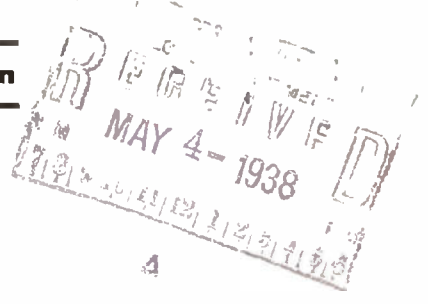


# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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## FCC PLANS BROAD INQUIRY AS SENATE PROBE LOOMS

A broad general reallocation hearing is planned by the Federal Communications Commission to begin June 6th while another move to bring about a Senate investigation of the FCC and the broadcasting industry is under way on Capitol Hill.

New rules and regulations which will set up new station classifications and power limitations in accordance with the proposals of the FCC Engineering Department are expected to be issued early this week and to form the basis for the June hearing.

Changes of frequencies, as proposed in the engineering report and as embodied in the Havana Treaty will not be considered at the inquiry because of the failure of the State Department to submit the treaty to the Senate for ratification.

Just as it appeared that the chance of a Congressional investigation of radio was foregone for another session, Senator White (R.), of Maine, let it be known that he may press his resolution or blast the FCC on the Senate floor before adjournment.

Senator Byrnes (D.), of South Carolina, as Chairman of the Senate Audit and Control Committee, said he would give Senator White a hearing shortly on his resolution calling for an investigation of the Commission and the industry. While Senator Byrnes is opposed to the inquiry, Senate investigations are ordered much more readily than House probes.

The Maine Senator has indicated that if his resolution is not approved, he will make a speech on the Senate floor to force an investigation of the FCC.

Observers believe that the Republican National Committee has suggested that Senator White press his inquiry in the belief that it may embarrass the Administration.

Because of the change in plan for the Fcc hearing, super-power will be relegated to the background for the time being while the new Commission regulations, station classifications, general power changes, and the like will occupy most of the attention of the FCC and broadcasters.

The hearing in June is expected to last for three weeks or a month.

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In explain<sup>ing</sup> its action in postponing indefinitely the hearing on applications for 500 KW permits and in broadening the inquiry, the Communications Commission stated:

"Inasmuch as practically all stations are interested in the question of 500 KW as well as in new regulations, and inasmuch as many issues of an economic character are inherent in both the new regulations as well as in the question of power in excess of 50 KW, the Commission felt that unnecessary effort on the part of all concerned could be avoided by adoption of the course it has taken.

"While the draft regulations are designed to facilitate constructive progress in the art of broadcasting and are intended to permit the application of latest technical devices in accordance with the information compiled as a result of the informal engineering hearing of October 5, 1936, the Commission considers these draft regulations tentative in character and subject to change in detail as a result of conclusions based upon proper proof presented at the forthcoming hearing on June 6, 1938.

"The applications of WLW and WHO, for renewal of existing special experimental authority and for special experimental authority to operate with 500 KW, respectively, will be heard immediately after the close of the hearing on rules and regulations. These two applications, while involved indirectly in the consideration of the rules and regulations, are, however, separate and distinct issues differing in many aspects from the question of a permanent license or change in rules and regulations with reference to powers in excess of 50 kilowatts."

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TWO NEW STATIONS ORDERED; ONE FOR NEWSPAPER

Construction permits for two new broadcasting stations, one to be operated by a newspaper, were granted late last week by the Federal Communications Commission.

One of the applicants is the Elmira Star-Gazette, Inc., of Elmira, N. Y., which will broadcast on 1200 kc. with 250 watts power, daytime only.

The other is the Standard Life Insurance Company, of Jackson, Miss., which will operate on 1420 kc. with 100 watts at night and 250 watts daytime.

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## REAPPOINTMENT OF COMMISSIONER CASE EXPECTED

Norman S. Case, member of the Federal Communications Commission since its creation in 1934, is expected to be renominated for another seven-year term by President Roosevelt sometime this month.

Governor Case's term expires July 1st under the staggered year appointment system provided in the Communications Act. A native of Rhode Island, Governor Case served as its chief executive and also as Chairman of the Conference of Governors at the time President Roosevelt was Governor of New York. Governor Case is a personal acquaintance of the President. It is understood the Senatorial Delegation from Rhode Island has petitioned the President for his reappointment, along with a number of other leading public officials.

While Congress is expected to adjourn early in June, it is anticipated the nomination will be made in advance of adjournment to permit Senate confirmation. Otherwise, the appointment would have to be made on a recess basis with confirmation to come at the next session of Congress convening in January.

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## RCA AND MACKAY CLASH AT SENATE HEARING

A controversy over licenses issued by the Federal Communications Commission, covering the foreign field, developed this week before a Senate Interstate Commerce sub-committee.

Former Rear Admiral Luke McNamee, now President of the Mackay Radio & Telegraph Co., declared the licenses had given R.C.A. Communications, Inc., a monopoly. Frank Wozencraft, General Solicitor for R.C.A., retorted that the competition of the Mackay company would "put both companies in the red" if granted.

The hearing was being held on a bill by Senator Wheeler (D.), of Montana, amending the 1934 Communications Act to declare it is Congress' policy "to prevent monopoly and encourage competition in direct foreign radio telegraph communication."

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## TIME SIGNAL DEVICE BRINGS INVENTORS REWARD

For developing a device which sends out radio time signals automatically by means of a quartz crystal controlled oscillator, two Washington men have been awarded the Edward Longstreth medal by the Franklin Institute of Philadelphia.

The inventors are Capt. J. F. Hellwig, U.S.N., retired, head of the U. S. Naval Observatory, and Paul Solenberger, an associate.

The invention, it was said, "increased the accuracy of radio time signals". It is used in Washington and California naval radio stations, the time signals being picked up by naval vessels at sea every hour. Many commercial stations also employ the automatic signal device.

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## INDIA MAY GIVE AWAY RADIO SETS

As a part of the rural uplift program in the United Provinces of India, it has been proposed that 300 villages be provided with radio receiving sets, according to a report to the Commerce Department from the office of the American Trade Commissioner at Calcutta.

It is estimated that the cost of the sets would approximate \$22,200 and that an additional \$3,700 would be required for recurring expenses, the report stated.

If the plan is approved, it will be worked in conjunction with the Lucknow Radio Station, which was scheduled to open in April.

Installation of sets in villages was also discussed at the Bihar Assembly in session at Patna for the use in cooperation with the Patna Broadcasting station, according to the report.

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## RUMORS ABOUND AS SHORT-WAVE REPORT IS DELAYED

While the Inter-departmental Committee on International Broadcasting has completed its study and report, the document will not be made public until the return of President Roosevelt to Washington, if then, it was learned this week.

Meanwhile rumors abound as to the recommendations of the Committee. All agree that the Committee is suggesting that the Government go in for international broadcasting on a rather extensive scale, but prognosticators differ as to whether the Committee will recommend that the Government build and operate its own short-wave stations, or use present privately-owned outlets.

One report from a source close to the Committee said that the Committee has straddled the issue somewhat by suggesting both possibilities and leaving the decision to the President.

Another rumor is that the Committee is proposing that the Government establish several international stations and operate them for the purpose of improving relations with Latin American countries.

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## THREE STATION TRANSFERS APPROVED BY FCC

Transfer of control of three broadcasting stations, one to a newspaper syndicate, was approved late last week by the Federal Communications Commission.

The transfers are:

Station WROK, Rockford, Ill., from Lloyd C. Thomas to Rockford Consolidated Newspapers, Inc., which publishes two newspapers in Rockford; ten shares.

Station WNBZ, Saranac Lake, N. Y., from Earl J. Smith and William Mace to the Upstate Broadcasting Corporation; sale price \$17,000.

Station WKBH, LaCrosse, Wis., from Joseph C. Callaway to Harry Dahl.

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## ANPA HEAD SAYS RADIO KEEPS PRESS TRUTHFUL

The competition of radio broadcasting and other disseminators of news keeps the newspapers on their toes and especially intent on keeping their news accurate, according to Robert McLean, newly-elected President of the American Newspaper Publishers' Association.

As part of a statement made to Editor & Publisher following his election, Mr. McLean said:

"No longer are newspapers the only medium for transmission of news. We have had the radio for a decade or more. We see and listen to the sound reel. We have facsimile already, and television comes rapidly over the brow of the hill. To put it boldly, we had better tell the truth or somebody else will."

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## "SPRING TUNE-UP" FOR RADIOS IS LAUNCHED

A Spring Tune-Up campaign to get listeners' radio sets in first-class condition for the important Summer programs ahead is being launched by Radio Today with its May issue. Through its radio readers, listeners will be urged to have tubes and antennas replaced and sets overhauled. Supplementing this Spring Tune-Up drive, there will be network broadcasts by the editor of Radio Today, Dr. O. H. Caldwell, over NBC May 9th and 27th, and CBS May 13th.

Three simple rules for good radio reception are emphasized by Editor Caldwell: 1. Have an outdoor antenna installed as high as possible and leading away from the house. 2. See that the tubes in your set are fresh and in good operating condition. 3. If interference is still suffered, have an experienced radio man check over your radio set, as well as nearby electrical devices, which may be causing the trouble.

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A new radiobeacon is being established by the Lighthouse Service at Bonita Point, on the north side of the entrance to San Francisco Bay, California, according to the Bureau of Lighthouses, Department of Commerce. This radiobeacon will greatly facilitate the approach to the Golden Gate, particularly during fog or low visibility, and will be operated in conjunction with the existing radiobeacons at the Farallon Islands, and on San Francisco Lightship.

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::: TRADE NOTES :::  
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President Roosevelt has nominated Richard C. Patterson, Jr., of New York City, to be an Assistant Secretary of Commerce. Mr. Patterson formerly was Vice-President of the National Broadcasting Company. He was named to the post vacated by Ernest G. Draper, recently appointed a member of the Federal Reserve Board.

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In the matter of the hearing on the protests of Mackay Radio and Telegraph Company, Inc., R.C.A. Communications, Inc., The City of New York Fire Department, the Mutual Telephone Company of Hawaii, and Press Wireless, Inc., to the allocation of frequencies between 30,000 kilocycles and 300,000 kilocycles, now scheduled for June 6, 1938, the Commission, upon its own motion has postponed the hearing until June 20.

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San Diego's three daily newspapers have joined the ranks of those eliminating all radio page material but the daily program schedules. The Union, Sun and Evening Tribune quickly followed a lead by Los Angeles papers, mutually agreeing to drop everything but the programs.

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Frank R. McNinch, Chairman of the Federal Communications Commission, will be the principal speaker at the annual luncheon of the Women's National Radio Committee tomorrow (Wednesday), May 4th. Mr. McNinch will be introduced by Madame Yolanda Mero-Irion, Chairman and founder of the Women's National Radio Committee. Immediately after the broadcast the Committee will make its annual award to the person who has made the greatest contribution to broadcasting during the year 1937.

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At least sixty institutions are offering courses in radio education, radio speech, or radio writing during the 1938 Summer session, according to the National Committee on Education by Radio.

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## RADIO-LUXEMBURG PLANS CULTURAL BROADCASTS

The Director of Radio-Luxemburg, one of the most powerful broadcasting stations in the world, has an idea which he believes will tend to aid materially in securing a more rapid diffusion of technical scientific discoveries and exchange of intellectual ideas than now seems possible through other means, if he can secure the desired cooperation, according to the U. S. Consul at Luxemburg.

"Briefly", the report states, "Director Peulvey is willing to place a half-hour once or twice a week at the disposal, free of charge, of learned societies, medical faculties, and cultural international organizations for the broadcasting in English, German, Flemish, French, Italian, and Dutch of recent medical discoveries described by an expert approved by his own country's medical authorities, or information of value touching cultural relations and other similar matters.

"Inasmuch as Radio-Luxemburg's broadcasts cover England, Ireland, Germany, Belgium, Netherlands, Italy and France with great strength and clarity, the station has potential audiences amounting to many millions. It would not be necessary for a participating group or society to send a special speaker to Luxemburg to take part in these half-hours inasmuch as Radio-Luxemburg has upon its staff English speakers who are quite capable of broadcasting any technical material in the English language. Such announcements could always be sent to the Legation for examination and transmittal to the Director of Radio-Luxemburg, or some other means could be worked out later."

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By courtesy of the Directors of the Epsom Grand Stand Association, the British Broadcasting Corporation will televise the Derby on June 1st. Three cameras - one of which will be equipped with 6-inch telephoto lens - will be used. In addition to the race itself, the broadcast will include pictures of the course and crowds, the parade of runners, the weighing-in of the jockeys, and the leading-in of the winning horse.

April's programs from the BBC station at Alexandra Palace included the televising of a mimic air raid, involving an attack on Alexandra Palace itself.

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## FDR, ROPER LAUD RADIO AS FORCE FOR DEMOCRACY

Radio as an "essential force in our democratic form of government" and an "established American service industry" was hailed in a letter from President Roosevelt and in a talk by Secretary of Commerce Daniel C. Roper during ceremonies dedicating the Columbia Broadcasting System's new KNX Hollywood studios broadcast over the CBS network Saturday, April 30.

Secretary Roper spoke from 10:45 to 11:00 P.M., EDST, before the day's ceremonies were climaxed at midnight in a two-hour broadcast which included an address of welcome by William S. Paley, President of Columbia, and appearances by leading radio and motion picture celebrities.

Mr. Roosevelt stated in his letter, which was read during this broadcast, that the "art of broadcasting . . . is a factor of the utmost importance in the maintenance and preservation of our Constitutional guarantee of free speech." He then expressed himself as being "particularly pleased with your (Columbia's) announced policy of making your facilities available as a forum for the presentation of both sides of public questions."

"Only through free and untrammelled discussion", he wrote, "can sound public opinion, so essential as a force in our democratic form of government, be achieved."

"In placing this emphasis upon a policy which I believe you have proclaimed publicly, I do not wish to underestimate the broad role which broadcasting has played in the social life of the nation as a rich source of entertainment and diversion for our entire people. In fact, I believe that radio adds to the fullness of life just as vitally when it provides laughter, enjoyment and relaxation as when it furnishes public stimulus on matters of serious concern to the commonweal."

Secretary Roper said, in part:

"Broadcasters utilize a resource which belongs to the people and is specifically reserved to them by the Congress. In obtaining this franchise privilege, these broadcasters undertake a certain responsibility to render a public service. The consequence of this has been the development of radio into an established American service industry.

"Programs of a cultural value, including music, other classic arts, and constructive historical episodes, express the responsibility of the sponsors for the highest sentimental and cultural influences fundamentally useful to our entire social structure. This is not only an effective defense for democracy through its satisfying influence on the

human soul, but looks to fellowship, understanding and peaceful relations. In no other country in the world is the opportunity greater for the masses of the people to enjoy, with the minimum of effort, those entertainment and educational features which enrich and ennoble.

"Certainly, few agencies have greater potentialities in their freedom of opportunity for constructive service in spreading human happiness and giving strength and virility to our democracy. But, this opportunity must be safeguarded against sinister and selfish controls, through a balance with responsibility, if best results are to be achieved for all. Private broadcasting will flourish so long as its mission exemplifies constructive ideals for the people."

Turning to a discussion of commercial broadcasting, Mr. Roper pointed out that in 1937 more than \$68,000,000 was spent by American business "for the privilege of disseminating their sales messages into the homes of the country by radio." He cited these figures, he said, "first, to reflect the estimate placed by the public on the value and effectiveness of the radio as a medium for building business good will, through the technique of entertainment", and "second, to emphasize the responsibilities involved for wisely leading and not misleading the public."

"The fact that radio advertising has proved so well its potentialities for stimulating mass distribution and the corollary of mass production and lower consumer prices justifies its role as a basic social and economic force in our democracy."

Mr. Paley paid tribute to Hollywood as "a new metropolis of the 'empire of entertainment' of which it may truly be said that all roads lead to Hollywood." The pioneers in this "world of make-believe" and their successors have taken "a long forward step", he said, "in perfecting the usefulness of human communication, for the motion picture is an expression of the art of communicating enjoyment, entertainment and useful knowledge."

"In more recent years, we of the broadcasting industry have been privileged to play a new and important role in developing even further the art of communication. It has been our happy task to open for the peoples of the world new doors to entertainment, knowledge and cultural opportunity, and it is our obligation to widen those doorways, to keep them free and open, and to increase the stock of treasures which lie beyond them."

Mr. Paley said the KNX studios "were designed to help produce better programs, programs that entertain, programs that inform and programs that make people think."

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JAPAN TO BUILD 100 KW RADIO STATION

Apparently spurred to action in combating what is considered to be radio propaganda unfavorable to Japan, the Department of Communications of the Taiwan Government General has announced that construction will be started shortly of a 100 kilowatt radio station at Choryo, Tamio-sho, Kagi-gun, (north of the city of Kagi) Tainan-shu, Taiwan and will be ready for operation by mid-1939, according to the U. S. Consul at Tokyo.

Mr. Tomizu, Chief of the Japanese Department of Communication has issued the following statement concerning plans for the new station:

"World broadcasting is now being concentrated in large stations rather than in small scattered stations, and every country is competing in equipping itself with the large type station. Even in our country a 150 kilowatt station was put into operation in Tokyo in January of this year. From the standpoint of national policy it is thus necessary for Taiwan, which is in a special area, to compete in this war of electric waves. The Taiwan Government General has therefore decided to expedite completion of a large broadcasting station at a total cost of 2,400,000 yen beginning with the fiscal year 1937 and spread over three years. A site has been selected at Choryo, Tamio-sho, Saki-gun, Tainan-sho."

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WMCA SELLS 19 HOURS BLOCK OF TIME TO ONE SPONSOR

What is perhaps the largest block of time ever sold to one sponsor was consummated this week with the sale of 19 hours per week by WMCA, New York, to Community Opticians, Brooklyn, Inc. The time provides for eight different types of broadcasts ranging from a round-table on bridge with the "Four Aces", recent Vanderbilt Cup winners, to a "Dance Parade" nightly.

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## NEW FCC RULES FORESHADOW STRICTER RADIO CONTROL

More rigid control of the operations of broadcasting stations, particularly experimental transmitters, is foreshadowed in the proposed new rules and regulations of the Federal Communications Commission just issued as a basis for allocation hearings which will begin June 6th.

Authorizations for new station licenses or an increase in power for an existing station will be made under the new FCC rules only after satisfactory showing is made "that the proposed programs are of such standard as to provide a meritorious service, including such cultural programs as may be required, to the listening public."

The other qualifications are similar to those already demanded, i.e., that the assignment will tend to effect an equitable distribution of radio facilities, that objectional interference will not be caused, and that the applicant is financially and technically qualified to build and operate a station.

Corresponding with the recommendations of Commissioner T.A.M. Craven, who prepared the report while Chief Engineer of the FCC, the new rules propose to set up four major classifications of stations, two of which would have subsidiary groups, making six classes in all.

Ninety-two channels - clear, regional, and local - are embraced in the classifications. Forty-four are designated clear waves, but only 25 are designated for 50 KW power and are free from interference of other stations on the same or adjacent channels.

The second group of Class I stations, labelled "Class 1-B", comprises stations which will operate with power from 10 to 50 KW.

Class II includes stations which will operate on clear channels with from 25 to 50 KW power but which "is limited by and subject to such interference as may be received from Class I stations".

There are two kinds of Class III stations. The "A" group would operate with from 1 to 5 KW power, while the "B" group would use from 500 watts to 1 KW night and 5 KW daytime.

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A Class IV station is a station operating on a local channel and "designed to render service primarily to a city or town and the suburban and rural areas contiguous thereto. The power range is from 1 KW to 25 KW.

The two new channels are 1530 and 1550 kc., and are added to the regional classification.

Four channels formerly reserved for high-powered regionals - 1460, 1470, 1480 and 1490 kc. - are added to the clear channel group.

Standard broadcast stations which are given special experimental permits are prohibited from transmitting any commercial or sponsored program during the extra hours of operation, and the FCC may direct the station to "conduct experiments that are deemed desirable and reasonable."

Some of the new regulations are designed to relieve the FCC of the task of passing upon unimportant details which now clog its docket.

For instance, under the new rules, stations will be permitted to move their studios within a city so long as they notify the Commission of their action. Now they must obtain permission to do so.

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#### POLICE CALLED ON CARPET BY FCC POLICE OF AIR WAVES

It is seldom that even Federal officials have the opportunity to bawl out city policemen, but such a privilege has come to the Federal Communications Commission.

The FCC summoned the Capitol Heights Police Department, of Capitol Heights, Ill., to Washington for a hearing recently after it had received charges that the police radio station was being operated by other than licensed operators in violation of Section 318 of the Communications Act.

Examiner R. H. Hyde this week recommended that the license be renewed despite the violation after the police officials humbly admitted their mistake and promised to obey the law in the future.

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"TOWN MEETING" GIVEN WOMEN'S RADIO AWARD

"America's Town Meeting of the Air", a weekly feature on the NBC-WJZ network, was chosen this week for the annual award of the Women's National Radio Committee for 1937. The program was said to be "one of the outstanding achievements of the year in radio".

Other programs cited by the Committee, without making awards to them, are:

Best programs of serious music commercially sponsored: Ford Sunday Evening Hour, a weekly Columbia network feature, and the Philadelphia Orchestra concerts, the "Musical Star" programs and Metropolitan Opera broadcasts on NBC.

Best sustaining (non-commercial) programs of serious music: New York Philharmonic-Symphony directed by John Barbirolli Sundays over Columbia; the NBC Symphony under Arturo Toscanini, and the "Sinfonietta" directed by Alfred Wallenstein over the Mutual system.

Best dramatic program: Lux Radio Theater, with the Columbia "Workshop" second, both Columbia network features.

Best serial dramatic program: One Man's Family, a National Broadcasting Company presentation.

Best variety program: Good News of 1938, with Rudy Vallee second; both National Broadcasting Company features.

Best children's programs: Irene Wicker, the "Singing Lady", first, and Nila Mack's "Let's Pretend" second. Miss Wicker's program is heard over NBC, Miss Mack's over CBS.

Programs for class rooms: Special mention to the Music Appreciation Hour of Walter Damrosch broadcast over NBC and Columbia's "American School of the Air."

Programs of educational value for children: Columbia's "Cavalcade of America"; Mutual's "Epic of America", and "Music for Fun" on Columbia.

Best adult educational program: "America's Town Meeting of the Air", broadcast over NBC first, with "Professor Quiz", a Columbia feature, second.

News program: Trans-Radio Press News service and the "March of Time", the former a feature of WOR in New York, and the latter an NBC feature, were commended. The Committee did not name any radio commentators.



Best radio comedian: Edgar Bergen's dummy, Charlie McCarthy, with Fred Allen drawing first place among flesh and blood performers. Both are heard over NBC.

Outstanding comedy team: Jack Benny and Mary Livingston, with "Amos 'n' Andy" second and Burns and Allen third, all NBC entertainers.

Most popular master of ceremonies: Don Ameche, first, Robert Taylor, second; both NBC performers.

Good taste in advertising: First place to Jello, on NBC, and second to DuPont for the "Cavalcade of America" on CBS, with Sealtest Rising "Musical Star" program, NBC, third.

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### NAB LEADERS CARRY COMPLAINTS TO McNINCH

Officials of the National Association of Broadcasters are due to call shortly on Frank R. McNinch, Chairman of the Federal Communications Commission, in a move to smooth out complaints of broadcaster members against some new FCC policies and practices.

Headed by Mark F. Ethridge, Acting President, the delegation was to press specifically for longer station licenses, a change in the procedure of penalizing licensees by giving them temporary permits, and postponement of the general reallocation hearing scheduled to begin June 6th.

Strengthened by the addition of 14 new station members and the beginning of an administrative staff, the NAB is preparing to launch a militant crusade in behalf of the broadcasting industry.

The Board of Directors has hired two persons to tackle the job of improving public, labor, and political relations. They are Joseph I. Miller, former labor reporter for the Associated Press, and Ed. Kirby, of WSM, Nashville. Paul Peters, former NBC statistician, was employed to do research work.

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The Federal Communications Commission has scheduled a hearing before the Commission en banc June 20th on the allocation of radio services in the bands from 30,000 to 300,000 kc., inclusive. The hearing will be limited to "such issues as set forth in objections filed by certain carriers relating to changes in frequency under FCC order No. 19."

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## NEW FRENCH TELEVISION STATION INAUGURATED

The famous television transmitting station in the Eiffel Tower, Paris, soon to be the most powerful television transmitter in the world, was inaugurated into general service recently by a gathering of French Government officials headed by the Minister of Posts and Telegraphs, the International Telephone and Telegraph Corporation reports. The transmitter has been raised to an output of 25,000 watts, will be operating at its maximum capacity of 30,000 watts in the near future, and this will make it the most powerful television station in the world. The station was engineered and installed for the Department of Posts and Telegraphs by Le Materiel Telephonique, French licensee company of the International Telephone and Telegraph Corporation.

The transmitter was ordered by the French Government in March 1937 to feature the communications section of the Paris Exposition. The engineering of the station and the task of installing it in the Eiffel Tower - particularly of placing the heavy coaxial cable which connects the station equipment at the base with the antenna in the very top of the 1,000 foot tower - was accomplished by Le Materiel Telephonique on assignment. The station was operating by September at the height of the Exposition. It was a conspicuous technical success and became one of the most fascinating features of the great Fair.

This is the second time the Eiffel Tower has borne milestones in communications history. The first transatlantic reception of the human voice by radiotelephone was at the Eiffel Tower in 1915 from the United States.

The design and construction of the television antenna and transmitter have involved not only the solution of new and difficult technical questions but also the solution of the many unique installation problems including that previously mentioned of placing the feeder cable to connect the transmitter and the antenna. This cable has a total length of 1,250 feet, is over 5 inches in diameter and has a total weight of over 12 tons. It is the longest of its kind in the world. Installation had to be carried out without interfering with elevator service in the Eiffel Tower and with full regard to limits of stress and strain which could be applied to the structure itself.

The French Posts, Telephones and Telegraphs Department, anxious to ensure that the television programs should be the best that present technique provides, have constructed and equipped two television studios containing the most up-to-date equipment. These are situated at distances of 1-1/2 and 3 miles from the transmitter respectively and they are connected to the station at the Tower by special cables.

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The cable is of the coaxial type recently developed for multiplex telephone and television transmission. It consists of a solid inner conductor of copper, supported within a flexible copper outer conductor. This is sheathed in lead, and a further protective covering of impregnated jute and of spirally wound steel wire is applied.

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LOHR URGES 3-YEAR LICENSES IN D.C. ADDRESS

Emphasizing that freedom of the air has become a cardinal requirement of our democratic Government, just as have freedom of speech and freedom of the press, Lenox R. Lohr, President of the National Broadcasting Company, told a round table session of the United States Chamber of Commerce meeting this week in Washington that issuance of Federal broadcasting licenses should be on a three-year rather than a six-months basis.

The longer period, Mr. Lohr said, "would materially aid stabilization within the industry, would stimulate investment in improved technical facilities, and would place broadcasting on a sound basis rather than that of a gamble."

Mr. Lohr granted the necessity of Government regulation, pointed out there is no other agency to do it and that the industry itself is not fitted to assume the task.

The radio executive described the importance of keeping its news services "on top" of developments throughout the world and of efforts made to give all sides of controversial subjects equal opportunity to present their views. Extremely close scrutiny is given all material to be broadcast, he said.

"It is routine", he said, "to check scripts for violation of the laws of blasphemy, profanity, libel and for compliance with the stipulation of the Federal Trade Commission against misleading or false statements about products. All testimonials are carefully scrutinized, likewise the overplay of insobriety and jokes playing upon physical and mental infirmities which might afford embarrassment and humiliation to afflicted listeners. We do not permit references to races or racial characteristics that border on indignity, or the delineations of suicides, or descriptions of unlawful practices, such as safe-cracking or counterfeiting."

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5/6/38

PAYNE REPLIES TO SARNOFF CRITICISM

Federal Communications Commissioner George Henry Payne this week launched a counter attack on criticisms of Government regulation of radio by David Sarnoff, President of the Radio Corporation of America, last week.

Commissioner Payne, speaking at the National Academy of Broadcasting in Washington, described Mr. Sarnoff's attack as "amazing because of its disregard of the facts and its defiance of public opinion".

Declaring the only answer to Mr. Sarnoff was "the long needed Congressional investigation", Commissioner Payne called Mr. Sarnoff's speech "evidence of the organized movement of the radiomonopoly to mould public opinion to its will, and to control, not only the radio industry, but the Federal Communications Commission."

"From the head of the company that was responsible for the Mae West broadcast, one might well have expected a milder note. There is not a word of apology for the blood curdling programs that do harm to children, nor for the character of the programs that have been described in many places as moronic and fit only for the intellect of a child of 12."

Mr. Sarnoff charged that the present system of granting radio licenses for six-month periods "leaves the door open for indirect and insidious Government censorship." He added that "freedom of the air is inseparable from the freedom of thought, of speech, of worship, of education and of the press."

Of the plea for a longer licensing period, Commissioner Payne said, "even with the present six-month period, the broadcasters, as a class, have become negligent of the public interest and arrogant."

"They are filling the air with trivial programs and are conditioning the public to like these programs. They are filling our homes with propaganda and the blare of advertising. I readily admit, and am glad to do so, that a few of the radio programs are worthy of the intelligence of the public, but the vast majority are either silly or degrading."

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5/6/38

## U. S. RADIO DEFENDED IN LUNCHEON TALKS

Informed public opinion in this country is rising spontaneously to the defense of American broadcasting methods as opposed to Government-dictated systems in Europe, Paul W. Kesten, Vice-President of the Columbia Broadcasting System this week told the Women's National Radio Committee at its Fourth Annual Awards Luncheon at the St. Regis Hotel in New York City.

Other speakers at the luncheon included David Sarnoff, President of the Radio Corporation of America; Alfred J. McCosker, President of the Bamberger Broadcasting Company and Chairman of the Board of the Mutual Broadcasting System; Commander T.A.M. Craven, member of the Federal Communications Commission; Mrs. William H. Corwith, Chairman of the Survey Committee of the Women's National Radio Committee; Edward Johnson, General Manager of the Metropolitan Opera Association; and Mrs. Vincent Astor.

During the past ten days, Mr. Kesten pointed out, at least half a dozen spokesmen, none associated with broadcast management and each representing a different section of public opinion, have come forward independently of one another to answer critics of broadcast service in this country.

As a reply to various arguments heard against the American system, Mr. Kesten quoted President Franklin D. Roosevelt, Daniel C. Roper, Secretary of Commerce; Grenville Clark, New York attorney and a recent speaker before the National Newspaper Publishers' Association; Deems Taylor, music critic and composer, and an article appearing in the May issue of Fortune Magazine.

Mr. McCosker also came to the defense of radio in a reply to critics.

"It has become rather a hobby lately to condemn radio - to deprecate its efforts, to disparage its results", he said. "I believe this attitude, on the part of certain well meaning critical people, has grown out of confusion, and the confusion lies in mistaking growing pains for disintegration.

"You know, I can't help feeling that some of radio's critics have a stereotyped notion of just what education is. They think of speeches, of hours of erudite talk. . . . that is education if pwope will listen to hours of learned talk. We all know you can't force radio listeners to be educated. But, there are other ways.

5/6/38

"If you'll remember back to your school days, the best teacher was usually the best showman - the person who combined education with mental stimulation. But above all the best teacher was the person who made his or her subject entertaining.

"So, when we talk of education in radio today, we must talk also of entertainment."

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### SCHOOL CHILDREN'S RADIO TASTE POOR

High school children spend too much of their spare time listening to the radio and show very little discrimination in the type of program they enjoy, according to the results of a radio survey carried on in the New York City school system, the New York Times reported this week.

Conducted at the Abraham Lincoln High School, the survey tested the tastes and preferences of 988 boys and girls. It was found that children spend on the average 2 hours and 5 minutes each day listening to the radio, while they spend only 1 hour and 20 minutes on their reading.

It is a "sad" fact, the report declares, that most of the listening is on a "generally low plane". Good educational programs hold little appeal to the students.

"The lack of discrimination in radio fare can be laid directly at the door of the school system, which has thus far done little or nother to develop standards for judging the worth of the radio programs", the report points out. "The critical faculty has received even less nurture from radio sponsors."

"Radio is an inseparable part of their existence and must be brought into the curriculum somehow", the survey contends. "Failure to do this is to neglect an area of pupil experience that plays a significant role in the pupil's life."

Schools should be concerned with the necessity of making students "alive and intelligent listeners", the survey holds. It may be necessary, it continues, that educational broadcasts, to capture a wide audience, will have to utilize the "dramatic sensationalism" of some of the more popular programs.

About 75 percent of the students declared that they found the radio helpful in school work.

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5/6/38

TRADE NOTES

David Sarnoff, President of the Radio Corporation of America, released for publication this week the statement of income of the Radio Corporation of America and subsidiaries for the first quarter of 1938, ending March 31. The statement shows a net profit for the quarter of \$1,437,800, as compared with \$2,243,057 for the corresponding period in 1937.

"Television: A Struggle for Power", written by Frank C. Waldrop and Joseph Borkin, will be published May 11th by William Morrow & Co., of New York. The book carries an introduction by George Henry Payne, Federal Communications Commissioner.

Charles G. Daughters, Executive Secretary of the National Sponsoring Committee of the Freedom of Opportunity Legion, with present headquarters at Berne, Indiana, filed with the Federal Communications Commission this week a complaint against Radio Station WOWO, of Ft. Wayne, Indiana, owned and operated by Westinghouse Radio Stations, Inc., of Pittsburgh. The complaint alleges that Station WOWO is acting to suppress free speech and in restraint of freedom of the air in refusing the Freedom of Opportunity Legion's request for time on the air.

The service of the National Broadcasting Company's Blue Network to radio listeners in western Iowa and eastern Nebraska was markedly improved on May 1st when Station KMA, Shenandoah, Ia., became an NBC affiliate. KMA, owned and operated by the May Seed & Nursery Co. increased the Blue Network audience by more than 160,000 radio families.

Gross time sales on the Columbia Network for April, the second largest April in network history, totaled \$2,424,180. This shows a slight decrease from last April (5.4%), but the \$2,563,478 total for April, 1937, contrary to the usual trend in network billings, was greater than any of the three Winter months preceding it. Cumulative total for the first four months of 1938 reached \$11,018,777, a 12.8% increase over the corresponding period of 1937.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

MAY 11 1938

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No. 1124



May 10, 1938.

## WHITE RADIO INQUIRY RESOLUTION IS REPORTED

The Senate Audit and Control Committee reported without recommendation Tuesday the White resolution authorizing the Senate Interstate and Commerce Committee to make an investigation of the broadcasting industry and the FCC.

This action places the question of whether a Senate probe is to be conducted squarely up to the Senate itself. Senator White (Republican), of Maine, is expected to take the floor within a few days and make an appeal for approval of the resolution.

Should an inquiry be ordered, it is unlikely that it would get under way until after Congress adjourns if present plans for a June 1st adjournment materialize.

The White resolution directs the Senate Interstate Commerce, which has previously approved the resolution, to make a special study of the report on the following subjects:

"(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 licenses, 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 of 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."

The committee is further authorized and directed to make and report to the Senate the facts with respect to:

"(1) Competition between wire companies in communication between the United States and foreign countries, between radio companies in such foreign communication, and between wire and radio companies in this field of foreign communication.

"(2) Instances in which the Commission has granted licenses for transmission in foreign communication or has refused or withheld action upon applications for licenses and frequencies in this field of communication, and whether such action by the Commission or its nonaction, has been with the purpose or has had the effect of aiding one company in this branch of communications or of destroying or lessening competition between American companies in foreign communication.

"(3) 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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## SARNOFF ASKS U.S. RADIO POLICY, RAPS WHEELER BILL

The need for a "basic communications policy" for the United States was set forth by David Sarnoff, President of the Radio Corporation of America, this week in a statement opposing the Wheeler bill before the Senate Interstate Commerce Committee.

The Wheeler bill would require the FCC as a fixed policy of law to foster competition in foreign communications. The measure is an outgrowth of the fight between RCA and the Mackay Radio & Telegraph Company in which the latter has lost decisions before the Commission and in the courts.

"The communication facilities of the United States are essential to its safety, to the freedom of its international relations, and to the promotion of its commerce", Mr. Sarnoff said. "There can be no doubt about your desire to protect them jealously against any attack upon their independence or their opportunity to develop.

"All communication companies face the fact that the United States needs a basic communications policy. That need has been urged by many persons and on many occasions. The present hearing emphasizes that need anew. Congress has not yet established such a fundamental policy. It has, however, set up a Federal Communications Commission and has given to that body certain duties and powers concerning domestic and foreign communications.

"Now there is before you a bill to change the present law by a brief amendment which would not establish a national communications policy but would prevent the Commission from acting upon its own findings concerning public interest, convenience and necessity.

"This bill would require the Federal Communications Commission to decree that duplicate radio telegraph circuits should be established in international communications, without inquiring whether either the new competitor or the old could survive, regardless of whether the rate-paying public would be helped or harmed by this rivalry; regardless of whether the new art of radio might thus be put in jeopardy by the power of its wire and cable competitors.

"Under the existing law, it is the duty of the Commission to decide whether public interest, convenience, or necessity would be served by authorizing the duplication of facilities. The proposed law would change all that. It would tell the Commission that regardless of existing competition, direct or indirect, by other American carriers operating to any foreign country, licenses must be issued for duplicate radio services even though the applicant for a license is, in fact, a cable competitor already well entrenched in the field.

"By all means let us have competition where it will serve the public interest, convenience, and necessity. But let us not try to force competition in international communications where it cannot serve and may even injure the national public interest.

"We now have keen competition between radio and cables. The bill before you, if enacted into law, would seriously weaken radio in that competition, and would transfer the control of our international radio communications from Americans to foreigners.

"The company I represent is not seeking to avoid competition. We are merely trying to avoid wasteful duplication of facilities that would benefit no American user."

"There can only be true competition when there are independent and competing foreigners, each of whom can establish a circuit with an independent and competing American. In such a case there would be genuine competition. But no such competition will result if the proposed amendment is carried into the law.

"The enactment of the present proposal would place American communication agencies at the mercy of foreigners. It would require additional facilities regardless of existing facilities and the adequacy of traffic to support them. It would constitute a handicap to the development of radio communication in the United States and would not serve the interests of the American public.

"I respectfully recommend that Congress take steps to formulate a National Communications Policy, based on a careful study of the vital national questions involved. Such a study may well be made by a Committee of the Congress or by the Federal Communications Commission.

"Those undertaking this study should also consider the new situation created for those outside the British Empire by the changes announced only two weeks ago, under which the British Government has become the principal stockholder in the British Cable and Wireless Company. That company has a monopoly of the British international communications, both by cable and radio. It announced a sweeping reduction of rates within the Empire effective April 25, 1938. The new British plans and rates may have a profound effect upon American communications and American commerce.

"On every hand we have new evidence of the pressing need for an American communications policy. The new developments in the radio art, as well as the fast-changing political conditions throughout the world - new alignments - new conflicts - new trade policies - new military agreements - all make the independence of American communications essential to our peace and our prosperity."

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## NEWSPAPERS SELL AD MENTIONS IN PROGRAMS

More than a hundred newspapers in cities of 100,000 population or more have already agreed to a plan of selling advertising mentions in their radio programs, the Lahey-Daly Company, New York advertising concern, has announced, according to Editor & Publisher.

The plan calls for continuing the program as an editorial feature, but including in parenthesis the name of the advertiser or product when ordered. An asterisk beside the trade name would refer to the word "Advertisement" below. A sample program looks like this:

1:00

WEAF - Weather reports.  
 WOR - Health talk. (\*Borden's Milk)  
 WJZ - Farm and home hour.  
 WABC - Betty and Bob, sketch; Betty Crocker,  
 "Cooking" (\*Crisco)  
 WHN - Singin' Sam. \*Oxydol)  
 \*Advertisement.

Thomas F. Daly, partner in the firm, said the first order for insertion had already been received, for a West Coast program. He is suggesting to advertisers that they set aside 2% of their radio program costs for newspaper advertising of this kind, using all newspapers available in their broadcast territory, and repeating for each broadcast. Since network time is sold for at least 13 weeks at a time, the newspaper advertising would run at least that long. In addition, he predicted that newspapers would be able to sell local advertisers on the plan.

Lahey-Daly Company, acting as publishers' representative for this type of advertising, would collect a commission of 10% on billings. Rates set by newspapers thus far range from \$1.00 to \$3.50.

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## RADIO TRADE STATISTICS NEARING COMPLETION

The fourth annual statistical number of "Electrical and Radio World Trade News" is now nearing completion and will be sent to all subscribers when issued, the Bureau of Foreign and Domestic Commerce announces. It contains statistical tabulations of electrical appliances and radio sales for the year 1937 - statistics of the electric power industry in the United States - statistics of the electric power industry in all foreign countries - details of the broadcasting industry - statistics showing U.S. exports of electrical and radio goods for 1937 and prior years. Single copies may be purchased for ten cents each.

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5/10/38

## NEW LOUISVILLE STATION GETS EXAMINER APPROVAL

Construction of a new broadcasting station in Louisville, to operate purely as a local outlet, was recommended this week by Examiner John P. Bramhall in a report to the Federal Communications Commission on the application of the Kentucky Broadcasting Corporation.

The requested assignment is 1210 kc., with 100-250 watts power, unlimited time.

Stations now operating in Louisville are WHAS, a CBS outlet, and WAVE, an NBC outlet.

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## CUBAN DECREE REGULATES RADIO NEWS BROADCASTS

A decree recently promulgated by the Cuban Government places radio news broadcasts and commentators under governmental supervision. The principal provisions of the decree follow:

"The transmission of information of a political, social, economic or other character, as also commentaries of all kinds by radio, may be made only by so-called 'periodicos aeros' (radio newspapers) duly registered in the Department of Communications.

"Before making a broadcast the operator of the station must obtain from the person making the broadcast an exact copy of the text of the material to be transmitted. This copy must be submitted to the Direccion de Radio (Radio Bureau) within 24 hours after the broadcast. An exception is made in the case of speeches pronounced before public reunions.

"The operator of a broadcasting station must suspend the broadcast whenever it is observed that the matter being broadcast differs from the text of the aforementioned copy.

"The Department of Communications will maintain a Registro de Periodicos Aereos y Programas Informativas (Register of Radio Newspapers and Informative Programs) in which must be noted the names, musical themes or designations used to identify these radio newspapers, etc. with schedules of broadcast hours. Applicants for registry must give information on the organization of the radio newspaper showing that this is the same in each case as that of the respective printed newspaper."

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5/10/38

## CURB ON RADIO REGULATION URGED BY HETTINGER

The Federal Communications Commission should not seek to control either programs or rates of broadcasting stations in the opinion of Dr. Herman S. Hettinger, of the University of Pennsylvania, who was hired by the FCC two years ago to make a study of the economic factors of radio regulation.

Dr. Hettinger's report was never made public by the Commission, and it is understood that some of its conclusions were rejected by Commdr. T.A.M. Craven, then Chief Engineer, in drafting his report on the same subject.

The views of Dr. Hettinger, who has been associated with radio matters for several years, are set forth in an article in the April issue of "Air Law Review", which is edited by Alison Reppy, Professor of Law at New York University.

His conclusions on the subjects of program and rate control are summarized in the following statements:

"Avoiding entirely the question of how far program control can be carried before it becomes de facto censorship, one observation is a propos. Art thrives upon competition and spontaneity of ideas. One cannot regulate mediocrity out of existence. At best one can supplant one mediocrity with another. The mediocrity of the school-room is as deadly as that of the entertainment field, if of a different sort, and both fields are in equal need of brains and enterprise. All that regulatory authority can do to assist radio as an art is (1) to safeguard the public with regard to freedom of speech, and from indecent and obscene language and material, and (2) to maintain the competitive vitality of broadcasting as a whole so that the best possible program service will result."

"One is therefore forced to the following conclusions: (1) rates exert no important effect upon quality of service rendered the public, since competition with other media affords a corrective; (2) attempts at rate regulation would tend to give rise to greater problems with respect to the public interest than those which they would solve; and (3) since the interest of government is merely to ensure a quality of program and technical service in the public interest, it is more important to determine how the returns from the economic operation of broadcasting are applied than what they are."

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## NON-RESIDENCE NO BAR TO RADIO APPLICATION

The Federal Communications Commission received a major set-back this week in the form of an opinion by the United States Court of Appeals, which instructed the Commission to consider factors that were rejected in a hearing on an application to establish a radio broadcasting company in Pennsylvania.

The Pottsville Broadcasting Co. was denied its application to establish a station in Pottsville, Pa. though an Examiner had approved it. According to the opinion, the Commission rejected the application on the grounds that Charles B. Drayton, local attorney and a majority stockholder, was not a resident of the Pottsville District and did not know the needs of the area, and, secondly, that Drayton testified that subscription for the stock of the corporation was contingent upon approval of the Pennsylvania Securities Commission.

The Appellate Court said that the corporation was chartered in Maryland and did not need Pennsylvania approval and secondly that in the past the FCC had not laid down a hard-and-fast rule as to the rights of non-residents who sought radio rights.

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## CHINESE BROADCASTING STATIONS AT SHANGHAI CLOSE

Fourteen privately owned Chinese commercial broadcasting stations at Shanghai voluntarily suspended operations on April 28, according to a radiogram to the Regional Information Division, Bureau of Foreign and Domestic Commerce from the office of the American Commercial Attache at Shanghai.

The stations, which were located in the International Settlement, declared their action as a protest against the registration and censorship requirements of the Japanese authorities, the report stated. However the broadcasters claim that they have voluntarily filed with the Shanghai Municipal Council, information which is desired by the authorities and negotiations are still pending for the restoration of the service.

Foreign broadcasting stations have been unaffected so far, but one Chinese-American owned station has been leased to an American newspaper, it was reported.

Shanghai tramways are now running at 65 percent normal, although resumption of passenger service through the North and East areas of the International Settlement has not yet been arranged with the Japanese authorities, according to the report.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

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## RADIO TAKES SPOTLIGHT AS CONGRESS NEARS END

After being shoved to the background for almost the entire session of Congress, radio suddenly took the spotlight this week as Congress pondered demands for investigations and plans for a Pan American short-wave station and the Inter-Departmental Committee named by the President prepared to submit its report to the White House on international broadcasting.

The House Rules Committee, which had pigeon-holed resolutions for radio investigations, suddenly scheduled hearings and listened to grave charges (see story elsewhere in this issue) but deferred its decision.

With the White resolution on the Senate calendar, it appeared likely that the Senate would engage in a debate on the subject before it adjourns and possibly next week.

Meanwhile, the Inter-Departmental Committee headed by Frank R. McNinch, Chairman of the Federal Communications Commission, prepared to submit its factual findings regarding short-wave broadcasts to the Latin Americas by European nations, especially Germany and Italy, and the broadcasts emanating from privately-owned short-wave stations in the United States.

As forecast by the Heintz News Service, the report makes no definite recommendation as to what action the Administration should take to combat the foreign propaganda on the ether waves. It is understood to point to the possibilities but the choice is left to the President.

The Committee, it is understood, decided that it is a matter of policy that the President himself should pass upon whether or not the Government should construct and operate its own international station or utilize the services of privately-owned transmitters now using frequencies lent to them.

As the report was being completed, a sub-committee of the Senate Interstate Commerce Committee opened hearings on the McAdoo-Chavez Bill to authorize construction of a \$3,000,000 Government-owned Pan American short-wave station in California. Senator Bone (D.), of Washington, was presiding.

Another sub-committee of the Senate Interstate Commerce Committee was delving into the row between the Radio Corporation of America and the Mackay Radio & Telegraph Company over foreign radio communications permits.

On the outcome of this legislation will depend future of these companies and the national policy of the United States relative to international competition. Officials of both companies testified that the Wheeler Bill meant their life or death in the foreign communications field.

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## SENATORS' BRIBE CHARGED AS HOUSE RADIO HEARINGS OPEN

Members of the House who have been demanding a Congressional radio investigation for the past two years opened a hearing before the Rules Committee with a bang on Thursday by making charges that two unnamed former U. S. Senators had taken bribes to protect a radio monopoly in 1932.

The charge was made by Representative McFarlane (D.), of Texas, who has become the most persistent critic of the Federal Communications Commission and what he terms the "radio monopoly" since the death of Representative William Connery (D.), of Massachusetts.

The House Rules Committee, which is considering five resolutions calling for Congressional investigations of the radio industry, reached no decision and indicated it will hold further hearings next week.

Representative McFarlane told the Rules Committee that the Senators were paid money to "interfere" with the Justice Department case brought in the Federal courts in Wilmington, Del.

Excerpts from his statement, which later was inserted in the Congressional Record, follow:

"It has been my thought for some time to present to the House certain information including data in affidavit form which conclusively suggests the existence of a criminal conspiracy which not only debauched a large corporation, persons holding high public offices but also certain court officials. I have been in doubt as to whether to move impeachment proceedings, or to await action on the part of this committee.

"The information I refer to concerns the payment of money in cash to elected representatives of the people for interference with the activities of the Department of Justice; activities which brought forth a consent decree from a District Court. This action benefitted officials of this radio corporation dependent for its existence upon the gratuitous radio licenses which it has received from the Government of the United States.

"I want to say, Mr. Chairman, that I have checked the contents of this affidavit in two separate manners, and while I have not made nor been in a position to make the type of an

investigation which is necessary, I want to say that both checks verified the statements made in the affidavit. That a monopoly exists there can be no doubt. You, Mr. Chairman, on the floor of Congress, admitted that you knew such monopoly existed. All forty clear channels, almost all regional high power stations, almost all radio stations that extend beyond the jurisdiction of one community are owned, controlled or operated in the interest of, or by the radio monopoly.

"An illustration of the legal hi-jacking indulged in by this particular corporation is evidenced by the manner in which they black-jacked the American Telephone & Telegraph Co., another monopoly, into permitting them to share the profits of the sound motion picture field.

"I have here a photostatic copy of the Bill of Complaint wherein the attorney for RCA printed a bill of complaint alleging monopoly and illegal restraint of trade on the part of the A.T.&T. and instead of filing it in the courts as was presumably intended, sent it to the attorneys for the A.T. & T. which resulted in the attorneys for both monopolies agreeing to share the field. The allegations of monopoly and restraint of trade contained in this photostatic copy of the bill of complaint prepared for use of RCA is just as true today in the case of telephone, as it was and is today in the case of RCA.

"Mr. Chairman, I hold in my hand a very exhaustive financial analysis of the financial set-up and condition of RCA as of May 28, 1936.

"The signer of this document is recognized as competent and has or had a good standing in the financial world. His work was considered so sufficiently good, that following this analysis of RCA, I understand, that Mr. Sarnoff, who in this report is indicted most severely, as incapable and inefficient, has hired him as a financial analyst for RCA. This auditor's report indicates that RCA officials have defrauded common stockholders to an extent of millions of dollars; have issued false financial reports to stock holders and to the public; have paid preferred stock holders dividends of \$28,000,000 on earnings of only \$11,700,000; that 6,580,375 shares of stock with a value at date of issue of \$290,000,000 were issued to General Electric and Westinghouse for assets stated to have been worth \$39,900,000. This \$39,900,000 was subsequently written down to some \$24,000,000; that preferred stock with redemption value of \$80,000,000 and an annual dividend rate of more than \$4,000,000 was issued by RCA in consideration of some \$17,000,000. That dividends have been paid on preferred stock when the corporation's earnings had been dissipated and prior surplus had been wiped out and capital impaired to the extent of some \$16,000,000.

"This report also shows that RCA issued \$2,000,000 shares of stock to General Electric and Westinghouse in supposed consideration of a valuable exclusive contract. When RCA put over the infamous so-called consent decree in the Federal Court at

Wilmington, November 21, 1932, they found it necessary to cancel this agreement. But there is no indication that the 2,000,000 shares of stock issued in consideration of this supposed valuable agreement has ever been returned to RCA for their stockholders."

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#### WHEELER BILL WOULD DESTROY RCAC, SAYS MANAGER

Enactment into law of the Wheeler Bill to require the Federal Communications Commission to foster competition in foreign radio communications as a national policy would cause the eventual destruction of the R.C.A. Communications, Inc., W. A. Winterbottom, Vice-President and General Manager, told the Senate Interstate Commerce Committee this week.

"If you pass this bill", he said, "you blaze a new trail which will inevitably lead to the destruction of the RCAC service."

Mr. Winterbottom outlined at some length the history of the row between RCA and the Mackay Radio & Telegraph Company over foreign communications permits.

"Remember that R.C.A. Communications is a small company as compared with either the International System or the Western Union", he said, "and that it is exclusively a radio company. Remember, too, that we serve only 12 cities in the United States, and that we are dependent upon the landline systems of our competitors, to pick up and deliver our messages at all other points.

"RCAC is solely a radio company and is neither controlled nor dominated by the wire line or cable companies, of which it is a natural competitor. Neither directly nor indirectly does it have any directors in common with Western Union, with the American Telephone & Telegraph Company, or with any of the International System companies. Nor, is there any joint stock ownership.

"RCA has pioneered and struggled for twenty years to establish an independent system of radio telegraph communication competing with the entrenched cable companies so that the people of the United States might enjoy the advantages of cheaper communication with the rest of the world. It now operates to some 45 foreign capitals and thence to all other cities in the world. There is no place where RCA service does not now reach directly or indirectly. We reach directly but few points in the United States and usually but a single point in any foreign country but our services are not inefficient by reason of the fact that they are for the most part indirect."

Loyd A. Briggs, European Communications Manager of RCAC, who came to the United States especially to testify at the Senate hearing, said among other things:

"It seems evident to me that the only result possible and inevitable from forcing competition between American companies in dealing with a single foreign agency must be that the American companies in their competition will be compelled in self preservation to give way financially and strategically to the demands of the foreign administration, not only to the point of operating unprofitably but even beyond that to the point of operating such circuits at an actual loss.

"Such forced competition benefits only the foreigner, it brings no advantages to the American user, it weakens the American companies individually and collectively, not only financially but also in their independence of foreign domination, and it impairs their ability to act in accordance with American policy and in the public interests of the United States."

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#### MACKAY HOLDS WHEELER BILL IS URGENT

The Mackay Radio and Telegraph Company told the Senate Interstate Commerce Committee this week that immediate legislation was necessary to prevent the concern from being eliminated as a competitor in the foreign radio communications field.

Howard L. Kern, general counsel for Mackay, testifying at hearings on the Wheeler Bill, urged enactment of legislation which would declare competition in foreign radio communication to be "in the public interest."

He said R.C.A. Communications, Inc., held a "monopolistic position" in the foreign communications field which Mackay could not invade without a direction from Congress to the Federal Communications Commission.

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#### PALEY'S SALARY AND BONUS \$190,196

William S. Paley drew salary and bonus of \$190,196 as President of the Columbia Broadcasting System in 1937, a Columbia report to the Securities Exchange Commission disclosed this week. Included in the sum was a bonus of \$149,295.

Edward Klauber, Vice-President, drew aggregate remuneration of \$80,540, including a bonus of \$39,840.

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## 82% OF U.S. FAMILIES OWN RADIO, SURVEY SHOWS

The number of families in the United States owning radio sets as of January 1, 1938, is estimated at 26,666,500, or 82 percent of the families of the nation, according to tabulations of the Joint Committee on Radio Research released this week.

This is an increase of 17 percent over the 1936 estimate of the Committee, which was organized jointly by advertisers, advertising agencies, and broadcasters. Its first report was made in 1936.

The 1938 count "does not represent the total number of radio sets in use", the report states, "there being many more than one radio in many homes, and sets in automobiles, and in stores, restaurants, institutions, etc. The figure 26,666,500 represents the number of homes having at least one radio."

"Families with radio sets out of order for more than six months are not defined as radio families and therefore are not included in the figure presented. Sets temporarily out of order (less than six months) amount to approximately 4% and are included in the figure of 26,666,500."

The Committee in making its estimate utilized new radio ownership information, collected by two surveys during 1937. One of these was the rural survey conducted by the Committee in the Fall of 1937 and financed by the Columbia Broadcasting System and the National Broadcasting Company. The other, an urban survey made for the Columbia Broadcasting System by Daniel Starch, was made available to the Committee.

"These data were in sufficient detail to permit of directly estimating state and county figures", the report stated, "without resorting to multiple correlation. Although this represents an improvement in method of estimating, the Joint Committee emphasizes that the figures of radio families published herewith are estimates with which there are no actual figures to compare. They constitute approximations at best and should not be looked upon as being exact measurements.

"In analyzing these data, the Committee has had the cooperation of various individuals and organizations who have conducted research in the number and distribution of families owning radios, particularly Dr. George Gallup and the Institute of Public Opinion, Fortune Magazine's Quarterly Survey, Dr. O. H. Caldwell of the publication Radio Today, the publication Radio Retailing. Several individual city surveys covering radio ownership were also available."

The Committee released figures of radio families by State and county. State figures are presented by census classifications - urban (cities over 2,500 population) and rural (farms and villages under 2,500 population).

"The rural survey conducted by the Joint Committee on Radio Research in November, 1937", the report stated, "consisted of 20,763 personal interviews distributed in every State of the United States. A report of this survey is being prepared for release and in it a description of the method will be set forth. In the interpretation of this information, weighting has been given economic classification of families, Negro families in the South, the number of families on farms and in rural towns of less than 2,500 population to produce State estimates. The uniform application of State rural radio ownership percentages to county rural family estimates produced county figures.

"In order to interpret the findings of the two surveys it was necessary to establish an up-to-date estimate of the number of families in the United States. Members of the Committee contacted Census, Department of Agriculture and other government officials to obtain their advice as to the best procedure in making such an estimate."

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#### CHAVEZ ASSAILS ROME-BERLIN RADIO PROPAGANDA

Assailing propaganda broadcasts to the Latin Americas from Rome and Berlin, Senator Chavez (D.), of New Mexico, urged construction of a \$3,000,000 Government-owned Pan American short-wave station in California, this week as hearings opened before a sub-committee of the Senate Interstate Commerce Committee.

A similar bill to authorize construction of an international station near Washington, D. C., is pending before the House Naval Affairs Committee.

"Italy and Germany every day and every night are sending propaganda to South America in the Spanish and Portuguese languages", said Senator Chavez, "and they are telling the people of South America how much they love them and their culture. They are undermining everything the United States is doing to create good-will in the South American countries."

Senator Bone converted the hearing into a conference in which Senators McAdoo and Chavez, representatives of the Federal Communications Commission, the Navy Department and other agencies of the government whose functions involve in one way or another radio activities participated.

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## EX-MAYOR OF LOUISVILLE MENTIONED FOR NAB CHIEF

"Neville Miller, Mayor of Louisville, Ky., during the 1937 flood and now a member of the faculty of Princeton University, is favored by insiders for the post of President of the National Association of Broadcasters", according to James McMullen, writing for the McClure Newspaper Syndicate. "Among others mentioned are Dean James M. Landis of the Harvard Law School and Senator Wallace H. White, of Maine.

"This job, held temporarily by Mark Ethridge, constitutes a kind of czarship over the whole radio industry. The pay will be \$25,000 a year, the powers plenary. The NAB has been newly organized to produce order out of a situation which was pretty chaotic.

"No appointment of a permanent president was expected until Fall. But Ethridge's eagerness to quit his temporary post is likely to hurry it along, and the Executive Committee will meet this week or next. Miller is a dark horse whose name has not appeared in any of the published lists of possibilities. But home-town association with Ethridge makes him a good bet, although the president pro tem is backing none of the fifty-odd candidates."

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## McDONALD ENTERTAINS NEWS MEN ON "MIZPAH"

Commander Eugene F. McDonald, Jr., President of the Zenith Radio Corporation, Chicago, entertained members of the Gridiron Club, members of the Federal Communications Commission, and other friends Wednesday night on a four-hour cruise down the Potomac River aboard his 185-foot yacht, the "Mizpah".

Commander McDonald brought his yacht to the Washington Navy Yard especially for the trip en route to Chicago after a Winter tour in Southern seas.

Commissioners Eugene O. Sykes, T.A.M. Craven, Thad H. Brown were particularly interested in the elaborate radio equipment aboard the yacht.

Among other guests, besides newspaper men, were Minority Leader Bertrand Snell, of New York; Representative Kent Keller (Democrat), of Illinois; Gutzon Borglum, the sculptor and Maj. Gen. Thomas Holcomb, Commandant of the Marine Corps.

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TELEVISION SET READY FOR MARKET AT "ABOUT \$125"

The first television receiver to be placed on the market in this country was demonstrated in New York City this week by Charles H. Sterenfeld, Vice-President of Communications Systems, Inc., which produced the model to sell for "about \$125".

That the demonstration was successful was attested to by the New York Times, which stated:

"A 9-tube television set of simplified design that intercepts pictures but not the accompanying sound was demonstrated yesterday afternoon for more than an hour as it clearly tuned in a test broadcast from the Empire State Building television transmitter.

"In this 'video' receiver, which is of the table model type, housed in a cabinet twenty-two inches high, the television pictures were viewed on a 3-inch cathode ray tube. Also demonstrated was an 11-tube console receiver having a 5-inch cathode tube as a viewing screen. Mr. Sterenfeld said the larger set would be sold for 'about \$175 to \$225'.

"Explaining that hitherto television sets had been regarded as 'very expensive pieces of equipment', Mr. Sterenfeld said the purpose of his concern was to 'provide inexpensive equipment for viewing television images for those who would "look in" periodically and keep abreast of the television art.'

"Louis W. Parker, chief engineer, explained that the circuit employed was a simplified one, using the fewest number of tubes possible and incorporating features which 'make for marked simplicity of construction'. Only five control knobs are used on each receiver.

"The programs from the Empire State were intercepted on ten feet of wire, one end of which was attached to the set and the other end thrown out a window.

"Also demonstrated was a three-tube 'sound' receiver, which was employed separately to intercept the audio component of the image-sound test broadcast from the Empire State, which Mr. Sterenfeld said 'might be sold for as little as \$15.' It was less than half the size of the average midget broadcasting set."

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 :::: TRADE NOTES ::::  
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General Electric will inaugurate its new 625-foot antenna tower, built on its 53-acre transmitter laboratory plot just outside of Schenectady to carry programs from WGY, with an elaborate ceremony Saturday, May 14th.

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The Columbia Broadcasting System this week issued a new rate card (No. 24) bringing up-to-date the charges for the network since the addition of ten stations and other improvements.

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The French Government has created a new Ministry, the Ministry of Propaganda, and L. O. Frossard holds the title of Minister of Propaganda. He will from now on administer all propaganda divisions of the press, the cinema, radio, publicity and tourism and among his attributions will be the propagation of French thought and the upholding of French interests abroad.

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Copies of addressed by Frank R. McNinch, of the Federal Communications Commission, to the NAB convention in February, and of David Sarnoff, President of the Radio Corporation of America to the Town Hall meeting in New York were inserted in the Congressional Record this week by Senator Capper (Republican), of Kansas

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ASCAP TO APPEAL TAKOMA DECISION

The American Association of Composers, Authors and Publishers will appeal to the U. S. Supreme Court from the Federal statutory court's decision handed down in Tacoma this week denying the Society's petition for an injunction to restrain Washington officials from enforcing the State's anti-ASCAP law, according to Louis D. Frohlich of Schwartz & Frohlich, ASCAP counsel.

The court dismissed the petition for lack of jurisdiction, contending that it had not been shown that the required pecuniary interest of \$3,000 was involved. The case was argued 14 months ago and the court had it under consideration since. Two other Federal statutory courts in similar cases involving Nebraska and Florida anti-ASCAP laws granted injunctions to the Society, although Florida officials will appeal the decision in their case to the U. S. Supreme Court. A similar action is still pending in Montana where hearings were held more than a year ago without a decision as yet having been handed down by the Federal statutory court.

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### I. T. & T. REPORTS NET GAIN OF 75%

The International Telephone and Telegraph Corporation this week reported gross earnings from telephone and radiotelephone operations, excluding Mexican and Spanish subsidiaries, amounted to \$32,749,694 for 1937, compared with \$26,931,704 for 1936. Net income from such operations was \$8,786,818, a gain of \$3,787,222, or 75.8 percent.

The I. T. & T. has acquired since Jan. 1, \$984,000 of ten-year convertible 4½ percent debentures, due on Jan. 1, 1939, at a cost of \$844,600, and has reduced its bank loans by \$403,485, according to the annual report issued yesterday by Sosthenes Behn, President. In addition, \$290,047 in cash has been added since January 1st to the fund to retire debentures of the above issue.

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### NBC BILLINGS RISE 1% IN APRIL

Continuing for the fifth successive month the regular gains which raised figures for each of those months to a record high, expenditures by clients for time on the National Broadcasting Company in April rose one percent over April, 1937, to \$3,310,505. Last year's April billings were \$3,277,837.

The increase brought the cumulative total for the first four months of 1938 to \$14,408,905, up 4.9 percent over the previous record of \$13,729,901, for the same period in 1937.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL**—Not for Publication

RECEIVED  
MAY 18 1938  
LEGAL DEPARTMENT  
U.S. DEPARTMENT OF COMMERCE  
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May 17, 1938.

## S-W STATION PROPOSAL APPEARS BLOCKED FOR SESSION

Despite last-minute activity in behalf of House and Senate bills to establish a government-owned Pan American short-wave station, present indications are that the legislation will not be enacted into law at this session.

Chairman Vinson and his colleagues on the House Naval Affairs Committee disclosed their hostility to the proposal almost immediately after the opening of hearings on the Celler Bill, which has been pending in the House more than a year. While hearings will continue this week, Representative Vinson indicated that the Committee will not report the bill favorably, if at all, before adjournment.

Meanwhile the only chance for legislative action on the Pan American station is in the Senate Interstate and Commerce Committee, which this week was due to resume hearings on the McAdoo-Chavez bill to establish the station in California near San Diego.

Senator Bone (D.), of Washington, appeared favorable to the bill, but even though it is reported, it has several legislative obstacles to hurdle. Even though it should pass the Senate, it is doubtful that the House would accept it in view of the attitude of the House Naval Affairs Committee.

While President Roosevelt has never taken a definite stand in the controversy, executive departments under his control have made favorable reports on it. The most enthusiastic Administration supporter is Secretary Ickes, who has an elaborately-equipped studio in his new Interior Building. The Navy Department is agreeable but not enthusiastic, while the War Department stated it has no objections but thinks the proposal does not concern the military policies of the country.

Broadcasters of the nation are united in their opposition to the proposal for fear that it might be used as an entering wedge into government operation of broadcasting stations, domestic as well as international.

Sponsors contend that the legislation is needed to offset the radio propaganda pouring into the Latin American countries from Berlin and Rome. They insist that the trade and good-will of these countries is at stake.

Meanwhile, the report of the Inter-Departmental Committee named by President Roosevelt to study international



broadcasting in relation to the United States is being delayed for unexplained reasons. For the past fortnight Chairman Frank R. McNinch, FCC head, has stated that the report would be submitted to the White House within a few days.

It is understood, however, that it makes no definite recommendation but merely calls attention to the possibilities of government radio programs either over existing commercial stations or by means of a government-owned short-wave station.

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### ETHRIDGE BLASTS CELLER BILL AS "NAZI" PROPOSAL

Mark F. Ethridge, Acting President of the National Association of Broadcasters, was credited with turning the tide of sentiment in the House Naval Affairs Committee against the Celler Bill to establish a government-owned Pan American short-wave station in Washington this week.

Speaking for the networks as well as the NAB, Mr. Ethridge assailed the measure as "suggesting the Nazi philosophy" and "utterly at variance with democratic principles".

Excerpts from his statement follow:

"It is apparent that this bill and similar measures pending before the Congress were inspired by the activities of other nations which, through the medium of short-wave radio are undertaking to propagandize their particular political ideologies. Experienced observers tell us that the ether is surfeited with insidious political propaganda. The various authoritarian States on the Eastern Hemisphere seek to rally their expatriate nationals in South America and other countries by repeated broadcasts deifying the dictators of the homeland and pleading that the way of life under a totalitarian government promotes happiness and security for the individual. Moreover, we are told, the objective of such programs by foreign governments is to convince the citizens of the nation toward which the broadcast is directed that if they will but adopt a similar political system, their people will enjoy advantages presently denied them.

"It is now proposed that this government as a government engage in the "battle of the airwaves" and attempt to compete with those nations which seek to peddle their various "isms" by short-wave broadcasts. Any proposal to put the United States government in control of media for the dissemination of news or information is utterly at variance with democratic principles and follows the pattern of authoritarian states where government control and operation of radio, newspapers and other instruments of communicating information already is an accomplished fact. It suggests the Nazi

philosophy which seeks to fuse the people with a common thought, with common aims and ultimately obtains complete submission to the thinking of a small group.

"Is it desirable or feasible for the Government of the United States to copy the technique of totalitarian states in their efforts to win commercial and political preferment from our neighbors to the South? Would not such a procedure be inconsistent with our traditional democratic processes and give rise to ill-founded suspicion and distrust among those countries whose respect and good-will we, as a Nation, so greatly desire?"

"The second general consideration is substantially related to the broad question of international policy just outlined. Will the facts disclose that the efforts of foreign propagandists are meeting with any degree of success in the various South American nations?"

"With respect to the commercial relationships between the United States and Latin American nations, it is a matter of general knowledge that the reciprocal trade policies of our government, together with other factors, have caused notable improvements. A recent summary published by the Department of Commerce of the United States' trade with the world, covering the calendar year 1937, shows increases in value of exports over the previous year to Latin American nations ranging from forty to ninety per cent.

"In the political sphere, it is equally apparent that Nazi and Fascist propaganda in South America which has concerned us all, has loudly backfired. Recent developments in Argentina, Brazil and Chile demonstrate the futility of the efforts of foreign governments to extend their influence into these Republics. Newspaper dispatches indicate that these propaganda efforts, instead of making "serious inroads", have only served to make new enemies, particularly for the Berlin government.

"There are other important reasons why the broadcasting industry believes the Government should not engage in international broadcasting. Perhaps the most important one is that private facilities are available and, therefore, it is unnecessary for the government to duplicate them. Moreover the present licensees can better accomplish the objectives of furthering the Good Neighbor policy in Latin American than can government.

"Government propaganda (if the term "propaganda" is odious, call it by any other name) is subject to a very natural suspicion. It may be presumed that from a program standpoint, it is the desire of the sponsors of this project to develop for our neighbors in the South a living pattern of our democracy, presenting the best of our music; describing the functioning of our institutions, our traditions of liberty and freedom; offering the best of our programs of entertainment; broadcasting the

news of the day, uncolored and uncensored. In short, to present the culture of a progressive democracy that desires peace for all people and freedom and security for its own citizens. One may assert that all of this can be done by Government, but we maintain that under the existing system of broadcasting in the United States, it can be better and more effectively accomplished by private entrepreneurs."

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#### SEC LISTS RCA SALARIES

The Securities and Exchange Commission has listed the salaries of the following Radio Corporation of America officials during the past year:

David Sarnoff, \$84,153; Gen. J. G. Harbord, \$56,000; Otto Shirer, patent expert, \$30,000; Oswald F. Schuette, special services, \$30,000; M. H. Aylesworth, Advisor on motion picture activities, \$35,000; John V. L. Hogan, patent expert, \$56,574.

Gen. Hugh Johnson was listed as having received \$40,000 for advice on labor relations.

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#### RADIO INQUIRY FACES OBSTACLES IN BOTH HOUSES

With adjournment of Congress drawing closer daily, prospects for a Congressional investigation of the radio industry and the Federal Communications Commission are growing dimmer.

A Senate debate and a possible vote on the White resolution, now on the Senate calendar, is likely, but Administration supporters have indicated they will fight the proposal for a broad Senate inquiry. Senator Wheeler (D.), of Montana, has strengthened the proponents' cause, however, by announcing that he would support the resolution. Senator White (R.), of Maine, expects to bring the issue to the Senate floor at the first opportunity, probably on a move to suspend the rules.

Meanwhile, the House Rules Committee was scheduled to resume its hearings this week on a half-dozen resolutions calling for radio probes, but it appeared doubtful that anything but an innocuous proposal, if any, will emerge from the Committee.

Representatives Connery (D.), and Wigglesworth (R.), both of Massachusetts, are to be heard in favor of the Connery resolution when the Committee resumes its hearings.

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## 50 KW. POWER FOR WRVA GRANTED BY COMMISSION

A ten-fold increase in power for Station WRVA, Richmond, Va., was approved late last week by the Federal Communications Commission, sustaining its own Examiner. The increase, when put into effect, will place WRVA among the nation's most powerful regularly licensed stations.

"The applicant is qualified legally, technically and financially to make the construction herein requested and to operate Station WRVA with 50 kw. power", the FCC report stated. "The granting of the application will permit of an improvement in signal strength and an enlargement of service area in the Tide-water and other sections of Virginia, urban and rural. Need for such an increase is clearly shown to exist.

"The existing stations appearing as respondents in the proceeding fully participated in the hearings but filed no exceptions to the report of the Examiner and did not request oral argument. The Commission finds that the operation of Stations WRVA as proposed will not cause additional interference to any existing station."

The grant was a notable victory for Frank D. Scott, Washington attorney, who appeared as counsel for WRVA, while C. T. Lucy, General Manager, testified at the hearing on which the grant was made. Among counsel appearing in the case for other interested parties were John M. Littlepage and Thomas P. Littlepage for WISN, and A. L. Ashby, for WTAM.

Station WRVA, which is owned and operated by Larus & Bros. Co., tobacco manufacturers, attracted attention several years ago by installing one of the first wooden transmission towers for broadcasting.

"Station WRVA began operation in November of 1925 with the power of 1 kilowatt, unlimited time", the FCC report states. "From 1925 to 1927 the station operated on a non-commercial basis, and from 1927 to 1928 the facilities of the station were available to advertisers upon request but no solicitation was made. In 1928 the station assumed an affiliation with the National Broadcasting Company, and from 1929 to the present time the station has operated on a commercial basis with a power of 5 kilowatts, unlimited time. On June 27, 1937, the station became affiliated with the Columbia Broadcasting System.

"Since the beginning of the station the applicant has endeavored to bring the mechanical efficiency of the station to the maximum which could be afforded by the latest developments and inventions in the art. It has invested more than \$240,000.00 in equipment for the station since it began operation.

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"The antenna and equipment to be installed are expected to cost approximately \$200,000. As of December 31, 1936, the books of the applicant corporation showed that its current assets exceeded its liabilities by \$5,500,000.

"The station has five broadcasting studios, several business offices and control rooms in Richmond. In addition, the station maintains 11 permanent line facilities to the Capitol building, hotels, churches and various amusement places in Richmond. Other remote control facilities have been installed in various places in the city and the surrounding territory and are available whenever necessary to broadcast programs or important events. Broadcasts have been made by remote control from points at considerable distance from Richmond. Such locations include Orange, Williamsburg, Newport News, Petersburg, Harrisonburg, Alexandria, Fredericksburg, Hopewell, and other points in Virginia. The applicant expects to continue this service if the Commission authorizes the proposed power increase.

"The various departments of the State Government have used the facilities of Station WRVA for the broadcast of the information and programs in which they are interested. These programs are designed and intended for use by all residents of the State, and not for any particular part thereof. These departments are therefore interested in obtaining as much coverage as possible for their programs. No charge is made for programs sponsored by the various State agencies.

"Officials of the State Department of Education broadcast programs dealing primarily with education and educational guidance. The programs are designed for the teachers and students in the schools throughout the State. Station WRVA publishes, without charge to the department, a weekly release inviting attention to the educational programs to be broadcast over the station for the ensuing week. These bulletins are mailed in advance to the superintendents of the schools who may make appropriate arrangements for the teachers and students to hear the programs. The station has broadcast more than 500 programs for the University of Virginia.

"The station broadcasts programs originating from the State Capitol. Such programs include addressed by the Governor, openings of the General Assembly, and special committee hearings."

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WOR's studios are being equipped with a \$49,000 air conditioning plant. Construction began last week and the new cooling system will be in operation within fifty-six days.

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## FCC BILL AIMS AT RADIO INTERFERENCE

An amendment to the Communications Act designed to give the Federal Communications Commission authority to control diathermy apparatus was submitted to Congress this week by Paul A. Walker, Acting Chairman of the FCC.

Commissioner Walker explained that the medical machines were found to cause serious interference with certain types of radio communication.

"This interference seriously impairs radio communication service at the present time", Mr. Walker said, "and is rapidly growing in intensity.

"In the opinion of the Commission unless measures for suppression or mitigation can be promptly undertaken there is real danger that the usefulness of a large part of the radio spectrum for communication purposes will be destroyed."

The amendment states that the Commission "shall, from time to time, as public convenience requires, make rules and regulations to prevent interference from any apparatus which uses radio frequency electric current."

Commissioner Walker said that the FCC learned of the interference at the radio engineering conference held some time ago.

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## THREE STATIONS AUTHORIZED; DOZEN ARE REJECTED

Three new local broadcasting stations were authorized late last week by the Federal Communications Commission, while a dozen other applications were rejected. The grants bring to 20 the number of new locals approved by the FCC this year.

The three new stations are:

Sam Houston Broadcasting Association, Huntsville, Texas, using 1500 kc. with 100 watts power, daytime; Twin-City Broadcasting Co., Lewiston, Me., using 1210 kc., 100 watts power, unlimited time; Cape Cod Broadcasting Co., Barnstable, Mass., 1210 kc., 100 watts power night and 250 watts daytime, unlimited hours.

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## HIGH SPEED AIRCRAFT HELD DEPENDENT ON RADIO

"Without modern radio high speed air transportation would be impossible", the Federal Communications Commission declared this week in a formal statement marking the nation's observance of air mail week, "and it may be expected that the aeronautical and radio engineers working together will produce a safer, faster, and more economical transportation system in the future."

"From the beginning of the airmail until about 1928, aircraft, due to the lack of radio equipment, was restricted to contact flying", the FCC recalled. "The pilot, before taking off, ascertained through inspection of weather maps and weather forecasts and by means of wire communication, whether there was a reasonable possibility that the field at his destination would be in a condition for landing. After taking off it was very necessary for him to maintain visual contact with the ground. Over the top flying was very dangerous due to the possibility of getting lost. These circumstances all led to interruptions in air transportation service, restriction in aircraft range and hazards to the life of the pilot.

"In 1928, air transport lines initiated activity with two-way radio. This permitted the pilot to receive information in flight as to conditions surrounding airports, and with the installation of radio ranges by the Government, the way was open for the use of long range aircraft flying at higher altitudes and over the top.

"In the past ten years the communications system serving air transport has grown from a few disconnected routes to a comprehensive network of communications covering the whole of the United States and a great portion of Alaska. Through this system the pilot receives a constant stream of information, not only as to weather and physical conditions, but as to the positions of other planes which he may be expected to overtake and meet, and as to many other items of information which are indispensable to him in the exercise of his judgment. The communication networks have also been extended beyond our borders, across the Pacific to Hawaii, the Philippines and China, to South America and to Bermuda. In the near future a network will extend across the Atlantic. These networks, through coordination with similar networks established by foreign administrations, are developing a world-wide aviation communication system which will permit the safe and efficient navigation of the airways of the world by any aircraft regardless of nationality.

"With increase in range of aircraft and higher flying speeds, the amount of information which the pilot must receive has increased enormously. Originally, it was only necessary for the pilot to know the probable weather for the

next few hours and within a range of only a few hundred miles. Now it is necessary to know the probable weather for many hours and over a great range in territory. With aircraft now in process of construction, this need for information will be further increased and it will be possible by use of the existing communication system, with minor expansions, for a pilot to take off on a non-stop flight from coast to coast and be re-dispatched to any of the seaboard airports should the weather close in at the airport of destination.

"This communication system is available not only to the transport aircraft, but to the private aircraft. Within the United States the itinerant may fly his aircraft to almost any point and receive assistance through radiocommunication from many stations established by the Government and by private industries with a minimum of pre-arrangement. If desired, arrangements may be entered into with private agencies for the dispatch of private aircraft on the international routes. Under these circumstances, the itinerant is given the same attention and protection as the transport aircraft. In many parts of the world it is no more difficult to arrange for a trip in your own aircraft than it is to travel by private motor car.

"The development of aviation has been very rapid and is proceeding unchecked. The radio industry has been and still is keeping abreast of these developments in order that new developments in radio engineering may be quickly applied to the peculiar needs of air transportation. Aircraft is now contemplated which will fly "over the weather". However, such aircraft must take the weather as it is on departure and arrival. To make this possible, the radio industry is now flight-testing various types of instrument landing systems. These are expected to be perfected in the near future to such an extent that the modern aircraft may find and land on an airport with as great facility as has a modern ocean liner in finding a harbor and proceeding to dock."

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#### EXAMINER REVERSED IN FCC DECISION IN PRESS CASE

The Federal Communications Commission late last week reversed one of its Examiners, P. W. Seward, and approved the sale of Station KOOS of Marshfield, Ore., to Sheldon F. Sackett, publisher of the Coos Bay Times, for \$14,000.

Chairman Frank R. McNinch and Commissioner George Henry Payne for once voted alike in a dissent.

In recommending against the grant, Examiner Seward had contended that "it would not be in the public interest to approve this transfer and thereby place in the hands of one man



practically all the means of dissemination of news and other information, as well as the advertising media in this area, and constitute a virtual monopoly."

At the same time the FCC denied an application of the Fall River Herald News Publishing Co., Fall River, Mass., for a construction permit to build a new station using 1210 kc., 100-250 watts power.

"The record does not show", the FCC said, "that sufficient commercial support could be reasonably expected to enable the existing station to continue its operations and at the same time to sustain the applicant in its proposed operations."

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#### STRONGER S-W SIGNALS NEEDED, SAYS BULLOCK

Stressing the need for a better signal if American short-wave broadcasting is to compete with European stations for reception in South America, Boyd W. Bullock, Assistant Manager of Broadcasting, General Electric Company, stated in an interview that too little thought has been given to the problem of furnishing the people of South America a signal good enough for them to hear if they want to listen to United States programs.

Mr. Bullock debunked the popular idea that short-wave programs, regardless of the power of their transmission, are audible throughout the world. He stated that this belief has resulted from the fact that "ham" broadcasters, using as little as a fraction of a kilowatt of power, have sometimes been heard in distant parts of the world.

Explaining why some European stations reached South America better than American stations, Mr. Bullock replied that the geographical location of parts of Europe makes it possible to direct from such a location a narrow beam of 15 degrees on Buenos Aires and maintain a strong signal throughout the most populated sections of South America; whereas an equivalent beam from an American station would be as strong at Rio de Janeiro, if directed on that point, but would be inadequate to properly serve the western area of South America. Likewise, a 15-degree beam directed on Santiago, Chile, or Buenos Aires would not produce a signal at Rio comparable to, say, a German signal.

"For this reason", stated Mr. Bullock, "American stations must use greater power than Germany if a comparable signal is to be had throughout South America. It is not a problem of counteracting European stations, but rather a question of maintaining a signal approximately as strong as theirs."

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## WMCA PLANS EXPERIMENTAL RADIO THEATRE

On the theory that there has been too much technique and too little practical application of its development, WMCA is preparing an "experimental radio show" to coordinate existing forms and to develop new mediums for dramatic broadcasts. The theatre is to be under the direction of Larry Menken, veteran radio writer and producer.

Expected to start as a regular Saturday night feature beginning early in June, the program will be open to the submission of new ideas from the radio audience. The field of investigation to be covered by the series will include the technique of sound, music, conversation and other forms which have formerly been used without regard for the character of the play.

Most of the plays to be presented will be adaptations of well known stories which are illustrative of the technique under study although original plays will also be presented in cases where the mediums contain new dramatic formulae. Thus, to develop the technique of sound, stories by Robert Louis Stevenson and Edgar Allen Poe will be used. Similar sources will be drawn upon, to express the musical and conversational forms of radio drama.

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## LABOR BOARD UPHELD IN MACKAY CASE

The National Labor Relations Board was unanimously upheld by the U. S. Supreme Court Monday in the course it took in ordering the Mackay Radio and Telegraph Company to reinstate five former strikers. Justices Reed and Cardozo did not participate.

Satisfaction over the Court's position in the Mackay case was expressed by Charles Fahy, general counsel of the Labor Board, and Mervyn Rathborne, President of the American Communications Association, a C.I.O. union, whose five members of the American Radio Telegraphists Association were ordered reinstated at San Francisco.

The NLRB had not served on the defendant an intermediate report founded on the investigation of its trial examiner. The Supreme Court held, however, that other proceedings sufficed to inform the Mackay corporation of the nature of the charges.

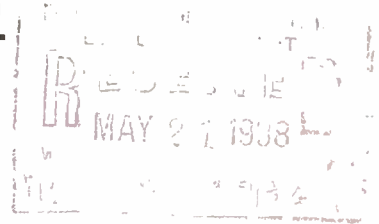
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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



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## U. S. RADIO REPORT DELAYED AS CELLER BILL DIES

Commercial broadcasters had reason to rejoice this week at two developments which definitely blocked any prospect of the Federal Government entering the international broadcasting field at this time.

Chairman Vinson, of the House Naval Affairs Committee, abruptly closed hearings on the Celler Bill to establish a Pan American station in Washington after only two days hearing. The measure consequently will expire with the adjournment of Congress.

At the same time Chairman Frank R. McNinch, of the Federal Communications Commission, suddenly changed his plan for submitting an interdepartmental report to President Roosevelt on international broadcasting and announced that the survey will be continued. The report will not be completed before Fall, Mr. McNinch said.

While hearings continued on the McAdoo-Chavez Bill to establish a Pan American short-wave station in California, even sponsors of the project admitted that it has no chance of passing both Houses of Congress during the present session.

Commissioner McNinch, who is Chairman of the Inter-Departmental Committee appointed by President Roosevelt, issued a formal statement explaining his change in plans as he had previously stated repeatedly that the report was ready for submission to the White House.

"I have just discussed with the President the progress of the work of the Interdepartmental Committee to Study International Broadcasting", he said following a conference with the President, "and the President directed the Committee to continue its studies. The further investigations will be directed especially toward certain important phases of international broadcasting which, for lack of time, the Committee had not been able to study and include in its report. This additional work will require a matter of several months, as the Committee members are not free to devote their undivided attention to this matter but must carry on this activity in connection with their regular departmental duties.

"The Committee will probably not be able to submit its report to the President until some time this Fall. In view of the fact that the Committee is to explore other aspects of

international broadcasting, I shall not be prepared to testify this week before the Committee on Naval Affairs of the House on Bill No. 4281, introduced by Congressman Emanuel Celler."

The House Naval Affairs Committee concluded its brief inquiry after hearing a few more witnesses in opposition to the bill. General credit for killing the measure, however, was given to Mark F. Ethridge, Acting President of the National Association of Broadcasters, who assailed the proposal as "Nazi" despite the fact that it was intended to combat German and Italian propaganda in the Latin Americas.

Opposition to the bill was voiced before the Committee on the last day by representatives of the General Electric Company, the Westinghouse Company and the Columbia Broadcasting Company.

Speaking for the General Electric, Boyd W. Bullock said that the privately-owned radio industry in this country is equipped to take care of any short-wave service to Latin America which may be needed.

In a few weeks, he asserted, the General Electric will have facilities for the handling of South and Central American programs which will be "second to those of no other nation in the world."

"The General Electric Company intends to continue its technical developments in an effort to provide facilities for transmitting international broadcasting signals from the United States of a quality and strength second to none", he asserted.

The Westinghouse Company, the other principal American short-wave broadcasting organization, informed the committee that it had little to add to what Mr. Bullock had said.

The Columbia Broadcasting System voiced opposition to the bill as unnecessary and also because of the "prohibitive" costs involved.

Representative Celler, of New York, author of the bill, declared that the fight for enactment of the measure will go on. He said that the Administration is in favor of the bill.

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The American Trade Commissioner at Sydney, reports that was is said to be the first of its kind in the British Empire, as well as the most modern in the world, Sydney's radio-equipped ambulance service has completed its first three months of operation. The headquarters station has a transmitter of 200 watts, operating on 189 meters, which keeps in touch with 20 ambulance cars, each of which is equipped with a 10 watts transmitter operating on a wave length of 89 meters.

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SENATE AMENDS RADIO ACT TO CURB CRIMINALS

The Senate this week adopted an amendment to the Communications Act which is designed to prohibit the use of all communications facilities for criminal purposes. While aimed chiefly at wired lines, it applies as well to broadcasting stations. The amendment reads as follows:

"Sec. 610. Any person who uses any of the communication facilities, enumerated in this act in committing, or in attempting to commit, a felony as defined by section 335 of the Criminal Code of the United States, as amended (U.S.C., title 18, sec. 541), shall, upon conviction thereof, be punished for such use by a fine of not more than \$10,000 or by imprisonment of not more than 2 years, or both."

"Sec. 2. Section 605 of the Communications Act of 1934 is hereby amended by changing the period at the end thereof to a colon and adding thereafter the following: "Provided further, That if the head of any executive department or independent establishment of the United States reasonably believes that a violation of any criminal law of the United States, the enforcement of which is under his supervision, may have occurred, may be occurring, or may be about to occur, through a gang, confederacy, or group of two or more persons, and he makes certification accordingly, the provisions of this section shall not apply to the investigation, detection, or prevention of such violation, or of any violation of any criminal law of the United States discovered in the course of such investigation, detection or prevention; a copy of such certificate, under the seal of the department or establishment concerned, shall be prima facie evidence of the existence of the conditions making this section inapplicable; and any evidence of a violation of any criminal law of the United States obtained under the authority of this proviso may be used against any person in aid of any prosecution for such violation."

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ACTION ON HAVANA TREATY SEEN BEFORE ADJOURNMENT

The Senate is expected to ratify the North American radio treaty drafted at Havana last Fall before Congress adjourns in early June.

The Treaty has been submitted to the Senate somewhat belatedly by President Roosevelt and is now before the Foreign Relations Committee. An early report by the Committee appears likely although it was uncertain this week whether or not hearings will be held.

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## PUBLIC SHOULD BE ONLY CENSOR, SAYS ETHRIDGE

"The radio broadcaster wants only the censorship of good taste and public opinion", Mark F. Ethridge, President of the National Association of Broadcasters, told the Federal Communications Commission Bar Association this week in Washington.

"It is necessary, of course", he added, "to safeguard the public against the charlatan with false claims for his product, against the comedian with his smutty jokes or against the speaker with his profanity. General laws are already in effect touching on these and other matters.

"The broadcaster is glad to abide by them and to submit to periodic judgments, in hearings upon applications for renewal of license, as to whether he has kept the laws and served the public interest, but beyond that, program regulation should not go."

Mr. Ethridge asserted that radio can no longer be regarded as an "infant industry" and that it should not be treated as an adult.

"There has been a lot of loose talk, particularly during the past few months, about the attitude of the radio broadcasters toward government regulation", he said. "The charge has been made, I believe, that the broadcasters, in reorganizing, are making an effort to 'dominate the Commission.' Another charge has been made that there is some sort of active radio lobby in Washington up to sinister purposes. Allegations have been made, also, that we have some sort of monopoly. I believe that allegation came from one of the men who is charged with judging us - an allegation that came in advance of any hearing of the evidence.

"I do not know of any monopoly that exists in radio, but if one does exist, it is certainly the Commission's duty to ascertain the facts as it is trying to do by the investigation that has been projected, and deal with it, recognizing, however, that if there is a monopoly it could not have come into being without benefit of the midwifery of the Commission. All the broadcasters with whom I have talked welcome the hearings before the Commission; they feel that the air will be cleared of loose talk and smoke if the Commission approaches its inquiries of this Summer in an impartial, fair and friendly spirit - indeed in the spirit of inquiry rather than as a crusade. The broadcasters are not asking any sinister favors; they have nothing to hide, and, even if they tried to hide anything, the Commission has the power and the facilities to drag every phase of radio operation into the public eye.

5/20/38

"I think it is legitimate to inquire what the radio broadcasters do want. I shall undertake to outline a few of the things they feel they have a right to expect.

"They want a frank recognition of the fact that while radio has a primary basis of public interest, it also has a commercial basis in the united States. They believe it is best so; they believe, from the experience of other countries and from a study of the quality of programs in other countries, that American people get the best programs on earth.

"They want to perpetuate the recognition by Congress, by the Commission and by the public that, since the air belongs to the people, it belongs to all the people and to no group, party, clique, or even administration of the moment.

"They do not want to make the mistake that an element of the press - and I am now speaking as a newspaperman - has made in clamoring for freedom of the press as if someone were about to snatch it away. They recognize that the Constitution did not vouchsafe franchises in freedom of thought and speech to a few people, but that it was a grant in right to all of us. If the public interest is to be served by radio, it must become the voice of minority groups as well as of majority groups. In no case can it ever become, or should it ever become, the voice of any individual.

"The broadcaster wants a greater feeling of security. He wants to feel that he is, before the Commission, not a prisoner at the bar, but indeed an officer of the court and a friend of the court and the people. He wants to feel that the Commission is not only in law but in thought judicial in its considerations and that no member of the Commission has any attitude except that of judicial determination of the merits of a case.

"Responsible broadcasters would like to feel that the era of political pressure is at an end; that cases which are brought to hearing before the Commission are decided upon merit, rather than upon any other consideration.

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

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EVIDENCE LACKING ON RADIO PROPAGANDA, SAYS BONE

Indications that the McAdoo-Chavez Bill to establish a Government-owned short-wave station may meet the same fate as the Celler Bill were seen Thursday when a sub-committee of the Senate Interstate Commerce Committee resumed hearings.

Senator Bone (D.), of Washington, Chairman of the sub-committee, complained that no concrete evidence of the dissemination of propaganda via radio in the Latin Americas by Germany and Italy had been presented to the Committee.

"If there is any fear in high Government circles of the effect of European propaganda in South America, it has not been made evident at this hearing", he said. "If it is a menace to this country, the Senate ought to know it."

Senator Bone added that the proposed legislation was in the field of international relations and that was why he had tried to avoid "too much discussion of what Germany and Italy are doing, because I do not want to embarrass the Administration.

"It is peculiar that no witnesses had any concrete examples of this supposedly vicious propaganda to offer to this committee."

H. B. Otterman, the State Department's representative on the Inter-Departmental Committee studying international broadcasting, told the Committee that he could not discuss the Committee's findings until after the report is made to the White House, probably next Fall.

Two University professors of international law supported the idea of the United States Government broadcasting to South America.

Samuel G. Inman, professor at the University of Pennsylvania and lecturer at the American University in Washington, said he was "very deeply concerned about propaganda of totalitarian states to South America by radio and other means."

Dr. Herbert Wright, of Catholic University, Washington, agreed with Inman. He said the Government programs should say "what we are doing of interest to them" rather than trying to counteract what Germany, Italy and other nations are doing.

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5/20/38

## ETHICAL ADVERTISING GOOD BUSINESS, SAYS LOHR

The better advertising media have learned that it is good business to insist on high ethical standards, Lenox R. Lohr, President of the National Broadcasting Company, told the Third Annual National Federation of Sales Executives at Dallas, Texas, this week.

"It is of paramount importance, in a democracy, that broadcasting must never be throttled", he said. "It has demonstrated, under the established American system, with the advertiser, not taxes, paying the bill, that an equal opportunity can be given to all sides of important controversial public issues, to express their views and not the censored or one-sided views forced on listeners by dictatorial governments. Thus has freedom of the air been established to take its place with freedom of speech and freedom of the press. Any move curtailing one of them, will inevitably lead to restrictions on the other two, resulting in the ultimate destruction of all three and the American form of government.

"The better advertising media set up and enforced standards that help to keep advertising within the bounds of accuracy, common sense and good taste. This may not be as altruistic as it sounds. In so saying, however, I wish it to be fully understood that despite occasional transgressions, in my opinion the leaders of American advertising have, in general, demonstrated their willingness to forego financial gain rather than lower their standards of integrity.

"Nevertheless, looking at this matter from the most cynical point of view, experienced advertising men know that in the long run it is good business to insist on high, ethical standards in advertising. We can amend the old copy-book maxim to read, 'Honesty is the best business policy'. Over a period of years, the standing of any nationally advertised brand is dependent upon the faith which it has established with the public. The very fact that a brand is advertised constitutes a declaration on the part of the advertiser that he is willing to accept responsibility for the product bearing his label. When a product has stood the test of time, it has measured up to a genuinely high quality standard."

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5/20/38

DISTRICT STARTS DRIVE ON UNLICENSED "HAMS"

As a result of efforts by the Federal Communications Commission to curb the increase of unlicensed amateur radio operators, the District of Columbia grand jury this week returned a "test" indictment against Samuel A. Trewolla, of Washington, D. C., charging violation of the Communications Act of 1934.

The case was presented by the Commission through United States District Attorney David A. Pine as a step toward cutting down the number of unlicensed operators, who, it was charged, constitute possibly serious interference with radio use in aviation, police and marine work.

Assistant United States Attorney Eugene Carusi, in charge of the grand jury, announced that in keeping with the request of the Commission, all alleged violators of the Communications Act will be vigorously prosecuted "in a determined drive to obtain the supervision over amateurs as provided by the Communications Act."

The indictment charges that Trewolla operated a radio transmitter without first having obtained a license from the Commission. Officials pointed out that Trewolla is a mature man, as compared with the large number of teen-age boys who play with radio as a hobby.

Mr. Carusi said conviction of violators of the Act carries a fine of \$10,000 or two years in prison. He said the Commission had informed him there were "thousands and thousands of unlicensed amateur operators who, for the most part, are merely young men interested in radio". He said he was told the number was increasing "at an alarming rate" since the development by radio manufacturers of transmitters sending the voice rather than code.

The Commission's examination for a license requires the ability to send and receive the Morse code, as well as possession of a thorough knowledge of radio equipment and operation. Mr. Carusi emphasized the fact that unlicensed amateurs who have been unable to obtain licenses may, because of incompetency, seriously interfere with radio traffic over the so-called "safety circuits" - aviation, police and marine.

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TRANSFERS HIT IN REPORTS OF EXAMINERS

Unfavorable reports were submitted to the Federal Communications Commission this week by Examiners in two cases because the prices proposed exceed the value of the properties.

Chief Examiner Davis G. Arnold held that a price of \$30,000 for Station WCLS, Joliet, Ill., is excessive as the station formerly sold for \$12,500. The transferor, R. W. Hoffman, stated in defense that he had advanced \$16,141.26 in operating expenses to the station and had made only \$3,600.67 profit.

A proposed deal between two Memphis newspapers, the Commercial Appeal and the Press-Scimitar, was disapproved by Examiner Robert L. Irwin because the buyer agreed to take over the debts of the seller, the Commercial Appeal, in buying WMPG. The Examiner held that the deal would be financially unsound.

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NEW KNX TRANSMITTER TO BE PLACED IN OPERATION SOON

A new 50,000 watt transmitter, which is being constructed at Torrance, Cal., at a cost of more than a quarter of a million dollars, in conjunction with Columbia's new KNX Hollywood studios, will be in operation by late Summer or early Fall, according to A. B. Chamberlain, Columbia's chief engineer.

The transmitter project will include an antenna system consisting of a 490-foot uniform cross-section guyed vertical steel mast and a ground system of more than 120,000 feet of copper wire. A circular transmitter building to house the equipment will be built in modern design and so arranged that most of the operation will be visible to the public.

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The Federal Communications Commission recently decided a strange case of alleged blasphemy in favor of the broadcaster.

An engineer at a Yankton, S.D., station put on a record by Jehovah's Brethern and then went out for a sandwich. When he returned the telephone was sizzling with complaints. He then discovered that the record had struck a nick and was repeating over and over, "Jesus Christ! Jesus Christ!"

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A. D. Willard, Jr., General Manager of Station WJSV, Washington, was elected Second Vice-President of the Washington Advertising Club this week.

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An article on the Pan American station proposals before Congress appears in the current Saturday Evening Post. It is entitled "Dog Fight on the Air Waves" and is by Chester Crowell.

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Returning from a two months' tour of Europe, WOR's chief engineer J. R. Poppele and Mrs. Poppele will embark today (Friday) from Southampton, England, for New York aboard the S.S. "Washington" of the United States Lines. The Poppeles' itinerary has included visits in England, Holland, Belgium, France, Switzerland, Italy and Germany, during which WOR's chief engineer conducted a survey of broadcasting conditions and progress in the European radio world.

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The Columbia Broadcasting System this week issued in pamphlet form a resume of its activities during 1937.

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A radio system, phonograph system, chi es system, sound system and intercommunications system are all combined in one, intricate and unusual piece of apparatus which is now designed and built by engineers of Philco Radio & Television Corporation. Installations are made through the International Business Machines Corporation, with one recently completed for the Southeast High School in Kansas City, Mo.

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Charles J. Pannill, President of the Radiomarine Corporation of America, sailed Thursday on the French liner "Normandie" to attend the annual meeting of the International Radio Maritime Committee on June 13th in Paris. He said the Committee, representing the owners of 10,000 ships in the major countries of the world, would attempt to preserve the wave frequencies now allotted by international agreement for vessels at sea.

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Recent developments in the RCA all-electronic television system were revealed to members of the press this week in demonstrations by the Radio Corporation of America and the National Broadcasting Company at Radio City. The demonstrations were designed to show the progress made by the two companies in technical and program experiments during the seven months elapsed since the system was last shown to the press.

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NBC GIVES FIRST TELEVISION CLASSROOM LESSON

Television's first American test as a medium for classroom instruction was made Thursday at Radio City when Dr. C. C. Clark gave a lecture-demonstration on the principles and uses of photo-electricity from the experimental television studios of the National Broadcasting Company to more than 200 students facing receivers sixty floors above him in the RCA Building. The demonstration, arranged by Dr. James Rowland Angell, NBC educational counselor, was broadcast over Station W2XBS with the cooperation of New York University.

Dr. Clark, Associate Professor of General Science at the University's School of Commerce, was questioned at several points during the demonstration by viewers over a talk-back radio circuit installed for the purpose. Instructor and students were thus linked together in much the same manner as in the classroom. It was clearly evident in the television image that Dr. Clark was listening to the questions, which were delivered in low voices in the distant viewing room.

"So far as we know", said Dr. Angell, former President of Yale University and now Educational Counselor to NBC, "this is the first attempt to use television as part of a classroom exercise. We hope to learn from it some things we do not yet know. We regard the possible uses of television in connection with educational work as literally unlimited. When this art is more completely developed it may be possible, for instance, to give demonstrations with material that cannot be moved into the classroom to suit the convenience of students. It may also be possible to show distant events in detail not visible to large groups. We are looking forward with great enthusiasm to the development of television for educational purposes."

Dr. Clark was assisted by two of his students at the University during the television lecture-demonstration. His talk began with a simple explanation of the photo-electric cell, proceeded through production of sound by use of the device, and ended with an exposition of the fundamental principles underlying the RCA all-electronic system of television.

The program was carried to NBC's Empire State tower transmitter by coaxial cable and there broadcast to the receivers high in the RCA Building.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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*Stamp:* MAY 25 1938  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

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May 24, 1938.

## HAVANA TREATY DELAY SEEN; CONGRESS COOL TO PROBE

With Congress apparently getting into the home stretch this week, indications are that it will adjourn with most of the pending radio legislation left high and dry.

Although the State Department finally transmitted the Havana Radio Treaty to the Senate for ratification, a clerk of the Committee said no action is anticipated this session.

"It's very secretive", he added. "We're not even supposed to know it's here."

While there still appeared a slight chance that the Senate might approve the White resolution for a radio inquiry, the opposition of the administration and the lack of enthusiasm even on the part of the promoters of the probe pointed to its death with the session.

The House Rules Committee, on the other side of the Capitol, meanwhile appeared to be following its customary policy of killing undesired legislation by inaction.

Although Chairman O'Connor promised additional hearings on the half-dozen resolutions before it, prospects that any of them will be reported out this session appeared remote. Even if the Rules Committee were to report out a resolution for an investigation, the legislation would have to clear the Committee on Accounts, where the Chairman, Representative Warren (D.), of North Carolina, is represented as opposed to a probe.

Hearings were continuing this week on the McAdoo-Chavez Bill to establish a Pan American Government-owned short-wave station in California, but there is scant possibility that it will even pass the Senate and it is sure to encounter stiff opposition and defeat in the House.

Meanwhile the Federal Communications Commission is preparing for its hearing on super-power and new rules and regulations to begin June 6th.

A meeting of the super-power group of stations was held this week to map a program of assault on the FCC rule which restricts regular power to 50 KW., but no publicity was issued.

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5/24/38

### RMA SEEKS TO PROTECT 455 KC.

Measures to maintain the present 455 kc. intermediate frequency for radio receivers, involved in the recent North American Treaty negotiated at Havana, have been taken by the Radio Manufacturers' Association. Resolutions have been sent to the Federal Communications Commission by the RMA requesting that the 455 kc. intermediate frequency be retained and that changes be made regarding the 900 kc. and 910 kc. frequencies. There will be problems for radio manufacturers if the second harmonic interferes with the 455 kc. intermediate frequency, and the RMA is asking that no stations be allocated on the 910 kc. frequency, as proposed in the assignment of this frequency to the United States for broadcast purposes.

The RMA also recommended that the 900 kc. frequency be assigned to the United States and Mexico be given the 910 frequency, but if changes cannot be made in the treaty to accomplish this, it is the recommendation of RMA that the FCC make no allocations on the 910 kc. channel.

The Commission has advised RMA that all possible consideration will be given to the Association's recommendations, following a recent personal conference of an RMA committee with the FCC engineering staff.

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### TWO STATION SALES APPROVED BY EXAMINERS

Transfer of radio station licenses, one to a newspaper chain publisher, was recommended for approval this week to the Federal Communications Commission by its Examiners.

Examiner Robert L. Irwin sanctioned the sale of Station KHUB, Watsonville, Cal., to John P. Scripps, controlling stockholder of the John P. Scripps Newspaper Company. The facilities are 1310 kc., 250 watts, daytime. The purchase price is \$35,000.

Approval of the sale of Station WKBZ to the Ashbacker Radio Corporation by a member of the Ashbacker family in a move to separate radio interests from other holdings was recommended by Examiner R. H. Hyde.

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5/24/38

"ANTI-RADIO MONOPOLY" ORGANIZATION FORMED

"The American Radio Audience" has established headquarters in New York City. One of the Directors is James P. Kiernan, former member of the Code Authority for the Broadcasting Industry.

The purpose of the organization, according to a press release:

"To combat this radio monopoly, to eliminate from the air all propaganda programs that constitute a threat to American ideals and democracy, and to curb all obnoxious, indecent and profane broadcasts, especially the broadcasts of the type recently alleged by the President of the Women's National Radio Committee as best adapted for 'imbeciles and backward children.'

"The organization also proposed to work in legitimate and lawful ways so that all organizations of a social, economic, agricultural, educational and religious nature shall have proper and adequate facilities in radio allocated to them; to place the non-commercial use of American radio facilities on the same basis as their commercial use by conducting campaigns of education by literature, lectures and broadcasts.

"Moreover, it is proposed to expose the existing evils in radio, the inconceivable tactics used by the radio trust, to control this last and possibly the most valuable of all public resources, the only direct and instantaneous means of communicating with 30,000,000 American homes."

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HEARST RADIO LOSES TO BATON ROUGE ON POWER

Hearst Radio's WISN, Milwaukee, lost the first round of its fight with Station WJBO, Baton Rouge, La., for an increase in power to 1 KW. on 1120 kc. this week.

Examiner Melvin H. Dalberg recommended that WISN's application for a modification of license be denied and that the request of the Baton Rouge Broadcasting Co. be granted. Denial of an increase in power for WAPO, Chattanooga, which also operates on 1120 kc. was recommended also.

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5/24/38

## RMA COMPLETES PROGRAM FOR JUNE CONVENTION

A program for the National Convention of the Radio Manufacturers' Association in Chicago, June 7-11, was announced this week by Bond Geddes, Executive Vice-President. The convention will be held in conjunction with the National Radio Parts Trade Show at the Stevens Hotel.

Among the speakers on the program are Thad Brown, member of the Federal Communications Commission; John W. Van Allen, RMA general counsel; and Leslie F. Muter, RMA president.

A golf tournament and an "RMA Cabaret" and dinner are on the entertainment schedule.

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## NAVY TO TEST SIGNALS FOR DISTANCE

The Navy Department in Washington states that the Naval Research Laboratory will make test radio transmissions of ultra-high frequencies during the periods June 3 to June 18 and July 23 to Aug. 6.

The Department is interested in the distance at which these transmissions may be heard and is requesting that persons observing the tests notify the laboratory by mail or otherwise. Reports of failure to hear these transmissions are desired by the Laboratory as well as reports of hearing them.

The test transmissions will be made on the ultra-high frequencies of 94.6 megacycles, 150 megacycles and 275 megacycles. The transmissions will be limited to the first and third fifteen minutes of each hour from 8 A.M. to 4:30 P.M. from Mondays to Fridays, inclusive, during both periods, but will be continuous at other times between the dates given.

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A new radio station for Gastonia, N.C., was recommended this week to the Federal Communications Commission by Examiner P. W. Seward, reporting favorably on an application of F. C. Todd. The requested facilities are 1420 kc., 100-250 watts power, unlimited time.

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5/24/38

## ITALY TO CONSTRUCT NEW SHORT-WAVE BROADCASTING STATION

A project for the establishment of a new short-wave station in Rome was recently approved by the Italian Council of Ministers, according to a report to the Department of Commerce from the office of the American Commercial Attache at Rome.

The newly approved plan consists in the improvement of the power of the two existing transmitting stations in Rome which will be increased from 25 KW, to 40 KW. In addition, two new 100 KW. broadcasting lines will be set up, which will in practise constitute four lines due to the fact that these two lines will operate on separate waves which are rapidly commutable, separately modulated and each transmit a different program. These transmitters are known as the Pluri-wave type and are capable of placing any wave on the scale of 14-16 meters.

The new short-wave station will enable the listener to choose the clearest wave and will insure good reception of the program. In addition, a new cable will be laid, connecting the studio in Rome with the short-wave station which will be located some distance from that point. This cable, which will be of high phonetic quality, will allow the contemporary broadcasting of five different programs, it is claimed.

The new station is designed to improve the present technical organization of the existing Italian system, and to enlarge the broadcasting facilities to the colonies as well as throughout the world, according to the report.

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## BILL PROPOSED FCC FIX COPYRIGHT CHARGES

The Federal Communications Commission would be given power to determine charges for the use of copyrighted music under a bill introduced in the House last week by Representative Moser (D.), of Pennsylvania.

The bill has been referred to the House Patents Committee, but no action is expected this session.

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## RADICAL CHANGE IN RADIOS URGED BY McDONALD

Taking a cue from the automobile manufacturers, who are reported to be designing a 1939 model that will make present autos obsolete, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, Chicago, has proposed a radical revision of radio receiving sets to the industry.

Following a statement at a recent meeting of the Directors of the Radio Manufacturers' Association, Commander McDonald amplified his view for Radio Today, as follows:

"The manufacturers of ladies' hats, coats, suits and dresses would do only a fraction of the business they now do if it were not for the fact that they consistently and continually change the style. This applies also to the manufacturers of furniture, lighting fixtures and automobiles.

"The automobile people have done an excellent job of styling bodies, fenders, general outlines - streamlining, if you please. They thereby put an obvious imprint on the current line they are producing, automatically obsoleting all earlier models. In my opinion more people buy new automobiles because their old car looks out-of-date than because of the fact that it is worn out.

"Now let's stand in front of the mirror and watch our own industry go by. What have we, the radio manufacturers, done in styling to put the obvious imprint of age on the older models? Very little. The last major change was when we took the legs off consoles and put them down to the floor. It is true we have introduced short-wave, electric tuning and automatic tuning, but these are not obvious style changes.

"There is a style change that the radio industry can make - a style change that not only is obvious from appearance but has real utility value. And few style changes have this added utility feature.

"A good illustration of change in style which also added utility value was the change from the old type of high, big front-wheel bicycle that had the little wheel trailing behind, to our present-day bicycle which, when the style change came, they called the safety bicycle.

"In my opinion the wall type of console radio is a monstrosity that should never have existed. It was originally copied from the old type of phonograph and we, the radio manufacturers, have persisted in producing it year after year. The radio never belonged against a wall - it belongs alongside a chair,

"Automatic tuning has double the value in an arm-chair model. Why? With a wall type of radio, even though it is automatic, if you are reading you must stop and lay down your book, walk to the wall and touch the button. With an arm-chair type of radio you continue your reading - it is unnecessary to take your eyes off the book. You simply reach out - you know where the buttons are - press the button, there is your change of station. So I say that this change has not only style value but utility value. I have found no one who has ever owned an arm-chair type of radio who will go back to a wall type of console.

"Pride of possession is a great factor, and with the whole industry behind this movement, I predict that within two years one will often hear this expression: 'Oh! You have one of the old-fashioned wall type of radio.'

"Let's take a page out of the automobile manufacturer's book, follow his example, and do styling that will obsolete early models."

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#### BBC ENGINEER EXPLAINS CAIRO CONFERENCE ACCORD

Sir Noel Ashbridge, Chief Engineer of the British Broadcasting Corporation, in a summary of the results of the Cairo Radio Conference recently made the following statement with regard to the accord:

"In the long-wave broadcasting band - which is mainly of interest to Europe - no change has been made. We next come to the medium waveband. At present it extends from 545 to 200 m., but the Cairo Conference extended it down to 192 m. for Europe, and down to 187 m. for America and the rest of the world. Then comes what is known as the intermediate waveband - that is, those wavelengths lying between 200 m. and 50 m. For the first time provision is made for broadcasting in a band between 2.3 and 2.5 megacycles (about 125 metres). Then there is a second band from 3.3 to 3.5 mc/s (about 87 m.), and a third band between 4.77 and 4.9 mc/s (about 62 m.). These new bands, however, are reserved for broadcasting in countries lying in tropical or semi-tropical regions. In such countries a high noise level, owing to atmospheric, very often prevents the successful use of the ordinary medium waveband, and the new bands have been provided for the benefit of relatively local services in those countries. There are some rather complicated restrictions with regard to their use in various parts of the world. For instance, the band from 3.3 to 3.5 mc/s is not available for use in Central and South America. In other parts of the world their use is restricted in general to countries which lie within 30° north and south of the Equator.

"To come now to the short wave - i.e., waves below 50 metres; the 49-m. band, which was 150 kilocycles wide, has been increased to 200 kc. and the new allocation is from 6.0 to 6.2 mc/s. A new band, 100 kc. wide, between 7.2 and 7.3 mc/s, has been created by allowing broadcasting to share with amateurs, except in the American continent. This will be in the neighborhood of 41 m. Then the 31-m. band, which was originally 100 kc. wide has now been extended to 200 kc., the new figures being 9.5 to 9.7 mc/s.

"No change has been made to the 25-m. band or the 19-m band. The 17-m. band, however, has been extended, making it 100 kc. wide, instead of 50, the new limits being 17.75 to 17.85 mc/s. The 14-m. band has been extended from 100 to 300 kcs., the new band running from 21.45 to 21.75 mc/s.

"The Cairo Conference regulations in general will come into force in January, 1939, but the clause dealing with the changes in the allocation of wavebands will not be applied until September 1 of that year. There will, therefore, be no immediate changes in the short wavebands, but, of course, due warning will be given to listeners if any of the changes affect the frequency channels used by Daventry.

"The Cairo Conference did not decide definitely whether or not a plan of wavelength channels for individual short-wave stations should be attempted. This would mean, of course, another world conference. The Conference, however, requested the International Broadcasting Union to collect the fullest possible data available on the subject, which will be submitted to all countries for their consideration. If, later on, the majority are in favor of holding a world conference with this object - that is, allocating short-wave channels to individual broadcasting stations - it is possible that such a conference will be held."

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#### MAVERICK URGES RADIO AS MEDIUM OF GOOD WILL

A new angle on the international broadcasting station proposals, which appear to have been blocked in the present Congress, has been taken by Representative Maverick (D.), of Texas, in a joint resolution to establish an Institute of Friendly American Relations within the State Department.

The resolution proposes to use radio as set forth in the following:

"To print, publish, and distribute, and to disseminate by radio broadcast in the language suitable to the purpose, within the United States and in other American republics, appropriate matter dealing with the history and customs, and with the scientific, artistic, and cultural achievements; business data and economic information relating to the signatories of the Convention for the Promotion of Inter-American Cultural Relations."

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::: TRADE NOTES :::  
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Internal Revenue Bureau collections of the Federal 5 percent excise tax on radio and phonograph apparatus in April, 1938, were \$231,055.49, a decrease of 30 percent from the April, 1937, collections of \$331,618.50.

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Neel Enslin, radio announcer employed by the National Broadcasting Company, was found dead Sunday in the kitchen of his New York home. Five jets of a gas stove in the kitchen had been opened the police said and they listed the case as suicide.

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The new RCA Victor radio tube, bearing the picture of Nipper, the Victor dog, will be promoted nationally by an advertising campaign in newspapers and magazines, it was announced last week at the convention of the Company's wholesalers in Atlantic City. It was also announced that a nation-wide contest among radio tube dealers will be held, with prizes for the fifty most accurate answers to the question, "How much money has been spent to advertise the name RCA Victor in the last ten years?"

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Charles W. Horn, Director of Research and Development for the National Broadcasting Company has been elected President of the New York Electrical Society. Other officers elected included R. W. King, Assistant to Dr. Frank B. Jewett, President of the Bell Telephone Laboratories, First Vice-President, and George F. Fowler, member of the technical staff of the Bell Telephone Laboratories, Treasurer.

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An export guide, a glossary of electrical and radio terms and instructions to exporters, has been compiled by the Electrical and Radio Division of the U. S. Bureau of Foreign and Domestic Commerce. It lists and classifies radio and electrical apparatus and there is other data of interest to export managers. Copies may be obtained by application to the Electrical and Radio Division at Washington.

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5/24/38

The Chicago Evening American discontinued its radio news column, written by Esther Schultz, who has been transferred to the local news staff. The American continues to print radio programs, including a special selection of popular programs. The Chicago Daily News dropped its radio news column two months ago.

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The executive heads of many of the greatest cities of the world, Mayor LaGuardia among them, took part in a recorded broadcast Sunday night over the Municipal Broadcasting station of Buenos Aires in honor of the station's opening.

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William H. Grimditch, who has been in charge of the Engineering Department, has been made Vice-President in Charge of Engineering, and a member of the Board of Directors of the Philco Radio and Television Corporation. Thomas A. Kennally, Sales Manager of the organization, also has been chosen a member of the Board.

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#### HEARING ON G.E. TELEVISION REQUEST THIS WEEK

General Electric's four applications for television stations will be considered this week, beginning Thursday, by an Examiner of the Federal Communications Commission.

Among other participants in the hearing are the Columbia Broadcasting System and the Allen B. DuMont Laboratories, Inc., of Upper Montclair, N. J.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

RECEIVED  
MAY 28 1938  
FEDERAL BUREAU OF INVESTIGATION  
U. S. DEPARTMENT OF JUSTICE

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## COMMERCE DEPARTMENT TRACES RADIO'S GROWTH

Tracing by statistical charts the growth of the radio industry in the United States from 1922 to 1937, inclusive, the Electrical Division of the U. S. Bureau of Foreign and Domestic Commerce this week issued its fourth annual statistical number.

The report, compiled under the direction of John H. Payne, Chief of the Division, shows the following facts among others.

In 1922, only 100,000 radio sets, valued at \$5,000,000 were sold in this country, whereas in 1937 the sales numbered 53,170,000 and grossed \$38,282,400.

The record year for radio sales was 1929, when 69,000,000 sets were sold for \$172,500,000.

There were only 60,000 radio-equipped homes in 1922 and no auto sets, whereas in 1937 there were 26,428,797 homes with radio receivers and 5,000,000 radio-equipped autos.

Table models, even in 1937, out-numbered the console models of receiving sets, but the two major classifications have varied in their comparative sales from year to year, with first one and then the other in the lead.

Exports of radio equipment by this country have risen rather steadily since 1927. Receiving sets sold abroad by American manufacturers, for instance, numbered 2,961,301 in 1927 and 16,129,321 in 1937.

Other statistical findings follow, in brief:

	<u>Radio Sets In Use</u>	<u>Jan. 1, 1938</u>
U. S. homes with radios		25,800,000
Extra and "second" sets in above homes		6,000,000
Automobile radios in use		5,000,000
Total radio sets in use, U. S.		<u>36,800,000</u>
Total homes with autos		18,500,000
Total residence telephones		12,000,000
Total homes with electricity		22,500,000
Total homes in U. S.		32,000,000
Population in U. S.		129,500,000

## U.S. Annual Bill For Radio

	<u>1936</u>	<u>1937</u>
Sale of time by broadcasters	\$114,000,000	\$125,000,000
Talent costs	36,000,000	40,000,000
Electricity, batteries, etc. to operate receivers	150,000,000	150,000,000
Radio sets sold	440,000,000	450,000,000
Replacement tubes	31,000,000	40,000,000
Radio parts, supplies, etc.	45,000,000	47,000,000
Servicing radio sets	75,000,000	60,000,000
U.S. Public Paid for Radio	\$891,000,000	\$912,000,000

## Roll-Call Of Radio Industry

	<u>Jan. 1, 1937</u>	<u>Jan. 1, 1938</u>
Manufacturers of radio receivers	144	140
Manufacturers of radio tubes	13	14
Manufacturers of radio parts	620	625
Manufacturers of test equipment	55	60
Manufacturers of broadcast and amateur equipment	110	110
Manufacturers of sound equipment	95	115
Radio set and parts distributors	1,760	2,088
Manufacturers' agents	240	245
Retail outlets selling radios	50,300	61,000
Dealers doing 85% of radio business	15,000	16,000
Servicemen, including dealers <sup>8</sup> servicemen	40,000	40,000
Radio amateurs and experimenters	80,000	81,000
Broadcasting stations	656	701

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## MOSCOW MAPS MASS TELEVISION PLAN

A scheme for the reception at given points of television programs and their redistribution by land-lines to subscribers is being developed by the Institute of Scientist-Pioneers in Moscow, World-Radio reports. Pravda, the official Soviet newspaper, claims that by this method it is possible to reach 500 subscribers from each relay point, and it is hoped to construct special sets for this purpose.

The first regular experimental television broadcasts are due to begin in Moscow this month. Intensive tests have been conducted for some time past, and the final sitting and fitting up of the studios are now being taken in hand. Various television sets and transmitters were tried out, and to test the quality of transmission, receiving sets were placed at thirty different points in Moscow and its neighboring country. Cinema films and prominent artists will appear in the first regular transmissions.

There are about a hundred television receiving sets in Moscow clubs, houses, and political and culture centers. Plans for mass production of cheap sets are in course of execution. During the present year the Leningrad television factory should produce 200 large television receiving sets of the type adopted for collective farms. Some have already been delivered. In addition, this factory has to construct 200 cheaper sets for individual use, says Pravda.

## CONGRESSMAN ASKS FCC PROBE OF S-W PROPAGANDA

Chairman Frank R. McNinch, of the Federal Communications Commission, was asked this week by Representative Bernard (Farmer-Labor), of Minnesota, to investigate reports of Nazi propaganda coming to the United States via short-waves.

Representative Bernard also asked the FCC to ascertain the backers of the Short Wave Institute of America and Oswald F. Schuette, its organizer, now with the Radio Corporation of America. The complete letter follows:

"May 23, 1938

"Hon. Frank R. McNinch, Chairman  
Federal Communications Commission  
Washington, D. C.

"Dear Mr. McNinch:

"For some time past I have been making an inquiry into the short wave broadcasting situation as it relates to the United States.

"I find that on the average receiving set which has come to my attention, the German government's broadcast programs are more easily received, and exist in greater number than those of any other individual nation. I noted, a few days ago, a newspaper compilation which states the German government broadcasts a total of 47 program-hours a day in English, for consumption of the American people.

"The policies and acts of Nazi Germany are abhorrent to the great majority of American citizens, and have been publicly condemned by official spokesmen for the government of the United States. Nazi propaganda is anti-Catholic, anti-Christian, anti-Jewish, anti-Labor, anti-democratic. It seeks to indoctrinate the people of America with theories of racism, nationalist aggression and war -- theories which, where they have been carried out by the Nazis themselves, have led to the suppression of racial minorities and religious freedom, to the forceful annexation of Austria and to the terrorization of all peace-loving peoples throughout the world. There is no place in America for such ideas and policies.

"Listeners to German programs who report to me in this matter state that in an average program there is music, 'news', which vilifies anything or anybody not consonant with the politics of the Nazis, and a 'chatterbox', conducted by one 'Jack', who acknowledges reception of letters from all over the United States and invites new correspondents. On Sunday evening last, I am advised by one listener, Jack responded to letter-writers all the way from Minnesota to Long Island, and offered to send them copies of the Horst Wessel song, and other Nazi literature.

"Now this is what I am most interested in:

"How did the German government happen to fix its broadcasting frequencies so they are most effective in the United States?"

"In searching for an answer to this question I have come across some significant and pertinent information. At an informal engineering conference the Federal Communications Commission called in 1936, I find that on June 16, that year, one Oswald Schuette was a witness before you. He appeared, as he stated himself, as the representative of the Short Wave Institute of America, and argued at length for expansion of short wave radio reception. When asked by Mr. Craven, then your chief engineer, who composed the Institute, Mr. Schuette replied:

"It is an incorporated body, and I would say that the associates who are supporting it are not represented in their views, and I see no reason, therefore, to go farther."

"Now Mr. Schuette is a known and unrestrained admirer of the Nazis. He makes no attempt to conceal it, according to information that has come to me. I do not suggest that he has done anything unlawful, but I respectfully request that you make a thorough investigation of the Short Wave Institute of America, with the following specifically in mind:

1. Why has Mr. Schuette refused to identify his backers?
2. Who are his backers?
3. Do they include members of the Radio Manufacturers' Association, and if so, why was not that duly constituted trade association assigned the responsibility of propagandizing in Washington for the short wave installations that have ensued?
4. Do members of the RMA like short wave installations?
5. Do the broadcasting chains, such as NBC and CBS like short wave, in view of the fact that it takes listeners away from their programs?
6. Who assigned the range of frequencies known as 'short wave' which are found on the average radio set offering that type of reception?
7. Has the Federal Communications Commission had anything whatsoever to do with the short wave reception installations, in the way of fixing range of frequencies, standards of quality, and the like?
8. Specifically, if Mr. Schuette's associates include any foreign government, the agents of any foreign government, or of any political party or faction or clique in any foreign government -- who are they and in whose interest do they take formal or informal action?

"I trust that you will recognize the need of immediate action in this matter. Any further information or help from me that you feel necessary to the inquiry, I will try to furnish."

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## TELEVISION CALLED AID TO ARTS PROGRAMS

The chief obstacle to really satisfactory arts programs - visual presentation of art - would be automatically surmounted with the advent of television, the American Federation of Arts was told this week at the second day's session of its 29th annual convention in Washington.

C. W. Farrier, television co-ordinator of the National Broadcasting Company, said the use of television technique would eliminate the long descriptions of art objects now necessary in sound radio. He emphasized, however, that such programs must be entertaining as well as informative since those at the television receiving sets could still reserve the right to twist dials to another program.

Discussing the progress of television, Mr. Farrier said it was still very much in the experimental stage and there are so many phases to be considered that no one person could forecast when television will be ready as a public service.

He pointed out, too, that even when television passes the formative stage, it probably will be virtually impossible to reach the whole population of the United States because of the limited number of wave lengths available.

Manufacturers, he said, are not yet willing to undertake commercial manufacture of television receiving sets because this new technique will undergo many changes before it will be ready for the public. He pointed out each change would necessitate rebuilding every receiving set.

Dr. Bernard Myers of the Department of Fine Arts of New York University, told the delegates development of an art-conscious public would have to begin with the training of youth. The youth of today, he said, is radio and movie minded and would rather look and hear than read. In this field of training, radio, television and the motion picture can play a very important part, he said.

Broadcasts on art must, however, be made more national in scope than they have been up to the present time, he said.

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A two-short-wave radio set was responsible for the recent conviction of a Washington man for attempting to bribe a policeman. A detective placed a transmitter in the defendant's car and a receiver in his own auto and thus heard the conversation.

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## BROWN, SYKES NAMED AS PROTECTORS OF NETWORKS

Commissioners Thad H. Brown and Eugene O. Sykes were charged with being unduly interested in the welfare of the National Broadcasting Company and the Columbia Broadcasting System, respectively, Thursday by Representative Connery (D.), of Massachusetts.

Repeating charges he had made before the House Rules Committee in support of his late brother's resolution calling for a Congressional investigation of the radio industry and the Federal Communications Commission, Representative Connery also asserted that the Commission is more interested in station profits than public interest.

"That the radio monopoly controls the activities of some members of the Commission is general talk", Representative Connery said. "Any time a question comes up which concerns the National Broadcasting Co., Commissioner Brown is said to be very active and credited with taking very good care of their interest, while when a matter comes before the Commission concerning the Columbia Broadcasting Co., Commissioner Sykes is said to be very active in their behalf. . . .

Other members who renewed their demands for a Congressional inquiry were Representatives McFarlane (D.), of Texas, and Wigglesworth (R.), of Massachusetts.

Representatives McFarlane and Wigglesworth reviewed charges previously made relative to the industry, while Representative Connery directed his fire chiefly at the Commission.

Five reasons were cited by Congressman Connery for a Congressional inquiry. They were:

"1. Proven inefficiency of the Commission to protect the public.

"2. Existence of a dangerous radio monopoly which has been promoted and protected by some members of the Commission.

"3. The broadcasting of indecent, profane, and obnoxious radio programs, with little or no action on the part of the Commission.

"4. Broadcasters challenging the honesty of elected officials, such as alleging that votes of the members of a legislative body can be bought for \$100 down to a pound of tea, without any action on the part of the Commission.

"5. No apparent effort on the part of the Commission to insure the carrying out of the Communications Act wherein licensees hold and secure renewal of licenses only when public interest, convenience, or necessity is service."



"The Commission in granting licenses has taken into consideration not whether the applicant can or will serve public interest, but, in the main, will the radio station be profitable? A few weeks ago the head of the radio monopoly, Mr. Sarnoff, addressed a meeting and his speech was printed in a 15-page booklet. Nowhere in the book will you find where he contended that his company was serving public interest, convenience, or necessity. His whole motive was profits.

"The inefficiency or lack of interest on the part of the Commission as to whether the law is being carried out and whether or not radio stations are serving public interest, convenience, or necessity, deprives local people from being able to secure radio licenses to serve their home communities because almost every desirable wave length of high power has been gobbled up by the National Broadcasting Co., the Columbia, the Mutual, and their affiliates."

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KGO POWER RAISE DENIED; NEW GEORGIA STATION

The National Broadcasting Company this week lost its fight before the Federal Communications Commission for a power increase for its San Francisco station, KGO. The FCC rejected an application for an increase in power from 7.5 KW to 50 KW.

At the same time the FCC authorized construction of a new 100-watt station at Savannah, Ga., for operation on 1310 kc. The applicant was Arthur Lucas.

Regarding the KGO decision, the Commission said:

"Station WGY, Schenectady, New York, operates on the frequency 790 kilocycles (as does Station KGO, the applicant) with power of 50 kilowatts, unlimited time. Station KGO now operates with a non-directional antenna and it limits the service area of Station WGY. The applicant proposed to operate with a directional antenna. Such operation would be expected to decrease present interference by Station KGO in the primary service area of Station WGY; but the operation of Station KGO as proposed would cause approximately the same interference within the secondary service area of Station WGY as now exists; and there would be no change in the interference in the San Francisco area by the operation of Station WGY.

"When this proceeding was heard before the Examiner, the application of Station WGY, Schenectady, N.Y., for an increase of power to 500 kilowatts, unlimited time, was pending. The actual separation of Schenectady, N.Y., and San Francisco, Cal., is 2,538 miles. If the pending application of Station WGY should later receive favorable consideration, the operation of

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that station with power of 500 kilowatts would limit Station KGO operating at night, as proposed, approximately to its three millivolts per meter night contour."

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HOUSE COMMITTEE TO QUESTION MEMBERS OF FCC

Chairman Frank R. McNinch and other members of the Federal Communications Commission will be questioned next week by the House Rules Committee, Chairman O'Connor (D.), of New York, stated Thursday following another hearing on resolutions calling for radio investigations.

Representative O'Connor indicated that the Committee will not go deeply into the charges but ask for expressions of opinion as to the need for an inquiry and as to the form it should take. Members of the Committee intimated they may base their votes on the advice of the Commissioners.

The Committee, however, will find the Commission divided if all the members are called. Chairman McNinch and Commissioner Eugene O. Sykes have indicated they believe that the FCC should be permitted to conduct its own monopoly investigation as planned, while Commissioners T.A.M. Craven and George Henry Payne have publicly advocated a Congressional inquiry.

Even the Commissioners who would prefer to let the FCC continue its own probe, however, are not likely to object too strenuously to a Congressional inquiry when questioned on Capitol Hill because of the implication that they have something to hide.

Any investigation that may be ordered by Congress now will have to be conducted during the recess if present plans for adjournment early in June are followed. If the House conducts the inquiry, it will be either brief or delayed until after the November elections as most members are anxious to return home immediately after adjournment.

Should the Rules Committee decide to report out an inquiry resolution, it will have to hurdle the House Accounts Committee, which must approve the allocation of funds. Chairman Warren (D.), of North Carolina, who is friendly with Commissioner McNinch, has stated his opposition to a Congressional inquiry on the ground that it is unnecessary.

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## SHEPARD LOSES FIGHT ON WMEX; WDEV RENEWED

The Shepard Broadcasting Service this week lost its fight to block Station WMEX, Boston, from improving its facilities by transferring from 1500 to 1470 kc. and increasing power from 100-250 watts to 5 KW., unlimited time.

At the same time the Federal Communications Commission rejected an application of the Westinghouse Electric & Manufacturing Co. in behalf of WBZA, Springfield, Mass., and renewed the license of Station WDEV, Waterbury, Vt. Commissioners Case and Sykes filed dissenting opinions.

The Shepard Broadcasting Service, in behalf of WNAC, claimed that the improvement of WMEX's facilities would curtail WNAC's revenue. Other Boston stations made similar protests.

"The charge that the granting of the application under consideration would increase competition wherein the protestants will be involved and will inflict upon them pecuniary loss is mostly a matter of conjecture", the FCC said, "and the testimony offered to sustain the charge leaves the prospect so problematic as not to furnish a present substantial basis for the protests made or for any sound judgment based thereon."

Westinghouse now operating WBZA on 990 kc, 1 kw. power, unlimited time, had asked for construction permit to install new equipment, including a directional antenna, and to change the operating assignment to the frequency 550 kilocycles, with the same power and hours of operation as at present. The applicant further requests that Station WDEV be assigned the frequency 560 kc., with power of 500 watts, daytime, in lieu of its present assignment of 550 kilocycles, with power of 500 watts, daytime.

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## I. T. &amp; T. ELECTS 21 DIRECTORS

At the annual meeting of the International Telephone and Telegraph Corporation, held in Baltimore, Md., Wednesday, the following Directors were elected:

Arthur M. Anderson, Sosthenes Behn, F. Wilder Bellamy, Daniel C. Borden, John W. Cutler, Charles E. Dunlap, Allen G. Hoyt, Russell C. Leffingwell, Clarence H. Mackay, John L. Merrill, Walter E. Ogilvie, Henry B. Orde, Samuel G. Ordway, Frank C. Page, Bradley W. Palmer, George E. Pingree, Wolcott H. Pitkin, Lewis J. Proctor, Gordon S. Rentschler, William F. Repp, and Mark A. Sunstrom.

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## MISSOURI BLIND STUDENTS PRESENT RADIO SERIES

Writing their own scripts on modern mechanical writers for the sightless and then speaking to an outside world they will never see, students of the Missouri State School for the Blind are conducting a unique radio workshop at their school in St. Louis.

Undaunted by their inability to prepare and read radio scripts like sighted persons, the blind students of the Missouri school throughout this school year have presented their own series of radio programs by using the facilities of a local St. Louis radio station.

How these blind students have overcome their own handicaps in order to take advantage of new opportunities in education offered by radio, is described in the May issue of School Life, published by the United States Department of the Interior, Office of Education.

The idea for this unusual radio workshop developed with the Missouri blind students two years ago. They had no knowledge of script writing or microphone technique. But they could learn. Fired with the same spirit of determination that made Helen Kellar famous, the students learned they could obtain copies of radio scripts, "Interviews with the Past", from the Office of Education Script Exchange.

"When the scripts arrived", says School Life, "the students realized one of the first lessons in radio technique, that a great many words can be spoken in 15 minutes. They received 90 pages of printed material to be put into about 180 pages of Braille before they could begin rehearsing."

S. M. Green, veteran superintendent, who for years has shepherded the blind school students, obtained Braille paper. He assigned Miss Roberta Emley, a young blind student, to the laborious task of translating the scripts into Braille to be read by the students with their finger tips.

Word for word, Miss Emley reproduced the parts to be presented over the radio. She used a machine strikingly similar to a typewriter instead of the older method of slate and stylus for pin holes. Finally, Miss Emley's work was done. It was to forge another link between the blind and the great outside world, now becoming less and less of a never, never world to them.

Miss Anna McClain Sankey, of the Speech Department of the school for blind made contact with radio stations. At first, there was a hitch. Radio station managers were doubtful. Blind students hadn't conducted radio programs. But Miss Sankey was persistent. She found a station - WEW of St. Louis University - willing to put the blind students on the air.

So rehearsals began. Parts were assigned and memorized with great care. They used for practice a small portable radio, broadcasting their programs from room to room in the school. At last they went on the air.

These Missouri blind students have been heard each week by large audiences over WEW. Their pioneering means new social adjustments for the students, developing their personalities, and giving the world, according to officials of the school, a more definite idea of the capabilities of the blind.

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#### ILLINOIS AMATEUR GETS PALEY AWARD

Robert T. Anderson, operator of amateur radio transmitter W9MWC, Harrisburg, Ill., has been selected for the 1937 William S. Paley Amateur Radio Award, it was announced by the Columbia Broadcasting System. He will receive the trophy, designed by Alexander Calder, at a luncheon at the Waldorf-Astoria Hotel on June 9. The presentation by Mr. Paley, CBS president, will be broadcast over WABC's network.

The selection of Mr. Anderson was based on his efforts in the January, 1937, flood emergency, when he worked for four days, getting only ten hours sleep, to obtain means of evacuation for the 1,500 inhabitants of Shawneetown which was threatened with inundation by the Ohio River.

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J. R. Poppele, Chief Engineer of Station WOR, returned this week from Europe after an extensive tour of the continent. He visited over nine countries and studied radio conditions, particularly the European progress in television and facsimile. On Saturday, May 28th, from 7:15 to 7:30 P.M., Mr. Poppele will be interviewed over WOR and the Mutual network by Tom Slater of the WOR staff. He will discuss his observations in the radio field and give a comprehensive word picture of the progress of radio in Europe.

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THERE WILL BE NO ISSUE OF THE HEINL NEWS SERVICE ON TUESDAY, MAY 31ST, DUE TO THE FACT THAT THE GOVERNMENT OFFICES WILL BE CLOSED ON MONDAY, MAY 30TH.

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