

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

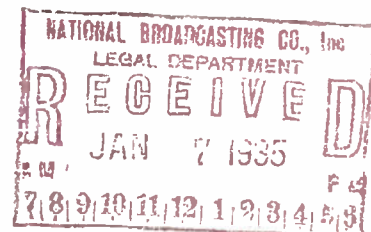
WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

## INDEX OF ISSUE OF JANUARY 4, 1935

Judge Sykes Tells of Studies by FCC.....	2
WJSV's Equipment Sold to Columbia .....	2
First Lady Denies Aiding Socialist Station.....	3
Before and After .....	4
Western Radio News Judge Was Dill Appointee .....	4
Gary Resigns To Make Way For Prall .....	5
Expect Court Action in WLW Cut .....	7
G.O.P. Favors Radio Freedom .....	8
Trade Body Doesn't Desire To Dictate to Broadcasters .....	8
Philadelphia Station Denied Composers Data .....	9
McCosker Denial On Quitting WOR .....	10
ABS Adds Two More Making Twenty-four .....	10
WOR Announcer, Edward J. Powell, Dies .....	10
Industry Notes .....	11
Paul Ringgold, Radiomarine Official Dies .....	12
FCC Drafts Franking Curb Order .....	12
Canadian Made NBC Station Relations Manager .....	12

No. 787.



*[Handwritten signatures and initials]*

January 4, 1935.

### JUDGE SYKES TELLS OF STUDIES BY FCC

With three separate divisions, each operating independently, the Federal Communications Commission is functioning these days as a tri-parite body, with each division having its "hands full," Chairman E.O. Sykes, of the FCC, declared in an interview over a nationwide NBC-WEAF network.

Defining the scope of the FCC's work and the reasons which prompted the administration in bringing about its creation, Judge Sykes declared in response to Mr. Codel's questioning, that the creation of this new agency "was not dictated by any political considerations." He asserted that it was "a natural sequel to the growth and expansion of communications services that the government should regulate them in the interests of the public whom both the FCC and the companies serve."

Judge Sykes enumerated the current investigations being conducted by the three separate divisions. Apropos of the Broadcast Division, he said:

"The Broadcast Division, as you know, is expected to report to Congress by Feb. 1 on the proposal that a fixed percentage of the broadcasting facilities be allocated to particular types of non-profit activities. In addition to its routine work, the Broadcast Division has also begun a survey of the wave lengths, with particular attention to clear channels, to determine whether our present system of allocations is the most efficient in the light of recent advances in radio engineering."

Paying high tribute to the work of the FCC staff, Judge Sykes said the "teamwork being displayed" could be justly attributed to the leadership of the six other members of the FCC, whom he described as "public servants of the very highest calibre." The feeling of the entire organization, he asserted, is that "we will contribute something real and lasting to the American radio listener and the American user of the telephone and telegraph services."

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### WJSV'S EQUIPMENT SOLD TO COLUMBIA

Purchase of the broadcasting equipment of Radio Station WJSV, Alexandria, Va., was announced by the Old Dominion Broadcasting Co., a subsidiary of the Columbia Broadcasting System.

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Though officials of the purchasing company declined to make public the purchase price, it was understood the equipment was sold for \$250,000.

Inasmuch as the Old Dominion Broadcasting Co., has been operating WJSV equipment under lease from WJSV, Inc., no change in operation or control of the station will result, officials pointed out.

Although the transmitter of WJSV is located at Alexandria, across the Potomac from the National Capital, it is the key station of Columbia for covering Washington, D.C.

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#### FIRST LADY DENIES AIDING SOCIALIST STATION

Mrs Roosevelt disclaimed any responsibility for, or connection with any increase by the Federal Communications Commission of the power from 500 to 1,000 watts of the Socialist Radio Station WEVD, in New York. She added that to the best of her knowledge no speech of hers ever had been broadcast by that station.

She made the statement in answer to a question concerning an assertion in a new issue of "Who's Who in Radicalism for Patriots," in which the biography previously included under her name in its "blacklist" is enlarged by the allegation that Mrs Roosevelt and Secretary Perkins had donated their services in broadcasting over WEVD "for the benefit of the International Ladies Garment Workers Union," and made the suggestion that "this official cooperation might explain why the Federal Communications Commission had lately granted this Socialist radio station an increase in wave length."

Mrs Roosevelt did not recognize the name of the station, of which she said she had never heard. She was sure that all her commercial broadcasts had been made over the major National networks, and that she had never knowingly spoken over any others.

Miss Perkins also, it was said at her office, had never spoken over other than the two major networks, the Columbia System and the National Broadcasting Company, and knew nothing whatever of the facilities enjoyed by WEVD, which is a memorial to the late Eugene V. Debs, former Socialist candidate for president.

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### BEFORE AND AFTER

Herewith listed some radio-stage names, along with their pre-radio and post-radio salaries, vouched for by Variety. Figures given are the tops drawn by each named. All boosts are directly attributable to radio.

	Pre-radio	Post-radio
Joe Penner .....	\$ 850	\$ 7,500
Ben Bernie,Orch .....	2,000	7,500
Fred Waring,Orch .....	3,500	10,000
Eddie Cantor.....	7,500	12,000
Jack Benny .....	2,000	4,500
Phil Baker .....	2,000	5,000
Burns & Allen .....	850	5,000
Kate Smith .....	850	6,500
Morton Downey.....	1,500	4,500
Block & Sully.....	750	2,500
Jane Froman .....	400	2,000
James Melton .....	300	1,500
Jack Pearl .....	2,000	8,500
Ed Wynn .....	5,000	15,000
Dave Rubinoff .....	400	2,500

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### WESTERN RADIO NEWS JUDGE WAS DILL APPOINTEE

Describing him as a protege of former Senator Dill of Washington, Raymond Clapper, well known Washington correspondent has the following to say about Judge Bowen who decided that radio stations are entitled to broadcast news printed in newspapers:

"One of the newer Federal judges on the far away Pacific coast John C. Bowen, of Seattle, is becoming the center of wide interest through a pioneering decision growing out of a clash between newspapers and radio.

"His decision, which was a shock to newspaper publishers, hold that radio station KVOS, of Bellingham, Wash., was entitled to pick up and broadcast Associated Press dispatches as soon as they appeared in newspapers of the vicinity. On behalf of the Associated Press, it was contended that the news had been collected at great expense for newspaper publication and that its property right in this news was infringed when a radio station took the news fresh from the presses and broadcast it free to the public.

1/4/35.

" Judge Bowen's decision giving radio a full right of way in picking up news gathered by newspapers, came almost simultaneously with a similar case in South Dakota in which a Federal court enjoined such practice on the ground that the property right of the Associated Press in its news continued for 24 hours after publication.

"Little known in the east, Judge Bowen has been prominent for some years in Washington State, where he has been a protege of Senator Clarence C. Dill, who was his client at one time. Later Bowen became internal revenue collector and finally with Dill's recommendation, was appointed Federal judge.

"A coincidence is that both Judge Bowen and Senator Dill are pioneering in their respective capacities, in the field of radio as a news disseminator.

"Judge Bowen has in his decision attempted to establish radio's prompt access to news information gathered by newspaper staffs. Senator Dill not only has pioneered in radio legislation, but he is returning this week to open a law office here through which he will take an active interest in legal questions that arise in relation to radio and the public. He also has been working on a plan to build up a Nation-wide and later a world-wide radio news service.

"Judge Bowen came East to spend the holidays with his father in Tennessee and is expected to visit Senator Dill here in Washington within the next few days."

It is believed the KVOS case will reach the Supreme Court and be bitterly fought all the way by both sides, as newspapers contend their future may be jeopardized by this decision.

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#### GARY RESIGNS TO MAKE WAY FOR PRALL

With the expiration of his term as a member of the House of Representatives, Anning S. Prall, Democrat, of New York, personal friend of Senator Bob Wagner of New York and President Roosevelt, is all set for appointment as a member of the Federal Communications Commission.

Representative Prall succeeds Hampson Gary who had held the position at the request of the President until such time as Mr. Prall could assume the post.

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An appointment to the Federal Radio Commission was offered to Mr. Prall last year but he did not accept before the Commission was supplanted by the Communications Commission.

Under the law Mr. Prall could not have accepted a place on the Federal Communications Commission before the opening of the new Congress -January 3, as he was a member of the Congress which created the commission.

A complication arose which threatened to prevent Mr. Prall's serving on the Communications Commission in the nature of an unfortunate automobile accident. Senator Wagner and Representative Wagner last summer were enroute to a fishing camp but collided with a truck in the vicinity of Westport, N.Y. Mr. Prall, the more seriously injured of the two, suffered a broken leg and was removed to a hospital at his home on Staten Island where he has been convalescing. Mr. Prall, who is 64 years old, was still on crutches when he arrived in Washington to take up his new duties, and the chances are he will walk with their aid for sometime to come.

The big task facing Mr. Prall, as head of the Broadcast Division, is the report which the Division is preparing and which must be made to Congress by the Commission, February 1st, as to whether or not additional radio facilities shall be allocated to educational and religious stations. Lengthy hearings were held upon this subject and although Mr. Gary worked overtime because of the voluminous nature of the testimony, he was not able to complete the report before January 1st.

There are those who believe former Representative Prall may have some ideas of his own on the subject due to the fact that his appointment was sponsored by Senator Wagner, at whose request the entire educational and religious matter was gone into.

At the request of Rev. J.B. Harney, Superior General of the Paulist Fathers in New York, owners of station WLWL, Senator Wagner introduced a bill which would allocate 25 per cent of all broadcasting facilities to educational and religious stations. A compromise was reached, however, to have the Federal Communications Commission study the subject and make appropriate recommendations to the new Congress.

Mr. Prall, a native of Staten Island attended the public schools of New York. He was vice president of Cosgrove & Co. of New York City and served as president of the New York Board of Education and also as a commissioner of taxes and assessments. He was a member of the Sixty-eighth to Seventy third Congresses. 1923 - 1935.

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There was evidence of genuine regret on the part of everyone at the departure of Mr. Gary who had made a splendid record for himself. Mr. Gary received a splendid letter from the White House thanking him for his services and in addition to this the President commended him personally, which strengthens the general assumption that Mr. Gary is slated for another important Administration position, perhaps in the foreign service where he served with distinction in Egypt and Switzerland in the Wilson Administration.

The Federal Communications Commission passed the following resolution:

"Whereas the Hon. Hampson Gary has by resignation terminated his membership in the FCC

"therefore it is resolved that the remaining members of the body assembled this date en banc desire to place themselves on record as deeply appreciative of the great value to this Commission of Mr. Gary's services as manifested by the wisdom of his counsel, the intelligent helpfulness of his inspiration and the consistent earnestness of his devotion to the work of the Commission.

"Resolved that in conveying individual and collective regrets at his departure from this field of activity, his late colleagues do assure him of their continued interest in his welfare and they hope that opportunity will be afforded for the exercise of his talents in some worthwhile avenue of public service, and, finally be it resolved, that these resolutions be spread upon the records of this Commission and copy thereof be transmitted to Mr. Gary."

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#### EXPECT COURT ACTION IN WLW CUT

Court action is expected if other expedients fail if station WLW at Cincinnati is obliged to cut its nighttime power from 500,000 watts to 50,000 watts. As it stand now, unless WLW is not able to reduce interference with CFRB, a 10,000 watt Toronto station, the Cincinnati station will not be able to secure a renewal of its 500,000 watt license February 1st.

WLW has been given the alternative of reducing the interference by means of a directional antenna or of cutting

1/4/35.

its present power down to 50 000 watts, at least during the remaining winter months. Although no one involved in the case would talk for publication, it was the impression in Washington that, if necessary, the Crosley Corporation would resort to injunction proceedings and fight the matter out in the courts. Lieutenant Governor Sawyer is counsel for the Crosley Corporation.

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#### G. O. P. FAVORS RADIO FREEDOM

The concluding point in the 20-point G. O. P. Program outlined by Representative Bertrand H. Snell, of New York, Republican leader is as follows:

"We believe in freedom of speech and in freedom of the radio for the discussion of national questions "

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#### TRADE BODY DOESN'T DESIRE TO DICTATE TO BROADCASTERS

Setting forth that the Federal Trade Commission does not undertake to dictate what the advertiser shall say but rather what he must not say, a report from the Commission follows:

The Commission on May 16, 1934, requested all networks, transcription companies and individual broadcasting stations to file with it duplicate copies of their advertising continuities. To this request all of the 10 networks, all of the 596 broadcasting stations, and practically all of the transcription companies which make commercial continuities have responded. This cooperation has been most gratifying.

The Commission has already received approximately 180,000 continuities, of which it has made preliminary detailed examination of almost 150,000. Of the latter number more than 125,000 were found unobjectionable and filed without further action, while about 21,000 were distributed among members of the special board of investigation for further checking.



1/4/35.

"There remained approximately 33,000 continuities to be examined. In all cases where false and misleading advertising is found the Commission is applying substantially the same procedure as is followed in cases of false and misleading advertising in newspapers and periodicals.

"This scrutiny of radio advertising is being conducted with a minimum of expense to the government as well as to the industry because of the co-operation of members of the industry and the system of procedure developed.

"In its examination of the radio continuities, as well as of newspaper and periodical advertising, the Commission's sole purpose is to curb unlawful abuses of the freedom of expression guaranteed by the Constitution.

"It does not undertake to dictate what an advertiser shall say, but rather indicates what he may not say. Jurisdiction is limited to cases which have a public interest as distinguished from a mere private controversy, and which involve practices held to be unfair to competitors in interstate commerce."

#### PHILADELPHIA STATION DENIED COMPOSERS DATA

In a decision handed down by Judge Mack in the New York Federal Court, recently, the Pennsylvania Broadcasting Co., operators of WIP, Philadelphia, was denied the right to inside information about the American Society of Composers, Authors and Publishers. WIP is suing for a permanent injunction restraining ASCAP from trying to collect a license fee, on the ground that the performing rights outfit is a monopoly.

Judge Mack's ruling denies WIP's request for an accounting showing the salaries paid the president, secretary and general manager of ASCAP from 1927 to 1933, the operating expenses of the Society for the same period, and the fees that it has paid during this stretch to attorneys.

The court ordered held in abeyance other points of information demanded by WIP. These included material about ASCAP's income from picture houses, hotels, restaurants, canarets and broadcasting stations for a number of years down to 1933, a list of all station licensees, an accounting of the gross payments made by the Society to its writer and publisher members for each of the years between 1917 and 1933.

ASCAP counsel objected to revealing the latter on the ground that it might tend to incriminate the defendants named in the action, Gene Buck, Louis Bernstein, Jerome Kern and E.C.Mills.

1/4/35.

### McCOSKER DENIAL ON QUITTING WOR

The numerous reports that Alfred McCosker would shortly be out of WOR as president, which crystallized in publication last week, was absolutely denied by Mr. McCosker. Mr. McCosker stated that he expected to be with the station for years to come and that there wasn't "a scintilla of truth" to the published story.

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### ABS ADDS TWO MORE MAKING TWENTY-FOUR

The American Broadcasting System January 1st, extended its network to Cleveland and Little Rock, thus adding their twenty-third and twenty-fourth stations.

Station WJAY founded in 1927, transmitting on a frequency of 610 kilocycles with 500 watts power is the new Ohio outlet. It is owned and operated by the Cleveland Radio Broadcasting Corporation, of which M.F. Rubin is president.

KARK, with 250 watts power on 890 Kilocycles, is the Arkansas station. It is owned and operated by the Arkansas Radio and Equipment Company. Col. T.H Barton, president of the Lion Oil Company, is the principal stock holder. Howard A Shuman, formerly associated with the operation of radio properties in Nebraska, is the manager.

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### WOR ANNOUNCER, EDWARD J. POWELL, DIES

Edward J. Powell, considered by WOR executives to be one of the station's most brilliant production men and announcers, died last week at the Rockefeller Institute, of acute uremic poisoning, following an illness of six weeks. He was 31 years old.

Upon his graduation from Yale where he became interested in the theater as a pupil in Dr. Baker's Workshop, Powell came to New York and entered theatrical activities appearing in "Zeppelin", "Ladies of the Jury", "The Family Blues" and as stage manager for Mrs Minnie Maddern Fisk on her last road tour. When he returned to New York he entered radio as an announcer with WMCA, and came to WOR three and one-half years ago, where he was especially well-known for his excellent production work. Raymond Knight and John S. Young of NBC were classmates of Powell at Yale.

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Surviving are his mother, Mrs Edward Damron, and a sister, Charlotte Damron, who reside in Columbus, Ohio, where Powell spent many years of his life.

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INDUSTRY NOTES

Bob Trout, presidential announcer is leaving Washington and WJSV soon to join CBS headquarters staff in New York, assisting in the handling of special events broadcasts. The exact date of his departure has not been decided but he is expected to leave within a week or ten days.

Trout won the New York promotion through the outstanding work he has done as Columbia's announcer at the White House. Mr. Trout has travelled with President Roosevelt on many of the latter's trips and was well liked by the President. Likewise Trout was one of the most popular men about the White House and leaves Washington with the best wishes of all his associates.

The 1935 Institute of Radio Service Men's Convention and Trade Show will be held in Chicago March 22, 23 and 24th.

Samuel S. Gossard, former corset manufacturer and one-time operator of the Gossard Radio and Wire Co., was found dead at his home at Belleville, Ill from a revolver bullet through his head. Authorities said his death was suicide.

First radio announcer elected to Congress, Karl Stefan, formerly of Station WJAG, Norfolk, Neb., was a speaker over the American Broadcasting System-WMCA network on the broadcast of the ceremonies of the opening of Congress on Thursday January 3.

Adolph Phillipp, playwright and composer filed a suit for damages in Federal Court against Rudy Vallee, the National Broadcasting Co., the Columbia Broadcasting Co. Gene Buck president of the American Society of Composers Authors and Publishers; Jerome H. Remick & Co. and the Remick Music Co. Mr. Phillipp charged the defendants had exceeded their rights in connection with his "Dramatic-Musical Composition," "Alma Wo Wohnst Du?" and a song from it called "Alma".

## PAUL RINGGOLD, RADIOMARINE OFFICIAL, DIES

Paul C. Ringgold, Assistant General Superintendent and Assistant Secretary of the Radiomarine Corporation in New York City died at Lynbrook, L.I., Wednesday. Mr. Ringgold contracted pneumonia from his son who he helped to nurse. The boy recovered but the father succumbed.

Mr. Ringgold was about 40 years old and is survived by his widow. He was David Sarnoff's stenographer when the latter was with the Marconi Company.

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## FCC DRAFTS FRANKING CURB ORDER

A proposed order limiting the amount of free telegraphic service granted to any one person by any telegraph company to \$10 in a calendar year was made public by the Federal Communications Commission. The order is in the form of an amendment to franking regulations on which a hearing will be held Jan 14. The proposed amendment reads as follows:

"No frank or franks shall be issued by any carrier purporting to authorize any person to send messages the regular charges on which in the aggregate would exceed \$10 in any calendar year; nor shall any person use or attempt to use in any calendar year any frank or franks issued by one carrier for the sending of messages the aggregate charges on which at regular rates would exceed \$10 in any calendar year."

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## CANADIAN MADE NBC STATION RELATIONS MANAGER

R.M. Brophy, former Canadian radio executive, has been appointed manager of stations relations for the National Broadcasting Company, replacing Donald Withycomb, who becomes general manager of one of NBC's associated stations in Philadelphia.

Brophy has been active in the Dominion radio field for more than 15 years. During that time he advanced from a workbench in the Canadian Marconi Co. factory in Montreal to the position of assistant general manager of the company, which post he resigned last year to join the National Broadcasting Company in New York. In his new position he will maintain the close contacts with the Canadian Radio Broadcasting Commission which he established while active in the Dominion.

He will act as liaison officer between the Radio City headquarters and the individual stations of the two big NBC networks.

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## INDEX TO ISSUE OF JANUARY 8, 1935.

Italy To Short-Wave Newest Opera "Nero" To U. S.....	2
FCC Asks For \$1,500,000 Appropriation.....	5
P.W.A. Buys Half-Million Dollars Of Radio Apparatus.....	5
Western Stations Help Selves To Newspaper News.....	6
Wheeler Is New Senate Communications Leader.....	7
Capt. Walton, Wireless Pioneer, Dead At 66.....	7
Prall In Washington; Expects Appointment Momentarily.....	8
Code Authority Seeks Artist-Performer Data.....	8
Final Decision Near On Radio Manufacturers' Code.....	9
Gilliam Seeks Building Extension Time.....	10
Press Rate Ruling Asked.....	11
WBAL Transfer To Hearst Granted.....	11
Fortune Magazine To Write-Up Philco.....	12
Applications Granted By Telegraph Division, FCC.....	12

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January 8, 1935.

ITALY TO SHORT-WAVE NEWEST OPERA "NERO" TO U. S.

Not only does the "American Hour", specially broadcast to the United States from the new Italian short-wave station of Prato-Smeraldo, in Rome, offer this country a wealth of brand new program material, but it is a practical example of how the radio may be used to cultivate friendly relations and peace between great nations. The "American Hour" is a good-will offering of Premier Mussolini and the Italian Government. It seems fitting that Italy, the home of Marconi, should be the first country in the world to avail itself of radio to make such a gesture to the United States.

As a piece de resistance, the "American Hour" Monday, January 28, at 6 o'clock E.S.T. will broadcast portions of Mascagni's magnificent new opera, "Nero", direct from the famous Scala Theatre in Milan. The production of this opera, which the entire musical world is on tip-toe to hear, is the greatest event in Italy's lyrical season and every theatre raced for the privilege of the first performance, with the Scala winning the honor.

Also as a tribute to the United States, several of the best operas will be transmitted during the "American Hour" from the Royal Opera House at Turin, where will be heard several Metropolitan favorites, including Beniamino Gigli, and Tito Schipa. The first of the Turin broadcasts will be Wednesday, January 16th.

In view of establishing closer ties of friendship between the students of the two countries, the Fascist University students will put on a description of their cruises during the year accompanied by sounds and music giving their impression of their trips on board ship and by train of their visits to the various Mediterranean cities and towns. Also of Lieut. Fraresco Agello's seaplane being warmed up for its record flight, and the flight itself, accompanied by the comments of spectators and the commands to the ground below. These student broadcasts will take place Friday, January 18, and Wednesday, January 30.

The time for each broadcast will be from 6:00 P.M. to 7:30 P.M., E.S.T. The wavelength of the broadcast is meters 30.67, 9,781 kilocycles from 6:00 P.M. to 6:30 P.M. and meters 49.03, 6,085 kilocycles from 6:30 P.M. to 7:30 P.M. E. S. T.

1/8/35

Through the courtesy of the Royal Italian Consul General at Chicago, G. Castruccio, and Commander E. F. McDonald, Jr., of Chicago, it is possible to give the following advance schedule of the "American Hour" programs to be broadcast by the station of Prato Smeraldo (IRA) at Rome:

Tuesday, January 9th

American Anthem. Giovinezza  
Speech by H. E. Fermi, Member of the Italian Royal Academy, "Theory of Radio Activity, Latest Applications, and Influence Abroad."  
Transmission of an opera from the Royal Opera House in Rome  
"Notes on the Italian Language" by Prof. DeMasi  
Regional Songs  
News Bulletin of sport, commerce, literature  
"Inno a Roma" by Puccini

Friday, January 11th

American Anthem. Giovinezza  
Speech by the American writer, Ezra Pound, on "How the Duce Solves the Wealth Distribution Problem."  
Symphonic concert of the EIAR (Italian Broadcasting Company) orchestra  
Prof. De Masi: "Italian, the Sweetest Language in the World". tra  
Regional Songs  
News Bulletin  
"Inno a Roma", Puccini

Monday, January 14th

American Anthem. Giovinezza  
Speech by H. E. Renato Ricci, Under-Secretary of State of Public Education, "Italian Youth".  
Transmission of an opera from the Scala Theatre in Milan  
Some items on the Italian language by Prof. De Masi  
Folkloristic Songs  
News Bulletin  
"Inno a Roma", Puccini

Wednesday, January 16th

American Anthem. Giovinezza.  
Speech by Ing. Gaetano Ciocca, "Impression on City Life and Industry in America"  
Symphonic concert broadcast from the Turin Theatre  
The Women's Hour  
Short talk on the Italian language by Prof. De Masi  
Regional Songs  
News Bulletin  
"Inno a Roma", Puccini

Friday, January 18th

American Anthem. Giovinezza  
 Speech by Prof. Lupatelli, President of the University for  
 Foreigners at Perugia, "Students from all Parts of the World  
 at Perugia"  
 Transmission of an opera from the Royal Opera House in Rome  
 Conversation on cruises by the Fascist University Students  
 Prof. De Masi: "The Radio and the Italian Language".  
 Regional Songs  
 News Bulletin  
 "Inno a Roma", Puccini

Monday, January 21st

American Anthem. Giovinezza  
 Prof. Salvatore Galgano of the Italian Legislative Institute,  
 "The Modern Trends of Italian and American Social Rights".  
 Symphonic concert of the Ente Orchestrale Fiorentino (Florentine  
 orchestra)  
 Conversation on the Italian language by Prof. de Masi  
 Italian folkloristic Songs  
 News Bulletins  
 "Inno a Roma", Puccini

Wednesday, January 23rd

American anthem. Giovinezza  
 Hon. Luigi Razza, Member of Parliament, "Emigration in Italian  
 Provinces"  
 Transmission of an opera from the Scala Theatre in Milan  
 Speech by Mr. F. P. Culbert, European Manager, London, of the  
 Radio Corporation of America, on his impressions of his tour  
 through Italy  
 Some News on the Italian Language  
 Regional Songs  
 News Bulletin  
 "Inno a Roma", Puccini

Friday, January 25th

American Anthem. Giovinezza  
 Hon. Felica Felicioni, Member of Parliament, on "The Origin and  
 the Aims of Dante Alighieri".  
 The Women's Hour  
 The origin of the Italian Language by Prof. De Masi  
 Italian Folkloristic songs  
 News Bulletin  
 "Inno a Roma" by Puccini



Monday, January 28th

American Anthem. Giovinezza  
 H. E. Ottorino Resoighi, Member of the Italian Royal Academy,  
 "Italy's Modern Music"  
 Selections from the opera "Nero" by Mascagni, from the Scala  
 Theatre in Milan  
 Some items on the Italian Language  
 Regional Songs  
 News Bulletin  
 "Inno a Roma", Puccini

Wednesday, January 30th

American Anthem. Giovinezza  
 Senator Count di Sanmartino, on the Academy of St. Cecilia  
 Concert conducted by Maestro Rossi of the Academy of St. Cecilia  
 Special Program of the Fascist University Students Group  
 Conversation on the Italian Language by Prof. De Masi  
 Regional Songs  
 News Bulletin  
 "Inno a Roma" by Puccini

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### FCC ASKS FOR \$1,500,000 APPROPRIATION

Budget estimates for 1936 for the Federal Communications Commission call for an annual appropriation of \$1,525,000. This is almost double the amount allowed for the old Radio Commission which was \$826,649.

The increase includes \$67,560 to cover pay cut restoration and increased expenses amounting to \$759,089 in anticipation of extended regulatory activities of the Commission.

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### P.W.A. BUYS HALF-MILLION DOLLARS OF RADIO APPARATUS

Some business for the radio industry has come from expenditures of the Public Works Administration under Secretary Ickes of the Department of the Interior, Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association learns. The radio business amounts to only about one per cent of P.W.A. purchases in its construction program aggregating \$555,000,000 but is substantial. Total P.W.A. purchases of radio apparatus and supplies have aggregated \$584,892 during the fifteen-month period covered by the P.W.A. activities.

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## WESTERN STATIONS HELP SELVES TO NEWSPAPER NEWS

Federal Judge John C. Bowen's recent ruling in the State of Washington, that newspaper press dispatches become public property after publication, has resulted in the wholesale broadcast of newspaper news over Washington State.

Radio Station KPQ, Wenatchee, associated with KVOS, of Bellingham, against which the restrainer was sought, had originally followed a procedure of rewriting press dispatches and relying on short wave radio flashes for all news of a world or national nature.

The station, in addition, employed one man to cover the city. Since Judge Bowen dismissed the Associated Press suit against the Bellingham station, the Wenatchee station has doubled its out-of-city coverage, although still rewriting the various items, a thing neither station considered until wax records of the broadcasts had been introduced as court evidence.

Both KVOS and KPQ announcers have openly boasted about their recent triumph, Editor & Publisher reports. The latter station has doubled its news broadcast time thrice daily.

Cole Wylie, manager of the 100-watt Wenatchee station, revealed that "during the past several months news programs have cost this station approximately \$380 a week. We expect to add materially to this expenditure and, quite naturally, would not do so unless it paid." Wylie talks matter-of-factly of spending \$19,760 annually, about six times what the average small publisher spends for a news service.

"The press must conform with modern developments or be outmoded", he said. "There no longer is a field for extra editions of newspapers, nor a field for multiple editions. Newspapers must accept the fact that radio can and does scoop them. If there is competition at all (and Judge Brown ruled that there was none), it is newspapers competing with radio, not radio with the press. This should be readily admitted when you recall the stubborn opposition given radio news by newspapers and press associations - witness the unsuccessful press-radio proposal which no decent radio station could give its listeners as newscasts."

There are at present nine radio stations in the State of Washington using news programs similar to those of KPQ and KVOS. Eight additional stations are preparing to add the news program feature.

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## WHEELER IS NEW SENATE COMMUNICATIONS LEADER

Senator Burton K. Wheeler, of Montana, by accepting the Chairmanship of the Interstate Commerce Committee of the Senate, which has jurisdiction over the Federal Communications Commission, becomes high man in communication matters in the upper body of Congress. It is understood that Senator Wheeler, while interested in communications generally, is not especially concerned with regard to radio broadcasting. The latter industry is said to be greatly relieved over this prospect as Senator Wheeler is an outstanding Democratic progressive known to be farther advanced in his views than was even Senator Dill, his predecessor. Wheeler was Progressive Party candidate for Vice-President of the United States with Senator Robert M. La Follette in 1924.

The first duty of Senator Wheeler's Committee will be to consider the nominations of the members of the Federal Communications Commission, all of which have yet to be confirmed by the Senate. Apparently there will be no serious opposition to their confirmation. The consideration of any proposed legislation will very likely go over until February 1st at which time the recommendations of the Federal Communications Commission are due.

Senator Wheeler is 52 years old, is married and has six children and although representing a far Western State, was born at Hudson, Mass. He came into prominence by being appointed U. S. Attorney for the District of Montana by President Woodrow Wilson.

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## CAPT. WALTON, WIRELESS PIONEER, DEAD AT 66

Capt. John Quincy Walton, U. S. C. G., retired, one of the earliest radio engineers in this country, died unexpectedly in his laboratory in Washington last week, at the age of 66. He was born in Philadelphia in 1869.

Capt. Walton, who lived at 4325 Kansas Avenue, N.W., joined the Coast Guard in 1895 as engineer officer. In 1900 he was made naval constructor, specializing in the design of marine engines. He also found time to carry on early experiments in wireless telegraphy, and supervised the first installations on Coast Guard vessels.

After the sinking of the Titanic in 1912, Capt. Walton was appointed American delegate to the International Radio-Telegraph Congress, which met to draft international rules for distress signals. He formulated many of the early radio laws in this country and was a member of a board appointed in 1913 to unify such legislation. He is survived by his widow, Mrs. Mary Elizabeth Walton.

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PRALL IN WASHINGTON; EXPECTS APPOINTMENT MOMENTARILY

Former Representative Anning S. Prall is at his apartment at the Shoreham Hotel awaiting his appointment to the Federal Communications Commission which is expected any day now.

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CODE AUTHORITY SEEKS ARTIST-PERFORMER DATA

A questionnaire has been submitted to the Broadcasting Industry by James W. Baldwin, Executive Officer of the Code Authority, seeking the following information pertaining to artists and performers:

1. (a) Are written contracts made with any of the artists or performers employed by you?  
(b) If so, with how many individuals during the week ending December 15, 1934?  
(c) Are contracts issued to the artists and performers (1) in advance of rehearsals, or (2) at the time of the performance?
2. (a) Do you furnish artists and performers with a booking slip or other form which sets forth clearly all the terms of the engagement?  
(b) Is booking slip or other form given to the artists or performer (1) in advance of rehearsal, or (2) at time of performance?
3. (a) Do you pay artists and performers for auditions for commercial programs?  
(b) If so, at what percentage of the rate paid for commercial program performance?  
(c) Do you make records of these auditions?
4. Do you charge a commission to artists and performers for employment on sustaining or commercial programs? If so, what rate?
5. If you charge a commission to artists and performers, what service is rendered for that commission on sustaining and commercial programs?
6. Do you charge a commission if the artists or performer has his or her own agent or representative?
7. What proportion of the compensation paid for a performance is paid for a repeat performance on sustaining and commercial broadcasts?

8. If the agreement includes pay to the artists or performer for repeat performance, what is the rate of pay for a broadcast plus a repeat performance on sustaining and commercial broadcasts?
9. What is your policy regarding pay to artists and performers if the broadcast is cancelled for reasons not within control of the performer?
10. (a) In broadcasting a dramatic sketch or program, do employees of your studio, other than artists and performers, play minor parts?  
 (b) How many minor parts were played by employees other than artists and performers engaged to act in such programs, during the week ending December 15, 1934?

The questionnaire explains that "artists and performers" excludes radio announcers, musicians, speakers to whom time is made available without charge, and individuals not employed or compensated by the broadcaster or network.

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#### FINAL DECISION NEAR ON RADIO MANUFACTURERS' CODE

Industry plans for the new year, including final determination of the NRA-code status of radio manufacturers, are on the docket of the Radio Manufacturers' Board of Directors for a meeting in Chicago on Thursday (Jan. 10). This precedes a meeting January 15th at Washington, on the Radio Industry Code, with NRA and the National Electric Manufacturers' Association.

The final stage of negotiations on the long pending NRA-Code status of radio manufacturers has been reached, according to Bond Geddes, Executive Vice-President. The Radio Industry Code matter has been placed at the top of the NRA calendar. Capt. William Sparks, Chairman of the Code Committee, and President Leslie F. Muter, will head the RMA conferees.

The purpose of the January 15th conference is to conclude negotiations and reach a decision for separate and independent code operations of the radio industry following the formal agreement made August 21 by NEMA and RMA with the National Industrial Advisory Board. This agreement provides for separate and independent code status and operations for radio manufacturers, with a Radio Code Authority reporting directly to NRA but with continued operation, if possible, through the Electrical Code. A pending alternative is the separate Radio Industry Code submitted last June by the RMA to the NRA.

Pending the NRA decision on the Radio Industry Code matter, it now appears certain that NRA will defer action, as requested by RMA, on two supplemental codes proposed by NEIIA.

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Discussing any proposed legislation in the new Congress which might affect the radio manufacturing industry, Mr. Geddes said:

"In addition to general industry legislation such as continuation or revision of NRA, the renewed 30-hour week bill of Senator Black, of Alabama, and other general industrial matters in which the RMA is concerned, the 5 per cent Federal excise tax on radio is a matter of primary importance. Scheduled to expire by limitation next June, it appears probable that the radio excise tax must be continued because of financial necessities of the Treasury. At the opening of Congress, congressional leaders appeared to be veering toward continuation of all excise taxes, including radio taxes. Government revenue from radio is comparable in importance with that from playing cards, matches, automobile products, automotive parts and accessories, automobile tubes and the total collection of club dues, according to the last Internal Revenue returns. Gasoline, tobacco, beverage, electrical energy, theatre admissions and telegraph and telephone messages are the principal excise tax sources, but the radio taxes are a substantial part. The sentiment in Congress apparently favors repeal of all such "nuisance" taxes, but Federal revenue needs are so large that it now appears the excise taxes, including those on radio, will be continued.

"The forty-four State Legislatures now convening are expected to adopt salestaxes rather widely. General sales taxes in the States have not been opposed by the RMA, but it has vigorously and thus far successfully opposed any special "luxury" taxes on radio. Regulation of automobile receivers capable of receiving police broadcast and other radio legislation also is expected to develop from the new State Legislatures. The RMA through its Board, Legislative Committee and State Committees, is prepared to act in all radio interests as the new national and State legislative programs get under way."

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#### GILLIAM SEEKS BUILDING EXTENSION TIME

Marion K. Gilliam, of Staunton, Va., has asked the Federal Communications Commission to extend until April 4th, the time for completing construction of Station WSVB.

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## PRESS RATE RULING ASKED

The Radio Corporation of America has asked the Federal Communications Commission to determine whether a special low rate for outgoing and incoming press matter for large associations in the international field would be legal.

The RCA filed a response preparatory to the Commission's hearing which will begin in March on telegraph and radio services and rates, and made a special request for information and petition on the press service as follows:

"We have been invited from time to time by large Press Associations to quote "Contract Press" rates lower than the regular press or deferred press rates. Such reduced press rates would be based on large volume (usually in excess of 500,000 press words per annum) during a specified period. The suggested contracts would include outgoing and incoming press matter in the international field.

"We have been informed by large users (small users must pay the normal per word press rates) that "volume press" or "contract press" rates are offered by competitors in the international field of communication.

"We have felt compelled to decline to establish such a classification of service because we believe it would be discriminatory and illegal, but those desiring the volume rate have insisted upon its legality.

"We respectfully invite the attention of the Commission to the situation, and hope that as a result of the hearing to be held the Commission will either specifically authorize or prohibit the classification "Contract Press" based on 'wholesale' or volume press rates."

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## WBAL TRANSFER TO HEARST GRANTED

The Federal Communications Commission today (Jan. 8) granted the WBAL Broadcasting Co., Baltimore, Md., permission to transfer control of the corporation from the WBAL Broadcasting Co., to American Radio News Corporation (Licensed for 1060 kc., 10 kw., S-WTIC. Special authorization simultaneous day time with KTHS on 1060 kc. until 9 P.M. and synchronize with WJZ on 760 kc., 2½ k.w. after 9 P.M.) License expires February 1, 1935).

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## FORTUNE MAGAZINE TO WRITE-UP PHILCO

An article in Fortune Magazine, to appear in the February issue, will be devoted to the Philco Radio and Television Company and is described as "The story of a living corporation told only as Fortune can tell it, of a boom which makes cheerful reading on a dark depression afternoon."

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## APPLICATIONS GRANTED BY TELEGRAPH DIVISION, FCC

WAEF, Aeronautical Radio, Inc., Newark, N. J. C.P. to move station from Newark, N. J., to Brooklyn, N. Y.; WNEH, Washington, Va., C.P. to move station about 1000 yards (aviation Aero); KIMU Pacific Alaska Airways, Inc., Koyuk, Alaska, license to cover C.P. 5692.5, 3082.5, 8220 kc., 15 watts; KIMU, Koyuk, Alaska, license to cover C.P. 2648, 3082.5 4125, 8015 kc., unlimited, 6570 kc. day only, 15 watts; New, Mulato, Alaska, C.P. (Aviation Aero. and Aero. Pt. to Pt.) (a) 3082.5, 5692.5, 8220 kc., unlt'd; (b) 2648, 3082.5, 4125 kc., unlt'd. 6570, 8015, kc. day only, power 100 watts; New, Nome, Alaska, C.P. (a) 3082.5, 5692.5, 8220 kc., unlt'd; (b) 2648, 3082.5, 4125, 6570, 8015 kc., 100 watts; Same, Tenana Crossing, Alaska, Same, Livengood, Alaska, Bethel, Alaska, 58 30 00 N- 134 10 00 W., Same, 62 50 00 N - 141 300 00 W. Alaska C.P. same as above except 20 watts power; New, Same, Ketchikan, Alaska, same except 100 watts power; New, Same McGrath, Alaska, Juneau, Alaska, C.P.s, frequencies (a) 3082.5, 5692.5, 8220 kc., unlt'd (b) 2648, 3022.5 4125 kc., unlt'd, 6570, 8015 kc. day only, 100 watts;

Also, Aeronautical Radio, Inc.: WNEZ, Camden, N. J., license to cover C.P. 2922, 2946, 2986, 5652.5, 4122.5 kc., 15 watts; WNEH, S. Washington, Va., C.P. to move station about 1000 yds. (Aviation Aero Pt. to pt. station); WAEF, Brooklyn, N. Y., C.P. for additional transm. for a new aero pt. to pt. station (already licensed as aero. station); New, Rufus P. Turner, Boston, Mass., C.P. 4797.5 kc., 50 watts; City of Cincinnati, Portable-Mobile (Cincinnati) 2 applications, C.P. 30100, 33100, 37100, 40100 kc., 20 watts; KGPN, City of Davenport, Davenport, Ia., C.P. for new transmitter and increase in power from 50 to 100 w.; City of Dodge City, Kans., C.P. 2474 kc., 50 watts; Los Angeles County Flood Control Dist., Portable (Calif.), C.P. 2726 kc., 50 watts.

Also, W6XK, Don Lee Broadcasting System, Los Angeles, Cal., W9XAN, Elgin National Watch Co., Elgin, Ill., and W2XBJ, RCA Communications, Inc., Rocky Point, N. Y., renewal of Special Exp. station license for period Jan. 3 to April 3, 1935, in exact conformity with existing license; WDE, RCA Communications, Inc., Rocky Point, N. Y., mod. of lic. to delete transmitter #35 with #CX (1 KW) and to add Boston and Washington as primary points of communication.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

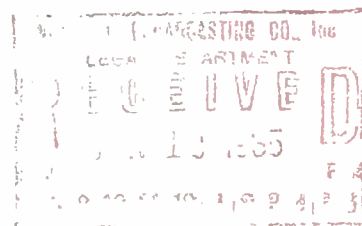
WASHINGTON, D. C.

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## INDEX TO ISSUE OF JANUARY 11, 1935

Senate Soon To Consider Prall and FCC Nominees.....	2
Would Hold Broadcaster Liable For Misleading Advertising.....	3
Field Intensity At Radio Broadcast Frequencies.....	4
A. P. To Appeal Radio News Decision.....	4
Excessive Loan Advertising Bill Includes Broadcasting.....	5
Sees Nazi Censorship Parallel In U. S.....	6
Neely Introduces Amendment To Communications Act.....	9
16 Advertisers Use Daily's "Radio Log".....	9
ABS Seeks New Operating Contract.....	10
✓ Westinghouse Gives Up More RCA Holdings.....	10
Treadway Manufacturers' Tax Bill Reintroduced.....	11
Exceptions Taken By W. U. and Postal On Telegraph Franks....	11
Applications Granted By Broadcast Division, FCC.....	12

No. 789



## SENATE SOON TO CONSIDER PRALL AND FCC NOMINEES

Senator Burton K. Wheeler, of Montana, new Chairman of the Senate Interstate Commerce Committee, is expected to call his committee at an early date to consider the nominations of former Representative Anning S. Prall, who was named by President Roosevelt last Thursday, and Commissioners Sykes, Brown, Walker, Stewart, Case and Payne, who were appointed last June but who, as yet, have not been confirmed by the Senate.

Mr. Prall was appointed to fill the unexpired term of former Commissioner Hampson Gary which ends in July. At that time it is expected the President will appoint the former New York Representative to a regular seven year term.

It is not believed that the FCC nominees face serious difficulty in getting confirmed but this depends largely upon the members of the Interstate Commerce Committee, the new line-up of which is as follows:

Senators (Democrats) Wheeler, Montana, Chairman; Wagner, New York; Barkley, Kentucky; Neely, West Virginia; Dieterich, Illinois; Lonergan, Connecticut; Huey Long, Louisiana; Brown, New Hampshire; Bone, Washington; Donahey, Ohio; Minton, Indiana; Moore, New Jersey; Truman, Missouri; Republicans - Couzens, Michigan; Metcalf, Rhode Island; Hastings, Delaware; White, Maine; Davis, Pennsylvania and Shipstead, Minnesota. Those who have not previously served on this committee are Senators Bone, Donahey, Minton, Moore, Truman, Davis and Shipstead.

Just what opposition, if any, these new members may have to the President's FCC nominees, time only can tell. Of the older members, Senator Couzens is known to be opposed to Col. Thad Brown, a Republican, of Ohio, and previously opposed his confirmation as a member of the Radio Commission. Also Senator Huey Long is always good for some trouble. He was quoted in recent press dispatches as intended to apply for a license for a 50,000 watt broadcasting station for the University of Louisiana. If he expects to do this, he doubtless is aware of the scarcity of clear channels and realizes that he will probably have a fight on his hands. That being true, Huey may want to scrutinize the personnel of the Federal Communications Commission very closely as it will be this body which will have to pass upon his application.

The opinion seems still to prevail that Senator Wheeler and the Interstate Commerce Committee will not seriously consider any communications or radio legislation until the recommendations, which Congress ordered the FCC to make, are in. These are due

February 1st. There are those who even think the confirmation of the Commissioners may be held up until the Senators see what kind of a report the Commission will make and that the members will be judged accordingly.

"I don't think Senator Wheeler will look at radio until he receives the Commission's recommendations", a broadcaster said. "I then expect to see a flock of radio bills introduced, some of them 'wildcat', on the order of the one already put in by Representative Ruud, of New York, who would set aside 25% of all radio facilities for religious and educational institutions.

"If the Commissioners are obliged to make their report on the educational-religious situation before they are confirmed, the report is likely to be a 'straddle' with concessions to the educational-religious group. If they make their report after they are confirmed, concessions to the commercial broadcasters may be expected."

That the educators expect an unfavorable report is indicated in the following expression of the National Committee on Education by Radio:

"The Federal Communications Commission will report presently to Congress its findings on the allocation of broadcasting facilities for educational and cultural purposes. If the report should cover the present radio broadcasting practise with copious quantities of whitewash, it would lend credence to a belief that the Commission has failed to realize the most important function which radio can perform - that of raising the educational and cultural level of the people. It would indicate that they had been led to believe that the industry had educational capabilities far beyond the real facts in the case. Finally, it would indicate that they had failed to get at the heart of the problem and to see how really unsatisfactory is the tenure of the educational broadcaster under the present practise."

It is understood that Commissioner Prall, though he will head the Broadcast Division, does not desire to have any part in preparing the educational-religious report, preferring to have that done by the other members of the Commission who heard the evidence in the case.

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#### WOULD HOLD BROADCASTER LIABLE FOR MISLEADING ADVERTISING

A bill which broadcasters will watch closely (H.R. 197) was introduced by Representative Buckbee (R) of Illinois. It would prohibit untrue, deceptive or misleading advertising through the use of mails, or in interstate and foreign commerce. This would include broadcasting and mean that any misrepresentation of fact by an advertiser over the air would constitute a criminal offense.

It is believed that the fact that Representative Buckbee is a member of the House Post Office Committee caused him to introduce the bill, and that the radio angle was purely incidental. The Buckbee bill was referred to the Interstate and Foreign Commerce Committee.

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#### FIELD INTENSITY AT RADIO BROADCAST FREQUENCIES

During the past three years, graphical records of the field intensity of over 300 broadcasting stations in the United States and Territories have been made at the Bureau of Standard's receiving station at Meadows, Md., near Washington, D. C. The method used for recording the field intensity was developed at the Bureau several years ago. The data obtained in this way was analyzed to determine the diurnal variations of the received intensity of broadcasting stations at various distances from the transmitting antennas. The data was also analyzed to determine the variation of received intensity as a function of the distance from the transmitter for day-time and night-time transmissions.

The maximum sky-wave field intensities at night are received from stations at a distance of about 600 kilometers, or 375 miles. A theory of the propagation of radio waves in the upper atmosphere was developed to explain the data. The principal conclusion of the paper aside from the presentation of quantitative data on sky-wave field intensities, is that the variation with distance of the field intensities at night is determined primarily by the radiation characteristics of the transmitting antennas in the vertical plane.

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#### A. P. TO APPEAL RADIO NEWS DECISION

The Board of Directors of The Associated Press meeting in New York directed that an appeal be taken from the decision of Federal Judge John C. Bowen in the case brought on behalf of The Associated Press against Radio Station KVOS.

Judge Bowen, on Dec. 18, 1934, at Seattle, Wash., ruled that once published, "news, reports from that moment belong to the public." The decision was given in dismissing a temporary restraining order against Station KVOS of Bellingham, Wash., instituted by The Associated Press. The station had been charged with "pirating" local and telegraph news from three of its member newspapers, The Bellingham Herald, The Seattle Post-Intelligencer, and The Seattle Times. The station also was charged with "unfair competition."

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Judge Bowen dismissed both the restrainer and the suit, holding that the radio station was not a news-gathering agency and hence the suit did not involve "pirating" of news by one news-gathering agency from another.

"The court finds", said the opinion, "that defendant has in its radio news broadcast taken and 'pirated' local and general news dispatches in some specific instances, as charged by the complainant, but not until after such news items were published and distributed to the public in the regular editions of the newspapers."

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#### EXCESSIVE LOAN ADVERTISING BILL INCLUDES BROADCASTING

Representative Sauthoff, of Wisconsin, has introduced a bill in the House (H. R. 3252) "to prohibit the use of the mails, certain periodicals, and broadcasting stations, having a range covering more than one State, to the advertising of loans for which interest in excess of 15 per centum per annum is charged, and providing a penalty."

The bill, which has been referred to the House Committee on Post Office and Post Roads, is as follows:

"That on and after the date on which this Act takes effect, no person, partnership, association, or corporation that makes a business of loaning money and charges a rate of interest in excess of 15 per centum per annum upon any sum loaned shall use for advertising its business either the United States mails or any broadcasting station with a range covering more than one State. Nor shall any such person, partnership, association, or corporation advertise its said business in any magazine, periodical or other publication which is circulated in more than one State.

"Sec. 2. Any person, partnership, association, or corporation that violates any provision of this Act shall, in addition to all other penalties prescribed by law, be punished by a fine of not less than \$50, nor more than \$2,000, or by imprisonment for not more than one year, or by both such fine and imprisonment.

"Sec. 3. This Act shall take effect from the date of its enactment."

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## SEES NAZI CENSORSHIP PARALLEL IN U. S.

Recent denials by members of the new Federal Communications Commission that there has been any censorship of radio in the United States met with vigorous assertions to the contrary with the publication on Thursday (Jan. 10) of the current issue of the Annals of the American Academy of Political and Social Science. The issue contains two articles bearing on the subject, one written by Dr. Dressler-Andress, President of the German Broadcasting Chamber, and the other by Louis G. Caldwell, formerly General Counsel of the Federal Radio Commission (the predecessor of the present Commission), and now Chairman of the Special Committee on Administrative Law of the American Bar Association.

In terms that are frank to the point of bluntness, the German author describes the aims and purposes of his country's broadcasting system under the Hitler regime. "Radio today", he says, "is the representation of a state before all the world.\* \* \* The development of radio, among other countries and in Germany especially, proves that broadcasting is and must be the means to an end." When the Nazi party seized the governmental power, he explains, it "made the radio the all-embracing instrument for proclaiming its theses which were to be binding for everybody", and, inferentially, denied access to the microphone to all persons holding views not in accord with those of Hitler and his lieutenants. The directing board "purposely made the fulfilling of political aims its main task" and, neglecting or subordinating the artistic and cultural programs for which the German broadcast stations were formerly justly noted, used the radio "for nothing else than the creation of a united political will." Political broadcasts by which this was done were in the nature of reports by the government on its activities and measures and "a systematic campaign of explaining its plans and purposes, in the form of a direct talk by the Leader to every single member of the Nation." Pointing out that in the United States President Roosevelt spoke over the radio 26 times in the year 1933, the German author asks rhetorically, "has not America put its radio at the service of the Government?"

Approaching the subject of radio censorship from an entirely different angle, Mr. Caldwell's article asserts that the power heretofore claimed and exercised by the Federal Commission is such that, if a state of national hysteria should set in, "little short of a miracle can prevent at least the partial equivalent of what has happened to the German broadcasting system." In the absence of a state of hysteria, he concedes, only a few persons, commonly regarded as extremists, have been or will be persecuted for the free expression of opinions. He argues, however, that "the test is not whether there is now any visible governmental tyranny over the expression of opinions", and that the real test is whether the governmental agency has power to impose a restraint on free speech by radio. From this point of view, "broadcasting", he declares, "has no immunity in

time of war, and in time of peace must be content in the main with lip service to the principle instead of the principle itself."

So far as wartime is concerned, he points out that the Communications Act expressly confers power on the President to close down any station and to confiscate its equipment merely upon proclamation "that there exists war or a threat of war or a state of public peril or disaster or other national emergency", that this power is arbitrary and unqualified and that the President need give no reason for his action. In view of the many recently enacted statutes and Presidential proclamations reciting that a national emergency now exists, the words "or other national emergency" in the statute have implications which, ot put it mildly, are disturbing.

Most of Mr. Caldwell's article, however, is devoted to a comparison between the rights of newspaper publishers under the Constitutional guaranty of a free press and the rights of broadcasters under the sister guaranty of free speech, in time of peace. As the principal basis for comparison, he takes the subject of censure (including defamation) of public men, that is, public officials, candidates for public office and generally men identified with issues and institutions of public interest.

After showing that, as a result of the Supreme Court's decision in the famous Minnesota Gag-Law Case, a newspaper may not be suppressed for publishing matter defamatory of public men (although, of course, the publisher may be liable in damages or even to criminal penalties if the matter is untrue), he says:

"yet a broadcasting station can be put out of existence and its owner deprived of his investment and means of livelihood for the oral dissemination of exactly the same language."

He reviews at length several cases in which this was actually done by the now defunct Federal Radio Commission, to whose powers the Federal Communications Commission has succeeded, and two cases in which such actions by the Commission were upheld on appeal to the courts.

The way in which this is done, he explains, is by the Commission's refusing to renew a broadcasting license on the ground that speeches previously made over the station do not meet the test of "public interest, convenience or necessity", the standard prescribed by Congress for the guidance of the Commission. This has been successfully accomplished in the face of an express statutory provision by Congress forbidding the Commission to exercise any power of censorship over radio programs and forbidding any interference with the right of free speech.

Although the statute permits a maximum license period of three years, the Commission limits broadcast licenses to six months so that twice a year every broadcaster must apply for the right to continue in business and, in connection with the

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application, may be required to show that his programs have been such as to meet the Commission's approval. If he is unsuccessful, his application is denied and he must close down his station.

The known existence of this power, he says, is bound to have - has already had - incalculable consequences. "One immediate and visible consequence is that it forces the broadcasters themselves, or at least the more timorous among them, to exercise a private censorship over the speeches of those who use their facilities." A second consequence of the present state of the law is that the broadcaster "is effectively deprived of a means of protection without which no constitutional guaranty is more than a sentiment", the right of effective judicial review by the courts of the United States. A third consequence "is that the guaranty of the freedom of speech has ceased to keep pace with the progress of science." In other words, "freedom of speech still exists for the obsolescent public platform, but not for the great means of mass communication that is replacing it."

In closing, Mr. Caldwell calls attention to the fact that "Broadcasting was born in an age greatly resembling that which saw the birth of the press - an age of great social and economic changes and a marked tendency to concentrate power in the executive."

The effect of these articles in Washington will be watched with considerable interest, particularly since certain members of the Commission have been at such pains recently to disclaim any exercise of censorship over broadcasting. In a radio address over a nation-wide hook-up as recently as December 8th last, Commissioner Thad H. Brown, Vice-Chairman of the Broadcast Division of the Commission, declared that any charge of censorship of radio is "sheer bunk", and two months earlier, on September 11th, Commissioner Irvin Stewart, Chairman of the Telegraph Commission, declared that any such charge is "poppycock". In view of the actual decisions of the Commission cited and quoted by Mr. Caldwell, it remains to be seen whether the Commission will repudiate its former rulings or whether these particular Commissioners do not regard censorship as being involved when a broadcaster is put out of business because of speeches which have been made over his station.

The issue of the Annals in which the two articles appear is, according to the statement of the National Association of Broadcasters, which organization issued the above statement, entirely devoted to radio in its various aspects. It was produced under the editorship of Dr. Herman S. Hettlinger of the faculty of the University of Pennsylvania.

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NEELY INTRODUCES AMENDMENT TO COMMUNICATIONS ACT

Senator Neely (D) of West Virginia, introduced the following amendment yesterday (Thursday) relating to costs in radio proceedings before the Federal Communications Commission:

"That Sec. 309 of the Communications Act of 1934 be amended by adding at the end thereof, the following section:

"(c) In any proceeding before the Commission upon an application which involves a contest with the owner or owners of any existing radio station for the use of all or any of the facilities of such stations, if the Commission dismisses the application or in any other manner denies the relief sought by the applicant, it shall, in its order of dismissal or denial, direct the applicant to pay to the owner or owners of the station, all reasonable counsel fees and other costs which such owner or owners may have expended or incurred in resisting such application. Any such order for the payment of counsel fees or other costs may be enforced in the same manner as an order for the payment of money under Section 407."

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16 ADVERTISERS USE DAILY'S "RADIO LOG"

A means of developing revenue from the smaller radio users is being tried out by the Los Angeles Times, the first appearance of the feature in a recent Sunday issue bringing copy from 16 advertisers. This is through the publication of a supplementary radio log on the radio page each day, space in which is open to any station or advertiser at line rates.

The plan is similar to one developed by an eastern advertising agency, except that this is handled directly by the newspaper, and instead of catering to programs on the national hook-ups, provides a means by which the quarter-hour and half-hour programs on small stations may be brought to the attention of the listener.

The listings are classified as to hour, and list the station, the kilocycle, the name of the program and any other information about it which the advertiser desires. A minimum of three lines is required. It does not conflict with the Times' regular "Dial", in which are listed, hour by hour, the programs of all local stations. The "Dial", however, does not name sponsors, nor give any information on recorded programs except to indicate their type. The new "Log", therefore, is being well-received by small advertisers and the small station operators, many of whom turn leads over to the newspaper.

The rate charged is based upon the regular display inch rate. Some figuring was done to determine how much waste there would be from the headings, etc., and the rate was then increased by the same amount to bring the same revenue from the space occupied by the log as would be received from the same amount of display space.

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## ABS SEEKS NEW OPERATING CONTRACT

Station WMCA in New York City will cease to be operated by the Federal Broadcasting Corporation effective midnight, Saturday, January 12th. The stockholders and directors of the Federal Corporation voted unanimously last Tuesday to terminate the contract with Knickerbocker Broadcasting Company, licensee of the station.

WMCA has been the key station of the American Broadcasting System since the new major network was organized in October. ABS is now conducting negotiations with the Knickerbocker Company with the view to continuing WMCA as the New York outlet.

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## WESTINGHOUSE GIVES UP MORE RCA HOLDINGS

Directors of the Westinghouse Electric & Manufacturing Company have declared a dividend consisting of one-quarter of a share of common stock of the Radio Corporation of America for each share of preferred stock and of common stock of the company, payable on Feb. 18 to holders of record of Jan. 21.

In view of the preferential rights of the preferred stock of the company, the Directors declared also an optional dividend of \$3.50 a share on the preferred stock, the holder having the option to accept such cash dividend in exchange for the quarter share of Radio Corporation. This dividend, including the optional, constitutes as to holders of the company's preferred stock full payment of preferential dividends for 1935, the announcement said.

On Feb. 18, when the distribution of Radio Corporation stock is made, full information will be given by the company with regard to handling fractional receipts and also with respect to the exercise by holders of preferred stock of the right to the optional dividend. The company advised no action need be taken prior to Feb. 18 by holders of preferred shares with reference to the optional dividends.

The distribution will virtually exhaust the holdings by Westinghouse of Radio Corporation common shares. Westinghouse and the General Electric Company held at one time 2,842,950 and 5,188,755 common shares of Radio Corporation, respectively. Both companies were ordered in the consent decree, which terminated the United States Department of Justice suit against the "Radio Group" on Nov. 21, 1932, to distribute or otherwise dispose of their Radio holdings.

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## TREADWAY MANUFACTURERS' TAX BILL REINTRODUCED

Reintroducing, with very few changes, the so-called "manufacturers' excise tax" bill which was submitted to Congress in the Seventy-Second Congress by the Wasy and Means Committee, Representative Treadway (R), of Massachusetts, said:

"At the rate of 2 $\frac{1}{4}$  percent, with food, clothing, and medicine exempted, that bill would raise \$450,000,000. As things are, with the administration spending billions of dollars, \$450,000,000 will not go very far toward balancing the Budget. Nevertheless, the manufacturers' excise tax is a fair form of taxation, and one that I commend to the people of the country for careful study.

"The bill was not accepted by Congress, and since then many States have adopted a State sales tax. As far as I know of the various State sales taxes, they are all different from the manufacturers' excise tax, which is a wholesale tax, so that in a way they do not conflict. I have added a section to this bill which will give an opportunity for consideration of that point - whether or not the Federal Government should cooperate with the States in allocating a certain sum to States to be used in place of the State sales tax. I am not saying that I advocate it, but I do think it is well worth the consideration of the House."

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## EXCEPTIONS TAKEN BY W. U. AND POSTAL ON TELEGRAPH FRANKS

Exceptions have been filed by Western Union and Postal with regard to the proposed rules covering the issuance of telegraph franks.

"The Western Union Telegraph Company respectfully excepts to the following proposed rules covering the issuance of telegraph franks:

(1) Rule 1, insofar as it restricts the right of the Western Union Telegraph Company to issue franks to officers, agents and employees of common carriers not subject to the Communications Act of 1934 and to their families .

(2) Rule 4(a) insofar as it limits the amount of service calculated at commercial rates, that may be performed under franks issued by it."

The Postal brief was a lengthy one.

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## APPLICATIONS GRANTED BY BROADCAST DIVISION, FCC

Jan. 8 - WNBZ, d/b as Smith & Mace, Saranac Lake, N. Y. C.P. to make changes in equipment and increase day power from 50 to 100 watts; WGH, Hampton Roads Broadcasting Corp., Newport News, Va., C.P. to install new equipment and increase day power from 100 to 250 watts; NEW, Wilton E. Hall, Anderson, S. C., C.P. for new station to operate on 1200 kc., 100 watts, unlimited time; WFBC, Greenville News-Piedmont Co., Greenville, S. C., C.P. to install new equipment, increase day power from 1 to 5 KW, and change transmitter site to a location to be determined subject to approval of the Commission; WDAY, WDAY, Inc., Fargo, N. Dak., C.P. to make changes in equipment and increase day power from 2½ to 5 KW; WMT, Waterloo Broadcasting Co., Waterloo, Ia., C.P. to move transmitter from about 5 miles from Waterloo to a site to be determined near Cedar Rapids, and move studio from Waterloo to Cedar Rapids on condition that no increase to interference results to WREC.

Also, WDGY, Dr. George W. Young, Minneapolis, Minn., C. P. to make changes in equipment and increase day power from 2½ to 5 KW; KWCR, Cedar Rapids Broadcast Co., Cedar Rapids, Ia., C.P. to move station from Cedar Rapids to site to be determined near Des Moines, and move studio to Des Moines; KWK, Thomas Patrick, Inc., St. Louis, Mo., C.P. to make changes in equipment and increase day power from 2½ to 5 KW; KGKF, Hilliard Co., Inc., Scottsbluff, Neb., C.P. to make changes in equipment and increase day power from 100 to 250 watts; KFXD, Frank E. Hurt, Nampa, Idaho, C.P. to make changes in equipment and increase day power from 100 to 250 watts; KPQ, Westcoast Broadcasting Co., Wenatchee, Wash., C.P. to move station locally and make changes in equipment and increase day power from 100 to 250 watts; WOL, American Broadcasting Co., Washington, D. C. modification of C.P. to extend completion date from Jan. 15 to May 15, 1935; KGW, Oregonian Publishing Co., Portland, Ore., modification of C.P. increasing day power from 2½ to 5 KW and extending commencement date and completion date.

Also, WJEJ, Hagerstown Broadcasting Co., Hagerstown, Md., license to cover C.P., 1210 kc., 100 w. daytime only; WLVA, Lynchburg Broadcasting Corp., Lynchburg, Va., license to cover C.P. 1200 kc., 100 watts night, 250 w. day, unlimited time; WDOD, WDOD Broadcasting Corp., Chattanooga, Tenn., modification of license to increase day power from 2½ to 5 KW; KFSG, Echo Park Evangelistic Assn., Los Angeles, Cal., modification of license to increase day power from 500 w. to 1 KW; KRKD, Radio Broadcasters, Inc., Los Angeles, Cal., modification of license to increase day power from 500 w. to 1 KW; WLIT, Lit Bros. Broadcasting System, Inc., Philadelphia, Pa., consent to voluntary assignment of license to WFIL Broadcasting Co.; WFI, WFI Broadcasting Co., Philadelphia, Pa., consent to voluntary assignment of license to WFIL Broadcasting Co.; WIOD, Isle of Dreams Broadcasting Corp., Miami Beach, Fla., consent to transfer of control of Isle of Dreams Broadcasting Corp. from Jesse H. Day to Metropolis Publishing Co.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

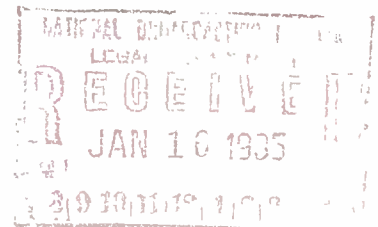
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## INDEX TO ISSUE OF JANUARY 15, 1935.

G.O.P. Tries To Slice \$300,000 Off FCC Appropriations.....2  
Radio And Farm Papers Make Biggest Advertising Gain.....3  
-F. R. Huber Resigns As Director of WBAL.....4  
New Men On House Communications Committees.....5  
Asks Recovery Board To Lay Off Price Filing Proviso.....6  
Radio Receiver Picks Up Motor Power.....7  
<Prall Confirmed As FCC Commissioner.....8  
Believes All Sections Should Be Represented On FCC.....9  
Industry Notes.....11  
-NBC Time Charges Are Advanced.....12  
WOR New And Renewal Accounts Signed Up.....12

No. 790



*W.A. C. S. G.P.*

January 15, 1935.

## G.O.P. TRIES TO SLICE \$300,000 OFF FCC APPROPRIATIONS

Although the effort was not successful insofar as the House was concerned, a concerted effort was made by the Republicans, led by Representative Taber, of New York, to cut \$300,000 from the appropriation of \$1,525,000 asked for by the Federal Communications Commission. Representative Woodrum, Democrat, of Virginia, said that the latter sum represents but a beginning.

"To carry out fully the authority conferred upon it by Congress", Representative Woodrum said, "the Communications Commission will require much larger annual appropriations than the \$1,525,000 asked for this year."

"I view with great alarm the increasing volume of Federal employees", Representative Taber said. "I view with great alarm the increasing amounts we are being asked to pay for commissions of one kind and another. This particular Commission has come before us asking for \$1,525,000, where the requirements for the current year were \$651,885. I have not before me the increase that was accomplished for this particular fiscal year, but the requirements here set forth for employees run 408 in the departmental force. This represents an increase of 100 percent in the number of employees. It runs just the same force in the field.

"The requirement in funds for employees in the District is \$1,059,000, or an average for every one of these employees of a little better than \$2,500. For salaries in the field it aggregates \$291,000 for all employees, or an average of approximately \$2,800 per employee, and many of these employees are clerks and stenographers.

"The work of this Commission involves, as I understand, amongst other things a valuation of properties. We attempted that in the case of the Interstate Commerce Commission with reference to the railroads, and we got to the point where the statistics were practically valueless and we had to stop the operation. I hate to see the Government embarking upon this large new activity. I hate to see the expenses of the Government piling up for a new activity, because when we start them we are never able to reduce the number of commissions and we are never able to reduce the expenses of the commissions. Is it not time we stopped some of these things?

"I have offered a very modest amendment to cut this appropriation 20 percent. I do not want to reduce them in funds that are legitimately necessary for carrying on the activities and responsibilities with which they have been entrusted, but I hate to see the appropriation increased 150 percent over the appropriation of last year and the number of employees in the District

1/15/35

more than doubled, with the same ratio of increased expenses in the District. It seems to me we can give them this cut of 20 per cent in their expenditures and still be affording them more than ample funds with which to operate. Having all this in mind, I have offered this amendment to reduce the appropriation for this activity from \$1,525,000 to \$1,200,000."

"The Communications Act of 1934 abolished the Radio Commission and set up in its stead the Federal Communications Commission, a Commission which assumed not only the duties of the Radio Commission but which was given the added duties of regulating telephonic, telegraphic, and cable communications, and also rate-making powers with respect to these activities, which duty will perhaps involve the valuation of these properties", Representative Woodrum replied.

"I do not think it is fair to say that the amount carried in this bill is an increase over the appropriation of last year by the amount of money represented by the difference between the two sums, because the activities are entirely different and very much greater.

"I join the gentleman from New York in decrying any indication of unnecessarily expanding these governmental departments and bureaus, and that is the unanimous sentiment of my subcommittee; but taking into account the very important, the highly important, duties imposed upon this Commission so far as the American people are concerned, that of regulating rates, and services of communications and facilities, and regulating, licensing, and policing the use of radio communication, the committee felt the amount allowed by the Bureau of the Budget was proper."

Representative Taber's motion was lost by a vote of 62 to 29.

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#### RADIO AND FARM PAPERS MAKE BIGGEST ADVERTISING GAIN

An approximate average gain of 16 per cent was shown in advertising last year in comparison with 1933, according to the first annual indexes of advertising compiled by Printers' Ink.

According to the report, the five chief advertising media showed, respectively: gains of 33 per cent each for farm papers and radio, 29 per cent for magazines, 12 per cent for outdoor advertising, and 10 per cent for newspapers.

Advertising volume in dollars was not estimated by the new indexes. Other data indicated that the total was well above \$700,000,000, with newspaper advertising accounting for more than \$500,000,000 and the magazines for about \$110,000,000.

The volume of radio advertising exceeded \$70,000,000, it was estimated from ten months' figures of \$58,000,000 issued by the National Association of Broadcasters.

The chart reflects the growth of radio advertising from an index figure of 39 in 1928, to 100 in 1930, and 146 in 1932. It dropped to 118 in 1933, and rose again last year to 154.

Broadcast advertising declined slightly in November, the National Association of Broadcasters reports. Total gross time sales amounted to \$7,232,592, a decrease of 1.9% as compared with October. A drop of 3.5% in national network volume and one of 3.0% in local broadcast advertising were responsible for the downward trend. Regional network advertising rose 11.4% as against the preceding month, while national spot volume gained 4.0%.

November time sales showed a marked improvement over the same month of 1933. Total gross time sales were 20.8% above the previous year's level. Regional networks led with an increase of 44.4%. National networks gained 26.7% in volume, national spot advertising 19.8%, and local broadcast advertising 5.2%. The degree to which the current month's revenues exceeded those of the same period of 1933 was less with respect to all portions of the broadcast advertising field than it had been in October.

National magazine advertising declined 3.6% as compared with October. Magazine advertising revenues, however, were 10.4% than in November of the preceding year. National farm paper volume rose slightly during the month, experiencing a gain of 5.9% as against the same period of 1933. Newspaper advertising experienced the usual November seasonal decline, advertising volume dropping 3.7% as compared with the previous month. November newspaper advertising was 5.0% greater than for the same month of 1933.

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#### F. R. HUBER RESIGNS AS DIRECTOR OF WBAL

Frederick R. Huber, Director of WBAL, of Baltimore, since 1926 when the station first came on the air, has tendered his resignation to the Consolidated Gas Electric Light and Power Company, former owners and operators of this station. It is understood the resignation is immediately effective. Mr. Huber, who is a nationally known musical executive, plans to devote his entire time to musical work. As Municipal Director of Music for the City of Baltimore, local representative for the Metropolitan Opera Company, Managing Director of the Lyric, Baltimore's largest music auditorium, and Manager of the Summer School and Publicity Director for the Peabody Conservatory of Music in Baltimore, Mr. Huber will not find time hanging heavy on his hands, for these important musical jobs will keep him very busy.



Under his directorship WBAL has become known as a "quality" station, broadcasting only the highest types of musical programs. During the nine and a half years he has directed this station's course through uncharted radio seas, Mr. Huber has secured many internationally known concert and operatic stars who have broadcast exclusive programs from the studios of WBAL, while the station itself has developed and grown from 5000 to 10,000 watts and has been ranked of sufficient importance to be given a clear channel. Recently WBAL was acquired by the Hearst Radio Interests and added to the chain of radio stations which Hearst now owns and controls.

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#### NEW MEN ON HOUSE COMMUNICATIONS COMMITTEES

Many new faces appear on the Committees in the House of Representatives which have jurisdiction over communications and radio. The Democratic line-up of the Interstate and Foreign Commerce Committee in the 74th Congress is as follows:

Representative Sam Rayburn (Chairman), Texas; George Huddleston, Alabama; Clarence F. Lea, California; Robert Crosser, Ohio; Parker Corning, New York; Alfred L. Bulwinkle, North Carolina; Virgil Chapman, Kentucky; Paul H. Maloney, Louisiana; William P. Cole, Jr., Maryland; Samuel B. Pettengill, Indiana; Edward A. Kelly, Illinois; Edward A. Kenney, New Jersey; George C. Sadowski, Michigan; Joseph P. Monaghan, Montana; John A. Martin, Colorado; Edward C. Eicher, Iowa; Theodore A. Peyser, New York; Thomas J. O'Brien, Illinois; David D. Terry, Arkansas.

The new Democratic members are Kenney, Sadowski, Monaghan, Martin, Eicher, Peyser, O'Brien and Terry.

Republican members of the Interstate and Foreign Commerce Committee are: John G. Cooper, Ohio; Carl E. Mapes, Michigan; Charles A. Wolverton, New Jersey; James Wolfenden, Pennsylvania; Pehr G. Holmes, Massachusetts; Schuyler Merritt, Connecticut; B. Carroll Reece, Tennessee; and James W. Wadsworth, Jr., New York.

The Democratic members of the Merchant Marine, Radio and Fisheries Committee are: Schuyler Otis Bland (Chairman), Virginia; William I. Sirovich, New York; Robert Ramspeck, Georgia; Ambrose J. Kennedy, Maryland; Charles N. Crosby, Pennsylvania; Monrad C. Wallgren, Washington; A. H. Carmichael, Alabama; Joseph J. Mansfield, Texas; John McDuffie, Alabama; Lindsay C. Warren, North Carolina; Eugene B. Crowe, Indiana; Louis C. Rabaut, Michigan; Simon M. Hamlin, Maine; Michael L. Igoe, Illinois; Edward J. Hart, New Jersey; James A. O'Leary, New York.

Democrats who have not served on this Committee before are McDuffie, Warren, Crowe, Rabaut, Hamlin, Igoe, Hart and O'Leary.

The Republicans on the Merchant Marine and Radio Committee are: Frederick R. Lehlbach, New Jersey; Richard J. Welch, California; Francis D. Culkin, New York; Ralph O. Brewster, Maine; Clare E. Hoffman, Michigan; and Samuel W. King, Hawaii.

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## ASKS RECOVERY BOARD TO LAY OFF PRICE FILING PROVISIO

The National Industrial Recovery Board was told by James W. Baldwin, Executive Officer of the Code Authority for the Broadcasting Industry that to remove the "open price filing with waiting period" provision would take the heart out of the Broadcasting Code.

"Remove it and you will have taken from the Radio Broadcasting Industry all there is in it to promote stability of price and to promote the general welfare of its employees", Mr. Baldwin declared. "Remove it and you will, in effect, take from us that which earlier was promised us in return for existing labor provisions. Consequently, if this provision is removed, we must and do ask that the labor provisions be removed at the same time. It is our hope that you shall not disturb it.

"Experience of more than one year has proved to us that the provision for open price filing with the fifteen day waiting period is by far the most important provision in our Code", Mr. Baldwin continued. "This is so because of several reasons:

- "1. It has destroyed the old practice of secret prices, secret commissions, secret rebates and the like.
- "2. It has served as a protection to at least certain members of the industry against the so-called 'hard' or 'powerful' buyer; it has stiffened their backs and helped them to say no to the genuine chisler.
- "3. It has afforded all buyers equal opportunities.
- "4. It has displaced hasty and ill considered decisions with that sound judgment that can be exercised only when there is sufficient time for a careful analysis of all the facts.
- "5. It has stabilized prices.
- "6. It has, through increased stability, made it possible for us to meet the increased costs of operation resulting from the Wages and Hours provisions of the Code. We have shown in our Report to you dated in February, 1934, for example, that the employment of broadcast technicians had increased 11.9%; that the weekly hours of labor for broadcast technicians had been reduced 9.8%; and that the weekly payrolls for broadcast technicians had increased 21.1%. New and additional labor costs have been assumed at numerous stations since that report was submitted. Although the total number of stations has decreased, we have in our employ today a greater number of employees than ever before in the history of the industry.

"Notwithstanding the increased stability that has resulted from this provision for open price filing with a waiting period, we have, and do now, experience the keenest kind of price competition. This has resulted, we believe, from the increased availability of price information. All broadcasters furnish copies of their current rates to Standard Rate and Data who publish such rates in a monthly number known as "Radio Advertising." In addition each broadcaster furnishes the Code Authority with three copies of each rate card and these are always open to public inspection. The lack of rigidity in price is evidenced by the number of changes received. During the first nine days of this year, we have received changes from thirty-six stations - or about 7% of all commercial stations. And, there is nothing unusual in the number received in this particular period.

"We have heard much about monopolies. I believe that the greatest danger of monopoly in the radio broadcasting industry lies in the possible promulgation of governmental regulations which set standards, the level of which, greatly restricts either the number or the class of persons who can qualify as the licensee of a station. This result may be obtained by a regulation which either directs that certain things be done or by its nature permits certain things to be done. And, I believe that the removal of the provision in our Code for open price filing with a waiting period and the retention of the present wages and hours provisions would amount to such a regulation because you would thereby aid the financially strong to the injury of those who must meet expenses out of current income.

"I have said that the provision for open filing with waiting period has made it possible for us to meet the increased labor costs arising out of the Code. I should explain also that such provision has not been injurious to the consumer. We investigated this matter last August. The only precode data available was that contained in a report of the Federal Radio Commission for November, 1931. By comparison we found that the cost of a quarter hour period (evening and one time use) was 8.2% less in August, 1934, than in November, 1931. This reduction becomes even more significant when it is realized that the potential radio audience increased from approximately 50,000,000 (12,048,762 families) in 1931, to about 74,000,000 (17,948,162 families) in 1934."

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#### RADIO RECEIVER PICKS UP MOTOR POWER

The assertion is made by W. S. Fitzpatrick, of RCA Institutes, that a radio receiver has been developed that picks up enough energy to turn a small motor at high speed.

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PRALL CONFIRMED AS FCC COMMISSIONER

Former Representative Anning S. Prall, of New York, was confirmed by the Senate Tuesday afternoon to succeed former Federal Communications Commissioner Hampson Gary who resigned to make way for the New Yorker, a personal friend of Senator Robert Wagner. Mr. Prall will finish out Mr. Gary's unexpired period which ends in July, at which time it is expected President Roosevelt will reappoint Mr. Prall to a seven year term. Consideration of the names of Judge Sykes and the other five members of the Commission will be taken up by the Senate at a later date.

Mr. Prall's name was proposed to the Senate Monday, but objection was raised by Senator Couzens because the matter was not taken up in the regular order. Senator Wagner explained that it was the understanding of the Interstate Commerce Committee that Mr. Prall should be confirmed immediately.

"I did not join in that understanding," Senator Couzens said. "I understand the present situation with respect to the Communications Commission; but we had an understanding at the last session of Congress that nominations would not be brought up for confirmation without the Senate knowing that we were in executive session, and that nominations were coming up for confirmation. No injury can result from a delay of one day."

"May I add another word to say that this is an exceptional case, and perhaps the Senator may change his attitude with respect to it", Senator Wagner replied. "The name of Mr. Prall, who has been a member of Congress for 14 years, was presented to the Senate at the last session to be a member of the Federal Radio Commission. The nomination went to the Committee, was unanimously reported, came to the Senate, and was unanimously confirmed by the Senate. He did not take office because soon thereafter the Communications Bill was passed, creating a new Commission, and because he was then a Member of the House he was disqualified to be a member of the new Commission.

"May I point out a distinction? The other gentlemen whose names have been presented to the Senate are now members of the Commission, and any delay in the consideration of their nominations will not affect their status, because they will continue as members of the Commission. The place for which former Representative Prall has been nominated is now vacant. There is no member in charge of the Broadcast section of the Commission."

"I have no objection to Mr. Prall; in fact, I heartily approve of his appointment. From all the information I have received, his qualifications are of the highest", Senator Couzens declared. "If, however, nominations are to be reported to the Senate and immediately acted upon without ever going to the calendar, we shall establish a precedent which will cause us much trouble. I know we have opposed heretofore such action as is now proposed; and I am opposing the immediate consideration of this nomination as a matter of rule and precedent rather than because

1/15/35

of any objections I have to Mr. Prall or any desire to interfere with the Senator from New York.

"I appreciate the attitude of the Senator from Michigan", Senator Wagner concluded, "and I shall ask for early consideration of the Executive Calendar tomorrow."

Accordingly the matter went over until this (Tuesday) afternoon at which time Mr. Prall was confirmed.

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### BELIEVES ALL SECTIONS SHOULD BE REPRESENTED ON FCC

That Senator Wheeler, of Montana, new Chairman of the Senate Interstate Commerce Committee, desires all sections of the country represented on the Federal Communications Commission was brought out when the question of the Commissioners' confirmation was discussed. As it stands now, three of the seven members of the Commission are from the South - Sykes, of Mississippi, Stewart, of Texas, and Walker, of Oklahoma; and three are from the East - Payne and Prall, New York, and Case of Rhode Island. Brown, of Ohio, is the only representative of the central portion of the country.

"I desire to call attention to the fact that under the former law, the country was divided into five different zones, and it was required under the law that a Commissioner represent each of those zones", Senator Wheeler declared. "There is no such provision in the present law, and as a result thereof we find what? We find on the Commission three men coming from the First Zone, but no Commissioner representing the entire section of the country west of the Ohio clear to the Pacific Ocean. It seems to me that one man should be appointed from each of the five zones who knows the condition in that particular section of the country; and with respect to this and other Commissions I hope that in the future we shall not have sent down to us the names of two or three men representing one particular section of the country, leaving other sections unrepresented."

"In view of the statement which the Senator from Montana has just made, and which I heartily approve, I invite his attention to the fact that one of the most important governmental Commissions today is the so-called 'Securities Commission'". Senator King of Utah, interjected. "Heretofore, and at present, as I understand, substantially all the members of that Commission are from a limited area of the United States - largely that embracing New England and New York and Pennsylvania. Certainly securities are issued, or should be issued, in the West. The entire western part of the United States has no representative at all on the Securities Commission. While I

1/15/35

am not sectional by any means, I do think that in the distribution of important offices, whose functions affect the entire country, men should be selected from various parts of the United States. I hope the Senator will join with me in trying to find someone west of the Mississippi River who is competent to act upon the Securities Commission."

Whether Senator Wheeler feels strongly enough on this question to oppose the confirmation of any of the Communications Commissioners on account of their place of residence, remains to be seen. Senator Wheeler said that he had asked that the names of those nominated to the Commission be referred first to the Senators from the State from which the nominee has been appointed and that he had asked the Senators to give their views with reference to the particular man nominated.

"I agree that by reason of the fact that the Communications Commission today deals not only with telephone communication but with radio and all other forms of communication, it really is one of the most important commissions we have", the Senator said; "and as Chairman of the Senate Committee on Interstate Commerce, I am particularly anxious that we shall carefully search the record of each man appointed upon the Commission."

The fact that Senator Wheeler has asked the Senators for their views as to the qualifications of the Communications Commissioners, may encourage Senator Bilbo, of Mississippi, in the objection he proposed to make against the confirmation of Judge Eugene O. Sykes, Chairman of the Commission.

"I made it an issue that if elected, I would build a fire under Judge Sykes, as long as I was in the Senate, until I got him out of the service", Bilbo said. "I always keep my promise."

The reason for the Senator's opposition to Sykes is that the latter campaigned in favor of the re-election of Senator Stephens, who was Bilbo's opponent in the last election. When Mr. Bilbo was governor of Mississippi, he appointed Sykes to the Supreme Court of that State. Later, Senator Stephens was responsible for the naming of Judge Sykes to the Federal Radio Commission and later to the Communications Commission.

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::::	INDUSTRY NOTES	::::
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A luncheon was given at the Metropolitan Club in Washington last week by George Henry Payne, of the Federal Communications Commission, in honor of Commissioner-elect Anning S. Prall, of New York. Those present were Commissioners Sykes, Brown, Stewart, Walker, Case and Gary.

Mr. Prall, who still requires the aid of crutches to get about, as a result of his automobile accident, had an exciting experience at a fire in his hotel, the Shoreham, early Sunday morning. All elevators were crowded and it was quite a task for him to negotiate the stairs. Luckily the fire proved to be mostly smoke and there were no casualties.

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Former Commissioner Hampson Gary is at the Hotel Hamilton in Washington. He expects to visit his children in New York. It is believed to be only a question of time until President Roosevelt appoints him to another position.

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A favorable report has been made on the application of T. H. Barton, of El Dorado, Ark., for permission to construct a 100-watt station to operate on 1370 kilocycles frequency.

An unfavorable report has been submitted by Examiner Ralph H. Walker with regard to the application of A. R. Montgomery, of Findlay, O., who desires to erect a 1000-watt station on 1530 kilocycles on the grounds that the applicant is not financially and technically qualified to operate such a station.

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The steel framework for the Chicago Tribune's new WGN radio station studios has been completed and structural steel workers have riveted their highest girder in place. The building is located just north of the Tribune Tower.

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F. M. Ryan and F. X. Rettenmeyer, of the Bell Telephone Laboratories, delivered a paper on "Radio Apparatus for Mobile Applications" at a meeting of the Washington Section of the Institute of Radio Engineers last Monday night.

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1/15/35

NBC TIME CHARGES ARE ADVANCED

National Broadcasting Company has announced an adjustment of time charges for broadcast advertising which raised the cost of an evening hour on the blue network from \$4,780 to \$6,120, and on the red network from \$5,380 to \$7,120.

A new rate-card shows that rates of nearly all individual stations have been raised. A few station rates are lowered.

New rates were also established for NBC regional groups of stations. All changes are effective Feb. 4.

A statement by Edgar Kobak, Vice-President in Charge of Sales, said that after more than a year of analysis the NBC had determined the potential circulation of each NBC station, group and network, and that this was the basis of the new rate structure. Mr. Kobak's statement promised that the figures will be made public within a few weeks in a new book, "NBC Network Areas", which will present maps and statistics for all NBC networks and groups.

Despite the increase in charges, Mr. Kobak stated: "On the Red network and all supplementaries, for instance, we estimate a relative decrease in the evening hour rate from approximately \$1.67 per thousand reachable radio families in 1927 to less than 80 cents per thousand radio families now reachable."

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WOR NEW AND RENEWAL ACCOUNTS SIGNED UP

PHILADELPHIA DAIRY PRODUCTS CO., INC (Dolly Madison Ice Cream) through the Scheck Advertising Agency, Inc., Newark, N. J. started January 13, 1935, Sundays 2:30 to 3:00 P.M. EST, WOR. Program - "Dolly Madison Ice Cream Party" - Children's amateur program with Harry Mack as Master of Ceremonies.

STANCO, INC (Cream of Nujol) through McCann-Erickson, Inc., Advertising Agency, 285 Madison Ave., New York City starts January 22, 1935, Tuesdays and Thursdays from 3:00 to 3:15 P.M. EST, WOR. Program - "Nujol Clinic of the Air" (Recorded).

BORDEN'S FARM PRODUCTS CO., INC., through McCann-Erickson, Inc., Advertising Agency, New York City, renewed beginning December 31, 1934, Fridays 6:00 to 6:30 P.M. EST., WOR Program - "Uncle Don".

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

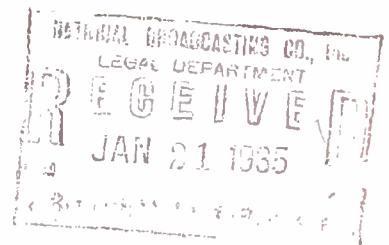
WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

## INDEX TO ISSUE OF JANUARY 18, 1935.

Would Prohibit Federal Officials Receiving Radio Pay.....	2
Gene Buck and Will Rogers At V-P Dinner.....	4
Capper Reintroduces Anti-Liquor Advertising Bill.....	4
Ike Levy Advises Broadcasters To Ignore "Old 97" Claim.....	5
Flamm Takes WMCA Back After ABS Suspends.....	6
Senate Committee To Put FCC On The Grill.....	7
WLW Gets Ready For Canadian Test.....	7
Zenith Six Months' Volume Larger.....	8
Interlocking Directorate Hearing Postponed Until February....	8
Copeland Bill Wins Advertising Federation Support.....	9
Mutual Broadcasting System To Install Network Lines.....	9
Goldsmith To Demonstrate Radio And Sound Equipment.....	10
Industry Notes.....	11
Littlepage Receives Washington Civic Medal.....	11
Applications Granted, Broadcast Division.....	12

No. 791



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## WOULD PROHIBIT FEDERAL OFFICIALS RECEIVING RADIO PAY

An attempt was made by Representative Hamilton Fish, Republican, of New York, to tack on an amendment to a bill for additional appropriations for the Federal Communications Commission which would prohibit any public official receiving pay from the Federal Government, or member of his or her immediate family, from receiving pay or compensation for speaking over the radio. It is believed the amendment was directed at Col. Louis McHenry Howe, Secretary to the President, Mrs. Roosevelt and the latter's daughter, Mrs. Anna Dall, all of whom have been paid for radio talks.

While the amendment was lost on a point of order, it is understood that Mr. Fish proposed to bring it up in another form at a later date and that it will receive considerable support from Democrats as well as Republicans.

Once before Representative Fish denounced Colonel Howe's radio talks, saying that he received for each of his fifteen minute appearances "nine hundred dollars for a talk that wasn't worth nine cents." It was reported at the time that Walter Trumbull, a newspaper man who interviewed him, received \$300 each time and that Howe and Trumbull were together paid \$1200 for the period.

Mrs. Roosevelt was reported to have received as high as \$3,000 for each of her appearances but always stipulated that her earnings were to go to charity. Another person who would come under Representative Fish's classification would be Senator Royal S. Copeland, who is said to receive about \$1,000 apiece for his medical talks over the radio.

The bill to which Representative Fish attempted to add the Federal officials' radio talk amendment provided for an appropriation of \$480,000 in addition to the \$1,525,000 1936 Federal Communications Commission budget allowance passed recently by the House. Explaining that the extra \$480,000 furnishes the money for the Communications Commission to carry on until next July, when the million and a half dollar appropriation will be available, Representative Buchanan, Democrat, of Texas, said:

"The activities provided for in this bill were created during the last session of this Congress. The Congress never appropriated and never intended to appropriate sufficient money to carry them through this fiscal year. The money they did provide was sufficient to carry them until this Congress met, in order that we might go into their needs and necessities and make

a proper appropriation for the balance of the fiscal year. So, in fact, it is not a deficiency, but a supplemental appropriation, and intended to be so by the Congress.

"Now, as to the items, the Budget sent us an estimate of \$480,000 for the Federal Communications Commission. It had for this year only the appropriation made for the old Federal Radio Commission. The act of Congress last year greatly expanded its activities, and prescribed greater duties for it, such as regulation in telephone, telegraph, and cables, and the authority to fix the rates on those utilities, and evaluation of their property; also to prevent discrimination and to prevent refunds. So it was evident that the old appropriation for the Radio Commission alone was not sufficient. Therefore the Budget estimated \$480,000, and the committee after investigation allowed that amount."

"I have no objection to the passage of this resolution, but one or two provisions in it prompt me to predicate an inquiry thereon", Representative Lanham, Democrat, of Texas, remarked. "There are provisions in this measure for printing and binding for these various agencies. Of course, that is all right, but it seems to me that attention should be called to the fact that there is a great deal of printing being done, perhaps not all by the Government Printing Office, but some of it through mimeograph machines and otherwise, and a great deal of expense being entailed from the standpoint of the Government, in sending out promiscuously daily reports, codes, and other things of these various Government agencies.

"And the Congressional Record", Representative Buchanan interjected.

"Well, of course, the Congressional Record serves a different purpose", Mr. Lanham replied, "but these various reports we can get upon request, when we wish them, and the sending of them to Members of Congress and broadcast over the country to be thrown into the waste basket must involve considerable expense from the standpoint of material, of the employees in making these printed or mimeographic reports, and also from the standpoint of distribution through the mail. It seems to me that there is an element of economy that might well be observed in restricting this activity to absolutely necessary distribution."

"An item in the bill calls for an increase in the force of the Communications Commission in Washington from approximately 121 in the main office in the District of Columbia to 402", Representative Taber, Republican, of New York, who had previously attempted to prune \$300,000 from the main appropriation.

"The old Radio Commission had a force of approximately 121. The new Communications Commission will have a force of 402", Mr. Taber went on to say. "Frankly, I previously felt, when the independent offices bill was on the floor, that this was too large an increase. I believed that they ought to be able to get along

with considerable less, and I offered at that time an amendment which would reduce the appropriation by 20 percent. Of course, that amendment was not agreed to. I feel that this one could undoubtedly be cut 20 percent, and it would still provide funds permitting this Commission to function properly.

"It is a new activity, and they are going into the rates and the capital structure of the telephone and telegraph companies in this country. This activity, in my opinion, could be accomplished entirely with less money, but they are going along with it, and we have to see the results obtained in years to come."

Despite Republican objection, however, the bill for the additional \$480,000 for the Federal Communications Commission was passed by the House, along with extra appropriations of \$1,750 for the National Mediation Board, \$150,000 for the National Railroad Adjustment Board, and \$846,000 for the Securities and Exchange Commission.

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#### GENE BUCK AND WILL ROGERS AT V-P DINNER

Gene Buck, President of the American Society of Composers, an old friend of Vice-President Garner, a guest at the dinner given by the Vice-President to the President in Washington last Wednesday night, apparently "stole the show" by bringing with him the Magician Cardini to entertain the notables present.

Among those who attended the dinner, in addition to President and Mrs. Roosevelt and Vice-President and Mrs. Garner, were Mr. and Mrs. Buck, Mr. and Mrs. Will Rogers, and Mayor and Mrs. Fiorello LaGuardia.

Rogers left for a few minutes to keep a broadcasting engagement. While waiting at the microphone, he borrowed the watch of Carleton Smith, White House announcer, and when his time arrived, he dropped it, picked it up and remarked, "Nothing broken but the crystal and the works." However, he had the watch fixed, returned with apologies.

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#### CAPPER REINTRODUCES ANTI-LIQUOR ADVERTISING BILL

Senator Capper, Republican, of Kansas, reintroduced his bill (S 541) which would prohibit all interstate advertising of intoxicating liquors. This would preclude the use of radio for all such advertising. Although Senator Capper introduced the same bill early in the last Congress, he did not press it.

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## IKE LEVY ADVISES BROADCASTERS TO IGNORE "OLD 97" CLAIM

In the opinion of Isaac D. Levy, of Philadelphia, Chairman of the Copyright Committee of the National Association of Broadcasters, broadcasters who have been put on notice by a letter from Robert L. Nase, counsel for David Graves George demanding payment for infringement of use of the song "The Wreck of the Old 97", should stand pat.

"I think station owners would be foolish to pay a single penny in settlement of the alleged claim for infringement", Mr. Levy declared. "The demand is made because the press of this country have inaccurately reported the effect of the decision of the United States Supreme Court, involving a technical point in this case. The facts are as follows:

"George claimed authorship of the song, 'The Wreck of the Old 97'. He brought suit against RCA Victor and Judge Avis in the District Court of New Jersey filed an Opinion upholding his claim of authorship. A Master was appointed to assess damages.

"An Appeal was taken to the Circuit Court of Appeals, which Court reversed the findings of Judge Avis as to authorship of the song. A certiorari was then requested of the United States Supreme Court, which Court limited the argument to the technical point as to whether or not the Circuit Court of Appeals had jurisdiction to hear the case before the damages had been assessed. The United States Supreme Court ordered the Circuit Court of Appeals to dismiss the Appeal taken to it which brings the case back to the Master for the assessment of damages.

"Following this assessment, an appeal will then be taken to the Circuit Court of Appeals, which Court has already determined that George is not the author of the song."

A portion of Mr. Nase's letter to broadcasting stations reads as follows:

"With our client's authorship of the song and his property right so firmly established by the Courts, we feel that those who have used it without his consent naturally prefer to dispose of his claim by a reasonable adjustment rather than litigate the case. We have been confirmed in this belief by the fact that several nationally known firms have settled the matter without litigation.

"As frequent broadcasts of this song have been made from your station, Mr. George has a right of action against you for the infringements. We would be glad to negotiate a settlement with you and thus avoid litigation, believing as we do that such a disposition of the case would be advantageous to both parties and much less expensive to you than a law suit, which in view of the Supreme Court decision, would resolve itself into an accounting by you of the number of infringements and the profits made by you from the unauthorized use of the said song."

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## FLAMM TAKES WMCA BACK AFTER ABS SUSPENDS

Following the suspension of the American Broadcasting System, Donald Flamm has resumed the operation of Station WMCA with his own staff, the lineup of which is - Mr. Flamm, President, and General Manager; William Weisman, Vice-President and General Counsel; Sidney Flamm, Assistant to the President; Burt Lehbar, Sales Director; Stella Unger, temporary Program Manager; George F. Huston, Production Manager; Betty Glenn, Publicity; Don Clarke, Continuity; Maurrie Rubin and Val Olman, Musical Directors, and A. L. Alexander, Chief Announcer.

What remains of the American Broadcasting System network, built up by George B. Storer, has been organized into a new corporation, the American Broadcasting Company with WNEW, of Newark, as the key station. Those mentioned as being in the new network are John Hays Whitney, William Cherry of WPRO, Providence; Benedict Gimbel, Jr., of WIP, Philadelphia; George Schott, of WFBE, Cincinnati; James K. Norris, an ABS Vice-President, and Mr. Storer.

"The break with WMCA, as far as Storer was concerned", Variety reports, "followed the walkout last Tuesday by the Federal Broadcasting Corp. from its stations operating contract with Donald Flamm, owner of WMCA. After the Federal directors had notified Mr. Flamm that they were washed up with the broadcasting business and were dissolving the corporation, Flamm offered to let WMCA continue as ABS' sustaining program source if Storer would guarantee to pay the differences between the network and local rate for musicians used on network programs. Mr. Storer turned down this proposition and the next day the employees of the American Broadcasting System were given mimeographed notices advising them that their services would terminate as of Saturday.

"Notice to employees explained that the ABS had no operating agreement with WMCA and the web's tenure in the WMCA plant had been dependent entirely on the agency agreement between the Federal Broadcasting Corp. and the Knickerbocker Broadcasting Co. licensee holder for WMCA. The ABS employees were paid off on Monday last with each requested to sign a receipt in full.

"Mr. Flamm retained an appreciable number of the ABS employees, but none of these included any connected with the ABS Program Department. New York musicians union had insisted that Flamm retain the large studio orchestra that Bob Haring directed for ABS, but the WMCA owner induced the American Federation of Musicians to overrule this order. AFM, however, held that the ABS would be held liable for \$9,000 due the musicians in lieu of four weeks' notice."

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## SENATE COMMITTEE TO PUT FCC ON THE GRILL

The six members of the Federal Communications Commission who must be confirmed by the Senate have been notified to appear before the Senate Interstate Commerce Committee Tuesday morning, January 22nd, at which time their qualifications to serve on the Commission will be gone into. These Commissioners are Sykes, of Mississippi; Brown, of Ohio; Walker, Oklahoma; Stewart, Texas; Payne, New York, and Case, of Rhode Island.

Former Representative Anning S. Prall, of New York, succeeding Hampson Gary, has been confirmed by the Senate but to conform to Senate rules, his confirmation had to lay over until after three Senate executive sessions. This period expired Thursday night at which time President Roosevelt was formally notified of the confirmation. The White House is expected to issue Mr. Prall's commission today (Friday) and he will probably be sworn in Monday.

It is possible that Senator Bilbo, of Mississippi, will be present at Monday's session to oppose the confirmation of Judge Sykes. The opinion has been expressed, however, that his objections if entertained by the Committee will be overruled by the Senate.

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## WLW GETS READY FOR CANADIAN TEST

Applications have been filed with the Federal Communications Commission by Station WLW, at Cincinnati, which may lead to a court test of the Commission's ruling that either interference which the Canadian station CFRS, at Toronto, has complained of shall be eliminated by February 1st, or the Ohio station must cut its night-time power from 500,000 watts to 50,000 watts.

In its first application, WLW, through its chief engineer, Joseph Chambers, asked for a renewal of its existing 50,000 watt license which expires February 3. This the Commission has granted. The second application of WLW asks for a modification of its license from 50,000 to 500,000 watts. This has been set for a hearing by the Commission but as yet no date has been stipulated.

In a third application, the Cincinnati station has asked for special authority to increase its nighttime power from 50,000 watts to 500,000 watts. Because of the international aspect of the case neither the Federal Communications officials or anyone connected with the Crosley Company has talked for publication. An outsider, however, observed: "What I think WLW is trying to do is to get the Commission to say 'no' on one or the other of their applications, and if they do this will probably pave the way for a court test."

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## ZENITH SIX MONTHS' VOLUME LARGER

Zenith Radio Corporation reports an operating deficit for the six months ended October 31, 1934, of \$50,154.94, after all charge-offs, including liberal reserves for depreciation and taxes.

Manufacturing Profit	
After Excise Taxes, Royalties, Manu- facturing Expenses and Maintenance of Plant and Equipment	\$218,711.59
Selling and Administrative Expenses	230,851.20
Depreciation	<u>38,015.33</u>
Operating Deficit	\$ 50,154.94

"The Company did a substantially larger volume of business during the six months than it did in the same period a year ago", Hugh Robertson, Vice-President and Treasurer of Zenith reports. "An extensive advertising campaign was carried on during this period to introduce a new line of short-wave receivers. An additional line of higher priced receivers is now being placed upon the market. These receivers will meet a rapidly growing demand for quality merchandise and provide for a satisfactory profit.

"The Company is anticipating a substantial increase in its automobile set business during the Spring months. It is again supplying Hudson Motor Car Co. with their requirements for 1935 and expects to close other important contracts very shortly.

"The usual satisfactory liquid position continues to be maintained. All current obligations are discounted. There are no outstanding loans of any kind and no bonded indebtedness."

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## INTERLOCKING DIRECTORATE HEARING POSTPONED UNTIL FEBRUARY

Because of the appearance of the members of the Federal Communications Commission before the Senate Interstate Commerce Committee Tuesday, January 22nd, the hearings for officials to show why they should serve as officer and director of more than one communications company, which was to have been held Monday and Tuesday, January 21st and 22nd, has been postponed. The tentative dates set for the hearings are February 4 and 5.

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## COPELAND BILL WINS ADVERTISING FEDERATION SUPPORT

Support for the new Copeland Food and Drug Bill was decided upon by the directors of the Advertising Federation of America meeting in Washington, with reservations only as to minor points on which the group believes that clarification of language is desirable.

Members of the Board were said to believe that control of advertising in these industries is essential for the elimination of false and misleading advertising of the type which is harmful to consumers and lowers the effectiveness of good advertising. The provisions of the new Copeland bill, it was stated, should exert a constructive influence if enacted into law.

Edgar Kobak, Chairman of the Board, announced the appointment of G. R. Schaeffer, Publicity Manager, Marshall Field & Co., as Chairman of the Convention Program Committee for the next annual meeting to be held in Chicago next June.

Others attending the Washington meeting were Chester H. Lang, President, Manager, Publicity Department, General Electric Co.; Gilbert T. Hodges, Past Chairman of the Board and member Executive Board of the New York Sun; Charles E. Murphy, Vice-President, New York attorney; John Benson, President, American Association of Advertising Agencies; Frank Braucher, Vice-President, Crowell Publishing Co.; Harry Tipper, Executive Vice-President, American Manufacturers' Export Association; Alfred T. Falk, Director, Federation's Bureau of Research and Education, and Earle Pearson, General Manager.

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## MUTUAL BROADCASTING SYSTEM TO INSTALL NETWORK LINES

The Mutual Broadcasting System held its first annual meeting at the Drake Hotel, Chicago, last week, and all officers and directors of the organization, with one exception, were re-elected.

Officers re-elected were: Chairman of the Board of Directors, Alfred J. McCosker, of WOR, New York; President, W. E. Macfarlane of WGN; Executive Secretary, E. M. Antrim, of WGN; Treasurer, Theodore C. Streibert, of WOR; Auditor, James A. Cotey, of WGN. Directors named were: W. E. Macfarlane, E. M. Antrim, Quin A. Ryan, Edward W. Wood, Jr., of WGN; and Jack I. Strauss, Hector Suyker, Alfred J. McCosker, and Theodore C. Streibert of WOR. The Directors all were re-elected with the exception of Edward W. Wood, Jr., new commercial manager of WGN, who was named in place of George F. Isaac, who recently resigned from WGN.

Also attending the meeting were: John Clark, of WLW, Cincinnati, and George W. Trendle and H. Allan Campbell, of Station WXYZ, Detroit.

The officers and directors of the Mutual Broadcast System approved a contract with the American Telephone and Telegraph Company for the rental of permanent lines, sufficient to take care of any commercial program at any given hour required by the advertiser, subject to clearance by stations in the Mutual group.

No changes are to take place in the present sustaining programs of the members of the group, because each member is self-supporting in respect to sustaining shows. This leaves for future consideration the exchange of sustaining programs which would be made between the stations of the group merely for the purpose of gaining a variety of programs. In all respects the Mutual Broadcasting System is to be in actuality a mutual working arrangement between a group of independent stations.

Members of the MBS also approved the establishment in the near future of a traffic department for the network programs and a sales promotion department to furnish market data. Announcement of appointments of heads of these new departments will be made in the near future.

The contract with the A. T. & T. Co. for permanent lines is to be signed at once and the lines placed in service as soon as the Telephone Company can make its lines and equipment available to the network.

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#### GOLDSMITH TO DEMONSTRATE RADIO AND SOUND EQUIPMENT

An advance demonstration of new scientific models of improvements in sound transmission and recording will be given over the air by Dr. Alfred N. Goldsmith, chief consulting engineer of the RCA Victor Company, in a broadcast to be heard on Tuesday, January 22, over the WEAf network.

Speaking at 12:30 P.M. EST. before the Cleveland Chamber of Commerce and members of the Institute of American Engineers on the subject of "Radio and Motion Picture Achievements and Trends", Dr. Goldsmith will give the first public demonstration of a radical new system of sound motion picture recording, using a double sound track to remove all background noises from talking movies. For the broadcast Dr. Goldsmith will use the new lapel microphone which is about the size of a matchbox and which permits the speaker to move freely while broadcasting.

Other marvels of sound science which the RCA-Victor engineer will describe are the new "acorn" radio tube, a sound movie camera for amateur picture makers, and a higher fidelity system of sound reproduction.

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 ::::INDUSTRY NOTES::::  
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The indication is that the National Association of Broadcasters will approve the Copeland Food and Drugs Bill.

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It is reported that the Associated Press has engaged John W. Davis as counsel for appeal taken from the decision of Judge John C. Bowen at Seattle in the case brought in behalf of the A. P. against Station KVOS. Also that the United Press and the International News Service will intervene. Judge Bowen ruled that once published "news reports from that moment belong to the public."

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Senator Huey Long, of Louisiana, put over a fast one (probably without knowing it) when he announced at the conclusion of his talk over Columbia, "I'll be with you on Saturday on NBC."

Apparently the networks are able to hold Huey down to his allotted time but individual station owners will doubtless watch their step in putting him on after having been allotted 30 minutes on a New York station he continued to talk another 15 minutes regardless of the rest of the program.

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The Department of Commerce issued a bulletin this week to all airways operating companies and aviators advising them the aeronautical lights which were recently installed at the new WOR 50 k.w. transmitter are now in operation, and can be seen between sunset and sunrise every day in the year.

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#### LITTLEPAGE RECEIVES WASHINGTON CIVIC MEDAL

Thomas P. Littlepage, prominent radio attorney, former President of the Washington Chamber of Commerce and outstanding civic worker, was awarded the distinguished service medal of the Cosmopolitan Club for the most outstanding service to Washington during 1934.

The citation accompanying the medal drew attention to the work of Mr. Littlepage in helping to obtain the return of 10 per cent of the pay reduction of Federal workers; his work in bringing about the street car merger; his activity as Chairman of the N.R.A. of the District of Columbia, and with the Federal

Housing Commission. The presentation was broadcast over WRC.

In accepting the honor, Mr. Littlepage modestly minimized his efforts in the various activities which had brought him the medal. He spoke of the restoration of salaries to Government employees and declared that "throughout that work I had the strong, consistent, unselfish support of William Green, President of the American Federation of Labor and without his help I could not have done this alone. He is really a great man and a fine man, whom I have always found ready to support everything good.

"None of the matters on which I have worked, have benefitted me personally to the extent of one penny", Mr. Littlepage continued, "yet no one can translate into money the compensation which your distinguished club has bestowed on me today. The legendary pot of gold, even if it were a fact, could add nothing to the beauty of the rainbow. Perhaps no higher virtue swells the heart of man than that of gratitude, and I will cherish this expression of your appreciation to the end of my life."

Previous winners of the medal are the late Martin A. Leese, former owner of WMAL, in Washington; Theodore W. Noyes, editor of The Washington Evening Star; E. C. Graham, President of the Hamilton National Bank; Miss Mary Virginia Merrick, President of the Christ Child Society, and Robert V. Fleming, President of the Riggs National Bank.

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#### APPLICATIONS GRANTED, BROADCAST DIVISION

New, Attala Broadcasting Corp., Clarksdale, Miss., C.P. to erect a new station to operate on 1210 kc., 100 watts, unlimited time; WREN, Jenny Wren Co., Lawrence, Kans., C.P. to install new equipment and increase day power from 1 to 5 KW; WSVA, Marion K. Gilliam Staunton, Va., modification of C.P. to extend completion date to April 4, 1935; KGIX, J. M. Heaton, Las Vegas, Nev., modification of C.P. to install new equipment, increase power from 100 watts to 100 watts night, 250 watts day, also to make change in specified hours; WPAD, Paducah Broadcasting Co., Inc., Paducah, Ky., license to cover C.P. authorizing changes in equipment and increasing daytime power from 100 to 250 watts, on 1420 kc., 100 w. night, unlimited; WPAX, H. Wimpy, Thomasville, Ga., license to cover C.P. authorizing changes in equipment, change in hours of operation and authority to move transmitter to new site, 1210 kc., 100 watts daytime; WTRC, Truth Radio Corp., Elkhart, Ind., license covering C.P. authorizing changes in equipment 1310 kc., 50 watts night, 100 w. day, unlimited; WWAE, Hammond-Calumet Broadcasting Corp., Hammond, Ind., license to cover CP authorizing installation of new equipment, 1200 kc., 100 w. shares with WFAM; WLW, Crosley Radio Corp., Cincinnati, Ohio, renewal of license, 700 kc., 50 KW, unlimited time.

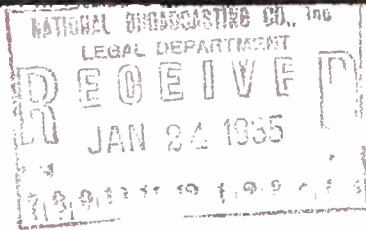
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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



INDEX TO ISSUE OF JANUARY 22, 1935.

Radio Code Withdrawn In Compromise.....	2
French Radio Broadcasting Service To Be Improved.....	3
Sees Big Effort To Censor Radio Food Advertising.....	4
Mrs. Henry A. Bellows Dies.....	5
Japan Considers Television.....	5
KC Station Held Jointly Liable On Network Program.....	6
Chicago To Have Fall Radio Show.....	6
Substantial Increase In U. S. Radio Export Trade.....	7
Rayburn Moves With Speed In FCC Recommendations.....	8
Jules P. Daniel Heads WBAL Sales.....	10
R.C.A. Stocks Rise.....	10
New Call List Of U. S. Stations.....	10
Big Communications Turn-Out At Alfalfa Dinner.....	11

No. 792

SPECIAL BULLETIN REGARDING COMMISSION'S REPORT TO CONGRESS REGARDING EDUCATIONAL-RELIGIOUS FIXED PERCENTAGES OF BROADCASTING FACILITIES. IS BEING SENT UNDER SEPARATE COVER

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January 22, 1935.

## RADIO CODE WITHDRAWN IN COMPROMISE

Continued NRA Code operations of radio manufacturers under the present Electrical Code, but with definite allocation of radio receiving set and other manufacturers into distinct radio and electrical industry groupings, was arranged at a conference in Washington of the NRA with Code Committees of the Radio Manufacturers' Association and the National Electric Manufacturers' Association.

No revision of the Electrical Code is in prospect. Therefore, the present wage and hour labor provisions and trade practices, of the Electrical Code and the general code operations promise to continue indefinitely.

At the conference the RMA presented and the NRA accepted an agreement on a course of code action affecting radio manufacturers. A partial compromise settlement resulted. It provides for continued code operations as at present under the Electrical Manufacturing Code but with RMA and the radio "industry" officially recognized by the government and also by NEMA, to include manufacturers of radio receiving sets and a large number of parts and accessory manufacturers. These were definitely allocated, respectively, under the present code supervisory agencies. Provision was made also for future allocation to the radio section of tube and other parts manufacturers by majority vote of their respective groups.

Final agreement was not reached on the code status of manufacturers of audio and radio power transformers, long and short wave switches, public address equipment, commercial receivers, including police, aircraft, government, etc., and a number of minor parts and accessories. These will temporarily continue their present code operation subject to further negotiations.

An important feature of the RMA agreement which was approved by the National Recovery Administration exempts RMA members from any code expense or assessment by the NEMA code authority.

In consideration of the partial compromise settlement recited formally, and with the definite understandings for continued operations under the Electrical Code, the RMA withdrew, "without prejudice to the making of a new application", its request of June 19, 1934, for exemption of radio manufacturers from the Electrical Code and a separate Radio Code. However, this will permit RMA, if it is deemed desirable later after Congress revises the NRA in June, to make further application for a separate Radio Industry Code.

1/22/35

Agreement on procedure with the two supplemental codes submitted by NEMA, the first for transmitting, public address and commercial receiver manufacturers, and the second for "specialty transformer" manufacturers, including audio and radio power transformers, also was reached at the conference. On the first supplement, the NRA will later decide regarding public address manufacturers. Later also it will proceed with public hearing on the transformer supplemental code, possibly within a month.

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#### FRENCH RADIO BROADCASTING SERVICE TO BE IMPROVED

Appreciable improvement in the French radio broadcasting service is expected to result from the recommendations of a Government committee which has been studying the radio situation in France and the colonies, according to a report from Consul Hugh S. Fullerton, Paris.

The French Government, it is pointed out, has felt for a long time that the French radio stations were not of sufficient strength compared with those of neighboring countries and that a general improvement of facilities should be effected without delay.

During the next six months the strength of the Paris and Toulouse stations will be increased to 120 kilowatts; that of Marseille to 100 kilowatts; Lille and Nice to 60 kilowatts; and Lyon to 90 kilowatts.

The Committee, the report states, has been much occupied with the necessity of improved radio service between France and its colonies, it being generally recognized that progress in this direction has not been commensurate with the size and importance of the French colonial empire.

The information service of the French Post, Telegraph and Telephone station has been entirely reorganized and enlarged, while that of the Radio-Paris station is also being appreciably improved, the report states.

A development of interest and importance, the report points out, is the establishment of a listening service, which permits the control of radio messages from all French posts, as well as of the emission of foreign propaganda. The most important broadcasts will be registered. Coordination among the various French sending stations is said to be progressing in a satisfactory manner.

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## SEE BIG EFFORT TO CENSOR RADIO FOOD ADVERTISING

The fact that three bills embodying methods to control food and drug printed and broadcast advertising have already been introduced in this session of Congress is believed to foreshadow a greater effort than ever before to pass some sort of a bill. That the Government has not been inactive in censoring objectionable advertising is shown by the fact that the Federal Trade Commission stopped more than 22,000 cases through cease and desist orders. Of the 180,000 broadcasting scripts reviewed by the Trade Commission recently, 21,000 have been held for further checking.

The bill introduced last week by Representative James M. Mead, of New York, places the advertising of food and drugs under strict control of the Federal Trade Commission, while the Copeland bill provides for regulation of advertising by the Department of Agriculture operating through criminal prosecutions, and the McCarran measure puts the responsibility upon the Department of Agriculture, but provides for a special board of review to which the advertiser may appeal.

The section dealing with false advertising in the McCarran measure, the last of the three to be introduced, states:

"(1) No person who is a publisher, radio-broadcast licensee, or other agency or medium for the dissemination of advertising shall be deemed to have violated section 24 because of his dissemination of a false advertisement by another, unless he willfully disseminated the advertisement knowing that it was false or unless he refuses or neglects to disclose the name and post office address of the party who caused him to disseminate the advertisement, upon written request therefor by the Secretary of Agriculture.

"(2) In any event no person who is a publisher, radio-broadcast licensee, or other agency or medium for the dissemination of advertising shall be deemed to have violated section 24 because of his dissemination in good faith of an advertisement by another, if he establishes a dated guaranty signed by and containing the post office address of the party located in the United States or any Territory who caused him to disseminate the advertisement and providing to the effect that the advertisement is not false within the meaning of this Act, designating it.

"(3) But if any person who is a publisher, radio-broadcast licensee, or other agency or medium for the dissemination of advertising disseminates a false advertisement by another in violation of section 24, which advertisement was caused by a party located in a foreign country, then such person shall be liable to prosecution accordingly under this Act unless he establishes a dated undertaking signed by and containing the post office address of a seller of the product so falsely advertised, located in the



United States or any Territory, and providing to the effect that such seller assumes full responsibility for any violation of this Act incurred by the dissemination of such advertisement. Thereupon such seller shall be amenable to any prosecution and penalty which otherwise would attach in due course to such person under this Act, with respect of the advertisement."

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#### MRS. HENRY A. BELLOWS DIES

Mary Sanger Bellows, for the past two years a resident of Washington, died last Saturday at her home in Washington after a long illness. She was 46 years old.

Mrs. Bellows was born in Annapolis, Md., where her father, the late Charles Robert Sanger, was Professor of Chemistry at the Naval Academy. He subsequently became Professor of Chemistry and Director of the Chemical Laboratory at Harvard University, and Mrs. Bellows spent most of her early years in Cambridge, Mass. In 1911 she was married to Henry Adams Bellows, then Assistant Professor at the University of Minnesota, and for 22 years she lived in Minneapolis. Mr. Bellows was one of the original members of the Federal Radio Commission in 1927, and in 1933 moved to Washington as Vice-President of the Columbia Broadcasting System and he is at present Chairman of the Legislative Committee of the National Association of Broadcasters.

Since coming to Washington Mrs. Bellows served as a member of the Board of the Columbia Hospital and as a member of the Women's Committee of the National Symphony Orchestra.

She is survived by her husband, a daughter, Mrs. Philip Winston Pillsbury, of Chicago, and a son, Charles Sanger Bellows, a student at Harvard University.

Funeral services were held at Mount Auburn Chapel, Cambridge, Mass Monday afternoon.

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#### JAPAN CONSIDERS TELEVISION

The Japanese Minister for Communications has nominated a Committee which is to examine the existing systems of television, with a view to deciding which is the most suitable for Japan. The Tokyo transmitter is to begin regular television transmissions with the system chosen by this Committee in the Spring of this year

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### KC STATION HELD JOINTLY LIABLE ON NETWORK PROGRAM

Upsetting the recognized doctrine of "reasonable care" in the liability of broadcasters for libel uttered over their facilities, Federal Judge Merrill E. Otis, of Kansas City, held Jan. 3 in a case involving KMBC, Kansas City, CBS and Remington Rand, Inc., as sponsor of the "March of Time" program, that the station is jointly liable with the individual actually making the statement for libel uttered over its facilities.

The case came before Judge Otis on the question of the jurisdiction of the state court to entertain a suit against KMBC as a resident corporation, which in no way had control over the network program. The court held that despite the fact KMBC had no control over the program and had no way of knowing that the allegedly libelous statement was to be uttered, it nevertheless was jointly liable. As a consequence, he granted the motion of the plaintiff remanding the case to the state court.

The alleged statement was made April 6 during the "March of Time" program by an employee of Remington Rand. The substance of the alleged defamation was the Robert J. Coffey, who brought the libel suit, was "an ex-convict, who had served time in the penitentiary."

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### CHICAGO TO HAVE FALL RADIO SHOW

Substantial progress on the national radio promotion project of the Radio Manufacturers' Association was reported to the Board of Directors at their meeting at Chicago by Powel Crosley, Jr., of Cincinnati, Chairman, and the Trade Promotion Committee.

In its 1935 promotion plans, the RMA decided to include sponsorship by the Association of a radio public show next October in Chicago. Under private management, which has been successful in past years, the RMA will sponsor the Chicago public show. To Chairman Crosley's Trade Promotion Committee, Commander E. F. McDonald, Jr., of Chicago; George A. Scoville, of Rochester, N.Y., and N. P. Bloom, of Louisville, Ky., were added as members to assist Chairman Crosley.

Paul B. Klugh, of Chicago, Chairman of the RMA Legislative Committee, advised the Board that the 5 % excise tax probably would be continued because of government revenue needs but that any increase was improbable and would be opposed, if necessary. Arrangements to take prompt action on radio legislation expected from the many State Legislatures beginning their work also were made by the RMA Board.

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## SUBSTANTIAL INCREASE IN U. S. RADIO EXPORT TRADE

United States exports of radio apparatus enjoyed substantial improvement during the past year, figures compiled in the Commerce Department's Electrical Division show.

Sales abroad of all classes of radio apparatus in the first eleven months of 1934 were valued at \$22,543,337 compared with \$16,125,719 and \$13,312,136, respectively, for the full years 1933 and 1932.

Five of the six export classes of radio registered increases in the 11-month period of 1934, loud speakers showing the only decline. Exports of transmitting sets and parts were valued at \$984,642 in the period under review compared with \$743,423 and \$663,750, respectively, for the two full years immediately preceding.

Exports of receiving sets increased in value to \$13,693,342 in the 1934 period compared with \$9,323,535 in 1933, and \$7,321,849 in 1932. Exports of receiving tubes in the January-November period of 1934 were valued at \$3,013,249 against \$2,623,261 in 1933 and \$2,012,656 in 1932, statistics show.

Foreign sales of receiving set components were valued at \$4,063,091 in the 1934 period compared with \$2,783,730 for the entire year 1933 and \$2,517,287 for 1932. Exports of loudspeakers continued the natural decline resulting from the increase in the number of sets manufactured incorporating speakers in the sets themselves, being valued at \$328,419 compared with \$338,055 in 1933 and \$455,840 in 1932. Other accessories increased to \$460,594 compared with \$313,725 in 1933 and \$340,754 in 1932.

In view of the many restrictions which have been imposed in the principal foreign markets designed to restrict imports of foreign radio apparatus, these increases are deemed especially significant indicating as they do the universal appreciation of the high standards of the American radio apparatus manufacturing industry, it was stated.

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1/22/35

## RAYBURN MOVES WITH SPEED IN FCC RECOMMENDATIONS

Representative Sam Rayburn, of Texas, recognized White House leader in the House of Representatives, in communications matters, lost no time in introducing bills to cover recommendations of the Federal Communications Commission. These bills called for (a) legislation to authorize merger of the Western Union and Postal Telegraph Companies; (b) an amendment to prevent in the future all exclusive contracts between telegraph companies, railroads and hotels, and (c) a practical abandonment of telegraph franks.

It had been expected that the recommendations to Congress would be accompanied by a message of endorsement from President Roosevelt. However, Representative Rayburn taking up the cudgel so quickly amounted to the same thing. The President is known to be in touch with the Commission's work and is expected to stand behind them in whatever they ask for.

The proposed statute limits consolidations to companies transmitting written message and would not permit consolidation of telephone and telegraph concerns.

One of the purposes of the proposed law, the Commission pointed out, is to eliminate duplication of service, which, it said, should result in lower rates and better service.

The Commission also pointed out that telegraph service is not national in its scope, comparing 17,524 Western Union offices and 3,425 Postal offices with 47,640 post offices and 75,000 places served by telephones.

"Keener competition", the report continued, "will be offered by a consolidated telegraph company to long distance telephone and air mail. Telegraphy is but one form of rapid communication service. The air mail is a monopoly. Long distance telephone for all practical purposes is also a monopoly. Both are expanding into fields formerly occupied by the telegraph industry. Telegraph companies are engaged in fruitless strife with each other, while other means of communication are taking away what has heretofore been telegraph business."

The bill provides that employees discharged as a result of the merger must be paid retirement annuities or dismissal compensation based upon age, service and earnings.

As a supporting argument for merger of the telegraph & Telegraph Co. is in a position to take over all the telegraph business of the country, but added that it has not indicated a desire to do so.

1/22/35

In reporting against exclusive contracts the Commission said that it would be "desirable whether or not legislation was enacted authorizing the merger of telegraph companies."

"The purpose of competition can be served only as the public has freedom to choose between competing carriers", the report stated. "It is believed that most, if not all of the exclusive provisions are illegal at the present time. Certainly, the exclusive provisions in contracts between communications carriers and land grant railroads are an open flouting of existing laws and of decisions of the Supreme Court of the United States."

It was shown that the Western Union had exclusive contracts with 1316 hotels, and 225 clubs and the Postal with 115 hotels.

A portion of the amendment proposed which would practically abolish franks read: "It shall be unlawful for any carrier to issue or recognize any frank, or to render any free service except in situations involving the safety of life or property, including hydrographic and weather reports and medical assistance to injured or sick persons on ships at sea."

"The officers and employees of railroads and other common carriers who actually receive franks at the present time are not those who are least able to pay for communications service", the Commission reports. "The wage earner and the man who receives his pay by the hour or by the day are not included; instead, franks are issued to higher officials and to men who salaries amply enable them to pay for the handling of their communications. The issuance of franks is to some extent for the purpose of influencing men who may be in a position to route the business of the companies with which they are connected over the company issuing the frank. Franks are also treated as a means by which officers of the issuing company repay favors and courtesies extended to them personally."

The amount of revenue lost in handling franked messages for persons other than officers, agents and employees of communication carriers and the families of such persons, is estimated at approximately \$300,000 per year. The communications industry as a whole receives nothing in return for this service which goes to a small group.

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## JULES P. DANIEL HEADS WBAL SALES

Jules P. Daniel has been named head of WBAL's Sales Department. Mr. Daniel has had fifteen years' advertising experience having formerly been connected with J. Walter Thompson as Treasurer, and Account Executive, with E. T. Howard, of New York, and with the Joseph Katz Agency, the city of Baltimore, with which company he has been connected for the past several years.

WBAL's new Sales Manager is a graduate of Cooper University, N. Y., and holds the degree of C.E. and Certificate of C.P.A. During the war he served 22 months both here and overseas.

Harold Higgins, of the New York office of the Hearst Enterprises, has been named accountant for WBAL.

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## R.C.A. STOCKS RISE

The Class A preferred stock of the Radio Corporation of America rose 5-3/8 points upon the decision of the Directors to pay off all accumulations on the issue, and the B preferred stock rose 4 points in sympathy, its position apparently being enhanced by the ending of arrearages on the senior issue. ✓

"The recovery started well before the dividend action was announced and rallies of 2 points had been achieved by the time the news was out", the New York Times commented. "On Dec. 21 the Directors and management had decided against any plan of recapitalization at that time, causing declines of 1-3/8 in the A and 4-7/8 in the B stock on the following morning. A special Committee of Directors had for some time previously been studying how to dispose of arrearages on the two preferred issues. Yesterday the A closed 7 points above its last price on Dec. 2 and the B 5-1/8 points above its level on that day."

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## NEW CALL LIST OF U. S. STATIONS

The Federal Communications Commission has just issued a new list of United States long-wave program broadcasting stations. The stations are listed alphabetically by call letters. The last call list issued by the Commission was six months ago.

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## BIG COMMUNICATIONS TURN-OUT AT ALFALFA DINNER

There was distinguished representation of the communications industry at the Alfalfa Dinner attended by President Roosevelt in Washington last Friday night. Gene Buck, President of the American Society of Composers, an Alfalfa life-member, was in charge of the entertainment.

Among those from the industry present were:

Sosthenes Behn, President, International Telephone & Telegraph Co., New York City; Thad H. Brown, Federal Communications Commission; Royal S. Copeland, Senator from New York; Manton Davis, General Counsel, Radio Corporation, New York City; G. H. Finch, Federal Communications Commission; Donald Flamm, President, Knickerbocker Broadcasting Co., New York City; Hampson Gary, former Federal Communications Commissioner; C. Byron Jolliffe, Chief Engineer, Federal Communications Commission; Howard L. Kern, International Telegraph & Telephone Co., New York City; John M. Littlepage, barrister and Thomas P. Littlepage, former President of the Alfalfa Club.

Also, Frank C. Page, Vice-President, International Telephone & Telegraph Co., New York City; George Henry Payne, Federal Communications Commissioner; Herbert L. Pettey, Secretary, Federal Communications Commission; George B. Porter, Federal Communications Commission; Anning S. Prall, Federal Communications Commissioner; Andrew D. Ring, engineer, Federal Communications Commission; Frank Roberson, Federal Communications Commission; William Robyn, New York City; David Sarnoff, President, Radio Corporation, New York City; Paul P. D. Spearman, General Counsel, Federal Communications Commission.

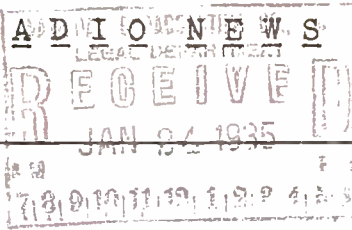
Also, Irvin Stewart, Federal Communications Commissioner; Eugene O. Sykes, Chairman, Federal Communications Commission; E. D. Thornburgh, International Telegraph & Telephone Co., New York City; Wallace H. White, Senator from Maine; Eugene S. Wilson, American Telephone & Telegraph Co., New York City; Lloyd Bennett Wilson, Jr., American Telephone & Telegraph Co., New York City; William A. Winterbottom, Radio Corporation of America, New York City; ~~Frank W. Wozencraft~~, Assistant General Counsel, R.C.A. New York City.

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H E I N L R A D I O N E W S S E R V I C E

2400 California Street

Washington, D. C.



January 22, 1935.

B U L L E T I N

FCC AGAINST RELIGIOUS EDUCATIONAL FIXED PERCENTAGES

The Federal Communications Commission late this (Tuesday) afternoon submitted its long-awaited report to Congress on the highly controversial question of whether or not religious and educational stations shall be specifically provided for by law. The answer is contained in the following recommendation, and it is "No":

"The Federal Communications Commission recommends that at this time no fixed percentages of radio broadcast facilities be allocated by statute to particular types or kinds of non-profit radio programs or to persons identified with particular types or kinds of non-profit activities."

The Commission, however, proposes to hold a conference of non-profit (educational and religious) and commercial broadcasters at an early date in Washington to "the end of combining the educational experience of the educators with the program technique of the broadcasters, thereby better to serve the public interest", and to consider any specific complaints and whatever remedial measures should be taken.

At the same time the Commission submitted the educational-religious report, they also made two other recommendations to Congress (a) a substitute for the so-called "Davis Amendment", which allocated equal radio facilities to all parts of the country, and (b) that a chief accountant and not more than three assistants be added to the Commission's staff, the Chief to receive \$9,000, and the Assistants, \$7,500.

In giving their reasons for vetoing the proposal that fixed percentages of radio facilities be allocated to religious and educational stations, the Commission said,

"There is no need for a change in the existing law to accomplish the helpful purposes of the proposal.

"Flexibility in the provisions of the law is essential to regulation if growth and development in the art of broadcasting is to be encouraged and regulated for the best interests of the public as a whole."

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"There are insufficient broadcast facilities available in the present development of the art to provide for specialized broadcast services consistent with a fair and equitable distribution of facilities and services throughout the country.

"No feasible plan for a definite allocation of broadcast facilities to non-profit organizations has been presented.

"The hearings developed no evidence of a real demand on the part of the great body of non-profit organizations or on the part of the general public for the proposed allocation of definite percentages of broadcast facilities to particular types or kinds of non-profit activities.

"It would appear that the interests of the non-profit organizations may be better served by the use of the existing facilities, thus giving them access to costly and efficient equipment and to established audiences, than by the establishment of new stations for their peculiar needs. In order for non-profit organizations to obtain the maximum service possible, cooperation in good faith by the broadcasters is required. Such cooperation should, therefore, be under the direction and supervision of the Commission."

In elaborating upon the reasons for holding a conference of religious, educational and commercial broadcasters, the Commission intends "actively to encourage the best minds among broadcasters and educators alike in order to develop a satisfactory technique for presenting educational programs in an attractive manner to the radio listener. Cooperation with the United States Commissioner of Education and other governmental agencies already established to assist in building helpful radio programs will be sought to an even greater degree than it now exists. The results of the broadcast survey, which is now being conducted by the Commission to determine the amount and quality of secondary service of large metropolitan broadcasting stations in remote sections of the United States, as well as by broadcast stations generally, will be studied with the thought in mind of providing the best possible service to every American radio listener and to provide him with a well-balanced selection of non-profit and public-interest programs.

"The Commission feels, in particular, that broadcasting has a much more important part in the educational program of the country than has yet been found for it. We expect actively to assist in the determination of the rightful place of broadcasting in education and to see that it is used in that place.

The proposed substitute for the Davis Amendment is as follows:

"In considering applications for licenses, or modifications and renewals thereof, when and insofar as there is demand for the same, the Commission shall make such distribution of licenses, frequencies, hours of operation, and of power among the several states and communities as to provide an equitable distribution of radio service to each of the same."

The following proposed amendment was offered to Congress with regard to preliminary hearings in radio cases:

"If it appears upon examination of any such application that the granting thereof will, in the opinion of the Commission, adversely affect the service of any existing radio station, the Commission may, pursuant to such rules and regulations as it may prescribe, conduct an informal and preliminary hearing thereon. If as a result of such informal and preliminary hearing, the Commission is of the opinion that the application violates any provision of this Act or the rules and regulations of the Commission, or that the applicant is not legally, financially or technically qualified, or that the applicant is not in a position financially, technically or otherwise to contest the use of a radio facility with the licensee of an existing station, and that such application should be refused, the Commission may enter its final order refusing such application, stating the reasons therefor."

Also this amendment with regard to suspension of license:

Any station license may be revoked or suspended for a period of not to exceed 30 days for false statements either in the application or in the statement of fact which may be required by Section 308 hereof, or because of conditions revealed by such statements of fact as may be required from time to time which would warrant the Commission in refusing to grant a license on an original application, or for failure to operate substantially as set forth in the license, or for violations of or failure to observe any of the restrictions and conditions of this Act or any regulations of the Commission authorized by this Act or by a treaty ratified by the United States:

Provided, however, That no such order of revocation or suspension shall take effect until 15 days' notice in writing thereof, stating the cause for such proposed revocation or suspension has been given to the licensee. Such licensee may make written application to the Commission at any time within said 15 days for a hearing upon such order, and upon the filing of such written application, said order of revocation or suspension

1/22/35

shall stand suspended until the conclusion of the hearing conducted under such rules as the Commission may prescribe. Upon the conclusion of said hearing, the Commission may affirm, modify or revoke said order of revocation or suspension."

In conclusion the report said, proposing an amendment to the appeal from order suspending station license, the Commission said:

"If Section 312 of the Act is amended so as to authorize the Commission to suspend a radio station license, the right of appeal from the order of suspension should be afforded. The right to appeal from an order of revocation is now afforded under Section 402(a) authorizing appeal from orders of the Commission to special three judge courts. (District Court Jurisdiction Act); Appeal from orders suspending a station license should be under Section 402(b) providing for appeal in certain radio cases to the Court of Appeals of the District of Columbia. That Court has for sometime past and until approval of the Communications Act had exclusive jurisdiction of radio appeal cases, now has jurisdiction over the large majority of such appeals, is required by the Statute to give preferential handling in point of time to them, and there will be involved in suspension cases violations of the many technical regulations of the Commission with which said Court has had experience."

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

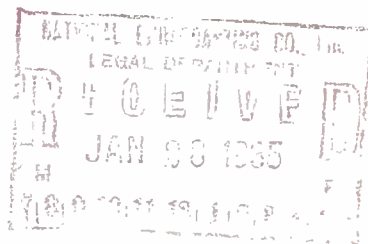
WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

## INDEX TO ISSUE OF JANUARY 25, 1935.

Wheeler, New Senate Chairman, Surprisingly Active.....	2
Sykes Denies Sensational Bilbo Charges.....	4
Short Wave Receiver For Tropics.....	7
Flamm Sorry About ABS But Glad Back At WMCA.....	8
Norton Becomes Sarnoff's Assistant.....	9
Seven To Eight Million All-Wave Sets In Use.....	9
Senate FCC Consideration Goes Over.....	10
Harbord Entertains Chinese Communications Mission.....	12

No. 793



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## WHEELER, NEW SENATE CHAIRMAN, SURPRISINGLY ACTIVE

It had been predicted Senator Burton K. Wheeler, of Montana, new Chairman of the Interstate Commerce Committee, would have so many more important things to command his attention, such as railroads, bus transportation and so on, that he probably would not take much interest in communications matters, at least not early in the session. This idea was quickly dissipated by the way Senator Wheeler personally examined witnesses and the aggressive manner in which he handled the hearings in connection with the confirmation of the Federal Communications Commissioners.

At the close of the first day, someone remarked that insofar as communications were concerned, Senator Wheeler promised to be the most active Chairman the Committee had had in many years. While the fear had been expressed that Wheeler, being a Progressive with advanced views in many matters, might make considerable trouble for the industry, although decidedly outspoken and having plenty of views of his own, he appeared to be very considerate in dealing with witnesses and "to ride very easily in the saddle." However, he asked many pertinent questions.

"Isn't it a fact that what broadcasting stations are doing, when a transfer is made, is really selling their wavelengths?" Senator Wheeler inquired of Judge Sykes.

"I understand in the case of WBAL at Baltimore, recently bought by the Hearst interests, that the actual equipment was valued at only \$80,000 but the station sold for \$400,000."

"They were buying good will", the Judge replied.

"Do you think they gave \$320,000 just because they wanted the good will? On the other hand station promoters take a poor station and improve it and make the frequency more valuable."

"That may be true."

Wheeler wanted to know how many of the 40 clear channels are controlled by the two networks.

"Approximately half of them", Judge Sykes answered.

"Why is it that you permit all these choice channels to go to the chains - when connected with a network, stations don't need a clear channel?"

"The outlying sections must be reached."

"Thus you limit the programs the rural stations are able to receive to the programs of the two networks. In my state by giving clear channels to the network stations, you drown out the smaller stations."

Later Senator Wheeler said he had been informed that 35 out of the 40 clear channels were either directly or indirectly controlled by the networks and added:

"The Commission has allowed to be built up right under their noses a complete monopoly of the best channels thus forcing rural listeners at night to listen to identical programs almost entirely commercial.

"I have never favored it, but if we are going to foster monopoly, I think you are going to find a demand for government ownership of broadcasting."

Judge Sykes said that a survey of clear channels was being made to see if it would be possible to duplicate stations on these channels.

Senator Wheeler then paid his respects to broadcast advertising saying that commercial programs had deteriorated in this respect in the last two years.

"We have got to cut down the sales talks. I don't believe in censoring speeches but I am in favor of editing advertising. I heard a station on the air the other morning selling second hand clothes, old shoes, old things; it sounded like a pawn-shop. They did put in some music but almost the entire fifteen minutes was devoted to advertising."

Senator Wheeler took exception to the fact that Paul D. P. Spearman, General Counsel of the Commission, had served on the Commission, then had become a member of a law firm which had radio accounts, and had then returned to the Commission.

"That's a bad practice and a bad precedent", Senator Wheeler admonished. "We ought to pass a law that a member of the Commission or an attorney should be prevented from appearing before the Commission for a certain period of time. I believe there is some such law but I don't believe it is applicable in this case."

"Was General Harbord formerly on the Radio Commission?" Senator Shipstead, of Minnesota asked.

Senator Wheeler said he thought it was wrong that out of the seven Communications Commissioners, three should be from the East and three from the South.

"There is no representative on the Commission West of Ohio to the Coast", the Senator pointed out. "I am going to introduce a bill providing hereafter that there shall be at least one representative from each of the five zones so that every part of the country will be represented.

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#### SYKES DENIES SENSATIONAL BILBO CHARGES

All charges made by Senator Bilbo, of Mississippi, opposing the confirmation of E. O. Sykes, as Chairman of the Federal Communications Commission, because the latter had allegedly worked against his election, were sweepingly denied by Judge Sykes. The two political enemies, at one time close friends, faced each other for the first time since the last campaign. It was the most dramatic moment at the confirmation hearings.

It was generally reported that Senator Bilbo was making the attack on Judge Sykes simply for "home consumption" and would not press the charges. When asked about it by this writer, the Senator said:

"Regardless of what action the Senate may take, it is a campaign pledge that I keep after Judge Sykes. I am unfamiliar with Senate procedure but if they go ahead and confirm him, I promise you they will receive a dose of their own medicine later.

Mr. Bilbo, making his initial bow in the Senate, and heralded by some as a "second Huey Long", told how, when Governor of Mississippi, he had appointed Sykes to be a Judge of the State Supreme Court. Later, Senator Pat Harrison and Senator Stephens, both of Mississippi, were responsible for the Judge's appointment to the Radio Commission, and subsequently to the Communications Commission. When Senator Stephens ran for re-election against Mr. Bilbo, Judge Sykes, as related by Bilbo, "took it upon himself and resolved in his heart at the very time I was sorely pressed from the heat of battle during my campaign for the Senate, to leave his exalted station in Washington and travel all the way to Mississippi, and there place himself in the front ranks of the opposition that was fighting so stubbornly to encompass my defeat, and did everything that was humanly possible to turn the tide of battle against me.

"This interference became all the more reprehensible when he dared to make, not one trip on his proselyting mission, not two trips, but three trips at timely intervals to Mississippi, spending altogether many weeks apart from his duties in Washington and there labored with all his might and main, resorted to all manner of political intrigue and machinations, from the petty practices of ward politicians to the exercise of the great power and influence that goes with high position, to encompass my defeat."

Furthermore, Senator Bilbo said that Judge Sykes sent two employees of the Commission, natives of Mississippi, Paul D. P. Spearman, General Counsel, and George Hill, Associate General Counsel, respectively, of the Commission to that State to "destroy Bilbo."

"It is a matter of common knowledge among many reputable people that George Hill did pay as high as \$50 to one man to turn his support and influence against me", the Mississippi Senator alleged.

Senator Bilbo charged that Judge Sykes enlisted the services of broadcasting stations in three States "subject to his control as Chairman of the Communications Commission, requesting them to broadcast a speech of Ross Collins, my opponent.

"When each of these stations, in due course of this conversation, mentioned compensation, C. A. Lacey, of Station WJDX, of Jackson, advised, in the presence of Sykes, that Judge Eugene O. Sykes, Chairman of the Communications Commission, desired and in his presence requested service free; free service was accordingly granted and later rendered.

"This act, within itself, is of such culpability as to justify a denial of confirmation of the appointment of Judge Sykes to the office he has so ignobly, if not unlawfully, prostituted.

Mr. Bilbo, in passing, said that he had denounced Judge Sykes "throughout the entire State as the most conspicuously despicable personification of ingratitude that ever clouded the horizon of Mississippi politics."

The Mississippi Senator introduced the following telegram sent to President Roosevelt by George Llewellyn, formerly Assistant Supervisor of Radio, at Atlanta:

"This appeal to you is last resort of crucified Government employee thrown out of service because he tried to do his duty exposing crookedness in previous administration. You alone can rectify wrong. Here are facts. Two years ago my superior in Atlanta District for Radio Commission was investigated by Department of Justice and suspended by Commission on charge of misconduct in office. I knew all facts in case and made statement to Department Agent which involved Commission Employees here as well as at Washington and Commissioner Sykes. Among things reported was sale of Broadcasting frequency for Sixty-five Hundred Dollars. This contract of sale took place in Atlanta office with full knowledge of Commission in violation of Radio Act. Commission Assistant General Counsel Fisher told me Judge Sykes wanted to lay off phase of investigation involving lawyer friend. I did not lay off and was dismissed outright. It was proved that District Supervisor had accepted money from broadcasting stations for services. He admitted one case of accepting



five hundred dollars to induce Georgia Broadcasting Station to buy transmitter. This man was reinstated to position resigning later. I have tried frantically to get hearing before Commission but all I hear is nothing can be done. Congressman Ramspect and Senator Russell believe in me and have tried without avail to get a hearing. Discharge has ruined my future. Formerly respected by all now I cannot even get a job. Congressman Ramspect says it would be useless to appeal to Civil Service Commission as it is just a rubber stamp. There is nothing left for me to do but to appeal to you as a World War Veteran to see I get at least a square deal from gross miscarriage of justice by having thorough and fair investigation. If I hear nothing from this I will know justice is indeed blind, deaf and dumb."

Senator Bilbo then read to the Senate Committee a letter written to him by W. F. Brandt, an Atlanta attorney:

"It has been so many years since I had the pleasure of seeing you until it occurs to me that you may have forgotten me, but you will probably recall me in the 'McDonald Case' many years ago here in Atlanta, when both of us fought for our friend, who since has passed on.

"I am prompted in writing you having noticed from press dispatches your fight against Eugene Sykes. In 1932, I represented one George Llewellyn, who was at that time Assistant Radio Supervisor of the Federal Radio Commission in the Atlanta Office, his superior officer was Walter Van Nostrand, who held position as Radio Supervisor of the local office. Someone preferred charges against the said Van Nostrand for malfeasance in office, bribery, shakedowns, etc. We demanded an investigation to be made, having in our possession full knowledge of certain transactions in which Sykes himself, was involved, we called upon the Department of Justice to make this investigation.

"Mr. Fisher, connected with the Department of Justice, came to Atlanta to make the investigation. Upon his arrival here he immediately conferred with the entire office personnel and particularly with Mr. Llewellyn who was familiar with all the transactions; in the conference with Mr. Llewellyn, Llewellyn told Fisher of a certain transaction involving Judge Eugene O. Sykes to which Mr. Fisher suggested that he, Fisher, did not want to go into any matter which would or could involve Sykes.

"The outcome of the entire matter was this. Van Nostrand was promptly reinstated but soon thereafter resigned (Van Nostrand was a personal friend of Sykes) and soon thereafter Mr. Llewellyn, who had given the information and protected the Government from losses, was fired, and charges which he, Llewellyn, was fired for was lack of respect toward the officer in charge of the Atlanta, Georgia, office and that he, Llewellyn, conspired with other employees in the office against the wishes of the officer in charge, thereby creating dissention and turmoil in said

office. Both Senator Russell and Congressman (Ramspeck) have full detail information as to the matter I am referring to, and you can obtain the entire files of this matter from either one of them and also a report from the Department of Justice of its investigation.

"I am also enclosing some of the correspondence and a copy of a telegram sent to the President while at Warm Springs, to which no reply has ever been made. I feel confident that if you go into this matter, you will have enough on Sykes to stop his confirmation."

"Didn't you consider Judge Sykes a fit person when you appointed him to the Supreme Court?" a Senator asked.

"Yes", Bilbo replied, "but it takes time to tell."

"How long had you known him when you appointed him?"

"Four years."

Judge Sykes said that instead of his being absent nine weeks, as charged, that he had been away but a few days each for the primary and voting.

"I came to the conclusion it was for the good of the State to support Senator Stephens. I was not actively electioneering but always told everyone I was going to vote for Stephens," the Judge continued. "I made no derogatory remarks. So far as my getting a hook-up for Ross Collins, an opposing speaker, Senator Bilbo is misinformed. I had nothing whatsoever to do with any such request directly or indirectly. Any statement to the contrary is absolutely false."

Judge Sykes denied that he had anything to do with Messrs. Spearman and Hill going to Mississippi and that the latter had denied to him that he had spent any money.

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#### SHORT WAVE RECEIVER FOR TROPICS

One of the English concerns has now brought out a new short-wave receiver for the tropics. As described by Julian B. Foster, U. S. Trade Commissioner at Singapore, this set is housed in a strong bakelite cabinet, is shock proof, and does not warp or discolor. This instrument is designed primarily to operate on A. C. mains on a battery. The model will probably be on the market in a short while. It is claimed that this set is built to rigid tropical specifications and employs fully delayed automatic volume control, to prevent fading or blasting. There are no coils to change, the set having been provided with continuous switching

1/25/35

from 11.5 to 555 meters, and this range not only embraces all the shorter waves, but means that the receiver is suitable for the proposed new Singapore Broadcasting Company's transmissions. There is a gramophone pick-up, and a very good feature in combined radio and gramophone volume control, and one-knob tuning with a large, energized, moving-coil loudspeaker. The set will be sold in Singapore at \$220.

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FLAMM SORRY ABOUT ABS BUT GLAD BACK AT WMCA

Expressing regret at the failure of ABS, Donald Flamm nevertheless is rolling up his sleeves and starting things going again at WMCA in New York as they were in the old days under his energetic direction.

"I am sorry that the American Broadcasting System was financially unable to maintain WMCA as its key station", Mr. Flamm said.

"For myself, I am extremely happy to be back in the swing and excitement of active operator of my brain child, WMCA. It feels like old times.

"Since we received the short notice that the American Broadcasting System will either discontinue operation or find someone who will give it programs, we have signed new commercials and have built programs of which any network might well be proud.

"For example, we are continuing to broadcast the colorful and interesting events from Madison Square Garden such as, the boxing bouts, hockey games, bicycle races and other events that occur regularly at the Garden. The thrilling and fast-moving 'Five Star Final' program which was originally introduced on WMCA will be retained as one of our nightly features. In addition to the weekly presentation entitled "Criminal Court", other well-known WMCA features such as the Chinatown Mission, the Night Club Parade, Stock Market Reports, etc. will be a part of our regular broadcasting schedule. I am sure our listening audience will be pleasantly surprised at the changes in our program schedule.

"I am particularly grateful for the many warm messages from my friends of the theatre and radio and the good wishes of the metropolitan radio critics."

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## NORTON BECOMES SARNOFF'S ASSISTANT

David Sarnoff, President of the Radio Corporation of America, has appointed Henry Kittredge Norton, Treasurer of the National Broadcasting Co., to the position of Assistant to the President of RCA. Mr. Norton is succeeded as Treasurer of the NBC by David Rosenblum, a Vice-President of that company.

Mr. Norton brings to RCA a broad knowledge of corporation organization, budgets, and finance and a wide experience in coordinating business activities.

After attending the public schools in Chicago, where he was born on October 14, 1884, Mr. Norton entered Dartmouth College, from which he was graduated with a B.S. degree, and Pomona College, from which he received the degree of Master of Arts. Following additional graduate work at the University of California, he practiced law in Los Angeles.

In the succeeding years Mr. Norton served as Executive Officer of the California Commission on Immigration and Housing, and as Assistant to the General Counsel of Armour & Company.

Mr. Rosenblum retains his post as an NBC Vice-President, to which he was elected last September. Before joining the National Broadcasting Company, Mr. Rosenblum was Executive Vice-President of Tradeways, Inc., which has been serving NBC in a consulting and advisory capacity for two years in connection with problems of organization and management.

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## SEVEN TO EIGHT MILLION ALL-WAVE SETS IN USE

So popular have the all-wave sets proved that Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, estimates that there are now between 7,000,000 and 8,000,000 of these sets now in use in the United States.

Mr. Geddes said they first came into public favor in 1933 and that figuring on a basis that three-quarters of all the sets manufactured last year included the short-wave bands, 3,375,000 all-wave sets were added in 1934 alone, and that even a greater percent of the entire output may be put on the market this year.

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1/25/35

SENATE FCC CONSIDERATION GOES OVER

Hearings having to do with the confirmation of the Federal Communications Commissioners were concluded by the Senate Interstate Commerce Committee Friday morning, the last witness to be examined being George Henry Payne, of New York, a Republican Progressive who apparently amused the Senators with his explanation of the difference between a Progressive Republican and a regular Republican. Following the hearing Friday morning the Committee went into executive session and later adjourned until Monday morning.

The examination of Judge Sykes occupied the entire first session Wednesday morning. He was in again a short time Thursday morning followed by Commissioners Brown, Walker, Case and Stewart. All Commissioners were quizzed by Senators Wheeler and Couzens with regard to their attitude toward a merger of the telegraph companies. Both Senators were plainly opposed to such a merger.

"If such a merger were carried out would the RCA have to join? Senator Wheeler asked.

"I think they would all have to join", Judge Sykes replied.

"How would you go about to control foreign rates?"

"By denying companies licenses if they do not acquiesce."

"The only way you could do it is by treaty", Senator Wheeler observed, "and that is rather doubtful. Did you have as many lobbyists for the telephone and telegraph companies bothering you as we did up here?"

"We had hearings to which everyone was invited", Judge Sykes said.

"We'll have to have several hearings before that merger ever passes here", Senator Wheeler retorted.

Senator Couzens asked Colonel Thad Brown his personal opinion as to the advisability of a telegraph merger which the latter seemed hesitant about giving but finally said he favored it.

"Why", Couzens persisted.

"Because the telephone merger was a success."

"Can't you see any difference between a telephone and a telegraph monopoly?"

Colonel Brown said he couldn't.

"Anybody who cannot see the distinction for the necessity of a combined telephone and telegraph company", Senator Couzens snapped back, "is not, in my opinion, fit to serve on the Communications Commission and I can't see how I can vote to confirm you."

Senator Couzens, who, like Colonel Brown, is a Republican, also opposed him as a member of the Radio Commission.

Whereupon Senator Dieterich, Democrat, of Illinois, inquired what was the difference between the two monopolies.

"Obviously", the Michigan Senator replied, "if you had a telephone of one company and I that of another company, we could not get each other. So telephone is a natural monopoly. In telegraph you could use the Postal, the Western Union or the radio with equal convenience."

Commissioner Case remarked that if consolidation came about, the first would be the wire companies.

"I'm glad to hear you say 'first' because that would be the beginning of the end", Senator Couzens said. "Do you believe in holding companies?"

"I do not", Case replied.

"Thanks for that", Mr. Couzens said.

Commissioner Case said that evolutionary advance couldn't be stopped. If radio gives service, people will go to the radio and that wires were somewhat obsolete.

"And the Communications Commission submits a plan which would make the public pay for obsolescence? Capital has to take a risk but the Commission proposes to consolidate and make the public pay for it."

Dr. Stewart said that the telegraph, unless something is done, is a dying business. Senator Couzens inquired about rates but was told by Stewart the Commission hadn't gotten into the rates yet.

"I think you will find a pretty luscious melon when you get into the telephone company", Mr. Couzens said.

"I think you will find the telephone companies going deeper into the telegraph business", Dr. Stewart said. "It wouldn't surprise me if the Bell Telephone Company wouldn't soon be operating the telegraph as well as the telephone"

1/25/35

companies. Radio will go into a few cities where it will skim the cream off the telegraph business."

Dr. Stewart said, however, it would be difficult to supply the land radio telegraph business with sufficient frequencies as they would have to be taken from the airplanes.

Senator Wheeler and Representative Sam Rayburn, of Texas, offered a joint resolution in the Senate and House respectively Thursday authorizing and directing the Federal Communications Commission to investigate and report on the American Telephone & Telegraph Co. and on all other companies engaged directly or indirectly in telephone communications in interstate commerce, including all companies related to any of these companies through a holding company structure, or otherwise. The resolution carries with it an appropriation of \$750,000.

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#### HARBORD ENTERTAINS CHINESE COMMUNICATIONS MISSION

Members of the Chinese Communications Mission visiting the United States, were entertained last Tuesday night at a dinner given in honor of General Fei-Ping Yu, heading the Mission, by General James G. Harbord, Chairman of the Board of the Radio Corporation of America. General Yu is Vice Minister of Communications, Nanking, China, and the members of his Mission are communications experts.

The dinner, in the RCA dining room on the sixty-fourth floor of the RCA Building, followed an inspection by the members of the Mission of the central operating office of R.C.A. Communications, Inc., at 66 Broad Street, where they watched the dispatching and receiving of radiotelegrams and photograms on the international circuits of RCA.

Among those present at the dinner for General Yu were E. F. Wei, Chief Technical Advisor, Ministry of Communications, Nanking, China; P. F. Woo, Technical Advisor, Ministry of Communications, Nanking, China; K. Yih, Chinese Consul General of New York City; K. C. Li, of New York; Andrew W. Cruse, Chief, Electrical Division, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington; J. F. Sinnott, District Manager, Bureau of Foreign and Domestic Commerce, Department of Commerce, New York; C. E. Christopherson, United States Trade Commissioner to China, Shanghai; Col. William Chadbourne, President, China Society of America; Dr. Claudius Murchinson, Director, Bureau of Foreign and Domestic Commerce, Washington.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

## INDEX TO ISSUE OF JANUARY 29, 1935.

FCC WLW-Canadian Denial Starts Court Fight.....	2
Senate Committee Keeps FCC Commissioners On Griddle.....	4
- National Broadcasters Annual Meeting Date Set.....	4
Made Hearst Pay The Limit.....	5
Radio Contributes To Synthetic Resin Industry Growth.....	5
Justice Department To Have Station For Crime Work.....	5
Standard Frequency Changes To Increase Station Service.....	6
FCC Adopts High Fidelity Standards.....	7
Engineers In London Award Jewett Medal.....	8
Noted Publicist Discusses Radio Promotion.....	9
Mead Food & Drug "Fake Advertising" Clause.....	10
Severe Competition In The Cuban Radio Market.....	11
T. Wylie Kinney Receives WOR Promotion.....	11

No. 794

*Handwritten notes and signatures in red and black ink at the bottom of the page.*



January 29, 1935

## FCC WLW-CANADIAN DENIAL STARTS COURT FIGHT

The filing of an appeal in the District Court of Appeals against the Federal Communications Commission's order dismissing the application of Station WLW at Cincinnati for experimental authorization to continue with 500,000 watts nighttime power after February 1st marked the beginning of a legal battle to keep one of the largest broadcasting stations in the world on the air with a half a million watts power. The action was taken by Louis G. Caldwell, representing the Crosley Radio Corporation, in the hope of offsetting the protests made by the Canadian Government that WLW was interfering at night with Station CFRB, operating with 10,000 watts power and 10 kilocycles removed from WLW's frequency. Mr. Caldwell asked for a stay order to prevent the Cincinnati station's power from being reduced until after the appeal has been heard.

The Communications Commission charges in its decision turning down WLW's request to continue its present power that though the station was given 40 days' warning to devise means to reduce the interference, it apparently did nothing about it.

"The Crosley Corporation was advised that if it desired to operate WLW with 500 kilowatts power during night broadcast hours, the application for extension, to receive consideration, must specify the use of a directional antenna having certain effects", the decision states. "The applicant, however, filed its application in such form as to request 500 kilowatt operation day and night, that is, from 6 A.M. to 12 midnight, and ignored entirely the advance notice that the application would be considered only if it proposed the use of directional antenna at night."

The decision cites the International Agreement, ratified by the United States and Canada, that all stations must, so far as possible, be operated so as not to interfere with stations of any of the governments subscribing to the treaty.

Also the decision of the Communications Commission contends, as follows, that the Cincinnati and Canadian stations are too close together for the former to use such high power:

"In the Fifth Annual Report of the Federal Radio Commission 805 miles is given as the recommended nighttime separation between stations of 10 kilowatts and 50 kilowatts, respectively, 10 kilocycles removed from each other in frequency. In the Seventh Annual Report, the recommended nighttime separation between such stations was slightly reduced to 750 miles. Figures are not given concerning the recommended separation between stations

1/29/35

10 kilocycles removed from each other when operating with powers of 10 kilowatts and 500 kilowatts, respectively, but it is the common and quite generally accepted engineering principle that as the power of a station is increased the required separation between it and other stations with which it might interfere is also increased.

"A mere glance at the figures given in the Annual Reports will immediately disclose this well recognized principle. The actual separation in miles between stations WLW and CFRB is 400 miles. The conclusion cannot be escaped, therefore, that interference will be caused between stations WLW and CFRB, if the instant application to use 500 kilowatts is granted, because the actual separation is about one-half (or less) of that required by the Commission's own published Annual Reports."

The Commission also contended that permission given last April for WLW to step up its power to 500,000 watts at night contained the following provision:

"This Special Temporary Experimental Authorization is granted upon the express condition that it may be terminated by the Commission at any time without advance notice or hearing if in its discretion the need for such action arises."

"Because of the provisions of treaties and agreement mentioned and in the light of all circumstances appearing, it must be concluded", the Commission sets forth:

"(1) That the Commission is without legal authority to grant the application insofar as it requests an extension of the nighttime use, between local sunset and 12 midnight of 500 kilowatts power;

"(2) That the instant application, insofar as nighttime operation is concerned, involves only a question of law to be determined by application of the Treaties and Agreement now in force;

"(3) That no purpose would be served by conducting a hearing on the application as it is incumbent upon the Commission to deny a part of the authority requested in the application, and this duty could not be altered by any facts which the applicant might attempt to establish at a hearing. That the law does not require the holding of a hearing where, as in the instant case, it would be entirely futile and of no avail whatsoever to applicant.

"(4) That the express condition contained in the authority issued coupled with applicant's acquiescence therein by operating thereunder, especially in view of the notice given on December 21, 1934, reserves to the Commission the authority to dismiss or deny that portion of the application which the Commission is of the opinion cannot be legally granted."

Accordingly the Commission denied WLW's application to operate with 500,000 watts nighttime after February 1 and directed it to resume using its former power of 50,000 watts after that date.

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#### SENATE COMMITTEE KEEPS FCC COMMISSIONERS ON GRIDDLE

The Senate Interstate Commerce Committee is withholding action in the confirmation of the six Communications Commissioners pending a further investigation it is making into the charges made by Senator Bilbo, of Mississippi, against Judge Eugene O. Sykes. Sessions were held Monday and Tuesday at which time they were adjourned without date to await the arrival of some witnesses from Mississippi.

George Llewellyn, formerly Assistant Supervisor of Radio at Atlanta, who charged that he had been dismissed because he had displeased Judge Sykes, Ben S. Fisher, formerly of the Legal Department of the Commission, who made an investigation of the Atlanta situation, and Commissioner Thad Brown who was in charge of the Atlanta investigation, all testified. Also Judge Sykes was recalled to the witness stand. The charges made by Llewellyn were denied by everyone concerned.

All Commissioners now under consideration, with the exception of Sykes and Brown, are believed assured of a favorable recommendation but it is believed approval of the latter two may be held up for sometime pending a further investigation.

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#### NATIONAL BROADCASTERS ANNUAL MEETING DATE SET

The 1935 National Association of Broadcasters' meeting will be held at Colorado Springs beginning Saturday, July 6th and continuing through the following Wednesday. Colorado Springs had previously been decided upon as the next meeting place but it was not until last week that the exact time was set.

The convention begins on Saturday because of certain entertainment features which are being planned including a sightseeing trip in Denver.

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## MADE HEARST PAY THE LIMIT

In connection with the reference of Senator Wheeler to the sale of Station WBAL in Baltimore, it has been learned on excellent authority that the station a year or so ago was offered to the Baltimore Sun for \$150,000, which, if true, is a little more than a third of the price which Senator Wheeler said he had heard the Hearst interests recently paid for the station, \$400,000. Mr. Wheeler told the Committee he understood the physical equipment of the station was valued at only \$80,000.

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## RADIO CONTRIBUTES TO SYNTHETIC RESIN INDUSTRY GROWTH

The synthetic resin industry of the United States has now reached the point where it ranks as one of the country's important manufacturing enterprises, according to C. C. Concannon, Chief of the Commerce Department's Chemical Division.

Originally an American achievement, he pointed out, the United States leads today in the chemistry of synthetic resins and is the world's largest producer and consumer.

A development of the past 15 years, this industry received great impetus from the development of radio, particularly in the early stages when radio sets were assembled in the homes by "amateurs" and almost every set was faced with a panel made of synthetic resin with many of the parts used inside being shielded with the same material. Later when factory-made radios appeared on the market in midget form, many manufacturers adopted synthetic resins in building the entire cabinet and increased use of the material for shielding has been made each year to the present time.

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## JUSTICE DEPARTMENT TO HAVE STATION FOR CRIME WORK

To aid its nation-wide crime prevention activities the Department of Justice proposes to have a radio station of its own on top of its new building in Washington. This became known after the National Capital Park and Planning Commission approved plans submitted by Attorney General Cummings. These had already received the endorsement of the Fine Arts Commission, which held that the towers would not detract from the esthetic features of the building, if the plans are followed.

The towers are to be approximately 3 inches thick at the base and 1½ inches at the top and only two of the four masts will be visible from the street. The Commission requires that the other two masts be no higher than 25 feet, Thomas S. Settle, secretary of the planning group, said.

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## STANDARD FREQUENCY CHANGES TO INCREASE STATION SERVICE

The Bureau of Standards is making changes in the schedule of standard frequency emissions from its station WWV, Beltsville, Md., near Washington, D. C., to substantially increase the service available to transmitting stations for adjusting their transmitters to exact frequency, and to the public for calibrating frequency standards and transmitting and receiving apparatus.

The emissions will be on two days a week instead of one day as formerly, and will be on the three frequencies, 5,000, 10,000, 15,000 kilocycles per second, instead of the single frequency 5000. The changes are the result of experimental emissions made by the Bureau on 10,000 and 15,000 kc, with the aid of a large number of organizations and persons who observed the received signals at various places. These tests showed that service could be rendered at all distances in the daytime by the use of the three frequencies. With the use of 5,000 kc. alone it was necessary to have emissions at night in order to give service at distances greater than a few hundred miles from Washington. With the use of the three frequencies no night emissions will be necessary.

Of the emissions now scheduled, those on 5,000 kc. are particularly useful at distances within a few hundred miles from Washington, those on 10,000 kc are useful for the rest of the United States, and those on 15,000 kc are useful in the United States and other parts of the world as well.

Beginning February 1, 1935, and continuing each Tuesday and Friday thereafter (except legal holidays) until further notice, three frequencies will be transmitted as follows: noon to 1 P.M., EST, 15,000 kc; 1:15 to 2:15 P.M., 10,000 kc; 2:30 to 3:30 P.M., 5000 kc.

The emissions consist mainly of continuous, unkeyed carrier frequency, giving a continuous whistle in the phones when received with an oscillating receiving set. For the first five minutes the general call (CQ de WWV) and the announcement of the frequency are transmitted. The frequency and the call letters of the station (WWV) are given every ten minutes thereafter.

The accuracy of the frequencies transmitted is at all times better than a part in five million. From any of them, using the method of harmonics, any frequency may be checked.

The Bureau desires to receive reports on reception of these emissions, especially because radio transmission phenomena change with the season of the year. The data desired are approximate field intensity, fading characteristics, which of the three frequencies is received best, and the suitability of the signals for frequency measurements. It is suggested that in reporting on intensities, the following designations be used where field

intensity measurement apparatus is not used: (1) hardly perceptible, unreadable; (2) weak, readable now and then; (3) fairly good, readable with difficulty; (4) good, readable; (5) very good, perfectly readable. Statements are desired as to intensity of atmospheric and as to whether fading is present or not, and if so, its characteristics, such as time between peaks of signal intensity.

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### FCC ADOPTS HIGH FIDELITY STANDARDS

The Engineering Department of the Federal Communications Commission has adopted a set of tentative standards for reference use when considering high-fidelity transmitting plants. The informal standards, which have not been proposed as a regulation until more experience has been gained, are as follows:

**Audio distortion:** The total audio frequency distortion from microphone terminals (including microphone amplifier) to antenna output shall not exceed 5 per cent rms harmonic content when modulating from 0 to 85 per cent, and not more than 10 per cent rms. harmonic content when modulating 95 per cent. The distortion is to be measured with modulating frequencies of 50, 400, 100, 5000, and 7500 cycles.

**Frequency range:** The audio frequency transmitting characteristic of the equipment from the microphone terminals to the audio component of the rectified antenna current shall not depart more than 2 decibels from that at 1000 cycles between 50 and 7500 cycles. The transmitter should be equipped in the last audio stage or as near thereto as practicable with two band-pass filters, one to cut off at 5500 cycles and the other at 8500 cycles respectively to 40 decibels below normal level. These filters shall be used as follows: The 8500-cycle cut-off filter at all times, and the 5500-cycle cut-off filter when the program transmission is such that no desired signal above 5000 cycles reaches the transmitter. The frequency characteristics should be measured with the filters in place.

**Noise level:** The carrier hum and extraneous noise level (exclusive of microphone noises) should be at least 60 decibels below 100 per cent modulation in the frequency band between 150 and 5000 cycles, and at least 40 decibels down outside this range.

**Volume range:** The volume range from carrier noise and main studio extraneous sounds to 100 per cent modulation shall be 60 decibels.

1/29/35

Modulation meter: A modulation meter should be provided for visually indicating from 110 per cent modulation to 40 per cent, or less, and should indicate also on the same scale in decibels above and below 100 per cent modulation. The accuracy of this instrument should be within 2 per cent. A peak indicating device should be provided for operation from 75 to 100 per cent modulation, or over a greater range so that peaks above any set value will be indicated and will be capable of being recorded if desired. The amplitude indicator should be high speed and highly damped, having a natural period of not greater than 0.1 second.

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#### ENGINEERS IN LONDON AWARD JEWETT MEDAL

A new honor came to Dr. Frank B. Jewett, President of the Bell Laboratories in New York when the Council of the Institution of the Electrical Engineers awarded him the Faraday Medal. Dr. Jewett has a long and brilliant record as an electrical engineer.

He was born Sept. 5, 1879, at Pasadena, Calif. After his graduation in 1898 from the Throop Polytechnic Institute (now the California Institute of Technology), he studied at the University of Chicago, where he received the degree of Ph.D, in 1902.

From 1902 to 1904 he was an instructor in physics at the Massachusetts Institute of Technology. For the next eight years he was transmission engineer for the American Telephone and Telegraph Company. He was Assistant Chief Engineer from 1912 to 1916 and became Chief Engineer in 1916.

He was appointed a Major in the Army Signal Corps in 1917 and shortly afterward was promoted to Lieutenant Colonel. At about the same time he was made a member of the Special Submarine Board of the Navy and of the State Department Special Committee on Cables. At present he is a member of President Roosevelt's Science Advisory Board.

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## NOTED PUBLICIST DISCUSSES RADIO PROMOTION

Time on the air is an expensive investment and the business man buying it deserves his money's worth, Roy Norr, of Ames and Norr, Public Relations Counsels, of New York, said in an address, "Public Confidence and How to Lose It", delivered to a group of public relations executives.

"A radio program in at one ear is out at the other, with nary a trace of it in memory - unless the intelligent sponsor makes it memorable", Mr. Norr continued.

"That is why some of the country's best known radio sponsors are calling in publicity as a necessary support for their programs. Having made the huge initial investment of buying station time, the additional cost for publicity is negligible by comparison. And the value of the original investment is thereby multiplied.

"The Seiberling Rubber Company put on a program of splendid musical entertainment over a national hook-up. But the air was laden with similar excellent offerings.

"Nevertheless, for two years newspapers and magazines talked about this program - talked about it to an average of more than 25,000,000 readers per week.

"Why? Because every element of the program was dramatized in news form by Ames & Norr. A group of violins playing close to the microphone became the 'Singing Violins' whose performance never failed to get a headline; timely programs were featured in connection with celebrations, festivals and seasonal greetings. Novelty arrangements were publicized."

Referring to the publicizing of Radio City, the speaker said:

"The inauguration of Radio City as a project commanded not only nation-wide, but world-wide attention before a single old structure had been razed. Ames & Norr were commissioned by the radio, the broadcast, the theatre and the building interests, to develop the public relations aspect of the plan into a single joint statement which would have the approval of all the parties. The first formal announcement that resulted was published to the extent of three or four columns by every leading newspaper of the country, and every subsequent development thereafter became an item of special news importance.

"The vast publicity opportunity, however, could have been dribbled away if each interest concerned had sought public attention on its own account and out of relation to the project as a whole."



With regard to making radio a year-round service, Mr. Norr continued:

"Many trades and industries contend year after year with the dread visitation of a seasonal slump. There was a time when the bugaboos of poor summer reception, static and the attractions of outdoor life threatened radio manufacturers with an almost complete summer let-down. It looked as though the sale of radio products would be limited to about eight months in the year.

"The publicity drive Ames & Norr undertook for this industry included widespread news and feature releases emphasizing the extraordinary features of the summer-time radio programs, new developments in the art, and major improvements in the apparatus. Public inertia was turned into public momentum and publicity resulted in the most successful summer in the history of radio up to that time. Today there is no 'season' in radio from the commercial standpoint."

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#### MEAD FOOD & DRUG "FAKE ADVERTISING" CLAUSE

The fake advertising clause in the bill introduced by Representative Mead, of New York, one of three Food and Drugs bills offered thus far, is as follows:

"False advertisements of food, drugs, and cosmetics within the meaning, and for the purposes, of this Act are hereby declared unlawful.

"(a) The Federal Trade Commission is hereby empowered and directed to prevent such advertisements in the same manner as that whereby it is empowered and directed to prevent unfair methods of competition in commerce by an Act of Congress approved September 26, 1914, entitled 'An Act to create a Federal Trade Commission, to define its power and duties, and for other purposes';

"(b) The Secretary shall report to the Federal Trade Commission all violations of this section, and shall furnish the said Commission, upon its request, scientific information as to the properties, qualities, and effect of any food, drug, or cosmetic;

"(c) Upon a showing satisfactory to the court that any advertisement so reported to the Federal Trade Commission is false or deceptive in manner or degree to render said advertisement or the article of food, drug, or cosmetic in the sale of which said advertisement is disseminated, imminently dangerous to public health, the District Courts of the United States and the

1/29/35

Supreme Court of the District of Columbia are hereby vested with jurisdiction to restrain the dissemination of said advertisement pending the final determination of the proceeding in the Federal Trade Commission."

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### SEVERE COMPETITION IN THE CUBAN RADIO MARKET

During the month of October, official figures show that 43 distinct makes of radios were imported through the port of Habana against 38 makes imported in November. The actual number, it is pointed out, was larger in each case as it is not known how many different makes are included under the heading "miscellaneous" which totalled 99 sets in October and 77 in November.

The total number of receiving sets imported into Cuba through the port of Habana during the month of November was 2,912, valued at \$61,627, compared with 3,281 sets, valued at \$63,311, received in the preceding month, the report states.

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### T. WYLIE KINNEY RECEIVES WOR PROMOTION

T. Wylie Kinney, a member of the WOR Sales Department, has been appointed Sales Promotion Manager and Special Sales Representative of the station.

Mr. Kinney was formerly advertising manager of the magazine Pictorial Review and before going to WOR was engaged in the manufacturing and merchandising of several products in the drug field. He has also been connected with the Butterick Company in an advertising sales capacity.

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