new responsibility placed upon the Commission by the Seventy-fifth Congress to promote safety of life and property through wire and radio communications, has increased greatly the Commission's duties in maintaining radio on vessels, both American and foreign.

"Radio facilities for aviation have been advanced to the point that installations for instrument landing systems are being made at several of the major airports, with the expectation that such systems will be in actual service in the United States within a few months."

In the field of wire communications noteworthy progress has been made, including development of new types of carrier telephone systems "which are expected to affect profoundly the future of telephony", according to Chairman McNinch.

"One new system provides twelve additional carrier channels, so that a single pair of open wires may be used for a total of sixteen telephone channels", he said.

Among the situations studied by the Commission with a view to revised legislation was unlicensed operation of radio equipment by school children, which, the report noted, might be made a misdemeanor, with lesser penalties but more effective enforcement. Under the present law such operation is a felony and "because of the severe penalties, indictments in such cases are approached with reluctance by the Commission, prosecutors and grand juries", the report declared.

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REAPPOINTMENT OF CASE EXPECTED SOON

With prospects for any immediate shake-up in the personnel of the Federal Communications Commission apparently remote for the time, the reappointment of Norman S. Case as a Republican member of the FCC is expected to be submitted to the Senate for confirmation next week.

Commissioner Case was reappointed upon the expiration of his term last Summer, but he must be renamed and confirmed by the Senate in order to continue in office.

President Roosevelt put at rest last week persistent rumors that the resignation of George Henry Payne had been demanded. At a press conference he stated that no immediate reorganization of the Commission is in prospect and that Mr. Payne had called at the White House a fortnight ago only to state that he was ill and would be out of the city for a time.

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COMMITTEE STUDIES JOURNAL TELEVISION REQUEST

An application of the Milwaukee Journal Company to inaugurate an experimental television service to the public, and a proposal for television transmission standards, were referred this week to a committee of three Commissioners for study and recommendation to the Commission. The committee is composed of Commissioners Craven, Brown and Case.

The Journal Company's application is the first application looking to establishment of an experimental program service for reception in the home as distinguished from fundamental research or technical experimentation in the art of developing television apparatus. The Commission has previously issued a number of licenses for technical experimentation only.

The proposed standards for television transmission were recommended to the Commission recently by the Radio Manufacturers' Association. The Commission has taken no action upon the recommendation. Some manufacturers and experimenters have expressed opposition to the promulgation of standards.

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MBS BILLINGS UP 37% FOR DECEMBER

Billings of the Mutual Broadcasting System in December totaled \$337,268.83, as compared with \$245,465 for December, 1937, a gain of 37.4 per cent. For the year the total was \$2,920,323.65, as compared with \$2,239,077.54, a gain of 30.4 per cent.

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LOHR SAYS NBC WILL CURB CHILDREN'S PROGRAMS

More rigid control of children's programs will be exercised by the National Broadcasting Company in the future, Lenox Lohr, President, disclosed Wednesday as the FCC chain-monopoly inquiry resumed after a holiday recess. At the same time he announced that the NBC had decided to discontinue all broadcasting of beer and wine advertising.

Elimination of stories containing excessive gun play and violence, as well as those filled with scenes of horror and torture, is the chief objective of the new regulations, Major Lohr said. He stated, however, that little cause for complaint had been furnished by NBC's broadcasts up to date.

Chairman Frank B. McNinch and Commissioners Thad H. Brown, Paul A. Walker and Eugene O. Sykes sat for the Commission.

Examination of NBC's president followed testimony of Mark Woods, Vice-President and Treasurer, which was devoted to figures for operating expenses and income from 1926 through December 1937. The witness strove to show the narrow margin that existed over the entire period. In only one year, 1926, was there a loss, he said.

Examination of Major Lohr was conducted by Philip J. Hennessey, Jr., NBC counsel in Washington.

Business reasons, as well as an intention of serving the public and broadcasters to the fullest possible extent, were explained by the president as animating his establishment of long-term broadcasting contracts, affiliation of local stations throughout the country with the main originating stations of the network, and the establishment of an Advisory Council, and a department to pass on scripts submitted by broadcasters.

Chairman McNinch subjected Major Lohr to cross-examination, evidently with the purpose of establishing whether the NBC or the advertiser had the greater influence in determining the character of broadcasts. The witness described the entire setup to prove that the final word was and will continue to be spoken by the broadcasting company.

Prefacing his description with the statement that the network had found it physically impossible to allow wide-open opportunities for all religious sects in the country to buy space, Mr. Lohr told of the formation of three main committees, composed of Protestants, Catholics and Jews, which select representatives to broadcast on religious themes, barring all dogmatic and sectarian discussions.

Operation of an Advisory Council composed of qualified representatives of national and international authority, with whom the NBC can discuss and check the correctness of their judgment on matters of public policy, was also described.

Several existing policies of the company are to be discussed with the full Council on January 9, Major Lohr announced. These include the policy on religious broadcasts, on controversial subjects - which now are proscribed, except as they enter a broadcast accidentally or in a secondary capacity, and the question of children's broadcasts. The question of the proportion of a program that may be devoted to commercial "plugs" will also receive consideration from the Council, although the NBC President stated his opinion that no rigid rule should be applied.

The witness submitted a list of these regulations in tentative form. They specified that programs must accord in general tone with law and order, respect for adult authority, good morals, and clean living. Heroes must not be portrayed who are not intelligent and worthy of respect. The principles of fair play must be observed. They must contain no torture or suggestion of horror, and no horror present or impending. They must be free of the supernatural or the superstitious tending to horror, and shall not dwell on kidnaping, vulgarity, or morbid symptoms and superstitions. In dramatic action there must not be an excessive amount of gun-play or violence. There must be no "sound effects" of death or physical torture.

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I. T. T. AFFILIATE GETS COPENHAGEN CONTRACT

Standard Electric Aktieselskab, associated company in Denmark of the International Telephone and Telegraph Corporation, reports that it has received an order from the Danish Authorities to supply the complete studio equipment for the new Broadcasting House to be erected in Copenhagen. This is to be one of the largest radio centers in Europe, and will have several features new to studio equipment and studio arrangement.

The progressive policies of the Danish Broadcasting Authorities have been principally responsible for the fact that Denmark has one of the highest radio receiving set developments outside of the United States with 214 per 1,000 population. Development in the United States, including automobile sets, is approximately 290.

Denmark has three major broadcasting stations, including Kalundborg station which is a 60 KW. installation.

The contract with Standard Electric A/S covers supply of complete speech input and studio equipment for the new Copenhagen building which will house twenty studios and the administrative offices of the broadcasting service. The studios include a concert hall, which will be one of the largest single studios in the world, designed to pick up 100 instrumentalists or a chorus of approximately 110. One of the more interesting new features is a special suite of four studios, for the production of radio plays, all arranged to be visible to and controlled by the producer from one dramatic control desk.

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NEW PROCEDURE IN MOTIONS DOCKET STARTED

The Federal Communications Commission's newly established Motions Docket procedure, set up under the New Rules of Practice and Procedure, which became effective January 1st, was inaugurated on Friday when Commissioner Paul A. Walker heard motions and petitions in nine pending cases. The motions docket will be called at 10 A.M. on Friday of each week.

Under the old rules most of the motions and petitions were handled by a Commissioner without hearing the parties and without specific and uniform provision for the filing of opposition, although opposition was considered when it was offered.

Under the new plan the Commissioner designated to the Motions Docket will study the motions and petitions and will also hear the parties at an open hearing. Full provision has been made for notice and opposition both through the filing of counter-motions and counter-petitions and through argument. A member of the Law Department will be present at hearings.

The Commissioner presiding will pass upon all motions, petitions, or matters in cases designated for formal hearing, excepting motions and petitions requesting final disposition of a case on its merits, those having the nature of an appeal to the Commission, and those requesting change or modification of a final order made by the Commission.

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REGIONAL RADIO PACT ANNOUNCED BY U. S.

The State Department last week announced the result of the Regional Radio Conference recently held at Guatemala City.

The Conference, which was called by the Government of Guatemala, was designed to effect an allocation of broadcasting frequencies for the countries of Central America, Panama, and the Canal Zone within the frequency band of 2300 to 2400 kilocycles. Broadcasting frequencies for this region in the band indicated were desired because of static due to climatic conditions which affected broadcasts in the standard broadcasting band of 550 to 1600 kilocycles.

It was the desire of all participating States that there be accorded to each, including the Canal Zone, one primary frequency which might be used by each with sufficient power to reach all of Central America and Panama. It was also desired that there be accorded each participating State one secondary channel for use on a purely local basis. The allocation of these frequencies involved consideration of the needs of the military radio facilities related to the defense of the Panama Canal.

With the cooperation of all participating delegations, the delegation from the United States representing the Canal Zone was able to effect an agreement with respect to a plan of allocation which meets the requirements of all the countries represented while at the same time procuring the insertion in the Convention of clauses designed adequately to protect the radio facilities in the Canal Zone.

The delegates were Fay Allen Des Portes, American Minister to Guatemala, Chairman; Harvey B. Otterman, Division of International Communications, Department of State, Vice Chairman; Lieut. Col. David M. Crawford, United States Army; Lieut. Commdr. Mervin Arps, United States Navy; Gerald C. Gross, Chief of the International Division, Federal Communications Commission.

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FCC SETS LA GUARDIA PLEA FOR HEARING

The Federal Communications Commission this week set for hearing a petition of Mayor Fiorello H. LaGuardia, of New York City, in the matter of Station WNYC, municipally owned broadcast station of that city.

The Mayor petitioned the Commission to amend certain of its rules in order to permit the rebroadcasting of programs of high frequency and international broadcast stations, by regular broadcast stations whose licensees are universities, other educational institutions, municipalities, other government agencies, or other non-commercial non-profit-making organizations.

As now written the rules of the Commission do not prohibit the rebroadcasting of programs of high frequency broadcast stations but merely require the authority of the Commission for the rebroadcast. However, the rules do not permit regular broadcast stations to rebroadcast the programs of international broadcast stations located within the United States except where wire lines are not available to transmit the programs to regular broadcast stations.

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CBS DECEMBER SALES UP; YEAR DOWN

Gross billings for the year 1938 on the Columbia Network totaled \$27,345,397. December, 1938, grossed \$2,529,060, rising 3.1% over November. Totals for the 12 months of 1937, and for December a year ago, respectively, were \$28,722,118 and \$2,786,618. These data, in tabular form, are as follows:

	<u>1938</u>	<u>1937</u>
December	\$2,529,060	\$2,786,618
Full Year	\$27,345,397	\$28,722,118

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RCA DIRECTORS NAMED IN STOCKHOLDERS SUITS

Three stockholders' suits have been instituted in the New York Supreme Court against present and former officials and Directors of the Radio Corporation of America charging that they negligently and fraudulently permitted the dissipation and waste of corporate assets, according to the New York Times. In one action the loss to the corporation is estimated at about \$500,000,000. In the other two no estimates are made.

Existence of the suits was disclosed this week when the defendants moved before Justice Aaron J. Levy to consolidate the three so that they could be disposed of at a single trial. Justice Levy reserved decision on the motion.

The plaintiffs in all three suits have minor holdings of Radio Corporation stock. They are suing on behalf of themselves and all other stockholders and ask that the defendants be required to repay the corporation any amounts found to have been taken from its treasury improperly.

Besides present and former officials, defendants in the actions include the General Electric Company, Westinghouse Electric and Manufacturing Company and the American Telephone and Telegraph Company. The corporate defendants are alleged to have received improper payments from Radio Corporation.

In an action brought by Rose Druckerman, owner of twenty-five shares of Radio common, forty individual defendants are named.

The other actions were brought by George Saievetz and by Leo J. Coslow and Jacob Fox. They list fewer individual defendants, virtually all of whom are included in the Druckerman list.

In all three complaints an attack is made on Radio directors for their alleged failure to regain 2,000,000 shares of Radio common given to General Electric and Westinghouse in 1932 allegedly in return for certain patent and other rights said to have been terminated by a consent decree in an anti-trust suit. The Druckerman complaint said that this failure caused an \$80,000,000 loss to RCA.

The Druckerman complaint also alleged that RCA lost \$250,000,000 as the result of a deal with General Electric and Westinghouse which originated in 1929. In this transaction, it is charged, 6,580,375 shares of Radio common, allegedly worth \$290,000,000, were given the two corporations for assets said to be worth not more than \$39,300,000.

In formal answers the individual and corporate defendants denied any wrong-doing. The present and former officials assert that they acted at all times in the best interests of RCA. They also assert that their acts were approved and ratified by the stockholders of the corporation and, in the case of the 1932 consent decree, by the Federal courts.

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TWO NETWORKS DROP PRESS-RADIO NEWS

The Columbia Broadcasting System and the National Broadcasting Company have discontinued broadcasting news sent to them by the Press-Radio Bureau. The networks broadcast news summaries at their usual periods but attributed the news to the "existing press services", which meant a United Press service for NBC and CBS and International News Service for NBC. WOR, home station for the Mutual Broadcasting System, continued to use Press-Radio as a "supplemental service" giving credit to it on the air, it was reported. MBS also uses Trans-Radio Press news.

No statement has been made by the networks, or by the ANPA committee or Press-Radio officials.

The Press-Radio Bureau has been in operation in its New York office since March 1, 1934. It was organized under the sponsorship of the American Newspaper Publishers' Association through an agreement between the broadcasting companies, the press associations and the publishers' organization to operate without profit and without commercial sponsorship. The Bureau has been supported by regular contributions from the broadcasting companies.

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GEN. J. G. HARBORD WEDS VIRGINIAN

Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America and Chief of Staff to General Pershing in the World War, was married December 31st to Mrs. Anne Lee Brown, of Virginia. General Harbord's bride is the widow of Col. Lewis Brown, a well-known officer of the Cavalry who served for a number of years in the same regiment with General Harbord.

The marriage of Mrs. Brown and the noted Army officer took place at the home of Mrs. Egbert Leigh at Rapidan, Va. Col. Fitzhugh Lee gave his sister in marriage and the bride's two sisters, Mrs. James C. Rhea and Mrs. John C. Montgomery were her attendants. Capt. Fielding S. Robinson, wartime aide of General Harbord, was the best man.

Mrs. Harbord comes from a long line of distinguished ancestry. She is the daughter of the late Governor of Virginia, Maj. Gen. Fitzhugh Lee, who was one of the great Cavalry leaders of the Southern Confederacy. The former Mrs. Brown is the great-niece of Gen. Robert E. Lee and the great-granddaughter of Light Horse Harry Lee.

General Harbord, who was born at Bloomington, Illinois, in 1866 enlisted in the Army as a private after graduating from the Kansas State Agricultural College. He commanded the Marine Brigade, at Chateau Thierry and the Second Division in the Soissons offensive.

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CENSUS BUREAU ANALYZES RADIO INDUSTRY

Manufacturers of radios, radio tubes, and phonographs in the United States reported a slight increase in employment, a moderate increase in wages, and a considerable increase in value of products for 1937 as compared with 1935, according to preliminary figures compiled from returns of the recent Biennial Census of Manufactures, released by Director William L. Austin, Bureau of the Census, Department of Commerce.

These manufacturers employed 48,343 wage earners in 1937, an increase of 7.9 percent over 44,796, the number reported for 1935 and wages paid, \$52,001,898, showed a gain over the 1935 figure, \$42,906,018, of 21.2 percent. The value of products of the industry for 1937, \$277,807,140, exceeded the value reported for 1935, \$200,972,523, by 38.2 percent.

This industry, as constituted for Census purposes, embraces establishments primarily engaged in manufacturing or in assembling, from purchased parts, radios, radio tubes, and phonographs. It does not cover the manufacture of radio-apparatus parts such as transformers, batteries, coils, condensers, etc., which are made by establishments classified in the Electrical Machinery, Apparatus, and Supplies industry and are sold to manufacturers of radios.

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NBC 1939 BILLINGS TOP \$41,000,000

Gross client expenditures on NBC in one year passed the \$40,000,000 mark for the first time in the history of broadcast advertising with a total of \$41,462,679 for 1938, a rise of 7.3 percent over 1937. Showing an increase for the thirteenth successive month, the December, 1938, billings totaled \$3,887,072, a rise of 6.8 percent over December, 1937.

The tabulation follows:

RED	-	<u>December, 1938</u>	<u>November, 1938</u>
		\$2,928,181	\$2,948,854
BLUE	-	\$ 958,891	950,065

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U.S. NEWS MEN MEET NBC EUROPEAN REPRESENTATIVE

An opportunity to meet Max Jordon, European representative of the National Broadcasting Company, and to obtain first-hand information with regard to the situation abroad was afforded Washington correspondents at a party given by Frank M. Russell, Vice-President of the NBC in the Capital last Tuesday. In addition to the American newspaper men, several foreign correspondents stationed in Washington attended, among them Sir Willmott Lewis, of the London Times, and Kurt G. Sell, of the German News Bureau, Berlin.

Out of two guests included Lenox R. Lohr, President of the National Broadcasting Company, and John Royal, Vice-President of the NBC in Charge of Programs, who has just returned from the International Conference at Lima. Assisting Mr. Russell at the party was Kenneth Berkeley, General Manager of NBC in Washington.

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: : : TRADE NOTES : : :
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David Sarnoff, President of the Radio Corporation of America, spoke on "Science and Freedom" before the American Association for the Advancement of Science at Richmond, Va. on December 28.

A construction permit for Orville W. Lyerla, Herrin, Ill., to operate a station on 1310 kc. with 100-250 watts power, unlimited time, was recommended to the Federal Communications Commission this week by Examiner P. W. Seward.

The Southern California Edison Company, Ltd., of Los Angeles, was granted two construction permits this week to establish new special emergency radio stations.

Newbold Morris, President of the New York City Council, suggested this week that proceedings of the Legislature and of Congress, as well as of the City Council, be broadcast so that the people may know the behavior of their representatives, as demonstrated during the recent all-night session at City Hall.

Arthur J. Kemp has been promoted by the Columbia Broadcasting System to the post of Sales Manager of the Pacific Coast Network. His headquarters will be in San Francisco. Mr. Kemp joined CBS in July, 1936, serving KNX, Los Angeles, at that time. Later that year he was brought to the New York office, where he became a member of the Radio Sales staff. He returned to the Coast in September, 1938, to assist in the coordination of sales activity for the Pacific Network.

WHBF, covering the tri-cities of Davenport, Iowa, Moline and Rock Island, Illinois, and located in the latter city, becomes an affiliate of the Mutual Broadcasting System officially on January 14. Simultaneously the station announces an increase of power to 1,000 watts. Owned and operated by the Rock Island Broadcasting Co., an affiliate of the Rock Island Argus, WHBF operates on 1,240 kilocycles.

Miss Dorothy Aylesworth and Robert Gibson Knott were married last Wednesday afternoon in St. Bartholomew's Church, New York. The bride is a daughter of Merlin Hall Aylesworth, publisher of The New York World-Telegram and former President of the National Broadcasting Company, and Mrs. Aylesworth of 812 Park Avenue.

An authoritative text on the business of writing for radio was published this week by Max Wylie, Director of Script and Continuity for the Columbia Broadcasting System. In 550 pages, with appendix and numerous illustrations, Mr. Wylie sets forth the principles he has developed in the active production of over 1200 broadcasts during his four years with Columbia.

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January 10, 1939

FCC PROBE TO BE DEMANDED IN HOUSE AGAIN

A renewed effort to persuade the House of Representatives to authorize a sweeping investigation of the Federal Communications Commission and the broadcasting industry was promised last week-end by two members who were most insistent in a demand for a probe last year.

Representatives Connery (D.), and Wigglesworth (R.), both of Massachusetts, announced jointly that they will introduce a measure within a few days.

The present chain-monopoly inquiry now being conducted by an FCC Committee, they said, "has proved nothing". They reiterated charges that the radio industry is rampant with monopolistic practices.

Senator White (R.), of Maine, meanwhile, indicated he will reintroduce his resolution calling for a radio inquiry in the near future.

Legislation introduced during the first week of the 76th Congress was of a minor nature.

Representative Maloney (D.), of Louisiana, offered a bill which would require personal endorsements of products advertised by radio to be accompanied by statements that the endorsements were paid for.

Two bills sponsored by Representative Culkin (R.), of New York, seeking to prohibit the advertising of alcoholic beverages on the air, were reintroduced.

An indication that another fight will be made for the authorization of government-operated short-wave radio stations was given by Representative Celler (D.), of New York. Congressman Celler, who sponsored a bill last year for the establishment of a Pan American short-wave station in Washington, apparently has changed his plan somewhat, however. In an extension of remarks in the Congressional Record he disclosed that the State Department was urging him to reintroduce his measure but with the location of the station to be the Panama Canal Zone.

Outlining eleven measures for combatting Nazi and Fascist propaganda in the Latin Americas, Representative Celler proposed:

"The Government shall set up at the Panama Canal Zone a huge radio station in pursuance of my bill, to counteract and checkmate the vicious and ruthless German propaganda by radio and

short wave pouring into all South American countries. It is as ceaseless as it is villanous. The United States, our President and other high governmental officials are especial targets of attack. Americans are portrayed as naught but cut-throats, bandits, racketeers, cheats, and scoundrels in their business dealings. These insults spill over the airways from Germany 24 hours a day, 365 days a year. As yet we have done nothing to meet this evil. But it is an evil that must be met and met soon - otherwise the wrong done will be irreparable. Nasi proselyting while damning us will have gone too far. I am encouraged by the State Department to reintroduce the measure. Frankly, I am tempted to ask the question: Don't you think we need such a station? If you agree, write me, write the Federal Communications Commission and write your own Senator and Congressman."

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NBC THROUGH, CBS TAKES STAND IN MONOPOLY INQUIRY

The Federal Communications Commission's chain-monopoly inquiry entered its second stage this week as the Columbia Broadcasting System opened its case following the conclusion last week of the testimony of the National Broadcasting Company. CBS is expected to be on the stand for the next several weeks.

Lenox R. Lohr, President of NBC, brought the network's case fo an end following a cross-examination by members of the FCC Committee and William J. Dempsey, Commission Counsel.

At the conclusion, Mr. Dempsey praised the network and its counsel, Philip J. Hennessey, for the manner in which it had responded to the Commission's request for information and for other cooperative efforts.

Before leaving the stand Major Lohr predicted that it will be several more years before television may be transmitted on a chain or network basis as radio. He also told Chairman Frank R. McNinch that NBC uses stern measures to prevent radio entertainers from "ad libbing" in "naughty fashion".

Television is temporarily stopped from chain broadcasting, Mr. Lohr said, because of the lack of necessary wire equipment. He estimated it would take \$100,000,000 at present rates to build a line across the country which would carry all the frequencies necessary for television broadcasting.

There are tremendous cost problems facing the broadcast companies in solving television entertainment, he said. He added that when the National Broadcasting Co. goes on the air in the Spring with television in the New York area, it will have a program of from two to three hours a week, and this will require the full time service of 40 persons. To put on one hour a day of television, he added, would cost \$1,000,000 a year.

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Television programs will change the whole technique of broadcasting, he predicted, because no longer will the principals be able to read script, and this will necessitate weeks of rehearsal.

While he said there will be improvements in television as it has been developed to date, it is definitely good enough now to go to the public and is comparable with the home movie.

Stern measures are used by the National Broadcasting Co. against those who ad lib in questionable manner on the air, even to the point of threatening to bar them from the air in the future, the NBC President told the Commission later in his cross-examination.

During cross-examination, Mr. Lohr testified that there was no such thing as freedom of speech over the air. He said free speech had no meaning in radio, as it was a physical impossibility to give every one who desired it a place on the air, and broadcasters had to determine who should be given the right to speak. Mr. Lohr said that persons who do go on the air have no rights, as the rights are in the listeners alone.

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NEW STATION, TRANSFER AMONG FCC DECISIONS

Authority to construct a new broadcasting station and to transfer control of an existing station were among decisions reached this week by the Federal Communications Commission.

The Commission granted the application of S. B. Quigley, Mobile, Alabama, for a construction permit, for a new station to operate on 1200 kilocycles with power of 100 watts, daytime only.

The applications of Associated Broadcasters, Inc. (WEST), Easton, Pa., and Keystone Broadcasting Corp. (WKBO), Harrisburg, Pa. for modification of licenses to operate simultaneously at night or unlimited hours, were also granted. These stations now operate each with power of 250 watts during daytime and 100 watts at night on the frequency of 1200 kc., simultaneous operation during day and sharing time at night.

Peter Goelet, owner of WGNV, Newburg, N. Y., was given a construction permit to operate his station on 1220 kc., with power of 250 watts, daytime. Station WGNV now operates on 1210 kc., with power of 100 watts, sharing time with Stations WBRB, WFAS and WGBB.

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FCC ASKS DATA ON STATION OWNERSHIP

In assembling evidence for its investigation of chain and network broadcasting and monopoly, the Federal Communications Commission is making a searching inquiry into the ultimate ownership and control of radio broadcast stations, including the control or other interest in such stations held by holding companies, it was disclosed this week.

Four questionnaires have been sent to a total of approximately 2,300 broadcast licensees, holding companies and other corporations holding direct and indirect stock interests in the licensee corporations, and stockholders and officers of the holding companies, the Commission announced yesterday (Monday).

The questionnaires call for answers under oath to numerous questions bearing upon relations between direct and indirect owners of any two or more broadcast stations, and the relations of owners of all stations and their officers, to other interests such as communications companies, newspapers, and amusement enterprises.

Replies to the questionnaires will also throw light upon the extent and character of absentee ownership, and the use of voting proxies in effecting or maintaining the direct or indirect control of licensees. Present indications are that in certain instances, where first and second tier holding companies have acquired interests in broadcast stations, the "top" holding companies make extensive use of such proxies, obtained from the other shareholders, to maintain their control of the corporations and the management.

Chairman Frank R. McNinch made it plain that the Commission has taken no position with respect to the propriety of any of the practices under investigation. All present effort, he said, is aimed at obtaining full information about the conditions and practices existing.

Collation and analysis of replies received to the series of questionnaires is under way. Replies to the latest of the questionnaires are expected soon, and in the next five or six weeks it is anticipated that evidence of this character will be ready for presentation. It is expected to become then the basis for testimony by Commission witnesses, reflecting the conditions found to exist.

Heretofore information about ownership and control of stations, beyond the immediate owners of stock in the licensee enterprise, has not been available uniformly and fully. In seeking more complete information, for its investigation and for the purposes of future regulation, the Commission first sent a questionnaire to each of more than 400 corporations which hold stock in the licensees.

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In many instances it appeared that stock in certain of these 400 corporations was held in turn by other corporations. Accordingly, as its second step, the Commission sent questionnaires to 169 corporations appearing to have stock holdings of this "second tier" character.

To reach beyond this "second tier" approximately 1,000 questionnaires were sent to the stockholders, officers and proxy holders of the "second tier" corporations.

A fourth questionnaire which has just been distributed went to the more than 700 licensees of standard broadcast stations. This seeks from the licensees information similar to that which is being gathered from the persons and corporations whose relationship to broadcasting is more remote. The questionnaire calls for information bearing upon the direct relations between stations, and between any station or group of stations and other interests. It seeks to elicit full information about management control, and about transfers of management control which may have occurred, not merely where the change has been avowed or directly sought, but where it may have come about as a result of the practices that have obtained in voting the stock and operating the station.

Definition of the authority of different members of the executive personnel of each station also is sought, and with this an account of the technical and other qualifications of the operating personnel.

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G. E. GETS PERMITS FOR FOUR VISUAL STATIONS

The Federal Communications Commission this week granted the applications of General Electric Company for experimental broadcast and television stations at Albany, N.Y., Bridgeport, Conn., and Schenectady, N. Y.

Construction permits were allowed to establish four television broadcast stations, two for Schenectady, and one each in the cities of Albany, N.Y., and Bridgeport, Conn. The frequency band for the Albany and Bridgeport stations will be 60,000 to 86,000 kilocycles, and the Schenectady stations' frequency band shall be 42,000 to 56,000 kilocycles, with 40 watts power.

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ADVISORY COUNCIL APPROVES NBC PROGRAM POLICIES

Approval of the program policies of the National Broadcasting Company was voted unanimously Monday by the NBC Advisory Council at a meeting in New York City. Present at the meeting, among others, was former Governor Alfred E. Smith, recently named to the Council to fill a vacancy.

Lenox R. Lohr, President of the NBC, in outlining the network's program policies, said:

"These policies have been previously discussed by the Advisory Council, and the management believes that their recommendations, which have been followed in practice, for as long as eleven years, are still sound and applicable. But this is a world of rapidly changing philosophies, and radio is a developing art, so it is believed that these policies should be again scrutinized in the light of present-day conditions and either re-affirmed or amended."

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TELEVISION NOT READY FOR COMMERCIALIZATION

Information available indicates that the technical phases of the television art are progressing in a satisfactory manner, the Federal Communications Commission stated in its annual report to Congress last week.

"However, it is generally agreed that television is not ready for standardization or commercial use by the general public", the report added. "No applications for commercial authorizations were filed with the Commission during the fiscal year. Formal hearings were conducted on six applications for new experimental television stations.

"Television has developed to the state where complete transmitting equipment is available on the market, but such equipment is costly and, because of the experimental status of the art, may become obsolete at any time due to new developments. A few of the existing licensees are attempting scheduled program transmissions as part of their research and development work."

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A radio gun, a new type of atom smasher, the first 1939 scientific achievement to come from college laboratories, was announced Sunday by Cornell University. The gun is a glass tube, 8 feet long, 6 inches in diameter, its interior a vacuum in which short-wave radio power drives light or heavy atoms so they attain speeds of thousands of miles a second.

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ADMIRAL CROSLY DIES

Rear Admiral Walter S. Crosley, U.S.N., retired, age 67, cousin of Powel Crosley, Jr., died Saturday in Baltimore. Admiral Crosley had a very distinguished career and served as hydrographer of the Navy from 1925 to 1927. Early in his career he was commended for "eminent and conspicuous conduct" in an engagement in the Spanish-American War in which a gunboat was destroyed.

Admiral Crosley was Resident Director of the International Hydrographic Bureau at Monaco from April, 1937, to June, 1938. During the World War he received the Navy Cross. He also was decorated with the Sampson Medal, the Spanish Campaign Medal, the Philippine Medal, the Dominican Medal and the Victory Medal with star. He was the recipient of the Chinese Order of Wen Hu and the Haitian Medal of Honor.

Admiral Crosley was buried in Arlington last Monday. Honorary pall-bearers included Powel Crosley, Lewis Crosley, Admiral W. D. Leahy, Rear Admiral Frank Clark and David Sellers, Gen. Frank Parker, and Edward F. Ball of Muncie.

Admiral Crosley was survived by his widow and two sons, Lieut. F. S. Crosley, U.S.N., retired, and Lieut. Paul C. Crowley, attached to the U.S.S. CLAXTON.

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TELEVISION GRANTS IN PATENT LIST FOR 1938

Numerous patents in the television field were included in the list of 38,076 patents granted last year by the United States Patent Office, it was disclosed this week with the filing of the annual report.

Patents granted in 1938 included the basic patent on electronic television. Invention in television was particularly active with patents for improved screens yielding brighter and larger images, for three-dimensional, color and composite television being granted.

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Supporters of the Rev. Charles E. Coughlin, staging their fourth consecutive Sunday afternoon demonstration in New York in protest against curtailment of his broadcasts, extended their picketing for the first time this week to the Columbia Broadcasting System headquarters, 485 Madison Ave. Demonstration leaders said the protest was staged because the chain had "refused" to give Father Coughlin time on the air. Columbia officials declined to comment.

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::: TRADE NOTES :::
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Sale of radio Station WHAT, located in the Evening Public Ledger building, to the Bonwit Teller store was announced last week. The station is operated by the Independence Broadcasting Co., which is owned and controlled by the Public Ledger, Inc. The sale agreement filed with the application was between John C. Martin, President of the Public Ledger, Inc., and F. Raymond Johnson, President of Bonwit Teller. The sale must be finally approved by the Federal Communications Commission.

Mutual Broadcasting System's advertisements - "Eyes That Do Not See", "Who Said Radio Is Expensive", and "Whales for Sale" - have been selected for copy excellence, outstanding design and layout, and skill in handling problems by the American Institute of Graphic Arts. This makes the third straight award for the Mutual Sales Promotion Department in the past six months.

The appointment of C. L. Menser as Program Manager of the NBC Central Division, effective immediately, has been announced by Sidney N. Strotz, Acting Manager of the Central Division of the National Broadcasting Company. Mr. Menser succeeds Mr. Strotz in the post of Program Manager. Jules Herbuveaux, formerly Assistant Production Manager, succeeds Mr. Menser as Production Manager, and Wynn Wright, formerly a member of the production staff, becomes Assistant Production Manager.

Miss Angela Frances McCosker, daughter of Mr. Alfred J. McCosker, President of WOR, and Mrs. McCosker, will be married on January 26th to Sheldon Van Dolen, son of Mr. and Mrs. Lawrence M. Van Dolen of South Orange, N. J. The ceremony will be performed by the Rev. Joseph P. Connor of West Orange in the Roman Catholic Church of St. Ignatius Loyola.

Too much time is given to advertising on radio programs, according to 60 percent of women queried in a national survey on "What the Women of America Think About Entertainment", published in The Ladies' Home Journal for February. The survey is one of a series the magazine has been conducting to discover the opinions of the country's 37,000,000 women on various matters. Answering another question, 52 percent declared that radio advertising annoyed and irritated them, but 67 percent would not prefer radio programs with no advertising at all. Some 57 percent said they would not object to advertising on the screen.

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KAROL TREASURER STATISTICAL ASSOCIATION

John Karol, research and marketing expert of the Columbia Broadcasting System, New York, was elected Treasurer of the American Marketing Association and the American Statistical Association at Detroit last week.

Nathaniel H. Engel of the United States Bureau of Foreign and Domestic Commerce was named President of the Marketing Association. Theodore N. Beckman, Ohio University, and D. R. G. Cowan, Chicago, were chosen Vice President, and Albert Haring, Lehigh University, Secretary.

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ZENITH INTRODUCES THE "WAVEMAGNET"

Something said to be really new in radio is the "Wavemagnet" introduced by Zenith during the holidays. It is a small compact bakelite model with a handle on it, 6 tubes, using no antenna, no ground, no batteries, for \$19.95 AC-DC.

A talking point of the "Wavemagnet" is that it affords great protection against noise and "man-made static". In a try-out at the Waldorf-Astoria in New York, Zenith reports that in spite of elevators and other machinery the set brought in with excellent quality 28 stations in the daytime and 48 stations at night.

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COURT RESERVES DECISION IN RCA SUIT

Supreme Court Justice Aaron Levy reserved decision last week on the request of attorneys for the Radio Corporation of America to consolidate three stockholders' suits charging present and former officials and directors of the corporation with negligently and fraudulently permitting the waste of corporate assets.

All three complaints, which became public last week, criticize the directors for alleged failure to regain 2,000,000 shares of radio common stock given to General Electric Co. and Westinghouse in 1932, allegedly in return for certain patent and other rights said to have been terminated by a consent decree in an anti-trust suit.

The defendants denied the charges.

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McCOSKER SEES 1939 AS BUSY RADIO YEAR

Alfred J. McCosker, President of Station WOR, in a statement last week declared that he looked forward to equally outstanding achievements during 1939.

"It is difficult to prophesy where the impetus of modern radio will take us during the year 1939", he said. "It seems inevitable the next twelve months will be prolific of broadcasting accomplishment and an increasing influence on the daily life of the people.

"The increased tempo of world news and events during 1938, for example, has provided opportunity for radio's special feature crews who have acquitted themselves creditably in keeping pace with the pulse of international events. With the foreign nations in a state of unrest, the year ahead promises even busier days for this phase of broadcasting and WOR will continue to fill the public demand for speedier, fuller coverage of all news.

"Technical developments have been advancing rapidly. WOR is proud to be a pioneer in the new and promising field of facsimile - art of transmitting pictures and reading matter over the air into the listener's home. During the coming year, among other plans, WOR will operate its regular nightly facsimile broadcast to attain further experience in facsimile transmission."

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WALLERSTEIN HEADS NEW CBS RECORDING SUBSIDIARY

Edward Wallerstein, formerly Sales Manager of RCA Victor, has been appointed by the Columbia Broadcasting System as President of its newest subsidiary, American Record Corporation. Mr. Wallerstein, who has been with RCA Victor since 1933, began his career in the field of home recording in 1920.

The acquisition of American Record Corporation by CBS marked a reversal of history, in that Columbia Phonograph, a member of American Record, held controlling interest in the Columbia Broadcasting System during its early days. A similar coincidence is noted in the fact that Mr. Wallerstein's first work in the recording industry was with Brunswick-Balke-Collender, then makers of Brunswick Records, which are now produced by American Record Corporation.

Other officers, as previously announced, have been named by CBS on a temporary basis. They are: Frank K. White, Treasurer; C. C. Boydston, Assistant Treasurer; Ralph F. Colin, Secretary.

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INCREASE IN AFFILIATES HIGH SPOT OF NBC YEAR

The National Broadcasting Company entered 1939 better prepared to serve the vast listening audience, its affiliated stations, and all who use its facilities than at any time in its twelve years of existence, according to Lenox Lohr, President.

"One of the most significant developments during the twelve months' period just ended has been the increase in the number of affiliated network stations", he stated. "Twenty-five stations, with a potential circulation of 1,447,848 radio families have become affiliated with NBC during the year, bringing the total number of stations served by the Red and Blue Networks to 166. The real significance of this lies not in the mere fact that the number of affiliates has increased but in the wider public service that such affiliations have made possible.

"The record spoke very clearly for itself in 1938. The coverage of the European war crisis, without bias or editorial opinion; the fine Music Appreciation Hour; the broadcasts of the NBC Symphony Orchestra under the baton of Toscanini and other internationally known conductors; the Pulitzer Prize Plays series; the broadcasting fairly and impartially of all sides of public issues - have set new standards in radio.

"Realizing that they shared the public responsibility of radio, advertising agencies and clients alike have cooperated to present a uniformly high standard in programs of entertainment and education. That they have had a high degree of public acceptance is evidenced by the fact that bookings for the coming year have mounted to a record high, evaluated with any comparable period in the history of the company."

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CROSLLEY OPTIMISTIC OVER NEW YEAR

Powel Crosley, Jr., President of the Crosley Corporation, Cincinnati, was quoted as follows in Editor & Publisher's annual review:

"To say that 1939 holds prospects of greatly improved business conditions is only to join in an almost universal opinion. The recession that started in the Fall of 1937 has practically run its course and fundamental conditions have to a great extent righted themselves. This should be reflected in better business in 1939, so far as anyone can tell at this time we feel quite enthusiastic about the prospects for 1939 in our business and our merchandising plans and production schedules are being formulated accordingly."

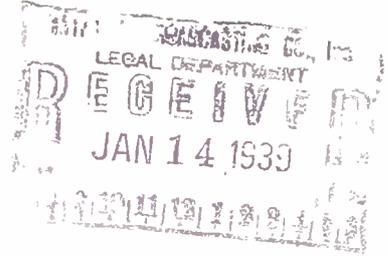
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HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.

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ASCAP SUITS IN SUPREME COURT WATCHED BY RADIO

The broadcasting industry this week watched with interest the progress of two suits involving the American Society of Authors, Composers, and Publishers in the United States Supreme Court because of their probable effects on the long-standing war between the radio industry and ASCAP over music copyrights.

The two suits were argued in Supreme Court on Tuesday, and a decision may be handed down within a few weeks. The suits have to do chiefly with the question of Federal jurisdiction in injunction proceedings initiated by ASCAP in an attempt to prevent enforcement of State laws directed at copyright music.

Although the cases were based on Florida and Washington State laws which would restrict the activities of the organization, the Court concerned itself with a jurisdictional point, namely whether as much as \$3,000 is involved in either of the issues. Federal courts cannot take jurisdiction unless such a sum is affected. If the Supreme Court decides that this amount is involved, suits over the laws themselves will proceed in lower courts; otherwise, the suits will probably die.

The Society, headed by Gene Buck, won in a Federal three-judge court in Florida; it lost in a similar court in the Far Western State. Appeals from these two rulings were before the Supreme Court on Tuesday.

The two State laws, very much alike, attack the legality of license fees charged by the Society for use of songs and music owned by its members. Maintenance of a monopolistic combination and trying to fix prices, is charged. The Society answered that it was wholly within the law and pointed to ownership of copyrights.

In each case the issue is between the State and Mr. Buck as President of the Society, as well as other members, including Deems Taylor, Anne Paul Nevin, William J Hill, Jane Sousa, Oley Speaks, Elia Herbert Bartlett and three publishers, Carl Fischer, Inc., G. Schirmer, Inc., and Irvin Berlin. Revenue received from licenses in Florida in 1936 was \$59,000, from Washington State, \$60,530.

The Society contended that to comply with such State laws all over the United States would mean a loss of from \$150,000 to \$200,000 for each of the three publishing interests yearly. The individuals would, it is said, lose \$12,000 to \$25,000. Copyrights owned by the three publishers are valued at more than \$1,000,000, it is stated.

Asserting that its charges are not high, the Society said that its rates for licenses in Florida in 1936 averaged to each user in the following classes: radio broadcasters, \$2,432; motion picture houses, \$81; restaurants, \$84; hotels, \$80; dance halls, \$85, and miscellaneous establishments, \$103. The Society which has 30,000 contracts throughout the United States, includes 1,000 composers and 123 publishers.

Laws such as those in the present cases have been passed also in Montana, Nebraska and Tennessee. It is said that the Michigan Legislature enacted the same kind of law but that it was vetoed by former Governor Murphy, now Attorney General in the Roosevelt Cabinet.

The Federal Court in Florida granted a temporary injunction against enforcement of the State Law. In Washington the court dismissed the attack of the group on motion of the State.

Tyrus A. Norwood, Assistant Attorney General, and Lucien Boggs, represented Florida in the arguments; Alfred J. Schweppe spoke for Washington. Thomas G. Haight was counsel for Society in both cases.

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FREDERIC WILLIS BECOMES CBS S-W DIRECTOR

Frederic A. Willis, Assistant to the President of the Columbia Broadcasting System, will hereafter serve also as Director of Short Wave Operations in the Program Department, it was announced this week by Edward Klauber, Executive Vice-President.

In commenting on the network's short wave service during 1938, Mr. Willis reported substantial increases in programs to Europe and South America via the CBS international short wave station, W2XE. The operating staff, as well as the number of news commentaries to Latin America, was more than doubled last year. Elizabeth Ann Tucker is Program Director for W2XE.

Last last year, W3XAU, international station of WCAU, the CBS affiliate in Philadelphia, completed two new directional antennas. By arrangement with W2XE, much of W3XAU's foreign programming will be supplied to the latter transmitter by direct line from New York. Another effect of coordinating the stations' activities results in the simultaneous transmission of CBS programs to both Europe and South America, or the sending of one program to one continent on two different frequencies. Similar arrangements have been made to permit W1XAL, Boston, to short-wave CBS programs, while permanent lines have been laid between Columbia's WEEI, Boston, and the Westinghouse short wave station, W1XK.

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PRESS WARNED TO GET READY FOR FACSIMILE RADIO

While warning publishers to begin experiments early in the facsimile radio transmission of news so as to be prepared for any eventuality, H. C. Vance, Manager of the Facsimile Sales Division of RCA Manufacturing Co., Camden, N. J., today (Friday) told the Pennsylvania Newspaper Publishers' Association at Harrisburg:

"It is generally believed that broadcast facsimile will be a supplemental service to both newspapers and radio stations for many years to come."

Reminding the publishers of King Canute's inability to turn back the tide, Mr. Vance said:

"If the public wants a broadcast facsimile service, that tide will rise, regardless of whether the present newspaper embrace it or not. Under these circumstances, should not the newspapers place themselves in a position to capitalize on this new process of news distribution?"

"Until commercial licenses are granted", he went on to say, "it is probable that a common radio transmitter will be used for the alternate transmission of sound and facsimile programs. That is, sound programs will be broadcast most of the day and evening with one or two hours of facsimile bulletins interspersed during the forenoon, again in the afternoon, and possibly during the evening. This is based upon the use of ultra high frequencies for urban coverage.

"If and when the facsimile broadcasting of paid advertising is permitted, separate transmitters and wavelengths can be employed in order to allow more time for facsimile transmission.

"It is also probable that at that time commercial advertising may be permitted on sound programs transmitted on ultra high frequency channels. It would be inadvisable to interrupt these sound programs with the rather weird-sounding facsimile signals in the loudspeakers of receivers not equipped for facsimile reception.

"Another interesting application is the simultaneous transmission, on separate wavelengths, of inter-related sound and facsimile programs. For example, a cooking school or kitchen program can be broadcast over the sound channel and copies of the recipes via facsimile. A talk on new dresses, hats, or other fashions can be illustrated by facsimile transmission of photos, sketches, or even patterns. Numerous other novel and effective combinations and uses will suggest themselves.

"Undoubtedly a new form of newspaper or magazine makeup technique will be developed for facsimile use. Some stations are trying standard newspaper story form, others are trying to

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develop a special bulletin form, referring the reader to their newspaper for complete details.

"Most standard newspaper features seem to be usable in facsimile service, including cartoons, continued stories, market reports, theatre news, children's features, etc.

"Pre-printed ads on the back of the paper strip have been considered as a means of reducing or covering the cost of new paper refills for the home receivers.

"In future receivers it may not be necessary to employ time clocks to turn the recorder on and off at preset intervals, since automatic control signals from the transmitter may be used for this purpose. During intermittent operation, this will allow important news flashes to be transmitted at any time without waiting for the pre-set period.

"It is interesting to note that a large percentage of stations obtaining facsimile licenses are newspaper owned. They include the McClatchy stations at Sacramento and Fresno, California; the Buffalo Evening News; the St. Louis Post-Dispatch; the Chicago Tribune; the Detroit News and the Cleveland Plain-Dealer.

"If the public demands facsimile service - and preliminary surveys indicate that they will - present-day newspapers have an opportunity to do some of the pioneering work toward the establishment of a new public service."

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CASE REAPPOINTED TO COMMISSION BY F.D.R.

All rumors that Norman S. Case, former Governor of Rhode Island, would not be reappointed to the Federal Communications Commission were put at rest this week when President Roosevelt sent his nomination to the Senate.

The reappointment, first made as a recess nomination last Summer, is for the full seven-year term. Commissioner Case is a Republican. No substantial opposition to his confirmation is expected.

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G.E. TELEVISION STATION TO BE MOST POWERFUL

A television transmitter, more powerful than any now in use in this country and designed to broadcast pictures with much improved picture definition, will be put into operation within the next three months by General Electric at Indian Ladder in the Helderberg Hills, 12 miles from Schenectady, N. Y., according to Chester H. Lang, Manager of Broadcasting for General Electric.

Built on top of a 1500-foot hill with an antenna strung on 100-foot towers, this station will be at least 250 feet higher than the one atop the Empire State Building in New York City. To the south are higher hills which, with a directional antenna, will tend to prevent the signal from causing any possible interference with stations in New York City. With a power output of 10 kilowatts, its coverage will be the area comprising Schenectady, Albany, Troy, Amsterdam, and Saratoga, known as the Capital District, with a combined population of more than 500,000.

The television studio will be located in Schenectady, in quarters occupied by WGY until this station moved into its new broadcast home last Summer. Its equipment will incorporate many new features developed by General Electric engineers who not only pioneered but have spent years in television research. These developments assure a more perfect pickup and broadcast of pictures. At such times as studio programs are not available, motion picture film will be used much the same as electrical transcriptions now fill in on broadcast programs.

From an ultra short-wave transmitter on top of the studio building, the images will be relayed over the 12-mile gap on a 1.4 meter band to the main transmitter in the Helderbergs, where they will be broadcast for public reception on a wavelength in the 66-72 megacycle band or on about 4-1/2 meters. The voice accompanying the picture will also be broadcast on the same band, on a frequency immediately adjoining the picture, assuring reception with less interference from static than experienced on the regular broadcast channels.

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John Fox, Production Manager of the Sales Promotion Department of the Columbia Broadcasting System, is extending his activity to include space buying for Columbia advertising in trade papers. His new duties take effect immediately.

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EXPORTER DENIES GERMANY BLANKETS U. S. STATIONS

An investigation by S. T. Thompson, of the Zenith Radio Corporation, Chicago, has disproved the published report that German short-wave stations are blanketing U. S. international stations in Mexico.

Referring to a story appearing in the Washington Daily News, and carried in the Heinl News Letter of December 16th, Mr. Thompson writes:

"We had our Export Department communicate with our distributor in Mexico City and lay the question before him. You will be interested in his comment which we quote in part:

".... and wish to inform you that the only short wave stations that are heard perfectly here at daytime are the American stations,....., without interference at any time of their broadcasts, contrary to what occurs with the Berlin stations which have a strong interference in the different frequencies of 9.5, 12, and 15 megacycles, at which they broadcast, not only by local stations but also by foreign ones, to the point that it is impossible to listen in to their news in Spanish, which is the time when the interference is strongest.

"It is also false that there are German owners of broadcasting stations in Mexico and that German radios are being sold here for 10 pesos and even given away free, inasmuch as the only radios made in Germany that are being sold in Mexico sell on a very small scale due to their high prices."

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BBC TRIES NEW ACOUSTIC STUDIO DESIGN

A new departure in acoustic design is a feature of the orchestral studio at the British Broadcasting Corporation's studio center in Aberdeen, opened last month by the Marchioness of Aberdeen and Temair. It consists of the provision of an "inverted V" roof, rising to a height of 11 ft. above ceiling level, about 400 sq. ft. of which have been lined with rock-wool blankets an inch in thickness, appearance being preserved by the provision of an open-grille ceiling that allows free passage of the sound waves.

The purpose of the new design is to avoid the phenomenon known as "up-and-down flutter" - caused by repeated reflections of sound between ceiling and floor - and the experiment is proving very satisfactory in practice.

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FCC DECLINES TO SPONSOR WPA PROJECTS

The Federal Communications Commission has sent the following letter to the Joint Unemployment Council, American Communications Association, Washington, D. C.:

"The Commission has carefully considered your letter of October 21, 1938, in which you request that this Commission sponsor certain projects through the agency of the Works Progress Administration. You set forth therein the situation in regard to unemployed workers in the communication industry, which situation is the basis for your request.

"The Commission is in sympathy with any plan having for its objective the relief of the unemployed and would welcome the opportunity to do what it could in this respect within the scope of its means and authority. In view of the statement you make relative to the general unemployment situation in the communication industry, it is assumed that your recommendations as to affording relief applied to all communication workers irrespective of union affiliations. You will appreciate, of course, that the Commission could consider projects only on that basis.

"A careful study has been made of your suggestions. Several of the projects which you list have merit. However, a detailed analysis indicates that the Commission is not justified at this time in sponsoring them because of the practical difficulties involved. Furthermore, conferences between representatives of the Commission and the Works Progress Administration developed the fact that the Works Progress Administration would not look with favor upon projects which involve a house to house canvas. In addition to these practical difficulties, the Commission is unable to assign the necessary supervisory and planning personnel as its staff is already overburdened with regular work. Also, the funds available from the Commission appropriation are insufficient to permit the purchase of necessary technical apparatus required to carry out the projects.

"The Commission will continue to study those projects which appear to have greatest merit and, if it is found that the difficulties and personnel and financial restrictions can be overcome, consideration will again be given to the practicability of carrying out such of these as may be within the scope of Commission activities."

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Two new radio stations were recommended to the Federal Communications Commission this week by Examiners. Applications were from Drohlich Brothers, Sedalia, Mo., to operate on 1500 kc. with 100-250 watts power, unlimited time, and the McComb Broadcasting Corporation, McComb, Miss., to use 1200 kc., 100 watts power, daytime.

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HOUSE AMPLIFYING SYSTEM PRAISED BY STEFAN

The new amplifying system in the House of Representatives was explained and praised this week by Representative Karl Stefan (R.), of Nebraska, in an extension of remarks in the Congressional Record this week.

Representative Stefan, a former radio announcer, said, in part:

"A year ago our present distinguished Speaker with other distinguished gentlemen began studying the possibilities of better equipment, and our Architect did considerable experimenting and investigating, with the result that the system which is now installed in the House was given a trial. With more adjustments and experimentation, it is believed that it will become perfect and will bring more dignity to this House, and perhaps prolong the health of some of our Members, and certainly will facilitate the transaction of the important business which this Congress must transact.

"By taking advantage of this modern science Members of this House can transact business with more dispatch and efficiency, in my own belief. This is not a broadcasting system. The voices reach only the confines of this Chamber. I call attention to all Members who have just finished their campaigns and ask them to recall the comforts of the loud-speaker system which so many used in making it possible for their constituents to hear what they had to say. Most of you have long ago learned how to speak into the microphone of your loud-speaking systems. This system in this Chamber is no different. Microphones are placed at various stations - one at the Speaker's table, one in front of the reading clerk, two in the well of the House, and one each at the desks of the majority and minority floor leaders. The voice comes through the gondola which you see directly over the well. An operator is located in the gallery with a monitoring apparatus which he adjusts to suit the various voices which come into the various microphones. It is all very simple. The adjustment is so made as to make the voice natural, and all mechanical sound is so eliminated as to make it practically a natural voice. Some may decide not to use the microphone. That is a matter of choice. Those who believe their voices are loud enough so that they can be easily heard may or may not use these microphones. It is just a matter of whether a Member wants to be heard or not. It is no longer necessary to strain the throat muscles. All that is necessary is to speak in a normal tone of voice. The operator who will have charge of the set will soon learn the inflection, quality, volume, and tone of each voice and can so adjust this system that each word should be heard in the remotest corner of this Chamber. Certainly our distinguished Speaker need no longer feel that he will not be heard. Certainly his voice will be heard, and dignity and calmness will prevail in this House.

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"Roll calls will be more rapid, reading clerks will have less difficulty in the transmission of readings to Members; reporters will have less difficulty in hearing; newspapermen in the press gallery need no longer hold hands to ears, the better to hear, and visitors in galleries will go back home with more impressive thoughts and feelings that the United States House of Representatives really transacts business in orderly and serious manner.

"There are great possibilities for this public-address system. You will recall that many times even the President of the United States when he speaks in this House cannot be heard in the back seats nor in the galleries. Members see the Chief Executive and other speakers but many times cannot hear them.

"I have been asked if this speaking system can be so constructed as to connect it with other offices. To this the reply is 'Yes'. The possibilities are unlimited."

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WMCA TESTS ULTRA HIGH FREQUENCY TRANSMITTER

Investigation of the probability of opening up new radio stations in the little-known 11 meter band is being conducted by the Engineering Division of Station WMCA, New York, under a franchise recently granted the station by the Federal Communications Commission. The investigation, consisting of broadcasts in what is known as ultra high frequency, is to determine the range and noise level of the 11 meter band, as yet unlicensed for commercial radio communication.

Regular WMCA programs from noon to 9 P.M. daily are being transmitted through this ultra high frequency channel under the call letters of W2XQO. According to Frank Marx, Chief of the WMCA Engineering Staff, the tests to date indicate an almost total absence of natural static and a high degree of line of sight transmission as well as distant reception. Reports have been received, he stated, from tramp steamers in the Pacific and from South America, Europe, and Australia.

The ultra high frequency equipment with which the tests are being conducted consists of a 100 watt RCA transmitter modified for use on the eleven meter frequency. It is located on the site of WMCA's transmitter at Flushing, Long Island, and special coaxial cables carry power from the transmitter to the specially installed experimental antenna. This antenna is situated on top of the 300 foot WMCA tower and is a brass pole rising 20 feet above the top of the tower.

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GREAT LAKES STUDY TO RESUME MARCH 6

The Federal Communications Commission announced this week that public hearings on the Great Lakes and Inland Waters Survey will be resumed in Cleveland, Ohio, on March 6, 1939. Col. Thad H. Brown, Commissioner in charge of the survey, will preside at the hearing.

The Great Lakes and Inland Waters Survey is being conducted under a mandate from Congress, which in May, 1937, requested the Commission "to make a special study of the radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and the inland waters of the United States, and to report its recommendations and the reasons therefor to the Congress not later than December 31, 1939."

A number of surveys have been conducted aiming at a factual basis for recommendations to Congress for legislation to promote safety of life and property on the Great Lakes, it was said. One of the first of these was a vessel investigation which included an analysis of the types, tonnage, equipment, ages, and services of all commercial vessels on the Great Lakes operating under the American flag.

A study of the channels, routes, distances, ship lanes and navigation aids had been conducted in connection with a study of weather conditions and hazards to navigation. An analysis is also being made of the nature and volume of the commerce on the Great Lakes, including the ports at which the commerce originates and to which it is destined, the routes of movement, and the types of commodities.

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SWEDEN TRIES "WIRED RADIO", TELEVISION

The Swedish State Telegraph Board is now putting in a "wire" radio transmitting station in Ange in Northern Sweden where the static disturbances from the electric trains make ordinary wireless radio reception impossible, according to the American Commercial Attache at Stockholm. This new station will comprise 200 outlets which are coupled to the telephone connections of subscribers and are then plugged in by a special attachment to an ordinary radio receiver. The programs are transmitted from the radio sending station in Sundsvall by a special "wire" transmitter manufactured by the German Lorenz company. It is expected to extend this "wire" system to other places in Sweden where static disturbances are excessive.

Sweden's first television demonstration was given recently in Stockholm by the Philips Gloeilampen Fabriek N.V., Eindhoven. The equipment was carried from the Netherlands in two trailers, consisting of one transmitter for sound and one for pictures and the receiving unit with a screen 40 cm. x 50 cm. The cathode projection system was employed, with a power of 50 watts, taken from the city power main. It is not expected that the Swedish State Broadcasting Company will take any active interest in television for the time being.

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CHILDREN'S PROGRAMS PRAISED AT NBC LUNCHEON

Radio's responsibility to its millions of child listeners was discussed pro and con Thursday by Mrs. Henry M. Robert, Jr., President General of the D.A.R., Mrs. Sidonie M. Gruenberg, Director of the Child Study Association, Mrs. W. H. Corwith, Radio Chairman of the Women's Auxiliary of the American Legion, Dr. James Rowland Angell, and other speakers at a luncheon given by the National Broadcasting Company in New York.

Dr. Angell, NBC's Educational Counsellor and former President of Yale University, speaking as a parent and grandparent, said:

"I wouldn't pretend for a moment that there can't be great improvement in children's programs, and I want to assure you that so far as the National Broadcasting Company is concerned, it has nothing more seriously on its mind. It has made the most serious effort to make those programs what I think most of you would desire to have them, programs to which children can listen with interest and understanding and profit and certainly without damage to their central nervous system or any other portions of their anatomies."

During the round table discussion, Mrs. Corwith expressed the opinion that certain types of programs dealing with adult life should be modified in view of the fact that they attracted a large child audience, but stated that as far as she knew none of NBC's sustaining children's programs had ever been criticized.

Mrs. Gruenberg declared: "We exaggerate the magnitude of the problem" and pointed out that in their first studies of children's programs there was a great difference of opinion between "what the children like and what the adults detested and feared". She said that education and a better understanding of the preferences of children since that time has served to help parental guidance.

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RADIO INDUSTRY IN HEALTHY SHAPE, SAYS EDITOR

The radio industry is entering the new year in a more healthy condition than at any time in recent years, says O. Fred Rost, editor of Radio Retailing.

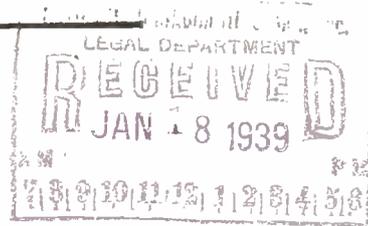
"Leading factor to justify that prediction", says Mr. Rost, "is an inventory situation which is unprecedented in that neither manufacturers nor distributors are carrying over any substantial overstocks of new sets. Previously at the turn of a year, and notably a year ago, excessive inventories forced heavy and demoralizing dumping operations, disrupted normal dealer sales, over-shadowed the sales prospects on new models. Production in many factories continues without interruption as orders from distributors and dealers reflect a highly gratifying flow of consumer buying."

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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January 17, 1939

NETWORKS NET \$45,000,000 IN 12 YEARS, FCC LEARNS

While still groping about for evidence of actual monopolistic practices within the broadcasting industry, the Federal Communications Commission this week had accumulated a lot of evidence on network operations, including the startling fact that the two major networks have netted profits of \$45,000,000 within the last 12-year period, during part of which there was a depression.

Resuming an inquiry into the activities of the Columbia Broadcasting System this week, the FCC hoped to enliven the chain-monopoly inquiry shortly with data on station ownership, gleaned from questionnaires sent to all licensees last week. Broadcasters, led by the National Association of Broadcasters, however, complained that they are unable to answer many of the questions asked and requested a simplification of the inquiry and an extension of time beyond January 25, when the replies are due.

The CBS testimony, which began last week, is proceeding more rapidly than did that of NBC and is expected to be concluded by the end of January. William S. Paley, President of CBS, will be the principal witness. While scheduled early in the hearing, his appearance has been postponed until later.

CBS witnesses heard so far have been Dr. Frank N. Stanton, Manager of Market Research; Mefford R. Runyon, Vice-President in Charge of Owned and Operated Stations and in supervisory charge of Station Relations; Frank White, Treasurer; Edward R. Murrow, European Director and Hugh A. Cowham, Traffic Manager. In addition to the witnesses CBS itself had scheduled Ralph F. Colin, General Counsel of CBS and Treasurer of the Park Corp., Mr. Paley's holding company, has been asked to testify by Commission Counsel Porter in connection with that corporation.

Although CBS did not begin operation until a year after NBC, it has earned approximately the same amount of net profit since its establishment, Treasurer White revealed in his testimony. A consolidated profit and loss statement for the network from 1927 to Jan. 1, 1938, disclosed an aggregate net income of approximately \$19,000,000 - which just about equaled NBC's net figure for the 11-year period beginning in 1926.

Mr. White estimated that CBS would show a net profit for the 1938 year of approximately \$3,500,000 or about \$800,000 less than the preceding calendar year. This figure would raise the CBS lifetime net to approximately \$22,500,000 - which maintains its slight advantage over NBC's 12-year record.

During the 11 years of its operation, from 1926 to 1937, networks of NBC realized a net operating profit of \$18,885,532 out of a gross income of \$282,404,934, according to Mark Woods, NBC Vice President and Treasurer. With estimated total revenues of \$42,211,268 for the 1938 calendar year, the lifetime record of the NBC networks will show a gross income of \$324,616,252, while the net operating profit is expected to rise \$3,451,971 for 1938 to bring the 12-year profit figure to \$22,337,503.

Other highlights of the CBS testimony to date showed:

CBS owns eight stations - WBT, WCCO, KMOX, KNX, WBBM, WKRC, WJSV and WABC - and leases one - WEEI. As of Oct. 1, last, CBS had 102 affiliated stations, exclusive of the owned and operated group. Replacement value of the CBS owned and operated stations, and of the network's facilities as of the end of 1937 was computed at \$9,322,838.

CBS has a total of 1,724 full time employees of whom 274 are artists or musicians. In addition a number of employees are given "casual employment" or engaged on a per performance basis, he said. The payroll in 1938 totaled \$5,309,330, and with the "casual" employees, aggregated \$6,382,659.

CBS has a policy against selling time for presentation of controversial issues, except during campaign years by qualified candidates. The same policies apply for managed and operated stations, except where local and State election campaigns are involved.

William S. Paley was shown as the owner of 20,530 shares of Class A and the beneficial owner of 108,510 shares of Class A CBS stock. He also held 400,088 shares of Class B and beneficially an additional 340,726 shares of Class B.

Second largest individual stockholder was shown as Isaac D. Levy, with 64,200 shares of Class A owned outright and 63,200 shares of Class A owned beneficially. He also held 23,465 shares of Class B outright and 23,465 beneficially. His brother, Dr. Leon Levy, held the third largest block - 37,850 shares of Class A owned outright and an equal amount held beneficially and 44,900 shares of Class B stock owned with 49,900 shares owned beneficially.

A summary of capital stock issued, held in the treasury and outstanding, from CBS' inception in 1927, through Jan. 1, 1939, also was offered as an exhibit. As of Jan. 1, 1939, this showed that a total of 1,900,747 shares had been issued with a par value of \$2.50 per share. The total par or stated value of this stock was \$4,751,867.50. Of this total, 192,600 shares were held in the treasury with a value of \$1,055,670.64. The total number of outstanding shares, therefore, was 1,708,147.

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Mr. Paley was shown as the owner of 110-2/3 shares of WCAU as well as less than 1% of the stock in a group of companies including Sante Fe Railroad, General Foods, General Motors, Liggett & Myers, Texas Co., Time, Inc., and U. S. Rubber, Isaac D. Levy was shown as the owner of 326-2/3 shares of WCAU.

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FCC TO KEEP HANDS OFF THREATENED STRIKE

Officials of the Federal Communications Commission indicated this week that they are watching with interest but plan to take no hand in the negotiations between organized radio entertainers and advertising agencies which threatens to bring about a nation-wide strike.

With some 6,000 radio actors, singers and announcers who are members of the American Federation of Radio Artists involved, the strike, if called, would throw practically all commercial network programs off the air.

All local chapters of the union have been advised by AFRA, which is headed by Eddie Cantor, to hold meetings of their membership not later than January 22 to vote on the strike issue.

Dissatisfied with the minimum wage scales suggested by the fact-finding committee of the American Association of Advertising Agencies, the National Board of the Union informed its 6,000 members that "conditions have arisen in the field of commercial radio broadcasting which make it imperative that members of A.F.R.A. refrain from working for advertising agencies and producers who fail to become signatories to AFRA's code of fair practice".

The Union is seeking a basic wage of \$15 for actors and announcers on fifteen-minute programs, \$25 for half-hour programs and \$35 for one-hour programs, with rehearsal pay at the rate of \$6 an hour. The proposed union scale for singers is broken into sixteen categories.

The Association's conference committee insists that the highest feasible minimum wage for all classes of performers and announcers is \$15 for fifteen minutes, with two hours of free rehearsal; \$20 for thirty minutes, with three hours' free rehearsal, and \$25 for sixty minutes, with four hours' free rehearsal.

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PAYNE DROPS LIBEL SUIT FOR \$100,000

The \$100,000 libel suit of Federal Communications Commissioner George Henry Payne against Broadcasting Magazine, and its editor and publisher, which has been pending in the United States Court for the District of Columbia since December, 1936, was dismissed last Friday.

The editorial which was the subject of Commissioner Payne's complaint criticized his examination of Powel Crosley, Jr., head of Station WLW. Commissioner Payne charged that it transcended the limits of fair comment and libeled him. The magazine explained to Commissioner Payne it had no intention of transcending the limits of fair comment or of doing more than expressing its reasonable disagreement with the views he had expressed and the manner in which he had expressed them.

The dismissal of the suit came pursuant to the resulting understanding had between the parties that the editorial was published by the magazine, its editor and publisher, in good faith as a criticism in a matter of great public interest, as the magazine saw it at the time, and without any malice; and that it was not intended to reflect in any way upon Commissioner Payne's personal or official integrity.

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"SATELLITE" STATION FOR S.C. RECOMMENDED

The Federal Communications Commission this week was advised by Examiner John P. Bramhall to grant the application of Station WIS, Columbia, S.C., for special experimental authorization to erect a "satellite" station at Sumter, S.C., to operate synchronously with WIS. The synchronized station would operate with 10 to 100 watts on 560 kc., the same channel used by the master station with 1-5 KW.

The Examiner found that the "satellite" station would add 13,879 potential listeners or 16.8 per cent radio audience to WIS's area.

"The specific proposal in this case", the Examiner said, "is to establish a synchronous station in Sumter, a city of approximately 11,000 people located 38.5 miles from Columbia, for the purpose of determining by experiment whether the principle of operating such a station with much lower power than the master station and holding it within one-fifth of a cycle of the master station's frequency by auxiliary synchronizing equipment is a practical method to provide such service. . . ."

"Because of the character of the program of research and experimentation to be carried on, it is believed that the same will contribute substantially to the broadcast art."

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FOUR-POINT PROGRAM ADOPTED BY NAB AND RMA

A four-point program has been adopted by representatives of the National Association of Broadcasters and the Radio Manufacturers' Association in their industry-wide radio campaign to promote both broadcasting and radio manufacturing.

Committees meeting at NAB headquarters adopted the following objectives as the major goal of the year-round campaign to enlist the cooperation of broadcasters, networks, manufacturers, distributors, and retail dealers:

1. To increase the amount of listening
2. To improve the quality of home reception.
3. To sell the excellence, variety and extent of American radio program service
4. To sell the American System of Broadcasting and the contributions made thereto by the individual NAB stations.

While details of the campaign are now being pursued, the Committee members agreed that it would be administered through the Public Relations Department of NAB for the time being.

Networks are expected to contribute one program a week to the campaign. Transcriptions will be furnished non-network stations weekly. In addition, all stations will be enabled and encouraged to contribute their own programs, calculated to sell their own operations, as well as American radio generally.

Through factory cooperation, retailers will distribute NAB literature, such as "The ABC of Radio", in the eight million radio sets sold a year; will develop special window displays highlighting American radio program service and providing local stations with window-tie-up and program-schedule spotlights. Regularly scheduled newspaper and other advertising will be coordinated with the central themes of the campaign. Copy in the national advertising of manufacturers in all media will likewise be coordinated.

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DEALERS DON'T EXPECT TELEVISION SETS BEFORE FAIR

Despite previous rumors, it now appears that radio manufacturers will not attempt to market television sets in any quantity until the World's Fair starts, according to the New York Times. The paper quoted dealers in saying that some sample sets have been prepared, but that the prices quoted are quite high. "Manufacturers have been chary in giving either distributors or dealers any tangible information about the new models, but the latter would not be surprised if some of them suddenly introduced television sets with little warning," the Times said.

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STATICLESS RADIO PROMISED BY COLUMBIA PROF.

The dream of all radio listeners - a radio without static or any kind of interference to reception - will be realized next Spring, according to announcement by Columbia University, New York City, as the result of a development by Maj. Edwin H. Armstrong, Professor of Electrical Engineering, inventor of the super-heterodyne receiver.

The feat will be accomplished through the broadcasting of a high-powered, thunder-defying radio transmitter, using the call letters W2XMN, which will employ a revolutionary system of transmission known as frequency modulation.

The new system, because it wipes out static, tube noises and interference, promises to replace the old method now in use in the same manner in which alternating current replaced direct current, Professor Armstrong declared, according to the New York Times. If widely adopted, the announcement added, all the parlor radios now in use will become as obsolete as the radios of the early 1920s are today.

The new method of radio transmission and reception, it was declared, promises to be of vast significance in another direction. Not only will it eliminate all unwanted noises made by nature or man but it will at the same time also open up for the field of high-fidelity broadcasting a vast new air channel in the short-wave range, from ten meters to possibly one meter. This will mean that 1,000 up to possibly 1,500 new radio wave lengths will be available for use for the first time on a practical basis.

"The new system", the announcement said, "will greatly relieve the danger of the air waves being monopolized, which has given so much concern to Congress, by making available a service on the ultra-high frequency channels that are comparatively unused at present."

W2XMN is at present assigned to broadcast in the vicinity of 40 megacycles (40,000,000 cycles) by the Federal Communications Commission, which corresponds to a wave length of 7.5 meters.

The new system operates on a band of 200,000 cycles. Since a wave length of one meter corresponds to 300,000,000 cycles, it can be seen that at this wave length there would be room for 1,500 radio stations operating on the new Armstrong system of 200,000 cycles. At the present wave length of about 7 meters, which corresponds to a frequency of 120,000,000 cycles, there will be room for 600 additional radio broadcasting channels in a band now comparatively unused because of fading, skip-distance, static and other practical difficulties that the new system eliminates, it was said.

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Construction of "frequency modulated" receiving sets of the new type, which had been at first labeled an impractical dream by radio manufacturers, is already under way at the plant of the General Electric Company, it was announced. The new sets, when produced on a quantity basis, it was added, "will cost no more than the ordinary good sets of today and will be able to receive both the old and new kinds of broadcasting much the same as sets now receive both the short and long wave programs."

It was pointed out that the short wave receiver of present models would not be able to tune in on the programs transmitted by the new system.

Station W2XMN is built in a wooded section of Alpine, N.J., atop the Palisades. It has a 400-foot tower with three 150-foot cross-arms, rises 1,000 feet above sea level and can be seen from almost any spot along Riverside Drive.

The tower is constructed in an entirely new design perfected by Professor Armstrong. Instead of the conventional wires strung between two supports, the aerial consists of a series of copper plated steel bars fastened to a boom suspended between the tower's cross-arms. Waves sent out over these bars may be concentrated along the earth's surface, whereas the waves broadcast by the ordinary wire aerial go off in an arc in all directions.

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CANADIAN PUBLISHER EVADES RADIO BAN

By using electrical transcriptions on 19 Canadian radio stations Monday, George McCullagh, owner of the Toronto Globe-Mail, evaded a ban ordered by the Canadian Broadcasting Corporation on the broadcasting of the views of an individual not sponsored by a political party over a national hook-up.

The ban had been justified by Transport Minister C. D. Howe on the ground that to allow wealthy men to buy time on a network to air their views would constitute a discrimination against poor men.

He said that the British Broadcasting Corporation and the National Broadcasting Company have similar rules.

The publisher's address, the first of a series, was addressed to the members of the new Parliament gathered in Ottawa.

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FOUR RADIO BILLS REINTRODUCED IN SENATE

Four bills were introduced this week and last week in the Senate dealing with broadcasting.

One bill (S. 517), introduced by Senator Johnson (D.), of Colorado, would amend the Communications Act of 1934 "to prohibit the advertising of alcoholic beverages by radio". ✓

Senator Sheppard (D.), of Texas, introduced S. 550 which would amend the Radio Act by making it mandatory that a radio station operator be 21 years of age with an exception that the Federal Communications Commission could allow younger persons to become amateur radio operators. ✓

Senator Capper (R.), of Kansas, introduced S. 575, dealing with alcoholic beverages in interstate commerce. A paragraph of the bill prohibits advertising of this commodity on broadcast stations. ✓

These three bills are identical with bills introduced by the same members of the Senate at the last session of Congress and all have been referred to the Committee on Interstate Commerce.

At the same time, W. S. Alexander, Administrator of the Federal Alcohol Administration Division of the Treasury, asked Congress in his annual report to ban radio liquor advertising.

Strict regulation of radio broadcasting companies in the field of self-censorship was proposed in a bill reintroduced yesterday (Monday) by Senator Schwollenbach (D.), of Washington, and referred for study to the Committee on Commerce.

The measure, on which the last Congress took no action, would remove from broadcasting companies the right of control over discussions of a controversial nature, and provide for definite periods of time for "uncensored discussion, on a non-profit basis, of public, social, political and economic problems, and for educational purposes. In such periods, exponents of all sides would receive equal amounts of time.

The bill would require complete recording of applications for radio time and the reasons for rejections and for changes of programs dealing with public discussions.

Censorship by government agencies would be limited to defamatory or objectionable language.

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McNINCH REPORTS ON SAFETY-AT-SEA ACT

The Federal Communications Commission "has no specific recommendations to make for new legislation with respect to safety of life and property at this time", Chairman Frank R. McNinch informed the President of the Senate and the Speaker of the House of Representatives this week. In identical letters to the presiding officers of the two Houses of Congress, Chairman McNinch said:

"The Federal Communications Commission transmits herewith its report on the subject of whether or not any new wire or radio communication legislation is required better to insure safety of life and property, pursuant to the second proviso of Section 4(k) of the Communications Act of 1934, as amended by Public, No. 97, 75th Congress, approved May 20, 1937.

"In general, the provisions of the statute have proven suitable for the accomplishment of the purpose of promoting safety of life and property through the use of wire and radio communication and they represent the practical limits to which it appears necessary or advisable to go at the present time. Accordingly, the Commission will make no recommendations for additional legislation for safety purposes of a major character during the present session of Congress.

"The Commission is now engaged, pursuant to the provisions of Section 602(e) of the Act in making a special study of the radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and Inland Waters of the United States; and it is required to report its recommendations thereunder to the Congress not later than December 31, 1939. Should the results of this study disclose a need for legislation, such proposals should be coordinated with any major changes in the provisions made for promoting safety of life at sea generally. The Commission, therefore, deems it advisable to defer any specific recommendations it may have for general safety of life at sea legislation until after the completion of the study.

"The Commission is not aware of any present need for additional legislation affecting the use of wire lines for safety purposes. No cases have come before it involving the application of safety principles in connection with the operation of wire lines of which it has been unable to make appropriate disposition under its existing powers.

"Since the last report to the Congress under the provisions of Section 4(k) the Civil Aeronautics Authority has been created. In the administration of the Aeronautics Act the use of radio plays an important role. The Authority and the Commission recognize the desirability of conducting a study to determine what, if any, additional legislation may be helpful in correlating the administration of the Communications and the Aeronautics Acts. It is desired to have the benefit of further experience under the

new law before attempting to reach definite conclusions and a series of conferences between the two agencies has been arranged looking to the submission to Congress at a later time of such concurrent specific recommendations for further legislation on this subject as may be found necessary or desirable.

"The Commission has given special consideration to this subject and reports for the reasons given above that it has no specific recommendations to make for new legislation with respect to safety of life and property at this time."

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CROSLEY TO MARKET FACSIMILE MACHINE

The Crosley Reado, a facsimile machine, will be placed on the market by the Crosley Corporation this Spring, Powell Crosley, Jr., President, announced at a demonstration to Cincinnati publishers last week. Mr. Crosley said that the complete set would retail for less than \$150. It consists of a printing section and a radio section, the two fitting together. The printing section will cost \$79.50. It may be attached to any radio with a loud speaker output of five watts, in other words, a five to seven tube set.

Mr. Crosley is using the Finch system of facsimile developed by W.G.H. Finch, of Finch Telecommunications Laboratories, New York.

The Reado is equipped with a clock which may be set to start as early as 2 A.M., when the Crosley station, WLW, starts its facsimile news and pictures broadcasts. The report will be printed on a paper ribbon the size of two newspaper columns.

Mr. Crosley said facsimile broadcasts would be used as an adjunct, and not as a competitor of newspapers. He has been experimenting with facsimile broadcasting two years. He said the broadcast could be received in a radius of 500 miles.

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TELEVISION TESTS IN CAPITAL PLANNED BY NBC

Demonstrations of the latest television equipment will be made before members of Congress and the press next week by the National Broadcasting Company. The NBC television van left New York today and planned a stop in Philadelphia before proceeding to Washington.

Six television receivers will be installed in the National Press Club. The plan is to interview members of Congress and Administration officials at the radio cameras. From the mobile unit the images will be telecast on ultra-short waves to the Press Club.

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While condemning certain broadcasts sponsored by the Basic Science Institute and the Samaritan Institute, the Federal Communications Commission this week renewed the license of Station KMPC, Beverly Hills, Cal., on the ground that it is now furnishing a satisfactory service.

For the third consecutive year, Blakett-Sample-Hummert, Inc., placed the largest amount of business on the three radio networks - NBC, CBS and Mutual - in 1938, with a total of \$9,093,125.

RCA Communications, Inc., last week reported gross profits of \$4,250,508 and net income of \$367,882 for the eleven months of 1938 ending November 30. This figure compares with 1937 returns of \$4,767,251 and \$973,713, respectively.

Germany will build two radio communication stations in South America this Spring, one in Buenos Aires and another in Lima, to carry the reports of the German Transocean News Service, according to the Associated Press. The stations will be the first in a link designed to aid the Nazi campaign to exercise political and economic influence in the Latin Americas.

David Sarnoff, President of the Radio Corporation of America is to receive the 1938 Gold Medal award of achievement from the Poor Richard Club at its thirty-fourth annual dinner in Philadelphia tonight (Tuesday), the 233d birthday anniversary of Benjamin Franklin. The honor is conferred annually in recognition of one whose accomplishments have been adjudged to have helped in advancing American civilization and whose efforts have aided in establishing higher standards of living.

A substantial expansion in the advertising efforts of Philco Radio and Television Corporation for this year will result from the company's entrance into new fields, according to predictions in the advertising field yesterday. Philco will be active in five major lines this year. Of primary importance is its entrance into the refrigerator field, with the Conservador line. Secondly, the company, which entered the air-conditioning field last year for the first time with the Cool-wave portable air-conditioning unit, will expand its activities in this direction this year and has prepared a complete merchandising and promotional campaign. The company is also introducing a complete new line of dry batteries for all purposes. The 1939 line of Philco auto radios will be shown next month together with complete promotional plans. Advertising continues on Philco 1939 home radios, which were introduced last year.

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HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.

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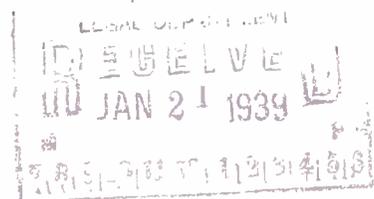
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SLAP AT McNINCH SEEN IN COMMITTEE REPORT

An indirect warning to Chairman Frank R. McNinch that some of his proposed radio policies are at variance with the Communications Act was contained in a 31-page report by a three man Committee of the Federal Communications Commission this week on proposed rules governing broadcasting stations.

Besides recommending that the proposed FCC rule against super-power be retained until a further study is made of the economic effects of such broadcasting, the Committee discussed clear channels, newspaper ownership of radio stations, station profits, programs, absentee ownership, networks, and international aspects of broadcasting.

While recommending no radical changes in FCC policy, the report called attention to the far-reaching effects of certain practices and recommended caution in the adoption of fixed policies.

Its principal findings and recommendations to the FCC are:

That no super-power or 500 KW. stations be licensed until a further study is made of the economic aspects of the issue.

That "public service standards" for broadcasting licensees be adopted but not until a further study is made.

That licenses be extended from six months to a year in an effort to stabilize the industry.

That no "rule-of-thumb" policy be adopted with regard to newspaper ownership of radio stations and that more data be obtained on the subject.

That no further inroads be made on the 25 clear channels but that improvements be made in the utilization of the 19 clear channels to be shared and of local and regional channels.

That network organization should be encouraged rather than discouraged.

The report was prepared by a Committee composed of Norman S. Case, Chairman, T.A.M. Craven, and George Henry Payne. The same group earlier had recommended that Station WLW, Cincinnati, be denied an extension of its 500 KW. experimental license.

The findings and recommendations are based on public hearings held by the Committee last Summer on the FCC proposed rules.

"The American system of broadcasting has its legal foundation in the Communications Act of 1934, which is the out-growth of the Radio Act of 1927", the report stated.

"In drafting legislation, Congress recognized the underlying doctrine of the American system of broadcasting to be its application to the service of the public in a democracy where initiative and freedom of speech are the cherished rights of the people of the nation. In safeguarding this doctrine Congress specified that the ultimate control of broadcasting channels must rest in the hands of the public and therefore specifically limited the terms of radio broadcasting station licenses to not more than three years, and specified that 'the station license shall not vest in the licensee any right to operate the station nor any right in the use of the frequencies designated in the license beyond the term thereof nor in any other manner than authorized therein', and in addition prohibited the transfer of licenses or control thereof without the consent of the Commission."

The Committee cited with significance but without comment the Communications Act's ban on governmental censorship of radio programs.

"Congress also specified that 'a person engaged in radio broadcasting shall not in so far as such person is so engaged be deemed a common carrier'", the report added. "In so specifying, Congress evidently recognized not only the impracticability of regulating the rates charged by broadcasting stations, but also intentionally avoided the potentialities involved in the acquisition by any administration in office of added power to control the channels of mass communication.

"As a safeguard against improper concentration of radio facilities in sections of the country to the detriment of other sections, Congress specified that 'in considering applications for licenses, and modifications and renewals thereof, when and in so far as there is demand for the same the Commission shall make such distribution of licenses, frequencies, hours of operation, and of power among the several States and communities as to provide a fair, efficient, and equitable distribution of radio service to each of the same.'

"In many sections throughout the Communications Act of 1934, Congress has indicated the necessity for the preservation of competition as a further safeguard against concentration of control of broadcasting facilities.

"The Committee is convinced that the American system of broadcasting, operated in accord with the broad policies now prescribed by Congress, has proved to be the best method of applying this modern invention of radio to the service of the people of the United States. The Committee has recognized, however, that the method by which broadcasting is regulated can change completely its aspect as a service to the public. We believe that among the best methods to safeguard the American system of broadcasting is, in so far as is practicable, to encourage and require full and free competition. The Committee is therefore of the opinion that the attainment of this objective requires a faithful

adherence by the Commission to the diversification doctrine of licensing stations in any community or region as well as in the nation as a whole, and also the licensing of an adequate number of stations to insure active competition, not only in business but also in service to the public.

"The Committee also considers that a policy which insures a diversification of programs in any community as well as in the entire nation, will greatly assist in preserving the American system of broadcasting. The public is entitled to a variety of choice of its programs not only from individual stations but also from the system as a whole. Therefore, it is necessary for all licensees who operate facilities using the radio waves of the public domain to maintain a balanced program service of interest and value to all the people in their homes. It is equally necessary that these licensees keep radio a vital force and available as an open forum for the discussion of questions of concern to the public on a fair and equitable basis, regardless of race, creed or political doctrines. This does not mean that radio may be debased as a service but it does mean that the public interest can best be served and freedom of speech safeguarded when station licensees conduct the operation of their stations in accord with the principles of democracy and in accord with high standards of ethics in conformity with the tastes, requirements and desires of the public.

"It appears desirable that the Commission, in rendering future decisions, endeavor to establish a policy which may serve as a guide for all applicants in the matter of economic support for any number of radio stations in cities of different populations. The Committee therefore recommends that in each hearing involving additional facilities in any community, there be specified in the Bill of Particulars the issue of economic support and that the Commission's staff endeavor to present evidence of an economic character in each such instance. The Committee feels that since the evidence now available is not sufficient to warrant the establishment of a uniform policy, the method recommended by the Committee would be the best procedure in establishing such a policy in the future."

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CELLER REINTRODUCES PAN AMERICAN BILL

Representative Celler (D.), of New York, this week reintroduced his bill to authorize the Navy Department to establish a Government-owned Pan American short-wave station in Washington, and the measure was again referred to the House Naval Affairs Committee, which pigeon-holed it last year.

A report on international broadcasting, with recommendations as to what the United States should do, is expected to be made to President Roosevelt the latter part of this month.

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SENATE UNCOVERS LONG-LIFE RADIO TUBE

A radio tube of much longer life than the present type could be produced and sold to listeners if manufacturers wished, Dr. Frank B. Jewett, President of Bell Telephone Laboratories, told the Congressional Monopoly Committee this week.

The testimony came like a bomb-shell to the inquiry, installling new life into what had developed into another "monotony" probe like that of the Federal Communications Commission.

Senator O'Mahoney, Chairman of the Committee, immediately seized the opportunity and asked Dr. Jewett for more data on why the tube is being withheld from the market. Committee members indicated that they will call leading radio manufacturers to question them about the matter.

Dr. Jewett testified that the tube, developed by the laboratories, had been in use over the long distance circuits of the Bell System since 1923. The tube was described as having twenty to fifty times the life of an ordinary tube and using less power.

Asked why it had not been made available to the general public, he said:

"It would not be to their commercial advantage to do it. I know that if I was in their place I wouldn't do it."

He explained that the new tube had 50 times the life of the tube used before 1923, consumed only half as much current and was somewhat less costly to manufacture.

Richard C. Patterson, Assistant Secretary of Commerce and a member of the investigating committee, commented, "I can see how they would sell less tubes all right."

Dr. Jewett had testified that under a cross-licensing agreement Radio Corporation of America and General Electric Corporation had the right to use the invention. The Bell System had used them in another form for long distance telephone communications.

The general policy of the Bell System, Dr. Jewett said, was to "grant licenses broadly", on the 15,000 patents it holds.

Isador Lubin, Commissioner of Labor Statistics, said he could not understand why "someone is foregoing the opportunity of making millions" by not manufacturing the longer-life tube.

The Bell tube is manufactured by the Western Electric Co. He (Dr. Jewett) said he did not know whether the cross licensing agreement between RCA and General Electric prevented Western Electric from manufacturing radio tubes. The improved vacuum tube, Dr. Jewett testified, had saved the Bell system \$10,000,000 last year, but had cut Western Electric's production to one-fiftieth of the number of old-style tubes that would have been needed.

COMMITTEE OPPOSES STRICT BAN ON PRESS STATIONS

While suggesting further study before adopting any policy, the Committee on Rules this week advised the Federal Communications Commission to adopt no "rule-of-thumb" regulation with regard to newspaper ownership of radio stations.

"From its examination of the data at hand (largely taken from the Commission's own files), the Committee feels that to adopt any rule-of-thumb on a subject such as this would run the hazard of working an injury to the service received or entitled to be received by the public", the report stated. "The subject has too many aspects on which little or no trustworthy information is available or analyzed.

"Pending the securing of adequate information, the Commission has at hand the existing procedure established under the Communications Act of 1934 and, by applying the standard of public interest, convenience or necessity to all applications, whether for new stations or for renewals of license, it has power to cope with situations where actual or proposed newspaper ownership of a station raises a doubt as to whether the standard has been or will be complied with in practice.

"Some of the courses of action which are suggested probably could not be followed without a more explicit declaration of policy by Congress. . . . The Commission should undertake to study further the question not only of newspaper ownership of radio stations, but also the economic effect of radio upon newspapers, and proceed to secure information of an economic character concerning both of these phases of this important matter.

"In future hearings on applications for new stations, particularly in smaller communities, the Commission might include in its consideration of public interest, the factor of radio competition with established newspapers. By this the Committee does not mean to infer that such competition is not desirable, but that if such competition should be destructive and should affect employment of a relatively large number of people in a community, as well as the investment in property therein, there may be involved an element of public interest which, at least, should be considered by the Commission."

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Television's first woman program director, Miss Thelma A. Prescott, has been added to the staff of the National Broadcasting Company to represent the feminine interest in this new art. Miss Prescott will produce fashion shows and other programs with appeal primarily to women.

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U.S. TELEVISION TO SURPASS BRITISH, SAYS FARNSWORTH

The American system of television, which is due to make its debut this Spring will be far superior to that available in England and Germany, Philo T. Farnsworth, Vice-President of Farnsworth Television Corp., Philadelphia, told the Congressional Monopoly Committee Thursday.

The one-time "boy wonder", now in his early thirties, drew gasps of amazement from the Committee members and spectators as he recounted how he had developed the basic idea of television while a boy of 14.

Mr. Farnsworth denied that there had been any organized suppression of television by radio manufacturers and stressed the need for standardization. He said that superior equipment will be made available to the public as a result of the long drawn out experiments.

The Radio Corporation of America, he said, is planning to market in April television receiving sets which probably would be sold for as little as \$125; and by the end of the year there was a likelihood that the Television Committee of the Radio Manufacturers' Association would apply to the Federal Communications Commission for authority to start regular commercial television broadcasts.

"The public feels that there may be suppression of patents in television", Senator O'Mahoney said, "and the feeling seems to be that the radio companies have such a large investment in their own field that they might wish to defer the advent of television."

Mr. Farnsworth said that whatever of withholding there had been was due to the "tremendous engineering problem" confronting the companies which would market television.

"When television is introduced", he stated, "we must be very sure that the standard adopted is not one which will freeze the art into a specific form too early."

The television which the American public would soon receive, he said, would be far superior to that which had been available in Germany and England for several years, partly because the industry in this country had a chance to profit by the experience abroad. He said the foreign television application was largely based on patents licensed from this country.

He said the American companies now had equipment which could transmit outdoor news events, movie films and studio performances with such precision that the reception could hardly be distinguished from what is now seen on motion-picture screens.

"Then why is it not on the market?" asked Mr. O'Mahoney.

When Mr. Farnsworth told of the collective plans of the television manufacturers and broadcasters, the Senator asked if it would not be possible for one company to start without the others.

"Yes, but the whole future of the art depends upon standardization of equipment", said Mr. Farnsworth.

He denied there was any attempt on the part of a single company to "police the industry". Modern television, he added, could not be built without using Farnsworth, Bell and RCA patents in combination.

Mr. Farnsworth expressed disapproval of compulsory licensing, in which some committee members have shown an interest, and recommended that the patent procedure should be simplified as much as possible to strengthen the patent monopoly without disturbing the system's basis.

Asked concerning the 50,000-hour vacuum tube which Frank B. Jewett, President of the Bell Telephone Laboratories, told the Committee about Wednesday, Mr. Farnsworth said he believed any electrical company could now make the tube, which the Bell System adopted in 1923, because the patents on it had expired.

"The fact that this tube has not been made available to radio users", he said, "is no indication that the industry is evading public demand. I don't think that a public demand for a tube of this life exists. They would last too long, longer than the life of the average radio set."

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PUBLIC SERVICE STANDARDS FOR RADIO SUGGESTED

While shying from fixed rules to govern radio program service, the three-man Federal Communications Commission Committee reporting this week suggested that "standards of public service", might be adopted for the guidance of licensees and be used as a yardstick in the renewing of permits.

The proposed "standards" would require stations to:

"1. At all times maintain a liberal reaction to public opinion and demands with respect to the service rendered by the broadcasting station.

"2. Be fair and equitable when making its broadcasting facilities available to citizens and organizations of the community in which the station is located, regardless of race, creed, or social and economic status.

"3. Assist in the development and use of talent living in the community, and also bring to the community in so far as is practicable talent resources of the nation.

"4. When practicable encourage the employment and training of residents of the community for service in the various departments of the station.

"5. Render a balanced program service of diversified interest to all the public and include in such service during periods which may be practicable from the standpoint of general public interest, sufficient time for education, cultural subjects, religion, entertainment, news events (both local and general) and the activities of local civic enterprises.

"6. Avoid programs in which there is obscenity, profanity, salaciousness, immorality, vulgarity, viciousness, malicious libel, maligning of character, sedition, and malicious incitement to riot or to racial or religious animosities so as to contrive the ruin and destruction of the peace, safety, and order of the public.

"7. Avoid the broadcasting of lottery information, false, fraudulent or misleading advertising, and programs containing uninteresting and lengthy advertising continuity.

"8. With regard to the advertising of medical services or products, require that the representations made be strictly truthful and decorous, and used as a basis for determining the truth of such advertising the findings of the United States Food and Drug Administration, the Post Office Department, the Federal Trade Commission, the local medical authorities and the expression of the Federal Communications Commission as found in its decision.

"9. Exercise care in making its facilities available on an equitable basis to all if to any advertisers in the community.

"10. If the station's facilities are made available as a forum for discussion of public social and economic problems, exercise care to insure that the listening public has an opportunity to hear opposing schools of thought on controversial subjects of public interest.

"11. Avoid making the station's facilities available for editorial utterances which reflect solely the opinion of the licensee or the management of the station. If editorial utterances are permitted, exercise care not to deny the use of the station's facilities to those having contradictory opinions. In other words, the stations's facilities should be available for the presentation of other sides of controversial subjects on a fair and equitable basis.

"12. Require that all programs should be formulated for broadcasting to the home, so that no listener would be compelled to tune out the station because of doubtful effect on youth.

"13. Maintain station equipment and operating methods in all departments abreast of progress from the standpoint of efficiency, signal intensity and reduction of interference to other stations."

Because many participants in the hearing were unprepared to offer evidence in this matter of standards, the Committee said that the Commission should not prescribe such standards at this time, however.

"This matter might be the subject of a future hearing of a legislative character in which may be considered not only the feasibility of adopting standards but also the procedure for making them effective", it concluded.

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CAUTION URGED IN ADOPTING POLICY ON SUPER-POWER

Weighing the evidence for and against super-power, the Federal Communications Commission Committee reporting on proposed new rules this week recommended that the proposed limitation at 50 kw. be maintained and that the Commission gather more data on the economic factors involved in super-power broadcasting.

The Committee's recommendation is in line with the Senate resolution adopted last year upon the insistence of Senator Wheeler (D.), of Montana.

About a dozen clear channel stations have applied for authority to increase their power from 50 KW. to 500 KW.

Recalling that the Clear-Channel Group of stations advocated the change in rules while the National Association of Regional Broadcasters and others opposed it, the Committee said:

"The evidence shows conclusively that, from a technical standpoint, the use of power in excess of 50 kw. has a distinct advantage because it provides better quality service to the vast population residing in rural areas and in towns which neither have broadcasting stations of their own nor are located within the primary service area of any station.

"Unfortunately, however, the evidence also indicates that there are possible disadvantages of an economic and social character in removing the power limitation. While no one should fear technical progress, it is important in these days of economic upheaval, to understand and consequently to prepare for possible economic changes which may result from technological advances.

"Thus the question of super power, from the standpoint of the general public throughout the nation as a whole, involves a determination of whether the resulting advantages to be gained in the improvements of radio service to listeners in rural areas by means of super power operation from a few stations properly located in the country, are outweighed by the possible disadvantages resulting from adverse economic effects of such super power operation upon a large number of smaller power stations primarily serving the smaller metropolitan areas, as well as by the possible adverse social effects of centralizing into the hands of a few persons such powerful facilities of mass communication capable of reaching all the population of the nation.

"Therefore, from the standpoint of social effect, it is also necessary that the Commission proceed with caution at this time. Furthermore, if as the result of further study of the economic phases of the question, it is ascertained that the advantages of super power would outweigh its disadvantages, the Commission should be prepared to formulate rules to counteract the potential adverse social effects resulting from the concentration of such powerful media into the hands of a few.

"In view of the foregoing considerations, the Committee recommends that the proposed rule be not changed at this time, but in lieu thereof, that the Commission proceed on a more intensive accumulation of facts and a consequent study of the economic factors involved. At a later date the subject of super power may be reopened and decided more positively upon the basis of more accurate evidence and experience than is available at present."

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ONE-YEAR LICENSE FOR STATIONS RECOMMENDED

Doubling of the license term of broadcasting stations is recommended by the Federal Communications Commission Committee on Rules in its report this week.

"The Committee feels that while profits should not be the sole motive of a broadcast station licensee, profits are not only proper but they are also necessary if the public is to have good radio broadcasting service", the report stated.

"Not only must each broadcaster, against constant competition, maintain the public's confidence and interest in the service rendered, but also the licensee must and should operate on a rigid basis of regulation by the Federal Government. The industry is confronted with rapid change, rapid obsolescence, and rapid new and renewed demands upon the enterprise, initiative, and capital of its members. There is always present the threat of sweeping changes in the technical base on which radio stands, as for example, such developments as television. The industry must be sufficiently prosperous, not only to pioneer but also to secure adequate funds to finance the new developments and changes which periodically will continue to confront a new industry based on a rapidly developing new science.

"The Committee is impressed with the necessity for encouraging stability in the business of broadcasting. Such stability is essential if needed improvements in service are to be practically attainable. If there is less risk the net profits might well be smaller than now and yet more satisfactory from a business standpoint with consequent benefits to the public from the standpoint of improved service.

"Based upon the evidence at the hearing concerning the present short term of license the Committee is of the opinion that many advantages can accrue to the public as well as to the industry if the term of license be extended to at least one year."

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W.G.H. Finch, who developed the facsimile radio broadcasting method which bears his name, and representatives of stations licensed to use Finch equipment, were guests in Cincinnati of Powel Crosley, Jr., President of the Crosley Corporation, at a dinner at the Hotel Gibson, Cincinnati, Thursday, January 12th.

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19 CHANNELS CITED FOR IMPROVEMENT IN REPORT

While recommending preservation of 25 clear channels for exclusive use of 50 kw. stations, one on each channel, the Committee on Rules of the Federal Communications Commission, proposed that in addition to the existing regional and local channels 19 channels be made available for general improvements.

"In providing for the future improvement in rural service, so as to make it compare more favorably with existing urban service, the Committee considers the retention of 25 channels on which only one 50 kw station operates at night to be the safest course for the present", the report stated. "Too much is not known of potential technical developments other than mere duplication to warrant the Commission's adopting duplication as the only course at this time. Furthermore, it should be borne in mind that many of the attempts to utilize all channels on a shared station basis are for the purpose of improving urban service by means of regional and local station usage. Therefore, it appears that a more reasonable course would be to exhaust the possible improvements which may be available in a better use of regional and local station channels and of the 19 clear channels which the Committee has recommended be shared station channels, rather than to tap the reservoir of the remaining 25 channels to too great an extent.

"Thus, in addition to the existing regional and local channels, there are 19 channels (i.e., 15 of the former 40 clear channels and the 4 former high power regional channels), which the Committee recommends be made available for general improvements in sections of the nation. In addition, under the provisions of the North American Regional Broadcasting Agreement, other channels will be available for use on a limited scale for further improvements of service in the United States."

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G.E. STATION TO BLANKET SOUTH AMERICA

General Electric's powerful new-type short-wave radio transmitter, which will be opened next month at the San Francisco World Fair, will broadcast in five languages to South America and the Orient. After the Fair it is to be set up permanently as a non-commercial station at nearby Belmont, and could be used to reach the peoples of South America and Asia with America's point of view.

Radio technicians said the 200,000-watt equipment would have enough power to blanket short wave reception from the Rio Grande to the Straits of Magellan, broadcasting in English, Spanish and Portuguese, and from the Caribbean Sea to the Indian Ocean sending in English, Japanese and Chinese.

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JAN 25 1939

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FCC REORGANIZATION ASKED BY PRESIDENT

Expressing thorough dissatisfaction with the present "legal framework and administrative machinery" of the Federal Communications Commission, President Roosevelt this week asked Congress for new legislation "to effectuate a satisfactory reorganization."

The message was addressed to the Chairmen of the Senate and House Committees on Interstate Commerce. It was disclosed, however, in testimony of Chairman Frank R. McNinch of the FCC before the House sub-committee on Appropriations in executive session Monday.

The text of the letter follows: (addressed to Senator
Burton K Wheeler)

"Although considerable progress has been made as a result of efforts to reorganize the work of the Federal Communications Commission under existing law, I am thoroughly dissatisfied with the present legal framework and administrative machinery of the Commission. I have come to the definite conclusion that new legislation is necessary to effectuate a satisfactory reorganization of the Commission.

"New legislation is also needed to lay down clear Congressional policies on the substantive side - so clear that the new administrative body will have no difficulty in interpreting or administering them.

"I very much hope that your Committee will consider the advisability of such new legislation.

"I have sent a duplicate of this letter to Chairman Lea of the House Committee on Interstate and Foreign Commerce, and I have asked Chairman McNinch of the Commission to discuss this problem with you and give you his recommendations."

Unconfirmed reports also were current on Capitol Hill that legislation to change the set-up of the Federal Communications Commission is being prepared and will be introduced shortly.

It was said that the legislation will follow the lines of a proposal formerly attributed to Thomas G. Corcoran, i.e., a three-man Commission, but dropped when the President issued an order that all legislation must originate in Congress rather than within the administrative agencies.

The McNinch "purge" and FCC reorganization were discussed at length during the executive hearing of the Commission along with the "proposed" telephone report.

Republican members of the Sub-Committee, with Representatives Wigglesworth, of Massachusetts, and Dirksen, of Illinois, taking the lead, cross-examined Chairman McNinch at some length regarding the "purge" and his unsuccessful effort to exempt some 60 FCC jobs from the Civil Service Act.

They also questioned both Chairman McNinch and Commissioner Paul Walker regarding the telephone investigation and the procedure followed in conducting the hearings. The questioners were highly critical of the methods used by Commissioner Walker in the inquiry.

Democratic members of the Sub-Committee were silent for the most part during the cross-examination although Chairman Woodrum (D.), of Virginia, came to Mr. McNinch's defense somewhat half-heartedly, it was learned.

While it is doubtful that the House Sub-Committee will take any action either to curb or penalize Chairman McNinch or the Commission, indications are that the Republican members are laying a groundwork for an attack on the FCC, probably on the House floor.

All members of the Communications Commission were present at the House hearing, but Messrs. McNinch and Walker were the only members questioned.

A transcript of the testimony and questioning will be made public when the Omnibus Supply Bill for independent offices is reported to the House, possibly next week.

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CELLER SPONSORS BILL TO RELIEVE RADIO FROM LIBEL

A bill which would relieve radio owners or operators of responsibility for libel or slander uttered over their facilities, providing due care is exercised to prevent it, was offered in the House this week by Representative Celler (D.), of New York.

Representative Celler, who has clashed with commercial broadcasters in the past over his proposals to establish a Government-owned short-wave radio station, struck a sympathetic note in his latest legislative effort due to the general dissatisfaction within the broadcasting industry over present libel laws as they apply to radio stations.

In a lengthy statement Representative Celler explained the purpose of and reasons for his bill and at the same time stated that he saw no need for changing the law with respect to publishers.

"A publisher of a newspaper usually has uppermost control of his own company, and can easily protect himself against libel", he said. "He has the direct supervision of his writers,

and can blue-pencil anything. The editors of his paper can accept or reject the work of the reporter. The publisher, therefore, should be held responsible for libelous and slanderous statements in his paper....A written word that is poisoned with libel spreads rapidly.

"The broadcaster, on the other hand, in many instances, cannot exercise such vigilance. He cannot control that which is spoken over his station. Be he ever so alert, the speaker may often get in edgewise damaging utterances. He cannot stand guard as effectively as a publisher or editor of a paper or magazine or pamphlet.

"Furthermore, it is often impossible to prevent orators over the radio from uttering slanderous statements. A 'mike' may be set up at a political meeting, or in a banquet hall. The owner of a station may have asked for a copy of the script, and the request may have been refused. The importance of a speaker or the occasion may make the speech or speeches of real value and consequence. The owner can exercise no power or control over the speaker. The owners of radio sets are anxious to get the words of the particular speaker on particular occasions. Some one is slandered. Is it fair to hold the owner of the radio station responsible for these slanderous utterances, when he had no opportunity to stop or prevent them?

"Speakers, and particularly officials of public life resent censorship. They are loathe to present in advance copies of their orations, and when they do so they are reluctant to accept the suggested changes.

"We should not compel the broadcaster to censor save to prevent readily ascertainable libel and/or slander. He should, of course, exercise some initiative and be fairly vigilant, but behind that vigilance there should not be the stalking spectre of a suit for defamation. That fear should be removed and he (the broadcaster) should not be liable, except where he is absolutely and directly responsible for the utterance of the orators or failed to exercise due and reasonable vigilance to prevent the damage."

The bill, which seeks to amend the Judicial Code by adding after Section 274d a new Section, states, in part:

"Section 274e: That the owner, lessee, licensee or operator of a radio broadcasting station, and the agents or employees of any such owner, lessee, licensee or operator, shall not be liable for any damages for any libelous and/or slanderous and/or defamatory statement published or uttered in or as a part of a radio broadcast, by one other than such owner, lessee, licensee or operator, or agent or employee thereof, if such owner, lessee, licensee, operator, agent or employee shall prove the exercise of due care to prevent the publication or utterance of such statement or statements in such broadcast."

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CAPITAL TO SEE FIRST TELEVISION EXHIBIT

Television's first showing in the Nation's Capital of high-definition pictures through the air will be given in a series of demonstrations, to begin next Friday, (January 27) by the National Broadcasting Company and the Radio Corporation of America, according to Frank M. Russell, NBC Vice President. The demonstrations, the first to be given by NBC outside New York City, will extend over a five-day period.

Invitations have been sent to the press, members of governmental bodies and the Diplomatic Corps, and heads of engineering, educational and other interested groups to witness images and their associated sound as transmitted by the latest type all-electronic television apparatus. The television showing will be the most extensive ever undertaken with a mobile station by the National Broadcasting Company.

A battery of RCA experimental receivers, installed at the National Press Club, will reproduce the sight-and-sound programs. The transmitting station, the NBC mobile television units which arrived here last week, will be located at the Agricultural Building, more than one-half mile distant. The images will be sent over a radio beam by the units' ultra-high frequency transmitter; sound will be relayed over a separate radio channel.

No elaborate programming is planned, because technical facilities adequate for such an attempt are not available in Washington. An opportunity will be given, however, for a preview of what New Yorkers will begin to enjoy coincident with the opening of the New York World's Fair. NBC will launch a regular television service for the New York metropolitan area in April. RCA plans to market its first commercial receivers at the same time.

"This showing of television", Mr. Russell warned, "should not be interpreted as an indication that a public program service in Washington is close at hand. The National Broadcasting Company is only just now on the eve of regular television broadcasting from Radio City. Present indications are that reception will be limited to a service area extending not more than 55 miles from the Empire State tower transmitter. Washington will probably not have television until the problem of networking is solved. As yet, the engineering and economic problems involved in television networking lie beyond our powers of solution."

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A textual copy of the new license issued by the Radio Patent Pool, of which Marconi's Wireless Telegraph Company, Ltd., is the operating member, has been issued by the U. S. Bureau of Foreign and Domestic Commerce.

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PALEY DISCLOSES CBS BAN ON COMMENTATORS

The Columbia Broadcasting System has adopted a policy of refusing commercial accounts which sponsor radio news commentators of the type of Boake Carter, William S. Paley, President of CBS, disclosed during testimony last week in the chain-monopoly hearing being held at the Federal Communications Commission.

The network's own commentators, whose talks are sustaining features, and straight forward news reports, commercially sponsored, are still acceptable, he said.

Even W. J. Cameron, Public Relations Director of the Ford Motor Company, whose talks during the "Sunday Evening Hour" have aroused the ire of Chairman Frank R. McNinch, has "toned down" his comments and avoided controversial news topics since the policy was adopted last Fall, Mr. Paley said.

Under questioning, Mr. Paley denied that Boake Carter, whose anti-New Deal comments aroused Washington officials, had been put off the air by CBS. The contract under which Philco Radio & Television Corporation sponsored him, Mr. Paley said, had merely expired and was not renewed.

Pressed for a definition as to what he considered a radio news commentator, Mr. Paley said it was a person who expressed editorial opinions and emphasized one side of the news as against another.

"A news commentator in a true sense of the word", he said, "is one who not only gives news but one who takes one side of the news and tries to further one side as against another or at least that practice has developed in radio when news commentators were on the air."

Mr. Paley also told the Commission that CBS restricts the advertising time on its sponsored programs to 10 percent at night and 15 percent in the daytime. Actually, he said, most advertisers don't use that much time for commercial announcements.

Columbia has eliminated the "horror" and "blood and thunder" type of children's programs from its network, he said, and as a result has lost \$1,250,000 in potential business. A child psychologist at Columbia University, Dr. Arthur T. Jersild, must pass upon all children's programs, he said, before they are put on the air. A committee representative of the public passes upon policies.

CBS does not permit advertisers to advance controversial doctrines on the air, Mr. Paley said, nor will it sell time for the purpose of forwarding them.

Following Mr. Paley's testimony, which also dealt with his financial holdings, Herbert V. Akerberg, in Charge of Station Relations, discussed CBS contracts with affiliates and Gilson

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Gray, Commercial Continuity Editor, explained how the CBS policies Mr. Paley had disclosed are applied.

Columbia was expected to continue on the stand the remainder of this week, after which the Mutual Broadcasting System will present its witnesses.

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ACTORS' STRIKE STILL THREAT; WRIGLEY SIGNS

A nation-wide strike of radio actors who are members of the American Federation of Radio Artists was still a threat early this week as negotiations were continued with Charles J. Post, a Labor Department conciliator, attempting to effect an agreement between the advertising agencies and the Union.

The Union won a round in the fight for higher wage scales when it signed a contract with William J. Wrigley & Co., Inc. of Chicago. Henry Jaffe and George Heller, counsel for the Federation, said that Wrigley had accepted all the Union's demands concerning wages, hours, and working conditions.

The contract calls for the following minimum wage scale: \$15 for a fifteen-minute program, \$25 for a half-hour program and \$35 for one hour, with \$6 an hour for rehearsals, the rehearsals to consist of a minimum of one hour; no free auditions; \$75 a week for announcers for a fifteen-minute program, the working week to consist of five broadcasts, and \$37.50 for rehearsals; chorus singers are to receive a scale ranging from \$14 for fifteen minutes to \$20 an hour, with \$24 for fifteen minutes and \$36 an hour for groups of five to eight. Singers in groups of two to four are to receive each \$30 for fifteen minutes and \$45 an hour. Soloists will receive \$40 for fifteen minutes to \$70 an hour.

Mr. Jaffe said copies of the code would be sent out to all advertising agencies and program producers. All refusing to sign will face a strike, Mr. Jaffe said. He added that the Federation would not seek a collective agreement with the American Association of Advertising Agencies.

Meanwhile, the sponsors of commercial broadcasts prepared to take a hand in the dispute.

Mr. Post indicated that one avenue for settling the controversy over minimum wage scales might be to invite the Union, the agencies, sponsors and radio networks to a joint conference.

Frederic R. Gamble, Executive Secretary of the Association of Advertising Agencies, told reporters he was hopeful of a peaceful solution of the dispute. He said the agencies were ready at any time to renew wage conferences with the Union.

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EARLY ACTION ON CASE APPOINTMENT SEEN

The Senate Committee on Interstate Commerce probably will act this week on the nomination of Norman S. Case for another term as a member of the Federal Communications Commission.

No protests have been received against the appointment, according to the Committee Clerk, and no prolonged hearing is likely. Mr. Case may be called before an executive session of the Committee, however, for questioning.

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NAZI BROADCASTS KEEP U.S. OUT OF PUERTO RICO

Powerful German broadcasts make it almost impossible for radio listeners in Puerto Rico to tune in either local or United States stations, according to the Rev. Jarvis S. Morris, President of the Polytechnic Institute of Puerto Rico.

Speaking in a New York City church Sunday, he complained that Nazi propaganda broadcasts are drowning out educational programs from this country. He said there is a definite need for more powerful stations to counteract the European broadcasts.

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THREE FREQUENCIES ALLOTTED FORESTRY SERVICE

The allocation of three new frequencies in the 2000 to 3000 kilocycle band for exclusive use in forestry service in preventing and combatting forest fires, was announced last week by the Federal Communications Commission. Considerable research was necessary to find these frequencies as this band is already shared by police, government, ship, coastal harbor, aviation, and relay broadcasting stations, it was said.

Last June the Commission held an informal conference with representatives interested in forestry communications. Previous to this conference, ten ultra-high frequencies, in the 30,000 to 40,000 band, had been established for forestry use and the medium band frequency of 2726 kilocycles available for emergency service, was also made available to forestry protective agencies.

The ultra-high frequencies were set up for purposes of local communication and the medium frequency was for use in emergencies in ordering supplies and fire fighting equipment. Because the useful range of the ultra high frequencies is limited substantially to the horizon, state foresters and private individuals requested an additional frequency in the medium band.

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U.S.-OWNED MARITIME RADIO STATIONS PROPOSED

A network of Government-owned maritime radio broadcasting stations at "marine schools" was proposed last week by Senator Reynolds (D.), of North Carolina, in a bill introduced in the Senate. The measure seeks to set up the "marine schools".

Each of the schools, the bill provides, would be equipped with a radio station or stations for intercommunication between the schools "and to be available as a coastal radio network for defensive purposes if needed as a screen against foreign radio penetration and propaganda in times of war or national emergency."

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RADIO SATELITES AT ALFALFA FEAST

In the presence of Vice President Garner and a distinguished gathering of notables, leaders in the radio industry saw Gene Buck, head of the American Society of Composers, installed as President of the Alfalfa Club of Washington. Before they succeeded in convincing Senator Pat Harrison, of Mississippi, Past President of the Club that he should give way to Mr Buck, Senator Harrison insisted upon consulting Andrew Jackson "by wireless" as to the propriety of a third term to which Andrew thundered back, "No".

Among those identified with the radio industry attending the Alfalfa Dinner were:

Horatio H. Adams, General Electric Co., Washington; Thad H. Brown, Federal Communications Commissioner; Harry C. Butcher, Vice-President, Columbia Broadcasting Co., Washington; Louis G. Caldwell, radio counsellor; Commissioner Norman S. Case, Federal Communications Commission; Maj. Joseph T. Clement, Radio Corporation of America, Camden; Martin Codel, Editor, Broadcasting Magazine; Commander T.A.M. Craven, Federal Communications Commissioner; Ewin L. David, Federal Trade Commissioner; John W. Guider, radio counsellor; James H. Littlepage, John M. Littlepage and Thomas P. Littlepage, Jr., radio counsellors; Thomas P. Littlepage, Sr., Past President of the Alfalfa Club, radio counsellor; Edgar Morris, Zenith distributor, Washington; Frank C. Page, Vice-President, International Telephone & Telegraph Company, New York; Duke M. Patrick, radio counsellor; Andrew D. Ring, Federal Communications Commission; Oswald F. Schuette, Radio Corporation of America, Washington; Kurt G. Sell, German Broadcasting Company, Washington; Eugene O. Sykes, Federal Communications Commissioner; E. A. Tracey, Vice President, Zenith Radio Corporation, Chicago; Senator Wallace H. White, of Maine; and Frank W. Wozencraft, Radio Corporation of America, New York.

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The deal between the National Association of Broadcasters and E. V. Brinckerhoff and Company, Inc., to continue the NAB Bureau of Copyrights tax free music library has collapsed, the NAB announced last week.

RCA Manufacturing Co., Inc., and Publishers' Service Co. were named defendants in a suit filed last week in the New York Supreme Court in which the plaintiff, Nathan A. Hurwitz, seeks to restrain RCA from selling records and turntables to newspapers through Publishers' Service for promotion.

Hurwitz claims it was his idea and he was the first one to interest RCA, largest manufacturer of musical recordings, in the idea of having newspapers distribute records as part of an advertising campaign. He contends that he contracted with RCA that if the present distribution of records by the New York Post was "sufficiently promising" RCA would deal exclusively with him in this field. In spite of this agreement, Hurwitz alleges, RCA is at present dickering with Publishers' Service at the instigation of the Post to make available to other papers these records and turntables.

Daily publicity releases, as issued by the WOR Press Department, are being used for the station's nightly facsimile broadcasts being transmitted over the regular 710 kilocycle channel after the close of the day's program schedules. Under a specially designed masthead, "WOR RADIO PRINT", executed by WOR's Chief Engineer, J. R. Poppele, these facsimile transmissions also include photographs of the station's activities.

An order to cease and desist from the use of lottery methods in the sale of merchandise, including radios, to ultimate purchasers has been entered by the Federal Trade Commission against J. A. Schwartz, trading as National Sales & Novelty Co., 1407 Diversey Parkway, Chicago.

The Federal Communications Commission refused the request of the National Association of Broadcasters for a simplification of the radio station ownership questionnaire.

C. J. Burnside, formerly Manager of Radio Engineering of the Westinghouse Electric & Manufacturing Company, has been appointed Manager of Radio Sales, according to Walter Evans, Manager of the company's Radio Division. He is succeeded by Donald G. Little, former Chief Engineer of the Radio Engineering Department. John W. McNair, formerly Assistant to the Works Manager of the Westinghouse Merchandising Division at Mansfield, Ohio, has been named Assistant Manager of the Radio Division.

Operating on 25,950 kilocycles - approximately 11 meters, an ultra-high frequency station, W8XNU, has begun a schedule of daily broadcasts under the auspices of the Crosley Corporation, Cincinnati. The station has an output of 1,000 watts. Designed primarily for a local audience, the station is operated on an experimental basis to determine the adaptability of high frequencies locally.

Canadian radio sales to dealers in November, 1938, numbered 28,908 with a list value of \$2,277,526 as compared with 38,518 units valued at \$2,922,740 in October and 25,903 units valued at \$2,375,286 in November, 1937, according to a report to the Department of Commerce from the office of the American Commercial Attache at Ottawa.

Inventories of companies reporting to the Radio Manufacturers' Association of Canada as of November 30, 1938, totaled 62,291 units as compared with 66,662 units on hand at the end of October and to 66,829 units at the end of November, 1937, the report stated.

In response to urging by share-holders, the Directors of the Radio Corporation of America have amended the by-laws of the corporation to permit the selection by stockholders of independent public accountants to audit the corporation's annual financial statements. The action amending the by-laws was taken by the Directors on Dec. 22, but was not made public until last week, when notification of the action was filed with the New York Stock Exchange.

Eight high frequency stations, located in widely separated sections of the United States, will be available for experimental use by the Columbia Broadcasting System following its inauguration of W6XDA on or about February 1, and when CBS places its powerful television transmitter in operation sometime during the Spring or early Summer.

The shortwave and ultra-shortwave stations owned, operated by or affiliated with CBS are: International broadcasting stations W2XE, New York, and W3XAU, Philadelphia; High frequency broadcasting stations W2XDV, New York; W9XHW, Minneapolis and W6XDA, Los Angeles; television station W2XAX, New York.

In addition, W1XAL and W1XK, international broadcasting stations in Boston, co-operate with CBS by transmitting a number of network programs to Latin-America and Europe.

Representatives of commercial broadcasting stations in foreign countries have formed an association patterned after that of the International Publishers' Representatives' Association under the name of the Association of Representatives of Foreign Broadcasting Stations. Members include All-American Newspapers Representatives, Inc.; Broadcasting Abroad, Ltd.; Chalmers-Ortega, Inc.; Conquest Alliance Company, Inc., and Melchor Guzman Company, Inc. Objectives of the group include dissemination of information on stations and their equipment, adherence to uniform rates, study of listeners' habits and preferences, preparation of market data and improvement of facilities and methods. Offices are at 515 Madison Ave., New York City.

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PHELAN HEADS ALL AMERICA CABLES

At a meeting of the Board of Directors of All America Cables and Radio, Inc., held last Thursday, Frank W. Phelan, Executive Vice President, was elected President, to succeed John L. Merrill, who was elected Chairman of the Board.

Mr. Merrill, who had been President since 1918, entered the employ of the Company in 1884, and Mr. Phelan, Executive Vice President since 1923, joined the Company in 1895.

Mr. Phelan, the new President, like his predecessor, has devoted practically his whole life to telegraphy. He was an operator at the age of fourteen and since 1895, when he joined the company, he has, at one time or another, been in charge of practically every division of all America Cables and Radio.

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FCC WORKING ON NEW TELEPHONE REPORT

The Federal Communications Commission's ultimate report to Congress on its investigation of the American Telephone & Telegraph Co., it now appears, will be in different dress than the proposed report which was sent to Committees of Congress last April.

The Commission has decided to hold two meetings a week on the telephone report, and expects to have it ready in a few months, but it was indicated that progress in consideration of the report has been slow at the few meetings that have been held.

There is some difference of opinion among members of the Commission as to the manner in which the information was developed. Although those objecting to the refusal to permit the telephone company representatives the right of cross-examination and rebuttal are of the belief that the Commission acted within its authority, the belief was expressed that more could have been accomplished and better feeling engendered had this been done.

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CROSLY FACSIMILE RECEIVER EXHIBITED

A device, which can be used in connection with console radios, permitting reception of pictures and printed matter in facsimile, was displayed by the Crosley Distributing Corporation, New York City and the Apolio Distributing Company of Newark, N.J., wholesalers in that area for the Crosley Corporation of Cincinnati, to 1,500 dealers at a luncheon yesterday (Monday) in New York City. The mechanism will retail for \$79.50.

It was announced that the Crosley Corporation would display its products at the World's Fair in a special building which also will contain a studio of Station WLW. The new line of radios, gas ranges, washers and refrigerators were shown to the dealers in New York City.

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2400 CALIFORNIA STREET

WASHINGTON, D. C.

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JAN 28 1939

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McNINCH ON WAY OUT AS FCC REFORM LOOMS

While President Roosevelt has given no indication as yet whom he may appoint to the proposed three-man Federal Communications Commission, once it is approved by Congress, competent observers believe that Chairman Frank R. McNinch is being eased out and will return to his post as head of the Federal Power Commission after the present Commission is abolished.

The terms of all seven members of the FCC will expire with the change in character of the Commission, and the President will be free to select entirely new personnel or one to three members of the present FCC for the jobs.

President Roosevelt is reliably reported to have remarked recently that he wished all members of the Commission would resign, and it may be that he will make a clean sweep in the reorganization.

Were it not that Commissioner T.A.M. Craven is in such bad graces with Chairman McNinch because of his opposition to the purge and other McNinch policies, he would be the most likely reappointee. Being the only member of the Commission thoroughly familiar with the technical aspects of communications, he stands out as the type of man suggested for the new Commission by Chairman Wheeler, of the Senate Interstate Commerce Committee.

Commander Craven has been a respected confidential advisor of the President in the past, and it may be that he will emerge on top in the present reorganization despite Chairman McNinch's animosity toward him. Much will depend, it is believed, on the impression that he makes on the Congressional Committees that investigate the FCC in connection with the reorganization.

Meanwhile, it appeared that the McNinch-Wheeler plan of pushing through a bill setting up a three-man Commission before defining policies for it will encounter obstacles, at least in the House.

While Senator Wheeler predicted that he will be able to rush the legislation through the Senate, Chairman Lea, of the House Interstate Commerce Committee indicated he agreed with House members who are demanding an investigation of the Communications Commission before authorizing the reorganization.

Two members of the House introduced resolutions calling for a sweeping investigation of the Commission and the broadcasting industry by seven-man House Committee.

The resolutions which flayed the Commission for disregarding its own rules and the Communications Act and for yielding to political pressure, were sponsored by Representatives Connery (D.), and Wigglesworth (R.), both of Massachusetts. They were similar to a resolution that was defeated by a small margin last year after Administration pressure.

Earlier Chairman Wheeler of the Senate Committee on Interstate Commerce, had asked Chairman McNinch to submit a bill to set up a three-man agency to supplant the FCC. The legislation was promised early next week.

Senator Wheeler, adopting a procedure contrary to that suggested by President Roosevelt, said the reorganization bill would be enacted before steps were taken to clarify the Communications Act so as to provide a definite policy guide for the new Commission.

Under the new plan, it is understood that radio, telephone and telegraph would be governed as separate divisions. A similar system was in operation under the seven-man FCC when Mc. McNinch took office, and he promptly abolished it.

Representative Connery, who has taken up the cudgel left by his late brother in the House, said the three-man Commission, unless properly manned, might be used in a dictatorial fashion because of the concentration of authority.

Both House resolutions charged numerous irregular and monopolistic practices.

Representative Connery's resolution called attention to the unsuccessful effort of Chairman McNinch to exempt FCC employees from the Civil Service and predicted that the current chain-monopoly inquiry by the FCC would result in a "whitewash". He charged that radio facilities had been denied to civic, farm, labor and educational organizations. His proposed investigation would cover the character of programs and advertising rates charged by stations and networks, as well as violations of the Communications Act.

Both resolutions proposed the setting up of a seven-man committee of House members, to be named by the Speaker. Both were referred to the House Rules Committee.

Representative Lea said he had talked with Chairman McNinch concerning the proposed legislation, and that the Commission Chairman was pressing the move for a reduced Commission. He added that Mr. McNinch wants this legislation pressed through first, leaving for the future the matter of amending the present organic act or rewriting a new one to govern the Commission's activities. Mr. McNinch, he said, was so desirous of getting the size of the Commission reduced that he did not want to have this proposed change in the Act included in the general rewriting of the statute at this time because of the delay which might be entailed.

Representative Lea said he believed appearance of this legislation will result in a full investigation because members of Congress will want to know all of the reasons back of such a plan.

Elaborating on his statement that it would take some time to get this legislation before the House, he said his Committee had a number of important matters scheduled for hearings. He was quite sure, he said, it would be necessary to hold hearings.

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"FREE SPEECH" ON AIR IMPOSSIBLE, SAYS McNINCH

Complete free speech on the air for a nation of 140,000,000 listeners is obviously an impossibility, Chairman Frank R. McNinch, of the Federal Communications Commission, told a student organization at the University of North Carolina, Chapel Hill, Thursday night.

The best listeners can expect, he said, is the right to hear both sides of a controversy if the issue is presented at all on the radio. He said he advocated such a policy. The Chairman denied, however, that he favors any form of Government ownership of radio programs.

Excerpts from his address follow:

"There is not and cannot be any such thing as 'free speech' for all our 140 millions of citizens to broadcast their ideas", he said. "Sheer physical limitations make this impossible. Nothing is clearer to me than that the use of the phrase 'free speech', as a label, connoting as it does to all Americans freedom of all to speak, to describe a situation where only those relatively few licensed by the Government and their necessarily limited number of permittees can speak at all, is highly misleading.

"In the United States where democratic ideals and principles are dominant, it is inconceivable that broadcast stations are licensed to serve a few select and privileged people as a medium of communication of their ideas to the rest of us. Can you doubt that the people of this country who insisted on the inclusion of the Bill of Rights in the Constitution would have insisted that neither the Government nor any special group selected or licensed by the Government should have the right to use, regulate or control the expression of ideas and dissemination of information by means of broadcasting in such a manner as to impose its or their views upon the people of this country? Any suggestion to the contrary would have been as repugnant to our people then as I am sure it is to our people today. Broadcasting cannot, as long as we retain the principles of our Constitution become a propaganda medium serving the interests of any administration, Democratic or Republican, or any political, religious or economic organization or any individual however rich

or powerful to the exclusion of others. This does not mean that political, religious, economic or social questions may not be discussed over the radio without doing violence to our Constitution, nor does it mean that persons who are either biased or prejudiced may not be given opportunity to express their bias or prejudice over the radio. It does mean, however, that if any of these questions are discussed, a complete and rounded discussion of all important aspects of the controversy should be given for the benefit of all listeners. Whether such a presentation is achieved through debate or expression otherwise of opposing views is not material. The important and necessary requirement for the protection of the listeners is that all sides be given, if any side is given on any important controversial, social, political, economic, or religious question.

"With respect to broadcasting, the one thing that every person in the United States possesses in common with every other person is the ability to hear radio programs. In the sense that this is something common to all persons, it meets one test which is met by the rights which are recognized and protected by the Bill of Rights.

"I personally have a very strong distaste for the idea that anyone, whether he be a high Government official or whether his command is backed by the persuasive power of economic coercion, can tell me what to say or what not to say. I equally dislike the notion that I or anybody else has the duty, the right, or the obligation to tell anybody else what he may or may not say, whether it be over the air or on the street corner.

"No matter how much I may disagree with the views expressed, I would never advocate that anyone be punished for expressing his views over the air on any side of a controversial question which is discussed over the air, nor hold it against a radio station for letting anyone express his views. But I have the strong conviction that no one should be allowed to have his particular views on a controversial subject broadcast to the exclusion of those holding different views. Unless all sides of an important controversial question are adequately given on the air, the listening public will be incompletely informed. I advocate, in fairness to all listeners, that they be permitted to hear all sides of an important question, and that licensees of broadcast stations or persons to whom they may give or sell time be prevented from taking an unfair, unAmerican, undemocratic advantage, by telling their side of a controversy to the public and preventing the other side of the story from being told as well.

"I am convinced that broadcasters in America today have not and do not seek or desire to exercise any such power. I am equally sure that the Federal Government does not. I am no less sure that the people of the United States do not want either the Government or the broadcasters or the persons to whom broadcasters may permit the use of their facilities to debase to their own selfish purposes this great natural and scientific gift which should be used for the benefit of us all.

"I do not want to close without adverting to the question of censorship of radiobroadcasting. In this vital question I want no misunderstanding to exist as to my position. I am unalterably opposed to government censorship of broadcasting in any manner, shape or form. I do not think the government should

directly or indirectly dictate what shall or shall not be said or who shall or shall not speak over the air on any public question.

"A broadcaster's duty is to see that his station is never used by persons or groups especially interested in some public question in such a way that his station's listeners are left without sufficient information to make their own independent judgments on questions they should help to decide. The right to hear over the air all sides of a controversial question, if one side is presented, and protection from being required to listen to only one side of an important public question to the exclusion of all others, is what, in my humble opinion, the American people of Colonial days, if they had known broadcasting in those times, would have insisted upon in the Bill of Rights. It is also the right which the people of the United States today should enjoy, uniformly and fully."

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NAB LAUDS MOVE TO REWRITE RADIO LAW

Neville Miller, President of the National Association of Broadcasters, offered the broadcasting industry's full cooperation this week in rewriting the Federal radio law.

"I am certain that broadcasters throughout the country welcome the recommendation of the President that the radio law be rewritten", Mr. Miller said.

"It is gratifying that the President has recommended to both Senator Wheeler and Representative Lea that Congress lay down radio policies in new legislation 'so clear that the new administrative body will have no difficulty in interpreting them or administering them'. The President has put his finger on the core of the radio problem.

"Through the National Association of Broadcasters, the radio broadcasting industry of the country stands ready to cooperate with Congress, the President and the administrative agency, in establishing a durable radio administration which will permit the future development of broadcasting to its fullest possibilities, conforming to the finest traditions of public service, in line with our democratic heritage of a free press and a free radio operative within the American democracy."

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The Minnesota Lower House Thursday killed a resolution to memorialize the Federal Communications Commission to bar radio stars if they have been indicted or convicted of a felony. The vote was 63 to 53. L. A. Brophey, sponsor for the resolution, said: "I don't think people ought to cheat the Government out of taxes and then get on a popular radio program and joke about it."

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FCC PROBE A FAILURE, SAYS CONNERY

The Federal Communications Commission's self-investigation and the "house-cleaning" by Chairman Frank R. McNinch have been a flat failure, Representative Connery (D.), of Massachusetts, implied in his resolution proposing a thorough investigation of the FCC and the radio industry this week.

In a series of "Whereases" he hurls a number of charges at the Communications Commission and the industry as follows:

"Whereas the Federal Communications Commission has been the subject of numerous charges of inefficiency, neglect and misuse of official power; and

"Whereas during the Seventy-fifth Congress undenied allegations of corruption of public officials, directly or indirectly, by individuals, companies, or corporations were so prevalent as to indicate the necessity of an investigation by a congressional committee, which investigation was halted by changes in personnel and promises that the situation would be cleaned up by the Commission itself and that the said Commission would conduct an investigation; and

"Whereas said investigation by said Commission has not been completed, and if ever completed is expected to result in a white-wash of very serious charges without changing the basis for the charges heretofore made against the conduct of the Commission; and

"Whereas during said investigation an attempt has been made to destroy all or a portion of the Civil Service status of employees of the Commission; and

"Whereas numerous civic, farm, labor, educational, and other public organizations have been denied the opportunity of operating stations, and practically complete control of the airways is in the hands of a few large companies and chains, amounting to a virtual monopoly, which condition led to the Rules Committee of the Seventy-fifth Congress favorably reporting a resolution creating a special House committee to investigate said charges of monopoly, and the passage of said resolution having been forestalled by the formation of a joint congressional committee to investigate the broad subject of monopolies and which committee has not made public any investigation of the Communications Commission; and

"Whereas the conditions concerning monopoly trafficking in licenses and other charges involving the Commission have not changed; and

"Whereas numerous subjects involving radio are of vast interest to the general public and are a matter of immediate concern, such subjects including the facsimile printing of newspapers by use of radio, television, prevention of monopoly, and the right of the public to have a Federal agency charged with the protection of public interests to be conducted openly, honestly, and efficiently; and

"Whereas it is believed that neither public interest, convenience, nor necessity is served by permitting virtual radio broadcasting monopolies to control this property which has been reserved to the control of the American people.

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Representative Connery proposes that a seven-man House committee "shall make a thorough and exhaustive investigation of the Federal Communications Commission and of all charges and allegations of neglect, inefficiency, misuse of public power, corruption, and the existence of a monopoly or monopolies in radio broadcasting and the effect which such alleged conditions in the Commission and such monopoly or monopolies may have on the character of radio programs, and rates charged advertisers, and generally the effect of said alleged conditions and such monopoly or monopolies on the public, and said committee shall report in whole or in part at any time to the House of Representatives during the Seventy-sixth Congress, together with such recommendations for legislation or otherwise, as it deems advisable."

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WIGGLESWORTH HITS FCC ON 28 COUNTS

At least 28 aspects of the administration of the Communications Act by the Federal Communications Commission need investigating, according to Representative Wigglesworth (R.), of Massachusetts.

A bill of particulars covering 28 specific points was set forth by the FCC critic in support of his resolution to investigate the Commission and the radio industry this week. The inquiry, he said, should make a study of the following ills, though not to the exclusion of other matters:

"(1) The cases, if any, in which the Commission has departed from or has modified the application of its regulations and the engineering and other standards generally observed by it, together with the reasons for each such departure or modification;

"(2) All acts by the Commission which recognize or seem to recognize the right of a licensee to a license or a frequency other than as specified in the terms, conditions, and time of the license;

"(3) Whether the acts and decisions of the Commission in broadcasting cases have been influenced by matters not apparent in the public records;

"(4) The geographical distribution of broadcasting facilities and whether there is an equitable distribution of broadcast service to all parts of the country and, if not, what steps should be taken to provide fair and equitable service throughout the United States;

"(5) The extent to which broadcast stations have been concentrated in the larger communities of the country by transfer of stations from smaller communities to such centers or otherwise;

"(6) The extent to which and the circumstances under which the ownership, control, management, or interest in more than a single broadcast station has passed into the hands of any person or group of persons;

"(7) The circumstances surrounding and the considerations for the voluntary transfer of station licenses or construction permits;

"(8) Instances of the transfer of minority interests in broadcasting-station licensees, and all transactions directly or indirectly affecting the control of such licensees, and whether said transfers have or have not been submitted to the Commission for approval and have received Commission approval or acquiescence;

"(9) The sale price of any broadcasting station in any manner sold and transferred, together with a statement of the fair value of the physical assets and of other property, rights, contracts, and licenses involved in said sales, and in particular the value placed by the parties to the transaction upon the frequency licensed to be used;

"(10) The sale of stock or other securities of any broadcasting stations, of any licensees, or of any person or persons directly or indirectly controlling such licensees, and the valuation put by the person transferring the same upon the station license or the frequency, the power or the hours of operation fixed in the station license, and the circumstances surrounding and the consideration for such sales and transfers and as to the participation in the negotiations for such sales and transfers by any person other than the seller and purchaser, the transferor and the transferee;

"(11) The licensing of broadcast stations to persons other than the owners of the physical equipment, and in particular all cases involving the leasing of transmitting equipment;

"(12) The surrender of control of facilities by licensees, including all agreements to accept proffered programs with or without supervision by the licensee;

"(13) All acts or assertions by broadcast-station licensees which involve the claim to any right or interest beyond the terms, conditions, and periods of the license;

"(14) Whether considerations have been paid or promised to any licensee or permittee for not interposing objection to an application for all or a part of his facilities or for other facilities which could not be granted without disregard for the Commission's rules or its standards except with the consent of such licensee or permittee;

"(15) All cases in which persons, whose applications for the renewal of a broadcasting license have been refused by the Commission, have received from persons licensed to use the facilities for which renewal license has been refused money or other consideration in excess of the value of the physical equipment taken off the air and sold to the new licensee;

"(16) Cases in which the real parties in interest in any application for broadcast facilities have not been disclosed to the Commission;

"(17) The extent to which holding or other intermediate companies or persons have been employed in the ownership or control of broadcast stations and the effect of such intermediate ownership or control upon the effective regulation of broadcasting;

"(18) The investments by licensees in the stations authorized to be operated by them, including the investment in equipment and in other items of cost;

"(19) The charges for the use of station facilities and the profit or loss resulting therefrom;

"(20) The extent to which broadcast stations are used to build up other businesses or enterprises in which the station licensees or persons financially interested in the licensees are engaged, the extent to which the facilities of broadcast stations are refused or are granted conditionally to competitors of such other businesses or enterprises, and the effect of the ownership and use of such radio facilities upon the businesses of those in competition with the businesses of those having the radio facilities;

"(21) The extent to which broadcast stations are owned or controlled by or are affiliated with newspapers or other media of information or entertainment, and the effect of such ownership, control, or affiliation upon competing newspapers not possessing such facilities and upon the public interest;

"(22) The development and present facts concerning broadcasting networks or chains, including the effects of chain association upon the licensee's control over his station;

"(23) The effect of chain operations upon the financial results and status of chain affiliated stations and independent stations, the ability of the chain owned or affiliated station to render a local service, both sustaining and commercial and the duplication of broadcast programs; and the desirability of special regulations governing chains and stations engaged in chain broadcasting;

"(24) The extent to which licensees of broadcast stations censor or refuse programs offered to them for transmission and the reasons for and the effects of such censorship or refusal;

"(25) The extent to which, the basis upon which, and the times at which broadcast stations carry programs relating to public affairs, education, religion, labor, agriculture, charity, and public service generally;

"(26) The extent to which and basis upon which broadcast stations carry programs offered by or on behalf of candidates for public office or programs relating to controversial subjects in the field of national, State, or local politics; and

"(27) The extent to which, the basis upon which, the manner in which, and the times at which broadcast stations are used for commercial programs including programs advertising products claimed to have medicinal or therapeutic value and programs relating to products or services, the sale or use of which may be illegal in any State in which the programs of the station carrying such programs may be received, the time given by the several classes of stations to commercial advertising or sales talk in the programs broadcast and whether there should be control or regulation of advertising by radio and the character and extent thereof;

"(28) The extent to which companies engaged in radio communication between the United States and any foreign country have entered into exclusive traffic arrangements or other agreements with the purpose or effect of securing a monopoly in such communication or of lessening competition therein and the effect of such arrangements or agreements upon competing American companies."

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I. T. & T. TELEPHONE SUBSIDIARIES EXPAND

Telephone operating subsidiaries of the International Telephone and Telegraph Corporation serving nine countries have reported a net gain of more than 76,000 telephones for 1938, the largest annual gain in their history. The telephone systems operated by I.T.&T. companies in Argentine, Chile, southern Brazil, Peru, Mexico, Rumania, Shanghai, China, and Puerto Rico achieved a new record high development at the end of the year. Companies in Latin America contributed approximately 46,500 telephones of the 76,000 gained, and advance figures on local and long distance telephone calls also reflect the rising current of activity in Latin America during 1938; the increase in long distance usage for the first eleven months of 1938 over the same period of 1937 was approximately 2,800,000 calls.

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FRITZ MEDAL GIVEN TO DR. JEWETT

The John Fritz Medal, highest honor in the engineering world, was presented Wednesday night at the annual medal ceremonies of the American Institute of Electrical Engineers in New York to Dr. Frank B. Jewett, President of the Bell Telephone Laboratories and Vice-President of the American Telephone and Telegraph Company, "for vision and leadership in science, and for notable achievement in the furtherance of industrial research and development in communication."

The Fritz Medal is awarded under the auspices of the four national engineering "founder societies", the American Society of Civil Engineers, the American Institute of Mining and Metallurgical Engineers, American Society of Mechanical Engineers, and American Institute of Electrical Engineers. It was founded in 1902 in honor of John Fritz of Bethlehem, Pa., one of America's pioneers in the iron and steel industries. The medal is of gold and is awarded not oftener than once a year for notable scientific or industrial achievement, without restriction on account of nationality or sex.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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January 31, 1939.

LONG FIGHT OVER FCC REORGANIZATION SEEN

A bitter and probably a long-drawn-out fight in Congress over the proposed reorganization of the Federal Communications Commission appears likely on the eve of the introduction of a bill to abolish the present Commission and set up a three-man agency.

The bill is due to be submitted to Chairman Wheeler, of the Senate Interstate Commerce Committee on Wednesday, by Frank R. McNinch, Chairman of the FCC. It will be introduced in the Senate promptly, but the speed with which the proposed reorganization is proceeding will end there, it is believed.

While Senator Wheeler, long a critic of the FCC and more recently of the Administration, apparently has joined with Mr. McNinch in pushing the reorganization ahead of the pronouncement of policies by Congress, other Senators and members of the Interstate Commerce Committee have indicated they want time to study the matter and probably public hearings.

The House at this time appears even more adamant against a quick change in the Communications Commission set-up despite the frequent attacks made on it in the past.

The Amlie appointment has given opponents of the reorganization timely ammunition, and members are getting ready to sound warnings of dictatorship of the air, political control of the ether, etc.

That public hearings will be demanded before legislation setting up a three-man Commission is enacted by Congress is certain. Whether or not they will be held will depend upon the strength of Administration forces in the Senate and House.

Although the McNinch bill may be put through the Senate quickly, the House Interstate Commerce Committee is in no hurry to expedite the change, according to Chairman Lea, of California. Other and more important matters have priority, he said.

The reporting of the independent offices supply bill, probably next Monday, is expected to launch a tirade against Chairman McNinch and the FCC in the House.

The transcript of the hearing itself will contain interesting reading for the members as to the "purge", dissension within the Commission, and the FCC Chairman's views on newspaper ownership, super-power, and censorship.

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Afterward Representative Wigglesworth (R.), of Massachusetts, and probably Representative Dirksen (R.), of Illinois, will explain the recent history of the FCC in more detail, with editorial comment.

Washington observers are admittedly stumped as to the major purpose of the reorganization of the FCC. They recall that Chairman McNinch has commanded a majority of the Commission at all times and consequently was able to adopt any policies he wished regardless of opposition from a militant minority. Some believe that he wishes to eliminate this minority entirely and to set up a rubber-stamp Commission.

Suggested membership for this Commission includes, besides Chairman McNinch, Commissioners Thad H. Brown (R.), of Ohio, and Eugene O. Sykes (D.), of Mississippi.

Other observers believe that Mr. McNinch is "being thrown to the wolves" and that he will not be given a place on the reorganized Commission. A great deal doubtless will depend upon the Congressional reaction to him once hearings are started.

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HOSPITAL TO TRY TELEVISION ON OPERATIONS

Experimental installation of television equipment in one of the nine operating rooms at Israel Zion Hospital, Brooklyn, New York, to enable medical students in the galleries to observe surgical technique more closely was announced this week. This was believed to be the first time television was being put to such use.

The equipment, to be installed at the end of the week by engineers of the American Television Corporation, will consist of an electric iconoscope camera, similar to the type used in regular television broadcasting, and several receiving sets in the galleries. As explained by a company representative, camera lenses, suspended over the operating table, will transmit details of the operation by cable to the screens, each equipped with dials to vary the contrast of light and shade.

On the basis of tests made at the company's laboratories, he estimated that the equipment would pick up surgical technique in incisions several inches deep.

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MORE RADIO APPEAL TO HEADS NEEDED, SAYS McNINCH

A better balance between radio programs that appeal to the head and those that appeal to the feet is needed, Chairman Frank R. McNinch, of the Federal Communications Commission, declared last Saturday night in dedicating an Interior Department program, "What Price America?" over the Columbia Broadcasting System.

"The Commission recognizes the stupendous force of radio", he said. "But it also recognizes that radio, for all its magnificent growth and development in the past fifteen years, is still standing on the threshold of its greatest opportunity. There is far too much at stake for every person in this country for any of us to relax our vigilance lest this powerful force ceases to be an instrument of democracy and, under the domination and control of some group, person or party, be used to serve private rather than public interest.

"While it is true that the radio is still groping its way toward maturity, it now has the power to stimulate the mind of man and help inform him about the more serious complexities in the world. Radio can make us laugh; it can also make us think. It can force our feet to keep time to a light-hearted tune; it can uplift our spirit with the music of the masters; it can rouse our intellect with thought provoking words.

"When radio has become integrated to the point where it appeals to our head as well as our feet in more balanced proportion, it will take its position not merely as a great art, but as the greatest of the arts. Combining as it can both the intellectual and the emotional elements that have made the theater, poetry, and music great, it possesses a universality of appeal and enjoyment for all that hitherto the Arts have given only to a few.

"It is the function of the Federal Communications Commission to so regulate broadcasting in the interest of the public that radio may contribute to a fuller life for every listener. It is my hope that the members of the Commission and their successors will never fail the American people in discharging this solemn duty.

"This new and important aid to civilization is peculiarly dependent upon the intelligent and informed help of the Government because without regulation by the Government of the use of radio frequencies, radio reception would be impossible. This was demonstrated by the period of chaos known to those in radio as "the breakdown of the law" which existed for a period just prior to 1927, when anyone who desired could obtain a license, erect a transmitter, and broadcast at any time on any frequency and with any power he desired. Since the passage of the Radio Act of 1927, the Government has undertaken to carry out, with more than a fair degree of success, a program of allocation of radio frequencies so as to provide as far as possible interference-free reception for all who care to listen."

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GOAL OF 60 DAYS SET FOR CHAIN PROBE BY McNINCH

While only the two major networks have been heard in the current chain-monopoly investigation, Chairman Frank R. McNinch hopes to conclude the inquiry within sixty days, Commissioner Eugene O. Sykes disclosed last week.

The Columbia Broadcasting System was due to complete its testimony this week, after which the Mutual Broadcasting System will go on the stand.

Some of the highlights of last week's testimony and the witnesses were:

W B. Lewis, Vice-President in Charge of CBS Programs, spent two days discussing the network's programs, policies with respect to controversial issues, development of new talent, etc. During 1937, he said, CBS lost an estimated \$140,000 due to the cancellation of commercial programs for the broadcasting of important public events.

Questioned regarding the Orson Welles-H.G. Wells "The War of the Worlds", Mr. Lewis said that the broadcast was educational to many listeners in that they became interested in the works of the British author.

Frederic A. Willis, Assistant to the President in Charge of International Stations, explained the non-commercial broadcasts of CBS over Stations W2XE and W3XAU.

Paul W. Keston, CBS Vice-President, insisted that there is a constant competition between CBS and other networks for advertising sponsors. He also discussed details of a CBS contract.

Arthur Judson, President of Columbia Concerts Corporation, explained the functions of his organization as the inquiry adjourned until Tuesday.

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Airplanes operating on internal routes in Egypt will be equipped with wireless telephony as a result of an agreement concluded between the Egyptian Civil Aviation Department and the one company operating in that country, according to a report to the Department of Commerce from the office of the American Commercial Attache, Cairo. Many of the planes being operated on the internal routes of Egypt now employ wireless telegraphy while in flight, according to the report.

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CAPITAL ENTHUSIASTIC OVER FIRST TELEVISION

A customarily blase National Capital became as goggle-eyed as a country village during the RCA-NBC outdoor television demonstration over the week-end.

Members of Congress, Government officials, Diplomats, and newspaper men turned out despite cold weather and rain to get "televised" and see the images of others carried from the Department of Agriculture grounds to an auditorium of the National Press Club, about half a mile away.

Invitations to see the demonstration were accepted with such alacrity that local NBC officials were forced to refuse many requests that the persons invited be permitted to bring wives or friends.

The transmissions, from a technical point of view, were highly successful even during a heavy rain and fog on Sunday. The Sabbath had been selected as the time for members of Congress to be "televised" because it was the only day when one or the other House was not in session.

Despite inclement weather, the members flocked down to the outdoor scene for the interviews and then to the Press Club Building for the reception. They were interviewed by NBC announcers under umbrellas. Flood lights were turned on them to improve the clarity of the images. Afterward, NBC officials expressed surprise at the success of the Sunday transmissions, one explaining that "we did things we had never done before".

The demonstration was prolonged two days because of the demand for additional invitations. Members of Congress, after seeing the exhibit, wanted to bring their wives. One foreign Ambassador asked permission to bring 14 secretaries.

The National Broadcasting Company took advantage of the public interest in the show to announce that it already was making plans to televise the next inauguration in January, 1941.

The television demonstration was in charge of Frank M. Russell, NBC Vice-President and K. H. Berkeley, Washington manager. The idea of giving the first showing outside of New York City in Washington is credited to Oswald F. Schuette, of the RCA. As in the case of the RCA broadcasts started recently in Washington by Mr. Schuette, to which invitations are issued to high Government officials, members of Congress, Government heads and foreign diplomats, who in one way or another are customers of the RCA, the television demonstration was said to have been urged by Mr. Schuette as a good-will proposition and as a means of beating competitors to it by associating television in the Government mind with RCA. This was said to be the objective rather than of paving the way to the sale of sets when and if a television station is built in Washington.

Among those who came from New York to assist one way or another in the demonstration were Frank Mullen, in charge of Public Relations of RCA, O. B. Hanson, Vice-President, National Broadcasting Company and Chief Engineer, Clayland T. Morgan, Director of Public Relations, NBC, Vance Babb, head of NBC Press Bureau, Dr. C. B. Jolliffe, Engineer in Charge RCA Frequency Bureau, Frank Wozencraft, General Solicitor for RCA, and Edward F. McGrady, Vice-President, RCA.

A reception was given by the National Broadcasting Company Saturday afternoon to the people putting on the television exhibit and to members of the press.

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RADIO AD CONTROL HELD THREAT TO PRESS

"Insiders in Washington foresee an effort to give the Federal Communications Commission regulatory power over the advertising rates of broadcasting stations", Editor & Publisher declares editorially in the current issue. "As the next step, if the first succeeds, they predict a downward revision of those rates as a move to make radio a more effective competitor against newspapers, with the expected result that the press will become more 'co-operative' toward the Administration.

"Details are lacking, but the idea in principle seems half-baked and thoroughly unsound. Rate regulation must necessarily be applied to stations individually, and it is difficult to conceive of a power with greater possibilities of tyrannical abuse. The potential club that the government now holds over radio in its semi-annual licensing would be a real and immediate threat if a politically constituted body held discretionary power over the income of station operators.

"There are few desirable hours now vacant on the schedules of the networks, and it is difficult to see how the number of radio advertisers could be materially increased by the reduction of time rates. If, in fact, the downward revision was effected, it might be conjectured that the money thus saved by advertisers could be devoted to other forms of advertising and that newspapers might be benefited, rather than injured, by the change.

"We hope that our informants have misjudged the trend of events. If they are correct, the situation represents a pernicious state of mind in Washington. It means that the people in power, like the dictators of Europe, cannot tolerate the democratic process of opposition through a free press, and that, barred by the Constitution from the gag measures that have been effective abroad, they seek the same end by extra-legal economic pressures."

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RADIO'S INCOME \$150,118,400 LAST YEAR

The gross volume of "time sales" by broadcasting stations and networks in the United States during 1938 amounted to \$150,118,400, as compared to \$144,142,482 during the preceding year, according to the 1939 Yearbook published as of January 30th by Broadcasting Magazine, trade journal.

The actual dollar volume or net income for the year, however, amounted to \$122,890,000, before the deduction of advertising agency commissions, cash and frequency discounts, etc. An additional \$15,000,000, it is estimated, was derived by the industry from talent and program sales.

Of the \$150,118,400 gross, the Broadcasting Yearbook survey shows that \$71,728,400 represented time sales by the three major network organizations - National Broadcasting Company, with two networks, Columbia Broadcasting System and Mutual Broadcasting System. Local time sales by stations amounted to \$40,090,000; national and regional non-network time sales, \$34,680,000, and regional network time sales, \$3,620,000.

Of the net time sales, it is estimated that the national networks represented 47% of the industry's income; local, 30.8%; national and regional non-network, 19.8%, and regional networks, 2.4%.

The Yearbook discloses that there were exactly 764 stations in operation or authorized for construction as of January 1, 1939. Of these, 52 had been authorized during 1938 by the Federal Communications Commission; 29 of these remain to be built.

In addition to the national networks, the Yearbook lists 35 State and regional networks or group-operated stations in the United States.

Among the 764 stations, the Yearbook discloses that 238 are owned in whole or part by newspaper or other publishing interests, this number comparing with 211 the year before. Twenty-five stations in Canada are newspaper owned. That the trend toward newspaper acquisition of stations noted in recent years is continuing, is evidenced not only by the increase during 1938 but by the fact that at least 10 applications are pending before the FCC for approval of purchases or transfers of that many stations to newspaper interests.

All but 56 of the country's stations are privately owned and all but 36 derive their revenues from the sale of advertising time. The Yearbook lists 36 stations owned by educational institutions, of which 12 sell time; 13 owned by church organizations or religious groups, of which two sell time, and seven owned by municipal or State groups, of which six sell time.

As of January 1, 1938, the Yearbook discloses, there were 26,666,500 homes in the United States equipped with one or more radios, or 82% of all homes in the country. Urban homes with radios numbered 17,195,600, representing 91% of all such homes, while 9,470,900 rural homes, or 69%, had radios. These figures are given in the 1938 survey of the Joint Committee on Radio Research of the American Association of Advertising Agencies, Association of National Advertisers and National Association of Broadcasters. Later estimates in the Yearbook, however, indicate that 6,000,000 additional home radios and 800,000 auto radios were sold during 1938, which would substantially increase the Joint Committee's count.

The heightening interest in radio among the younger generation is shown in a survey of colleges and universities offering courses in radio instruction. It discloses that 310 institutions of higher learning now offer courses in various phases of radio ranging from actual appearances before the microphone to construction and engineering. Many of these offer credit courses, while 210 more colleges and universities engage in extra-curricular activities involving some phase of radio.

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RADIO EXCISE TAX RETURNS FALL FOR 1938

Total Treasury collections in 1938 of the Federal 5 percent tax on radio and phonograph apparatus were \$4,431,614.20, a decrease of \$2,227,348.03, or 33.4 percent from the 1937 collections of \$6,658,962.23, which were the largest radio collections in any year since the law became operative in 1932, according to the Radio Manufacturers' Association. The records do not include additional taxes, at 2 percent, on automobile radios and accessories, which are not segregated in the Treasury returns. The 1938 collections of radio excise taxes for the entire year and also for each half-year period were virtually the same as in 1935. The 5 percent tax on phonograph records, amounting to about \$300,000 annually, was repealed June 30, 1938.

The possibility of repeal or reduction of the Federal excise taxes, including the 5 percent radio tax, was practically closed by President Roosevelt in his budget message to Congress on January 5. The President advised Congress that it was necessary to continue all of the special excise, or so-called "nuisance", taxes and also asked Congress to explore sources for \$422,000,000 in new taxes to cover the national armament and agricultural programs.

President Roosevelt's emphatic demand for continuance of all excise taxes, including that on radio, is expected to be followed by Congress and close the door to any tax repeals or reductions. The RMA recently urged the Treasury Department to recommend complete repeal of the radio tax but the Treasury and also Congress will probably follow the President's recommendations in view of the increase in the 1940 Federal budget to ten billion dollars. A hope for future repeal sometime of some of the excise or "nuisance" taxes was held out by the President.

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: : : TRADE NOTES : : :
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Several radio promotion projects, for receiving set, parts and amplifier manufacturers, and including national cooperative plans with the broadcasting industry, will be considered at a meeting of the Board of Directors of the Radio Manufacturers' Association which has been called for Thursday, February 2nd, at the Roosevelt Hotel in New York City. The major project is that of the National Association of Broadcasters and RMA for a national industry-wide campaign to promote the use and sale of radio.

In the first case handled under its new procedure, the Federal Communications Commission this week adopted Proposed Findings of Fact and Conclusions granting the application of John T. Alsop, Jr., Ocala, Florida, for a construction permit to erect a new broadcast station to operate on the frequency 1500 kc. with 100 watts power, unlimited hours.

The Columbia Broadcasting System's "American School of the Air" has been made a part of the New York City school system's course of study and will make its bow to the class rooms of the city's high schools on Thursday, February 2. The program, which for nine years has been radio's foremost contribution to classroom education in the nation, will include, under the new plan, actual participation in the broadcasts of pupils from the metropolitan New York high schools.

Large increases in exports of American sets, tubes, and speakers, but a decrease in parts and accessories, were detailed in the November, 1938, report of the U. S. Bureau of Foreign and Domestic Commerce. The tube exports were even larger than those of November, 1937, while the November exports of sets were the largest of any month in 1938. Total exports of all American radio last November were \$2,206,141, a decrease of only 18 percent from the November, 1937, exports of \$2,696,018, and a diminishing rate compared with previous months in 1937.

Receiving set exports last November numbered 54,414, valued at \$1,249,065, compared with 48,602 valued at \$1,118,231 in October, 1938, against 64,297 sets valued at \$1,569,812 in November, 1937.

President Roosevelt has requested \$1,490,071 for radio equipment for the Signal Corps.

Police Chief Joseph T. Kluchesky is studying the possibility of equipping Milwaukee policemen with two-pound short wave radio receiving sets similar to the type used experimentally by San Antonio, Texas, police. Chief Kluchesky said that such radio receivers, sealed on the police station short wave length, would increase efficiency materially in cases of large-scale riots and on man hunts.

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CONFERENCES HELD AS ACTORS THREATEN STRIKE

On the eve of a nation-wide strike call, the American Federation of Radio Artists agreed this week to meet with a newly formed committee empowered to speak for more than 70 percent of the commercially sponsored network broadcasts and to continue to confer without recess "until a conclusion has been reached". The conferences began Monday morning.

The decision to seek an amicable settlement of the dispute over minimum wage scales for radio actors, singers and announcers was reached by the Union after it had received a request for a meeting from Chester J. LaRoche, President of the advertising agency of Young & Rubicam and Chairman of the new "Committee for Advertisers". The invitation was followed by appeals from officials of the Columbia and NBC networks, with which the Federation has contracts covering entertainers on sustaining programs, that all steps be taken to adjust the controversy without a walkout.

Authority to call a strike was vested in the National Board of the Union by unanimous vote of its 6,000 members throughout the country. The radio artists had been assured of support by the Screen Actors Guild, Actors Equity Association, the American Federation of Actors and the American Guild of Musical Artists, and officers predicted that 35,000 entertainers would refuse to appear on commercial programs if a stoppage was ordered.

Members of the Committee include J. G. Sample, President of Blakett-Sample-Hummert; John U. Reber, Vice-President of J. Walter Thompson; Chester B. Bowles, Chairman of Benton & Bowles; W. B. Ruthrauff, Vice-President of Ruthrauff & Ryan; Leonard T. Bush, Vice-President of Compton Advertising, and Don Francisco, President of Lord & Thomas.

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NEW RADIO DISCOVERY CALLED TELEVISION AID

Three young scientists at Palo Alto, Calif., produced a totally new type of radio which may speed television development, give aviation a formidable "lifesaver" and revolutionize the whole field of ultra-short wave transmission, according to the Associated Press.

Stanford University announced invention of the instrument saying that radio engineers had pronounced it the most important advance in that science since Dr. Lee de Forest produced the vacuum tube in 1906.

It generates extremely short waves which not only have great power but are easily controlled, an impossibility with the usual ultra-short wave equipment. Its sponsors said that its waves, being so short that they made a new approach in minuteness toward the length of light waves, could be concentrated and reflected like the beams of a searchlight and just as easily.

So well-behaved are these waves, Stanford scientists declared, that many, perhaps hundreds of them, might be shot simultaneously through a long metal tube, each of them carrying a telephone conversation or a telegraphic message.

A single wave, they reported, could be made so narrow - so nearly like the shape of a beam of light - that an airplane pilot could follow it with complete confidence to a blind landing.

This same narrow wave, they added, could serve with new precision as an "absolute altimeter" to tell a pilot his exact distance above the terrain.

Technically, the revolutionary instrument utilizes the fact that an electric field influences the speed of electrons.

An electron stream from a cathode tube is run parallel to the invisible lines of force in an electric field. The field causes the slower electrons to speed up and the faster ones to slow down. The result is that they align themselves into waves or "solid fronts" with intervals of space between.

These electron bunches then pass into a tank containing an electrical current of extremely high frequency. This current picks up energy from the bunched electrons and then bangs itself against a metal plate 3,000,000,000 times or more every second to produce the ultra-short wave.

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NAZI NEWS OFFERED FREE IN ECUADOR

While the Radio Corporation of America and the American Telephone and Telegraph Company are negotiating with the government over the installation of broadcasting stations and a radio-telephone service, representatives of the German Government's Transocean service are offering to build a powerful broadcasting station, in Guayaquil, Ecuador, according to the New York Times.

The Germans are offering newspapers a part of the news service free, with an extremely low rate for the rest. They are attempting to gain the favor of the press for their proposed contract.

Transocean, the German Government's official propaganda service, is already supplying so-called news to some other Latin-American countries. Further proposed stations in Latin-America would supplement the propaganda broadcasts from Berlin.

A station is being built in Lima, Peru, which is expected to be in operation before the end of the year.

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