

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL—Not for Publication

NATIONAL BROADCASTING COMPANY, INC.
GENERAL LIBRARY
30 ROCKEFELLER PLAZA, NEW YORK, N. Y.

INDEX TO ISSUE OF OCTOBER 27, 1933.

Communications Commission Again Looms.....	2
Big Money Interests Reported Reorganizing Wynn Chain.....	4
Unlimited Time Refused Michigan Stations.....	4
Labor Disagreement Still Delays Broadcasters' Code.....	5
Supreme Court Denies Boston Station Appeal.....	6
Louisville Station To Take Over WFIW.....	6
WBT Asks To Join The Big Leaguers.....	6
New Quaker Station Was Commission's Biggest Problem.....	7
Business Letter Notes.....	9
The Plight Of The Radio Engineer.....	10
Lines Up Mrs. Roosevelt For New Food And Drug Act.....	11
Recent NBC New Accounts And Renewals.....	12

No. 668

COMMUNICATIONS COMMISSION AGAIN LOOMS

With the special Cabinet Committee on Communications of which Secretary of Commerce Roper is Chairman and former Federal Radio Commission Chairman Charles McK. Saltzman, is Vice-Chairman, making an intensive study of the situation, the talk of a Communications Commission to absorb the functions of the Federal Radio Commission and all other governmental agencies regulating wire and wireless communications, is again revived.

Herbert L. Pettey, Secretary of the Radio Commission, is Secretary of the Cabinet Committee. Other members are W.M. W. Splawn, economist and special counsel of the House Interstate Commerce Committee; Dr. Irvin D. Stewart, State Department; Maj. Gen. I. J. Carr, Chief Signal Officer, Army; Capt. S. C. Hooper, Director of Naval Communications; Lieut. E.M. Webster, Coast Guard, and Dr. J. H. Dellinger, Bureau of Standards.

Senator Dill of Washington and Representative Rayburn of Texas, Chairmen of the Senate and House Committees on Interstate Commerce, are serving on the committee in advisory capacities.

Secretary Roper said that the Cabinet Committee was formed to continue studies which were begun in connection with the departmental reorganization work launched immediately after March 4.

"A Transportation Committee was formed to study and advise in relation to departmental reorganization plans", Mr. Roper explained. "The Cabinet Committee on Communications is an outgrowth of the Transportation Committee which is now simply coordinating in an advisory capacity. This leaves, therefore, for the full launching of this study the communications unit, and for this particular study the present interdepartmental committee has been appointed.

"This committee is making a study of the subject of communications with the primary view of working out a more definite interdepartmental arrangement in the interest of better service, more economically administered. In making this study it is conducting a survey of the field of communications, but no further directions regarding its work have been given. As this study has just been initiated, it is not possible to say when it will be completed, but it is hoped that it may be in its final stages by the end of this calendar year.

"As the committee is at present concerned with interdepartmental problems, it is not possible at this time to define the scope of its further studies in order to anticipate in any way what the committee may recommend in its report to the President, through the Secretary of Commerce."

General Saltzman, though a Republican, is at present serving in the Shipping Board Bureau of the Commerce Department. He is an old friend of Secretary Roper.

If a Communications Commission is created, it is believed it would be by legislative act rather than by executive order. Radio would simply be a part of the Commission, along with cables, telegraph and telephones. The new Commission would also have rate fixing powers.

Whether the Communications Commission would be an independent body as the Radio Commission is at present, or would be under one of the Cabinet officers, is still a matter of conjecture. It is well known that both Secretary Roper and Postmaster General Farley have been trying for sometime to take over the Radio Commission.

Before the Radio Commission was created, radio control was lodged in the Department of Commerce where for a number of years it was administered by Secretary Hoover. It has, however, been Commissioner Farley's argument that in other large countries everything having to do with communications is lodged in the Post Office Department.

Although not generally known, Postmaster General Farley has reserved space for the Federal Radio Commission in the new Post Office Department building now being erected in Washington. It will be necessary for the Commission to vacate its present office structure, which is to be torn down as a part of the building program. Therefore the Radio Commission will move into the Post Office Department edifice about March 1st.

Whether this preliminary move will prove to the advantage of Postmaster General Farley remains to be seen.

"It looks as if Farley had put one over on Roper in thus getting the Commission under his wing", an observer remarked.

Members of the Radio Commission are not enthusiastic about moving into the Post Office building neither are they particularly gleeful over the fact that none of the Commissioners was named as a member of the Cabinet Committee.

"I guess the President thought we might be too interested in keeping our jobs to be expected to recommend legislation which might abolish them", one of the Commissioners commented.

A well informed radio man in Washington said he had it on excellent authority that the President wasn't particularly anxious to abolish the Radio Commission. Another said, "The President wants to do something about the Radio Commission but doesn't know just what he wants."

It seems to be the consensus of opinion that the President will follow the Cabinet Committee's recommendation. In the meantime each member of the Committee has been sworn to secrecy so it may be difficult to follow their deliberations which may continue until about the first of the year or until such time as the recommendations can be taken up by Congress.

X X X X X X

BIG MONEY INTERESTS REPORTED REORGANIZING WYNN CHAIN

Men with heavy financial backing are reorganizing Ed Wynn's chain according to word reaching Washington.

"There is at least one man now interested in the reorganization", a visitor from New York said, "who could put \$1,000,000 into the chain without ever missing it from his bank account. There are other big people in the new line-up."

Curtis Dall, son-in-law of President Roosevelt, who was Chairman of the Ed Wynn Board, is now said to be definitely out of the picture.

"It was his name only", an individual conversant with Dall's arrangement vouchsafed, "he didn't have any money invested in the chain."

This man said that the WMCA backers, Ryan, Whitney, Adams and Donald Flamm were not interested in the Ed Wynn reorganization. It was reported that Ed Wynn had sunk something like \$250,000 in his chain and that he has probably kissed this good-bye.

On the other hand, it was reported that Wynn would soon earn this back with his new NBC-Texaco 52 week contract reported to be \$7,500 a week net, \$2,500 more each week than his old agreement called for. If that figure is correct, it would place the comedian's annual salary for radio at \$390,000, or more than five times the salary of the President of the United States.

No one seemed to know definitely why Wynn had resigned.

"My theory", the New York visitor remarked, "is that the NBC or Ruthrauff and Ryan, the advertising agency said to him, 'Here, we want you and will give you a substantial raise but we must have your full time and attention and don't want you to be fooling around with that little chain.'"

X X X X X X X X

UNLIMITED TIME REFUSED MICHIGAN STATIONS

Stations WJBK, of Detroit, James F. Hopkins, Inc., and WIBM, Jackson, Mich., operating simultaneously on the same frequency in the daytime and sharing time at night, asked the Federal Radio Commission for a modification of their licenses which would permit each station to broadcast full time at night. Examiner Ralph L. Walker recommended that both applications be denied.

"It appears that Station WJBK is now rendering a good service and that the granting of the present application would enable the licensee to extend this service by adding certain

evening hours", Examiner Walker reported. "While such operation would undoubtedly benefit the applicant from a financial viewpoint, it does not appear that additional program service is needed in the Detroit area.

"There is not a sufficient showing to warrant a finding that the granting of this application will not result in a further curtailment of the service area of WIBM by reason of interference. In any event, it is clear that the operation of WJBK, unlimited time, will add to the interference condition now existing on the frequency in question and thereby make more difficult the problem of correcting that condition at some future date."

No one appeared at the hearing in behalf of Station WIBM and no testimony was offered in its behalf.

X X X X X X X X

LABOR DISAGREEMENT STILL DELAYS BROADCASTERS' CODE

The Broadcasters' Code continues to be held up by the question of hours of labor for radio operators and technicians. It has been tentatively agreed that the Code Authority shall make a thorough study of whether operators shall work a 48 or a 40 hour week and report on it at the end of 90 days. The hitch is said to be whether in the meantime station operators shall adhere to the 48 or the 40 hour week.

The Broadcasters are holding out for the 48-hour week and contend that the investigation should be made as to whether or not a 40-hour week is possible. The labor unions, in behalf of the operators, maintain that the 40-hour week should be put into effect at once and that the study should be made as to whether the 48-hour week is justifiable.

It is the contention of the broadcasters that there are not enough qualified operators to meet the 40-hour week schedule and because of the long operating hours these demands would work a particular hardship on the smaller stations. Broadcasters believe they can prove the 40-hour week an impossibility.

Agreements are understood to have been reached to pay operators in the bigger stations, those operating on a clear channel, \$40 a week, those of the medium size stations \$30, and the local&part-time stations \$20. Announcers, office staff men and others are classified in the Code under a 40-hour week, with minimum specified as to population. Employees earning over \$35 a week are classed as executives and not subject to hours of labor.

The Code Authority will also make a special study of the proposal of minimum pay for radio performers and the demands of the latter that they be compensated for auditions and rehearsals.

X X X X X X X

SUPREME COURT DENIES BOSTON STATION APPEAL

The Supreme Court has declined to review the case of Station WLOE, of Boston, whose application for renewal of license was denied by the Federal Radio Commission June 18, 1932. The District Court of Appeals sustained the Commission. Following this the Boston station carried the case to the Supreme Court.

In refusing to relicense WLOE, the Radio Commission charged, among other things, that Station WLOE had insufficient financial backing and that the Boston area was well served without the station.

X X X X X X X X

LOUISVILLE STATION TO TAKE OVER WFIW

Withdrawing its appeal to the District Court, the owners of Station WLAP, in Louisville, Ky., have advised the Radio Commission that they have acquired a majority of the stock of Station WFIW at Hopkinsville, Ky., and will hereafter operate that station in Louisville.

Station WLAP recently applied for an increase to 1,000 watts power and the facilities of Station WFIW. The Commission refused this but granted permission to WFIW to move to Louisville whereupon WLAP appealed to the District Court.

X X X X X X

WBT ASKS TO JOIN THE BIG LEAGUERS

An application was received by the Federal Radio Commission on October 26th from Station WBT, at Charlotte, N. C., asking for a modification of its license to increase its power from 25 KW to 50 KW. This is Columbia's key station in the South and this increased power would increase its coverage in southern States.

X X X X X X X X

NEW QUAKER STATION WAS COMMISSION'S BIGGEST PROBLEM

Allowing Westinghouse to retain its much sought frequency of 1020 kilocycles and to move its Station KYW, occupying the frequency from Chicago to Philadelphia, proved the most perplexing decision the Federal Radio Commission has ever been called upon to make. Fifteen other stations were involved and the complications of the case proved worthy of the proverbial Philadelphia lawyer. It all began years ago when Sam Pickard, then Federal Radio Commissioner, now Vice-President of Columbia, "borrowed" the 1020 kilocycle clear channel frequency from the Second Zone in which Philadelphia is located for the use of KYW, Chicago, in the Fourth Zone so that the latter station could afford better facilities to the Chicago Herald-Examiner. This enabled KYW to increase its power to 10,000 watts.

Since then the Fourth Zone has gone greatly over its quota and several stations in the Second Zone have applied for the "borrowed" frequency. However, since Pennsylvania was an under-quota State, and since Westinghouse was a Pennsylvania corporation, it sought itself to retain the 1020 frequency by moving Station KYW to Philadelphia. After a long hard fight, it won.

This means a new 10,000 watt station for Philadelphia and very likely an additional outlet for the National Broadcasting Company in the Quaker City.

Among the applicants who were turned down by the Commission in favor of the Westinghouse people were: Station WXYZ, of Detroit, which applied for the 1020 kilocycle channel, KYW's frequency, and an increase of power to 10,000 watts for a new station; WFAN, and WIP, both of Philadelphia, now sharing the 610 kilocycle frequency, which applied for the KYW frequency and permission to use 5 KW power; and WCAU, Philadelphia, Columbia outlet, which likewise sought the KYW frequency.

To add to the complexity of the situation, Station WJAS, in Pittsburgh, desiring to change from its regional channel of 1290 kilocycles to 820 kilocycles, a clear channel occupied by WHAS, the Louisville Courier-Journal station, proposed that the Commission assign WHAS to 1020 kilocycles, the KYW frequency. This the Commission declined to do and both WJAS and WHAS will continue to operate on their present channels.

To make way for KYW, the Commission ordered Station WRAX, in Philadelphia, from the 1020 kilocycle channel to 920 kilocycles and a change in power assignment from 250 watts day and night to 250 watts night and 500 watts day, and change in operating time from daytime to sharing time with Station WPEN, Philadelphia, whose frequency was changed from 1500 to 920 kilocycles.

Other stations involved in the shakeup were:

WIBG, Elkins Park, Pa., whose frequency was changed from 930 kc. to 970 kc. and its power increased to 100 watts; WORK, York, Pa., which was allowed to remain on its present frequency of 1000 kc. with 1 KW power; WHN, New York, which likewise was permitted to continue as at present on 1010 kc., sharing with WRNY and SQAQ-WPAP; WRNY, New York, which was allowed to continue on its present frequency sharing with WHN and WQAQ-WPAP, New York; WPAP, to continue on its present frequency sharing with WHN and WRNY as at present; WOWO, Fort Wayne, Ind., which was denied a modification of its license to permit full time operation on 1160 kc., a clear channel now shared with WWVA at Wheeling, W. Va., and also denied construction permit to increase power from 10 KW to 25 KW, (it was proposed that WWVA be assigned to 1290 kc. now used by WJAS); and WWVA, Wheeling, W. Va., which was denied permission to operate full time on 1160 kc., but which was granted renewal of license on present basis, i.e., sharing time on 1160 kc. with WOWO.

KYW proposed to erect its new transmitter in the vicinity of Whitemarsh, Pa., 10 or 12 miles northwest of the Philadelphia City Hall and will use a directional antenna so that there may be the minimum interference with stations on adjoining channels. The studios will be located in the Westinghouse Building at 13th and Walnut Streets in Philadelphia.

KYW, which now goes to Philadelphia, was the first radio station in Chicago, construction having been completed and operations commenced November, 1921.

In arriving at its decision, the Commission took into consideration the relative merits of the different applications for 1020 kc. by making a comparative study, first of the population, quota status, present service, service needs and requirements, interference problems of the cities and communities involved, and secondly, of the relative merits of each of the applications with reference to financial responsibility, technical equipment, past, present and proposed programs, service, etc.

Discussing the qualifications of applicants, the Commission says:

"While each of the applicants for 1020 kilocycles is financially responsible and otherwise qualified to carry out his proposal, the Westinghouse Electric and Manufacturing Company, licensee of KYW has a superior financial standing, greater technical resources, more extensive broadcasting experience, etc., than any of the other applicants. Although there exists in a licensee no property or priority rights in a frequency, it has been held that a licensee with a good past record and substantial investment in his station should not be deprived of his license except for compelling reasons."

X X X X X X X X

..
.. BUSINESS LETTER NOTES ..
..

Martin A. Leese, prominent Capital business man, and owner of Station WMAL (whose initials M.A.L. form the basis of the station's call letters) has been elected President of the Washington Chamber of Commerce. Mr. Leese succeeds Thomas P. Littlepage, nationally known radio attorney, who declined to succeed himself because of the belief that a president of the organization should only serve one term.

Mr. Littlepage was one of the most active president in the history of the Washington Chamber of Commerce and initiated policies and undertakings which will be heard from for years to come. While Mr. Leese is still supposed to own WMAL outright and simply leasing it to the National Broadcasting Company, there have been various reports that the NBC and the Washington Evening Star have acquired an interest in it.

The International Research Corp. of Ann Arbor, Mich. filed a patent infringement action in U. S. District Court in Wilmington against U. S. Radio and Television Corp., of Marion, Ind., charging infringement of a patent on improvements for a radio circuit.

The patent was issued to Robert P. Wuerfel, president of the plaintiff corporation last March. Wuerfel, in the bill of complaint, says he notified the defendants of infringement but got no results. An injunction and an accounting of profits and damages was asked.

A report of the Crosley Radio Corporation for six months ending September 30 shows the following:

Net profit after royalties, depreciation, Federal taxes and other charges, \$169,805, equal to 31 cents a share on 545,800 no-par capital shares, contrasted with net loss of \$300,700 last year. Quarter ended Sept. 30: Net profit after same charges, \$64,894, or 12 cents a share, against \$104,911 or 19 cents a share in preceding quarter and net loss of \$223,002 in third quarter last year; sales, \$2,294,950, against \$2,338,628 in preceding quarter.

The NBC will restore a ten per cent salary cut to its employees effective November 1st, according to Richard C. Patterson, Jr., Executive Vice-President.

All employees who were on the pay-roll, as of April 1st, 1933, when the last salary reduction was made, will receive the salary increase, according to Mr. Patterson.

Moving Day for the National Broadcasting Company from 711 Fifth Avenue to Radio City will extend over November 3, 4 and 5. To avoid congesting traffic, the transfer will be made at night from 6:00 P.M. to 6:00 A.M. on each of the three days.

The 800 members of the NBC staff will leave 711 Fifth Avenue Friday evening, and will resume their duties Monday morning in Radio City.

Broadcasting will continue from the old NBC studios pending the inauguration of the Radio City studios the middle of November. Therefore a number of production men and engineers will remain at the old headquarters.

New machinery has been set up to handle Code violations. The new machinery, of which the twenty-six district offices of the Department of Commerce form an integral part, will be effective until a permanent governmental code compliance system is established.

Once the cases come to Washington they will be handled by the National Compliance Board, which will use every effort to settle the complaints even to the extent of referring cases to the Federal Trade Commission for the issuance of "cease and desist" orders, or to the Attorney General for injunction or other proceedings in the Federal Court.

The Federal Radio Commission has just issued a revision of the fundamentals upon which Police Radio Service is based. It is an 8-page single-spaced mimeographed document and though dated October 11, has just now been made available.

X X X X X X X X X

THE PLIGHT OF THE RADIO ENGINEER

"No condition facing the radio industry is more important to the present and future prosperity of the art, than the unemployment situation in which the average radio engineer finds himself", declares an editorial in Electronics.

"If he has a job at all, the technical radio man is likely to have imposed on him low wages, long hours, Saturday and Sunday overtime, and insecurity of employment. In certain plants, good men are temporarily taken on at bare subsistence wages, drained of their ideas, and then in a few weeks turned out on the street again - the process to be repeated with a new batch of "laboratory fodder".

"It is clear that such a policy cannot build for stability or real progress of the art. New products and services which the public buys, come from engineering minds. It is poor economy to kill off the producers of the golden eggs.

"The Institute of Radio Engineers has recongized this unsound employment condition by the appointment of a special committee to study the problem, with no less a chairman than the President of the Institute, Dr. L. M. Hull himself. This committee can set out the facts and propose solutions. It early developed that the NRA Codes had no place to take up the radio engineers' problems, but there is still hope that out of the improved business conditions resulting from NRA, the radio engineer may benefit.

"Meanwhile there is much talk about organizing the engineers for self-protection.

"We would be slow in advising intellectual laborers like radio engineers to attempt to organize on an out-and-cut labor-union business. Yet there are those who feel this is the only way to amelioration of the radio engineers' present plight."

X X X X X X X

LINES UP MRS. ROOSEVELT FOR NEW FOOD AND DRUG ACT

Assistant Secretary of Agriculture Rex Tugwell's drive to develop further the well-tested laws on truth in advertising of foods, drugs and cosmetics through passage of a new Food & Drug Act has won two new and important converts, George Durno writes in the "National Whirligig".

"They are, reading from left to right, Mrs. Eleanor Roosevelt and Mrs. Anna Dall", Mr. Durno continues. "At Tugwell's invitation the First Lady and her attractive daughter motored down to the Agriculture Department the other day to go through his "chamber of horrors."

"Mrs. Roosevelt and Mrs. Dall were amazed at what they saw. Mrs. Dall's pencil was busy taking notes the entire time she was in the exhibit room. Mrs. Roosevelt indicated she would withdraw an article she had written and substitute for it a piece on what she had seen at the Pure Food & Drug Show. She vowed further she would lecture on the subject."

The United Medicine Manufacturers of America, at their recent Chicago convention, devised 17 points of attack on Tugwell's proposed new bill.

J. M. Ewing, Pennsylvania manufacturer and president of the Association, and Clinton Robb, Washington counsel, will lead the battle. It takes in publicity of every imaginable description, a lobby on Congress, support of advertising media drawing revenues from proprietary ads and the enlistment of allied industries such as manufacturers of cartons, tubes, boxes and bottles. The inalienable right to self-medication is their battle-cry.

X X X X X X X

RECENT NBC NEW ACCOUNTS AND RENEWALS

RENEWAL - Pacific Coast Borax Co. (Twenty Mule Team Borax), 51 Madison Ave., N. Y.C.; Agency - McCann Erickson, Inc., New York City; Started October 5, 1933, Thursday 9:00-9:30 P.M.; Network - WJZ WBZ WBZA WBAL WHAM KDKA WGAR WJR WLW WLS KWK WREN KOIL WMAL KSYR K90 KWCR; Program - "Death Valley Days", dramatizations of pioneer life in Death Valley, California.

NEW - The Hoover Co. (Vacuum Cleaners), Canton, Ohio; Agency - Erwin, Wasey & Co., Chicago, Ill.; Started October 8, 1933, Sundays 9:30-5:00 P.M.; Network - WEAf WTAg WEeI WJAR WcSh WfI WfBR WRC WGY WBEN WCAE WTAM WWJ WMAQ WOW WDAF CRCT CFcf WTMJ WIBA WEBC KGO KFI KGW KOMO KHQ KOA KDYL KVOO WKY KPRC WSAP WOAI; Program -- large orchestra with 60 voice chorus and Harvey Hays, narrator.

NEW - The Welch Grape Juice Co., Chicago, Ill.; Agency - W. H. Kastor & Sons, Chicago, Ill.; Started October 4, 1933, Wed., Fri. 7:45-8:00 P.M.; Network - WJZ WBZ WBZA WBAL WMAL WSYR WHAM KDKA WGAR WJR WCKY WENR WSM WMC WSB WSMB; Program - "Irene Rich for Welch" - Irene Rich in dramatic scenes from Hollywood.

NEW - Luxor, Ltd. (Cosmetics - Luxor Face Powder), Chicago, Ill.; Agency - N. W. Ayer & Son, Chicago, Ill.; Started October 15, Sundays 5:30-6:00 P.M.; Network - WEAf WEeI WTIC WJAR WTAg WcSh WfI WLIT WfBR WRC WBEN WGY WCAE WTAM WWJ WSAI WMAQ KSD WHO-WOC WOW WDAF WSM WMC WSB WAPI WJDX WSMB; Program - "Talkie Picture Time" - dramatic sketches on movie lot during filming of talking pictures.

NEW - B. F. Goodrich Rubber Co. (Tires), Akron, Ohio; Agency - Lange Fisher & Kirk, Cleveland, Ohio; Started October 3 for 7 programs (These were the broadcasts of the World Series Games).

NEW - H. J. Heinz Co. (Heinz 57 Varieties), Pittsburgh, Pa. Agency - Maxon, Inc., New York City; Started October 9, 1933; Mon. Wed. Fri., 10:00-10:15 A.M., 12:15-12:30 P.M.; Network - first time WJZ WBZ WBZA WBAL WMAL WSYR WHAM KDKA WGAR WJR WCKY WKBF WSM WMC WSB WAPI WSMB; 12:15-12:30 KWK KSO KOIL WREN KVOO WKY KPRC, Dallas. Ft. Worth, Chicago; WOAI KOA KDYL WTMJ WIBA KSTP KGO KFI KGW KOMO KHQ; Program - "Home Economics Talks" - talks by Josephine Gibson, incidental organ music.

NEW - Robert (Beauty Salon), New York City; Agency - Howland Oliphant & McIntyre, New York City; Started October 11, 1933; Wednesdays 11:00-11:15 A.M., WEAf only; Program - "Jean Colbert - Beauty Talks", the Moderne Trio and Jean Colbert.

NEW - John H. Woodbury, Inc., (Beauty Preparations), Cincinnati, Ohio; Agency - Lennen & Mitchell, Inc., New York City; Started October 25, 1933, Wed. and Fri., 8:30-8:45 P.M.; Network - WJZ WBAL WMAL WBZ WBZA WSYR WHAM KDKA WGAR WJR WLW WLS KWCR KSO KWK WREN KOIL; Program - "Dangerous Paradise with Elsie Hitz and Nick Dawson" - Dramatic - love, romance and adventure, South Seas.

X X X X X X