

# HEINL RADIO BUSINESS LETTER

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No. 665

## SHALL WE ADOPT THE BRITISH RADIO SYSTEM?

In the question to be debated by about 40,000 high schools of the country this Winter, "Shall the United States Adopt the British Radio System?", Dr. Herman S. Hettinger of the Wharton School of Finance, University of Pennsylvania, at the request of the National Association of Broadcasters, has prepared defense of the American system for the information of the students, which is reprinted here, in part:

"In discussing this proposition, we do not presume to say what would be the best system of radio operation and control for the British people. We recognize that the psychology of peoples differs greatly. Thus it may be almost as improbable that the American system of broadcasting could be established successfully in toto in Britain as that the essential features of the British system could be made to fit American conditions.

"We recognize in Great Britain one of the most successful of the government-owned and operated broadcasting systems, though how much more successful it has been than either Denmark or pre-Nazi Germany, we shall not attempt to say.

"It is our belief, however, that in most instances the public interest can be served better by a system of privately owned and competitively operated broadcasting stations and networks than by a government monopoly. Moreover, we are of the firm opinion that the adoption of a system of government ownership and control essentially similar to that of Great Britain is out of question in this country.

"These conclusions are based upon the following facts:

"1. Conditions in Great Britain and the United States are not analagous. The broadcasting problems in this country are of a complexity with which it would be practically impossible for a system of government ownership and operation to cope successfully. The technical and financial requirements of a government broadcasting system in this country are much greater than in the United Kingdom. The social and political problems involved in the establishment of such a system are vastly more complicated. Though it is conceivable that such a system might be able to be established, it probably could be donly only at great cost to the tax-payer, and without benefits, if any, corresponding to the price paid.

"2. The record of operation of the British broadcasting system has revealed it to contain inherent weaknesses which would tend to make it unacceptable to the American people.



"Its system of taxation is open to abuses which seriously impair the potential efficiency of government-owned broadcasting, and reduce the service which the listener receives from the dollar, shilling, mark or lire which he pays in radio taxes. It is a system which, especially in this country, with its wide diffusion of receiving set ownership among all classes, would be onerous to the low income set owner. For these reasons any attempt to adopt a system similar to that of Great Britain in this country would be certain to meet with grave difficulties.

"Likewise the British or any other system of government-owned and operated radio broadcasting involves a theory of program management and control utterly out of keeping with American viewpoint on this question. In the bureaucratic and paternalistic regulation of programs, there exists an impediment to the construction of a democratically conceived program structure which will give the listening public the type of entertainment and information which it desires. Such a system with its resulting programs, would be highly unacceptable to the American people.

Finally, the system of government-owned and operated broadcasting, even in liberal England, has shown itself to involve a theory of program censorship which is entirely incompatible with American principles and which constitutes a most serious threat to freedom of speech.

"3. The American system of broadcasting has rendered service to the listeners of this country, which, in spite of minor defects, has been generally satisfactory. The service rendered by private broadcasting in this country, moreover, in on the whole, equal, and at times superior to that rendered by the British Broadcasting Corporation - at least from the American viewpoint. Though neither system is considered perfect by the respective listeners in the two nations, the response of American listeners to broadcasting in this country indicates a general state of satisfaction with the major aspects of American broadcasting.

"4. It is not contended that American broadcasting has reached a state of complete perfection. Undoubtedly it possesses defects, as does any other broadcasting system in the world. Radio broadcasting is little more than twelve years old. It has only been during the past six years that the phenomenal rise of this new medium of mass communication has occurred. Such minor defects as may be possessed by American broadcasting, however, can be remedied best by evolution: not by revolution. It is our belief that ample machinery already exists for the effecting of such improvements as may be necessary in American radio broadcasting."

Dr. Hettinger then goes into various phases of the question under subjects such as "The Economics of Private and of Government Owned Broadcasting", "Is It Practical to Adopt the British System in America?" "Would the British System of Broadcasting be Acceptable to the American People?", which deal with

radio broadcasting as an advertising medium and the additional cost to a radio listener if government owned because of a tax to the tuner-in.

"Granted that the adoption of the essential features of the British system of radio operation and control by the United States seemed feasible from the technical, financial, social and political aspects of the question, would the adoption of such a system be acceptable to the American people?" Dr. Hettinger continues. "This is the second question which must be asked.

"An answer to this question necessarily must carry us behind the mere framework of the British broadcasting system to an examination of the actual results attained under its operation. What may seem highly desirable in a theoretical discussion, may prove to be most unacceptable in practical application.

"Funds for the support of a government owned broadcasting system must be raised from one source, namely taxation. Is this a desirable method of financing broadcasting? Does it contain problems, and weaknesses in its administration which tend to impair if not nullify its efficiency as a means of financing radio? In its actual operation, is it a system which would prove acceptable to the American people? These are the questions which must be answered regarding this phase of British broadcasting."

"Much has been said regarding the excellence of American broadcasting. Is it perfect? Most assuredly not. Not even the listener thinks so. Nor for that, does either the broadcaster or the advertiser. Certainly there could be better program balance than exists at the present time. Slightly more classical music during the week-day periods, greater variety in evening broadcasts and not only in the afternoon periods, less duplication of programs between networks and stations, an improved commercial announcement technique, are among the improvements which would be welcomed by broadcasters and listeners alike, in all probability. Some of these improvements can come only from listeners registering their desires for changes of the kind mentioned above. The better class of listener must go to the radio polls and vote for his program preferences even as does the great mass of the public at the present time. It may be remarked that if he does so, his wishes in all probability will be acceded to. In government broadcasting not even this is certain."

"The question therefore arises as to whether it is necessary to cast aside the entire American system of broadcasting and to substitute a government owned and operated system in the listener's interest. It seems that such a step is highly unnecessary. The defects of the American system are not of a type which endanger the vitality of the entire broadcasting structure."

"In conclusion, it seems therefore, that it is not only impractical, and - from the viewpoint of American public opinion and ideas regarding broadcasting - inadvisable to adopt the essential features of the British system of radio operation and control, but it is also completely unnecessary."



## BROADCASTING RATES SET BY A. P.

A plan of assessment on Associated Press members who broadcast news was adopted by the Board of Directors last week in the form of a resolution submitted by L. K. Nicholson, publisher of the New Orleans Times-Picayune, according to Editor & Publisher. The resolution repeats the language of the resolution adopted by the Board at the instance of the membership in annual meeting last April, and amends it by prescribing a charge of  $2\frac{1}{2}$  per cent of the member's weekly first wire and general charges of his assessment for one period a week, and 5 per cent for two or more periods a week.

The new resolution, transmitted to the membership this past week by Kent Cooper, General Manager, is as follows:

"Resolved, that the resolution adopted by the Board of Directors on April 26, 1933, respecting broadcasting be amended to read as follows:

"Resolved that Associated Press news of major local, national and international importance may be broadcast only by a member over a broadcasting station located at the place of publication in a brief bulletin form of not more than 30 words each, and one bulletin only on any one subject. Sports events, market prices and election returns need not be subjected to the 30 word or one subject limitations. Such bulletins may be broadcast only within the hours of publication of the member, with full credit to the Associated Press and the member newspaper broadcasting. Such broadcast of bulletins shall in no way be connected with commercial programs. Effective January 1, 1934, any member broadcasting The Associated Press news or his local news (to which the Associated Press is exclusively entitled for republication) within the limitations herein prescribed shall pay an additional assessment of the first wire and general charges of his weekly assessment as follows: For one period of news broadcasting (not exceeding 15 minutes) the charge shall be  $2\frac{1}{2}\%$  of the member's first wire and general charges of his assessment; for two or more periods (each period not exceeding 15 minutes) the charge shall be 5% of the member's first wire and general charges of his assessment. This charge, however, is not to apply to those who broadcast only EOS or their local news of equal local importance.

"And be it further resolved, that all resolutions heretofore adopted by the Board concerning broadcasting, inconsistent with this resolution, be rescinded."

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## MUSIC PUBLISHERS' HEARING ADJOURNED

The National Recovery Administration has given notice that the public hearing on the code of the Music Publishing and Distributing Industry originally set to be held today (Tuesday, October 17) in the U. S. Chamber of Commerce Building, would be postponed until Thursday, November 2, when it will be conducted at the same place as at first indicated.

The code was filed by the Music Publishers' Association of the United States, claiming to represent approximately 75% of the standard music publishers, the Music Publishers' Protective Association, claiming to represent 75% of the popular music publishers and the National Association of Sheet Music Dealers, claiming to represent 75% of the sheet music dealers.

Deputy Administrator Sol A. Rosenblatt will conduct the hearing.

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## AN ACCOMMODATING FARMER

Here is one E. C. Mills, of the American Society of Composers, tells on himself. It reveals the fact that though Mills will fight at the drop of the hat, he nevertheless has a real sense of humor.

Out in Kansas, where the communities are scattered, it is quite the custom for itinerant orchestras to promote so-called "barn dances" as a commercial activity. The orchestra makes an arrangement with the farmer to use his barn and then sells tickets to the folks and hired hands around all the neighboring farms, and these people gather for an evening of dancing.

"In the normal course of business, these dances operate in competition to the dance halls in the various communities", Mr. Mills related. "The American Society of Composers, which functions to protect the performing rights of the composers and customarily collects royalties from all commercial dances, recently inadvertently sent the usual form letter about payment of such royalties, to the promoters of one of these barn dances.

"The letter reached the farmer instead of the promoters, and he responded to the Society's representative in the following language:

"'I haven't been able to figure out what music you have reference to as we don't use any music. We operate a dairy and it is likely you or some of your musicians have heard our bull; if his bawling has enough resemblance to your music that he needs licenses, come down and we will shoot the bull.'"

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## REPRESENTATIVE KENNEDY TO ASK ASCAP INVESTIGATION

Representative Ambrose J. Kennedy, of Baltimore, has announced he will ask the House Committee on Merchant Marine, Radio and Fisheries, of which he is a member, to investigate the practices of the American Society of Composers, Authors and Publishers in demanding copyright licenses from restaurant and cafes using radio receiving sets. Heretofore copyright matters have been handled exclusively by the House Patents Committee. The investigation will also include ASCAP activities in licensing radio stations and other uses of music, Kennedy states.

The differences between ASCAP and the establishments were brought to a head when the Society's district representative, E. H. Chesterman, began a post-prohibition campaign to license cafes and saloons who use the Society's music, both by radio receiving sets and orchestras. The owners of these places formed an organization and complained to the Department of Justice. The Maryland Restaurant Owners' Association is supporting that organization.

A similar group of restaurant and cafe owners who use music to entertain their guests has been formed in New York and will cooperate with the Baltimore Association.

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## WASHINGTON STAR AGAIN PRINTS WJSV'S RADIO TABLE

The Washington Evening Star which two weeks ago deleted the programs of Station WJSV, Columbia's outlet in Washington, from its pages because of the inauguration of the Columbia News Service which they felt was in competition with the newspapers and the instrumentalities which collect news for which the newspapers furnish financial support, has reinstated the program in their columns with the following explanation:

"From assurances received and information furnished it, The Star is convinced that it would be acting inequitably if it continued to omit the program of WJSV, the local station of the Columbia Broadcasting Co., from its columns.

"For the convenience of its readers and radio-users, The Star will hereafter print the daily radio programs of all four local stations in tabular form, which will enable the readers at a glance to compare the features presented by the respective stations at any minute of every hour. This table appears today (October 15) on Page 4, part 2 of the editorial section of The Star."

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## LAFOUNT INTRODUCES A NEW AND A SUBSTITUTE RESOLUTION

of the Federal Radio Commission  
Commissioner Lafount/submitted the following resolution, which was referred to the Legal & Engineering Divisions for study and report, at its meeting today (October 17):

"WHEREAS Section 9 of the Radio Act of 1927 declares, - 'That the people of all the zones established by Section 2 of the Act are entitled to equality of radio broadcasting service, both of transmission and of reception', and

"WHEREAS radio broadcasting stations separated by kilocycles and miles consistent with the recommendations of the Engineering Division are less effective during daylight hours, and

"WHEREAS the public is entitled to satisfactory reception of both day and night programs, and

"WHEREAS many important programs, including weather and crop reports, are broadcast during the day,

"I MOVE THAT an increase of day power not in excess of fifty percent of the authorized night power be granted any regional station making a satisfactory showing of the necessity therefor, and that such increased day power be not charged to quota providing the mileage and kilocycle separation is consistent with the current recommendations of the Engineering Division. If the mileage and kilocycle separation is not as here provided, then any increased day power shall be charged to quota."

Discussing the resolution, Commissioner Lafount said, "There exists a necessity for additional day service in rural areas. The object here sought is to more nearly equalize the reception of radio signals".

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Commissioner Lafount withdrew his resolution of October 3, 1933, requiring detailed reports to the Federal Radio Commission of all transfer of stock, and in lieu thereof submitted the following resolution which was referred to the Legal Division for study and report:

"WHEREAS Section 12 of the Radio Act of 1927 as amended provides that the station license required by the Act, the frequencies or wave length or lengths authorized to be used by a licensee and the rights therein granted shall not be transferred, assigned or in any manner either voluntarily or involuntarily disposed of to any person, firm, company, or corporation without the consent in writing of the licensing authority, and

"WHEREAS Section 10 of the Radio Act of 1927 provides that all applications for instruments of authorization shall set forth such facts as the licensing authority by regulation may prescribe as to the citizenship, character, financial, technical and other qualifications of the applicant to operate the station, the ownership and location of the proposed station, etc., and



"WHEREAS Section 21 of the Radio Act of 1927 provides that the rights acquired by any licensee shall not be assigned or otherwise transferred to any person, firm, company, or corporation without the approval of the licensing authority, and

"WHEREAS it has come to the attention of the Commission that several licensees of stations which are owned by corporations have changed their identity through a change of stock ownership of such corporations to such an extent as to constitute a complete change in the parties actually operating the station, and

"WHEREAS such changes in the actual operation of the stations were accomplished without notification to the Commission and no existing rule or regulation required the Commission to be notified thereof, and

"WHEREAS the Commission has no means of determining when such changes occur or whether they will serve public interest, convenience and necessity, and the result of such lack of rule or regulation with reference thereto has been the considerable trafficking in station licenses without the control of the Commission, and,

"WHEREAS under the sections of the Radio Act of 1927 hereinabove set forth, the Commission has the power of making regulations to secure information as to any or all changes in stock ownership which may result in the change in the actual operation of the station for the purpose of carrying out its duty of determining whether such changes constitute an assignment of license and will serve public interest, convenience and/or necessity

"NOW, THEREFORE, BE IT RESOLVED that the Federal Radio Commission revise its form of application for renewal of license and/or construction permit to include the following questions:

"'Give list of stockholders of record owning 10% or more of the stock of the licensee corporation as of renewal date showing the number of shares held by each, the city and state in which each resides and the citizenship of each.'

"'List of officers as of renewal date, city and state where each resides and citizenship of each.'

"BE IT FURTHER RESOLVED that the Commission amend its Rules and Regulations so as to require licensee corporations to report to the Commission the transfer of 10% or more of its stock to any purchaser during any license period, together with the name of each such stockholder and the citizenship and residence of each such purchaser."

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: BUSINESS LETTER NOTES :  
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The people of Carteret, N. J., location of WOR's proposed new transmitter, are going to vote on whether the station will be permitted to locate at that point. Councilmen refused to take the responsibility. The vote will be held in November.

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Twenty waves have been issued by the Federal Radio Commission for "suitcase" radio transmitters which can be carried from place to place, as well as one ship frequency, as an aid in the building of the new San Francisco-Oakland Bay Bridge.

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Rumors have reached the United States that Soviet Russia may construct a 1,200,000-watt station, which it is said will cover the entire European continent. It is understood that the intention is first to see how their 500,000 watt station will act on its exclusive European wavelength.

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The \$5,000,000 libel suit against the Kansas City Star, brought by John R. Brinkley, so-called "goat gland specialist", was dismissed in Federal Court at Salt Lake City last week. The suit was filed in September, 1931.

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A unique introduction of Senatore Marconi occurred at a banquet given to him on his recent visit to Chicago. The introductory address was made over a short wave broadcast from the Yacht "Mizpah" far out in Lake Michigan, under the sponsorship of its owner, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation. The introduction by Italian Consul General Giuseppe Castruccio, as well as Marconi's talk, was rebroadcast over a national network.

As far as it is known, this is the first time a speaker has ever been introduced in a banquet hall by a short wave broadcast from a ship at sea. The future possibilities suggested by this innovation bring many interesting speculations. One can imagine, for example, a President of the United States addressing a group in Chicago after an introduction by a Secretary of State who is en route to Europe.

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Snowplows operating in choked passes of the Rockies soon will be equipped with radios. For the first time in its history, the Radio Commission approved installation of radios on plows, which will work with highway commission and police department transmitters in receiving orders from headquarters, etc.



# DECISIONS OF THE FEDERAL RADIO COMMISSION

## Applications Granted (Oct. 17, 1933)

WKEU, Allen Wright Marshall, Sr. & Jr., & Guy Aaron Malcom, LaGrange, Ga., voluntary assignment of license to Radio Station WKEU; WDGY, Dr. George M. Young, Minneapolis, Minn., modification of C.P. extending completion date to Nov. 30, 1933; WMC, Memphis Commercial Appeal, Inc., Memphis, Tenn., consent to voluntary assignment of license to WMC, Inc.; WCAH, Commercial Radio Service Co., Columbus, Ohio, extension of special temporary experimental authorization for simultaneous operation with WOKO, WHP and WFEA and WHEC, to Feb. 1, 1934, also renewal of license in accordance with existing license; WHEC, WHEC, Inc., Rochester, N.Y. WHP, WHP, Inc., Harrisburg, Pa., and WOKO, WOKO, Inc., Albany, N.Y. extension of special temporary experimental authority for simultaneous operation with WCAH, WHP, WOKO and WFEA, until February 1, 1934, also renewal of licenses in accordance with existing licenses.

Also, WAML, Southland Radio Corp., Laurel, Miss., authority to operate from 7 to 10 P.M., Nov. 30 and from 2 to 4 P.M., Oct. 27; KIEM, Harold H. Hanseth, Eureka, Cal., authority to operate without approved frequency monitor for period of 3 weeks, while exchanging monitor; KGBX, KGBX, Inc., Springfield, Mo., reconsideration of informal application requesting authority to operate unlimited time to Dec. 1, 1933, pending Commission's decision on application for consent to assignment of license for KGBX to this applicant.

Also, City of Detroit, Police Dept., Belle Isle, Detroit, C.P. for general experimental service, 33100, 30100, 37100, 40100 kc., 250 watts; Travelers Broadcasting Service Corp.; Portable - Conn., - general experimental C.P. 31100, 34600, 37600, 40600 kc., 7.5 watts; also general experimental license, 34600, 37600, 40600 kc., 7.5 watts, portable; KIP, American Radio News Corp., near Redwood City, Cal., modification of C.P. extending commencement date to Dec. 1 and completion date to March 1, 1934; WPFJ, City of Hammond, Hammond, Ind., modification of C.P. extending commencement date to Dec. 13 and completion date to Jan. 13, 1934; WKEW, Hartung Aircraft Corp., Roseville, Mich., aviation-Airport license, 278 kc., 15 watts; KGZT, Santa Cruz Co., Santa Cruz, Cal., license for police service, 2470 kc., 50 watts; W9XC, U. S. Radio & Television Corp., Marion, Ind., renewal of license in accordance with existing license.

Also, National Broadcasting Co., Inc.: W10XS, Portable & Mobile, general experimental license, frequencies 17310, 25700, 26000, 27100, 34600, 41000, 51400, 60000-400000, 401000 kc. and above, 150 watts; W10XR, general experimental license, 1594, 3492.5, 4797.5, 6425, 8655, 12862.5, 17310, 25700, 26000, 27100, 34600, 41000, 51400, 60000-400000, 401000 kc. and above, 100 watts; W10XAT and W10XAV, Westinghouse Electric & Manufacturing Co., Portable & Mobile, general experimental licenses 27100, 34600, 41000, 51400, 60000-400000, 401000 kc. and above, 50 watts.

Also, American Telephone and Telegraph Co.: W3XO, Portable in New Jersey, and W3XA, Rocky Point, renewal of existing licenses; RCA Communications, Inc.: K6XO, Kahuku, Hawaii, and W6XI, Bolinas, Cal., renewal of licenses in accordance with existing licenses; W2XDU Bell Telephone Laboratories, Inc., Ocean Township, N. J., renewal of existing license; W2XAY, Same Co., Portable, renewal of special experimental license, 17310, 18310, plus or minus 3%, 100 watts; WMEF, National Broadcasting Co., Inc., Portable & Mobile, temporary broadcast pickup license, 1566, 2390 kc., 150 watts; D. Reginald Tibbetts; W6XX, Portable & Mobile in San Francisco, W6XU, Portable and Mobile in San Francisco, general experimental licenses 41000, 51400, 61000, 63000 kc., 25 watts; Neil H. Williams: W8XU, Portable, renewal of general experimental license; W3XV, Same, except 15 watts power; Ford Motor Co.: W8XC, W8XE, Dearborn, Mich., and W9XH, Lansing, Ill., renewal of special experimental licenses, 389 kc., 1 KW.

### Visual Broadcasting Licenses Granted

For Period of 1 year in accordance with existing licenses: W2XF, National Broadcasting Co., New York City; W2XBT, NBC, Portable; W3XAD, RCA Victor Co., Camden, N. J.; W10XX, RCA Victor Co., Inc., Portable & Mobile; W2XAB, Atlantic Broadcasting Corp., New York City; W2XAX, Same Co.; W9XE, U. S. Radio & Television Corp., Marion, Ind.; W3XE, Philadelphia Storage Battery Co., Philadelphia; W9XD, Milwaukee, Wis. (The Journal Co.); W9XAK, Kansas State College, Manhattan, Kans.; W9XG, W. Lafayette, Ind.; W9XK, Iowa City, Ia.; W9XAL First National Television Corp., Kansas City; W6XAO, Don Lee Broadcasting System, Los Angeles, W6XAH, Bakersfield, Cal.

### Ratifications

Action taken Oct. 11: KJRM, Radiomarine Corp. of America, Washington, D. C. granted third class ship license for operation of station aboard "Lexington"; Action taken Oct. 13: Aeronautical Radio, Inc., Portable, granted C.P. and license, frequencies 3127.5, 3232.5, 3242.5, 3257.5, 3447.5, 3457.5, 3467.5, 3485, 4917.5, 5602.5, 5612.5, 5632.5 kc., unlimited; 3222.5 kc. day only, not to be used within 300 miles of Canada, 50 watts; Action taken October 14: KIEO, Airfan Radio Corp., Ltd., San Diego, Cal., authorized to use broadcast pickup station KIEO on 2342 kc., 15 watts, at Camp Kearney, connection arrival "Macon".

### Miscellaneous

WIND, Johnson Kennedy Radio Corp., Gary, Ind., denied motion to dismiss application of State Investment Co. to erect new station at Hammond, Ind., designating facilities of WIND. This case is to be heard on Oct. 30; WPRO, Cherry & Webb Broadcasting Co., Providence, R. I., granted oral argument in re exceptions filed to Examiner's Report No. 506, by the National Broadcasting Co. Examiner Hill recommended granted the application for special experimental authorization; WAAM-WODA, Wodaam Corp., Newark, N. J., suspended grant of C.P. for consolidation of stations WAAM and WODA and for erection of new transmitter because of protest filed Oct. 5, 1933, by May Radio Broadcast Corp., Station WGCP, Newark, and application was designated for hearing.

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