

# HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.

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NATIONAL BROADCASTING COMPANY, INC.

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No. 682

## NATIONAL BROADCAST ADVERTISING TREND UPWARD

Broadcast advertising in October showed the most encouraging trend to be exhibited since July, the National Association of Broadcasters' Statistical Service reports. Gross receipts from the sale of advertising time amounted to \$5,741,850.00 and marked a 45.3% increase over September revenues. National network advertising volume increased 54.2% over the previous month. Regional network advertising rose 82.0%, while individual station receipts showed a gain of 34.9% as against September. The total volume of broadcast advertising over national networks, regional networks and individual stations for the month of October was:

### 1933 - Gross Receipts

<u>Class of Business</u>	<u>September</u>	<u>October</u>
National networks	\$2,102,809.00	\$3,244,153.00
Regional networks	14,281.00	26,091.00
Individual stations	<u>1,832,251.00</u>	<u>2,471,606.00</u>
Total	\$3,949,341.00	\$5,741,850.00

The trend in national network advertising during October has been especially encouraging. In addition to showing a marked gain over September volume, these revenues were 7.0% higher than those for the same month of 1932. Furthermore, receipts for the month in question were the highest since May, 1932, and were within \$9,000 of equalling October, 1931, volume. It will be remembered that this was the month which marked the beginning of the most successful period thus far to have been experienced by network radio advertising.

It is impossible to say what is the position of individual station revenues as compared with previous years since no data exists on this subject. However, if individual station business has followed network trends to any degree at all, it would seem that radio advertising volume is definitely on the upswing. To what extent broadcast advertising will approximate 1931-1932 levels should become evident within the next several months.

A comparison of September expenditures for radio broadcast advertising as against those for other leading advertising media was:

1933 Gross Receipts

<u>Advertising Medium</u>	<u>September</u>	<u>October</u>
Radio broadcasting	\$3,949,341.00	\$5,739,850.00
National magazines	7,942,886.00	9,574,829.00
National farm papers	373,134.00	455,018.00
Newspapers	<u>38,371,622.00</u>	<u>43,903,451.00</u>
Total	\$50,636,983.00	\$59,673,147.00

National magazine volume showed an increase of 20.5% as against September; farm papers a rise of 19.2% and newspapers a gain of 12.6% as compared with the previous month.

October national magazine volume is approximately 6.0% ahead of that of the same month of 1932. Newspaper volume finds itself in about the same position as national magazine advertising, while advertising in farm papers shows an increase of 48.0% over October, 1932.

Total volume of advertising for the first ten months of 1933 is, in the case of most media, materially behind that of the previous year. National magazines are approximately 20.0% behind last year. National farm papers are 22.0% and national network advertising is 27.0% less than in 1932. Newspaper advertising for the period is approximately 11.0% less than in 1932.

Since 1932 represented the most prosperous year thus far experienced by national networks, the decline in revenue during the current year tends to represent the maximum shrinkage in advertising volume to be experienced by the medium during the depression. On the other hand, by the beginning of 1932 national magazine advertising had already declined about 44.0% from its previous peak, while the volume of national advertising placed in newspapers was estimated to have dropped approximately 38.0% from its previous high level. It seems, therefore, that on the whole radio advertising has tended to feel the depression less seriously than other major media.

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### WMAL OWNER LEAVES \$424,098 ESTATE

Martin A. Leese, well known Washington industrial and mercantile leader and owner of Station WMAL, the last three of whose call letters bear his initials, left an estate valued at \$424,098 when he died December 1, it was shown in District Supreme Court when two sons filed a petition to be appointed administrators of the estate. Mr. Leese left no will. He is survived by his widow, Mrs. Fannie I. Leese, a daughter, Mrs. Lorraine Leese Good, and the sons, William Earl, and Martin Norman Leese.

The law firm of Littlepage, Littlepage & Spearman represented the sons.

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## MISSOURI AIR PIRATE CONVICTED

Another victory in the fight against operators of unlicensed radio stations so-called "Air Pirates", was reported to the Federal Radio Commission. William J. McDonnell, Inspector in Charge at Kansas City, Mo., notified the Commission that Charles L. Fower pleaded guilty to three counts of an indictment, charging violations of the Radio Act of 1927, as amended, and he was sentenced by Judge Charles B. Davis of the Eastern Judicial District of Missouri, at Hannibal, Mo., to a fine of \$50 on each count.

In the first count Fower was charged in an indictment by a Federal Grand Jury of wilfully, unlawfully, knowingly and feloniously, operating certain apparatus on or about March 24, 1933, in Macon, Mo., for the transmission of energy, communications, and signals by radio for which a station license is required by law, without first having obtained a license to operate such apparatus, as provided by law, from the Federal Radio Commission.

Operating a radio station for which an operator's license is required by law, without first having obtained such a license, was the basis for the second count, and the third count charged Fower sent radio signals from the city of Macon, Mo., into the city of Payson, Ill., without first having obtained a license from the Federal Radio Commission in accordance with the Radio Act of 1927 as amended, "contrary to the form of the statutes in such cases made and provided, and against the peace and dignity of the United States."

Again the contention that a radio station's signals can be confined within a State, if low power is used, proved futile and untenable. The case against Fower was prosecuted by the Department of Justice with the cooperation of the Legal Division of the Federal Radio Commission, of which George B. Porter, is Acting General Counsel.

Commenting on the drive of the Commission to wipe out illegal radio stations, Chairman Eugene O. Sykes, recently said:

"Under the Radio Act paramount consideration must be given to listeners. It is manifestly impossible to provide first class reception from authorized radio stations, however modern their equipment, or rigid the rules of the Commission, if the signals of licensed stations are to be disturbed or distorted by signals from illegal stations.

"In fact, all radio stations, regardless of kind, character, or power used, operate illegally unless they are licensed by the Federal Radio Commission, which, under the Radio Act, is authorized to regulate all forms of interstate and foreign radio transmissions and communications within the United States, its Territories and Possessions."

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## APPEAL COURT UPHOLDS WBBM SYNCHRONIZATION

The District Court of Appeals has upheld the Federal Radio Commission in permitting Station WBBM, Columbia key station in Chicago, and Station KFAB, at Lincoln, Nebr., to continue broadcasting a synchronized program from 10 P.M. to midnight. Station WGN, owned by the Chicago Tribune, objected to this extension of time and had appealed to the Court.

The decision of the Court follows, in part:

"It is not claimed by WGN that any interference will result between the operation of its station and the synchronized broadcasting of the other two stations, if such be permitted. So far as appears, there had been no such interference between WGN and WBBM, and it does not appear that the proposed synchronization of WBBM and KFAB from 10 P.M. to midnight would cause any interference between the stations. But it is claimed by WGN that inasmuch as the Fourth Zone, in which both Nebraska and Illinois are located, is already over quota, and inasmuch as Illinois is likewise over quota, the addition of increased night-time operation for two hours by WBBM resulting from the proposed synchronization would subject WGN and all other stations located in Chicago, and indeed in Illinois likewise, to increased danger of loss or reduction of facilities under the provisions of the Act of Congress approved March 28, 1928, commonly called the Davis amendment. We think this objection is answered by the fact that the Commission's decision permits only an experimentation and is not a final order modifying the licenses of the respective stations. Further action of the Commission must be had before the modification becomes final. Moreover, inasmuch as synchronization is not yet recognized by the Commission as a regular broadcasting service, no addition is made to the quota of either the city, State, or Zone involved, because of the present order.

"It is also contended by WGN that the Commission's decision subjects it to an economic injury through the allocation of additional facilities to Chicago. This complaint rests upon the theory that the modification will increase the competition among broadcasting stations in Chicago, and thereby inflict a pecuniary loss upon each of the stations already established therein including WGN. This complaint, however, is so vague, problematical, and conjectural as not to furnish a present substantial objection to the Commission's decision.

"WGN also contends that the Commission's decision places an additional obstacle in the way of securing increased power for its station, which increased power will improve its broadcasting service. Again we may say that in our opinion this objection is purely conjectural and rests upon no substantial basis.

"In answer to all of appellant's complaints, it may again be noted that the authority granted by the Commission's decision to the applicant stations is granted experimentally only,

and until they apply for and are granted a regular license for this purpose the decision of the Commission is conditional and only for the purpose of conducting experiments which may prove wholly unsuccessful and never be carried into the regular broadcasting service.

"Complaint is made by the appellant that the Commission failed to serve it with a written notice of the applications of WBBM and KFAB prior to the hearing had by the Examiner, and contends that such failure renders the decision void or at least reversible upon this appeal. We may say in answer to this that in our opinion under the circumstances the appellant was not entitled to a written notice for the reason that it was not then a party 'aggrieved or whose interests are adversely affected' by the proposed modification of the appellees' licenses for experimental purposes."

Louis G. Caldwell and Arthur W. Scharfeld were counsel for Station WGN; George B. Porter, Fanney Neyman, Ben S. Fisher, and Ralph L. Walker, for the Federal Radio Commission, and Paul D. P. Spearman, of Washington, D. C., for interveners.

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#### N.Y. MEETING PAVES WAY TO BETTER RADIO-NEWSPAPER RELATIONS

Although no official statement has as yet been given out on the subject, reports reaching Washington are that the two-days' meeting in New York between network and broadcasting heads and newspaper publishers resulted in a much friendlier feeling between them with concessions on both sides. An agreement was said to have been reached only with regard to news broadcasts but it is understood this may lead the way to a better understanding with regard to publishing radio programs in the newspapers.

It is reported that the American Newspaper Publishers' Association has agreed not to urge newspapers further to drop the printing of programs. On the other hand, it is said the Columbia Broadcasting System will abandon its special news service. In lieu of this, the Press Associations will each put on a man, presumably at the expense of the networks, who will supply the latter with two (2) - seven minute news broadcasts a day and protect them on flashes of certain big events.

As a result of the agreement in principle on several controversial subjects at the New York meeting, a better working agreement between the broadcasters and the publishers is expected to follow.

Roy Howard of the Scripps-Howard News Service and publisher of the New York Telegram, is credited with laying the groundwork of more friendly relations by declaring that the radio is here to stay and that the newspaper people should recognize this and abide by the principle of "live and let live."

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## RADIO-WIRE MERGER BELIEVED FEASIBLE BUT MAY TAKE TIME

Despite opposition voiced against the proposal that the communication services - radio, telegraph and cable - be merged, one of the three recommendations made to President Roosevelt by the Committee headed by Secretary Roper and Gen. Charles McK. Saltzman, former Chairman of the Federal Radio Commission, it seemed to be the impression that some such a consolidation under governmental regulation is inevitable. As to when this might take place no one seemed to be able to definitely forecast. It might be years if the experience of consolidating the railroads is an example to go by. There will very likely be some sort of bill drafted and introduced but with the time required for hearings and all, there seems to be small likelihood of any such legislation being enacted this session.

Some seemed to regard it simply as a "trial balloon" sent up by the White House to try out public opinion, but others considered the work of the Committee much more seriously.

"It wasn't practical to have a lot of telephone companies", a communications expert remarked, "and the formation of the A.T.&T. was the logical result. There is a duplication of service of the Western Union and the Postal. One or the other companies could handle all of the business. There are twice too many employees, and releasing them at this time would further add to the unemployment problem. Nevertheless, the duplication and economic loss exists in telegraph and cable communication just as it does in a duplication of radio service. I believe such a merger as suggested is entirely practicable and some day will be brought about."

Senator William E. Borah declared Government ownership would be preferable, while Senator James Couzens (Republican), Michigan, said he would fight any attempt to bring about a single monopoly.

In the House, Speaker Henry T. Rainey said the whole matter "should be deferred until we get out of the depression."

Two alternative recommendations were made in the inter-departmental committee's report - monopolies in each communications field under Government control, or Government ownership of the communications industry.

"When monopolies are created to be run by a commission, the monopolies will soon run the commission", Senator Borah commented.

"If that is the alternative to Government ownership, I would favor Government ownership and control."

Senator Couzens said he would not object to monopolies in the various fields of communications, providing there was

keen competition between the fields. He said, however, he would seriously object to any single monopoly.

The Washington Post calls the consolidation recommendation a "nebulous proposal", and adds:

"For instance, our telephone service, virtually a private monopoly, is superior to any of the government-owned services in Europe; our broadcasting, as chaotic as it still is, is more colorful, more imaginative and generally better than the government-sponsored broadcasts of England and Germany; and our telegraph system, even though uneconomic in its present condition, is more efficient than any on the continent, perhaps, except that of Germany, which is government-owned.

"The necessity of Federal regulation of all our communications must be better established, and its field and functions better defined, before it can be given intelligent consideration."

Notice that the Commercial Telegraphers' Union of North America would oppose a sweeping communications merger was served by Frank B. Powers, international president.

In connection with the recommendations of the Committee, a visit of David Sarnoff, President of the Radio Corporation of America, to the White House is recalled. Also that last May, Mr. Sarnoff, in an address at the War College advocated a unified communications system.

Asserting that unification was imperative, he said:

"This program is suggested as economically sound in times of peace, practicable for prompt and effective transition for use in war and one which will give the United States the strongest communication organization in the world."

Public policy, he said, has dictated against a generally united control of radio broadcasting activities "just as it would dictate against unified control of all the newspapers of the land."

Reduction of rates and the prevention of speculative management and "watering of stocks" are among the chief reasons for government supervision and regulation of all communication services cited in the report to President Roosevelt by the Interdepartmental Communications Committee.

To permit the extension of telegraphic service to communities now served only by telephone, the Committee suggests a linking up of telephonic and telegraphic facilities so that telephone wires may be used for telegraph purposes.

By way of illustration, it was pointed out that the Radio Corporation of America was seriously handicapped by not having a chain of offices throughout the country that might serve as feeders for its international radio service.



Use of Western Union or Postal offices throughout the country for this purpose was made impracticable because of ownership and operation of their own cables to Europe.

At the same time the I.T.&T. was said to be without a large chain of domestic offices for feeding its international services. This company, it was pointed out, maintains about 2,300 domestic telegraph offices as a result of its parentage of the Postal Telegraph Company. The Postal, in addition must compete with the offices of the Western Union, numbering 23,000.

The program broadcasting situation was not touched upon in the Committee's report but was held for further study later.

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(Note - A detailed report with regard to the recommendations the Committee submitted to President Roosevelt, although not given out at the White House was carried in the New York Times, Friday, December 15, 1933).

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#### AL WINS HIS FIRST RADIO VICTORY

The Federal Radio Commission has put its stamp of approval on the contract whereby Station WMCA, New York, has been leased for a period of years to the Federal Broadcasting corporation, of which Alfred E. Smith is Chairman of the Board. Former Governor Smith thereby was victor in his first scrimmage with the Radio Commission.

Before approving the lease the Commission assured itself that:

"The power and control of the licensee over the programs broadcast and all equipment usually incident to the operation of a station must not be limited by contract. Likewise the power, authority or control of the licensee over the employees engaged in the operation and management of a station should not be restricted."

The exchange began with the following letter written by E. O. Sykes, Chairman of the Commission to Governor Smith:

"November 3, 1933.

"The Commission has given consideration to the Agency Agreement between the Federal Broadcasting Corporation and Knickerbocker Broadcasting Company, licensee of radio station WMCA, and is not clear as to the construction which should be placed upon some parts thereof. At this time the Commission will not discuss in detail the various provisions of the contract but desires to state its views briefly as to what powers must be retained by the licensee, as follows:

"The power and control of the licensee over the programs broadcast and all equipment usually incident to the operation of a station must not be limited by contract. Likewise the power, authority or control of the licensee over the employees engaged in the operation and management of a station should not be restricted.

"If the contract which the Federal Broadcasting Corporation has submitted is not so construed by the parties thereto, then it does not meet with the Commission's approval."

To this Governor Smith replied:

"December 6, 1933.

"The views expressed in your letter of November 3, 1933, are consistent with the construction placed on the agreement under which this company supplies programs to station WMCA. May I have your assurance, therefore, that the arrangement has the approval of your Commission?

"The contents of this letter have been approved by the licensee of the station."

Judge Sykes acknowledged Governor Smith's letter and closed the incident with this communication:

"December 13, 1933.

"The Commission is in receipt of your letter of December 6 advising that the Federal Broadcasting Corporation and Knickerbocker Broadcasting Company, licensee of radio station WMCA, construe the agreement between them as consistent with the views expressed in my letter to you under date of November 3, last.

"So construed, the Commission has no objection to the agreement."

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#### PHILADELPHIA STATIONS INCREASE DAY POWER EXPERIMENTALLY

In the applications of WIP, Penna. Broadcasting Co., WFI, WFI Broadcasting Co., and WLIT, Lit Bros. Broadcasting System all situated in Philadelphia, for modification of licenses, the Commission proposes "to give further consideration to the question as to whether or not stations WIP, WFI and WLIT should be operated with increased power during daytime hours; and, pending a further order or final decision as to this phase of the cases, the three applicants are hereby authorized to operate their respective stations with 500 watts additional power during daytime hours on an experimental basis."

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An analysis of programs revealed that during 1933, education occupied 21.15 percent of all NBC's time on the air. Music occupied more than two-thirds of the company's time on the air. The broadcasts through its two networks of 86 stations totalled 330,540 station-hours for the year.

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"Tonight I am here in the Columbia studios on Madison Avenue in New York City", said O. H. Caldwell, former Federal Radio Commissioner in a broadcast last Tuesday night. "If I open a window, and let these words as you now hear me, go out across Madison Avenue and echo back, the sound waves will echo back into the window, from the building opposite, in just about the same time as it takes my words, carried on Columbia's short-wave station, to go clear around the globe and be picked up again here in New York."

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Thomas P. Littlepage, well known radio counsel, and former President of the Washington Chamber of Commerce, suffered a broken arm in a fall following a storm in the Capital Wednesday which covered the sidewalks and streets with ice and sleet. Mr. Littlepage is reported as resting as comfortably as could be expected under the circumstances.

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The Metropolitan Opera broadcasts, carried for two years as a sustaining feature by the NBC will be sponsored this year by the American Tobacco Company. They will begin Christmas Day with "Hansel and Gretel" and will be carried by both WEA and WJZ networks.

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A circuit court action against the Sioux Falls Broadcasting Co., operators of Station KSOO at Sioux Falls, S.D., to recover a judgment of \$1,440 and interest, has been filed by attorneys for the Electrical Research Products, Inc., New York City

The New York firm's complaint alleges that it leased equipment to the defendant company for radio station work. Under terms of a contract, the Sioux Falls company agreed to pay \$100 a month, but payments are in arrears, it is charged.

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Paul Mallon, correspondent for the North American Newspaper Alliance, in the Washington Star wrote:

"The State Department made a radio show out of prohibition repeal.

"It would not give out the repeal proclamation before it was signed, because that would be undiplomatic. But Undersecretary Phillips went before a microphone and read it to the country. Afterward he signed it, and then only was it released to newspapers for publication.

"The incident was not an intentional affront to newspapers, but just another red tape error."

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## DECISIONS OF THE FEDERAL RADIO COMMISSION

### Applications Granted (Dec. 15, 1933)

KGBZ, Dr. George R. Miller, York, Neb., consent to voluntary assignment of license to KGBZ Broadcasting Co.; WHEB, Granite State Broadcasting Corp., Portsmouth, N. H., authority to operate from 1 to 1:30 A.M. EST, December 17, 1933, in order to broadcast DX program; WHBC, Edward P. Graham, Canton, Ohio, authority to operate simultaneously with Station WNBO, Dec. 15, 16, 17, 18, 20, 21, 22, 23 and 25, from 9 to 11 P.M., and on Dec. 19 from 9 P.M. to 12 midnight; WJR, WJR, The Goodwill Station, Inc., Detroit, Mich., C.P. to move transmitter from Sylvan Lake Village, Mich. to location about 16 miles south of Detroit; WSVS, Seneca Vocational High School, Buffalo, N. Y., authority to remain silent from 3 P.M. Dec. 22 to 8:30 A.M., January 2; KPJM, M. B. Scott & Edward C. Sturm, Prescott, Ariz., authority to operate on such reduced power as necessary to obtain maximum percentage of modulation of at least 75%, pending installation of equipment up to January 1, 1934; WARD, U. S. Broadcasting Corp., Brooklyn, N.Y., authority to January 1, 1934, to operate with reduced power pending the obtaining of new plate voltmeter; KIDW, The LaMar Broadcasting Co., Lamar, Colo., authority to remain silent until Jan. 1, 1934, pending repair of generator and installation of new power supply.

Also, WNU, Tropical Radio Telg. Co., New Orleans, La., marine relay license, 125-500 kc., 750 watts; Same, public coastal telg. license; RCA Communications, Inc.; KEQ, KQH, Kahuku, T.H., authority to use two point to point telg. stations at Kahuku, T.H. to communicate with ship station KJTY aboard "SS Jacob Ruppert" of the Byrd Antarctic Expedition; KOG, KICZ, Mutual Telephone Co., Honolulu, T. H., renewal of point to point telg. licenses in exact conformity with existing license; Howell Broadcasting Co., Inc., Portable, Buffalo, N. Y., and vicinity, 2 C.P. for general experimental service, 31100, 34600, 40600 kc., 5 watts; KGSX, KGSW, KGSY, Aeronautical Radio, Inc., Spokane, Wash, Helena, Mont. and Missoula, Mont. respectively, licenses 3005, 2854, 5377.5 kc., 400 watts.

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