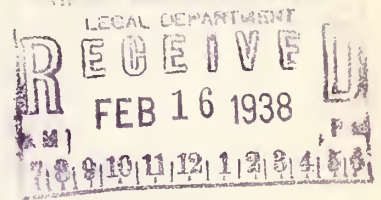


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February 15, 1938.

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

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

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

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

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

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

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

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

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

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WARNS ONLY FOLLY CAN BRING GOVERNMENT RADIO

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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FACSIMILE EXHIBIT DRAWS INTEREST AT NAB MEETING

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

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

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

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

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

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

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

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

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

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

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

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NAB ADOPTS REORGANIZATION PLAN, NAMES DIRECTORS

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

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

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

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

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

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

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

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

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

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FCC TO MAKE OWN RADIO INVESTIGATION, McNINCH SAYS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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HARBORD TO INSPECT RCA PLANTS ABROAD

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

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

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