

HEINL RADIO BUSINESS LETTER

INSURANCE BUILDING

WASHINGTON, D. C.

ISSUED TWICE A WEEK AND CONTAINING THE LATEST INFORMATION REGARDING THE RULINGS OF THE FEDERAL RADIO COMMISSION, RADIO LEGISLATION, DEPARTMENT OF COMMERCE REGULATIONS, CHANGES IN WAVELENGTH, CALL LETTERS AND POWER, PATENTS, EXPORTS, FEDERAL TRADE COMMISSION RULINGS AND OTHER MATTERS OF INTEREST TO BROADCASTERS AND MANUFACTURERS. :: :: **CONFIDENTIAL—NOT FOR PUBLICATION.**

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No. 504

HOUSE COMMITTEE UNANIMOUSLY APPROVES RADIO ACT AMENDMENT

The principal feature of a radio bill (H.R. 7716) unanimously approved and reported to the House by the Committee on Merchant Marine, Radio and Fisheries, is a section forbidding the broadcast by means of any radio station, any information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, and fixing a penalty for such violation.

According to Ewin L. Davis, of Tennessee, Chairman of the Committee, no attempt has been made in this bill to change any provision of substantive law dealing with radio, with the exception of the lottery section.

All of the provisions in the bill have been considered by the Federal Radio Commission and its counsel, and have their approval and recommendation.

The bill amends twelve different sections of the Radio Act by clarifying and amplifying provisions dealing chiefly with procedure and administration.

Section 1 simply adds the words "the jurisdiction of" before the words "United States" in line 8 of page 1. This amendment was originally suggested by counsel for the Radio Commission.

Section 2 excludes the Virgin Islands, Porto Rico, Alaska, Guam, eastern Samoa, and the Hawaiian Islands from the equality allocations of the broadcasting zone system, but provides that other portions of the Radio Act shall apply to them.

Chairman Elected Yearly

The amendment to Section 3 provides for a fixed term for the Chairman instead of leaving it indefinite and also provides for a Vice Chairman to function during the absence or disability of the Chairman.

Section 4 amends paragraph (f) of Section 4 of the Act by omitting the words "in the character of emitted signals", which do not properly belong in the paragraph, and also provides that changes in wave lengths, authorized power or in the times of operation shall not be made until after a hearing. No hearing is required by existing law.

Paragraph (k) of the same section is amended by setting forth with more particularity the procedure under which the Commission shall conduct its hearings. The amendment specifically authorizes the holding of public hearings, provides they may be held at any designated place, and designates who may hold hearings and the authority of such persons.

A further amendment to paragraph (k) requires that the Commission file with its decisions opinions or memorandum opinions stating the reasons for its decisions or orders and that where a hearing or investigation has been held it shall file findings of fact and conclusions. There is no such requirement under existing law, and the Commission is permitted to file a statement of grounds for its decision within 20 days after an appeal has been taken.

In general, the procedural provisions of paragraph (k) as amended conform to similar sections in other laws.

Must Paint Radio Towers

Section 5 authorizes the Commission to require the painting and/or elimination of radio towers if in its judgment such towers constitute, or may constitute, a menace to air navigation.

Section 6 of the bill amends Section 9 by eliminating the territories and possessions from the zone system, and also by subjecting renewals of licenses to the same restrictions governing the original granting thereof.

Section 7 amends section 10 of the Act by clarifying the purpose of the first sentence in the section. Provision is also made for the issuance of licenses, renewals, and modifications without formal written application in cases of emergency, but for terms no longer than three months. Provision is also made for the issuance of emergency permit to vessels of the United States at sea.

Section 8 limits the prohibition in Section 12 of the Act against granting licenses to aliens by permitting such grant when radio facilities are required by act of Congress or a treaty to which the United States is a party. This amendment is necessary because certain vessels of American registry, which are required by other provisions of the radio laws to be equipped with radio, are owned by aliens or by corporations over 20 per cent of the stock of which is owned by aliens. This amendment will remedy the present inconsistency in the laws. This amendment further restricts alienation by including indirect transfers by transfer of control of corporations.

Section 9 clarifies the language in Section 14 of the Act and simplifies the procedure under which licenses may be revoked, modified, or suspended.

Section 10 substitutes for Section 16 of the Act a simpler and more efficacious procedure in appeals.

Section 11 of the bill makes the same change as in Section 2.

Section 12 amends Section 32 of the Act by providing the same penalty for offenses as is usual in similar cases in other governmentally regulated activities.

Forbids Lottery Broadcasts

Section 13 is a new provision in the radio law, and provides that no person shall broadcast by means of any radio station, for which a license is required by any law of the United States, any information concerning any lottery, gift enterprise, or similar scheme, offering prizes dependent in whole or in part upon lot or chance, etc., and provides penalties for such offense, upon conviction thereof.

The Committee does not think that the United States should permit any radio station, licensed and regulated by the Government, to engage in such unlawful practices.

Furthermore, it declares the broadcast of such information is unfair to the newspapers, which are forbidden the use of the mails, if they contain such information.

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LEADING THEM BY THE HAND

Deems Taylor, by his splendid work as commentator during the Metropolitan broadcasts, is taking the "grand" out of grand opera. The average person asked regarding grand opera very frequently replies, "That's too classical for me."

With Deems Taylor figuratively taking them by the hand and leading them into it, many have discovered that while considerable portions are over their heads, yet opera embodies standard favorites of all time. Mr. Taylor has a happy faculty of describing the opera without giving the impression of "high-hatting" those unfamiliar with it.

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ADVERTISING BILL SOON TO BE INTRODUCED

There has been some delay in concluding the preparation and introduction of a radio bill dealing with radio advertising by Judge Ewin L. Davis, Chairman of the House Committee on Merchant Marine, Radio and Fisheries. This has been due to the fact that Judge Davis desires to include a provision calling for a license fee for each station and the question has arisen as to exactly what this fee should be. It has been found to be a difficult proposition to work out.

However, if a solution is not found at an early date, it is likely that Representative Davis will introduce his advertising bill and later introduce another bill embracing the license proposal. Representative Davis has in mind restricting sales talks in radio programs. This may even go so far as to prohibit more than an announcement of the name of the sponsor of a program.

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RADIO LEADERS OPPOSE SALES TAX AT HOUSE HEARING

Leaders of the radio industry appeared January 23rd before the Ways and Means Committee of the House of Representatives in opposition to the proposed 5% sales tax on radio and accessories, declaring that such a tax would cause increased prices to the public, reduce sales, increase unemployment and would raise negligible additional taxes for the Government. The radio spokesmen, who were accompanied by Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, and Frank D. Scott, general counsel for same, were followed immediately before the House Committee by a large delegation of automobile industry leaders in a similar plea against increased taxes on their industries.

That radio is not a luxury but a great agency of communication and human development was strongly urged by the industry spokesmen. For over a year radio receiving sets and tubes have been generally sold to the public below cost with great losses to all but a few manufacturers, it was stated. It was emphasized that the proposed special and discriminatory tax on radio could not be absorbed and must be passed on to the public.

That the radio industry was willing to bear its share of the additional needs for federal revenue and would recommend instead a small general sales tax on all manufactures was set forth by the industry witnesses before the House Committee.

Those testifying before the Ways and Means Committee at the hearing arranged by the Radio Manufacturers' Association, the national industry organization comprising virtually all the prominent manufacturers included Frank D. Scott, Legislative Counsel of the Association; Arthur T. Murray, of Springfield, Mass., President of the United American Bosch Co.; B. J. Grigsby, of Chicago, President of the Grigsby-Grunow Co.; William J. Barkley, of Newark, N. J., President of the DeForest Radio Tube Co.; and A. M. Ferry, of Washington, representing radio tube manufacturers. Major I. E. Lambert, of Camden, N. J., counsel for R.C.A. Victor Co., and several other industry representatives also were present at the hearing. Death in his family prevented the presence of President J. Clarke Coit of the Radio Manufacturers' Association.

Radio manufacturers have over five hundred million dollars invested in the industry and employ over one hundred thousand persons, the House Committee was told by Mr. Scott. Before the depression, the employed personnel of the industry was five hundred thousand.

"During the year 1931", said Mr. Scott, "receiving sets and tubes were sold to the public at a price less than cost of production. In the last three years, the radio receiving set and tube group has had a mortality in excess of 50%. The inevitable result of a sales tax would be to diminish sale of radio receiving sets and accessories, lessen production and further depress employment."

"In all probability the proposed sales tax would produce less than six million dollars in revenue, or two-thirds of one percent of the Government needs."

Tariff barriers are a bar to foreign sales, the Committee was told by Mr. Scott, while the proposed sales tax would decrease even the greatly reduced domestic market.

President Murray of the United American Bosch Co., denying that radio is a luxury, declared that the industry was "sick nigh unto death" and predicted the certainty of factories being closed by some manufacturers if the proposed special sales tax on radio should be imposed. He said that tax would be the straw breaking the camel's back and would be just enough of a factor to cause some factories to close. Other manufacturers, he asserted, must pass on the tax to the buying public.

President Grigsby, of The Grigsby-Grunow Co., citing present industry conditions, stated that his company now employs two thousand five hundred (2,500) men as compared with 14,000 two years ago. Mr. Grigsby advocated a general sales tax and stated that "independent" manufacturers who are patent licensees now pay a special private tax in the form of royalties. He declared the proposed radio tax was discriminatory, unfair and would have to be borne by the public.

"The radio industry cannot stand such a further burden", said Mr. Grigsby.

For the radio tube manufacturers, President Barkley, of the DeForest Co., stated that several drastic price cuts in intense competition had resulted in serious losses to virtually all manufacturers and in general sale of tubes to the public below cost. He said his company was now employing 400 men, as compared with 1800 during the past prosperous years.

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COMMITTEE WILL HOLD RCA-JUSTICE NEGOTIATIONS IN CONFIDENCE

Through a resolution introduced by Senator Blaine (R.) and adopted by the Senate, the Department of Justice has been asked to submit to the Senate Committee on the Judiciary a statement as to the status of the Government equity action against the Radio Corporation of America, and other defendants in the pending patent case.

The resolution (S. Res. 146) was amended by the Senate so that the information sought would be supplied to the Committee rather than to the Senate itself, after Senators McNary (R.), of Oregon; Dill (D.) of Washington, and Harrison (D.) of Mississippi, had objected to the course originally proposed.

Senators McNary and Harrison first demanded that the resolution be sent to the Committee for consideration, but Senator McNary yielded after Senator Dill had offered the corrective amendment. Senator Harrison maintained, however, that it was "unusual" procedure and resisted action.

Senator McNary asserted that he believed the Dill amendment would protect against disclosure of information that it might be found unwise to reveal. The Mississippi Senator maintained, however, that none of the Senators were familiar with the details of the suit and that since negotiations for its settlement were under way it might do a great injustice to have the facts disclosed even to the Committee.

"I wish to say", said Senator Blaine, at one point in the debate, "that this resolution does not suspend any negotiations that the Attorney General may have undertaken or may desire to carry on. All it does is to request him not to enter into a compromise agreement and a consent decree until the information is presented to the Judiciary Committee. That is all the resolution does."

There are those who saw the hand of former Senator Jim Reed, of Missouri, in the introduction of the Blaine resolution. Senator Reed is counsel for B. J. Grigsby in the suit filed by the latter against RCA and the supposition advanced was that Reed therefore opposed an outside settlement.

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FIRE DESTROYS MOST MODERN TELEVISION CAMERA

A direct image television camera, said to be the most modern development in radio and which had just been completed after years of research, was destroyed in a fire which swept the experimental laboratories and television-broadcasting station of the DeForest Radio Company at Passaic, N. J.

The camera, designed to pick up actual images and transmit them directly on the air, eliminating the necessity for the transmission of motion-picture images, was to have been used for the first time tonight (Monday). It could be reconstructed with the broadcasting station and other apparatus destroyed in the blaze, officials said. The plant was covered by a \$1,000,000 insurance policy.

An electric arc which burst the vacuum tube enclosing it, started the fire early in the morning in a neon and argon gas purifier, according to fire officials.

In addition to other valuable apparatus and equipment, Station W2XCD, which nightly broadcasts a television program under the operation of the Jenkins Television Company, a DeForest subsidiary, also was destroyed. Officials of the DeForest Company

announced that the broadcasting would be continued from the New York station at 655 Fifth Avenue.

The company narrowly escaped a greater loss, it was discovered later. A \$50,000 television transmitter, which had been stored in the destroyed building, was shipped just the day before the fire to a purchaser.

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ADAMS SAYS REAL FAULT IN MANY CASES IN PROGRAM CONTENT

Senator Couzens' resolution which brought about the investigation of programs, the earnings of radio stations, etc., which the Federal Radio Commission is now making, would seem to mean that all broadcast criticism rests in the uses of the sponsors' commercial announcements, John T. Adams, of New York, President of the Adams Broadcasting Service, observed last week.

"Some of these commercials undoubtedly are terrible, but the real dissatisfaction with programs, where this dissatisfaction exists, is much more deeply rooted", Mr. Adams, who is a veteran among radio showmen, continued. "Actually it lies in the program content, program arrangement and production generally. Lazy extravagance is the real cancer in many programs; faulty commercials are only a small part of their ills.

"Public appreciation and audiences follow merit, and merit is only secured by expertly produced programs utilizing the grand talent, in so many cases now so mis-handled."

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NEW INLAND STATION FOR SHIP-TO-SHORE WORK

Charles J. Pannill, Executive Vice-President of the Radiomarine Corporation of America, announced the completed installation of what is perhaps their most unusual transmitting and receiving station for ship-to-shore radio, being the first high frequency station located on an inland point for communication with river craft.

The station is situated at Blue Ash, twenty miles from Cincinnati, Ohio. High frequency transmitters and receivers have been installed on four towing vessels of the Mississippi Valley Barge Line Company, which operates a fleet of barges on the Ohio and Mississippi Rivers between Cincinnati and New Orleans. These power boats are the first river craft in the country to use high frequency equipment in keeping contact with their home office.

Radio is employed by the barge company on the rivers so that the home office may direct barges to points where cargo is available. An increase of this type of radio service is expected.

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COMMISSION TO LET SENATE DECIDE RE RADIO EDUCATION

Because there are so many varying and conflicting views as to just what constitutes an educational broadcast, the report of the Federal Radio Commission on the education section (Senator Couzens' resolution, amended by Senator Dill, S. Res. 129) of its questionnaire will present all these attitudes, leaving it up to the Senate to decide where education leaves off and entertainment begins or whether they overlap.

One group adheres to the doctrine that none but programs of actual instruction, as in a classroom with texts and teachers, are educational. They support the theory that educational broadcasts should emanate from educational institutions, and that broadcasts of actual classroom work should be made.

Several such experiments are now being carried on. At one southern university, there is an arrangement whereby the professor sits at his desk in a glass cage, with a microphone before him. He is plainly visible to students who sit before him, and who hear his lectures by means of small auxiliary attachments transmitting his voice to the classroom. The listener to the broadcast hears the professor's lecture as he talks from his notes or text.

Another group believes that although this type of broadcast is undoubtedly educational, it is not the kind the public will listen to. This group points out that broadcasts of speeches of public officials, and of national events, are just as educational, yet have added interest. They explain that an average listener would not learn much from a classroom program, because his interest would not be sufficiently stimulated to assure his close attention. The same listener, they say, would learn from the speech of a prominent man or from such a broadcast as an inauguration because this type of program would stimulate interest.

Stations in all parts of the country are presenting just such programs every day, they declare, and the listening public is receiving an education that it could not get from a classroom broadcast.

A third group points out that broadcasts of fine musical programs, recitations of classic literature, cooking recipes, health talks, etc., educate just as well as the second plan, better than the first, and provide more entertainment than either.

The most liberal group supports the theory that broadcasts of plays, comedy skits, sports events, etc., are educational. They say the homely humor of several well-known comedy teams is educational to thousands of persons to whom the classroom broadcasts and the speeches of public officials would mean nothing. They explain that no person can be educated by a program he won't listen to, and claim that the average listener is not interested enough in being educated to listen to any but popular broadcasts.

The Commission has mailed questionnaires to all broadcasting stations, asking that they submit their entire programs for a typical week. From this information the Commission will prepare a report showing different types of educational programs as they are broadcast throughout the country by all types of stations.

The Commission makes it clear that they take no stand to approve or disapprove any type of educational program. They will present their report, and leave it up to the Senate to draw the line.

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HEARINGS SCHEDULED BY FEDERAL RADIO COMMISSION

- Jan. 28 - WFDV, Rome Broadcasting Corp., Rome, Ga., modification of license, 1500 kc., 100 w., specified hours, present assignment: 1310 kc., 100 watts daytime; others notified, WRDW, Augusta, Ga.
- Jan. 29 - Joe K. Jernigan, Cyril W. Reddoch, Julian C. Smith & John T. Hubbard, d/b as Troy Broadcasting Co., Troy, Ala., C. P. 1500 kc., 50 w., daytime hours; Others notified: WSIX, Springfield, Tenn., WOPI, Bristol, Tenn.; WROL, Knoxville, Tenn.

WSIX, Jack M. Draughon & Louis R. Draughon, d/b as 638 Tire & Vulcanizing Co., Springfield, Tenn., renewal of license, 1210 kc., 100 w., unlimited time; others notified: Joe K. Jernigan, etc., d/b as Troy Broadcasting Co., Troy, Ala.; WROL, Knoxville, Tenn.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

The Commission on January 22nd took the following action:

Applications Granted

WDAS, WDAS Broadcasting Station, Inc., Philadelphia, Pa., C.P. to make changes in equipment to conform to General Orders 111, 115 and 116; KFGQ, Boone Biblical College, Boone, Iowa., C. P. to make changes in equipment to conform to General Orders 111, 115 and 116; KFAC, Los Angeles Broadcasting Co., Los Angeles, Cal., C.P. to move transmitter and studio locally in Los Angeles, and install new transmitter to conform to General Orders 111, 115 and 116; KGW, Oregonian Publishing Co., Portland, Oregon, authority to measure antenna by direct input; WJAX, City of Jacksonville, Jacksonville, Fla., authority to measure antenna by direct input.

Also, WPFB, Hattiesburg Broadcasting Co., Hattiesburg, Miss., license covering new equipment and local move of transmitter and studio, together with increase in power and hours of operation, 1370 kc., 100 w., unlimited time; KROW, Educational Broadcasting Corp., Oakland, Cal., license covering changes in equipment 930 kc., 500 w., night, 1 KW, LS, share with KFWI; KIT, Carl E. Haymond, Yakima, Wash., license covering increase in power and installation of new equipment 1310 kc., 100 watts, unlimited time; KFJZ, M. M. Hightown, M. M. Smith & Mary Meacham, executrices of estate of H.C. Meacham, deceased, Ft. Worth, Texas, consent to voluntary assignment of license to Ralph S. Bishop; KGy, St. Martin's College, Lacey, Wash., consent to voluntary assignment of license to KGy, Inc., and move to Olympia, Wash.; WPFB, Hattiesburg Broadcasting Co., Hattiesburg, Miss., 10 day continuance on program tests pending action on license.

Also, Jenkins Laboratories, Inc., Wheaton, Md., C.P. for visual broadcasting; Mackay Radio & Telegraph Co.: at San Francisco, Cal., C. P. experimental service; W6XD, Palo Alto, Cal., modification of experimental license for additional frequencies; W2XBG, Radiomarine Corp. of America, New York City, experimental license; WPDN, City of Auburn, Police Dept., Auburn, N. Y., license for police service, 2458 kc., 50 watts; KGyO, San Francisco Airport, San Bruno, Cal., license for airport; W8XK, Westinghouse Electric & Manufacturing, E. Pittsburgh, Pa., modification of relay broadcasting, license to change frequency; W1XK, Westinghouse Electric & Manufacturing Co., Chicopee Falls, Mass., renewal of special experimental license; NGL, F. C. Zieg (Allen Wayne Co.), Ft. Wayne, Ind., renewal of license 1370 kc., 100 watts, unlimited time, and application dismissed from hearing docket.

Renewal Of Licenses

The following stations were granted regular renewals: WAIU, Columbus, O., WBAP, Ft. Worth, Tex., WBZA, Boston, Mass., WJR, Detroit, Mich., KFVD, Culver City, Cal.; KMPC, Beverly Hills, Cal., KVOO, Tulsa, Okla., and KWKH, Shreveport, La.

Temporary Licenses

The following stations were given temporary licenses pending Commission's decision on renewal applications:

WLWL, New York City; WPG, Atlantic City, N. J.; KMO, Tacoma, Wash., KOB, State College, N. Mex., and KVI, Tacoma, Wash.

Modification Of Licenses

WLEY, Carl S. Wheeler, d/b as The Lexington Air Station, Lexington, Mass., KFJB, Marshall Electric Co., Inc., Marshalltown, Iowa, and KLPM, John B. Cooley, Minot, N. Dak., modification of licenses covering specific hours of operation.

Set For Hearing

Louisiana Broadcast Co., Baton Rouge, La., requests C.P. 1310 kc., 100 watts, unlimited time (facilities of KMLB, KRMD and WTSL); Shreveport Broadcasting Co., Shreveport, La., requests C.P. 1310 kc., 100 w., unlimited time (facilities of KMLB and WTSL); WKBH, WKBH, Inc., LaCrosse, Wis., requests modification of license for permanent assignment of hours of operation and for simultaneous operation with KSO until local sunset at Clarinda, Ia., dividing time with KSO at night; Alaska Washington Airways, Inc.: at Wing Point, Washington, C. P. aeronautical service requested; at Ketohikan, Alaska, requests C.P. aeronautical and point-to-point service; KHGT, NC-657-E, and KHNIR, NC-974-H, requests renewals of aircraft licenses.

Application Denied

The following application was denied because applicant failed to enter appearance in hearing within time allowed: WJAY, Cleveland Radio Broadcasting Corp., Cleveland, Ohio, modification of license.

Applications Dismissed (Request of Applicants)

Seward & Weiss Music Store, Rutland, Vt., C.P. 1390 kc., 10 watts, 3 hrs. daily; WREC, WREC, Inc., Memphis, Tenn., authority to install new transmitter and also authority to change frequency and increase power and modification of license; WLBW, Radio-Wire Program Corp. of America, Oil City, Pa., modification of license; WROL, Stuart Broadcasting Corp., Knoxville, Tenn., C.P. for facilities of WXIX.

WMBJ, Rev. J. W. Sproul, Pittsburgh, Pa., application to install new transmitter, was dismissed from suspense file; Court of Appeals sustained Commission in deletion of this station.

The Commission dismissed the application of the Educational Broadcasting Corp. which was filed on condition KROW be assigned the 740 kc., KROW's application for this frequency was not granted.

Action On Examiners' Reports

KWK, Greater St. Louis Broadcasting Corp., Kirkwood, Mo., denied C.P. for television service, sustaining Examiner Hyde, Commissioner Lafount dissenting; WIOD-WMBF, Isle of Dreams Broadcasting Corp., Miami Beach, Fla., denied C.P. to install new transmitter and increase power to 2½ KW daytime and 1 KW night, sustaining Examiner Walker; Parkersburg Board of Commerce, Parkersburg, W. Va., denied C.P. for new station to operate on 1310 kc., 100 w., unlimited time, sustaining Examiner Hyde.

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