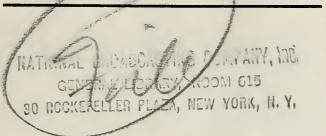
HEINL RADIO BUSINESS LETTER

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INDEX TO ISSUE OF DECEMBER 8, 1933.

Radio	Believed	Only Ten	porarily	Halted In	Cuba	• • • • • • • • •	2
Sees F	ederal Ad	lministra	tor Of Co	ommunicatio	ons		3
Would	Avoid WOV	Interfe	erence				4
				s Johnson. ree Speech			
Business Letter Notes8							
New Cooperative Chain Seeking N. Y. Outlet							
Decisi	ons Of th	ne Federa	al Radio (Commission.			11

No. 680

RADIO BELIEVED ONLY TEMPORARILY HALTED IN CUBA

Recent political difficulties in Cuba have necessarily interfered somewhat with merchandising and distribution. However, there is no evidence that the basic market has been affected, and while there may have been momentary stoppage of radio business and some resultant losses, there have been no definite indications that the long-term demand will be other than as it is, controlled by current economic conditions, affected more by world fluctuations than by local political affairs, our commercial representative in Cuba reports to the Bureau of Foreign and Domestic Commerce. Future political developments will have greater bearing, and the question is raised as to whether the political trend will be toward continued disturbances or toward stability - a matter which cannot be forecast from any commercial information available.

Early in 1933 an organization of radio wholesalers in Cuba was formed for the purpose of promoting ethical trade practices and for interchanging credit information. Such matters as abuses of demonstration privileges, and repossession to rid buyers of obligations to permit the purchase of cheaper apparatus, were marked for immediate attention.

Radio apparatus sold in Cuba is almost exclusively of American origin. Occasional small supplies of European makes are imported, but these are of little importance. Most of the well-known American names are common in Cuba.

Exports of radio apparatus from the United States to Cuba were valued at \$767,198 in 1930, but dropped to \$327,822 in 1931 and finally on account of the depression and internal troubles to but \$156,138 in 1933.

The Cuban broadcasting system is one peculiar to the Republic, and does not fall fairly within any of the planned systems employed in most countries. Most of the broadcasters are licensed as amateurs, in a sense not essentially different from the licensed amateurs of the United States but Cuban amateurs are not restrained from providing broadcasting, and those who have established themselves in this activity occupy channels within the broadcast band.

This system originated in the early days of broadcasting, when it became apparent that the amateurs as a class could broadcast for broadcast listener reception, and desired to do so; whereas, the elements for support of a true broadcasting system were not so obviously present. The lack of early provision for broadcast channels, and the occupation by amateurs of the band

to which popular broadcast receivers were designed, resulted in a natural diversion of amateur activities from intercommunication to public entertainment, in which they have become more firmly intrenched as the activity becomes more thoroughly established.

In effect, most of these amateurs are now more closely identifiable as broadcasters than as amateurs. Regular schedules and commercial broadcasting are characteristic of the principal class, and as they are officially listed by the Government together with the few broadcasters, the line of demarcation has practically disappeared. Some of them operate on appreciable power — within the low range maintaining in Cuba — but all obviously fall within a class commercially known in the United States for general purposes as "cottage industries". The more common power range lies below 50 watts and down to $7\frac{1}{2}$ and 5, in the antenna. Service areas are therefore restricted to immediate localities, and commercial features are on the local or retail, rather than the institutional advertising basis.

The Cuban market for radio apparatus or any other commodities that do not constitute necessities, is limited to the wealthy and salaried classes. The prosperity of the people of lesser means is dependent upon the return from agricultural crops, principally sugar and tobacco; and low prices prevailing for these commodities during the past several years have severely affected the ability of these people to purchase such comparatively expensive items as radio.

It is not to be assumed that the concentration of wealth in Cuba is as great as in many other Latin American countries. While, in common with them, the population is largely divided into the richer and poorer classes, there is in Cuba a definite middle class which includes a large proportion of the population. This condition creates a demand for high-class products, but not without limitation in the matter of price.

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SEES FEDERAL ADMINISTRATOR OF COMMUNICATIONS

A plan is being cooked up to have an Administrator of Communications, George Durno reports in the "National Whirligig" published by the McClure Newspaper Syndicate of New York. He would function for telegraph, telephone and radio companies much as Coordinator Eastman does for the railroads.

"A committee under Secretary of Commerce Roper is working the problem out. Recommendations probably will be forthcoming to Congress", Mr. Durno writes.

"Some fine points have to be decided first. Wireless men don't want the broadcasting end of radio included in the setup. The telephone already being a monopoly there is also considerable agitation to confine the coordinating to telegraph and wireless.

"Unsuccessful efforts have been made in the past to get legislation permitting merging of the telegraph companies with at least one radio connection. The telegraph companies aren't making money. The Co-ordinator idea may be the solution."

In a confidential note to editors (not for publication)
Mr. Durno adds:

"In the proposal to put a Federal Administrator over communications the Government is dealing with a complicated and interwoven situation.

"Western Union and ITT (Postal) tried to merge last year but the bill was beaten in the Senate. This merger would have frozen out RCA. The earlier move to merge Western Union and RCA has faded out. In the meantime, the telephone company holds the patents to the teletype with which it could send 18 telegrams over a wire used for a phone conversation.

"An effort probably will be made to have the three fields separated - radio, telephone and telegraph - insofar as overlapping ownership of stock is concerned. Service reforms would then be undertaken as are being done with the railroads."

It is understood that the Communications Committee has completed its report and submitted it to Secretary Roper to be sent along for the President's approval.

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WOULD AVOID WOW INTERFERENCE

A recommendation has been made to the Radio Commission that an application made by Station KMLB, at Monroe, La., to increase its power to 250 watts and to change its frequency to 590 kilocycles be denied. The latter is the same frequency used by WOW at Omaha, and it was declared the change might cause the Louisiana station to interfere with the Nebraska station.

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12/8/33

RADIO CENSORSHIP IS BUGABOO SAYS JOHNSON

Addressing the National Association of Manufacturers in New York, General Hugh S. Johnson, NRA Administrator denied the Republican National Committee's allegations of radio censorship as follows:

"The radio censorship is a bugabco out of whole cloth. Who has not heard the air, and I might have said airy, attacks on NRA by former Senator Watson of Indiana, Senator Hatfield of West Virginia, Colonel McCormick, of The Chicago Tribune and many others? I challenge the recent statement that there is any evidence, documentary or otherwise, that I ever sought in any way to influence radio criticism. However, a hired man trying to put together the ideas of his employer in an editorial, and having nothing better to go on, must not, I suppose, be held to strict accountability to the truth. There again occurs the question that, considering the motives and the methods of these hostile newspapers, are you going to let them do your thinking for you?"

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TUGWELL BILL WOULD JEOPARDIZE FREE SPEECH, BALDWIN DECLARES

Testifying on behalf of the National Association of Broadcasters at the Senate hearing on the so-called Tugwell Food and Dgurs bill, James W. Baldwin voiced vigorous objections to the bill in its present form.

"The definition of 'advertisement' in the bill is so broad as to include 'all representations of fact or opinion disseminated in any manner or by any means'", Mr. Baldwin told the Senators.

"Such a definition of advertising appears absolutely unworkable. An expression of 'fact or opinion disseminated in any manner' covers practically every spoken, written or printed word. With such a definition, the prohibitions contained in Section 17, sub-sections (3) and (4) would apply even to the simplest oral statement.

"Such a definition of advertising, if established by Congressional enactment, would go far beyond the scope of the pending legislation. It would, in effect, place formidable barriers around the right of free speech. Within the field specifically covered by these bills, it would render any statement dangerous, unless such statement were based on an intimate and complete knowledge of scientific data.

"Under so extraordinarily broad a definition of advertising, and with the prohibitory provisions of this bill, there is hardly an advertisement of any food product, drug or cosmetic appearing in our newspapers or magazines, or broadcast from our radio stations, which is not at least open to attack. If such

a definition is permitted to stand, there is scarcely a legitimate advertiser in this entire field who can feel himself reasonably secure from legal action, particularly since such action may and doubtless will be instigated in large measure by his competitors.

"Section 9 declares, in substance, that any advertisement of a food, drug, or cosmetic 'shall be deemed to be false if in any particular it is untrue, or by ambiguity or inference creates a misleading impression.'

"The broadcasters have no desire to enter into the argument concerning self-medication, with which this section is extensively concerned. They do, however, desire to point out three things:

- "(a) The phrase 'if in any particular it is untrue' involves the setting up of an absolute standard of truth which, in the ordinary affairs of human life, is utterly unattainable. One may, in this connection, aptly quote Pilate's 'What is Truth?' There is no piece of advertising copy in existence, no newspaper report, no public document, which could wholly meet such a requirement as this. Of course it will be urged that this phrase is not to be taken too literally, but a law that cannot be taken literally is a dangerous, and bad law.
- "(b) The phrase 'by ambiguity or inference creates a misleading impression' is just as dangerous as the phrase commented on in the preceding paragraph. How is the 'impression' created by any given piece of advertising copy to be determined? What is meant by 'misleading'? Even the most accurate and careful statement of facts, whether contained in an advertisement or in any other form of communication to the public, is subject to misinterpretation. A court has trouble enough in determining the correctness of a statement of facts; no one can even guess what would happen if it were called upon to determine legally the 'impressions' created by 'inference.' Such a provision is a direct blow at all legitimate advertising. It would, if applied literally, threaten virtually every piece of advertising copy in the food, drug and cosmetic field. If not applied literally, it would create a complete chaos of uncertainty.
- "(c) The provision that an advertisement of a drug shall be deemed to be false 'if it includes the name of any disease for which the drug is not a specific cure but is a palliative' involves what appears to the layman to be a perfectly hopeless confusion of opinion. The 'cure' of today is the 'palliative' of tomorrow. Most people believe, for example, that aspirin 'cures' headaches because it frequently stops them, but the headache itself may be merely the symptom of an ailment which the drug cannot affect. The use of such words as 'cure' and 'palliative' in legislation is certain to create endless confusion, because the words themselves are of such variable meaning.

"Section 15 directs each United States attorney 'to cause appropriate proceedings to be instituted in the proper courts of the United States.' This throws the initial determination of what constitutes unlawful advertising into a multiplicity

of courts of presumably equal authority, resulting inevitably in hopeless confusion. An advertisement might and doubtless would be held truthful, and hence legal, in one court, and untruthful, and hence illegal, in another of like authority. It seems utterly impossible to avoid disastrous confusion unless the determination of what is and what is not permissible under the law is handled by a single judicial tribunal. This applies particularly to advertising which is interstate in character, and therefore is of special significance to the broadcaster.

"Section 19 gives to the district courts of the United States power to restrain by injunction the 'repetitious dissemination by radio broadcasting - - - of false advertising. Here again, as in Section 15, confusion is inevitable as a result of action by a multiplicity of courts. An advertisement may be found to be illegal in one court, legal in another, and summarily shut off by injunction in a third where the case has never actually been heard at all. Even the successful defense in court of an advertising statement will not afford full protection, because some other court may rule differently, thereby furnishing the basis for injunctions throughout the country. Unless there is set up a single tribunal with full authority for the entire nation, subject only to the usual rights of appeal, this provision regarding injunctions is bound to give rise to vast confusion and manifold injustices."

In conclusion Mr. Baldwin said:

"It will be noted that the foregoing four specific criticisms of the bill fall into two groups. One concerns what seems to be the impossibility of defining accurately enough for legal purposes what is meant by 'truth' in advertising. be said that the broadcasters regard this defect in the proposed bill as fundamental, and that they can see no practicable way of extending the scope of such a bill beyond the deliberate misstatement of specific facts. Manifestly, an advertisement should not be permitted to state that the ingredients of a certain drug are so-and-so, when the manufacturer knows that in fact they are something else. When, however, legislation seeks to control the expression of opinion, or to set up a standard of absolute truth, that is quite beyond the reach of the human mind, it is making the violation of its provisions (inevitable and universal. A strict interpretation of the bill as it stands would destroy the entire advertising business of the United States; a liberal (i.e., lax) interpretation would lead to hopeless confusion.

"The second group of criticisms concerns the proposed administration of the bill. The primary object of any such legislation should be the protection of the public by making clear to advertisers what they may and may not legally do. The method of administration here set up appears completely to defeat this purpose.

"Although reference has here been made to specific setions of the proposed bill, the objections raised to these sections apply likewise, though less directly, to other features of it, and therefore it is on the broad, general grounds herein outlined that the Broadcasting Industry has recorded itself as protesting against the enactment of the legislation 'unless on the basis of many and far-reaching changes therein. X X X X X X

: BUSINESS LETTER NOTES :

The <u>Brooklyn Daily Eagle</u> has applied to the Federal Radio Commission for a construction permit to erect a new station to operate on 1400 kilocycles with 500 watts power, unlimited time. In this connection the <u>Eagle</u> has asked for the facilities of Stations WBBC, Brooklyn Broadcasting Company, WLTH, "Voice of Brooklyn", Inc.; WARD and WVFW, New York. All are 500 watt stations and share time on the 1400 kilocycle frequency.

The <u>Eagle</u> expects to erect a transmitting station somewhere in the Flatbush area and the studios are to be in the Eagle Building.

Sam Gellard, President of the "Voice of Brooklyn" said that he would oppose the <u>Eagle's</u> application for a permit. It was reported other broadcasters in Brooklyn on the same wave also would protest. It is understood that if the <u>Eagle</u> does not secure the 1400 kc. channel, it will apply for some other channel.

An Italian decree, effective December 5, sharply increased the rates of import duty on typewriters and parts, "sound" cinema apparatus and parts for radio apparatus, the announced motive of which is the "urgent necessity of equalizing the tariff regime of certain products to the changed conditions of the international market", according to a cablegram received in the Department of Commerce from Commercial Attache Charles A. Livengood, Rome.

The new rates, which apply to imports from all supplying countries, are as follows: in lire (a fraction over 5 cents) per net kilo, unless otherwise stated (former rates are in parentheses):

Apparatus for recording sound film, 80 (8.80), apparatus for projecting sound film, 100 (25); unspecified apparatus using thermoionic tubes, 35 (25); thermoionic (including radio) tubes, weighing up to 80 grams, 10 lire each (5 lire each), weighing from 80 to 150 grams inclusive, 22 lire each (12), weighing over 150 grams, 50 lire each (30); unspecified parts of apparatus using thermoionic apparatus, including radio parts 135 (75).

In addition to the above-mentioned specific rates of duty, there is a general ad valorem duty of 15 percent of the c.i.f. value.

That America's 10,000,000 unwired homes represent one of the biggest potential new-business opportunities for radio dealers is the opinion expressed by John F. Ditzell, Majestic's General Sales Manager.

"This enormous market", states Mr. Ditzell, "has been practically untouched in the past. The shortcomings of old-style storage battery receivers have been too great. The result is seen in statistics which indicate that only one unwired home out of nine enjoys the advantages of radio, while six out of every nine wired homes now have radios."

Earl Hadley, Majestic's Advertising Manager, reports that dealers have ordered nearly twice as many Christmas displays this year than were ordered last year.

"Variety", the theatrical magazine unconsciously paid a compliment to the radio industry with a big first page headline this week which read "Make Pix as Clean as Radio." The article reads, in part, as follows:

"A company head, and one of the leading chief codists who will have to propound the answers which within a few weeks will decide whether a story or play will be produced or burned, has this viewpoint:

"The film has to be clean in essence. We will order out most of the sex films. Anyone can laugh at a dirty story, but it takes brains to make them laugh at a clean one. The same goes for pictures. There is no reason why films should not be as clean as radio. And they will be.'"

That the world of today has been shrunk to the width of an ordinary city street, across which sounds echo in the same time that they go by radio around the world will be demonstrated by Orestes Caldwell, former Federal Radio Commissioner and President of the New York Electrical Society, in a coast-to-coast hook-up over the Columbia Broadcasting System, Tuesday evening, December 12, at 9:15 P.M.

NEW COOPERATIVE CHAIN SEEKING N. Y. OUTLET

The General Broadcasting System was formally incorporated in Delaware last week and is now seeking to consolidate two stations in New York City so as to have a full-time outlet in the The stations are WFAB; New York; WPEN, Philadelphia; WDEL, Wilmington; WCBM, Baltimore, and WOL, Washington, all of which, except the first, were identified with Wynn's chain.

According to sponsors of this network, it now is simply a mutual project for interchange of programs, which, however, will be available for commercial use on a network basis. Paul Harron, executive of WFAB and WPEN, is president of the new company.

Already the network is said to have sold enough time to pay the Western Union Telegraph wire charges for the 9 hours each day during which the stations exchange programs. As fore-told here previously, the General Broadcasting System has no ambition to become a country-wide network. This was reiterated by a member yesterday who said, "We are not talking about 100 stations or anything like that. It is possible we may include Boston. If we do hawe an outlet in that city, we will be covering a third of the population of the United States.

"There are 12,000,000 persons in the territory from New York to Washington. Our advertising rate for covering that area is just half what Columbia charges. We are already making a little money. All stock is owned by the member station."

It has been proposed to call the new chain the "Gold Network" because of the rich territory it covers. As a beginner the General Broadcasting System is supplying broadcasts of boxing events in Madison Square Garden from New York and the Washington Catholic Radio Hour from the National Capital.

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"LITERARY DIGEST" PRESENTS RESULT OF POLL

The first of the series of articles in the Literary Digest regarding the popularity of radio features appeared in the issued of December 9. This gives the results of a radio test in which readers expressed themselves on their radio likes and dislikes.

Sixteen thousand, four hundred (16,400) readers clipped, filled, signed and mailed the coupon which appeared in a previous issue of the "Digest" bearing two questions, "What Do You Dislike on the Air?" and "What Do You Like on the Air?" In all, there were 205,336 individual votes. The dislikes totaled 81,271, while significantly, the likes ran far ahead, to 124,065.

The mass of data, carefully tabulated, will be presented

in future articles in the Digest.

DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (Dec. 8, 1933)

WAGM, Aroostock Broadcasting Corp., Presque Isle, Maine, C.P. to move transmitter locally and make slight changes in equipment; WOL, American Broadcasting Co., Washington, D. C., license covering changes in equipment, 1310 kc., 100 watts, unlimited; WGCM, Great Southern Land Co., Mississippi City, Miss., license covering increase in power and change in specified hours, 1210 kc., 100 watts night, 250 watts day; WSMB, WSMB, Inc., New Orleans, La., 100 watts night, 250 watts day; WSMB, WSMB, Inc., New Orleans, La., 100 watts night, 250 watts day; WSMB, WSMB, Inc., New Orleans, La., 100 watts pros., Radio Station, E. Dubuque, Ill., license covering move of station, change in frequency and hours of operation, 1500 kc., 100 watts, specified hours; WCOA, Pensacola Broadcasting Co., Pensacola, Fla., authority to remain silent Christmas Day, also January 1st; KRMD, KRMD, Inc., Shreveport, La., authority to operate Dec. 8, 1933, until 8:45 P.M. in order to broadcast by remote control local Boy Scout program; KWWG, Frank P. Jackson, Brownsville, Tex., extension to remain silent until decision on application for assignment of license, and request of new applicant for facilities of KWWG, but not later than April 1, 1934; WSUI, State University of Iowa, Iowa Cty, Ia., special temp. authority to operate from 10 P.M. to 1 A.M. CST, Friday, December 15; KRE, 1st Cong. Church of Berkeley, Berkeley, Cal., special temp. authority to operate from 6 to 7 A.M. PST, Christmas Day.

Also, City of Jersey City, Dept. of Public Safety, C.P. for General Experimental purposes, frequencies 30100, 33100, 37100, 40100, 86000-400000, 401000 kc., and above, 100 watts; Same, portable and mobile, 10 C.P.'s for gen. exp. service, same frequencies as above, power, 4.5 watts; The Journal Co. (The Milwaukee Journal), Milwaukee, Wis., Gen. Experimental C.P. 1614, 2398, 3492.5, 4797.5, 6425 and 8655 kc., 1 KW power; Earl A. Nielsen, Portable, Phoenix, Ariz., general experimental C.P. 3100 34600, 37600, 40600 kc., 3 watts; City of LaGrange, Ga., C.P. for police service, 2414 kc., 50 watts; County of Orange, Santa Ana, Cal., C.P. for police service, 2430 kc., 400 watts; City of Long Beach, Portable, Long Beach, Cal., C.P. for police service, 2430 kc., 100 watts; City of Las Vegas, Las Vegas, Nev., C.P. for police service, 2470 kc., 50 watts.

Also, KIFS, KFJI Broadcasters, Inc., Portable, C.P. to make changes in equipment and change frequency from 1518 kc. to 1622 and/or 2150 kc., 50 watts; also granted authority to operate station on new frequencies Dec. 12 between 9 and 12 P.M.; KGZW, City of Lubbock, Dept. of Electrics, Lubbock, Tex., modification of C.P. to extend completion date to Feb. 1, 1934; Aeronautical Radio, Inc.: List of 17 stations, and list of 7 stations modification of License for removal of "Day only" restriction from frequency 4917.5 kc.; WSDC, Newark, N. J., WSDQ, Berea, Ohio WSDG, Chicago, WSDO, Buffalo, N. Y., WSDH, Murfreesboro, Tenn., C.P. aviation - aero. pt. to pt. service, 2612, 3467.5, 2636, 4740, 6540, 6550, 6560, 8015 kc., 250 watts.

Also, Mackay Radio & Telg. Co., Inc.: WMEN, Chalmette, La., modification of C.P. to make certain changes in equipment to be installed, and to give exact location of transmitter #1; for transmitter #3, extension of commencement date to Nov. 21/33 and completion date to May 21/34; WMEC, St. John, Ind., modification of C.P. to make certain changes in equipment and give exact transmitter location (Trans. #1 and 4); for Transmitter #2 and #3 extend commencement date to Nov. 21, 1933, and completion date to May 21, 1934; KIWA, Kent, Wash., modification of C.P. to make certain changes in equipment and give exact location of transmitter; WMZ, Sayville, N. Y., modificiation of license to add frequency 5250 kc., and add Seattle as primary point of communication; WKE, WIW, modification of license to add Seattle as primary point of communication; KNA, Palo Alto, Cal., KWB, KWI, modification of licenses to add Chicago as primary point of communication.

Also, W2XAH, Bell Telephone Laboratories, Inc., South Plainfield, N. J., Wloxar, Western Electric Co., Inc., Portable, W8XAR, Westinghouse Electric & Manufacturing Co., Saxonburg, Pa., W9XA, National Broadcasting Co., Inc., Denver, Colo.; W1XAM, Westinghouse Electric & Manufacturing Co., Chicopee Falls, Mass., W2XBJ, RCA Communications, Inc., Rocky Point, N. Y., W1XP, Massachusetts Institute of Technology, South Darthmouth, Mass., renewals of special experimental licenses in exact accordance with existing licenses.

Oral Argument Granted

The Commission, sitting en banc, will hear oral arguments on January 3, 1934, beginning at 10 A.M. in re Examiner's Report No. 520, concerning applications of WCAO, Baltimore, WICC, Bridgeport, Conn., and WCAC, Storrs, Conn., for increase in operating power to 500 watts, on their common frequency, 600 kc.

Action On Examiner's Report

New - Brooklyn & Queens Transic Corp., Brooklyn, N.Y., denied application for C.P. for radio station to operate on frequencies 27,100, 34600, 41000, 51400 and in the band from 60000 to 400000 kc., for experimental purposes, reversing Examiner George H. Hill.

Ratifications

Action taken Dec. 1 - WOCC, Mackay Radio & Telg. Co., San Francisco, granted 60 day authority to operate additional 100 watt transmitter aboard vessel "Elsegundo", pending receipt and action of formal application; Action taken Dec. 5 - WBAX John H. Stenger, Jr., Wilkes Barre, Pa., granted special temporary authority to change type of tubes in last radio stage; WLAE, Radiomarine Corp. of America, Washington, D. C., granted 60 day authority to operate 500 watt transmitter aboard vessel "Ballcamp" pending action on formal application; WIEO, National Broadcasting Co., Inc., Washington, D. C., granted authority to operate broadcast pickup station on frequency 1566 and 2390 kc., 50 watts, for period Dec. 6 to 9 inclusive.