

HEINL RADIO BUSINESS LETTER

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November 15, 1938

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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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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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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