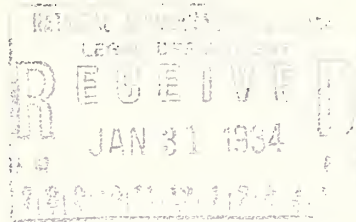


HEINL RADIO BUSINESS LETTER

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No. 693

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January 30, 1934.

COMMUNICATIONS COMMITTEE URGES PRIVATE OWNERSHIP

The Interdepartmental Committee whose recommendations to President Roosevelt have just been forwarded to Senator Dill, Chairman of the Interstate Commerce Committee, and to Representative Rayburn, of the House Interstate and Foreign Commerce Committee for their guidance in drafting the new Communications Commission bills, believes that communication companies should be privately owned and operated, at least for the present. The report confines itself to point-to-point communication and makes no mention of broadcasting. Representative Rayburn said he was preparing to introduce his bill despite the prediction of Speaker Rainey that no Communications measure would pass this session. President Roosevelt in transmitting the recommendations said he would be glad to discuss them with House and Senate Committee members at the proper time.

A new executive agency or commission would be created, under the recommendations, for the regulation of telegraph, telephone and radio. The Interstate Commerce Commission, it was pointed out, is now partially vested with such powers, but is too burdened with regulation of transportation supervision to undertake such a vast control.

"When the Radio Act was passed, Congress was alive to foreign domination", the Interdepartmental Committee reported, "and went to great length to prevent foreign influence from entering our communication system. They were unsuccessful, to some extent, as a loophole in the law permits a foreign-dominated holding company to own United States communication companies. This flaw in the law has already been utilized for that very purpose, and one member of the Committee strongly advises that now is the time to remedy the defect. He is of the opinion that all the communication companies of the United States and its possessions and their holding companies should be privately owned by American stockholders, operated and controlled by American directors, officials, and personnel."

One member believes that the Radio Corporation of America or any other independent radio company would hesitate to enter the domestic field against the Western Union and Postal Telegraph Cable Co. under present conditions. However, if Western Union and Postal Telegraph should merge, he feels that it would be necessary to permit a radiotelegraph company to enter the domestic field in order to preserve for the public the benefits of the cheaper rates and better service which competition engenders, in addition to furnishing more direct international communication.

In nations of great area such as Brazil, Russia and China, which could not afford landline structures like the more compact nations, radio is already being applied to connect large

cities because of low costs of installation and operation, greatly to the public advantage.

The Committee realizes that the country's technical communication facilities are as good as those of any other country but it is of the opinion that they are not of the greatest possible use to the people under the present conditions, particularly as regards organization, extent, and rates.

There is no existing communication policy for the development of improvement of our national communication facilities nor one single office in Washington to which all communication problems can be referred. The Committee believes that the communication service so far as Congressional action is involved should be regulated by a single body.

From the legal, engineering, and public service standpoints, it appears that the Government's regulation of private communications should be administered either by a Communications Commission of a quasi-judicial character, or placed directly under the jurisdiction of a Cabinet officer. In the event of the latter, there should be established a Board of Communication Appeals whose function would be limited to issues involving equity. In either event, all interested parties should have recourse to a Federal court in the District of Columbia for the purpose of appealing adverse decisions.

The Committee recommends a National Communications Advisory Council consisting of representatives of the Army, Navy and other Governmental agencies.

The majority of the Committee believe permission to merge, the same as telephone companies do with the approval of the Interstate Commerce Commission, should be extended to all communication companies, while one member believes that "the same provisions should be extended to wire and cable telegraph companies and to radio telegraph companies in such manner that radio may have the opportunity to compete with wire and cable in both international and domestic telegraph fields."

Particular reference was made to the Radio Corporation, which was declared "seriously handicapped" because it is forced to depend on wire telegraph system offices for the picking up of messages.

One compelling reason, according to the report, which dictates a monopoly of communications in France and Germany, for instance, is the necessity for rapid and immediate mobilization in case of war. Those countries are so situated adjacent to each other and their relations are such that they must be instantly prepared for a major war. A few hours' delay in a mobilization order may have terrific consequences. The Navy is the first line of defense for this country. Mobilization of land forces can proceed at a slower pace without disaster. France and Germany must rely for immediate action at the outbreak of war on their domestic

wire systems. The United States must rely on her radio communication with the fleet and merchant marine.

"The British merger of her cable and radio companies has not been a financial success", the Committee reports. "More serious than this, the radio companies which joined the merger appear to have suffered disproportionately due to the fact that the cable interests have been protected to the disadvantage of radio. The technical development of radio in the United States, where it is not merged with cable and wire interests, stands ahead of that of Great Britain and to sacrifice this position would be a serious mistake."

The subject of rates is one properly for consideration and control by the proposed Communications Commission, the Committee believes.

There stand out in the Interdepartmental Committee's study the following:

- (1) Continuation of private ownership and operation of communications;
- (2) Government regulation of such ownership and operation by one agency, whether an independent commission or a bureau in an executive department;
- (3) Some further extension of permission to merge existing companies under the supervision of a regulatory body; and
- (4) A disagreement as to the extent of the elimination of competition.

A supplementary statement which David Sarnoff made to President Roosevelt with regard to the communications situation was appended to the Interdepartmental report when the President transmitted it to Senator Dill, Chairman of the Interstate Commerce Committee. However, Mr. Sarnoff's statement was not included when the report was printed by the Senate Interstate Commerce Committee.

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"FALSE", SAYS MULLEN OF LOBBYIST CHARGE

There was a quick denial on the part of Arthur F. Mullen, Democratic National Committeeman from Nebraska, of an allegation made by Dwight Griswold, of the same State, that Mullen, a conspicuous Roosevelt campaign supporter, was employed as a Radio Corporation lawyer and lobbyist after he had secured the appointment of his law partner, James H. Hanley, of Omaha, as a member of the Federal Radio Commission. Griswold, a Republican, sought the nomination as Governor of Nebraska.

Mullen denied that he was employed by the Radio Corporation and furthermore that Hanley had ever been his law partner. Mullen at one time was mentioned for Radio Commissioner, later was talked of for Attorney General and finally was said to have been offered a Federal judgeship. He has been represented in the news columns of late as being one of those who was reluctant to obey the Administration's order that members of the Democratic National Committee shall not practice law in the Government departments.

One of Griswold's allegations was that Commissioner Hanley had no special radio qualifications and that his appointment was purely political. This, if true, would not make Hanley conspicuous on the Commission as it probably could be proved that the appointment of each and every member of the Commission, including its secretary, has been purely political. Knowledge of radio has admittedly played a small part in the appointments.

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RECOMMENDS RENEWING KWEA LICENSE

The Ark-La-Tex Radio Corporation applied to the Federal Radio Commission for authority to construct a new broadcasting station at Shreveport, La., to use 1210 kilocycles; KWEA; Shreveport, asked for license renewal and the same station asked for consent to voluntarily assign its license to the International Broadcasting Corporation.

George H. Hill, Examiner, in his report last week recommended that the application of the Ark-La-Tex Radio Corporation be denied as in cases of default, that the Commission affirm its grant to the station to assign its license to the International Broadcasting Corporation and that its license be renewed.

The Examiner states that Ark-La-Tex Radio Corporation failed to offer any testimony in support of its application for a construction permit and that this "removes any interest that the application might have in the subject matter."

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SAYS NBC WAS FORCED TO CHARGE RADIO CITY ADMISSION

It was contended by a radio official in Washington recently that the National Broadcasting Company was virtually forced to charge admission to the New York studios.

"If they hadn't, they would have been swamped by the number of visitors", he said.

This seems to be borne out by the fact that the week-end before last nearly 5,000 persons went through the NBC headquarters in New York City. On Saturday, 2,138 made the tour, and the following Sunday 2,438, making a two-day total of 4,576. At the 40 cent admission charge, this would have been \$1,830.40.

"Of course all these didn't pay", the Washington observer remarked. "Advertising clients and their friends and others were admitted free. Nevertheless, the paid admission requirement is proving to be a check on the crowds and one which I believe is quite necessary."

It has been estimated from another source that the aggregate attendance at the radio broadcasts in New York City are now something like 20,000 to 25,000 a week.

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ALLEGES ROOSEVELT SHUT OFF IN CAMPAIGN

Writing in the February issue of the Forum magazine under the caption, "Radio Needs A Revolution", Eddie Dowling, recently appointed Government representative on the Broadcasters' Code Authority makes several charges against broadcasters.

"I was not able to forget that those behind the scenes in radio had been distinctly unfriendly to Mr. Roosevelt throughout the campaign", Dowling writes. "Twice he was shut off the air in the midst of an address. Democratic campaign songs and the efforts of stage and screen sources on behalf of the Democratic Party were treated with marked contempt. Political commentators allied with the networks were strong in support of another candidate; peculiarly enough the radio monopoly had been erected and barricaded through three Republican administrations."

"Late in the campaign, in fact, but a few days before election, the networks decided the country was to have a new president... A new policy came into existence... I (Dowling) was offered a vice presidency with a prominent radio chain, profitable contracts on sponsored programs."

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PRESIDENT PRESENTS 2ND DIVISION MEDALS

Gen. James G. Harbord, Gen. Omar Bundy, and Gen. John A. Lejeune were presented 2nd Division medals by the President. Mr. Roosevelt told the Generals he regarded the 2nd Division as his own. He reviewed this division in France when Assistant Secretary of the Navy.

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SAYS RADIO-CABLE COMPETITION SAVED PEOPLE \$10,000,000

Reductions in cable rates caused by radio competition saved the public at least \$10,000,000 in the past ten years, Senator C. C. Dill, Chairman of the Interstate Commerce Committee, told the American section of the International Committee on Radio.

Senator Dill, apparently opposing the proposed RCA-I.T. & T.-Western Union merger at the present time, said he believed it was the first business of Congress to set up a Communications Commission and that the matter of mergers could be attended to later. The Senator said he wouldn't want to be understood as being opposed to all mergers but in his opinion the easiest way to control rates was by competition between cable and radio. The speaker believed it might be possible to control rates by a Communications Commission within this country but did not think a Commission could control rates at the other end of an international circuit. He thought competition took care of that automatically but that a Commission would have trouble in regulating it. Senator Dill paid tribute to the Radio Corporation of America for what he said was their effective work in competition with cables.

Representative Bland, of Virginia, Chairman of the House Committee on Merchant Marine and Radio praised the work of Judge E. O. Sykes, Chairman of the American delegation at Mexico City. He spoke of the satisfactory manner in which the Judge conducted things at the Conference. Dr. C. B. Jolliffe, Chief Engineer at the Radio Commission, also gave some first hand impressions of the Mexican Conference.

A slate of officers proposed by Lynne M. Lamm, Chairman of the Nominating Committee of the American Section of the International Committee was elected as follows: Senator Wallace White, of Maine, re-elected President; John W. Guider, Vice-President; Howard S. LeRoy, Treasurer, and Paul M. Segal, Secretary. Also the following Executive Committee: William R. Vallance, State Department; A. L. Ashby, National Broadcasting Company; Col. Thad H. Brown, Federal Radio Commissioner; Dr. J. H. Dellinger, of the Bureau of Standards; F. P. Guthrie, Radio Corporation of America, and Henry Adams Bellows, of the Columbia Broadcasting System.

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DON LEE APPEALS DECISION FAVORING HEARST

Don Lee, of the Don Lee Broadcasting System of Redlands, Cal., filed an appeal in the District Court against the decision of the Federal Radio Commission denying his application for a new station to operate on 780 kilocycle frequency with 500 watts power to take over the facilities of Station KTM, Los Angeles, and KELW, at Burbank, Cal. The Commission granted a renewal of license to these stations and also authority to voluntarily assign the station licenses to the Evening Herald Publishing Co., of Los Angeles, a Hearst paper. In sanctioning the transfer of the stations to the Herald, the Commission reversed the recommendation of a Commission Examiner who had heard the case.

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EQUITY OFFERS RADIO CODE PROPOSALS

The Actors' Equity Association has presented the following proposals as the basic conditions of employment of radio talent:

Minimum wages for Artists engaged for and participating in the performance of radio programs shall be at the following rates:

(a) Live Programs:

FOR CLASS "A" Programs: Sustaining, Minimum Wage, \$20 per performance; Commercial, \$40 per performance. Class "A" Programs are those broadcast after 6 o'clock in the evening over a chain of not less than five stations for a single performance. Class "A" Programs are also those single broadcasts given after 6 P.M. from a single station whose charges are based upon an advertising card rate of \$400 or over, per evening hour. Morning and afternoon programs, minimum rate, sustaining, \$12.50 per performance; commercial, \$35 per performance.

FOR CLASS "B" PROGRAMS: Sustaining, \$12.50 per performance; Commercial, \$25 per performance. Class "B" programs are those taking place in the morning or afternoon over a chain of not less than five stations for a single broadcast. Class "B" Programs are also those given after six o'clock in the evening over a single station whose charges are based upon an advertising card rate of \$280 and under \$400 per evening hour. Morning and afternoon programs: Sustaining, \$10 per performance; Commercial, \$15 per performance.

FOR CLASS "C" PROGRAMS: Sustaining, \$10 per performance; Commercial, \$15 per performance. Class "C" Programs are those broadcast after 6 o'clock in the evening from a single station whose charges are based on an advertising card rate of over \$100 and under \$250 per evening hour. Morning and afternoon programs: Sustaining, \$7.50 per performance; Commercial \$12.50 per performance

It is recognized that there are many smaller stations but as these rarely employ professional talent, i.e. artists who make their living out of radio performances, no regulations are made regarding them.

Including rehearsal, a performance shall constitute 3½ hours. Overtime shall be at the rate of half-pay for each 3 hours or part thereof.

One-half of the wage scale shall be paid for "repeat" performances on the air following within 12 hours of the original performance. An artist "doubling" roles containing more than 50 words is to be paid at least one-half the minimum wage for each role "doubled"

It shall be unfair practice for any employment agent artists' Bureau or others to charge the artist more than 10% net for securing employment for the artist. Artists called to the studio at the schedule time of the broadcasting, or to the dress rehearsal immediately prior thereto, and who report ready for performance are to be paid, whether or not they go on the air.

: BUSINESS LETTER NOTES :

Members of Congress have been hearing from home as a result of Will Rogers, allegedly, using the word "nigger" in his broadcast last week. Likewise, it is said that many radio stations received protests on this.

"Radio circles hear that the most extensive radio set-up yet devised is being planned for Central India. The idea is to build small stations to serve 600,000 Indian villages", James McMullin writes in the McClure Newspaper Syndicate. "Each village will have a community receiving set and the inhabitants will be called on for contributions to make it self-supporting. Scientific agriculture will be taught in 200 dialects.

"The real purpose of this development is believed to be political. Russia is upset about it because her useful Middle Asia broadcasting station at Tashkent will probably be drowned out."

"A new modernistic radio console, just produced by Atwater Kent, has taken its place in contemporary straight line severity with square end pianos, vertical drapes, and steel-structure houses", according to Thomas R. Shipp, A-K publicist.

"The Atwater Kent radio cabinet stylists, brushing aside previously orthodox model trends, ventured into a new field to produce the straight grain walnut set, with short silver metal stripes and silver-tipped dial knobs. An autumn brown tapestry spread of modern weave encloses the lower panel. The ensemble created is a very creditable addition to, and complete harmonizing unit with, the most fastidiously furnished 1933-34 type of smart American home, studio, or apartment."

Those who are protesting against the raise in radio and cable rates to foreign countries may be in for a jolt, according to the comments of a radio official.

"The radio companies had nothing to do with the raise in rates", he said. "The rates were fixed by the Madrid Conference and the Radio Corporation of America fought it. However, far from the rates being reduced at this time, it wouldn't surprise me to see them increased because of the 60 cent dollar. The rates fixed at the International Conference were based upon gold and it wouldn't be improbable that the drop taken by the American dollar would cause another raise all along the line.

Gene Buck, President of the American Society of Composers, and Mrs. Buck were among the guests at the dinner given by Vice-President and Mrs. Garner to President and Mrs. Roosevelt.

"Radio has the power to develop an enormous new public for music, always provided it recognizes this need and does not warp it by pampering to the lower musical instincts", Walter Damrosch said on his 72nd birthday. Mr. Damrosch added that at present the musical population of a great city like New York might be rated at 1% of the population.

A financial report of the Crosley Radio Corporation for nine months ending December 31, shows the following:

Net profit after depreciation, Federal taxes, royalties and other charges, \$344,452, equal to 63 cents a share on 545,800 no-par capital shares, contrasted with net loss of \$255,231 in corresponding period of previous year. Quarter ended Dec. 31: Net profit after same charges, \$175,647, equal to 32 cents a share compared with \$64,894, or 12 cents a share in preceding quarter, and \$45,469, or 8 cents a share, in fourth quarter of 1932.

The National Broadcasting Company, through its Sales Promotion Department, reports a total of 76,641 hours and 17 minutes of commercial station hours over its 87 network stations for the year 1933. This is at the rate of 2 hours, 39 minutes commercial network time per outlet per day - "considerably more than twice the average of any competing network."

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EQUITY OFFERS RADIO CODE PROPOSALS (Continued from Page 8)

All "Live" auditions given for a prospective program buyer are to be paid for by the prospective buyer, the basis for such compensation being one-half the minimum wage for commercial performance for artists participating in said program.

Recordings may be made of such "Live" Auditions by or at the expense of the program producer, the future use of such recordings being restricted as follows: Every prospective advertising sponsor shall be required to pay to listen to any recorded radio program and the fee therefor shall be the basis of compensation at one-half the minimum wage for commercial performances for artists anticipating in said program when broadcast.

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AGREEMENT NEAR ON RADIO-PRESS PLAN DISCUSSION

Adoption of the 10-point plan of the broadcasters and publishers to regulate the broadcasting of news seems at this writing to be assured. The plan has been under discussion at several meetings in New York of the broadcasters and publishers. Apparently few changes have been made in the original draft.

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ENGLISH CHANNEL MICRO-RAY SERVICE

Micro-ray service, revolutionary radio development of the International Telephone and Telegraph System which makes use of one-inch aeriels and radiates less power than is required to light a pocket flashlight, was commercially inaugurated for the first time last Friday, connecting the airdromes at Lympne, England, and St. Inglevert, France.

The two airdromes are about 35 miles apart, and the micro-ray radio service was established between them, through cooperation of the British and French air ministries, to be used for notifying the arrival and departure of aircraft crossing the English Channel.

Operating on a wavelength of approximately seven inches where there is no congestion, the commercial adaptation of micro-ray is considered as heralding a new era in which practical advantages of the system, first tested in 1931, will be fully exploited. Practical advantages are listed as privacy, efficiency and reliability. Direct, uninterrupted communication is said to be provided free from the possibility of interference and atmospherics.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

January 30 - WEHC, Americus Broadcast Corp., Americus, Ga., authority to remain silent for 30 days pending construction; KUSD, University of South Dakota, Vermillion, South Dakota, authority to operate from 10:30 A.M. to 12 noon Feb. 6th, in order to broadcast intercollegiate debate (Involves simultaneous operation with WILL 10:30 to 11 A.M.); WBBM, WBBM Broadcasting Corp., Chicago, Ill., special experimental authority to extend authority to operate synchronously with KFAB 3/7 nighttime specified hours; also to operate auxiliary transmitter in the same manner; KFAB, KFAB Broadcasting Corp., Lincoln, Neb., same with WBBM, except not for auxiliary; WHBU, Anderson Broadcasting Corp., Anderson, Ind., authority to remain silent during adjustment and reconstruction of

station destroyed by fire, pending filing and action on formal application for C.P.; WHP, WHP, Inc., Harrisburg, Pa., extension of special experimental authority expiring Feb. 1, 1934, to operate unlimited time night, specified hours day, with WCAH, WFEA, WOKO and WHEC on 1430 kc., pending action on formal application for period ending May 1, 1934; WCAH, Commercial Radio Service Co., Columbus, Ohio, same as above except operate with stations WHP, WOKO, WHEC and WFEA; WOKO, WOKO, Inc., Albany, N. Y., same as above, except operation with stations WHP, WCAH, WFEA and WHEC; WHEC, WHEC, Inc., Rochester, N. Y., same as above except operation with stations WOKO, WHP, WCAH and WFEA.

Also, WAGM, Aroostook Broadcasting Corp., Presque Isle, Maine, special temporary authority to operate specified hours Jan. 30; WMBH; W. M. Robertson, Joplin, Mo., special temp. authority to operate specified hours Jan. 30; WJBK, James F. Hopkins, Inc., Detroit, Mich., special temporary authority to operate specified hours Feb. 1, 4, 6, 8, 11, 15, 18, 22, 25 and 27, 1934 in order to broadcast hockey games provided WIBM remains silent; KGFK, Red River Broadcasting Co., Inc., Moorhead, Minn., C.P. to move transmitter and studio from Moorhead to Duluth, Minn.; WHBL, Press Publishing Co., Sheboygan, Wis., C.P. to make changes in equipment from high to low level modulation; KDKA, Westinghouse Electric and Manufacturing Co., Pittsburgh, Pa., license covering changes in equipment, 980 kc., 50 KW, unlimited time; WHAS, The Courier-Journal Co., and the Louisville Times Co., Louisville, Ky., license covering changes in equipment and increase in power, 820 kc., 50 KW, unlimited time; KGKB, East Texas Broadcasting Co., Tyler, Tex., license covering local move of station and changes in equipment 1500 kc., 100 watts, specified hours; WMBR, F. J. Reynolds, Inc., Jacksonville, Fla., license covering move of station from Tampa to Jacksonville, Fla., 1370 kc., 100 watts, unlimited time.

Also, WCAE, WCAE, Inc., Pittsburgh, Pa., modification of C.P. extending completion date from 2/1/34 to 3/1/34; WPEN, WRAX, Wm. Penn Broadcasting Co., WRAX Broadcasting Co., Philadelphia, Pa., modification of C.P. to change transmitter and studio locations locally in Philadelphia, extend commencement date to 30 days from this date, and completion date to June 1, 1934; WHN, Marcus Loew Booking Agency, New York City, and WGY, General Electric Co., Schenectady, N. Y., authority to determine operating power by direct measurement of antenna power; WBAL, Consolidated Gas Electric Light & Power Co., of Baltimore, Md., extension of special experimental authority to synchronize with WJZ on 760 kc., 2½ KW, when WTIC operates on 1030 until 8/1/34; KXA, American Radio Telephone Co., Seattle, Wash., extension of special experimental authority to operate simultaneously with WJZ, from local sunset to 10 P.M. PST, using 250 watt experimentally, for period Feb. 1, 1934 to Aug. 1, 1934.

Also, Aeronautical Radio, Inc., Vero Beach, Fla., C.P. frequencies 2922, 2946, 2986, 4122.5, 5652.5 kc., 15 watts; KGZR, City of Salem, Dept. of Police, Salem, Ore., C.P. to rebuild modulator unit and increase power from 25 to 50 watts; City of Muncie, Ind. C.P. 2442 kc., 100 watts, police service.

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