

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL—Not for Publication

INDEX TO ISSUE OF MARCH 6, 1934.

Deny Communications Commission Censorship Charges.....	2
White House Correspondents Honor Radio Leaders.....	3
Question Prall's Communications Commission Eligibility.....	4
Patterson Quoted Re Network Liquor Ad Possibility.....	4
News Services Formed Despite Radio Press Agreement.....	5
Storer To Become WMCA President?.....	6
Columbia Stronger Than Ever Declares Paley.....	7
Broadcast Advertising Keeps Its Upward Trend.....	8
Wisconsin Judge Boils Over In ASCAP Prosecution.....	9
Business Letter Notes.....	10
Globe Wireless Only Opens Ship To Shore Traffic.....	10
Decisions Of The Federal Radio Commission.....	11
Decisions Reached In Louisiana Cases.....	12

No. 704

[Handwritten signatures and initials at bottom left]

March 6, 1934.

DENY COMMUNICATIONS COMMISSION CENSORSHIP CHARGES

Administration leaders were quick to deny the charge made by Senator Schall of Minnesota that the new Communications Commission in control of radio, telephones, telegraph and cables might be used as a lever to censor press dispatches. They denied that there was any intention of tampering with news messages. It was said if this impression was not entirely dispelled at the forthcoming hearing, a special provision might be written into the bill prohibiting censorship of telegraph, telephones or cables.

Both the Dill (Senate) and Rayburn (House) Communications Commission bills include the following provision now in force in the Radio Act:

"Nothing in this Act shall be understood or construed to give the Commission the power of censorship over radio communications or signals transmitted by any radio station, and no regulation or condition shall be promulgated or fixed by the Commission which shall interfere with the right of free speech by means of radio communications."

Those who fear censorship point to the fact that despite this anti-censorship clause, the Federal Radio Commission has found a way of closing several stations in the United States on the ground that they were not operating in the public interest.

"When the whole picture is spread out", the Washington Post says editorially, "Senator Schall's statement that the Communications bill would lead to censorship of the press is seen to be neither extreme or premature."

"On what is done to protect the public against censorship in the proposed new government control over radio, telephone and telegraph, depends the support that measure will receive from the press", Editor & Publisher observes.

"I have read the bills carefully and I can find no basis for the news censorship charges", a communications authority commented. "Furthermore I am sure nobody intended there should be such censorship either by the wording of the bills or by any interpretation of their wording."

"Senator Dill is himself too much of a liberal to be a party to the restriction of free speech", an Administration spokesman at the Capitol said.

It is expected that Senator Dill himself may clear up this point when he addresses the radio audience during the National Radio Forum Monday night (March 12) over the WEAJ network at 10:30 p.m. E.S.T. He will discuss the different aspects of the new Communications Commission bills. By that time it is expected that the Senate hearings on the Dill bill (scheduled to begin Friday, March 9) will have been concluded. Senator Dill knowing by then the objections to the measure, will very likely undertake to answer them during his radio talk.

Hearings on the Rayburn bill will begin in the House Tuesday, March 12.

X X X X X X X X X

WHITE HOUSE CORRESPONDENTS HONOR RADIO LEADERS

David Sarnoff, President of the Radio Corporation of America, and M. H. Aylesworth, President of the National Broadcasting Company, were honor guests at the annual dinner of the White House Correspondents' Association last Saturday night. One of the most brilliant functions of the season, it was attended by President Roosevelt, Vice-President Garner, most of the Cabinet members, Speaker Rainey, Gen. Hugh S. Johnson, and other high Government officials.

Entertainment was in charge of John F. Royal, Vice-President of the NBC and among the performers were Al Jolson and John Charles Thomas. Frank Black, NBC musical director, made such a hit with the boys that he was inducted as an honorary member. Mr. Black wrote a stirring new march, "We're On Our Way", dedicated to President Roosevelt and the New Deal, which was played for the first time at the dinner. "On Our Way" is the title of Mr. Roosevelt's new book.

Among the guests identified with the radio industry who attended were:

Henry A. Bellows, Vice-President, Columbia; Col. Thad H. Brown, Federal Radio Commission; Gene Buck, President, American Society of Composers; Harry C. Butcher, of Columbia; Vincent Callahan, of the NBC; Martin Codel, Broadcasting Magazine; John W. Guider, Code Counsel, NAB; F. P. Guthrie, District Manager, Radio Corporation of America; Edward Klauber, Vice-President, Columbia; Oliver Owen Kuhn, National Radio Forum; Lynne M. Lamm, radio writer; Frank E. Mason, New York, National Broadcasting Co.; Herbert Pethey, Secretary, Federal Radio Commission; Sol Rosenblatt, Deputy Administrator, Broadcasting Code; F. M. Russell, National Broadcasting Co.; Oswald F. Schuette, National Association of Broadcasters; Sol Taischoff, Broadcasting Magazine; Paul White, New York, Columbia Broadcasting System; Frederic William Wile, radio commentator; Frank Wisner, Federal Radio Commission, and Former Senator James E. Watson.

X X X X X X X X X

QUESTION PRALL'S COMMUNICATIONS COMMISSION ELIGIBILITY

There is still a question as to the eligibility of Representative Prall of New York to serve on the new Communications Commission should President Roosevelt decide to appoint him. Under the Constitution, Mr. Prall, having been a member of the House when the bill to create this Commission was introduced, would not be permitted to accept a position on the Commission until after his present term in Congress expires. Inasmuch as the new Commission expects to make an extensive study of the radio situation so as to present a comprehensive report to Congress, those who are conversant with the situation deem it hardly likely that President Roosevelt would hold a position open for Mr. Prall all that time - probably a matter of 8 or 9 months.

Although confirmed by the Senate as a member of the Radio Commission, Mr. Prall said at this writing that he had not as yet decided when he would take over his new duties as Radio Commissioner.

X X X X X X X X

PATTERSON QUOTED RE NETWORK LIQUOR AD POSSIBILITY

Likelihood that the networks may take liquor accounts when the administration's radio control setup is completed, was expressed in San Francisco by Richard C. Patterson, Jr., NBC Executive Vice-President there on a swing around the Western division, according to Variety, which continues:

"Patterson cited a recent talk which he and M. H. Aylesworth had with the President some weeks ago in which Roosevelt expressed the intention of supporting those mediums aiding the legitimate manufacturer and dealer, who should be favored instead of the bootlegger. With formation of the new Federal Communications control system, the Federal Radio Commission, which has been against liquor broadcasting, will pass out of the picture, the President indicated.

"Networks have been giving much serious thought to liquor accounts, Patterson said, though fearing that their acceptance might offend many dry ears. That same fear of offense has resulted in NBC's turning down more laxative accounts, Patterson said."

When Mr. Patterson visited the Radio Commission in Washington recently, it was reported that the NBC had notified the Commission that it expected to carry liquor advertising but this was later denied at NBC headquarters in New York City.

X X X X X X X X

NEWS SERVICES FORMED DESPITE RADIO PRESS AGREEMENT

The formation of two co-operative associations to gather news for radio stations, one in the East, the Yankee network, and another in the West, a project started by KFI, Los Angeles, is the answer to the agreement of the newspapers, press associations, and principal broadcast chains to limit national news broadcasts to two five-minute periods each day.

The principal stations of the Yankee network are WNAC and WAAB in Boston, and the preliminary plans call for alternating the news broadcasts through these stations. The affiliated stations are those in Providence, Bridgeport, New Haven, Worcester, Springfield, Hartford, Bangor, Me., Manchester, N. H., and New Bedford.

John Shepard, III, head of the network, has organized his own news gathering corps, but the personnel has not yet been revealed beyond the fact that Richard D. Grant of Boston is the editor-and-chief. Mr. Grant is a former member of the Boston Transcript staff, assigned to the State House. Mr. Grant was in charge of the Transcript radio station until it was abandoned.

It is planned to sell advertising in connection with the broadcasts. At first it will be sandwiched in with the evening news announcements, but later, according to the Editor & Publisher, will probably be given on all broadcasts. An instance of the opportunity to turn the service into commercial channels was demonstrated the first day. An item was flashed to Editor Grant that the Ford Motor Car Co. was to reduce prices. It was finally decided to put it on the air, even though it was questionable if the advertising outweighed the news value. Twenty minutes after the item was broadcast, the New England Ford manager bought the announcement to go on the new broadcasts for the next four months. Other opportunities of the nature are anticipated from time to time.

Mr. Shepard feels that the public "is entitled to the news" and that the radio-newspaper agreement limits its dissemination to a point where his radio stations are not giving the service to which the listeners are entitled. In the broadcasts announcing the new service this has been made plain. It is reliably reported that Mr. Shepard intends to spend \$2,000 a week on his news service and that he will look to advertisers to supply this revenue.

One notable example of competition with radio stations used or owned by newspapers has been in Worcester. In that city the Worcester Telegram and Evening Gazette owns radio station WTAC. From this station it has given news broadcasts three times a day. When the Associated Press limited broadcasts of its news to brief bulletins WORC, which is affiliated with the Yankee network, began a news broadcast unlimited in wordage. It was given by George Wells of the Worcester Herald, a weekly. Mr. Wells at the beginning commented on the restrictions placed on news by the Associated Press. Mr. Wells used the Consolidated Press report.

3/6/34

The following stations have joined the KFI news service network, Carl Haverlin, commercial manager said, KNX, KGFJ and KECA, Los Angeles, KJBS, San Francisco, KDYL, Salt Lake City, KFEL and KFKX, Denver, KSTP, St. Paul. It is reported this group have secured a foreign news service and that it has the use of the Dow-Jones Wall Street Ticker Service.

X X X X X X X X

STORER TO BECOME WMCA PRESIDENT?

George Storer, whose aim it is reported is to have a third national chain in operation by October 1, took a step nearer to that objective when he became a substantial stockholder and operating president of the Federal Broadcasting Corp., which has WMCA under a three to five year lease, Variety reports.

"Confirmation of Storer's status for the minutes will take place Wednesday (tomorrow) at a meeting of the FBC directorate with former Governor Alfred E. Smith, Chairman, presiding", the theatrical paper continues.

"With Storer's entry Jack Adams, who brought the Whitney-Ryan group into Federal, resigns his post as president of the holding corporation and takes the title of Vice-President. Adams' new contract is based on three month periods. He leaves this week on a vacation.

"Storer's conduct of the station as well as the outlet's policies will, however, be subject to agreement with Donald Flamm, owner of WMCA and licensee of its wavelength, and Allen Ryan, Jr., as head of the group of Wall Street scions that took over the station's operation last Fall. No changes in personnel are contemplated for the immediate future.

"In addition to his buy-in into the Federal Broadcasting Corp., Storer's broadcasting interests consists of his ownership of CKLW, Detroit-Windsor; WSPD, Toledo, and WWVA, Wheeling, W. Va."

X X X X X X X X

COLUMBIA STRONGER THAN EVER DECLARES PALEY

The following are excerpts from the annual report of William S. Paley, President of the Columbia Broadcasting System, Inc.:

"The Columbia Broadcasting System has come through a difficult year stronger than ever. 1933 saw broadcasting tested, and tested severely.*****Just as broadcasting was the last to be overtaken by the depression, it has been the first to recover. Our business has reached an all-time peak and we see no indication of more than a seasonal decline.*****We have done things that have been spectacular and almost countless numbers that have made for quiet and steady progress. The importance to the whole country of such progress emerges when I inform you that our 1933 surveys, indicating an enormous growth in the radio audience during the depression year, show that by the Summer of this year we shall have 18,000,000 homes equipped with radios in the United States, which at the current rate of purchase, mean, conservatively estimated, at least 54,000,000 potential daily radio listeners - compared to 14,627,000 radio owning families, or 43,881,000 potential listeners in 1930.*****

"It was during this year that Columbia had the unusual satisfaction of developing for the first time a radio artist to the point where he became a star of the Metropolitan Opera, when Nino Martini made his bows before the Metropolitan audience.

"Our annual Price Waterhouse survey shows that we have held and increased the large margin of preference for Columbia programs in the homes of America. We had more listeners than any other single chain in the world in 1932. We have won more than our share of the greater audience of 1933.*****

"In obedience to a growing desire on the part of advertisers to have those closely associated with them see as well as hear their programs, and further in obedience to an insistent clamor by the public to see their favorite radio stars, we matured plans in the year just past and early this year opened Columbia's Radio Playhouse in West 44th Street in the heart of the theatre district. *****

"Despite all temptations of added revenue, we have persistently refused to take programs which we do not believe would be welcomed by the public or by very large sections of it, and we have persistently refused to take projects or enterprises which we regarded as in any way dubious. I know that the public would be astonished were it ever made aware of the revenue sacrificed by those companies in the forefront of American broadcasting in the interest of good taste, good morals and honest business.

"I draw particular attention to this phase of our work because from time to time, and mostly I believe from thoughtless sources, we hear suggestions of censorship or too rigorous

regulation of broadcasting. Just as the press of America has thrived best without censorship, so do I believe that radio can and must work out its problems in the public interest without having throttling hands laid upon us. I believe that anyone who really knew of the energy, thought and sacrifice of revenue that goes into our efforts to improve ourselves, and who was a careful enough listener to realize the high standards broadcasting has so swiftly attained, would believe, as we do, that censorship is an unnecessary evil which should never be allowed to be substituted for the editorial rather than censorial function we voluntarily exercise.

"With regard to over-regulation, I believe that the achievements of broadcasting in its few years of existence form the best bulwark of evidence against the wisdom of putting too much of a strait-jacket on our operations. There is about over-regulation a fixedness and rigidity which retards growth. I have no doubt that left to ourselves, even with the public to guide us, we shall make some mistakes. But these mistakes we can and do correct and correct swiftly, and it is my honest judgment that we should be allowed to work out our own salvation, for I believe I am able to assure you that we shall not fall short of what our government and our people expect of us. "

X X X X X X X

BROADCAST ADVERTISING KEEPS ITS UPWARD TREND

The strong upward trend of broadcast advertising was continued in January, according to compilations based on reports of National Advertising Records. Network time sales of the two big companies, National and Columbia, reached \$3,759,995 for the month, which was the highest ever reported except for the first four months of 1932, when network broadcasting reached a peak. These figures do not include talent costs.

The total for January this year was about \$63,000 more than for December, which was slightly more than the seasonal increase. As a result, the broadcasting index based upon a moving four-year average rose fractionally, from 131.0 in December, to 131.7 in January.

As compared with the period a year ago, the percentages are more striking, partly as a result of the downward trend then prevailing. Whereas December time sales were 123.0 per cent of those a year before, January sales were 133.7 per cent of those in January, 1933.

Both companies shared in the gain. The National Broadcasting total was \$2,373,923, a gain of \$504,038, or 26.9 per cent, over January, 1933. In December the NBC gain was 16.2 per cent over the preceding December.

X X X X X X X

3/6/34

WISCONSIN JUDGE BOILS OVER IN ASCAP PROSECUTION

The following is from The Evening Telegram, Superior, Wis.,
March 1:

"Judge Patrick Stone Thursday morning denied a motion for a new trial in the civil action of the American Society of Composers, Authors and Publishers of New York against Sam Lurye, proprietor of the Ritz cafe.

"Wednesday afternoon Judge Stone dismissed the action in which the music society asked \$250 damages from Mr. Lurye on the allegation that he caused to be played in his cafe last July two popular songs without consent or knowledge of the copyright owners.

"Thursday morning Atty. Wellington J. Brown, Duluth, resigned from the case and Atty. John Sprowls, Superior, announced that he had taken the case over and appealed for a new trial on the ground that Judge Stone had dismissed the case contrary to the evidence.

Judge Stone lost no time in declaring that the motion for new trial was dismissed and declared:

"The witness (Miss Eleta Peterson, Duluth) entirely disqualified herself on the stand. Her testimony was such that I couldn't base a judgment for the amount asked for in the complaint or any amount. That is the stand the court has taken in this case and I am satisfied that I am right.

"To me this case is nothing but a plain racket. I don't think it is right. It is legalized dishonesty. That the plaintiff should go down into the pocket of the defendant and take \$250 because these two pieces have been played is entirely unequitable."

"Later, after Attorney Brown explained that he has been retained as an investigator and attorney by the New York Society, Judge Stone apologized for some of the remarks he had made.

"Attorney Sprowls renewed his plea for a new trial and Judge Stone countered with a declaration that 'no more cases of this nature will be tried in this court. If they are tried, there'll be another judge called in to preside. The defendant in this action has been put to enough expense and trouble.'"

X X X X X X X X

:
: BUSINESS LETTER NOTES :
:

Oswald F. Schuette, of the National Association of Broadcasters, and former President of the National Press Club, is Chairman of the Annual Membership dinner of the Press Club to be held in Washington, Saturday, March 24. President Roosevelt, who is a member of the Club, will be the guest of honor. Invitations will be confined to members.

K. H. Berkeley, Manager of NBC in Washington, accompanied by Mrs. Berkeley, is on a short vacation trip in Florida. Mr. Berkeley recently had the misfortune to lose both his father and mother.

An order for thirty-eight carloads - an entire train-load - of electric refrigerators was received by the Crosley Radio Corporation from Chanslor & Lyon Stores, Inc., San Francisco, Cal.

This order, according to Electric Refrigeration News records, exceeds by eight carloads the largest single order ever received by any manufacturer of electric refrigerators.

Herluf Provensen has resigned as Manager of WLBW, at Erie, Pa., and has returned to Washington where he was formerly Assistant Manager of the NBC.

One central and four mobile transmitters operate on 30,000-40,000 kc. in the new Piedmont, Calif., two-way police radio system, which has just been installed by Elmer L. Brown, of Oakland, Calif. By means of the apparatus, the roving police cars can talk to headquarters or to each other.

X X X X X X X X

GLOBE WIRELESS ONLY OPENS SHIP TO SHORE TRAFFIC

A recent issue of the Business Letter told of the inauguration of a Transpacific radio service to land stations and ships at sea announced by Globe Wireless. This was based upon an Associated Press dispatch, which item, in reprinting, we captioned "New Globe Wireless Service Across Pacific Started."

Both the Associated Press and ourselves were in error on this. We are indebted to Jack Kaufman, Executive Vice President of the Globe Wireless, of San Francisco, for the correction that at the moment Globe Wireless has only opened its service for marine ship to shore traffic. We regret our error and hope it has caused no embarrassment to the California company.

X X X X X X

DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted
(March 6, 1934)

WICC, Bridgeport Broadcasting Station, Inc., Bridgeport, Conn., modification of license to change name to Southern Conn. Broadcasting Corp.; WFDV, Rome Broadcasting Corp., Rome, Ga., authority to operate without approved frequency monitor while it is being sent to factory for recalibration; WSUI, State University of Iowa, Iowa City, Ia., special temporary authority to operate from 10 P.M. to 12 midnight, CST, on March 10 in order to broadcast University party program.

Also, WPGQ, State of Ohio, Dept. of Highways, Div. of State Highway Patrol, near Columbus, modification of C.P. approving site for transmitter corner Ackerman & Olentangy Roads, near Columbus; Carter Publications, Inc., Portable, general experimental C.P. 27600 kc., 2.7 watts; W4XJ, City of Winston-Salem, N. C., license (Gen. Exp.); frequencies 30100, 33100, 40100 kc., 25 watts; W4XK, City of Durham, N.C., Police Dept., license (general experimental) frequencies 30100, 33100, 37100, 40100 kc., 15 watts; W8XAM, The Sparks-Withington Co., Jackson, Mich., renewal of license (Spec. Exp.), frequencies 2000-2100; 42000-56000 and 60000-86000 kc., 100 watts; KGSA, City of St. Louis, Robertson, Mo., renewal of airport station license in exact conformity with existing license.

Also, Aeronautical Radio, Inc.: W9XN, W9XR, W9XW, Kansas City, Mo., W2XAH, Bell Telephone Laboratories, Inc., South Plainfield, N. J., W9XA, National Broadcasting Co., Inc., Denver, Colo., and W8XAR, Westinghouse Electric and Manufacturing Co., Saxenburg, Pa., renewal of special experimental station licenses in exact conformity with existing licenses.

Set For Hearing

WGBI, Scranton Broadcasters, Inc., Scranton, Pa., C.P. to increase power from 250 watts to 1 KW, make changes in equipment and use directional antenna; Hoosier Broadcasting, Inc., Indianapolis, Ind., C.P. 1360 kc., 1 KW, unlimited time; facilities of WGES and those vacated by WJKS.

Ratifications

Action taken March 1: WJAO, Mackay Radio & Telegraph Co., San Francisco, granted 60 day authority to operate 2 KW spark aboard vessel "Missoula", pending action on formal application; Action taken March 3: WMCH, Radiomarine Corp. of America, New York, granted 60 day authority to operate aboard vessel "Maui", pending receipt and action on formal application.

3/6/34

Miscellaneous

WGES, Oak Leaves Broadcasting Station, Inc., Chicago, Ill., suspended grant made Feb. 27, 1934, of special temporary authority, to operate unlimited time on 1360 kc., not to exceed 28 days, because of protests of stations WHFC, WEHC and WKBI; application designated for hearing.

X X X X X X X X X

DECISIONS REACHED IN LOUISIANA CASES

The Federal Radio Commission has entered its final order as indicated below in the following cases:

Ark-La-Tex Radio Corporation (New), Shreveport, La., applicant asked for C.P. for new station to operate on 1210 kc., 100 watts, unlimited time (facilities of KWEA); - application denied as in default; KWEA, Hello World Broadcasting Corp., Shreveport, La., applicant asked for consent to voluntary assignment of license to International Broadcasting Corporation; - affirmed the Commission action of October 31, 1933, granting the application; KWEA, International Broadcasting Corp., Shreveport, La., asked for renewal of license, 1210 kc., 100 watts, unlimited time; - application granted.

The order as above entered shall be effective at 3 A.M. Eastern Standard Time, March 9, 1934, and the commission will issue and publish at a subsequent date an opinion setting forth a statement of the facts appearing of record and the grounds for the decision herein reached.

X X X X X X X X X X