

HEINL RADIO BUSINESS LETTER

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No. 684

NOTE: THERE WILL BE NO ISSUE OF THE BUSINESS LETTER THE DAY AFTER CHRISTMAS, DECEMBER 26; DUE TO THE GOVERNMENT OFFICES BEING CLOSED OVER THE ENTIRE WEEK-END AND THE COMMISSION NOT MEETING ON TUESDAY.

AMERICAN BROADCASTERS STRIKE BACK AT CRITICS

A vigorous answer has been prepared by the National Association of Broadcasters to the question raised in the school debates to be held throughout the country as to whether the United States should adopt the essential features of the British system of radio operation. It is a 200 page handbook compiled by Philip G. Loucks, Managing Director of the Broadcasters, bristling with arguments in favor of the American system. Supplying ammunition to students who must defend our system in the country-wide debates, the handbook contains the Broadcasters' Code of Ethics, a detailed history of American radio, a presentation of the American case by Prof. Herman S. Hettinger of the University of Pennsylvania, an outline for debate of the American radio situation, the listeners' attitude to British programs as expressed by Maj. Joseph Travis, of London, what Federal Radio Commissioner Harold A. Lafount has to say with regard to the merits of the American situation, a question, "What Are We Going to Do About American Radio?" propounded by Franklin Dunham, Educational Director of the NBC, Facts, in question and answer form concerning the American broadcasting system and a short bibliography on Broadcasting.

The handbook is the most impressive effort the American broadcasting industry, which heretofore has stood more or less silent under attacks, has ever made to justify its existence. Unquestionably a portion of the book, which will be widely quoted, are the arguments advanced by William Hard, who, because of his frequent trips abroad, has first knowledge of the British system.

"In radio do you want competition?" Mr. Hard asks. "Or do you want monopoly?"

"The American system is competitive, intensely. We have some six hundred different persons - individual persons or corporate persons - owning and operating broadcasting stations. Some of these stations take - and some of them do not take - programs prepared and transmitted on a nation-wide scale by our so-called 'chain' companies. These 'chain' companies compete against each other not only intensely but - I might even say - violently.

"Some adversary of mine may talk to you about a 'private monopoly' of radio in the United States. Ask him to show it to you. There isn't any such thing."

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"The British Broadcasting Corporation has an exclusive license from the British Government to operate all broadcasting stations, absolutely all, in the whole of Britain. There is not a microphone in Britain that is not controlled by the British Broadcasting Corporation's central office in London.

"Are you a violinist in Edinburgh? Are you a member of an orchestra in Cardiff? Are you a member of a debating team in Manchester? Are you a county councillor in York? Are you a labor leader in Exeter? Are you a member of the House of Commons representing a constituency in Kent? Are you a hopeful soprano in Bournemouth? And would you like to go on the air? Have you something in you that you would like to express on the air?

"Well! In Britain you have just one chance. If the British Broadcasting Corporation's central office in London says that you can go on the air, you can. If it says you can't, you can't. And that's that."

"Have you ever heard anybody claim - even claim - that British broadcasting is more entertaining than American broadcasting? Have you ever heard anybody claim - even claim - that in radio's very first primary function - the function of entertainment - British governmental radio is superior to American private radio?

"I will give you one second to think of the answer; and the answer is, of course, utterly 'No.' Or, if it's 'Yes', will the advocates of British broadcasting stand up and say so - and say why? They never do. And why not? Because it is clearly apparent that for entertainment American radio leads not only Britain but the whole world."

"American broadcasting now costs about a hundred million dollars a year. Do you think that in these days of intense demand upon federal financial resources for the relief of distress the Government will ever devote one hundred million dollars a year to providing comic relief - and other relief of mind - to owners of radio receiving sets?

"More than half of the tax-money raised on radio receiving sets in Britain never gets to the British Broadcasting Corporation. It is grabbed off by the Government itself for other governmental expenses. The British owners of receiving sets pay a tax on their sets to get broadcasts; and then less than half of what they pay is used for giving them broadcasts. And the broadcasts necessarily sound like it. The program managers have neither the stimulus of competition nor the momentum of money to make them seek variety and novelty.

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"The British Postmaster General is in supreme authority over the British Broadcasting Corporation. He licenses it to exist. He can tell it what to broadcast. He can tell it what not to broadcast. He can tell it what to do - and what not to do - about its money, about its program material, about its personnel. He can tell it; and he never tells it. He has all that authority; and he never exercises it.

"Let us try - let us try - to imagine an American Postmaster General acting similarly.

"Walter Brown was Mr. Hoover's Postmaster General. James Farley is Mr. Roosevelt's Postmaster General. I think that they are the two gentlemen whom I hear laughing loudly in the gallery."

"Now suppose Mr. Borah wants to speak on the American air. Is there a station manager in America or is there a 'chain' manager that would think of saying 'No'? There most certainly is not. Can you visualize the social earthquake that would occur in America if Mr. Borah should announce that he had been denied the air? It would shake our private radio managers out of their commercial existences.

"But in Britain! Ah, how different! Mr. Churchill says that he wants to speak on the air, and what does Sir John Reith say? Quietly, imperturbably, and definitively: 'No.' Just 'No'. And it settles it."

"Every foreign radio system is governmental and coercive. Every foreign radio system, instead of expanding free speech, diminishes it. I am not scared by governmental ownership and operation of railroads or of electric light plants or of any other physical things. I am terrified, I will admit, by governmental ownership and operation of men's words, of men's thoughts, of things mental, moral, spiritual."

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COMMISSION TAKES ITS CHRISTMAS SIESTA

The hard-working Federal Radio Commission will hold no meetings or hearings during Christmas week. In fact, the Commissioners will not get their feet under the table again until they meet Tuesday, January 2nd.

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ZENITH SHOWS ENCOURAGING OPERATING PROFIT

As an indication of what appears to be a turn for the better and perhaps the end of the depression, the Zenith Radio Corporation, of Chicago, reports a net operating profit for the six months ended October 31st, 1933, of \$131,741.40, compared with a net loss of \$201,972.66 for the same period in the preceding year, after all charge-offs including liberal depreciation, but before Federal Profit Taxes, as per the following comparative statement:

<u>Six Months ended October 31st</u>			
		<u>1932</u>	<u>1933</u>
Manufacturing Profit			
After Excise Taxes, Royalties, Manufacturing Expenses and Maintenance of Plants and Equipment		\$ 27,102.60	\$289,527.03
Selling and Administrative Expenses		181,035.16	121,184.76
Depreciation		<u>48,040.10</u>	<u>36,600.87</u>
Net Operating Result	Loss	\$201,972.66	Profit \$131,741.40

"The company carried on a successful fall sales campaign and has been able to maintain steady normal production", Hugh Robertson, Treasurer reports. "It believes the demand for home radios in 1934 will be greater than 1933. The company is making extensive preparations to supply radios to automobile manufacturers as standard equipment. The first contract has been secured for equipping Hudson and Terraplane cars. Negotiations are being carried on with other car manufacturers.

"The company has no outstanding loans of any kind, current obligations are being discounted, and the usual strong liquid position continues to be maintained."

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STARBUCK SKATING ON THIN ICE

Apparently the Democrats are after the scalp of W. D. L. Starbuck, Federal Radio Commissioner of the Eastern zone a Democrat appointed by President Hoover whose term expires in February. Senator Rob Wagner of New York is expected to be the deciding factor in the appointment. It is the impression that commissioner Starbuck is on his way out.

Eddie Dowling, actor, director of the theatrical branch of the Democratic National Campaign Committee, and Herbert L. Pettey, Secretary of the Radio Commission, both previously mentioned for the place have again been spoken of. A Tammany man from New York, James Killeen is likewise mentioned.

An apparently reliable report is that a "dark horse" has been agreed upon but whether or not this is Dowling, Pettey or Killeen could not be learned. Pettey is said to have told a friend that he (Pettey) was definitely out of it. The impression of the friend was that Petty who seems to be the Administration's "fair haired radio boy" and who "Patronage-Master" General Farley calls by his first name, is after bigger game, maybe expecting to be a member of the new Communications Commission, if there is to be such a Commission. Still another story is that Starbuck's place will not be filled until the matter of the Communications Commission is settled.

Starbuck has been more or less of a mystery man in the Radio Commission. No biography of him has ever been available at the Commission and he apparently had little to do with radio excepting perhaps that he had been a patent lawyer. He is supposed to have been proposed by James R. Sheffield, former Ambassador to Mexico and a director of the Radio Corporation of America, also backing Starbuck was Col. Bill Donovan. Frank M. Russell, Vice-President of the NBC was also understood to have done considerable work in behalf of Starbuck.

Starbuck has never been popular with the newspaper men covering the Commission and once was behind a movement, which if successful, would have resulted in the dismissal of any Commission employee seen talking with a newspaper correspondent. Starbuck made himself so offensive personally to one newspaper man covering the Commission that he never went back to Starbuck's office a second time.

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NEW YORK TAXI BAN PUT OFF TO PERMIT COURT TEST

Commissioner Bolan of New York has deferred the official ban on radio-equipped taxicabs until Jan. 1. Between now and then it is expected that attorneys for the operators who have already placed receiving sets in their cabs will ask the courts to restrain the Police Department from making the order effective.

Also Bond Geddes, of the Radio Manufacturers' Association, will make a personal plea to Mayor-elect La Guardia in the matter.

D. C. LAW BANS RADIO-TAXIS, BUT IT ISN'T BEING ENFORCED

Washington has a law prohibiting radios in taxis, but because no violations or complaints have reached the Public Utilities Commission, virtually nothing has been done to enforce it.

The District order was passed Aug. 4, 1932. It prohibits the operation of taxis equipped with radios, while the radio is on.

"Since we approved the regulation the Public Utilities Commission has received no complaints of violations," Acting Chairman Riley Elgin said today.

One taxi driver has been brought into court for a violation, however, according to Lieut. Thomas Mason Jr., District hack inspector. The driver was released on personal bond, Mason said.

The opinions of a number of District residents, picked at random by the Washington News, mainly favored the use of radios in cabs.

Here are some of the comments:

C. R. Richards of 524 Oglethorpe St. N. W.: "I really enjoy radios in cabs. It's one of the nicest ideas the taxi owners have had."

Mrs. J. C. Grinder of 1304 D-st S. E.: "They don't bother me. I think it's pleasant to have music when you ride a cab."

A. J. LaPorte of 1915 Connecticut-ave N. W.: "I rather like them. The idea is a real novelty."

Mildred Smith of 824 I-st N. E.: "Music in a cab is grand. It's sort of romantic and restful, too."

Mrs. Lillian Arlin of 64 V-st N. W.: "Radios are all right if the driver of the cab gets the right program."

R. L. Martin of 3900 14th-st N. W.: "I can't see anything against radios in cabs."

Miss M. E. Bellfield of 1302 Kenyon-st N. W.: "I think

it's dangerous. It takes the driver's mind off his driving. There's too much noise on all radios, anyway."

Carrie Parker of 1209 N-st N. W.: " I don't ride taxis, but I don't have a radio in my own car. There's too much danger of accidents."

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F. D. R. TO REPEL CONGRESSIONAL BRICKBATS BY RADIO

That Congress will be on his hands soon doesn't seem to perturb President Roosevelt, even though it's everybody's secret that the session will be marked from the outset by plenty of brickbats. "It isn't expected that F. D. R. will follow the occasional example of some of his predecessors and deliver messages to Congress by word of mouth." Frederic William Wile observes. "In radio, he has a far more powerful means of bringing pressure to bear, should Congress "act up," than personal appearances at the Capitol. At Albany Gov. Roosevelt, like Gov. Smith before him, periodically addressed the people of New York State by air, whenever it was found desirable to generate public support for legislative programs. Since he entered the White House, President Roosevelt has acquired a more profound respect than ever for broadcasting as a means of influencing popular sentiment. It may be taken for granted that he will resort to the microphone unhesitatingly during the next few months should congressional developments suggest the usefulness of fireside talks to the country."

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NOT BELIEVED COMMUNICATIONS BILL WILL AFFECT BROADCASTING

The predominating radio legislation to be considered in the forthcoming session of Congress, which convenes the first week in January, will be the communications recommendations of President Roosevelt based upon the report of the Interdepartmental Committee, of which Secretary Roper was Chairman. One well informed legislative observer expressed the belief that Congress at this session would pass some sort of enabling legislation for the appointment of a Communications Co-ordinator who would do for radio what Co-ordinator Eastman is doing for the railroads. It was his opinion that the Federal Radio Commission would be allowed to stand as it is.

"I believe there will be preliminary legislation giving the President power to set up a radio co-ordinator", he concluded. "I think the President will then tell the Co-ordinator to go ahead and see what he can do. I don't believe broadcasting will be affected in the slightest degree.

"The Radio Commission may be cut down to three members but I don't think it will be abolished, neither do I expect to see any tampering with the Radio Act."

Another legislative expert was asked if he thought there was any chance of the legislation introduced last session by Senator Dill, Chairman of the Interstate Commerce Committee for the taxing of broadcasting stations being pressed at this session.

"Not unless Senator Dill does it", he replied, "but I think the Senator will be too busy with other things relatively more important to consider station taxation at this time."

The tax proposed would be on an annual basis with the scale running from \$500 up to \$10,000, the latter figure being for 50,000 watts power stations.

What the Tugwell Food and Drugs Bill may bring up of interest to broadcasters is not known but there is some talk of a bill which would stipulate that no article could be offered over the air which could not be advertised in a newspaper - in other words not permitting any broadcast advertising which could not go through the mails.

The Radio Manufacturers' Association under the leadership of Paul B. Klugh, of Chicago, Chairman of the Legislative Committee, is vigorously urging Congress for relief from 5 per cent Federal excise tax on radio and phonograph products.

That the radio tax is discriminatory against radio and other selected industries and that radio is not a luxury are the principal points being stressed in the opposition to the radio tax. A small, but general, manufacturers' sales tax, applying equally and fairly to all manufacturers, is advocated instead.

Collections of radio excise taxes for the month of October, 1933, were \$292,332.

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COMMISSION FREE TO ACT ON MISSOURI TRANSFER

The petition for an injunction to restrain the Federal Radio Commission from acting on the application for the voluntary assignment of license from Station KGIZ, Grant City, Mo. to KGBX, Springfield, Mo. has been dismissed by the District Supreme Court.

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: BUSINESS LETTER NOTES :

The Broadcasters' Code Authority will hold another meeting soon after the first of the year. The new organization will have offices in the National Press Building, in Washington, in conjunction with the National Association of Broadcasters.

As yet the Government has not appointed its three members of the Authority though in all probability Harry Shaw, of Waterloo, Ia. will be one of them. The delay is said to be caused by the labor people wanting to name all three.

It is again reported that the career of Louis Howe, presidential secretary, as a commercial broadcaster, is approaching its conclusion.

Direct radio telegraph service between Spain and the United States was inaugurated Dec. 19 by the Mackay Radio, a subsidiary of the International Telephone and Telegraph Corporation, with the exchange of messages between William Phillips, Under Secretary of State, and Senor Don Alejandro Lerroux, President of the Spanish Council of Ministers.

Dr. Alfred N. Goldsmith, with Chairman L. F. Curtis of the Radio Manufacturers' Association Police Radio Committee, and E. L. Nelson, of the Bell Telephone Laboratories, is cooperating with Chairman Graham of the RMA Engineering Division in preparing data on police radio specifications.

Possessing a number of improvements over its predecessor, the Crosley Roamio "106", designers of the new model Roamio "103" have included such features as the Synchronode "B" Eliminator, Automatic Volume Control, Tone Control, 6-in. Floating Moving Coil Dynamic Speaker, Tenna-flex and Under-car Antenna. The new model will retail complete with tubes for \$44.50.

A supplemental code of fair trade practices to the basic electrical code is proposed, together with possible changes in the labor provisions and the "open price" section of the present code will be considered at a hearing of the electrical code, which includes that of the radio manufacturers, to be held in Washington, Thursday, Jan. 4.

The Board of Directors of the Radio Manufacturers' Association will hold its first meeting in the new year Thursday, January 11.

Denial of a construction permit to erect a 250 watt station at Modesto, Calif., to operate daytime on a frequency of 740 kilocycles was recommended by Ralph L. Walker, Federal Radio Commission Examiner. Paul D. P. Spearman appeared in behalf of Station WSB, Atlanta, which is on the 740 frequency.

The new broadcasting station of the Hungarian Government recently opened at Budapest is one of the most powerful in the world and has an antennae mast which is higher than the Eiffel Tower. The equipment for this 120 k.w. station was supplied by the associated company in Hungary of the International Telephone and Telegraph Corporation and the antennae tower was designed by the Blaw-Knox Company of Pittsburgh.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted (Dec. 22, 1933)

KDKA, Westinghouse Elec. & Mfg. Co., Pittsburgh, Pa., C.P. to make changes in equipment; WLBC, Donald A. Burton, Muncie, Ind., authority to operate simultaneously with Station WTRC from 6:30 to 7:30 P.M. CST, on January 1, 5, 11, 20 and 26, 1934; WJBI, Monmouth Broadcasting Co., Red Bank, N. J., authority to remain silent on Dec. 25th; WILL, University of Illinois, Urbana, Ill., authority to operate simultaneously with Station KFNF during the American Historical Assoc. Annual Convention and Univ. of Ill. Annual Farm and Home Week Program, special days and specified hours; WHAT, Independence Broadcasting Co., Inc., Philadelphia, Pa. authority to remain silent on Dec. 25, 1933; WNYC, City of New York Dept. of Plant and Structures, New York, temporary authority to operate from 1 to 5:30 P.M., EST on Monday, Dec. 25, instead of designated time of 8½ hours, 9 A.M. to 5:30 P.M.; WCAP, Radio Industries Broadcast Co., Asbury Park, N. J., authority to remain silent on Dec. 25; WGES, Oak Leaves Broadcasting Station, Inc., Chicago, Ill., special temporary authority to operate from 11 A.M. to 1 P.M. CST, Dec. 25th; WKBV, Knox Battery & Elec. Co., Richmond, Ind., renewal of license in accordance with existing license which expires Jan. 1, 1934; WHDL, Tupper Lake Broadcasting Co., Inc., Tupper Lake, N. Y., same grant.

Also, WODX, W. G. Austin & W. O. Pape, Receivers, Mobile, Ala., temporary license from Jan. 1, 1934 and set for hearing the application to involuntary assignment of license from Mobile Broadcasting Corp. to W. G. Austin & W. O. Pape, Receivers; KUJ, KUJ, Inc., Walla Walla, Wash., extension of specified exp. authorization to operate unlimited time experimentally to July 1, /934; WQBC, Delta Broadcasting Co., Inc., Vicksburg, Miss., cancellation of special temporary exp. authority reducing hours of operation from unlimited to daytime only, effective Jan. 1, 1934 (station normally licensed for daytime only); WHDF, The Upper Mich. Broadcasting Co., Calumet, Mich., special temporary authority to operate specified hours Dec. 24 through Jan. 1, 1934; KFYR, Meyer Broadcasting Co., Bismarck, N. Dak., special temporary authority to operate from 12:30 to 2:00 P.M. CST, on Dec. 25, and on Jan. 1, provided KFDY remains silent; WHP, WHP, Inc., Harrisburg, Pa., special temporary authority to operate from 10:30 to 11:30 A.M., 1:30 to 2:30 P.M. and 4 to 4:30 P.M. EST on Dec. 25 and Jan. 1; WAZL, Hazelton Broadcasting Service, Inc., Hazleton, Pa., special temporary authority to operate a maximum of 4 hours daytime only, simultaneously with WILM, for period beginning 3 A.M. EST, Jan. 1, and ending 3 A.M. EST, July 1, 1933; William F. Chaplin, Hot Springs, Ark., reconsidered and granted application, heretofore set for hearing, for new station to operate on 1500 kc. 100 watts, daytime hours.

Also, WOG, American Tel. and Tel. Co., Ocean Gate, N. J., and WKF, Lawrenceville, N. J., modification of license to add frequency 4252.5; WLOXV, National Broadcasting Co., Inc., Portable and mobile, Sec. Ext. license, frequencies 17310, 23100, 25700, 26000, 27100, 31100, 34600, 37600, 40600, 86000-400000, 401000 kc. and above 15 watts; American Airways, Inc., on Aircraft (Chicago), authority to operate on aircraft station as a broadcast pickup station on Dec. 25th, in connection with Christmas broadcast. City of Amarillo, Tex., C.P., gen. Exp. frequencies 20100, 33100, 37100, 40100 kc., 15 watts; City of Piedmont, Cal., general experimental C.P., frequencies 30100, 33100, 37100, 40100 kc., 15 watts; same for 4 stations, except 2 watts power; City of South Bend, South Bend, Ind., C.P. for police service, 2470 kc., 100 w.

Also, Aeronautical Radio, Inc.: KGUA, El Paso, Tex., WQDP, Atlanta, Ga., KGUT, Robertson, Mo., WSDK, Memphis, Tenn. C.P. to install new transmitter; WQDQ, New Orleans, C.P. to move transmitter from New Orleans to approximately 10 miles from the city; WAED, Middletown, Pa., C.P. to move transmitter from Middletown to Harrisburg, Pa.; Seattle, Wash., C.P., frequencies 2854, 3005 kc., unlimited, 5377.5 kc. day only, 400 watts; WEPP, Newark, N. J., license, frequencies 2922, 2946, 2986, 4122.5, 5652.5 kc., 15 watts; WMEV, Opa Locka, Fla., license, 2930, 6615 kc., 400 watts; RCA Communications, Inc.: WES, New Brunswick, N. J., modification of license to change location to Rocky Point, and change normal transmitter; WKJ, Rocky Point, N. Y., modification of license to change location to New Brunswick, N. J. and change normal transm.

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