

# HEINL RADIO BUSINESS LETTER

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## INDEX TO ISSUE OF NOVEMBER 18, 1938

Radio Buoy Developed By Lighthouse Service.....	2
Case Talk With F.D.R. Scotches Rumors.....	3
FCC Makes Rules For New Procedure On Hearings.....	4
Cunningham Endorses McDonald's Television View.....	6
Ickes Opens New Studio; Has No Station For It.....	6
Last Of Examiners' Reports Urge Denials.....	6
Chain-Monopoly Hearing Drags; Long Inquiry Seen.....	7
Royal Talks On Profanity And Programs In FCC Quiz.....	7
Data On Artists, Statistics Bury Commissioners.....	9
Church Proposes Code For Radio Regulation.....	10
Device Measures Air Speed By Short Waves.....	11
Trade Notes.....	12

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## RADIO BUOY DEVELOPED BY LIGHTHOUSE SERVICE

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

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

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

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

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

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

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

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

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

11/18/38

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

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

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

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

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

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

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

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#### CASE TALK WITH F.D.R. SCOTCHES RUMORS

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

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

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

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## FCC MAKES RULES FOR NEW PROCEDURE ON HEARINGS

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

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

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

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

Rule 106.27

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

"(a) The presiding officer at the hearing shall have authority to administer oaths, examine witnesses, and receive evidence at any place in the United States designated by the Commission, and to rule upon the admissibility of evidence and other matters that normally and properly arise in the course of the hearing, but shall have no power to decide any motion to dismiss the proceeding or other motion which involves final determination of the merits of the proceeding.

"(b) After the close of the hearing the complete transcript of testimony taken, together with any exhibits and any briefs or memoranda of law filed theretofore on behalf of any party, shall be filed in the office of the Secretary of the Commission. The presiding officer at the hearing shall have authority to act upon motions to correct the record, made in accordance with the rules.

"(c) Within twenty days from the filing of the transcript of record of the hearing, each party to the proceeding shall file with the Commission proposed findings of fact and conclusions which shall be served upon all parties participating in the hearing in the manner provided in the rules.

"(d) Such proposed findings of fact shall be set forth in serially numbered paragraphs and shall set out in detail and with particularity all basic evidentiary facts developed by the evidence, (with appropriate citations to the transcript of record or exhibits relied on) supporting the



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

"(e) The Commission will thereafter enter its proposed report or findings of fact and conclusions.

"(f) Within twenty days from the filing of the Commission's proposed report or findings of fact and conclusions the parties to the proceeding may file exceptions to the same which shall point out with particularity alleged errors in said report or findings of fact and conclusions and shall contain specific reference to the page of the transcript of hearing or exhibit on which the exception is based, such exceptions shall be accompanied by a memorandum brief in support thereof, and may request oral argument. If no request for oral argument is made within said twenty day period all parties will be considered as waiving any right thereto.

"(g) Reply memorandum briefs may be filed by any party to the proceeding within thirty days from the filing of the Commission's proposed report or findings of fact and conclusions.

"(h) At or prior to the date fixed for the filing of any exceptions or memorandum brief the party filing the same shall serve at least one copy thereof, as provided in the rules, upon all other parties to the proceeding, and no exceptions or memorandum brief will be accepted or considered by the Commission unless accompanied by an affidavit showing this requirement has been met.

"(i) Fifteen copies of any proposed findings of fact and conclusions, exceptions, or memorandum briefs filed in connection with any hearing shall be filed with the Commission.

"(j) After oral argument, or in the event oral argument is waived, after the expiration of the time for filing memorandum briefs the Commission will file its report or findings of fact and conclusions and its order.

"Rule 106.28

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

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12/18/33

## CUNNINGHAM ENDORSES McDONALD'S TELEVISION VIEW

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

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

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

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

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## ICKES OPENS NEW STUDIO; HAS NO STATION FOR IT

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

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

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## LAST OF EXAMINERS' REPORTS URGE DENIALS

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

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

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## CHAIN-MONOPOLY HEARING DRAGS; LONG INQUIRY SEEN

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

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

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

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

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## ROYAL TALKS ON PROFANITY AND PROGRAMS IN FCC QUIZ

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

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

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

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

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



11/18/38

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

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

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

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

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

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

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

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

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

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

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## DATA ON ARTISTS, STATISTICS BURY COMMISSIONERS

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

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

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

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

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

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

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

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

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

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

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

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### CHURCH PROPOSES CODE FOR RADIO REGULATION

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

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

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

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

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



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

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

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

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

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#### DEVICE MEASURES AIR SPEED BY SHORT WAVES

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

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

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

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

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

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\* \* \* TRADE NOTES \* \* \*

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

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

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

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

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