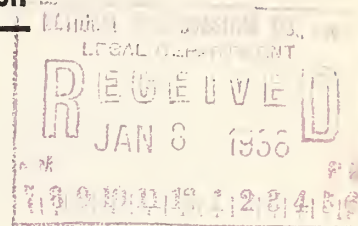


# HEINL RADIO BUSINESS LETTER

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No. 1090

## CRAVEN ASKS THAT FCC HAVE TIME TO MAKE OWN PROBE

Commissioner T.A.M. Craven, who this year bore the brunt of the annual Congressional cross-fire during appropriations hearings, urged the House sub-committee to give the Federal Communications time to finish its own job of house-cleaning before a Congressional investigation is launched, it was disclosed this week.

The text of hearings, released when the independent offices appropriations bill was reported to the House on Thursday, also revealed that Commander Craven is preparing to propose an entirely new policy with respect to experimental licenses and that he has "grave doubts" as to the feasibility of super-power, such as that used by WLW, Cincinnati.

Representative Wigglesworth (Republican), of Massachusetts, proved the most belligerent inquisitor of the Commissioner, as he was last year. Much of the same ground with regard to license transfers and taxation of stations was gone over during the executive hearings.

Asked by Representative Wigglesworth whether he did not believe a sweeping investigation by Congress would be desirable, Commissioner Craven said:

"Frankly, I do not. I think that the Commission should be given an opportunity to do a job, and then to report to Congress.

"While I think that Congress is very efficient, I believe that there should be first a complete study on the part of the Commission so that Congress will be without the necessity of going through a long-drawn-out investigation to secure a complete study of all the factual elements in the matter, including all of the economic relationships. This study has not yet been made by the Commission, but I think it is necessary for it to do so."

Commissioner Craven, who has not yet submitted a promised report on the economic phases of a new broadcasting reallocation and super-power, spoke several times of the necessity of considering the social and economic phases of broadcasting along with the engineering principles.

Asked his opinion about the use of super-power, Commander Craven said:

"My personal opinion is that from an engineering standpoint, better service to rural areas can be rendered with

higher power, but in relating such higher power to the question of broadcasting in this country, I have grave doubts that such higher power should be permitted at this time. In other words, I personally believe that from an economic and social standpoint 500 kilowatts may be too much power under our scheme of broadcasting. In my opinion, additional proof is necessary to justify such power as 500 kilowatts."

Representative Wigglesworth interrupted: "Is there any justification for the power in that particular station to which you are undoubtedly referring, WLW?"

"I think that we learned a whole lot and will learn much more in respect to having a station with that power", Commissioner Craven replied. "I think that we may have learned enough from it to know what to do."

Representative Wigglesworth subsequently referred to WLW as "Michaelson's station".

During a discussion of experimental licenses, Commissioner Craven told the sub-committee:

"I cannot make any statement as far as the Commission as a whole is concerned, but I have in mind requesting the other members of the Commission to adopt an entirely new policy with respect to experimental licenses, going to all phases of the several classifications of experiments, one of which is a bona fide attempt by anybody, any small inventor who needs the use of radio, to get it without much expense and trouble, provided that he is legally qualified to hold a license."

"I do not think that the Commission should have such rules as would prevent genuine experimentation on the part of a small and poor inventor."

"From this small start, the type of experimental license becomes more difficult to justify, until you get to the type where there is a commercial experiment, or an experiment leading up to commercialism. That in my opinion should be the most difficult to obtain under the guise of an experimental license."

When the subject of how radio is operated in European countries arose, Commissioner Craven said:

"In my opinion I feel that government operation of radio in any real democracy is somewhat of a debatable subject."

The sub-committee, before it finished, delved into the Segal-Smith case, Commander Craven's experience as a private consulting engineer, and the RCA-Mackay fight over licenses to operate radio communication stations in foreign cities.

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## FCC SUBMITS THIRD ANNUAL REPORT TO CONGRESS

The Federal Communications Commission this week submitted its third annual report to Congress, covering the fiscal year which ended June 30, 1937. Consequently the report, though submitted by Chairman Frank R. McNinch, includes none of the reforms that he has instituted since he took office in the late Summer.

Judge Eugene O. Sykes, former Chairman of the now defunct Broadcast Division, made the report, with the aid of Norman S. Case, Vice Chairman, on broadcasting developments.

During the year the Commission received 295 applications for new broadcast stations and granted authority for the construction of fifty-one stations, the report disclosed. Seven stations were eliminated and at the close of the year, 704 regular broadcast stations held licenses, an increase of forty-four since June 30, 1936.

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## TELEVISION TO BE TAUGHT AT RCA INSTITUTES, INC.

A two-year term in television will be added next Spring to the curriculum of RCA Institutes, Inc., which has schools in New York and Chicago, it was disclosed this week in the agency's annual report. The course in television will be available only to those operators and radio engineers who have completed the general course.

The student body at RCA Institutes, Inc. has been steadily growing for the past few years, the report states, and reached a height of 905 in 1937, about two-thirds of these being in the New York school and the remainder in Chicago. To these must be added 25 RCA employees who are receiving free instruction in the schools - RCAI's contribution to RCA's leadership.

Most of the students are in the general course, which requires fifteen months for completion, in the day classes, and three years if night instruction is taken. In March of 1938 this day term will be extended to one year and a half, in order to bring more fitting instruction into the course for the recent and rapidly expanding activities of radio and electronics.

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MAE WEST BROADCAST TOPIC OF CONGRESSIONAL HEARING

The now famed "Adam and Eve" skit in which Mae West appeared on an NBC commercial program recently came in for critical discussion during hearings on the Federal Communications Commission's fiscal estimate before a House sub-committee of the House Appropriations Committee, the printed hearings disclosed this week.

Representative Fitzpatrick (Democrat), of New York, injected the issue into the hearing and asked Commissioner T.A.M. Craven if the FCC could do anything about such broadcasts.

"If we find that the operation of a station is not in the public interest because of poor programs, we can take action against them in the renewal of their licenses."

Commissioner Craven said he had not heard the Mae West broadcast, but Representative Dirksen (Republican), of Illinois, stated that he "had heard every word of it."

"While I feel it was in bad taste, I don't know anything you could do about it", he said.

Next came the following colloquy between Representative Fitzpatrick and Commissioner Craven regarding the censorship of radio programs and advertising:

Mr. Fitzpatrick. You can censor anything that you believe is not proper?

Mr. Craven. The question of censorship is a very basic one, and perhaps requires study on the part of Congress. It is a major question.

Mr. Woodrum. At any rate, you never undertake a censorship?

Mr. Craven. We don't undertake any censorship.

Mr. Woodrum. Unless you come to the point of saying that the action of a station in doing this or that or not doing this or that or the other is not in the public interest; and that, of course, raises a broad fundamental question.

Mr. Craven. A very broad fundamental question. It goes to the very fundamental conception of radio public service.

Mr. Fitzpatrick. I am wondering whether you could stop the advertisers of public medicines from saying that they can cure any kind of diseases. I don't know whether you can stop any of that or not.

Mr. Craven. I can say this: Insofar as the Commission is concerned, we do expect to make a study of that subject.

Mr. Fitzpatrick. I think a study ought to be made of it, because, after all, the public is listening to those people. There are lots of people who are not intelligent enough to know that they cannot be cured of these ailments, and they are going to purchase these medicines and send their money. Something ought to be done.

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Mr. Craven. Yes. But there is a very grave question of constitutional rights with respect to censorship which we must regard as well as everybody else. The determination of these policies may have to come to Congress.

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#### HOUSE COMMITTEE APPROVED FCC BUDGET ESTIMATE

The House Appropriations Committee this week approved the budget estimate of the Federal Communications Commission in reporting the supply bill of the independent offices.

The estimate for the next fiscal year is \$1,700,000, which is \$17,000 under the appropriation for the current year. It granted \$20,000 for a continuance of a special study of radio requirements for the Great Lakes and other inland waters. The latter is a reduction of \$7,820 under the budget but is a continuation of the amount of the 1938 appropriation.

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#### NETS DO RECORD BUSINESS IN 1937 WITH DECEMBER HIGH

The two major networks - NBC and CBS - enjoyed the most prosperous year of business in their history in 1937, they disclosed this week, and reached new highs for December.

Columbia billings for December totaled \$2,786,618 - the highest figure for any month in CBS history. This represents an increase of 14.5% over the December, 1936, total of \$2,433,353.

The cumulative total for CBS time sales for 1937 is \$28,722,118 - a 24% increase over 1936.

Advertisers' expenditures for time on two NBC networks were higher in December than in any other month of 1937, the second highest for any month in the company's history, and brought the year's total to a record peak.

The total for the month was \$3,639,086, which was 2.3 percent above the December, 1936, total of \$3,558,590, and 7.6 percent above the November, 1937, billings of \$3,381,346. The only month to exceed the December, 1937, figure was October, 1936, when the bulk of the 1936 presidential campaign revenue boosted the total \$57,403 above the December, 1937, billing.



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The total NBC billings for 1937 amounted to \$38,651,286, up 12 percent over the 1936 total of \$34,523,950.

New shows just scheduled on NBC bring the number of new programs starting this month on the Blue and Red networks of the National Broadcasting Company to a total of eighteen.

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#### SIXTY-ONE STATIONS INVESTIGATED DURING FISCAL YEAR

The Federal Communications Commission closed investigations against sixty-one broadcasting stations during the last fiscal year, it disclosed in its annual report to Congress. Fifty-seven were adjusted informally, and four were the subject of hearings. No station had its license revoked.

"The majority of the investigations conducted with regard to complaints received concerning the program service of broadcast stations have resulted in informal adjustments", the report stated. "Other complaints involving possible violations of the act and the rules and regulations of the Commission, including the broadcasting of lotteries, medical programs, and fortune-telling programs, and the illegal assignments of licenses and transfers of the control of licensee corporations, have been investigated, and appropriate action has followed either by way of adjustment or by the designation of applications for renewal of licenses for hearing.

"Section 315 of the Communications Act requires that equal opportunity for broadcast be consistently afforded by stations to all regularly qualified candidates for public office. Many complaints were received during the Fall of 1936, an election year, involving the requirements of this section and in every instance they were adjusted by calling the attention of the station licensee to Section 315 of the act."

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Trainmen foresee "end-to-end" radio communication on long freights as a substitute for whistle signals, by short-wave stations in the engine cab and in the caboose. The Pennsylvania Railroad recently tried out the sets on a thirty-mile run from Philadelphia to Paoli, Pa., in a thirty-car freight and announced that it hoped eventually to install them throughout its system.

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## HOUSE ADMINISTRATION LEADERS OPPOSE FCC INQUIRY

The attitude of the Administration toward proposals for a sweeping investigation of the broadcasting industry and the Federal Communications Commission was disclosed this week on the House floor after Representative Wigglesworth (Rep.), of Massachusetts, had renewed a demand for an immediate probe.

Representative Woodrum (Dem.), of Virginia, who is close to President Roosevelt, took the floor to urge that Frank R. McNinch, Chairman of the FCC, be given ample time to put through his reforms.

Stating that the President had recognized the need for an overhauling of the radio administration when he appointed Mr. McNinch, Representative Woodrum said:

"I believe it is only fair to give Mr. McNinch the opportunity to do the job that the President has turned over to him, and I hope that Congress will permit that. I do not mean any whitewashing proposition or to put it to sleep, but the opportunity should be given him to clean up the FCC, if it needs it, and to correct these abuses that have been called to our attention."

Representative Mead (Dem.), of New York, also an Administration man, said:

"I think we are all in sympathy with the objective outlined by the gentleman from Massachusetts, but we are in agreement also with the suggestion of the Chairman of the subcommittee on Appropriations (Woodrum). This man who was recently appointed, and in whom we have explicit faith, will do a good job if we allow him the opportunity."

Besides Wigglesworth, Representatives Sirovich (Dem.), of New York, and McFarlane (Dem.), of Texas, joined in the round robin of cross-fire at the FCC and "monopolies" in the broadcasting industry.

Representative Wigglesworth charged NBC, CBS, and Mutual with being monopolies and demanded an immediate investigation.

Asked by Representative Sirovich whether or not he favored divorcing newspapers from radio stations, Representative Wigglesworth declined to express an opinion but admitted it is "a very fundamental question".

He inserted in the record a list of applications for consent to transfer licenses, together with financial statements on the stations, and the FCC action. While some of the deals showed substantial profits, others revealed that the sale price was below the original cost of the fixed assets.

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## TELEVISION, FACSIMILE PROGRESS NOTED BY FCC

Technical progress in both television and facsimile transmission was noted by the Federal Communications Commission in its annual report this week, but in both the Commission held that the time is not ripe for public use or commercialization.

Technical developments in the art of broadcasting were set forth as follows:

"There have been several new technical developments in the broadcast industry. Although some of these have been known or in limited use before, they have only recently been used to any extent by broadcast stations.

"A number of broadcast stations have installed shunt-excited (grounded) antenna systems, which are designed to reduce costs and minimize the effect of lightning. The latter is very troublesome to broadcast stations located in areas subject to frequent and severe electrical storms.

"A new high-efficiency linear-power amplifier for modulated waves has been developed to reduce the consumption of power, the size of the high-voltage transformer and rectifier and the cooling system, which are important items in the operating costs of stations, particularly of those stations operating with high power.

"The use of 'reverse feedback' to reduce distortion and noise in the transmitted signals has been incorporated in a number of transmitters with very satisfactory results.

"Automatic overmodulation limiters have been placed on the market, which permit maintaining a high average level of modulation without causing undesirable overmodulation.

"Phase indicators have been developed which are invaluable not only in the first adjustment of directional arrays but in maintaining the proper adjustment.

"There have also been several developments in broadcast-receiver design (directly mainly to improve the ease of manipulation or the fidelity in reproduction), two of which are automatic-tuning and volume-expansion circuits. Receivers so equipped have improved the quality of reproduction by the elimination of the distortion and interference due to improper tuning and by an increased extension of the volume range. None of the receiver developments has any substantial effect on the allocation of broadcast stations."

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The installation of a new radiobeacon is just now being completed by the Lighthouse Service at Old Mackinac Point Light Station, in the Straits of Mackinac, Michigan, according to a report made public by the Commerce Department. This radiobeacon is so located that it can be of much service to cross Straits ferry traffic, particularly during the Winter months when the floating aids to navigation are removed because of ice.

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::: TRADE NOTES :::  
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An increase of 39 percent in communication between ships and shore and the development of new equipment to be used in the transmission of messages and the protection of ships in distress last year were reported by Charles J. Pannill, President of the Radiomarine Corporation of America, in a report published this week.

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Philco Radio and Television Corporation announced this week the removal of its automobile radio engineering laboratories from Philadelphia to Detroit, the change taking place on January 1st. The move was made, according to officials of the company, to place its trained research engineering staff in close proximity to the motor vehicle plants in and about Detroit, for whom Philco manufactures automobile radios.

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Trading as Zephyr Radio Company, Orville J. Bond, 13139 Hamilton Avenue, Detroit, a distributor of radio receiving sets and parts, is charged with unfair competition in the sale of his products, under a complaint issued by the Federal Trade Commission. Advertising in newspapers, magazines, circulars and by radio broadcast, the respondent is alleged to have made representations to the effect that his radio sets are sold and delivered to dealers and the public for \$6.95 complete with all necessary working parts installed for satisfactory world-wide reception, when, in fact, according to the complaint, such sets are not sold and delivered to retailers and the public complete at that price and are not equipped for clear, uninterrupted reception of world-wide radio broadcasts.

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Charles Gilbert, 49 years old, a radio engineer, committed suicide by gas this week at his home in the Riverdale section of the Bronx, New York. The police said that he had suffered heavy financial losses in recent years and had been unemployed for the last few months. He had been connected with the development of radio for many years, having been an official of the DeForest Radio, Telephone and Telegraph Company, one of the pioneers in the field, and with the Kostler Radio Corporation and the Cornell Dubilier Company, of Passaic, N. J.

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If the national housing plan, as projected for both the Federal Government and private capital goes through to completion, it will launch the greatest boom the radio industry has ever seen, according to Sayre M. Ramsdell, Vice-President of Philco Radio and Television Corporation. Mr. Ramsdell pointed out that the housing plan is aiming at an unprecedented expenditure of \$16,000,000,000 over a four year period. "This alone", he said, "would be the hypodermic to stimulate every branch of industry, including radio to a greater degree of prosperity never before enjoyed."



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## RADIO WAVES "BOUNCE" WAY TO EUROPE

Radio sounds going to Europe - such as President Roosevelt's recent message to Congress - do not chug along smoothly like the train or sedate ocean liner, but in contrast "bounce like a rubber ball."

The National Geographic Society took occasion to point this out in a statement this week on the modern wonders of radio communication and the extent to which radio has abolished geographical barriers.

"Radio short waves in crossing the ocean are not content to chug along like a sedate ocean liner", it was explained. "They are too exuberant for that. They must bounce up and down between sea and sky as a rubber ball bounces between your hand and a sidewalk. They travel on land the same way.

"What is there in the sky for them to bounce against? Not clouds, for they bounce higher than the clouds. Looking upward, nothing is visible, but there is something there. It is a nebulous layer of electrified particles between 10 and 200 miles up, a kind of shell surrounding the earth as a rind surrounds a melon.

"Sometimes this is called the 'radio roof' or the 'ionosphere.' One can see through it on out toward the stars, and if one were in the middle of it, he would not know it was there. Nevertheless, it stops the radio waves and reflects them back toward the earth as a mirror reflects a beam of light.

"Modern radio makes it possible for a man's voice to 'put a girdle 'round the earth' in far less than the 40 minutes required by Puck in Shakespeare's 'Midsummer Night's Dream.' Not even 40 seconds is required today. In a recent test a man's voice traveling by a combination of radio short-wave circuits and telephone wires girdles the earth in one-third of one second.

"How far flung an audience is brought within easy range of the President's voice by radio is indicated by the vast distances bridged even by ordinary, everyday radio telephone conversations between the United States and foreign lands.

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## EX-PUG TAKES RAP AT RADIO ADVERTISING

Gene Tunney, former heavyweight boxing champion, just elected Chairman of the Board of the American Distilling Company, said there were great opportunities in the distilling industry and that "high-pressure salesmanship must be discarded; advertising, such as road signs and radio, which the public has no choice in rejecting should, in my opinion, be curtailed."

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## JENNINGS NOW CROSLY SALES MANAGER

James D. Shouse, Vice-President and General Manager of the broadcasting activities of the Crosley Radio Corporation, announced this week that Robert G. Jennings, who has for some time been a Vice-President of the company, will henceforth be General Sales Manager of WLW and WSAI and Assistant General Manager of the station.

Coupled with the recent appointment of Trans-American Broadcasting and Television Corporation as exclusive national representatives of the stations, this re-alignment in the Crosley broadcast division presages an aggressive and comprehensive future sales policy of WLW and WSAI, in which the field of merchandising and sales service will be considerably broadened.

Mr. Jennings, who joined the Crosley organization early in January, 1935, as Sales Manager of WSAI, has a wide knowledge of the radio industry, particularly from the standpoint of sales, merchandising and programming. He was appointed Manager of WSAI March 1, 1937, and later in the year became Program Manager of both WLW and WSAI.

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## JAPAN EXTENDS OVERSEAS SHORT-WAVE NEWS BROADCASTS

Attempting to offset criticism of the Japanese invasion of China and what it terms "Chinese propaganda", the Broadcasting Corporation of Japan disclosed this week that it is now broadcasting news reports in six languages and plans to broaden its overseas short-wave service.

"In order to supply our listeners with the latest and most authentic information in regard to the Far Eastern situation", the announcement states, "we have been including in our program to Europe, a daily news report in Japanese, English, French and German. For our South Seas program we have added a daily 10-minute news report in the Chinese language. Since August also we have been including Spanish in our programs for the eastern district of North America and South American countries; we shall add a daily news report in Portuguese in these programs soon."

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