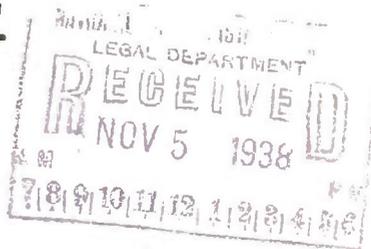


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication



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McNINCH RESUMES PURGE AS DISSENSION GROWS

Following a two weeks' pause, Chairman Frank R. McNinch resumed his purge of personnel at the Federal Communications Commission this week but for the first time was threatened with an opposition majority.

Meanwhile, dissension among the Commissioners appeared to be nearing a breaking point, and there were good reasons to believe that President Roosevelt himself may have to take a hand in the row.

Because of the apparent failure of Chairman McNinch to effect a reorganization within more than a year, it would not be surprising if he would be returned to the Federal Power Commission and the task of "house cleaning" were turned over to another.

A complete reorganization of the Commission, in fact, may be effected, either by a presidential demand for several resignations or a recommendation to Congress that the Commission be abolished and a new agency of radio control set up.

So far all changes are in a rumor stage, but it is known that the President is dissatisfied with the present state of the Commission and with Mr. McNinch's failure to bring about a reform without arousing public resentment.

Chairman McNinch's latest move was to demand the resignation of Davis G. Arnold, Chief Examiner of the FCC and a Civil Service employee of 17 years' standing.

The resumption of the purge, which had been halted temporarily after the ouster of Hampson Gary as General Counsel in mid-October, proved abortive when a special meeting of the Commission was called off abruptly Thursday.

Unlike the Gary case, it appeared doubtful that Chairman McNinch "had the votes" when Commissioner Norman S. Case left a sick bed to come to Mr. Arnold's rescue.

While Commissioners Eugene O. Sykes and Thad Brown were still aligned with the Chairman, it was learned that Commissioner Paul Walker was wavering. Upon Gary's ouster, only Commissioners George Henry Payne and T.A.M. Craven voted against the Chairman. Commissioner Case was absent.

Mr. Arnold, like Mr. Gary, was at first offered a job in another governmental agency. Chairman McNinch told him he had made arrangements for his return to the Veterans' Administration.

When the Chief Examiner investigated, however, he found that the job would pay only \$5,000, whereas he had been receiving \$7,000. He then asked the FCC Chairman to withhold the demand for his resignation until he could look around for a better job, but Mr. McNinch insisted on the resignation at once.

Whether Mr. Arnold will insist on a hearing before the Civil Service Commission or will accept the other job was uncertain. There was some indication that the diminutive FCC Chairman may change his tactics and reorganize the Examiners' Division so as to abolish Mr. Arnold's position.

Although originally marked for the McNinch purge, Mr. Arnold was believed to have escaped the ax about ten days ago at a conference with the Chairman. Consequently he was the more surprised at the abrupt demand for his resignation yesterday.

The next man in line for the purge, it is understood, is G. Franklin Wisner, Chief of the Press Division, and a Civil Service employee of 12 years.

Balked in his effort to exempt this and 50-odd other FCC jobs from protection of the Civil Service Act, Mr. McNinch is expected to abolish Mr. Wisner's job and to place the press relations job directly under his command, responsible to him rather than to the whole Commission.

All indications now point to a thorough investigation of the Commission by the next Congress. A House inquiry last session was blocked by the Administration on the plea that Chairman McNinch should be given a chance to "clean house". Members who are demanding the probe, however, point out that he has been in office more than a year without effecting any substantial reforms.

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HISTORY OF RADIO TO 1936 JUST PUBLISHED

The American Historical Society this week released a 420-page volume entitled, "History of Radio to 1936", written by Gleason L. Archer, L.L.D., President of Suffolk University, Boston.

The author stated that the book is an outgrowth of a course on radio broadcasting in the Suffolk College of Journalism and five years of personal experience as a radio lecturer.

Beginning with a history of the intercommunication of signals in early times, the book carries the story of communications down through early wireless telegraphy, to the formation of the Radio Corporation of America, the inauguration of radio broadcasting by Westinghouse, down to the "struggle for network broadcasting".

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11/4/38

McNINCH SAYS FCC CAN'T STOP SWINGING OF CLASSICS

Chairman Frank R. McNinch this week advised Alfred L. Dennis, President of the Bach Society of New Jersey, that the Federal Communications Commission is powerless to stop orchestras on the air from "swinging" Bach or any other of the classics.

He advised the complainant, who cited instances of jazz orchestras "swinging" Bach, that his only recourse is to protest directly to the radio station.

"The Commission is appreciative of the views expressed in your letter of October 24, relative to the rendition of classical and traditional music in a syncopated style, frequently heard on the radio", Chairman McNinch wrote.

"The statute under which the Commission functions expressly denies to this regulatory body the power of censorship over the transmissions of any station, in view of which no rule or regulation has been promulgated determining what should or should not be broadcast. The responsibility of accepting or rejecting program material rests with the respective station licensees, who are charged with the duty of using a high degree of discrimination in the selection of material broadcast in the public interest. Evidence of the transmission of material contrary to the public interest or in violation of the law is given full consideration by the Commission in connection with the renewal of the station license.

"If you have not already done so, you may want to write direct to the station or stations which carried the program to which your letter refers, as it is our understanding that comments upon radio presentations are welcomed and are carefully considered."

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Radio reception in the Arctic is often lauded for its clarity, but, according to Dr. R. G. Ellis, of the Faculty of Dentistry, University of Toronto, who has just spent a year in the North attending to the teeth of the Eskimos, it is not consistently good.

"The isolation of the Arctic", he says, "is accentuated for the visitor from outside by the absence of good radio reception during the Summer months. It was very difficult to get Canadian programs, and, on fine, clear nights the radio provided no entertainment whatever."

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11/4/38

TWO S-W STATIONS GIVEN EXTRA FREQUENCIES

Two international short-wave stations in this country were granted extra channels this week by the Federal Communications Commission on a temporary basis pending ratification of the Cairo radio regulations and one of the stations was given a big power boost.

Station W8XAL, of Cincinnati, operated by the Crosley Radio Corporation, was given a power increase from 10 to 50 KW. and modification of license authorizing use of the following frequencies: 21650 and 17760 kc. additional to 6060, 9590, 11870 and 15270 kcs.

Station W2XE, New York, operated by the Columbia Broadcasting System, was granted 6170, 9650, 17830 and 21570 kc. additional to 6120, 11830 and 15270 kc. Deleted from the CBS station were 9590, 17760 and 21520.

Commissioner Paul Walker voted against the granting of 17760 kc. to W8XAL because it did not carry the legal clause making the grant on certain conditions.

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RADIO "OUTLAW" CONVICTED IN BOSTON

A series of cases involving violation of the Communications Act of 1934, as amended, are now under investigation by the Federal Communications Commission or pending in the Federal courts throughout the United States, it was announced this week. The latest of such cases to be completed is the case of Harry W. Smith.

Harry W. Smith entered a plea of guilty on October 18, 1938, in the United States District Court, Boston, Massachusetts, to an indictment on two counts charging unlawful radio operation in violation of Sections 301 and 318 of the Communications Act of 1934, as amended.

On the first count the defendant was fined \$50.00. On the second count the Court sentenced defendant to be imprisoned for six months but suspended such sentence and placed the defendant on probation for a period of one year.

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11/4/38

JAPAN PREPARES FOR TELEVISION DEBUT

The Japan Broadcasting Association expects to begin public television broadcasts early next Spring, following removal of JOAK to its new "Radio City" quarters, nearing completion at Uchiseiwaicho, Kojimachi Ward, reports the "Yomiuri", a Tokyo newspaper. A television studio is being provided on the third floor of the new building, and it is expected that antenna for television broadcasts will be erected atop Atago Hill, Shiba Ward, where JOAK already has a transmission plant and aerial for sound broadcasting.

The television antenna, however, requires towers 300 to 360 feet high, because visual broadcasting uses such a high-frequency wave length that will not bend readily over physical obstructions as ordinary broadcast waves do. The ground is being tested now at Atago Hill to see if it will bear the weight of the high towers, but the "Yomiuri" says there is no certainty that the Atago site will be used. A site for antenna towers also has been acquired next to the Japan Broadcasting Association's television research laboratory in Setagaya Ward, says the newspaper, and a large television studio is nearing completion there.

Preparations for preliminary experimental broadcasts are said to be progressing rapidly. A committee of experts recently approved use of the iconoscope, employing a cathode tube, instead of the outmoded mechanical scanning disc, and settled upon a standard of 441 scanning lines per unit, the same as in United States experiments with television.

Actual research is being carried on by a staff of men under Mr. Kenjiro Takayanagi, former professor at Hamamatsu Higher Technical School, Shizuoka Prefecture. The first television broadcasts will employ only one kilowatt of power, although the researchers had hoped to use 20 kilowatts. It is further planned to relay television broadcasts to other parts of the country in the future by means of the co-axial cable especially designed by an American telephone company for television transmission.

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Gano Dunn and Henry C. Bonfig were elected this week Directors of the RCA Manufacturing Company to fill vacancies resulting from the deaths of James R. Sheffield and J. C. Warner. Mr. Dunn is President of the J. G. White Engineering Corporation and Mr. Bonfig is Commercial Vice-President of the RCA Manufacturing Company.

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11/4/38

FASCIST CHARGE AGAINST WHOM IS UNDER INQUIRY

A complaint that Station WHOM, Jersey City, home of Mayor Frank Hague, had broadcast an "Un-American, anti-Semitic" address of a Fascist nature, is under investigation by the Federal Communications Commission, it was disclosed this week.

The FCC voted to grant the station only a 90-day temporary license instead of the customary six months' permit pending the outcome of the inquiry.

Some of the excerpts of the broadcast quoted by the FCC in a release follow:

"We (Fascist Italy) do not stop progress which doesn't recognize individuals in their interests, which doesn't pre-occupy itself with groups, parties, sects, but goes right ahead overturning ideals and everything that stops in front of it in order to triumph * * The problem of race which is confronting Italy constitutes an efficacious reagent not only against the Jews but against all those even though they be Italian who have not yet assimilated Fascist philosophy and thought." "The efficacious reagent came because the Jews and their friends wanted it." "Those who are not with us are against us has been the revolutionary motto of Fascists and this motto has not yet been put back in the attic * * Why have the Jews of the world declared themselves pro-Spanish Communists and against Fascism?" "Jewish anti-Fascism in these last years overstepped its bounds and Italy has run to the rescue - to a just and duty-bound rescue."

Two Commissioners voted to grant the renewal of the license but to continue the investigation. They gave as reasons that the Commission did not have sufficient facts before it at this time to set the renewal of license for a hearing, but were desirous of proceeding with an immediate investigation of the facts and circumstances surrounding the alleged broadcast.

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The Federal Communications Commission this week directed that the effective date of amended Rule 443 be extended from November 1, 1938, to April 1, 1939, insofar as it affects radio stations and operators in the Territory of Alaska, and that the present Rule 443 remain in force in that Territory until April 1, 1939.

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11/4/38

SHEPARD HEARING DELAYED ON EVE OF ELECTIONS

A hearing scheduled for November 4 (today) on complaints against two Boston stations of the Yankee Network - WNAC and WAAB - were abruptly delayed until after January 1st this week by the Federal Communications Commission. Commissioner T.A.M. Craven voted "no" after failing to persuade his colleagues to act at once.

While there were many rumors of pressure being brought from high Administration sources, it was significant that the action was taken just prior to the national elections.

John Shepard, III, who owns the Yankee Network, is alleged to have broadcast editorial attacks on certain political groups in Boston without giving the opposition an opportunity to reply in accordance with provisions of the Communications Act.

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CBS NET PROFIT \$1.53 A SHARE

The Columbia Broadcasting System, Inc., and subsidiary companies this week reported net profit for the nine months ended on Oct. 1 of \$2,606,158, equal to \$1.53 a share, compared with \$3,053,417, or \$1.79 a share in the 1937 period. These figures were determined after expenses, interest, depreciation and Federal income taxes had been deducted and were calculated upon 1,707,950 shares of \$2.50 par value stock outstanding or to be outstanding upon completion of exchange of the old \$5 par value stock.

The consolidated income statement of the System showed gross income for the period from the sale of facilities, talent and wires of \$23,958,344, against \$24,926,421. Time discount and agency commissions amounted to \$6,875,428, against \$7,526,543; operating expenses to \$9,318,012, against \$9,538,911, and selling, general and administrative expenses to \$4,188,570, against \$3,834,191. After these deductions net income for the period before interest, depreciation, Federal income taxes and before miscellaneous income was \$3,576,333, against \$4,026,775.

The Columbia Broadcasting System reported October billings at \$2,389,895, a loss of 4.6 per cent from a year ago, but a gain of 49.2 percent over September. The ten months' total was down to 3.9 percent.

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WHO WILL PAY FOR TELEVISION? ENGINEER ASKS

The quality of television pictures achieved in the past few years has been good enough to interest an increasingly large proportion of the population, but there are still two major questions to be answered, I. J. Kaar, design engineer of the General Electric Company's Radio Division, pointed out in a paper delivered this week in Detroit, before the Fall convention of the Society of Motion Picture Engineers. The first of these - fixing satisfactory television standards - has practically been settled now, he added. The second is a method of paying for the programs.

"Television differs from sound broadcasting very markedly in the importance of standards", said Mr. Kaar. "In the latter the technical quality of transmitted programs can be improved year by year, and while this happens a receiver once purchased is always usable, even though it may become outmoded. The situation in television is quite different. Because of the use of scanning and the necessity of synchronization between receiver and transmitter, if transmission standards are changed, receivers designed for the old standards become useless. Because of this fact no responsible manufacturer would sell receivers to the public until standards were fixed by the industry and sponsored by the Federal Communications Commission.

"It required considerable technical perfection to justify our high standards, but this has now been attained and the essential standards agreed upon. It may be said with some assurance that the last technical obstacle in the path of commercial television, at least so far as the excellence of the picture under proper conditions is concerned, has been removed."

The question of who shall pay for television programs has not been answered, Mr. Kaar said, pointing out that the present broadcasting system, with its commercial sponsors who pay the bill, requires the existence of tens of millions of receivers, with listeners who may be induced to buy the advertised products.

"Such an audience does not exist in television", he said, "and cannot be expected for several years. Of course, no such audience existed in the early days of sound broadcasting, either, and the receiver manufacturers, along with a few others, operated the stations. In those days, however, the thought of something coming through the air, receivable at no cost, was an entirely new one. People were quite satisfied with the new toy as such and program excellence was a secondary consideration. This meant that the cost of broadcasting, as compared to the present, was low. Now the public has been educated to expect a high degree of excellence in program material. In other words, when television is born, it must be born full-fledged as far as program material is concerned. This means great expense, which undoubtedly will have to be borne by the pioneers."

Answering the questions as to how good television will be and how much it will cost means discussing how large and bright the picture will be and how much it will show, said Mr. Kaar.

"The standard high quality television system which will possibly be commercialized shortly will have a 12-inch tube with a picture $7\frac{1}{2}$ by 10 inches. Three, five, seven, and nine-inch tubes will probably also be standard commercial sizes. Compared with the size of a motion picture or even a home movie, these dimensions seem small. However, considering the fact that an audience viewing a television picture will ordinarily not be more than four feet from the screen - and in the case of the small tubes, even one foot from the screen - these sizes do have considerable entertainment value. Nevertheless it is reasonable to expect larger pictures in the best systems of the future.

"The matter of increasing the size of a cathode ray picture presents serious obstacles", Mr. Kaar declared. "As tubes become larger they also become longer, and their overall size becomes such that it is difficult to find suitable cabinets for them which at the same time lend themselves to attractive styling. When the 12-inch tube is used it is invariably mounted vertically in a cabinet, and the picture is seen as a mirror image by the observer. Since a mirror causes loss of light, and possible double images and distortion, it is an undesirable adjunct at best. As a further difficulty, as cathode ray tubes are increased in size, they require more driving power, which is expensive, and higher anode voltages, which cost more and offer shock hazards."

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RADIO SIGNALS SWITCH FREIGHT TRAINS IN SWEDEN

Freight trains are now being switched by radio signals in one of the railway yards of Sweden, according to a report to the Department of Commerce by the office of the American Commercial Attache at Stockholm. Although the equipment is designed primarily for electric engines, it is reported to be adoptable for steam locomotives, the report stated.

A signal arrangement installed in the switching locomotive is operated by radio signals from the switching foreman at his post. The transmitter is also supplied with a telephone, through which the switching foreman can give oral orders or information, the Commercial Attache reported.

The transmitter, which is mounted in a signal shed, is made to transmit wave lengths between 1,000 and 2,000 meters, and consists of a directing generator, a capacity amplifier, and a modulator. The modulator is equipped with a number of varying tone frequencies, one for each separate switching signal.

The trolley wire for the electrical operation of the trains serves as an antenna, the transmitter being connected with the trolley wire by a series of condensers and high tension fuses.

A receiver mounted in the engine has a frame antenna and a signal board for the loudspeaker. The receiver is furnished with a number of selectivity relays.

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EVEN BRITISH ANNOUNCERS' TONGUES SLIP

American radio announcers are not the only ones whose tongues slip now and then over the air. The British, who take pride in their precise enunciations, also have a lapse occasionally to the amusement of the empire listeners.

Prefacing a few samples of these slips, World Radio, organ of the British Broadcasting Corporation, remarks that though the "consistently high standard of the work of the BBC staff announcers tends now to be taken for granted", the announcers do make mistakes which have "all the attractiveness of the unexpected as well as considerable rarity value".

Some of the choice samples follow:

A famous work by Offenbach was referred to as "Orpheus in the Underground."

* * * * *

"You have just heard the Bathroom Orchestra from Pump", said an announcer at the conclusion of a concert.

* * * * *

Another announcer referred to "His Holiness the Pipe"; another to "The Society for the Propagation of the Gospel".

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Describing a volcanic eruption, an announcer once said: "A large area of lager is rapidly overcoming the village."

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Another announcer explained that he would not be able to play the last record in a gramophone recital, because he had just sat on it.

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At the conclusion of a recital of gramophone records, an announcer confessed: "Excuse me, I have got so wrapped up in this that I have gone on seven minutes over my time."

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An Empire announcer, when closing a transmission in the small hours of the morning, apologized for not having made the usual announcement preparatory to opening the session. This, he said, was the result of "partaking of excessive sleep".

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BULLOCK EXPLAINS G-E EDUCATIONAL SERIES

B. W. Bullock, Assistant Manager of General Electric broadcasting, termed the new educational series launched over the Company's two short-wave stations W2XAD and W2XAF in Schenectady this week as an attempt to weld all people into a world citizenship founded on international friendship and understanding.

The initial program, first in a series to be presented four times weekly to radio listeners throughout the world and which will be directed at South America and Europe by the use of directive antennas, was also participated in by R. C. Muir, Vice-President of the General Electric Company and Chairman of its Educational Committee; W. Howard Pillsbury, Superintendent of Schenectady schools; and John Sheehan, Program Manager of Short-Wave Broadcasting.

"One of the functions of short-wave broadcasting", according to Mr. Bullock, "in addition to furnishing entertainment to listeners in other lands, is to broadcast programs that will bring the many peoples of the world closer together.

"As citizens of the world, we are all interested in learning what we can about those of us who, by chance or by preference, live in countries other than our own. So it is that we here in Schenectady have come to feel that one of the important activities we have is that of building programs which tell listeners in other countries what goes on in this part of the world, how we live and what sort of people we are", Mr. Bullock said.

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PRESS WARNED NOT TO "CODDLE" RADIO

The existence and usefulness of radio can be recognized without coddling it with a lot of free advertising, Harry Hughes of Lorain Journal declared in a talk last month before the Ohio Circulation Managers' Association's Fall convention in Columbus, O.

"Personally, I think the figures of newspaper circulation prove that newspapers still hold public confidence", Mr. Hughes said. "There's no reason why we should even dislike radio or seek to injure it, but we should recognize that it has grown up to be a competitor and no longer needs to be spoon fed with newspaper publicity in order to survive."

He urged the treatment of radio as the theatre is treated - as a potential customer, not as a parasite.

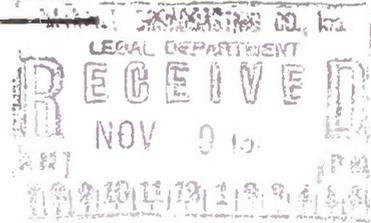
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November 8, 1938

VACILLATING POLICY OF FCC HIT BY CRAVEN IN WTIC CASE

Commissioner T.A.M. Craven last week-end lashed out at the vacillating policies of the Federal Communications Commission after it had established a new precedent by applying a common carrier label to broadcasting stations, thus putting into effect one of the theories of Chairman Frank R. McNinch.

The action in question was the denial of an application of a subsidiary of the Travelers Insurance Co., of Hartford, Conn., for authority to transfer the pioneer station WTIC and four short-wave outlets to another subsidiary. The majority opinion was based chiefly on court decisions dealing with common carriers and the fact that the new subsidiary proposed to absorb a debt of \$1,500,000, which represented part of the cost of radio pioneering incurred by Travelers in developing WTIC.

Three other Commissioners - Sykes, Walker and Payne - supported Chairman McNinch, while Commissioner Thad Brown voted with Commander Craven.

Pointing out that the Commission in the past had repeatedly approved station transfers in which profits above the cost of the actual radio plant were allowed, Commissioner Craven said:

"It is regrettable that the Commission has not yet found it possible to adopt a policy of which it can uniformly apply and to which parties may look for guidance for entering upon such transactions. Businesses under private ownership necessarily change hands from time to time, either directly or through transfer of stock in corporations. In this respect broadcasting is like any other business. I do not think I am over-stating the matter when I say that the basis on which a business, or an interest therein, may be disposed of is of tremendous importance to the investor, and the Commission's policy on this subject will have a lot to do with attracting or driving away capital and the pioneering spirit in the various fields of radio communication. Whatever policy is adopted with respect to broadcast licenses should likewise be applied to licenses for public correspondence by radio because if it is wrong in one case to pay more than the value of the tangible property, then it is wrong in the other."

Commissioner Craven called attention to the pioneer work of WTIC, stating that it had "not only contributed to scientific development of radio but also has rendered a meritorious public service to the citizens of Connecticut by maintaining a high standard of program quality through the development and employment of local talent".

He also pointed out that the corporation's accumulated losses actually amounted to \$2,000,000 but that it proposed to pass along only \$1,500,000.

"With reference to the right to recover losses", he said, "I know of no law or philosophy of regulation in which it is a good public policy to deprive a pioneer of the opportunity to regain the moneys expended for development, when such development has resulted in benefit to the public.

"As to pioneering expenses, the United States has prospered as a result of the encouragement of pioneering, particularly in the fields of science such as are involved in communications. For this Commission to adopt a policy for broadcasting which does not recognize that those who pioneer are entitled to the fruits of their pioneering, will so discourage honest business enterprise that there will result a deterioration of broadcasting service to the public.

"I am aware that there has been developed a doctrine of public utility regulation which does not recognize the right of public utilities to recover pioneering losses. This doctrine has been sustained by the courts in cases involving public utilities having the characteristics of common carriers. However, the Communications Act of 1934 specifies in effect that broadcasting is not a common carrier service. While it is true that the courts have recognized broadcasting stations as being public utilities, I know of no instance in which the courts have inferred that broadcasting stations may be classified as public utilities in the same sense as are railroads, power and light companies or gas companies. Therefore court decisions involving public utilities having the characteristics of common carriers are not necessarily applicable to broadcasting stations, even though the courts have inferred that the latter may be classified as public utilities. A broadcasting station is not necessarily a natural monopoly as are gas companies, power and light companies or city traction companies. Broadcasting stations should be operated in competition, not only locally but also on a regional or national basis. Furthermore, broadcasting stations do not cater directly to the general public as do common carriers. The listening public pays no money to the broadcasting stations which transmit to them radio programs of news, culture and entertainment, and broadcasting station licensees not only are not compelled to sell service to any purchaser, but are required to use discerning judgment in rendering a well-balanced program service to the public.

"Furthermore, in my opinion Congress, when specifying in 1934 that broadcasting was not a common carrier service, recognized that broadcasting was in the stages of early development, not only from a scientific standpoint but also from an allocation and service standpoint. At that time Congress further prohibited a long-term license. In my opinion Congress, in 1934, recognized that further development and pioneering was necessary in broadcasting. While four years have elapsed since this action

by Congress, it is my opinion that the time has not yet arrived where the development of broadcasting justifies the application of common carrier doctrines of rate regulation, either by inference or by direct action. Furthermore, such a policy appears to be illogical because the situation in broadcasting differs so greatly from the situation of common carriers that the same principles of regulation could not be applied with a logical expectancy of successful operation of the broadcasting service.

"A possible further reason for not imposing the doctrines of common carrier regulation upon broadcasting is that Congress clearly intended that while it desired to exercise a control of the application of broadcasting to the service of the public during the early development stages of this new art, it did not desire the administrative branches of the Government to so exercise control as to endanger freedom of speech and the use of radio as a media for public expression of various schools of thought on a fair and equitable basis. Therefore the Commission should proceed with caution in exercising its powers under the guise of public utility doctrines of regulation."

The majority opinion pointed out that in such transfers the Commission must in each instance determine "primarily whether or not a grant thereof would serve public interest, but it is not bound by strict principles of accounting such as would be applicable in rate-making proceedings governing common carriers".

The opinion then cited a number of court opinions, dealing entirely with public utilities, and commented that it is well settled that past losses in operation may not be capitalized in the valuation of property for rate-making purposes. The Commission then called attention to the provision in the Act which holds that radio broadcast media are not common carriers, but adds that the principle expressed in the decisions "is one which the Commission recognizes to be in accordance with sound public policy".

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TWO NEW STATIONS AUTHORIZED BY FCC

New broadcasting stations for Idaho and Texas were authorized last week by the Federal Communications Commission. Construction permits were granted to:

Chester Howarth and Clarence Berger, of Wallace, to use 1420 kc. with 100-250 watts power, unlimited time; Amarillo Broadcasting Co., Amarillo, Texas, to use 1500 kc. with 100 watts power, unlimited time.

In denying a construction permit to the Pacific Radio Corporation of Grants Pass, Ore., the FCC said:

"It is not in accordance with good engineering practice and it is poor allocation to assign a regional frequency to a station to serve a city with a population of but 5,000 with a sparsely settled rural district contiguous thereto."

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11/8/38

ARNOLD DEMANDS HEARING; FCC HIT BY REFORM GROUP

As Chairman Frank R. McNinch again took time out in his "purge" of FCC personnel, due to the exposure of his demand for the resignation of Davis G. Arnold, Chief Examiner, the latter seized the opportunity to demand a complete hearing before the full Commission.

Almost simultaneously the National Civil Service Reform League cited "public distrust" of the FCC and other Federal agencies in support of its plea for an extension of the merit system to all U.S. and State employees.

Mr. Arnold, a Civil Service employee of 17 years, in a memorandum to the Commission said:

"On November 2, the Chairman advised me that it was his desire as well as the desire of the Commission that my services be terminated as soon as possible. I respectfully request that before the Commission acts upon this matter I be given an opportunity to appear before the Commission."

Commenting editorially on the latest "purge" move, the Washington Post said:

"Reports that Chairman Frank R. McNinch of the Federal Communications Commission has demanded the resignation of Davis G. Arnold, Chief Examiner, raises two vital issues. The first concerns the dismissal of Civil Service Employees of long standing without a hearing of specific charges against them. And the second concerns the sloppy methods of selecting personnel which seems to underlie much of the FCC's difficulty.

"Mr. Arnols is a Civil Service Employee of 17 years' standing. If he can be suddenly ousted from his post in the FCC, without a hearing, the protection which the merit system is supposed to afford will mean very little. Presumably Mr. McNinch has positive reasons for wishing to replace a number of FCC employees. Perhaps these changes would enhance the efficiency of the Commission. On the other hand, arbitrary dismissal of Civil Service employees would certainly have a demoralizing effect upon the entire personnel of the Federal Government."

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The Vancouver Radio Corp., Vancouver, Wash., last week was granted a construction permit to build a broadcasting station for operation on 880 kc., with 250 watts power, daytime only.

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11/8/38

MILWAUKEE JOURNAL ASKS TELEVISION PERMIT

The Journal Company, which publishes the Milwaukee Journal and operates Station WTMJ, Saturday filed with the Federal Communications Commission the first application for a license to operate a television station for the purpose of transmitting a regular schedule of programs since the announcement of the Radio Manufacturers' Association that television receivers will be put on the market next Spring.

With the filing of this application, Harry J. Grant, Chairman of the Board of the Journal, made the following statement:

"This step is in line with the long established policy of the Journal Company to at all times give to the people of Wisconsin the benefits of the latest developments in newspaper and radio services as soon as they become available.

"Just as the Journal was one of the first newspapers in Wisconsin to give its readers rotogravure, color gravure and wire photo, likewise WTMJ leads the radio stations of the United States with crystal control and high fidelity. We take pride in being the first individual operator to introduce this new service."

"It is planned to thoroughly study television and its synchronized sound, program technique by telecasting program of every conceivable type and kind through the use of studio talent, film and remote control from the scene of action, and to determine the degree of service which television has to offer to the public.

"We shall distribute, at our expense, at least fifty television sets of various types in homes and public places where the programs may be viewed.

"Program plans will be aimed at developing a schedule agreeable to the people in the greater Milwaukee area with a full realization that the problem of talent is greater in Milwaukee than in such centers as New York, Chicago and Hollywood, and while the proposed station will use film and live talent and remote control direct from the scene of action, particular emphasis will be placed upon the use of Milwaukee and Wisconsin news in pictures by developing the station's own newsreel."

Plans of the Journal Company call for two 1000 watt ultra high frequency transmitters, one for the picture signal and one for the accompanying sound, cameras for both films and studio, and a complete system of amplifiers and control panels permitting an instant switching from one to the other without breaks in the program.

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McNINCH CONFERS ON "MARS" AS NATION RELAXES

Chairman Frank R. McNinch of the Federal Communications Commission this week held a column conference with heads of the three major radio networks on the significance of the CBS broadcast of "The War of Worlds" while the nation relaxed from its fright of ten days ago and began to laugh at itself.

Chairman McNinch personally invited the network officials to Washington to discuss the use of the terms "flash" and "bulletin" in fictional dramas on the air. He pointedly failed to ask his colleagues to sit in on the conference.

Several hours after the conference, he issued a mimeographed release through his own office, ignoring the FCC Press Division, stating in two full pages that the matter had been discussed amicably but that no drastic changes were planned. Mr. McNinch pointed out that the parley was strictly informal and that he was making no effort to exert any form of censorship on radio programs.

Meanwhile, newspaper columnists and cartoonists and even the movies began to kid the public for its outburst following the imaginary Martian invasion via the Mercury Theater, and Orson Welles began to cash in on the publicity he received. He got a sponsor.

Only Editor & Publisher persisted in viewing the CBS broadcast with alarm, contending that it showed up the weakness of radio as a communications medium and the danger of dramatizing news events.

"Broadcasting learned an important lesson last Sunday evening", it said in an editorial. "It learned that news is dynamic, explosive, immediate. The near panic that swept the East as the result of the Columbia-Wells-Welles fantasy on a quiet Sunday evening will not be repeated. News is out as an element of dramatic broadcasts.

"Mr. Orson Welles put his finger on the weakness of radio as a communications medium, a weakness that Editor & Publisher and other newspapers have often mentioned. That is the fragmentary nature of radio intelligence and the fragmentary attention it gets from the audience. To get news intelligibly from the air waves, the listener has to be tuned to the right spot from beginning to end and he has to give to the receiver a degree of attention that few Americans devote to anything.

"The public radio habits which this incident indicate warn that radio is not a reliable means of communicating important news. The inherent human tendency to misunderstand, to see what isn't visible and to hear what isn't spoken, is intensified by the feverish, almost hysterical tempo of radio's urgent bulletins. The fact that they are bulletined gives them an importance that they often do not possess, an importance that is cooled down to

normal in a city room accustomed to emergencies. By the time the reader gets a newspaper bulletin, it is usually explained and qualified to its proper importance. Radio, so far, has expected its untrained listening audience to do that for itself. One result, we judge from newspaper circulations, has been to increase the public's dependence upon newspapers for reliable information."

Because many newspaper men failed to hear the original broadcast, CBS repeated the performance at the National Press Club on Tuesday night via an electrical recording.

President at the McNinch conference Monday were Lenox R. Lohr, President of the National Broadcasting Company; William S. Paley, President of the Columbia Broadcasting System, and Alfred J. McCosker, Chairman of the Board of the Mutual Broadcasting System.

In his invitation, Mr. McNinch said that he wanted the informal discussion to center around "the use of the terms 'flash' and 'bulletin' in news broadcasts, dramatic programs and in advertising messages" because he felt that there might be developing an indiscriminate use of these words which could result in misleading or confusion to the public.

The three network heads were in agreement that the word "flash" is now rarely used by any network, he said after the conference and Messrs. Lohr and Paley agreed that it should be restricted to items of unusual importance or interest.

Mr. McCosker also agreed, for his Station WOR, that "flash" should be restricted to items of unusual importance or interest and that he would submit this matter to the members of the Mutual Broadcasting System for their consideration. This, he explained, was necessary because of the autonomous character of the Mutual network, and he had no authority to speak for the members of that network.

The three network heads saw no reason to alter the present practice in broadcasting news labelled as "bulletins".

"The network heads agreed that the words 'flash' and 'bulletin' should be used with great discretion in the dramatization of fictional events", Mr. McNinch said, "with a view never to using them where they might cause general alarm. It was believed that this could be accomplished without greatly weakening the value of the dramatic technique as such."

Chairman McNinch said that he would hold similar informal discussions with other representatives of the industry.

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PRESS WIRELESS DENIED RADIO-TELEPHONE PERMIT

The Federal Communications Commission this week flatly denied an application of Press Wireless, Inc., for authority to conduct a radio-telephone service in addition to radio-telegraph transmission.

Press Wireless sought to modify the license of Station WCA, Hicksville, N. Y., to provide for the rapid transmission of important events of outstanding news value simultaneously with its happening.

Press Wireless, Inc., is a corporation organized under the laws of the State of Delaware for the primary purpose of rendering radio communication service to newspaper owners, publishers, and the press generally. Its stockholders are the Christian Science Monitor, New York Times, The New York Herald Tribune, The Chicago Tribune, The Chicago Daily News, The Los Angeles Times and the San Francisco Chronicle.

It is the licensee of a number of stations in addition to Station WCA, through which it conducts a world-wide radio-telegraph communication system in the service of the press for which purpose some thirty-nine frequencies are assigned to it. Service rendered by it consists of the transmission of point-to-point press traffic and multiple address press traffic on a secondary basis to various points in the United States, Canada, Europe, The West Indies, Africa, Central and South America, The Pacific Islands and the Far East. A reception service is also provided by applicant through which programs transmitted from foreign countries are received principally for rebroadcast purposes within the United States.

"As developed by the evidence", the FCC stated, "the proposal emerges as the initiation of a general expansion into the radiotelephone field. Applicant would employ this medium to render point-to-point press service, through which a subscriber would be enabled to talk directly to his correspondent for the exchange of textual news; multiple address service; the transmission of Addressed Press Program Material for rebroadcasting, publication in newspapers, or other means of public dissemination; and for control purposes in connection with the reception of incoming programs. Points of communication to which, according to the evidence, it is desired to establish the services initially are Paris, Rio de Janeiro, Montevideo, Buenos Aires, Guayaquil, Panama, Havana, San Juan, Honolulu, Manila and Tokyo. A tentative plan for ultimate extension to other foreign points is disclosed in the record. Applicant's definition of Addressed Press Program Material would include speeches, music, sports, and patriotic events, and sponsored programs which may include advertising. Much of that which is included is classified as entertainment material and intended for the use of broadcasting stations.

"Applicant has available four radiotelephone transmitters, one of which is complete and ready for service. Consequently, the cost of inaugurating radio-telephone service on Station WCA would be incidental and applicant is amply financed to engage upon such operation.

"There is available at the present time through the various facilities of the American Telephone and Telegraph Company and connecting land-line facilities point-to-point radio-telephone communication from the United States to all points proposed to be served by the applicant save Guyaquil. This company and RCA Communications, Inc., Inc., both provide high-quality radiotelephone program service, a wide selective range of frequencies, and their services represent the results of considerable research and experience in the field. Several international broadcast stations render a service, without charge, which is similar in many respects to applicant's proposed program service. For example, National Broadcasting Company's Station W3XAL at the present time transmits United States programs suitable for rebroadcasting abroad from 8 A.M. until midnight. While it is recognized that general broadcasts to foreign countries do not have the coverage of those handled locally or regionally, the international broadcasts may be retransmitted abroad in the manner proposed by applicant and in such case the services are comparable save for the degree of program selection possible in applicant's proposed service.

"Applicant expects through the offering of low cost radiotelephone transmission to produce expansion in the marketing of news and broadcasting programs from the United States to the South American countries, in furtherance of American ideals and interests. It alleges that there are being directed to this region from abroad free transmission of news, political broadcasts and similar material and it urges that its proposal is calculated to aid the American users of its service in meeting this situation. Applicant justifies the inclusion of entertainment and other supporting services to its press traffic on the ground of a claimed need of its customers for rounded programs which will be sufficiently attractive to hold the interest of the listening public. The handling of broadcast programs would also permit utilization of its circuits during news lulls. It is also urged that the technical and administrative details involved in the communication of news to and from certain countries are less complex if radiotelephone methods are used. The foregoing factors might be entitled to some weight if it were otherwise satisfactorily established that the granting of A-3 emission as here applied for would provide a solution for the problems presented. However, the inference which may be drawn from this record is that such need as may be found to exist can only be met by a complete, high-quality and comprehensive service and the showing made is insufficient in this regard."

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: : : TRADE NOTES : : :
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A Washington, D.C., concern selling a correspondence course of instruction in servicing radios has entered into stipulations with the Federal Trade Commission to discontinue certain misleading representations concerning their courses. It is the Sprayberry Academy of Radio, 2548 Universith Place, N.W., Among other things it will discontinue representing that the diploma issued to students covers all matters relating to technical radio theory or practice.

The proposed institutional radio program for retail stores throughout the country which was to feature the New York Philharmonic Symphony Orchestra and which is being promoted by the Columbia Broadcasting System appeared doomed to failure last week since that night was set (Thursday night) as a deadline on the program, according to Editor & Publisher. Late reports were that CBS had struck several snags in promoting the program to local retail stores throughout the nation at a cost to be in the neighborhood of \$1,000,000.

The NBC Transcription Service has undertaken waxing of thirteen 15-minute programs for the use of banks throughout the country, the result of a contract signed with the American Bankers' Association. Banks buying the programs will get the transcriptions from the Association at cost and pay for their own station time. The Association also will attempt to interest the banks through the 600 clearing house associations in the United States.

E. H. Vogel, Manager of the Radio Division of the General Electric Co., sailed for Europe on November 1st for the purpose of studying television facilities, developments, and experience abroad, particularly in England, France and Germany. He expects to be gone six weeks, and in the interval will not only investigate transmitting and receiving equipment but will discuss commercial television experience and plans with various European agencies and G-E affiliated companies.

Edward R. Murrow, European Director of the Columbia Broadcasting System, will be the guest of the National Press Club at luncheon, Thursday, November 10, at 12:30 o'clock. As Columbia's key-figure in Europe, it was his task to direct the CBS network's coverage of the recent crisis in that continent.

The British United Press, working in cooperation with United Press, opened a new leased wire circuit in Canada Nov. 1. Offices were opened in Winnipeg to handle the new service, while an agreement has been reached with the Provincial Telephone System of the Provinces of Manitoba, Saskatchewan and Alberta to provide teletype service of news to radio stations in that area. Nine stations already have been signed.

John J. Karol, CBS Director of Market Research, will leave New York headquarters Thursday, November 10, for a speaking trip to Ohio. Friday, November 11, he will address the Columbus Advertising Club and early the following week he will speak before the Cincinnati Marketing Association. His general topic on both occasions will be research in radio advertising.

"The cut in radio space among the major United States newspapers totals 542 columns, averaging 20 inches to the column per week," according to a survey completed last week by Variety magazine. The average daily ABC circulation of these newspapers aggregates 16,945,950, according to the study. Cities that suffered most severely in the radio publicity cut by newspapers are Washington, Detroit, Chicago, San Francisco, Los Angeles and Seattle.

An experimental television broadcast of an automobile show has been arranged by the National Broadcasting Company for Thursday, November 10, in cooperation with leading automobile manufacturers. Executives of seven manufacturing firms will see and hear a demonstration of their cars through the RCA television system at the NBC headquarters in the FCA Building.

The responsibility of a radio station or broadcasting system for remarks during broadcasts was placed in the same category as that of newspapers for the material they publish, in a \$15,000 verdict returned recently in Pittsburgh, Pa., against the National Broadcasting Co. The verdict was given to the Summit Hotel, of Uniontown, Pa., for an imprompty remark allegedly made by Al Jolson in a broadcast from Radio City three years ago. The hotel had asked \$100,000 damages, claiming that its business was damaged seriously by the remark.

Over-riding the report of its Examiner, the Federal Communications Commission this week approved the sale of Station WCLS, Joliet, Ill., from R. W. Hoffman to L. W. Wood and Walter Ashe for \$30,000. The decision, somewhat at variance with the ruling on the Travelers Insurance Co. case, was favorable despite the fact that evidence introduced showed the replacement value of the station to be \$12,606.21 and the station's balance sheet indicated a net worth of \$13,809.53.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

LEGAL DEPARTMENT

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PRESIDENT, DISPLEASED, TO RECALL McNINCH

Chairman Frank R. McNinch of the Federal Communications Commission will return shortly to his erstwhile job as head of the Federal Power Commission, it was disclosed this week at the culmination of another McNinch purge of three FCC employees and the abolition of the Examining Division.

Mr. McNinch admitted at a press conference that he planned to return to the Federal Power Commission after Arnold G. Davis, Chief Examiner, had quoted the Chairman to that effect in a statement following his ouster. The transfer, it was said, was "in compliance with the President's desire". While Chairman McNinch recalled that he had been lent to the FCC only long enough to effect a "house cleaning", it was learned on high authority that the President has been distinctly displeased with the manner in which he has brought about a reorganization.

Chairman McNinch would not say when he expected to quit the FCC but there were indications that he will retire before Congress convenes. This becomes significant in view of the almost certainty of a Congressional investigation of the Commission.

The latest purge of the FCC Chairman took the scalps of Chief Examiner Davis G. Arnold, G. Franklin Wisner, Press Relations Chief, and Melvin H. Dalberg, an Examiner.

The ouster of Messrs. Arnold and Wisner, both veteran Civil Service employees, had been anticipated, but Mr. Dalberg's name was new on the purge list. It was learned, however, that he had recently gone to see Marvin McIntyre, Secretary to the President, and complained against Mr. McNinch's methods of effecting a reorganization. The story got back to the Chairman, and Mr. Dalberg was dismissed without warning while his colleagues in the Examining Division, except Mr. Arnold, were transferred to the Legal Division.

More disturbing to the broadcasting industry than the actual purge of three FCC employees was the sudden abolition of the Examining Division and the setting up of an unusual procedure for conducting hearings on applications. Without precedent in the Federal Government, the McNinch plan permits any designated employee to conduct hearings and report to the Commission without recommendation. Mr. McNinch said even the secretary could act in such a capacity.

The Commission, which already is burdened with detailed work, will then have to examine the record, together with briefs that may be filed by counsel for the applicants, and reach a decision.

Chairman McNinch, in explaining the plan, admitted that the Commission had been accused in the past of yielding to political pressure when it over-ruled recommendations of Examiners.

Mr. Arnold, in his statement, attacked the move to abolish the Examining Division, pointing out that it "puts the judicial work of the Commission directly under the authority and control of the Legal Department, which in many matters represents the opposition, and which is now headed by William J. Dempsey, 32-year old protege of Thomas G. Corcoran. Mr. Dempsey was made Chief Counsel following the purge last month of Hampson Gary.

The reorganization was effected in a brief interval of a regular Commission meeting as minority members protested they had not been given previous notice of the sweeping proposal and asked for time to study it. They also urged in vain that the ousted Civil Service employees be given a hearing as requested by Mr. Arnold.

Voting with the Chairman were Commissioners Eugene O. Sykes, Thed H. Brown and Paul Walker. Commissioner Norman S. Case, who complained loudly against the ouster of Mr. Arnold, voted with the majority on Mr. Wisner's dismissal.

Commissioner T.A.M. Craven, after a futile plea to the Chairman to give the Commissioners time to consider the proposed reorganization, voted against all motions, as did Commissioner George Henry Payne.

The action widened the rift that has been growing steadily within the Commission since Mr. McNinch inaugurated his purge and assured a Congressional airing of the whole affair early next session.

When questioned at a press conference, Chairman McNinch indicated he stood ready to recommend a shake-up in the Commission itself should President Roosevelt ask for his advice. He denied, however, that he might advocate a single administrator in lieu of the seven-man bi-partisan Commission.

"I do think there are distinct advantages in the centralization of authority", he said, "but I believe that the work under the present set-up would be too much for one man."

The diminutive FCC Chairman stated that he had not consulted President Roosevelt on his reorganization plan. He insisted, however, that he had been given free rein by the President when he was appointed more than a year ago. While stating that the reorganization was on the whole completed, he intimated a few more personnel changes may yet follow.

One of the FCC subordinate officials who was marked originally for the purge, T. G. Slowie, the Secretary, apparently has escaped the axe for the time being because of his political influence on Capitol Hill, where he formerly was secretary to Representative Jacobsen (D.), of Iowa.

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NBC FIRST WITNESS AT CHAIN-MONOPOLY PROBE

The National Broadcasting Company will present the first witnesses in the chain-monopoly investigation by the Federal Communications Commission which will open Monday at 10 A.M. in the departmental auditorium on Constitution Avenue, it was announced this week. The hearing, which is expected to continue for several months, will be conducted by Chairman Frank R. McNinch and Commissioners Thad H. Brown, Eugene O. Sykes, and Paul Walker.

The networks, which will occupy only the first stage of the inquiry will require more than a month to present their testimony. The National Broadcasting Company and the Columbia Broadcasting System will take up two weeks each, it was said, and the Mutual Broadcasting System will need about ten days.

The hearing will be held only four days a week, Chairman McNinch said, so that the Commissioners may have time for other FCC business. After the opening day, the hearings will be held on Tuesdays, Wednesdays, Thursdays and Fridays.

A recess will be taken from November 23rd to November 29th for the Thanksgiving holiday and from December 23 to January 4th for the Christmas holiday.

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SAWYER AND O'CONNOR LOSE; O'DANIEL WINS ELECTION

Charles Sawyer, Vice President of the Crosley Radio Corporation, which operates Station WLW, Cincinnati, lost the Ohio race for Governor on Tuesday to John W. Bricker, Republican nominee. In Texas, however, W. Lee O'Daniel, radio entertainer and flour manufacturer, won the Governorship with little opposition.

Among the Congressional defeats of interest to broadcasters was that of Representative O'Connor, of New York, who as Chairman of the House Rules Committee last session urged a Congressional investigation of radio. After being defeated in the Democratic primary, he ran as a Republican.

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The Federal Communications Commission has postponed the hearing upon the petitions of the telegraph carriers for an increase in rates for United States Government domestic telegraph communications until November 28th.

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TEXT OF ORDER ON REORGANIZATION OF FCC

Following are the principal provisions of the Federal Communications Commission order abolishing the Examining Division and setting up a new procedure for hearing applicants:

"Whereas, in order to provide for the more efficient discharge of the business of the Commission, particularly with respect to the handling of matters involving hearings, it is necessary to effect certain changes in the Commission's procedure and a reorganization of the Commission's staff:

"Now, therefore, it is ordered:

"1. That the following procedure shall be followed with respect to cases designated by the Commission for hearing, unless otherwise specified in the order designating a particular matter for hearing:

"(a) In designating a case for hearing the Commission will specify whether the hearing shall be conducted by the Commission, by a Commissioner, or by a Board composed of one or more suitably qualified employees of the Commission.

"(b) The Commissioner or Board designated as provided above to conduct the hearing shall preside at the hearing and have authority to rule upon the admissibility of evidence and other matters normally and properly arising in the course of the hearing but shall have no power to decide any motion or petition to dismiss the proceeding or other motion which involves final determination of the merits of the proceeding.

"(c) After the close of the hearing the transcript of the testimony taken at the hearing shall be filed with the Commission by the official reporter as provided in the Commission's rules and the Commissioner or board designated to conduct the hearing shall have authority to entertain motions to correct the record made in accordance with the rules, but shall have no further authority with respect to the proceeding.

"(d) Within twenty days from the filing of the transcript of record of the hearing each party to the proceeding shall file with the Commission proposed findings of fact and conclusions of law.

"(e) The Commission will, after considering such proposals of the parties filed as above provided, and the record in the proceeding, file its proposed report or findings of fact and conclusions of law, which shall be public.

"(f) Within twenty days from the filing of the Commission's proposed report or findings of fact and conclusions of law, the parties to the proceeding may file exceptions to the same and may request oral argument.

"(g) After considering exceptions filed and oral argument, the Commission shall file its report or findings of fact and conclusions of law and its order.

"2. That the position of Chief Examiner be hereby abolished. To permit Chief Examiner Davis G. Arnold to take his full accumulated and accrued annual leave, this paragraph shall not become effective until the close of business on January 13, 1939, and commencing November 10, 1938, Chief Examiner Arnold shall be on annual leave status.

"3. That the Examining Department and all of the positions of Examiner (including the position of Assistant Chief Examiner) be hereby abolished.

"4. That the following members of the Examining Department be hereby transferred at their present grade and salary to the Law Department:

Seward, P. W.	Irwin, Robert L.
Hill, George H.	Hyde, Rosel H.
Bramhall, John P.	Berry, Tyler. "

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CRAVEN SEES GRAVE ISSUES IN McNINCH'S SHAKE-UP

Grave danger to the control of the nation's communications and the stability of the Civil Service system were foreseen by Commissioner T.A.M. Craven following the approval by the Federal Communications Commission of the McNinch reorganization plan.

"I regret that the majority of this Commission desired to terminate the services of men who have long and faithfully served this Government, as well as this Commission", he said. "In my opinion the men discharged were efficient and honest.

"Although the public press has been filled with rumors of reorganization of the Commission staff, today was the first official notification of the nature and purpose of the proposed Commission action. I regret that, in view of the ramifications of the action, those individual Commissioners who were taken by surprise were not accorded the courtesy to study the proposals at greater length.

"I am disturbed by some of the factors which appear to be involved in this situation and I feel that our basic difficulties might be the result of the failure of Commissioners acting as a body to properly direct and indoctrinate the subordinate staff of the Commission. I informed my colleagues that I could not agree that the staff should be burdened unfairly with all the blame and that I am ever willing to cooperate with the Commission in an endeavor to discuss all of the available methods for improving the effectiveness and manner of performing work at the Commission.

"With respect to the termination of the services of Mr. Wisner, and the employment of Mr. Ramsey, I voted 'No' because I did not know Mr. Ramsey and had no opportunity to investigate his qualifications and because I felt that the Commission might be in danger of evading the spirit of the Civil Service Act.

"Furthermore, I felt that if the majority of the Commission desired the services of Mr. Ramsey in an advisory capacity for a temporary period, he could have been employed in addition to the present staff.

"I voted 'No' with respect to the abolition of the Examining Department because I felt that grave questions of procedure involving undesirable control of the nation's communication systems might be involved and because I felt that long Government service and excellent record of efficiency should be recognized by this Commission. Moreover, I felt that these men should be given an opportunity to be heard by the Commissioners prior to their severance from the service. Likewise, I am concerned with reference to the effect on Civil Service in Government by action such as that taken today."

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FRENCH GOVERNMENT PUTS CURB ON PRIVATE STATIONS

The French Government has decided for the first time to direct control over a section of broadcasts made by private radio stations in France, according to the American Commercial Attache at Paris.

It is stated in the decision that the Paris private stations, Ile-de-France, Poste Parisien, Radio Cite and Radio 37, and the private stations situated in the provinces, Radio-Mediterranee, Radio-Nimes, Radio-Toulouse, Bordeaux-Sud-Ouest, Radio-Agen, Radio-Lyon and Radio-Normandie must in future maintain very close contact with the French State broadcasting service in regard to all broadcasts concerning political, financial and economic matters. All private stations must send copies of such broadcasts to the French broadcasting authorities daily.

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WISNER SEES BREAKDOWN OF CIVIL SERVICE PROTECTION

A break-down in the Civil Service system was seen by G. Franklin Wisner following his abrupt dismissal by the Federal Communications Commission as Press Relations Chief in the McNinch purge.

"The action of the Commission came as a great surprise to me", he said. "At no time has the Chairman indicated to me he contemplated such action. I paid no attention to rumors that he was after my scalp since at a recent Press Conference he said he did not plan to disturb Civil Service employees.

"Since I have been under Civil Service for nearly 12 years, under the competitive system, serving the Government since the creation of the old Radio Commission, naturally, I have paid little attention to 'purge' stories as they affected my post.

"Furthermore, my record at the Civil Service Commission led me to believe I would be protected from arbitrary and capricious actions. It is evident in this case Civil Service broke down completely and the law was ignored by circumvention. No one under Civil Service can henceforth feel secure.

"Since Mr. McNinch has been Chairman of the Commission he has never discussed with me for one minute my job. He made no effort to find out how I run my office or the problems I was called upon to solve. If faults were found about my actions, as a matter of fairness, I should have been informed so I could have made corrections.

"I came to this Commission with clean hands and I am leaving it the same way. I am very proud of my record here in dealing with the Press and the Public."

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Order No. 28 of the Telegraph Division of the Federal Communications Commission which tentatively approved automatic alarm devices described as Radiomarine Corporation of America "Model AR-8600 Auto Alarm" and "Mackay Radio and Telegraph Company Auto Alarm Type 101-A manufactured by Federal Telegraph Company", until December 31, 1938, has been extended until March 31, 1939.

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ARNOLD TELLS HOW McNINCH ORDERED HIM TO QUIT

The "inside story" of how Chairman Frank R. McNinch demanded the resignation of Davis G. Arnold as Chief Examiner several days before his formal ouster was disclosed by Mr. Arnold in a lengthy statement issued after his dismissal.

"Some three weeks ago I made an effort to see the Chairman and succeeded in conferring with him", he said. "At this meeting I approached the Chairman with all humility and expressed my uneasiness because of the publicity concerning me. I outlined my years of service to the Government, in and out of the Army; the fact that I had come with the Commission with the consent and approval of the President of the United States as I was desirous of getting into more interesting work, even though my transfer would not mean any immediate increase in salary; and that I joined the Commission as Attorney-Examiner at the salary of \$6,000 and that upon the organization of the Examining Department I was made Chief Examiner at a salary of \$6,500; later increased by the Commission to \$7,000. I outlined to the Chairman with great humility my responsibilities and indicated that a man of my age with a Civil Service status, if dismissed by the Commission on the theory of being inefficient, might find great difficulty in later being employed. We discussed what had happened to Mr. Gary, the General Counsel, as to his being offered a new \$9,000 position and I expressed to the Chairman my willingness to resign if the Commission indicated this to be its desire and he expressed his interest and willingness to obtain for me a position elsewhere.

"A few days thereafter there appeared in the public press an article to the effect that 'I had made my peace with the Chairman'. I was later summoned by the Chairman, who was highly indignant because of this publicity, and in spite of my assurances that I had not in any way been responsible for it, his attitude toward me was most unfriendly. At a later meeting he informed me that he had made a contact with General Hines of the Veterans Administration and for me to call upon him. This I did, and General Hines with whom I had served for over twelve years at salaries ranging from \$6,000 to \$7,500, said that he would be happy to have me back but that he could not offer me a position which would carry with it a salary of over \$5,000. On the following day I was summoned by the Chairman, who desired to know my intentions as to accepting the new position offered by General Hines. Upon my stating that I was unable to take a position at \$5,000, the Chairman commented that 'in these days that was a very good salary for a Republican'. The Chairman displayed great indignation that informed me, as he escorted me from his office, that his feeling toward me was no longer one of friendship.

"Shortly after this visit the Washington Post published an article and I was again summoned by the Chairman, who was again most indignant, and although I assured him, as the article disclosed, that I had nothing to say to any reporter and knew

nothing about the source of this information, he demanded my answer as to whether or not I was going to resign. I plead with the Chairman for more time and asked that he await the return of some of my friends through whom I was sure I could obtain a position in the Government which would compensate me at or near my present salary. To this plea the Chairman retorted that he 'must have new faces around here at once' and that this matter must be decided before November 10, in order that he might comply with the President's wishes and return to the Federal Power Commission.

"A day or two later, in order to give answer to the Chairman, I wrote him a personal and confidential note again pleading with him to retain me in my present position, or in the event that this was not possible, that I be retained as an Examiner, if possible at my present salary. On Saturday, November 5th, I was called to the Chairman's office and asked if that was my refusal to resign. At this time I took with me another memorandum to the Commissioners in which I requested that before action was taken to the end that I be dropped from the rolls of this Commission, that I be given an opportunity to meet with the Commission.

"Under Section 6 of the Civil Service Act, Congress provides that a person in the classified Civil Service may not be removed except for such cause as will promote the efficiency of such service and for reasons given in writing, and allows the person whose removal is sought a reasonable time for personally answering in writing. Congress did not, however, permit any examination of witnesses or any trial or hearing, except in the discretion of the officer making the removal.

"My request to the Commissioners was for a hearing before charges were made, and I felt that this request was not unreasonable when coming from a man who had served the Commission for over four years, and as head of a department which had not been in any way criticized by the Commission. Three of the four Commissioners now acting with the Chairman have been heard to speak with commendation of the services of the Examining Department and the Chief Examiner. Action by the Commission to remove me without some word of advice or caution first being given by the Commission or to any conditions desired to be remedied would seem to be most unreasonable and unfair."

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Neville Miller, President of the National Association of Broadcasters, and Frank R. McNinch, Chairman of the Federal Communications Commission will speak Saturday, November 19th, at White Sulphur Springs, W. Va., where a district meeting of the NAB will be in session. Their addresses, however, will deal with national phases of radio, rather than local. The addresses will be broadcast.

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11/11/38

INDIA TO TRY EDUCATIONAL BROADCASTING

A new experiment in school broadcasting is about to be put into effect by the Calcutta station of a large radio broadcasting company, according to a report received by the Department of Commerce from the office of the American Commercial Attache at Calcutta.

Under the plan, lectures will be given by professors and specialists for 45 minutes on Mondays and Thursdays of each week. The subject of these broadcasts is to attempt to supplement the work of the school in the more general and imaginative side. There are some 64,000 schools in Bengal, and perhaps before long each of these will be fitted up with a receiving set, the report stated.

The educational subjects will include Nature Study, Biology, World History, Current Events, English, Hindustani, Geography, Civics, and Music. It is also intended to give a feature program every fortnight. If a sufficient number of schools are willing to organize, drill classes and physical instruction will be given by radio every morning, according to the report.

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PARAMOUNT TO ENTER TELEVISION FIELD

Hollywood, which has been watching the development of television as a possible competitor of the movies, heard an announcement last Monday from Stanton Griffis, Chairman of Paramount Pictures Executive Committee, that his studio had entered the television field, according to the Associated Press.

"Television is bound to be a tremendous factor in entertainment", he said. "Paramount recognizes its development is placing upon the motion picture industry a responsibility that is virtually an obligation to the public."

The Allen B. Dumont laboratory, practically a subsidiary of Paramount, was understood to be now building a television transmitter at Montclair, N. J., and expects to have it in operation by January, Mr. Griffis said. It would have receiving sets on the market next month to cost between \$150 and \$200 each, he added.

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MBS OCTOBER 1 BILLINGS SET NEW MARK

A 45.7 percent increase in time billings for last month is reported for the Mutual Broadcasting System in comparison with October 1937.

Total billings for this month in 1938 were \$347,770.61, marking the largest individual month's billings in the history of the network. October, 1937, billings totalled \$238,682.77.

A 33.8 percent increase in time billings for the first ten months of 1938, is also reported at this time. Total billings for this period in 1938 were \$2,322,026. For the first ten months of 1937 they were \$1,735,255.63.

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RCA NET PROFIT SHOWS DECLINE FOR 1938

Net profits of the Radio Corporation of America for the nine months of this year showed a decline as compared with the corresponding period of 1937 from \$6,599,111.84 to \$4,368,823.56, David Sarnoff, President, disclosed this week in a statement.

The net profit of RCA for the third quarter, however, was \$1,616,449.28 as compared with \$1,951,726.20 for the corresponding period last year.

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NBC OCTOBER BILLINGS RISE 13.0%

Expenditures of NBC clients for last month rose 13.0% over October, 1937, continuing the climb of gross billings for the eleventh successive month. The percentage change from September, 1938, was +26.7, while the percentage change of the first ten months cumulative total was +6.5 over the comparable period a year ago.

The tabulation follows:

October, 1938	September, 1938	October, 1937
\$3,773,964	\$2,979,241	\$3,339,739
First 10 months 1938	First 10 Months 1937	% Change
\$33,676,688	\$31,630,854	+6.5

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FCC HEARING WON'T BLOCK CONGRESSIONAL PROBE

Despite the hopes of some of the Federal Communications Commissioners, the current chain-monopoly investigation will not prevent an inquiry into the FCC and the radio industry by Congress next session, according to well-informed sources.

The FCC inquiry, although ordered last Spring, has been postponed several times so that it will now continue well into the 76th Congress. Chairman Frank R. McNinch indicated that the FCC's recommendations may not be ready until well into the Spring, when Congress will think about returning home.

The new Congress is expected to be less subservient to the will of the Administration than was the 75th Congress and critics of the New Deal in radio, as in other fields, will have a stronger backing in both major parties.

Senator White (R.), of Maine, already has indicated he will reintroduce his resolution calling for a broad investigation of the FCC and the radio industry, and similar legislative moves are expected in the House.

The recent FCC "purge" may well be the torch that sets off the Congressional inquiry because of the election of a number of members of both Houses whom the Administration sought unsuccessfully to "purge".

Whether Chairman McNinch will still be at the helm of the Communications Commission when the investigation begins is somewhat conjectural at this stage. At his last press conference, he said his job of reorganization was nearly completed and that once it was finished, he would return to the Federal Power Commission. Persons close to the White House said President Roosevelt was displeased with his failure to bring about an effective reorganization without arousing public resentment and dissension within the Commission.

In a radio address over the three major networks last Saturday night, however, Chairman McNinch said he is not preparing to quit the FCC in the near future and indicated he may stay through the next Congressional session.

Washington columnists, obviously fed by McNinch supporters, carried vague reports that the President was considering ousting Commissioners George Henry Payne and possibly T.A.M. Craven because of their stand against the McNinch purge.

There appeared little basis, however, for the belief that Commander Craven is in the bad graces of the President, whom he has known intimately since the days when Roosevelt was Assistant Secretary of the Navy.

Moreover, it was pointed out that any executive move to remove any member of the FCC would be resisted and bring the long-smouldering row within the Commission to a head in such a fashion that the Chairman and his supporters might get the worst of it.

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SARNOFF URGES SELF-CONTROL FOR BROADCASTERS

Voluntary self-regulation of radio programs and broadcasting policies by the combined efforts of broadcasters was proposed Monday by David Sarnoff, President of the Radio Corporation of America, as the first witness in the chain-monopoly hearing now being carried on by the Federal Communications Commission.

Citing the undemocratic control of radio in dictator-ridden countries of Europe, Mr. Sarnoff made a plea for continuation of the freedom of the air in this country.

"The fate of broadcasting in other nations and the attacks on democracy throughout the world clearly indicate the necessity for finding a democratic solution for the problems of the American system of broadcasting", he declared, "a solution which on the one hand will enable us fully to meet the social obligations of radio, and on the other will protect our traditional freedoms.

"I would therefore like to take this opportunity to advocate to the broadcasting industry that it establish a voluntary system of self-regulation in its field of public service, and that it take the necessary steps to make that self-regulation effective.

"My recommendation is that the experience of the different groups within the industry should now be combined and correlated. An industry code should emerge that advances beyond all previous standards. In writing it, the industry should gather the views of broadcasters, of groups representative of public opinion, and of this Commission.

"After the code is formulated, the public should be made thoroughly familiar with it. All broadcasting networks and stations should be invited and encouraged to adopt it. It should be subjected to periodic review by the industry, and kept up to date. It should be administered by a suitable agency representative of the industry.

"I make this recommendation in the belief that such self-regulation is the American answer to an American problem."

Touching upon television, Mr. Sarnoff disclosed that the Radio Corporation of America has already licensed sixty-five radio manufacturers to make use of its invention and stood ready to sell visual transmitters to whomever cared to buy.

Far from opposing "changes in a changing art", Mr. Sarnoff asserted, none knew better than did he that improvements were possible. In the solution of Radio Corporation and National Broadcasting Company problems he invited suggestions from anyone and help from the Commission.

He spoke for both, he said, "because NBC is wholly owned by RCA and consequently NBC is owned by a quarter of a million stockholders", no single one of whom, he added, owned "as much as 1/2 to 1 percent of RCA stock".

Under its by-laws, he continued, 80 percent of the voting stock of RCA is owned by American citizens, and about 95 percent of its outstanding stock is held in the United States.

If only on the profit basis, he declared, RCA, as the largest distributor of radio receiving sets in the world, is "more largely, more selfishly, interested in the best possible broadcasting than is anyone else".

Others who spoke in behalf of RCA and NBC on the opening day were Frank E. Mason, Vice-President of NBC, who described the network's personnel organization, and George Engles, Vice-President and Managing Director of the NBC Artists' Bureau.

Several letters written by Mr. Sarnoff years before the advent of broadcasting were read into the record and showed how accurately he anticipated the present era. He first conceived a "radio music box" in 1916 and organization of a broadcasting network under RCA and other electrical manufacturers in 1923.

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U. S. DELEGATION TO RADIO PARLEY NAMED

The State Department announced this week the appointment of the following delegation to represent the United States at the Central American Regional Radio Conference to meet at Guatemala, capital of the Republic of Guatemala, on Nov. 24th.

Fay A. Des Portes, American Minister to Guatemala, Chairman of the Delegation; Harvey B. Otterman, Divisional Assistant, Department of State, Vice Chairman; Lieut. Col. David M. Crawford, United States Army, Signal Corps, Office of the Chief Signal Officer; Lieut. Comdr. Mervin W. Arps, United States Navy, District Communication Officer, Fifteenth Naval District, Balboa, C.Z.; Gerald C. Gross, Chief of the International Section, Engineering Department, Federal Communications Commission.

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McNINCH DEFENDS "PURGE" OVER 3-NET HOOK-UP

Having encountered unfavorable press reaction to his recent "purge", Chairman Frank R. McNinch, of the Federal Communications Commission, Saturday night spoke for a half hour over the combined three major networks - NBC, CBS and MBS - in defense of his reorganization plan.

The time was donated by the networks. Although Mr. McNinch has stated publicly that he favored open forums on the radio for pro and con discussions, no corresponding time was offered the FCC employees and "certain newspapers" which the Chairman criticized in his speech.

"Thirteen months ago President Roosevelt presented me with the opportunity - and the challenge - to help to guide the development and the use of radio, as Chairman of this Commission", he said. "The assignment was broader than that, for the Commission must deal also with problems of the telephone and the telegraph. But the task of which I will speak tonight is that of charting a course of constructive regulation and the formulation of policies for the guidance of the broadcasting industry.

"I am still working, with my associate Commissioners, on that task. I am going to stay with it until it is done, to the satisfaction of the President, and I hope of the Congress and of others who are most concerned. It is, of course, true that after the job is done, and the President is ready to entrust it to other hands, I hope to return to the Federal Power Commission from which I came. That, however, will come after but not before my important assignment here is finished. And before I leave I hope and firmly believe that my associates and I will have gone a long way towards solving the immediate problems that confront us. In this we will be aided by the reorganization and the reforms within the Federal Communications Commission that we have now about finished putting into effect.

"Now, first, what was wrong, and why was there any need for reorganization or reform? I was told at the outset that many things were wrong. There was a scramble for licenses and renewals of licenses. Many of the applications were contested, sometimes bitterly, as they are still and perhaps always will be. To deal with this difficult situation, the Commission had a staff which was not coordinated. Responsibility was divided and not centered squarely upon the whole Commission, as I felt, and the Commission concluded, good administrative practice required. The work on cases was far behind and there was an accumulation of undecided license applications. During the year we have decided over 400 of such cases.

"The arrangement for the conduct of hearings on license applications was such as to keep the hearings remote from the Commissioners upon whom responsibility for final decisions rested. An applicant for a license, or his attorney, would usually know

in advance what member of the staff would hear the application. He was in a position to approach this staff member - an Examiner - or have others approach him, and attempt to bring influence to bear. He might learn in advance what the recommended decision was, or was likely to be, before the Commissioners ever saw any papers in the case or gave any consideration to its merits.

"Some members of Congress interviewed privately members of the Commission or staff members, submitting information or recommendations without putting any supporting evidence into the records.

"When cases at last came before the Commission the Commissioners were not always certain whether the Commission had all the pertinent information. And it was not certain whether the proper relative weight had been given to such information as was presented. I do not know of any attempt deliberately to mislead the Commission. But I do know that many of the cases which came up were not in a form satisfactory to a conscientious Commissioner eager to deal out equal justice and guard the public interest.

"There were many rumors afloat that Commission action was being influenced through persuasive approaches to some members of the staff.

"To correct such bad conditions as were known to exist, and to prevent the possibility of those that were rumored or suspected, a number of steps were taken. As Chairman of the Commission, I proposed reforms. Always most of the Commissioners, and at a few times all of them, cooperated with me. Always the changes were ordered, of course, by vote of the Commission.

"There has been no undue haste and I am confident no ill-advised action. My task, as I have indicated, was particularly to help chart a course of constructive regulation and the formulation of policies.

"In charting the course, and especially in reorganizing the Commission staff where it needed reorganizing, we have not been precipitate. I knew very little about radio when I came. Who does? I took time to inform myself fully about each phase of the subject. As many of you know, radio means not merely the broadcasts you hear every day, but communication between ships at sea, and between ships and the land. Then there are the networks of police communication, the more than 40,000 amateur 'hams', the direction beams, and weather reports for aviation, and the experimental television and facsimile transmission. In addition to radio, the complex regulatory problems of the telephone and telegraph fields have been delegated to the Commission. I had to look into them too.

"I was sure it would be a mistake to wade right in and institute sweeping changes without knowing precisely what was wrong, what delicate mechanisms I might kick over, and how the changes would affect the public service".

"I have read stories to the effect that the present Administration sought to and even did influence the Communications Commission in the administration of its regulatory duties for partisan, political purposes. I want to nail that canard squarely on the head. I have been Chairman of the Commission for thirteen months, and during the nation-wide campaign leading up to the elections last Tuesday. And I say to you categorically, without qualification or reservation, that not a single suggestion of political favoritism has come to me from anyone in the White House or the Administration nor from any political organization.

"Furthermore, neither the President nor any member of his family nor any of the secretaries to the President nor anyone who even pretended to speak for the President or the White House has ever made the slightest suggestion to me about granting any license or denying any license. Any assertion to the contrary is a bald misrepresentation.

"But, while the President has never discussed with me the matters referred to, he has discussed with me ways and means and possible policies to make radio thoroughly democratic and to guard against its becoming an instrument of injustice of unfairness to any and all political parties, to any racial, social, economic, labor, producing or business group, to any minority or any class. He has spoken to me of determination to preserve the right of free speech of a free press and liberty of thought. The President's wish is that radio shall continue to make increasing contributions of entertainment and instruction toward a better way of life for all, even the most illiterate and humble. I need hardly add that I share fully all these aims.

"The President's interest in the broader aspects of radio's present and future, as distinguished from its license or quasi-judicial aspects, is rooted in his responsibilities as well as in his interest in free Government. It is he who has the primary responsibility for appointing the members of the Communications Commission and designating their Chairman as well. He may replace the Chairman at any time, designating a new one.

"Now, what about Federal censorship? Is the Government going to blue-pencil the dance programs, and the crop reports and the bed-time stories? I wish to make my own position very clear on that; and I don't know of anyone who takes the contrary position. . . .

"Obviously the power of censorship and selection must be lodged somewhere and the broadcaster is the one to exercise this power and answer to the public for the manner in which he exercises it.

"Censorship by the Communications Commission or by any other Governmental body is, in my opinion, impracticable and definitely objectionable. It runs directly counter to the genius of our democracy."

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11/15/38

EUROPEAN WAVE PROBLEM CONSIDERED AT BRUSSELS

The International Broadcasting Union, which groups together nearly all European broadcasting organizations and the principal broadcasters overseas is meeting at Brussels from November 7th to November 19th.

The main object of the meeting is to prepare the draft of a new plan of distribution of the broadcasting waves among the countries of the European zone. This task was entrusted to the International Broadcasting Union by the Conference on Wireless Communications held at Cairo last Winter.

The changes made by the Conference in the range of waves reserved for broadcasting, on the one hand, and the rapid growth observed in Europe both in the number and power of stations, on the other hand, render urgent a revision of the plan adopted at Lucerne in 1933, for the latter no longer entirely corresponds to the needs of the present situation and its possible developments in the near future, according to the Director of the International Broadcasting Office, Geneva.

The report as prepared by the Union will serve as a basis for the work of a European Conference of Governments which will be held in Switzerland in February next, for the final revision of the Lucerne Plan.

Today (November 15) there was to be opened by the Minister of Transports, of Posts and Telegraphs, and of the I.N.R. of Belgium, the new technical Observation Station of the Union, which has just been constructed, with the cooperation of the broadcasting organizations of twenty-five different countries.

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S-W DIRECTION FINDER INVENTED IN PARIS

Pierre Lavarde, Chief Engineer of the Societe Anonyme des Industries Radio electriques (S.A.D.I.E.), 5 rue Lalo, Paris, has stated that his company has developed a new special antenna which, with a device, can be used as a radio direction finder, using short and very short waves (between 38 and 60 megacycles), according to the American Commercial Attache, Paris.

According to the engineer, this apparatus is very easily operated, much more so than the long-wave type of direction finder, and precludes all possibilities of error in bearings. It is built to be installed anywhere and is not affected with night error. The French Air and Marine Ministries have ordered several of these units, after having tested them to their satisfaction.

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FARNSWORTH FORESEES FOOTBALL VIA TELEVISION

Fires and football games may be brought into the home as news by television in the near future, Philo T. Farnsworth, a pioneer in television experiments, said this week in an address at Rochester before the Fall conference of the Institute of Radio Engineers and the Radio Manufacturers' Association. He told of the possibilities of bringing events to homes, "as soon as a truck can get to the scene", with his new vacuum tube which employs nothing more than a camera lens to complete it as a "sight microphone or an electrical camera".

Displaying the tube, he explained that, coupled with an F 2.5 lens of nine-inch focal length, the device could send impulses through a portable transmitter to a central station for retransmission. He called the tube "nothing more than the film of a camera". Lens could be interchanged so that a "camera" on top of a stadium press box could pick up field action with a telescopic lens.

The new tube also cuts down the amount of light needed in a studio or out-of-doors for transmission. He valued it at \$500.

Two trucks equipped with television cameras would be in use on the New York World's Fair grounds, Mr. Farnsworth said. These would show the possibilities of the television sets which are to be put on the market in April, 1939, priced at \$150 up, according to announcements of the radio manufacturers.

The paper he read, entitled "Image Amplifier Pick-Up Tubes" was prepared by Mr. Farnsworth and his associate, B. C. Gardner, both of the Farnsworth Television Company, Inc.

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TEACHING TASTE IN RADIO HELD SCHOOL PROBLEM

The task of teaching young radio listeners to discriminate and interpret is one of the new responsibilities thrust on the school room by radio's increasing popularity among children, according to I. Keith Tyler, Assistant Professor and Research Associate in the Bureau of Educational Research, Ohio State University, who spoke last week at the eighty-fourth annual convention of the New Jersey Teachers' Association, meeting in Atlantic City.

"Boys and girls are now listening to the radio more than two hours a day", he said. "Their attitudes are being affected, their tastes altered and their understanding of life developed by this experience with the radio. We must develop

their abilities to discriminate and interpret. Our loudspeakers pour out a withering barrage of political, economic and social propaganda; a flood of verbose sales talk and great quantities of mediocre clap-trap.

"To distinguish the artistic, the lasting and the genuine from this miscellaneous heterogeny requires training. To detect propaganda, hidden assumptions and glittering generalities requires guidance. To withstand clever psychological sales appeal requires consumer education."

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 ::: TRADE NOTES :::

First radio advertising in Great Britain for motor oils has just been launched by the Vacuum Oil Company, Ltd., with the first of a series of programs for Mobiloil broadcast from Radio Normandy, France, according to the New York Times. The Radio Department of Erwin, Wasey & Co., Ltd., booked the series with the International Broadcasting Company and is responsible for the production.

Harry C. Butcher, Vice-President of the Columbia Broadcasting System, Washington, was toastmaster at a luncheon given this week by friends of George E. Allen, former District Commissioner, to "celebrate" his resignation. Mr. Allen was given a good-natured roasting and then handed the bill for the lunch.

Claiming she suffered a nervous shock by listening to a radio-cast describing an imaginary invasion from Mars. Sara E. Collins has filed suit for \$50,000 damages against the Columbia Broadcasting System of California and others, at Los Angeles.

Restriction of patented devices and its effect on the national economy will be the first order of business of the Congressional-Executive Monopoly Investigating Committee, Senator O'Mahoney, its Chairman, said after a conference with President Roosevelt Monday.

Senator O'Mahoney said the Committee probably would begin hearings the first week of December and would continue in session, after an adjournment for the Christmas holidays, for "as long as is necessary to tell the story". Government investigators now engaged in making studies on which the inquiry is based, will be the first witnesses to testify, the Senator said.

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11/15/38

MACKAY, HEAD OF POSTAL TELEGRAPH, DIES

Clarence H. Mackay, capitalist and Chairman of the Board of Postal Telegraph Cable Co., died Saturday night at his home in New York City. In poor health for several months, Mr. Mackay underwent an operation for appendicitis in December, 1937, but was reported to have come through it satisfactorily. In July of this year he returned to the hospital for a general examination. On Tuesday he was taken to his New York home from his estate at Roslyn, Long Island. He was 64 years old.

Ambition to enlarge the telegraph and cable system inherited from his father dominated the business career of Clarence H. Mackay. With the huge Mackay fortune, which originated in the famous Comstock lode, at his command, he devoted his efforts constantly to that end. He eventually extended the message service of his telegraph and cable companies to approximately three-quarters of the distance around the earth.

In 1928, the Postal Telegraph-Commercial Cables Companies and the International Telephone and Telegraph Corporation effected a \$300,000,000 merger, Mr. Mackay, President of the Mackay system, and Sosthenes Behn, President of the International Telephone and Telegraph, pooling their interests. This operation merged telegraph, cable, telephone and radio systems on a scale never previously attempted. Shortly before this merger, Mr. Mackay had announced that his companies, the Postal Telegraph, the Commercial Cables and the Mackay Radio and Telegraph Company had acquired control of the high-powered transoceanic radio station at Sayville, L.I.

This acquisition of the Sayville station for Atlantic ship-to-shore service completed the radio system which was started by the Mackay companies in 1927, when they acquired the Federal Telegraph Company's properties on the Pacific Coast and started Pacific ship-to-shore service, with direct land wire connections. In the Summer of 1931, Mr. Mackay, as President of the Mackay Radio and Telegraph Company, announced that two factories had been acquired in Newark, N. J., for the manufacture of an international radio broadcast receiver and of high-powered vacuum tubes for transmitting purposes, and for radio development and research work.

In 1930, in his annual report as Chairman of the Board, Mr. Mackay showed the wide expansion of radio communication the Postal Telegraph and Cable Corporation had developed, and reported that approximately \$10,000,000 had been spent in one year in extending communication facilities throughout the world.

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RADIO BUOY DEVELOPED BY LIGHTHOUSE SERVICE

Ever since the first SOS flashed across the seas, radio has been making repeated contributions to the safety of ocean travel. First the wireless communication, then the radio beacon and direction finder took many of the hazards and uncertainties out of marine voyages.

Now comes the United States Lighthouse Service with a new development that promises to make harbors and inlets, where many minor accidents occur, safe in any kind of weather.

A small transmitter that is fitted to occupy a standard buoy shell has been designed and built secretly by Lighthouse Service engineers and shortly will be given a practical test along the Atlantic Coast line. Built in Detroit, it has been brought to Washington for inspection by Lighthouse Service officials before being given its baptism.

Because of the traditional policy of the Lighthouse Service to withhold information on its new developments until they prove their worth, details of the radio-equipped transmitter are being closely guarded. However, it was shown to superintendents of the service at a recent conference in Washington.

Once the radio buoy passes a rigid test, bids on its construction will be asked of radio manufacturers, it was said.

Of rugged construction, the transmitter is built to withstand both the knocks of an angry sea and the salt air. It is water-proof and derives its power from specially designed storage batteries, capable of operating the miniature radio station for several months without human care.

The transmitter itself will be sunk into a buoy and may be removed for battery replacements by lighthouse tenders. Atop the buoy will swing a 15-foot antenna that will send out a steady signal, capable of being picked up within a radius of from 12 to 15 miles.

The compact radio unit is the product of several years of experimentation. If the present transmitter proves practical, the Lighthouse Service will ask radio manufacturers for bids on the specified design. Then the buoys will be placed at strategic points in harbors and inlets all along the nation's coasts.

The Lighthouse Service now maintains more than 12,000 buoys. Some of these are equipped with lights that flash signals at intervals of a few seconds. Others have bells or whistles

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that suggest their location in fogs, but navigation under such conditions is inaccurate to say the least.

The radio-equipped buoy, however, will offer the first buoy that will be equally useful in all kinds of weather, day or night.

Like the radio beacon in the lighthouses, the transmitter will be available to any mariner whose boat is equipped with a direction finder. Of course, it will not have the range of the lighthouse beacon, which sometimes is picked up several hundred miles off shore.

As visualized by its developers, the radio buoy will complete a modern integrated system of radio alarms and signals skirting the United States coast lines.

A vessel may depend upon the larger beacon for its position and for guidance until it comes within sight of a harbor or inlet. Then it could turn its direction finder to the buoy and follow a safe course in to its destination.

At present only passenger vessels of 5,000 or more tons are required by law to carry radio direction finders, but their usage is rapidly increasing among even smaller boats. There are close to 900 ocean vessels flying the American flag now equipped with direction finders, according to the Federal Communications Commission, and nearly 200 ships that ply the Great Lakes.

The buoys will be maintained by the present lighthouse tenders, and the engineers who designed the radio transmitter believe that it will need to be serviced only every three or four months.

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CASE TALK WITH F.D.R. SCOTCHES RUMORS

A conference between Commissioner Norman S. Case and President Roosevelt this week at the White House, from which Mr. Case emerged smiling, was seen by White House correspondents as putting a new slant on the inter-Commission row.

Rumors that Commissioner Case might not be reappointed when Congress convenes were believed scotched by the visit although Mr. Case declined to discuss the nature of the conference.

An effort by the President to obtain the point of view of some of the FCC members who have differed with Chairman Frank R. McNinch also was seen in the White House visit.

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FCC MAKES RULES FOR NEW PROCEDURE ON HEARINGS

While the Civil Service Commission was conducting an investigation of the recent "purge" to determine whether or not any rules or law had been violated, the Federal Communications Commission this week adopted rules putting into effect the new procedure for conducting hearings on applications of broadcasters in lieu of examiners.

The first new cases were assigned meanwhile to three lawyers and an erstwhile examiner.

Commissioner T.A.M. Craven, who opposed the abrupt abolition of the Examining Division, refrained from voting on the new rules. Commissioner George Henry Payne was absent. The other Commissioners voted with Chairman Frank R. McNinch.

The new rules (106.27 and 106.28) effective November 14th, follow:

Rule 106.27

"Except for hearings before the Commission en banc the Commission will provide for the conduct of each hearing by a specific order of reference, and unless otherwise specified in such order:

- "(a) The presiding officer at the hearing shall have authority to administer oaths, examine witnesses, and receive evidence at any place in the United States designated by the Commission, and to rule upon the admissibility of evidence and other matters that normally and properly arise in the course of the hearing, but shall have no power to decide any motion to dismiss the proceeding or other motion which involves final determination of the merits of the proceeding.
- "(b) After the close of the hearing the complete transcript of testimony taken, together with any exhibits and any briefs or memoranda of law filed theretofore on behalf of any party, shall be filed in the office of the Secretary of the Commission. The presiding officer at the hearing shall have authority to act upon motions to correct the record, made in accordance with the rules.
- "(c) Within twenty days from the filing of the transcript of record of the hearing, each party to the proceeding shall file with the Commission proposed findings of fact and conclusions which shall be served upon all parties participating in the hearing in the manner provided in the rules.
- "(d) Such proposed findings of fact shall be set forth in serially numbered paragraphs and shall set out in detail and with particularity all basic evidentiary facts developed by the evidence, (with appropriate citations to the transcript of record or exhibits relied on) supporting the

conclusions proposed by the party filing same. Proposed findings of fact and conclusions submitted by a person other than an applicant may be limited to those issues in connection with the hearing which affect the interests of such person. Such proposed findings and conclusions may be accompanied by briefs or memoranda of law.

- "(e) The Commission will thereafter enter its proposed report or findings of fact and conclusions.
- "(f) Within twenty days from the filing of the Commission's proposed report or findings of fact and conclusions the parties to the proceeding may file exceptions to the same which shall point out with particularity alleged errors in said report or findings of fact and conclusions and shall contain specific reference to the page of the transcript of hearing or exhibit on which the exception is based, such exceptions shall be accompanied by a memorandum brief in support thereof, and may request oral argument. If no request for oral argument is made within said twenty day period all parties will be considered as waiving any right thereto.
- "(g) Reply memorandum briefs may be filed by any party to the proceeding within thirty days from the filing of the Commission's proposed report or findings of fact and conclusions.
- "(h) At or prior to the date fixed for the filing of any exceptions or memorandum brief the party filing the same shall serve at least one copy thereof, as provided in the rules, upon all other parties to the proceeding, and no exceptions or memorandum brief will be accepted or considered by the Commission unless accompanied by an affidavit showing this requirement has been met.
- "(i) Fifteen copies of any proposed findings of fact and conclusions, exceptions, or memorandum briefs filed in connection with any hearing shall be filed with the Commission.
- "(j) After oral argument, or in the event oral argument is waived, after the expiration of the time for filing memorandum briefs the Commission will file its report or findings of fact and conclusions and its order.

"Rule 106.28

"The authority to perform any act in connection with a hearing vested in a 'presiding officer' under these rules shall be vested in a majority of the persons conducting the hearing if the hearing is conducted by more than one person."

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CUNNINGHAM ENDORSES McDONALD'S TELEVISION VIEW

E. T. Cunningham, former President of the RCA Manufacturing Company, has endorsed the publicly-expressed views of Comdr. E. F. McDonald, Jr., President of the Zenith Radio Corporation, that television receivers should not be put on the market next Spring as planned by the Radio Corporation of America and other radio manufacturers.

In a telegram to Commander McDonald from Delmonte, Calif., Mr. Cunningham said:

"Agree with you on your published statement on television. Television receivers should not be sold until broadcasters with Federal Communications Commission approval assume definite commitment to provide adequate and continuing program service.

"Radio industry through its association has responsibility to public to advise purchasers of risks based on voluntary programs and experimental cancellable licenses. Hope you will take the lead in this industry responsibility."

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ICKES OPENS NEW STUDIO; HAS NO STATION FOR IT

With a special broadcast over the National Broadcasting Company's network, Secretary Ickes this week dedicated the handsomely-appointed new studio of the Interior Department. Although it was built at a time when Mr. Ickes believed the Federal Government might build either super-power stations for national broadcasting or a Pan American station for international transmission, the studio is unique in that it has no accompanying transmitter.

Programs originated by the U. S. Office of Education and addresses by Government officials will originate in the studio, however, for broadcasting over commercial stations and networks.

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LAST OF EXAMINERS' REPORTS URGE DENIALS

The last of the Examiners' reports came out of the Federal Communications Commission this week after the abolition of the Examining Division. One was written by Melvin H. Dalberg, who was ousted last week.

Mr. Dalberg recommended against the granting of a construction permit to Peter J. Caldarone, of Providence, R.I., while R. H. Hyde, now in the Legal Division, submitted an unfavorable report on the application of the Corn Belt Publishers, Inc., and Ralph W. Dawson to transfer Station WAAF, Chicago.

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CHAIN-MONOPOLY HEARING DRAGS; LONG INQUIRY SEEN

If the first week of the chain-monopoly investigation by the Federal Communications Commission can be taken as indicative of the whole, the inquiry is likely to continue throughout the Winter and perhaps into the Spring.

Only five witnesses from the National Broadcasting Company were heard during the first week, and the network has many more to come. Expected to consume only two weeks, NBC now is expected to be on the stand all of November and possibly longer.

After NBC, several weeks will be taken by witnesses for the Columbia Broadcasting System and then by the Mutual Broadcasting Company. Transcription companies and copyright matters are due to consume more time.

The FCC will take time out for the Thanksgiving and Christmas holidays.

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ROYAL TALKS ON PROFANITY AND PROGRAMS IN FCC QUIZ

John F. Royal, Vice-President of the National Broadcasting Company in Charge of Programs, talked at length on the network's program policies and his own views on profanity as the chain-monopoly inquiry was recessed Thursday until next Tuesday.

Questioned by counsel for the Federal Communications Commission regarding the broadcasting of "Beyond the Horizon", Eugene O'Neill's Pulitzer prize play, Mr. Royal said that the use of such expressions as "My God!" and "You can go to hell for that" were not profane as they were uttered by a deeply religious man.

The FCC cited NBC stations for a hearing after receiving a complaint against the broadcast recently and then renewed all licenses without the inquiry when a public outcry against censorship was raised.

Mr. Royal told the Commission that NBC's program service involves an expenditure of \$100,000,000 a year and that the network spends \$5,000,000 for sustaining programs, not counting overhead expenses.

"We endeavor to give everyone an equal opportunity", Mr. Royal said. "We make provision for it on our own programs, and we insist upon it in the case of commercially sponsored programs."

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Chairman McNinch questioned the latter assertion, and the witnesses supported it by citing the "Johnson case".

"General Hugh Johnson made some critical comments on a book which the young man who wrote it wanted to answer, and time was given him on General Johnson's commercial program, time to do it", Mr. Royal said.

The young man referred to was Ferdinand Lundberg, author of "America's Sixty Families", which was the book criticized by General Johnson.

"Would time be afforded similarly, if requested, for expression of views contrary, for instance, to those voiced by Mr. Cameron during the Ford Sunday Evening Hour", Mr. McNinch asked.

"I can't answer that", Mr. Royal said. "Columbia broadcasts that program."

Under cross-examination concerning the suitability of "Dick Tracy" as entertainment for children, Mr. Royal agreed that it had been the subject of criticism, "justifiably so at times", but that he considered it on the whole "very good". He did not think that any of NBC's "Children Hour" programs were "sensational" or "nerve-racking", nor of a nature unduly to excite children, as alleged in complaints cited by FCC counsel.

"Radio is not to be blamed for all excitable children, or adults", he said.

Questioned by NBC counsel Philip J. Hennessey as to contributions made by NBC to the development of the arts, Mr. Royal cited the NBC Symphony Orchestra with Arturo Toscanini, and stated that now, after only one year, it is regarded by the world's greatest conductor "as a great orchestra".

Mr. Royal was asked by Georger Porter, Assistant FCC Counsel, whether he believed that it was a good policy to ask artists to sign exclusive contracts with NBC. Mr. Royal declared he did, because such exclusive contracts were made only with artists who had special attributes which NBC desired to have identified exclusively with its networks.

"You wouldn't expect to have Babe Ruth playing for the Yankees one day and the Giants the next", he said, "and I wouldn't want Charlie McCarthy on NBC one night and on Columbia or Mutual the next."

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DATA ON ARTISTS, STATISTICS BURY COMMISSIONERS

Numerous exhibits setting forth radio statistics and data on radio artists engaged by the NBC Artists Bureau, Inc., almost swamped the Federal Communications Commission's committee engaged in conducting the chain-monopoly hearing this week.

Daniel S. Tuthill, Managing Director of the Artists Service, explained the role of his bureau in the network organization, while Hugh M. Beville, head of the Statistical Department, produced the charts and tables.

Under cross-examination by William J. Dempsey, FCC Chief Counsel, Mr. Tuthill said that although NBC artists' contracts carry a clause restricting their performance to the NBC network, actually the artists are permitted to appear on rival networks or stations. He added that this had been NBC's policy for the past five years. He could not explain why the clause still appears in the contracts.

Chairman Frank R. McNinch asked him if he would recommend that the exclusive clause be deleted from future contracts. After some hesitation, Mr. Tuthill said he would.

According to a consolidated statement for the year 1937 submitted by Mr. Tuthill, gross revenue from the "sale of talent" totaled \$6,032,274, of which \$5,357,382 was paid out to entertainers, the Bureau retaining the balance of \$674,891, or 8.2 percent, as its fee for management.

Direct operating expenses accounted for \$388,008, leaving a net balance of \$286,822 "for profit and general overhead costs not included in the direct operating expenses of the Bureau".

A breakdown of the gross revenue from sales during 1937 was submitted, showing that of the total income of \$6,032,274, commercial radio advertisers had paid \$4,028,187 for the services of "managed artists", and that this amount included \$3,600,342 for appearances on NBC programs, \$408,805 for engagements with the Columbia Broadcasting Service, and \$17,040 for appearances on Mutual network programs.

Mr. Beville reported a total ownership in the United States of 37,666,666 receiving sets, or 290 sets per 1,000 population.

He told the FCC committee that almost half of the nation's radio families were in the \$1,000-\$2,000 income group. As indicating the importance of radio in the lives of these families, he said that the American family with an income of \$1,160 a year spends only \$30 annually for "recreation", a term which covered, in addition to expenditures for radio sets, participation in every form of entertainment, games or sport.

An average of slightly more than four out of ten of these families which have radio sets use them during the evening hours, Mr. Beville said, with an average listening time per family of four and a half hours a day.

In the number of sets owned, Germany, with 9,807,454, ranked next to the United States; Great Britain third, with 8,479,500, and France fourth, with 4,163,692, followed by Russia and Japan, owning respectively 3,760,400 and 3,402,489 sets.

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CHURCH PROPOSES CODE FOR RADIO REGULATION

Regulation of the broadcasting industry by a code under Federal supervision is proposed by the Department of Research and Education of the Federal Council of Churches of Christ in America in a book, "Broadcasting and the Public", just published (New York; the Abington Press).

The conclusions are based on an exhaustive and impartial study of the problems of Federal regulation of radio.

The code proposal - which is similar to the voluntary self-regulation plan suggested to the Federal Communications Commission this week by David Sarnoff, President of the Radio Corporation of America - is outlined as follows:

"The principle of regulation by codes cooperatively formulated, with the sanction of government, has been found to be fruitful. We believe that it might well be used, under federal auspices, in the radio industry. A prime requirement, of course, is that the building of codes shall be a process in which every agency capable of representing a valid social concern shall participate. On the side of the industry this means owners of stations and networks, management, labor, and the commercial sponsors. On behalf of the community it means the schools, the churches, the libraries, and voluntary cultural associations of all types that can represent a 'consumer' interest. . .

"We cannot fairly demand that the industry be responsive to public need without making provision for the intelligent and considered expression of that need. We believe the most effective way to achieve equity and to maintain liberty is to provide for cooperative action on the part of disinterested groups of educators, social workers, religious leaders, and other cultural associations looking toward the enrichment of radio programs through the assignment of frequencies to those applicants who are most responsive to public opinion and most sensitive to social needs. This would seem to be the most effective means of securing non-partisan, uncorrupted control. Unprejudiced testimony, well documented, publicly given as a matter of right and made a

matter of public record, furnishes, we believe, the best basis for responsible democratic administration of the law in the assignment of broadcasting rights. By such means the administrative process of granting and renewing licenses may become, not an arbitrary procedure, but an important means of selection among factors seeking to mold American culture.

"This, we believe would be the best approach in a democracy to the building of standards. The continual evolution of standards that reflect the intellectual, esthetic, and moral judgment of the community and bear testimony to a will on the part of the industry to be responsive to the demands of the community - this is the heart of the problem of social control in a nation which deliberately rejects an unlimited concentration of power in the hands of government. . . .

"What we are proposing is not a quick panacea. The methods of democratic control are evolved slowly. The initiative must rest with the organized forces of American community life. Our proposal requires the assumption of responsibility on the part of these forces for an educational task. It will not be sufficient that self-appointed or arbitrarily selected spokesmen of various community interests shall undertake to appear at occasional hearings. There is already too much of irresponsible and unconvincing utterance on the part of individuals who fancy that they speak for large constituencies.

"What is needed is that the permanent associations representing business, labor, and professional life and other permanent bodies of citizens having a cultural purpose shall regard it as one of their functions to evaluate broadcasting as a community service. There should be continual interchange of opinion between official, intelligent, and public-spirited representatives of such groups and the broadcasters themselves."

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DEVICE MEASURES AIR SPEED BY SHORT WAVES

A United States Navy physicist has obtained a patent on a device for measuring the speed, distance and direction of moving objects - especially airplanes - by short radio waves moving with the speed of light.

The device as described by its inventor, Dr. Ross Gunn, Technical Adviser for the United States Naval Research Laboratory, should make it possible for an aviator to orient himself at any time with respect to one or more fixed ground stations, or for such a ground station as division headquarters in the course of a batter to locate all its planes remaining in the air.

It is based on a physical principle used chiefly in the past by astronomers to determine the direction and speed of motion

of distant stars and galaxies. This is the so-called Doppler (principle). The wave lengths of light, or any other form of wave energy, emitted by any moving object, such as a star, appear longer or shorter to a stationary observer, depending on the direction in which their source is moving. The amount of this shortening or lengthening depends on the speed of motion.

Thus green light emitted by a star moving away from the solar system at the rate of a thousand miles a second would be slightly more yellowish when it reached the earth than it was originally. Radio waves differ essentially from light waves only in that they are thousands of times longer. They show the same lengthening and shortening effect.

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* * * TRADE NOTES * * *

The first television broadcast from the New York World's Fair was made Thursday after the arrival of the two trucks that represent the "telemobile" unit of the Radio Corporation of America and the National Broadcasting Company, designed to begin public television distribution with the public opening of the grounds. The first ceremony caught by the apparatus and transmitted to the NBC studio was the celebration of the arrival from The Netherlands of 1,000,000 tulip bulbs for the Fair.

William S. Paley, President of the Columbia Broadcasting System, Inc., on October 24th executed a letter terminating the voting trust for Class B shares of the company, it was announced this week. The voting trust for this stock was created by an agreement made in September, 1934.

The first official figures issued since Germany took over the country show that, on October 1, Austria had 643,389 listeners, giving Greater Germany a "listening density" of 14% compared with 14.7% before the union. Total number of listeners in Greater Germany, excluding Sudetenland, is now 10,398,000.

Austrian listeners will continue to pay a monthly license fee of 1.47 marks until April, 1939, when they will be brought into line with the rest of Germany, where the fee is 2 marks a month. Austrian listeners used to pay two Austrian schillings.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

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CENSUS BUREAU FINDS RADIO SALES OFF FOR 1938

Radio retail sales throughout the country during the first half of this year were 22.4 percent under those for the corresponding period in 1937, William L. Austin, Director of the U. S. Bureau of the Census, announced this week.

Releasing a preliminary report on the census survey of business for 1937-38, Mr. Austin stated that 250 sample radio stores over the United States, with aggregate sales of \$8,080,000 in 1937, were 44.2 percent ahead of 1935, the latest year covered by the regular business census.

A comparison with previous census totals for number and sales of all retail radio stores follows:

	<u>Stores</u>	<u>Sales</u>	<u>Change From Preceding Period</u>
1929 Census	16,037	\$561,772,000	---
1933 Census	8,161	113,899,000	-79.7%
1935 Census	4,296	57,152,000	-49.8%

Identical stores included in this survey:

Year 1935	243	5,602,000	---
Year 1937	243	8,080,000	+44.2%
First Half 1937	243	3,897,000	---
First Half 1938	243	3,024,000	-22.4%

All geographic divisions show sales increases from 1935 to 1937. A comparison of the first half of 1938 with the first half of 1937 shows increases of 5.9 percent and 10.8 percent, respectively, for the West South Central Division and the East South Central and Mountain Divisions combined, with decreases for the remaining divisions, ranging from 12.4 percent for the West North Central Division to 36.7 percent for the East North Central Division. The total volume of sales for 1937 was distributed by quarters, as follows: First quarter 21.5%; second quarter 26.7%; third quarter 24.3%; fourth quarter 27.5%.

Of the 243 stores included in the survey, 34 reported no paid employees. The remaining 209 reported payroll, exclusive of the services of proprietors, to the amount of \$1,035,000 for 1937, representing an increase of 34.6 percent over their payroll for 1935. They reported a total payroll of \$459,000 for the first half of 1938, a decrease of 6.1 percent as compared with the same period of 1937. A summary comparison of payroll and sales follows:

	<u>Percent Change</u>	
	<u>Sales</u>	<u>Payroll</u>
Year 1937 compared with 1935	+44.2	+34.6
First half 1938 compared with first half 1937	-22.4	- 6.1

The stores included in this survey constitute a sample of 10 percent in sales and six percent in number of all radio stores shown in the 1935 census. A summary follows:

	<u>Stores</u>	<u>Sales in 1935</u>
1935 Census	4,296	\$57,152,000
1937 Survey	243	5,602,000
Percent Sample	6%	10%

"The data contained in this report were supplied by 243 radio dealers", Mr. Austin explained", who submitted returns for the current Census Survey of Business prior to the closing date. This report is not intended to present a complete picture of the retail radio trade, but rather to provide a reliable indicator of trends since the last regular Business Census. The canvass for the Survey was conducted by mail from lists composed only of stores included in the 1935 Census of Business. Stores with 1935 sales of less than \$5,000, and those which came into existence since 1935 were not canvassed, and those which have gone out of business necessarily are omitted. Reporting for this Survey was voluntary; hence, some stores failed to cooperate or delayed their returns beyond the closing date."

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WMCA TAKES ISSUE WITH FATHER COUGHLIN'S ADDRESS

Station WMCA, New York, broadcast Sunday afternoon, after an address by the Rev. Charles E. Coughlin of Royal Oak, Mich., on Nazi persecution of the Jews in Germany, a charge that "unfortunately Father Coughlin has uttered certain mistakes of fact", according to the New York Times. This statement preceded the usual waiver of responsibility for his broadcasts.

This was believed to be the first time that a radio station had taken issue with a speaker on a sponsored or commercial program. Father Coughlin's address was a commercial program broadcast from Royal Oak over a nation-wide network. The station did not specify the statements with which it took issue and made no transcript available, asserting that no recording had been made.

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"AFTER DINNER SPEECHES" AT CHAIN-MONOPOLY QUIZ HIT

Chairman Frank R. McNinch, of the Federal Communications Commission, criticized some of the "beautifully printed . . . after dinner speeches" that have been presented at the chain-monopoly hearing during the course of a speech at a district convention of the National Association of Broadcasters at White Sulphur Springs Saturday night.

While explaining that the hearing already has produced valuable information, Mr. McNinch said the FCC Committee is not entirely satisfied with the type of testimony it received in prepared statements.

Much of this testimony, he said, has been irrelevant and "chiefly laudatory of the industry",

"We will decide very shortly just what to exclude", he added. "I can promise you that within the limits of human fallibility no line of relevant, factual and dependable evidence will be barred. But we are not going to have 'after dinner speeches'."

Discussing the aim of the FCC in conducting the monopoly investigation, Chairman McNinch said:

"Let no one imagine that this Commission will be technical, that it will merely hunt for such monopoly as might find embodiment in corporate ownership or legal - or illegal - contract. We are deeply anxious to discover whether there is a concentration of control amounting to a practical monopoly. We will study, for example, the effect of control by leases, management controls and other devices. If there is a monopoly, it exists in direct violation of the law and it will be suppressed. If there is no monopoly, then we will examine nevertheless the extent to which there may be developing a centralization of control.

"Our actions will be shaped to the end that there be no centralization of control, that you and your stations retain autonomy within the industry and an adequate measure of self-control in relation to the Government. This self-control, or self-regulation, must of course be harmonized with, or adjusted to, effective regulation by the Communications Commission in accordance with the statute and the policies we establish within the statutory frame. Through self-control of that kind, rather than through any centralized control, you will best serve your communities. In so doing I believe you will also serve best your own interests.

"To determine whether there is any monopoly or any centralization of control and for other reasons, too, we will inquire closely into the ownership and control of broadcasting stations. We will also be concerned with the influence or potential influence which may be exercised over the stations. I believe

this inquiry will yield important results, whatever the showing may be with respect to monopoly. For the first time since the birth of the broadcasting industry we will get a complete record of the ultimate ownership or control or affiliation of every station. Heretofore such information has usually been limited to the identity of the licensee and where the licensee is a corporation, the identity of the stockholders and directors of this corporation. There is reason to believe that when stockholdings and other interests are traced out the actual or ultimate ownership or control of some stations will appear in a different light."

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NAB DISCUSS PLANS FOR PROGRAM IMPROVEMENTS

Agreed that program standards at local radio stations should be raised, broadcasters from four States and the District of Columbia wound up a two-day meeting at White Sulphur Springs last Sunday with a discussion of methods for improvement.

Approximately 35 radio stations in West Virginia, Virginia, North Carolina, Maryland and the District of Columbia, many of them owned by newspaper publishers, were represented. Neville Miller, of Washington, President of the National Association of Broadcasters, spoke.

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RADIO HANGS FROM CHANDELIER IN GERMAN PATENT

A combined ceiling light, radio receiver, and loud-speaker, which is hung from the ceiling like an electric light fixture, is revealed in a patent granted to three German inventors of Berlin, according to World-Radio. The purpose of the ceiling-mounted radio is to conserve room space and eliminate the chance of damage to which table-mounted or floor receivers are exposed.

Tuning is accomplished by long, telescoping shafts, which have tuning knobs on the end. The shafts hang so that all a listener need to do is raise his hand from the chair to tune in the program. When not in use the knobs are pushed upward, telescoping the shafts. In this manner both knobs and shafts are pushed out of the way.

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TELEVISION GADGETS PLANNED; PHILCO SEES ATTACHMENTS

As business circles in New York reported that radio manufacturers are planning to introduce new sets with attachments designed to receive television sound signals, the Philco Radio and Television Corporation this week asserted that converters may be made eventually for attachment to radio receivers.

The New York Times, on its business page of last Friday said:

"In an effort to prevent the obsolescence of radios with the advent of television, several manufacturers will introduce next year's radio sets with special short wave bands, thereby making sound reception from television stations possible. Through a device a television set without sound can be attached to the radio, so that both sound and sight reception will become available to owners of these radios. RCA Manufacturing Company is reported to be working on these new sets and will probably have them ready in April. Other manufacturers are also scheduled to bring them out."

This week Larry E. Gubb, President of Philco Radio & Television Corp., issued a statement which said, in part:

"Can radio sets sold today later be used for the reception of television sound signals?"

"This question is agitating the radio trade and the public today as the result of certain claims which have recently been made in the press.

"Since the answer is both 'yes' and 'no' the subject needs clarification.

"Philco engineers have explained the matter to me. I restate it in lay language - First the 'no' part:

"No radio receivers sold today or likely to be sold in the near future are designed to receive directly television sound signals. The signals are broadcast on frequencies from 44 to 108 Megacycles. No commercial receivers are available that receive up to much more than 22 Megacycles. So all the talk about selling present day short wave receivers by telling the prospect that they will receive television sound signals directly is quite misleading and likely later to be a boomerang to the unsuspecting dealer who in his ignorance uses such a sales story.

"Now as to the 'yes' part:

"When television does come, converters can easily be made and sold which will convert the television sound frequencies into lower frequencies which can be received by most of the better sets of any make now in use or offered for sale today.

"The most convenient conversion frequency will be between 8 and 17 Megacycles because the sound intermediate frequency used in television receivers will be within that frequency range.

"If 8 to 17 Megacycles is used no separate converter will be necessary. A television receiver could be offered for sale using an intermediate frequency of 8 to 17 Megacycles. The receiver would feed the picture signal to the picture tube in the regular way. But it would feed the converted sound signals to two terminals which could be connected by wires to the antenna and ground of any good American and foreign radio, containing either a 5.8 to 18 megacycle band or a 7 to 22 megacycle band. The user could tune the radio to whatever predetermined frequency between 8 and 17 megacycles is used and receive the television sound signal in perfect synchronization with the picture signal on his television receiver.

"Thus it is possible for dealers to advise prospects that if they purchase almost any one of the better American and foreign receivers on the market today they can use it to supply sound that will accompany television pictures of the future provided the necessary converter, either separate or as part of a purely television picture receiver, is employed.

"While we at Philco are glad to show how good present-day radio sets may be used in the future to save money on television, we feel that we ought to say this is by no means the main reason for a prospect buying a radio today.

"The main reason is that a good radio bought today will bring in and continue to bring in through its whole lone life, radio programs which will continue to grow better and better, year after year.

"Television will never supplant radio. Television is simply another service. Radio will go on. Millions of radios will be bought every year and radio programs as we now know them will continue until the end of time."

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The Directors of two stations of All-India Radio, a broadcasting official of the Government of Hyderabad, two members of the staff of the Canadian Broadcasting Corporation, and a nominee of the Rockefeller Foundation, New York, are among the seventeen students of the current course at the British Broadcasting Corporation's Staff Training School. The school was set up two years ago in order that new members of the staff might be given a comprehensive introduction to the policy and practice of broadcasting in Britain and to the constitution of the BBC, and that officials of longer service might receive the "refresher" courses made advisable by the constantly changing practice of broadcasting. Officials of oversea broadcasting organizations who desire to study British technique and British methods of overcoming common problems, are also welcomed as students.

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McNINCH TAKES UP PAYNE CUDGEL FOR CHILDREN

Although Chairman Frank R. McNinch and George Henry Payne are still far apart on the policies of the Federal Communications Commission, the Chairman has taken up the cudgel in behalf of juvenile radio listeners in his two recent speeches.

A week ago he commended broadcasters for "studying" children's radio programs and suggested they may well be improved, and last Saturday night he again spoke of the need for reform in this type of broadcasting.

Commissioner Payne, who frequently has assailed the "horror" type of children's programs, has been somewhat silent of late.

Chairman McNinch in his NAB address said:

"I want to suggest one character of program material that, in my opinion, has been and is now being given most thoughtful consideration by the listening public. I refer to what are called 'bedtime', or children's programs. I do not believe anyone, whether a member of the industry or of the Commission, can be insensible to the fact that there has been increasing criticism of certain types of children's programs. I commend to you broadcasters the careful consideration of all suggestions and criticisms which have come to your attention. Whatever there may be in children's programs that may be improved in quality, while at the same time maintaining or increasing their interest to the children, will win for you a new measure of public good will."

Mr. McNinch opened his address with a reminder to the broadcasters that the radio waves still belong to the public. At the same time he said he is not opposed to a "reasonable return" on investments in radio stations.

"Underlying every phase of broadcasting is the basic fact that all radio frequencies belong to the people", he said. "No broadcaster has or can acquire any vested interest or right in a frequency. He is only licensed to use a frequency in the public interest. This definitely stamps radio with a peculiarly high obligation to put public service ahead of all other considerations. This means that the primary use of these frequencies should be to serve the American people through programs that are informative, educational, entertaining, or now and then perhaps all three.

"Such a policy is not inconsistent with the making of a reasonable return upon investment, provided there is good management. But it excludes any right to make such a profit at the expense of the quality of the service rendered.

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"Only those who may be lacking in understanding and vision will pursue any policy which results in short-changing the public they serve. The public is quick to discern any misuse or abuse of this part of the public domain. In short, the broadcasters are trustees for the public. If this principle is accepted and carried into action, we may safely predict that broadcasting will continue to grow in popular favor. But, if some are so short-sighted as not to realize their responsibility, they may look forward with certainty to a day when a dissatisfied, disappointed, or even outraged public will call them to a strict accountability.

"While the public may not be technically informed about radio, its considered opinion about the service rendered, its quality and character, is more safely to be trusted and followed than the opinions of either Commissioners or broadcasters. If all of us who have to do with radio bear this cardinal fact in mind and interpret as accurately as we can crystallized public opinion, we will better serve the public."

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RADIO HELPS NPC CELEBRATE

Although unheard of at the time of the organization of the National Press Club in Washington 30 years ago, radio was well represented at the gala dinner celebrating that event last Saturday night. President Franklin D. Roosevelt, who has been a member of the club for many years, was the guest of honor. Gene Buck, President of the American Society of Composers, acted as master of ceremonies. An impressive event of the evening was an ovation received from the newspaper men by Secretary of State Cordell Hull.

Among those present connected with the radio industry were: Kenneth H. Berkeley, National Broadcasting Company, Washington; Louis G. Caldwell, counsel for Station WGN; Martin Codel, editor Broadcasting Magazine; Bond P. Geddes, Executive Vice President, Radio Manufacturers' Association; Earl Godwin, radio commentator; F. P. Guthrie, R.C.A. Communications, Inc., Washington; George R. Holmes, President, Gridiron Club, radio commentator; L. M. Lamm, radio writer; Sir Willmott Lewis, radio commentator; Edgar Morris, Washington Zenith distributor; Frank M. Russell, Vice President, National Broadcasting Company, Washington; Oswald F. Schuette, Radio Corporation of America, Washington; Kurt G. Sell, German Broadcasting Company.

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ROYAL CROSS-EXAMINED AS FCC INQUIRY RESUMES

Cross-examination of John F. Royal, Vice-President of the National Broadcasting Company, in charge of programs, was resumed Tuesday by William J. Dempsey, counsel for the Federal Communications Commission, as the FCC chain-monopoly investigation continued after a recess since last Thursday.

The next NBC witnesses scheduled to be heard are to deal with the technical aspects of network operations. They are O. B. Hanson, Vice President and Chief Engineer, and B. F. McClancy, Traffic Manager.

Following will be four witnesses on network operations. They are: Philip I. Merryman, W. G. Lent, William S. Hedges, and Dr. C. B. Jolliffe.

Alfred H. Morton and Roy C. Witmer will come next with testimony on local station operation, while Frank E. Mason will follow with a brief discussion of the short-wave broadcasting of NBC.

Mark Woods, Vice President and Treasurer, will testify as to the financial affairs of the network.

The last and major witness will be Lenox R. Lohr, President of NBC, who will discuss the policies and management of NBC.

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NORWAY TESTS RADIO TRANSMITTER FOR WHALES

The American Consulate General at Oslo reports that Norwegian manufacturers of broadcasting equipment are experimenting with the construction of small radio transmitters to be placed on floating whales to mark their position so that in foggy weather the whales may be located by the whale-catchers by means of direction finders. The experiments carried on by the firm Norsk Telefunken Radioaktieselskap, Pilestredet 750, Oslo, in collaboration with Henry Olsen, a wireless operator employed on the Norwegian whaling factory "Kosmos" have resulted in an apparatus transmitting in the 600-800 waveband. The transmitter is placed inside a stainless steel drum together with the necessary batteries, and the apparatus is attached to the whale by means of a lance, which also carries the identifying flag of the whaling company. When placed on the whale, the transmitter operates automatically until again picked up by aid of the direction finder. The cost of a transmitter is 600 crowns.

Inasmuch as this is the first season that radio transmitters to mark the location of dead whales have been in practical use on the whaling ground, the Norwegian manufacturers are reluctant to give detailed information, the Consulate General said.

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 ::: TRADE NOTES :::
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The Crosley Radio Corporation, of Cincinnati, has applied to the Federal Communications Commission for permission to change its name to the Crosley Corporation. This follows reports that Powel Crosley, Jr., is preparing to enter the automobile manufacturing field.

Apparently a new slogan of the ASCAP is "Justice for Genius", which now appears on the front of all of its letters.

A suggestion that Lenox Lohr, President of the National Broadcasting Company, may be contemplating resigning was carried in "The New Yorker" column of Leonard Lyons last Saturday. The note said: "David Sarnoff: Is your NBC president on the way out?"

Plans are being prepared for a joint propaganda British campaign for television by the Radio Manufacturers' Association and the British Broadcasting Corporation. Most of the leading television manufacturers are understood to have contributed to a fund for a campaign in the London area which will include the use of newspapers and other media. It is reported that the BBC's contribution will include the donation of space in The Radio Times, the official broadcasting program weekly.

Increased activity resulting from the reorganization of last Spring has made the National Association of Broadcasters look about for new quarters. NAB will move from the National Press Building on January 1st to a new building, as yet unnamed, on K Street, just west of Sixteenth.

The National Broadcasting Company has added two more stations to its networks, bringing the total to 162. The 161st station to become affiliated with the NBC will be made available to either the Red or Blue basic networks on December 11, when WLBZ, Bangor, Maine, becomes an NBC supplementary station. It operates on 620 kc. with 1,000 watts power.

The 162nd station is WRDO, Augusta, Maine, a 100-watter operating on a local channel of 1370 kc. Like WLBZ a full-time station it is owned by WRDO, Inc., and also becomes an NBC affiliate December 11th.

The Don Lee Broadcasting System of San Francisco, Calif., has amended a former application for a construction permit for a new television station to use 42,000-56,000 kilocycles, 250 watts power. The company formerly had asked for 50,000-56,000 kilocycles.

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Visitors to General Electric's building at the New York World's Fair next year will not only see, but will participate in television programs. G.E. will establish in its building a studio with a number of television receivers, camera, and transmitting equipment, according to a joint announcement by Dr. W.R.G. Baker, Managing Engineer of the General Electric Radio Division, and Chester H. Lang, Advertising Manager. The receivers will be available for the reception of all television programs broadcast by transmitters in the New York area during the Fair. In between times, a permanent program director will initiate visitors into the experience of acting before the television camera.

"Radio Facsimile" is the title of a 353-page volume just issued by RCA Institute's Technical Press. It contains an assemblage of papers from engineers of the RCA Laboratories relating to the radio transmission and recorded reception of permanent images.

S. Sagall, Managing Director of the Scophony Limited (London company), plans to be in United States this month, for the purpose of arranging an exhibit for the New York World's Fair, according to the American Commercial Attache, London. This London company, of which Mr. Sagall is the founder, is affiliated with E. K. Cole, Limited, radio manufacturers, which company has a substantial interest in Scophony Limited.

Mr. Sagall has attempted to persuade the British Board of Trade to sponsor a British television exhibit at the Fair, but has been unsuccessful in his efforts, since most of the potential exhibitions would be affected by patent difficulties. He therefore hopes to arrange for an independent Scophony Exhibit at the Fair. Mr. Sagall hopes that his visit will result in the formation of an American company to take over Scophony's United States patents, since certain concerns, cinema and financial, have already displayed interest in the company's large screen television.

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DUE TO THE THANKSGIVING HOLIDAYS, THE ISSUE OF
NOVEMBER 24TH WILL BE OMITTED; THE NEXT ISSUE WILL BE ON
TUESDAY, NOVEMBER 29TH.

R. D. H.

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HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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November 29, 1938

FTC SAYS STATIONS AID IN RADIO AD CHECK-UPS

The broadcasting industry cooperates with the Federal Trade Commission in its efforts to eliminate fraudulent or misleading advertising from the air, the Commission stated in its annual report released this week.

Out of 490,670 commercial continuities examined by the FTC staff, only 1,544 became the basis for prospective cases, the report disclosed.

"The Commission, in its systematic review of advertising copy broadcast over the radio, issues calls to individual radio stations about four times yearly", the report explained. "The continuity returns resulting from such calls for commercial script cover specified 15-day broadcast periods.

"National and regional networks respond on a continuous weekly basis, submitting copies of commercial continuities for all programs wherein linked hook-ups are used involving two or more affiliated or member stations.

"Producers of electrical transcription recordings submit monthly returns of typed copies of the commercial portions of all recordings produced by them for radio broadcast. This material is supplemented by periodical reports from individual stations listing the programs of recorded transcriptions and other essential data.

"The combined radio material received furnishes representative and specific information on the character of current broadcast advertising which is proving of great value in the efforts to prevent false and misleading representations.

"During the fiscal year ended June 30, 1938, the Commission received 490,670 copies of commercial radio broadcast continuities, amounting to 1,069,944 pages of typewritten script. These comprised 677,074 pages of individual station script and 392,870 pages of network script.

"The special board, through its examining staff, read and marked 490,612 commercial radio broadcast continuities, amounting to 885,857 pages of typewritten script. These comprised 352,870 pages of network script and 532,987 pages of individual station script. An average of 2,905 pages of radio script were read each working day. From this material, 22,959 commercial broadcasts were marked for further study as containing representations that may have been false or misleading. The 22,959 questioned commercial continuities provided current specimen for check with existing advertising cases as to their compliance with

actions, stipulations, and orders of the Commission and formed the bases of 1,544 prospective cases not previously set aside for investigation.

"The Commission has developed from its commercial broadcast review data analyses showing the principal sources of false and misleading advertisements, segregated as to network, transcription, and individual station type of broadcasts, the latter being further broken down as to zone location and transmitting power. Such analyses are prepared only for the Commission's use in this type of work.

"Many requests have been received from radio stations for advice and information concerning certain advertisers and their products. The Commission cannot give the information requested in many cases either because the matters may be under investigation or it is not fully advised of all the facts and cannot render opinions therein. It is the Commission's policy to treat as confidential all proceedings prior to acceptance of a stipulation or issuance of a complaint. After a stipulation has been accepted and approved, or a complaint issued, the facts concerning such proceedings are for the public record and available to anyone who may request them.

"In general, the Commission has received the helpful cooperation of nation-wide and regional networks, and transcription producers, in addition to that of some 617 active commercial radio stations, 252 newspaper publishers, and 408 magazine publishers, and has observed an interested desire on the part of such broadcasters and publishers to aid in the elimination of false, misleading, and deceptive advertising."

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NAB NAMES GROUP TO STUDY RADIO CODE

The National Association of Broadcasters last week, through its President, Neville Miller, announced the appointment of a committee to "recommend procedures leading to self-imposed regulation of American radio and the development of program standards for the broadcasting industry under NAB jurisdiction".

The following broadcasting leaders were named to the committee, representing a cross-section of network and independent radio station operation:

Edward Klauber, Executive Vice-President, Columbia Broadcasting System; Lenox R. Lohr, President, National Broadcasting Company; Theodore Streibert, Vice-President, Mutual Broadcasting System; Paul Morency, WTIC, Hartford, Conn.; Edgar Bill, WMBD, Peoria, Ill.; Ed Craney, KGIR, Butte, Mont.; and Mr. Miller.

The committee will hold its first meeting in New York December 5th. It will bring in its final recommendations to the Board of Directors of the Association meeting in Washington, December 12 and 13.

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G.E. STATES POSITION ON TELEVISION

The present status of the General Electric Company in television activities, and a review of its past achievements in this field, were contained in a general statement regarding television problems made at Bridgeport, Conn., yesterday (Nov. 28) to G-E field men assembled from all over the country by Dr. W. R. G. Baker, Chairman of the Management Committee of the company's Radio and Television Division.

General Electric started specific work on television in 1927, Dr. Baker declared, and related researches prior to and since 1927, have advanced its work. The company now has under construction at Schenectady a large experimental television plant. Engineers are continuing research and development on all phases of the new science, are designing transmitters and receivers, are studying the progress of other companies in foreign countries, and will have a large television exhibit at the New York World's Fair.

"The position of the General Electric Company with respect to television is unique", Dr. Baker said, "in that since it has been a pioneer in the electrical industry, it has been a major factor in the development of the electronic art, the foundation of the structure upon which radio has been erected. Television, like radio, draws upon the electronic art and upon the best resources of many related sciences."

Dr. Baker pointed out that up to 1936 television was in the research laboratories. For ten years prior to 1936 engineers had been struggling with the many problems of this new system of communication, and great technical progress had been made in the last four of those years. In spite of this, he said, it was still a laboratory produce requiring skilled engineers for its operation. There still remained countless technical problems whose solution could not be obtained in a laboratory, and it was rightfully suspected that there were countless other technical problems which engineers did not even know existed, and would never know until they could test out the system under fairly typical operating conditions.

"These tests of full-size receivers and transmitters continued for about two years", Dr. Baker declared, "and although improvements could continue to be made, the rate of improvement required the third step in the experiment. In effect this means that the public is invited to play its part in the development of the art. This new phase introduces operating problems, program problems, and economic problems whose magnitude we probably do not yet fully grasp and whose solution is not evident today."

"Probably the primary problem is that of educating the public as to what they may expect of television at this stage. It is not easy. The average man is accustomed to present-day standards of radio and the motion picture, both of which have reached a high degree of perfection. He has forgotten that he once used earphones and that not so long ago motion pictures flickered

badly. Too many people believe that television will immediately bring them the events of the world as they take place in a picture three by four feet. Perhaps such a service will eventually be possible, but today the encouragement of such an idea is certain to react unfavorably on the development of the art.

"Two major technical limitations still act as a deterrent to the rapid establishment of television on a national basis", Dr. Baker declared. "First, we do not as yet know how economically to 'pipe' programs from city to city. Hence television networks are not yet practicable. While it is true that television transmitters can be piped by very special wire circuits and by relays of special radio transmitters, neither of these methods is in existence today nor do they appear to be economically possible in the near future.

"The second technical problem is the limitation of range or distance. A fairly high power television transmitter is now limited to a radius of not much more than 40 or 50 miles. This immediately indicates that a great many transmitters will be required to provide a national service. It also means that, considering the probable cost of television transmitters, the economics of the situation will at first tend to limit transmitters to urban areas where the population is dense. Extension of service to remote suburban rural areas will necessarily be slow.

"As for program problems", Dr. Baker said, "even if we knew what types of programs will appeal to the public, there remains the additional question - who will pay for them? Filmed programs offer one big advantage. They could be prepared and forwarded in advance to television stations by air mail. By this method, the problem of differences in time between cities - which now plagues broadcasting - would be eliminated.

"If we cannot find sufficient difficulties in studio programs, we might consider the problems of outside pick-up. At present we can take a motion picture and televize it. Or we can install a wire system, which at present is far from economical. Or we can provide a small television transmitter from which it would be broadcast. All of these are possibilities, but the engineering and economic problems do not as yet seem to have a ready solution."

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Silence is the agent which sets off a new gadget developed by the General Engineering Department of the Columbia Broadcasting System to slice down the already hair-breadth margin of error in program broadcasting. The new device, perfected under the direction of Howard Chinn, audio division head of the department, is known as a "program failure alarm". It automatically rings a bell and flashes a light whenever circuit trouble on any of the manifold program channels into the master control switchboard silences a program for any predetermined length of time. The alarm device, now undergoing final tests in the engineering laboratory, is set to give the alarm after 20 seconds of "dead air".

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WHITE PROPOSES PROBE OF RADIO INDUSTRY

The first Congressional demand for an investigation of the radio industry came last week from Senator White (R.), of Maine, as the Federal Communications Commission took a recess in its own inquiry into monopoly charges and network operations.

At the same time it was learned that the row within the Commission will be aired, possibly before Congress convenes, by a sub-committee of the House Appropriations Committee at executive hearings on the FCC budget.

Senator White, who sponsored a similar resolution last session, stated that his new proposal would be directed at the radio industry itself rather than at the FCC. Such a resolution, he believed, would enlist Democratic support.

"I am not interested in exposing any dirty linen, if there is any dirty linen", he said. "What I have in mind is an objective study of radio problems with the idea of enacting a general policy to be followed by the Commission."

Specific phases of radio which Senator White said he believed need Congressional scrutiny are:

Chain ownership and control of broadcasting stations, especially those affiliated with though not owned by networks.

Newspaper control of or interests in radio stations.

Super-power for radio stations, which the Senate objected to last session.

International broadcasting: Whether it should be government-owned stations or commercial stations

Patent ownership and its effect on the industry

The responsibility of radio stations for libel uttered in political addresses which they may not censor under the Communications Act.

The first three phases of his proposal now are being investigated by an FCC committee headed by Chairman Frank R. McNinch, while another committee, of which Commissioner Norman S. Case is Chairman, is preparing to make recommendations regarding the licensing of super-power stations.

An indication that Congress may be called upon to decide whether or not it wishes to alter the Communications Act provision prohibiting FCC censorship of radio programs came last week also from Senator Herring (D.), of Iowa. He said he is working on a bill to establish a board of review to pass upon programs.

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HANSON ON STAND AS FCC QUIZ IS RESUMED

Cross-examination of O. B. Hanson, Vice-President and Chief Engineer of the National Broadcast Company, was begun Tuesday as the FCC committee resumed its chain-monopoly inquiry following a Thanksgiving recess.

Developments in the hearing last week preceding the recess were:

Chairman McNinch, with the approval of the other Commissioners, put a ban on the reading of prepared statements by witnesses while Mr. Hanson was in the midst of a 90-page review of the technical development of network broadcasting.

Earlier Mr. McNinch had warned the NAB that the Commission was getting tired of listening to "after dinner" speeches at the hearing.

An exclusive agreement between NBC and the German Government whereby the U. S. network had first refusal of all programs originating either in Germany or Austria was disclosed during cross-examination of John F. Royal, Vice-President of NBC in Charge of Programs.

Col. Edward H. R. Green, son of the famous Hetty Green, was revealed as a pioneer in network broadcasting in that the first wired hook-up was made by the American Telephone & Telegraph Company for his convenience.

William J. Dempsey, FCC General Counsel, told the Committee he had been advised by Phillip J. Hennessey, counsel for NBC, that denial of the privilege of presenting prepared statements would have no effect in preparation of the NBC case.

Earlier Mr. Royal said his company had no contracts for exchange of programs with foreign stations, including German ones, and had a written agreement only with the British Broadcasting Company a Government-subsidized company which controls all broadcasting in the United Kingdom.

The German agreement was grouped by him along with other informal arrangements by which he said NBC could tap broadcasts throughout the world.

When Mr. Royal said, "I think in Germany and Austria we have first refusal on programs", Mr. Dempsey asked if NBC did not also have an exclusive agreement with the Radio Corporation of America for use of facilities to bring in foreign broadcasts. Mr. Royal answered in the negative.

The Colonel Green story was disclosed by Mr. Hanson. According to this report, Colonel Green, who broke into the news posthumously recently when four States tried to tax his estate, became interested in the new "gadget" of radio in 1923 and installed a transmitter on his place at South Dartmouth, Mass.

Then he looked around for something to broadcast, and got the American Telephone & Telegraph Co. to agree to transmit his programs by wire from New York to his station.

The company sent the first of a series of programs by wire from the studio of WEAJ to Colonel Green's WMAL on July 1, 1923. This date, the witness told the Committee, marks the beginning of modern chain radio.

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FCC LIKELY TO STEER CLEAR OF COUGHLIN ROW

The Federal Communications Commission indicated this week that it would maintain a hands-off policy as to the row between Station WMCA, New York, and the Rev. Charles E. Coughlin. It was pointed out that the FCC has no censorship power and that radio stations have authority to refuse any program they wish so long as they observe the impartiality rule regarding political addresses.

Station WMCA last Sunday refused to broadcast Father Coughlin's weekly address because of allegedly anti-Semitic attacks the week before, to which the station made a reply. Father Coughlin repeated his address via an electrical transcription and amplified his charge that Jews helped finance the Communist revolution in Russia.

Earlier WMCA had requested Father Coughlin to submit an advance copy of his address for examination prior to the broadcast. This he refused to do.

"Responsible persons everywhere will approve the action of those radio stations that refused to broadcast a speech plainly calculated to stir up religious prejudice and strife", said the New York Times. "These stations acted as they were entitled to act, on their own responsibility. But it is clear that we are only at the beginning of certain thorny problems dealing with the whole question of freedom of the air."

Donald Flamm, President of WMCA, explained the station's action in a brief broadcast.

"We do not believe it is in the public interest to broadcast material which will stir up religious or racial strife and dissension in America", he said. "This policy is not unique on our part, nor has it been suddenly adopted. It is the policy of all nation-wide networks and of most individual stations.

"In line with that policy we cut Judge Rutherford off the air in the middle of a broadcast when it became evident that his speech was an attack on Roman Catholics and was designed to stir up religious hatred in this country. We were commended by Catholics and non-Catholics alike for this action and for refusing to take any more broadcasts from him.

"Last Sunday Father Coughlin broadcast over this station a speech that was calculated to stir up religious and racial hatred and dissension in this country. We thereupon notified Father Coughlin that we would carry no more such broadcasts and that hereafter he would have to submit his script to us in advance in order that we might determine its character.

"Father Coughlin failed to submit his script to us, although we repeatedly urged it upon him and gave him until noon to do so. And by such refusal on his part, he has made it impossible for us to live up to our inescapable responsibility under the terms of our license from the United States Government.

"We realize it is likely that every effort will be made to distort our action into a false issue of freedom of speech or censorship. We have tried to live up to our obligation as American broadcasters and that is all we have tried to do.

"Democracy is a fine social philosophy. Freedom of speech is a precious privilege. That is why those of us who are entrusted with the instruments of free speech must be so careful not to permit any one to defile them."

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FCC RULES STRIKE BLOW AT "RADIO LOBBY"

A blow at the "radio lobby" was taken yesterday (Monday) by the Federal Communications Commission in adopting a new set of rules of practice and procedure governing attorneys.

The new rules, it was said, will open the way for more lawyers to appear before the Commission than have heretofore. One of the new regulations modifies a former rule which barred a former FCC employee from appearing before the Commission within two years after his separation. The new rule limits this ban only to cases in which he participated while on the FCC staff.

"The old rules were in many respects unlike those with which attorneys became familiar in general practice", an FCC statement explained. "The new rules were so framed as to follow, so far as practicable, the recently adopted rules of civil procedure which now govern practice in Federal District Courts of the United States."

While the Commission statement made no mention of a "radio lobby", it was recalled that Commissioner George Henry Payne has charged frequently that a small group of lawyers specializing in radio have conducted a lobby and exerted influence on the Commission and members of the FCC staff in the past.

"More than 600 cases are set for hearing by the Commission annually, and there are hundreds of other cases in which attorneys represent clients", the statement goes on to say. "An unduly large proportion of these cases are handled by a relatively small number of lawyers.

"By making it easire for attorneys to turn from Federal court practice to Commission practice, and by providing for 'new blood' to be drawn from the past and present staff of the Commission, as many of the attorneys now appearing before the Commission were drawn, the new rule should result in a wider choice of attorneys and freer competition.

"We have guarded effectively against abuse by making it impossible for any person to appear before the Commission within two years 'in any cause or application which he has handled or passed upon while in the service of the Commission'. While questions about appearances might arise after two years, they would be rare and could readily be dealt with under the head of unprofessional conduct under our broadened rule governing disciplinary proceedings. The net result should be the achievement of another very important reform in practice before the Commission, extending the gains from our reorganization of some of the Commission's functions."

The Commission also adopted a new rule governing the filing of petitions for rehearing as a substitute for its former rehearing rule and its protest rule. This rule applies to orders granting applications without hearings as well as orders disposing of applications after hearings. Thus a person objecting to an order of the Commission, in a case in which there has been no hearing, will apply for reconsideration by filing a petition for rehearing, instead of filing a protest.

The Commission also established a motions docket and provided for hearing argument on petitions and motions filed in pending proceedings. Parties making them, as well as those who desire to oppose, will be heard. The Commission believes that this will be fairer to all parties concerned and will speed up the handling of pending matters.

The new rules embody numerous other changes clarifying and simplifying the practice. They bring together for the first time in one unit all the rules, orders and regulations which have been issued from time to time to govern the practice. They are to become effective January 1, 1939.

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A loan of \$10,000 by Sayre M. Ramsdell, Executive Vice-President of the Philco Radio & Television Corporation, to Mayor Wilson of Philadelphia was disclosed last week in a Grand Jury report which cited \$53,750 in loans which the Mayor had borrowed from persons "who might have been interested in having him pull his punches". The Grand Jury said that Mr. Ramsdell knew the Mayor was broke and had never made a request for return of the loan or any interest.

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FCC ADOPTS RULES ON RADIO GADGETS

The Federal Communications Commission last week adopted rules and regulations concerning the operation of low power radio frequency electrical devices. These rules were the subject of an informal conference held before the Chief Engineer of the Commission on September 19, 1938, at which time a great deal of information was supplied and certain suggestions concerning the tentative rules were made by representatives of manufacturers and other organizations concerned with this problem. In accordance with the recommendations made at the conference, the rules as tentatively proposed have been revised. The Commission does not consider that the rules and regulations adopted are final but it will continue to study the problem of these low power devices and assemble information regarding the character and effects of the radiation involved. In order to clarify the Commission's position with respect to this problem, electrical apparatus which may be the sources of radio frequency electromagnetic field can be divided into four general categories (the Rules and Regulations apply to the third category only):

The first general class of apparatus produces electromagnetic fields at radio frequencies but does not employ either radio frequency current, or the fields produced, as an essential to the purpose of its operation. Examples of this class are sparking commutators, switch contacts, automobile ignition, and similar devices.

The second class of apparatus employs radio frequency electric currents or induction fields; however, the radiation of radio energy into space is not essential to the functioning of the apparatus and in fact is spurious. Examples of this type are diathermy machines, vacuum tube bombardiers, induction furnaces, carrier call, oscillators in certain types of radio receivers and similar apparatus.

The third type of apparatus which requires radio frequency electric currents and the generation of an induction field with the utilization of a small part of the energy in this induction field in the functioning of the system. This type may be distinguished from the diathermy machine by the fact that while both employ induction fields (either magnetic or electric) the diathermy machine utilizes the strong field at a distance of only a few inches from the apparatus, whereas a small part of the induction field from apparatus of this type is used out to the limit of its useful intensity. Examples of the third type are various controls at short distances, record players and similar apparatus which operates for a distance not greater than about $1/6$ wavelength.

The fourth class of apparatus is the conventional radio transmitter which generates electromagnetic fields at radio frequencies and utilizes the radiated electromagnetic field (electric and magnetic fields in phase in time, and in quadrature in space) in the functioning of the system.

The problem of complete elimination of interference resulting from the first class of device mentioned above is at the present state of the art almost insurmountable.

With respect to the second class of apparatus, the Commission has completed an extensive study of the matter which culminated in a recommendation for certain amendments to the Communications Act which would serve to clarify the Commission's jurisdiction with respect to such apparatus and enable the Commission to make regulations for preventing interference which would otherwise arise from the use of certain high powered radio frequency equipment falling within this category.

The present extensive study of low power radio frequency devices, the informal conference and the rules governing their operation pertain to apparatus falling within the third classification discussed above. These rules apply to all low power radio frequency devices for the control of apparatus, for supplying record programs to radio receivers located within a few feet of the record player and for all similar devices which, for their operation, depend primarily upon the radiation of energy at radio frequencies and the utilization of a small portion of this energy by some device in the immediate vicinity of the apparatus.

So long as the energy radiated by these devices does not exceed the amount specified by Rule 25.02, and no interference to radio reception is caused, the requirements of the Rules and Regulations of the Commission with respect to the obtaining of licenses do not apply. However, should the radiation exceed 15 microvolts per meter at a distance of $\frac{157,000}{f. (kc)} \text{ ft.} \left(\frac{\lambda}{2\pi} \right)$ from the source of the energy, or cause interference to radio reception, as in the case of all similar radio transmitting devices coming within the fourth category set forth above, the equipment will be subject to all existing requirements with respect to obtaining or operating under license.

The measurements to determine whether any particular apparatus complies with these rules can readily be made using a conventional field intensity meter. However, the tests involved should take into consideration the possible directional effect of the radiator of the device and the field should be investigated to determine that the maximum field permissible under the rule may not be exceeded in any direction.

Design of devices which utilize radiators that may accidentally or intentionally be coupled to external circuits which materially increase the radiation efficiency and thereby render the device a potential source of interference under certain specific operating conditions should be avoided. If the control device is to be operated from the conventional house lighting circuit or makes use of this circuit as a radio frequency link between the transmitting device and the receiver, it should be so constructed that no matter what type of house lighting circuit it is associated with, the radiation at the distance $\frac{157,000}{f. (kc)} \text{ ft.} \left(\frac{\lambda}{2\pi} \right)$

shall not exceed the 15 microvolts established by the rules. If such equipment is made available to the public and after being placed in use it is found that certain of the installations do not comply with the rules, the manufacturer will be so informed and the matter will be dealt with under procedure established to care for apparatus of either the second or fourth category previously outlined.

"It is the desire of the Commission to cooperate with manufacturers of equipment in order to assure full development of radio communications", the FCC stated. "However, an orderly development of communications must necessarily depend in part upon careful regulation of low power radio frequency devices which, if allowed to attain widespread unregulated use, will seriously impair radio communications because of interference."

Rule 25.02 (d) specifies that the apparatus must conform to such engineering standards as the Commission may promulgate. In promulgating such standards the Commission will request the consideration and advice of the industry concerned when the standards may involve a material change of principles or new principles of significance.

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PRESS WIRE RATE CITED TO UPHOLD GOVERNMENT TOLLS

Examiner J. Fred Johnson of the Federal Communications Commission over-ruled a contention yesterday (Monday) that telegraphic charges for press messages had no part in a hearing on charges made for Government telegrams.

Robert M. Cooper, Special Assistant to the Attorney General, asked a Western Union Telegraph Co. witness whether the press did not enjoy a lower rate than the Government. The company's attorney objected but Examiner Johnson ruled that the subject of press rates was germane.

Although several witnesses said the press rates were low, no detailed figures on them had been submitted when the hearing recessed.

The hearing is on a petition of four telegraph companies which seek to charge the Government regular commercial rates. The companies are Postal Telegraph-Cable Co., Mackay Radio & Telegraph Co., Inc. (Delaware), Mackay Radio & Telegraph Co. (California) and Western Union.

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Chairman Frank R. McNinch has advised Keith S. McHugh, Vice-President of the American Telephone & Telegraph Company, that the Federal Communications Commission has granted a ten-day extension for the filing of briefs by A. T. & T. in the telephone investigation. The Commission stipulated that the briefs must be filed by December 5th. The Company had sought an extension of two weeks or more on the grounds that it was impossible to complete the briefs by November 25. The briefs relate to the proposed report on the telephone investigation submitted by Commissioner Paul A. Walker. Upon this report, the supporting data accompanying it, the exhibits heretofore filed by the A. T. & T. and its briefs soon to be filed, the Commission will submit a report to Congress sometime after the session opens. Pursuant to the original order providing for the filing of briefs the Commission has the right to ask for oral argument, ten days after the filing of briefs.

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