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# HEINL RADIO BUSINESS LETTER

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April 5, 1938.

## 16 OBJECTIVES LISTED FOR SUPER-POWER HEARING

The Federal Communications Commission this week announced 16 major issues to be determined during the forthcoming super-power hearing, beginning May 16, and requested all interested parties to file notice of intention to testify within 15 days.

The hearing is expected to produce another controversy such as that which rocked the broadcasting industry in October, 1936, and has continued as inter-industry issue ever since. The major question is whether the FCC is to authorize a number of super-power stations, similar to the 500 KW WLW, of Cincinnati.

While there is little objection to horizontal increases in power among the lower and medium power outlets, there is distinct opposition to the establishment of super-power stations. The opposition, however, is not based on technical grounds, as radio has reached the stage where engineers believe the broadcasts would not interfere seriously with lower power transmission. The basis of the objection is a fear that a string of super-power stations would absorb all national advertising and thereby take away the financial support of smaller stations and possibly the networks.

Testimony offered at the 1936 hearing took three general points of view, as summarized by Commdr. T.A.M. Craven, then Chief Engineer:

1. Super-power would benefit the nation from the standpoint of social service and without harm or upheaval in the existing system of broadcasting.
2. Super-power would not be public interest because it would ultimately so change the existing system as to derive the public in individual communities of facilities for self-expression by radio.
3. While the government should face the situation fairly and squarely, it should proceed cautiously in the present situation because of the unknown factors.

Commissioner Craven, in his voluminous report on the social and economic aspects of broadcasting, adopted the latter point of view.

While advising against the "wholesale licensing" of stations to use power in excess of 50 KW, Commissioner Craven said he could see "no logical reason for an arbitrary defensive regulation which would prevent the future use of power in excess of

50 KW in the event that evidence and data should show conclusively that such power in certain individual cases is in the interest of the public."

Chairman Frank R. McNinch, while not making his opinion clear as to super-power, intimated in a recent address to the National Association of Broadcasters that he is against it.

The 16 issues which the Communications Commission said will be determined at the May hearing are as follows:

1. To determine if, in general, objectionable interference will be caused to the service of existing stations by increasing the power limit of stations assigned to the clear channels set out in Commission Rule 116.
2. To determine the nature and extent of the effect of the limitation, if any, of the service area of other classes of stations.
3. To determine whether the enlargement and improvement in the service of clear channel stations resulting from an increase in the maximum limit of power will be greater than any limitation of service that may result to other stations by reason of interference.
4. To determine the extent to which an increase in power on clear channels will enlarge the primary and secondary service areas of clear channel stations and improve the service of such stations.
5. To determine whether there is need for the proposed increased service which will be rendered by the use of the higher power on clear channels, and if so, in what areas such need exists.
6. To determine whether an increase in power on clear channels will tend to or result in an increase in, or concentration of, economic or social power and influence in the clear channel stations, and if so, whether this may have an effect upon other stations, the service rendered by them, or upon the public.
7. To determine whether an increase in power on clear channels will tend or result in a decrease in competition between stations and whether the service to the public will be affected thereby.
8. To determine what charges will be necessary to support the operation of clear channel stations at additional power, whether such charges may be borne by the commercial support available and whether such charges will have an adverse effect upon the character of program service rendered.

9. To determine whether an increase in the maximum limitation of power upon clear channels will tend to, or result in, a duplication of service, either day or night, rural or urban, and if so, the nature and extent of such duplication.
10. To determine whether the stations now operating upon clear channels are so located geographically that an increase in the maximum limitation of power on such channels will bring about, or tend to bring about, a proper distribution of service, particularly to the rural areas served by such stations.
11. To determine whether the habits of listeners under such conditions will be such that they will listen to the high power service rather than the more localized regional and local class service.
12. To determine whether or not an increase in the maximum power limitation on clear channels would tend toward a fair, efficient and equitable distribution of transmission and reception among the States and communities within the meaning of Section 307(b) of the Communications Act of 1934, as amended.
13. To determine whether or not a maximum limit of power should be fixed in the rule, and if so, what limit should be fixed.
14. To determine whether or not the present minimum and maximum power limits of Rule 117 should be maintained.
15. To determine whether or not public interest, convenience and necessity will be served by modification of Rule 117.
16. To determine what modification, if any, should be made in the public interest, convenience and necessity.

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#### RADIO NEWS SUPPLIES FOURTH OF NATION

Almost a fourth, 23.5 percent to be exact, of the citizens of the United States get most of their news from radio newscasts, according to results of a survey published in Fortune magazine. Almost double that number, 45.2 percent, get most of their news from newspapers, while 28.2 percent use both sources.

The survey disclosed that listening to the radio is the favorite recreation of the nation and that newscast ranks third among favorite programs. The principal reason for listening to the radio news, it was said, is "to get news more quickly".

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## INCREASED PRESS HOLD ON RADIO SEEN IN RULING

Newspaper control of broadcasting stations, already large, is expected to increase as the result of a ruling of the Federal Communications Commission, reversing its former position and establishing a precedent for future decisions. There are now some 200 stations owned by newspapers.

The ruling, which becomes effective April 8, permits the transfer of Station WHBC, Canton, O., from the Rev. E. P. Graham, Catholic priest, to the Canton Repository, owned by the Brush-Moore syndicate, for \$21,000. While of little importance in itself, the deal by gaining FCC approval, on unanimous vote, marks a significant change in the Commission's attitude on newspaper control in radio.

The action came on the heels of an opinion by the U. S. Court of Appeals that no existing law bars newspaper ownership of a radio station and that the FCC cannot legally deny an applicant a permit on the ground that he also publishes a newspaper.

Tri-State Broadcasting Company, of El Paso, Texas, operator of Stations KTSM and WDAH in that city, had opposed the application of Dorrance Roderick, President and publisher, El Paso Times, seeking a third station in El Paso. An Examiner's report favoring grant of the Roderick request was affirmed by the Commission but only after Dr. Irvin Stewart, who has since resigned, had delivered a strong dissent charging public convenience and necessity would be frustrated if radio and newspaper publishing were allowed to be concentrated in the same ownership. He asked that the application be denied on that ground.

The FCC ruling in the WHBC case puts the issue of newspaper ownership squarely up to Congress, where rumblings of objections to the "centralization" of news sources have been heard from time to time.

Oddly enough, some of the outspoken critics on this subject have been strangely quiet in recent months. Notably, Senator Wheeler (D.), of Montana, has had nothing to say about the subject since he has won wide newspaper support in his fight against the President's Supreme Court reform plan and reorganization bill. Previously, he had said he would sponsor legislation divorcing newspapers and radio.

Representative Wearin (D.), of Iowa, introduced such a bill in the House more than a year ago, but it has received little or no attention.

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## WALKER TELEPHONE REPORT SEEN AS "TRIAL BALLOON"

Submission of a one-man report on the telephone investigation of the Federal Communications Commission to Congress late last week was interpreted in communications industrial circles as a "trial balloon" and a move to quiet critics who have complained of the delay in drafting the document.

Chairman Frank R. McNinch, in submitting the report of Commissioner Paul A. Walker to the Senate and House Committees on Interstate Commerce, emphasized that the findings had not been approved by the FCC.

Commissioner Walker stated that the Bell System could cut rates as much as 25 percent without "interrupting existing earnings". This could be effected, he said, by elimination of high operating costs. To accomplish this, he suggested that the Communications Act be amended to give the Communications Commission authority to pass upon Bell policies.

Walter S. Gifford, President of the American Telephone & Telegraph Company, immediately challenged the findings as "absurd". Denying that present telephone rates are high, he said the United States has "the best and cheapest telephone services in the world".

Failure of the FCC to act on the report, it is believed, will have the effect of delaying any Congressional action until the next session at least.

"The proposed report is not a report by the Commission", said Chairman McNinch, "but is instead a report submitted to the Commission and is now being studied by the members of the Commission with a view to subsequent determination, at the earliest practicable date, as to the form and content of the report which the Commission will later submit to the Congress."

Meanwhile it was estimated that the investigation to date has cost \$5,000,000 and has covered two and a half years.

Appropriations by Congress for the special telephone investigation amounted to \$1,500,000, this being in addition to the regular annual appropriations of about \$1,500,000 for the FCC, a substantial portion of which is utilized for telephone regulation. Total expenditures imposed on the A. T. & T. system in the course of the investigation, according to authoritative company estimates, exceeded \$3,000,000.

The Commission was authorized by Congress three and one-half years ago to supervise and regulate the communications business in the United States with its capital investment of more than \$6,000,000,000.

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## A. P. TO CONSIDER SPONSORSHIP OF ITS NEWS

The Associated Press this month will consider permitting its members to sell wire news for sponsorship, as do its competitors, United Press and the International News Service, it was learned this week.

Frank B. Noyes, President of the A.P., has sent a letter to all members advising them that the April 25 meeting will take up the question of changing the by-laws to grant permission to members "to make remunerative arrangements with advertisers for sponsored news broadcasts, such permission to involve additional Associated Press assessments".

Mr. Noyes' letter continued:

"Members have said that the time has arrived to permit the A.P. to obtain additional revenue from this source in order to postpone or make entirely unnecessary increases in A.P. assessments in order to meet the expenses of the organization which the members will understand have necessarily been increasing. For six years the organization has been operating on reduced receipts from assessments on its members, its only source of revenue, owing to the reduction in assessments ordered by the Board in 1932 and which reduction totaled approximately \$1,200,000 annually.

"The Board feels that the Association should place itself in position through whatever steps are necessary to gain the benefits to the whole membership that such action will afford.

"Meanwhile members who broadcast or who are contemplating broadcasting may deem it unwise to make commitments for availability of news for broadcasting in advertising programs prior to the annual meeting."

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## PHILCO SPONSORS COURSE FOR ITS SERVICE MEN

The Philco Radio & Television Corporation, of Philadelphia, this week announced that it is sponsoring a special correspondence training course for its 27,000 service men and dealers who belong to the Radio Manufacturers Service.

The National Radio Institute, of Washington, has prepared the course in radio theory and practice, and special rates are being offered to Philco dealers.

Pamphlets and other literature explaining the course were being forwarded to Philco dealers this week.

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## HAVANA RADIO TREATY BELIEVED BLOCKED FOR SESSION

While officials maintain a mysterious silence, the Havana radio treaty adopted last Fall at an Inter-American Conference is being held up by the State Department, and indications are that it will not be presented to the Senate for ratification before Congress adjourns.

State Department spokesmen stated that the treaty has not been forwarded to the Capitol because of requests from the Federal Communications Commission. Chairman Frank R. McNinch, it was said, wrote a letter to the State Department several weeks ago, it was learned, asking that action be delayed until the FCC could study the treaty more thoroughly and possibly hold hearings.

As the general reallocations proposed by the FCC Engineering Department for this country are dependent upon approval of the North American treaty, failure of the Senate to act this year will delay the U. S. shake-up.

A move within the Commission to dislodge the report is expected, however, as Commdr. T.A.M. Craven, delegate to Havana and author of the engineering report, believes ratification of the treaty this year to be essential to the proposed development of American broadcasting.

Of the four parties to the treaty, only one, Cuba, has ratified it, but the other two, Canada and Mexico have indicated they will approve it.

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## FCC HEARINGS UNLIKELY BEFORE CONGRESS ADJOURNS

While the Federal Communications Commission has begun gathering preliminary data on various phases of station and network operations, indications at present are that actual hearings in pursuance of the McNinch monopoly resolution will not begin before Congress adjourns.

Critics of the FCC are suggesting that the Commission may be delaying the inquiry purposely to forestall Congressional interference and to prevent Congressional critics from making attacks either on the Commission or radio "monopolies" on the House or Senate floors.

The FCC Accounting Department is now engaged in gathering statistical data, chiefly from the networks, while the Legal Department has begun an intense study of network contracts with affiliated stations and the extent of network ownership of outlets.

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## MASON ADVISES AGAINST PROPAGANDA

Broadcasting should never be used as a weapon of propaganda in the interchange of programs between the people of the United States and Latin America, Frank E. Mason, Vice-President of the National Broadcasting Company in Charge of Short-Wave Broadcasting, declared Monday at a luncheon meeting of a committee of which the Latin-American consular corps in New York is sponsor, to further good-will between the Americas through the medium of radio.

The purpose of the meeting, according to the New York Times, was to discuss what European stations are doing in broadcasting to Latin America and the part the United States will play in carrying out the purposes expressed in the Buenos Aires Peace Conference called by President Roosevelt in December, 1936, for the development of an exchange of inter-American broadcasts.

"The last few months have served to emphasize what apparently was an unbridgeable difference between life in the Old and the New Worlds", said Mr. Mason. "We believe it will never be necessary for us to dictate to the Old World; we do not want to tell each other how we should live; all we want is that there should be a better understanding between the nations. In carrying out this service of broadcasting, none of us, in our international activities, have any commitment to any ideology, any race or any religious creeds. We wish only to serve in holding up the events of the world through an unblemished mirror, without distortion."

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## DENMARK TO REDUCE STATIC CAUSED BY STREET CARS

In an effort to eliminate radio disturbances caused by street cars, the Copenhagen, Denmark, street car company is at present experimenting with sliding shoes as a means of contact with the trolley wires in place of the customary wheels, according to a report to the Department of Commerce from the office of the American Commercial Attache at Copenhagen.

In the event that the experiments prove successful, it was believed likely that the entire system of the Copenhagen street car company which operates 500 cars will be equipped with sliding shoes at an estimated cost of approximately \$10,000, the report stated.

Similar equipment such as the Copenhagen company is now experimenting with is generally used by street railway companies in the United States.

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## PALEY URGES INDUSTRY TO ADOPT MILITANT PROGRAM

Reporting at the same time to the stockholders of his company and to the listening public, William S. Paley, President of the Columbia Broadcasting System, today (Tuesday) advocated greater public interest in all proposals tending toward censorship of broadcasting, the vesting of program control in any regulating authority, or undermining the American system of private competitive operation.

Mr. Paley, who broadcast his report over the Columbia network, said the broadcasters had been at fault for not participating more fully in public discussions of the use of the medium, suggested that the industry unite on a program of progress, public service and protection and said that the newly reorganized National Association of Broadcasters well might be the instrument for forming and promoting such a program. He added that he believed that the broadcasters, once a program had been formed, should ask for the support of all political parties and all public spirited men and women.

Mr. Paley said that Federal regulation arose originally out of the fact that stations had to be policed in order that their broadcasts should not interfere with each other, since such interference marred the listener's reception. He explained how this necessary policing resulted in the number of stations being limited. Were it not for this limitation, he declared that there would be no more reason for special regulation of broadcasting than there is for regulating newspapers or hardware stores, and urged that regulation, therefore, should be limited to "the bare necessities of the case". These bare necessities, he said, were that all broadcasters should maintain freedom, fairness and non-partisanship of the air.

Mr. Paley expressed the belief that if either Congress or the Federal Communications Commission would make adherence to these three principles a prerequisite of having a license, the regulation of programs themselves would be unnecessary. He said that under the private, highly competitive system in vogue in America, broadcasting had been used more effectively for "the entertainment, the information and the education" of a whole people than it has under any other plan of operation in the entire world.

Mr. Paley discussed with special emphasis his belief that the present short-term licensing system, requiring each broadcaster to seek renewal of his license at the end of each six-month's period, was "as unfair and as unwise as it would be to give men short-term licenses to publish newspapers, to write books or plays, or to make motion pictures. I feel quite sure that nobody really wants to keep broadcasting in a position where it might some day be faced with the necessity of pleasing those in power in order to continue to exist. I do not think it is wise for the American people to allow the whole broadcasting

structure to continue to rest on such a weak foundation." In place of this Mr. Paley proposed licenses over a term of years, pointing out that the license system required the broadcaster to operate in the public convenience, interest and necessity, and suggested that if after a full and open trial it has been proved that the broadcaster has not so operated, the license be taken away from him.

Referring to the Federal Communications Commission's recent decision to make full investigation of network broadcasting and the relationship of stations to networks, Mr. Paley again stressed the present competitive situation as being anything but monopolistic and asserted that broadcasting would suffer very quickly if network operations were limited or hampered.

Referring to current discussion as to whether or not the Commission should seek to regulate prices at which stations could be bought and sold, and as to whether or not the Commission should try to regulate the number of stations a network might own or lease, Mr. Paley said that he believed the ordinary rules of business transactions should govern sales prices and stressed his belief that any system of holding prices down would inevitably tempt a station owner to make as much money as he possibly could, since he would have no inducement to build up a property which either he or his estate could ever sell to advantage. Mr. Paley said he thought this condition would be as inadvisable as it would be to put newspapers in the same situation and said that he did not believe any kind of regulation or legislation "could be sharp enough and shrewd enough to prevent such milking" if station owners could not sell their businesses to anyone else. He further pointed out that the public pays nothing for radio service and therefore is unaffected by the values established for radio stations.

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#### NBC ADOPTS PLAN TO REDUCE DISTORTION IN TONE

Because of the success of a device reducing the slight tonal distortion caused by transmitting equipment at Stations WJZ and WEA, key stations of NBC's two networks, to one thirtieth of its formal level, engineers are to install it in all stations owned and managed by the National Broadcasting Company, O.B. Hanson, NBC Vice-President and Chief Engineer, announced this week.

Listeners in areas served by these stations, said Mr. Hanson, will notice a considerable improvement in reception quality when the work is completed. Installation has also been completed at Station WTAM, Cleveland.

Work on preparing the giant NBC transmitters for incorporation of the new device, called "reverse feedback", began more than a year ago. Following a long period of study of transmitter characteristics, NBC engineers under the direction of Raymond F. Guy, Radio Facilities Engineer, undertook extensive overhauling of the WEA and WJZ transmitters to reduce

transmitter harmonics to their absolute minimum. Equipment was replaced and new circuits were devised before "reverse feedback" was built into the transmitters.

"'Reverse feedback'," said Mr. Hanson, in explaining the device, "is a mouthfilling phrase to describe a comparatively simple idea. The idea is to cancel a plus quantity with a minus quantity. We have applied this to transmitter harmonics.

"These false harmonics are inherent in vacuum tube circuits and radio transmitters. We may, for instance, deliver a perfectly pure tone to the transmitter, but in passing through great amplifying tubes it accumulates some harmonic distortion.

"In using reverse feedback at our two New York City stations, we take a small amount of energy as it leaves the transmitter, but before it goes to the antenna. This energy, of course, carries with it the unwanted harmonics that distort radio signal quality. Then we completely reverse its phase; we turn it upside down, so to speak. Where there was a peak in the original energy wave, we create a corresponding dip. Then we bring this energy around to the point where the program is entering the transmitter and feed it into the circuit. The re-introduced harmonics, being negative in relation to those created in the transmitter equipment, cause almost complete cancellation of the latter.

"It is the combination of this new 'reverse feedback' with extensive overhauling of our transmitters that has reduced this annoying form of distortion to practically zero at the WEAf and WJZ transmitters."

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#### NETWORK WINS NLRB RULING IN LABOR SKIRMISH

Networks will not be required to bargain collectively with technicians for each local outlet, according to a ruling of the National Labor Relations Board, which refused to recognize the American Radio Telegraphists' Association, a CIO affiliate, as bargaining agency for WABC, CBS outlet in New York.

At the same time the Board held that Associated Broadcast Technicians is a voluntary and not a company union, as contended by CIO.

The action in denying the petition on behalf of employees solely at WABC, was based on the ground that the history of bargaining, technical and functional coherence, and similarity of wages and working conditions through the system made the local unit inappropriate, and that consequently there was no question concerning representation of employees.

The Board's decision, in part stated: "As is generally true in the communications industry, and in radio broadcasting in particular, the work at the various stations must be perfectly coordinated. To distribute satisfactorily radio programs to an international audience requires instantaneous functional coherence throughout the company's system. Such coherence is made possible by constant intercommunication among the technicians and engineers by direct wires connection the stations."

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