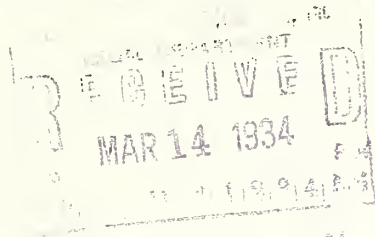


HEINL RADIO BUSINESS LETTER

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No. 706

[Handwritten signatures and initials]

March 13, 1934.

CENSORSHIP FEAR BELITTLED BY DILL

Chairman Dill of the Senate Interstate Commerce Committee denied that there was any intention on the part of the Administration to use the Communications Commission as a censorship weapon. Senator Dill said there is no foundation in theory or fact for the idea that it is proposed to have some kind of censorship or some kind of licensing or some kind of governmental control of the newspapers or of the dissemination of news in this country.

"There is nothing in any law on the statute books today that gives the Government any power whatsoever over the dissemination of news, or as to what messages shall go over the telegraph or the telephone wires", Mr. Dill explained to the Senate.

"The radio law expressly prohibits any kind of censorship by the managers of radio stations. Radio stations are licensed to use certain frequencies in order to prevent interference. There is necessarily a limit to the number of radio stations that can operate. There is no limit to the number of newspapers that can be printed nor has it ever been suggested there should be such a limit

"I am sure it was never even in the thought of the President that anything should be done by the proposed Communications Commission, either now or in the future, that would in any way hamper or hinder anyone from sending anything he wants to send over the wires, or over the radio in the radio common carrier service, and I should be as strongly opposed to any such proposal as any man outside of this body, in the newspaper business or otherwise.

"The purpose of the proposed legislation is to make effective the power now written into the Interstate Commerce Act of control of telephone and telegraph business in this country. The Interstate Commerce Commission have been so busy regulating the railroad that they have not had time to give real consideration to the problems in connection with rate regulation of telephones and telegraph, and it is only in recent years that the communications business has been big enough to demand the attention of those who use it from the standpoint of getting rate regulation.

"So I want to make it clear that there is not only nothing in the proposed bill but there is no idea of putting anything in the proposed law that would ever, in any way, interfere with the freedom of the press or the freedom of anybody to send news anywhere, any time, by any means of communication.

"In fact we are reenacting the prohibition of censorship in the radio law, and there is no reason or suggestion from any source that I know about even to consider any proposal that would in any way hinder the free communication of the people of this country.

"What we desire to do is to have a body of men charged with authority who can study the situation and make it possible for the people who have the 20,000,000 of telephones in this country over which go 27,000,000,000 conversations every year, have some chance of getting the rates lowered. They have no such chance now. Ninety-eight percent of the telephone business of this country is within the States. The State Commissions cannot regulate it. Because of the holding company that reaches down and controls the telephone business in every community, because of the interrelated contracts between the parent company and these subsidiary companies all over America, the State Commissions find themselves helpless, the State courts cannot reach the interstate companies, and the Interstate Commerce Commission has never had the power to handle the holding companies. So this is a proposal to make rate regulation effective in the telephone and the telegraph business, which it has never been, and also to set up rate regulation and control of the common-carrier radio business of this country."

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RIVAL NEWS GROUP FORMED AS NEW BUREAU SERVES 125 STATIONS

What may or may not be a new serious menace to the recently established press-radio agreement had its inception last week at a meeting behind closed doors in Chicago where representatives of 35 independent radio stations from coast to coast met to organize the Radio News Association.

Despite this competition and the details of "getting started", the Press Radio Bureau of the Publishers National Radio Committee, after a little more than a week's operation is gaining momentum, reports to Editor & Publisher indicate, and approximately 125 stations were using the report late last week.

E. H. Harris, Chairman of the Publishers National Radio Committee said that reports he had received indicated that the plan was functioning "smoothly and effectively." "The plan is going to be a success", he said, "but naturally it may take a few months to work out all the details so that the final program will be satisfactory to the newspapers, the national news gathering organizations and the radio stations."

Mr. Harris alluded to the "bootleg" efforts of collecting news for the radio, and said that newspapers would never support stations using such a service.

Although newspaper reporters were not permitted to attend the Chicago meeting, Editor & Publisher talked with two of the principal organizers of the Radio News Bureau, sponsored by the association, in an effort to learn the scope of the new radio news broadcasting service. It is understood that the group met primarily for the purpose of expanding and perfecting

its new service to broadcasters who are outside the agreement recently signed by the national radio chains, the press associations and newspaper publishers.

According to information given by Stanley L. Hubbard, KSTP, St. Paul, Minn, the Radio News Association is now functioning through a series of news bureaus in principal cities from coast to coast on a plan similar to that established by the Columbia Broadcasting System several months ago and discontinued under the new program.

Present sponsors of the Radio News Bureau are Mr. Hubbard, KSTP; Mr. Earl, KNX; Earl Anthony, KFI, Los Angeles, and John Shepard, head of the Yankee network with nine radio stations in the principal cities of New England. These men are the organizers of the bureau and as near as it could be determined were the principal representatives at the Chicago meeting, although they claim 35 stations were represented at the session. Mr. Hubbard said the sponsors of the movement have already spent over \$50,000 in establishing "key" bureaus.

Hubbard declared that bureau news gatherers have been definitely instructed not to "lift" news stories from the newspapers under penalty of being fired.

Guy Earl, of KNX, Los Angeles, emphasized that it was the consensus of those present at the meeting that radio stations have the right to do what they want with the news they buy through the Radio News Bureau, indicating they may use the bulletins either as sustaining or sponsored programs. He declared, however, the project was not primarily a commercial venture in news gathering, but an attempt to give the public "fresh news."

The first week's experiment of the Yankee network in furnishing a news service to its listeners through its Boston and affiliated stations throughout New England is viewed with varying opinions.

"Shepard is doing pretty well", a Boston correspondent informs the Heintz News Service. "Sometimes he gets the news and other times misses it locally. He's got quite a staff. The papers are still printing programs but we have taken out all mention of news broadcast. This includes Hill, Thomas, Carter and others. The Shepard stations started panning the papers over the air by telling the listeners that the programs were not complete and to write and raise an objection. The papers ignored the letters. It looks like a long hard fight with neither side giving anything."

Mr. Shepard is so convinced of the merit of the plan that he is reported ready to spend any amount to make it "go".

The consensus of newspaper publishers, according to Editor & Publisher, is that it cannot continue successful for the reason that there are not enough interesting news breaks to sustain interest in eight or nine broadcast periods of from 10 to 25 minutes each day. The necessity for filling out the time with uninteresting items from foreign countries which are largely used as fillers by newspapers, the publishers feel, is likely to discourage interest.

DRY SENATOR INTRODUCES ANTI-LIQUOR ADVERTISING BILL

Senator Arthur Capper, of Kansas, made his debut as a member of the Senate Interstate Commerce (Radio) Committee by introducing a bill which would prohibit the advertising of intoxicating liquors through the medium of radio.

The full text of the bill follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no advertisement of spirituous, vinous, malted, fermented, or other intoxicating liquors of any kind, or containing a solicitation of an order or orders for said liquors or any of them, shall be broadcast by any radio-broadcasting station or any combination of such stations licensed under the Federal Radio Commission, if the said broadcast is capable of being received by any commercial radio-receiving set at any place or point in any State or Territory in the United States in which it is by the laws in force in the State or Territory at the time unlawful to advertise or solicit orders for such liquors or any of them in such manner.

"Sec. 2. If the owner of any radio-broadcasting station licensed by the Federal Radio Commission, or the agent of such owner, or if the dealer in any such liquors or his agent, shall knowingly broadcast, permit to be broadcast, or cause to be broadcast, anything in violation of the provisions of this Act, he shall be fined not more than \$1,000 or imprisoned not more than six months, or both, and the license or permit granted by the Federal Radio Commission shall be suspended for a period of thirty days; and for any subsequent offense he shall be imprisoned for not more than one year. Any person violating any provision of this Act may be tried and punished either in the district in which the unlawful matter or publication was broadcast or in which the same was received."

Whether Senator Capper intends to press the bill for passage could not be learned but its introduction at this time is significant due to the fact that he is one of the die-hard dries of the Senate and though a Republican stands high with the present Administration. In fact Senator Capper has given such strong support to President Roosevelt that he has been called "upon the carpet" by members of his own party.

Senator Capper while long in the Senate has only been a member of the Interstate Commerce Committee which handles radio, about a month but it seems logical that he should be there because the Senator is the owner of a 1000 watt broadcasting station, WIBW, at Topeka, Kans., which he operates in connection with his extensive publishing business. Only recently he turned over his handsome residence in Topeka for the station to use as a studio. Senator Capper broadcasts regularly from the Capital and in addition to addressing his constituents in his papers, he sends electrical transcription records which are broadcast from his station telling what he is doing for them and what is going on in the Capital generally.

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W - J - Zed

Senator Kean, of New Jersey, who is rotund and looks like the late President Taft, created some merriment by referring to Station WJZ, New York, as W-J-Zed. "Zed" means the letter "z", Webster informs us, "but it is generally called 'z' in the United States."

Senator Kean expressed his displeasure at having what he called "New York" stations charged up to the New Jersey quota and said that he referred specifically to Station WOR.

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CANADIAN RADIO INDUSTRY SEEN IN SOUND CONDITION

The situation in Canada's radio industry is believed to be brighter than at any time in the past two years, according to a report to the Commerce Department from Assistant Trade Commissioner A. F. Peterson, Ottawa.

This favorable status, the report points out, is partly due to the voluntary price agreement effected among principal Canadian manufacturers, and also because of substantial improvement in the inventory position as compared with the preceding year.

Sales in the last quarter of 1933, amounting to more than 65,000 units, were equal to the volume of the previous nine months. Inventory, reported as 13,000 sets, is markedly lower than for January, 1933. The threat of severe price competition resulting from the unloading of distress radio stocks appears to have been eliminated.

During 1933, sales of receiving sets in Canada amounted to 130,493 units, valued at \$5,383,846. The quantity was slightly lower than in the preceding year and a continuation of the trend toward cheaper sets is indicated in a decrease of more than 20 per cent in factory values.

Imports of radio sets into Canada in 1933 were valued at \$1,108,672 as compared with \$1,298,783 in 1932. The great bulk of Canada's radio imports are of United States origin, American sets accounting for \$1,063,521 and \$1,254,967, respectively, of the imports during the last two years.

According to figures compiled by a local trade publication, total radio sets in Canada at the end of 1933 numbered 1,182,000. The percentage of wired homes equipped with radios is estimated at slightly more than 49. Of 10,980 automobile radios reported in use at the end of the year, 9,245 were sold in 1933. In view of passenger car registrations numbering over 900,000 in Canada, this market would seem to present an excellent field for automobile radios during the current year, the report states.

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SEES OBJECTIONABLE ADVERTISING FORCING CONGRESS CONTROL

Pointing out that the proposed law does not give the new Communications Commission power over advertising or broadcasting rates, Senator Dill, of Washington, in addressing the National Radio Forum over the NBC network, nevertheless warned:

"It is my opinion that unless radio station managers eliminate some of the objectionable advertising practices now prevalent, the protests and demands of radio listeners will eventually force Congress to give the Commission complete control over both rates and advertising."

Speaking of television, Senator Dill said:

"When Congress passed the radio law seven years ago, television was unknown. Now it is a practical reality. If those then using all the radio frequencies had owned those frequencies, it would have been impossible to secure frequencies for television without paying enormous prices for them. Under the law, the Commission simply assigned some of the frequencies formerly used for telephoning or telegraphing or some other service to be used for television.

"Radio engineers hope they can soon perfect television so it will be as common in our homes as broadcasting. By means of radio, facsimile reproduction is already possible. Instead of sending messages or documents, letter by letter and word by word, as in the past, the radio communication service will send a whole page at once. Responsible radio engineers say that devices will soon be available for reproducing news bulletins by an attachment to an ordinary radio set. This will mean that everybody can have bulletins and pictures produced hour by hour, whether they be awake or asleep, present or at work, but ready for them whenever desired."

With regard to rates the speaker said:

"As to the regulation of radio telephone and telegraph rates, there never has been any such regulation. The radio telephone and the radio telegraph are so new and so little used, that only a comparatively few people know about them. Radio telephone rates to foreign countries are necessarily quite high, because so few people use the interoceanic telephone as yet. While radio telegraph rates are still high, the competition of the radio telegraph with the cables has brought the only reduction in cable rates to Europe in the last 50 years. That reduction of 25 per cent has actually saved \$100,000,000 in communication costs between this country and Europe since it went into effect 10 years ago.

"It is impossible to regulate cable or radio rates to foreign countries, because it is impossible to control the rate at the foreign end. Since we cannot regulate such rates effectively, we must depend on the competition of radio. But a Commission can regulate domestic rates, and we propose now to give this new Commission full power over telephone, telegraph and radio rates, including the power to regulate holding companies and all of their subsidiaries and affiliates."

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OBJECT TO INJECTING NEW MATTER IN COMMUNICATIONS BILL

Strong opposition to injecting new and controversial matter into the Communications Commission bill drafted by Senator Dill was registered at the hearing Tuesday morning by Walter S. Gifford, of the American Telephone and Telegraph Company, and David Sarnoff, of the Radio Corporation of America. Numerous changes in the text were suggested by R. B. White, President of the Western Union.

At one stage of the proceedings, Mr. Gifford went so far as to say that the business of his company would stop if the Dill bill should become a law.

Mr. Gifford said, in conclusion:

"Far from merely transferring the present authority for the control of communications of the Radio Commission and the Interstate Commerce Commission, as recommended by the President in his message of February 26, 1934, this bill would grant to the new Commission new powers of the most drastic and far-reaching character, such as have not heretofore been exercised by any Commission, and would in a large measure arrogate to the government the rights of management.

"Among the new powers conferred, this bill would give the Commission very broad authority over all transactions relating to practically everything the telephone companies require with which to carry on their business; would subject technical research and development largely to its direction and control; would place the extension, construction, acquisition and operation of lines and circuits under its jurisdiction; might be construed to extend its jurisdiction in important respects to constituent companies outside the telephone business and not engaged in a public calling.

"It would remit the entire matter of accounting to the State Commissions, thereby jeopardizing the indispensable uniformity of accounts and accounting practices, including depreciation accounting, which has been established over the period of the past twenty years by the Interstate Commerce Commission; and would revive the power that was given to the President as a war measure during and for the continuance of the World War, which under the provisions of this bill may be invoked by the President upon proclamation of a national emergency, to seize the use and control of the telephone systems of the country. And the bill would do this, notwithstanding the President has not sought such power and has definitely indicated in his message that no new powers are now to be conferred."

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Mr. Sarnoff said, in part:

"For the Radio Corporation and its subsidiaries I am here to say we are heartily in accord with President Roosevelt's recommendations for the creation of a unified Federal Communications Commission.

"So far as this bill creates that Commission and authorizes it to make such studies and recommendations, we favor its prompt passage, and I am here to offer you and that Commission every form of cooperation.

"So far as the bill before you would create new law at this time and go beyond the suggestions of the President, we do not see how it can avoid raising controversial issues, which I understand the Committee now desires to avoid. We respectively recommend that the bill be limited to the scope of the President's recommendations and that the new Commission be created promptly so that it may make the studies suggested and to recommend to Congress such additional laws and regulations as it may find necessary and desirable.

"On May 1st of last year, as a reserve officer of the United States Army, I was invited to express my views on the subject of a national communications commission policy before the Army Industrial College in Washington. In January of this year I was requested by the Secretary of Commerce to write him a letter concerning the communications problems of the United States, and I did so."

The hearings were scheduled to be resumed Wednesday with Sosthenes Behn, of the International Telephone and Telegraph Company as the first witness.

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HITLER SQUASHES RUSSIAN RED RADIO PROPAGANDA

"Washington wiseacres say that Hitler has a method all his own of keeping out Russian Red radio propaganda", the "National Whirligig of the McClure Newspaper Syndicate reports. "He cuts out the messages from Moscow by 'advising' his radio dealers to sell low-powered sets that receive local stations only. As all the 40,000 radio dealers are carefully registered, he can check up any who disregard his wishes."

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What is described as the world's largest television machine is being built at the Horton Steel Works at Fort Erie, Ontario. It will be ready for demonstrations at the reopening of the Century of Progress Exhibition at Chicago, May 1. The building, U. A. Sanabria, of Chicago, said the machine would have a 30-foot screen and its transmitter would weigh more than 5,000 pounds.

The "National Whirligig" of the McClure Newspaper Syndicate has this to say:

"Cable and telegraph insiders say a shake-up is due in international cable and wireless operations. British companies fear an amalgamation of all American communications and are taking steps to offset themenace. Experts argue that trade routes are undergoing vast changes today and that a similar reorganizing of communications is inevitable to meet these altered conditions."

"100% RADIO WEEK" will be put on by the Institute of Radio Service Men of Chicago beginning April 10th. Kenneth Hathaway, secretary, will endeavor to enlighten the citizens with regard to the advantages of well serviced sets.

Charges made in a 1933 radio address by Joseph D. Beck, State Agricultural Commissioner, that Walter M. Singler, head of the Wisconsin Cooperative Milk Pool, instigated use of Chicago gangster methods in themilk strikes were aired at Madison, Wis., the United Press reports.

An adverse examination of Singler's \$100,000 libel suit against Beck was held. Beck testified that dynamitings and other Chicago gang methods developed in the Wisconsin milk strikes following a trip he said he was informed Singler made to Chicago to learn how cleaners' and dyers' unions were organized.

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SCHUETTE AND BISBEE SCORE IN MELLON CHARGES

There was considerable satisfaction for Oswald F. Schuette when Attorney General Cummings, in addition to accusing Andrew Mellon personally, announced that the Justice Department is investigating the Aluminum Company of America. Cummings characterized this concern as a "100% monopoly in the producing field." Mr. Schuette, along with Lee S. Bisbee, of Jackson, Mich., made the original charges against the so-called "Aluminum Trust." Both are still retained by the independent aluminum interests.

Schuette is associated with the Broadcasters in their copyright fight and Mr. Bisbee is also counsel for Sparks-Withington Company.

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BRINKLEY RADIO FROM SEA HINTED

The Wichita (Kans.) Beacon, according to an Associated Press dispatch, says it has received a report that Dr. John R. Brinkley, operator of the now silenced Radio Station XER at Villa Acuna, Mexico, has purchased a yacht and may take his broadcasting activities to the high seas.

Dr. Brinkley is said to have purchased the yacht, "Shadow K", now in drydock at Miami, Fla.

The government of Mexico recently ordered Brinkley's station off the air.

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted
(March 12, 1934)

WAGM, Aroostook Broadcasting Corp., Presque Isle, Maine, license covering local move of transmitter and making changes in equipment 1420 kc., 100 watts, specified hours; WPEN, Wm. Penn Broadcasting Co., Philadelphia, Pa., C.P. for auxiliary transmitter, 920 kc., 250 watts; WRAX, WRAX Broadcasting Co., Philadelphia, Pa., C.P. for auxiliary purposes, 920 kc., 250 watts; WTAX, WTAX, Inc., Springfield, Ill., C.P. to move transmitter and studio locally; WGCP, May Radio Broadcasting Corp., Newark, N. J., modification of C.P. to extend commencement date to Feb. 25, 1934 and completion date to June 15, 1934; WNEW, Woodaam Corp., Newark, N. J., license covering consolidation of WODA and WAAM, installing new equipment and increasing daytime power from 1 KW to 2½ KW, 1250 kc., 1 KW night, shares with WKCP; WGST, Georgia School of Technology, Atlanta,

Ga., license covering increase in power and changes in equipment, 890 kc., 250 watts night, 1 KW day; KARK, Arkansas Radio & Equipment Co., Little Rock, Ark., license covering changes in equipment and moving transmitter locally, 890 kc., 250 watts, unlimited time; KFOR, Cornbelt Broadcasting Corp., Lincoln, Neb., license covering changes in equipment and moving transmitter locally, 1210 kc., 100 watts night, 250 watts day, unlimited; KGBX, KGBX, Inc., Springfield, Mo., license covering changes in equipment, 1310 kc., 100 watts, specified hours; KTWO, KGBX, Inc., Springfield, Mo., modification of license to increase power from 500 watts to 1 KW on 560 kc., daytime hours; KWLC, Luther College, Decorah, Ia., special temporary authority to remain silent from March 24 to April 2 inclusive, during Easter Holiday; WLBC, Donald A. Burton, Muncie, Ind., special temporary authority to operate simultaneously with WTRC from 5:45 to 6 P.M. CST, March 25th; WGCM, Great Southern Land Co., Mississippi City, Miss., special temporary authority to operate from 5 to 6 P.M. CST on March 25 to broadcast speech by Judge Rutherford; WSVS, Seneca Vocational High School, Buffalo, N. Y., special temporary authority to remain silent March 29 to April 8 inclusive, for Easter vacation.

Action on Examiner's Report

WEVD, Debs Memorial Radio Fund, Inc., New York, granted modification of license to increase power from 500 watts to 1 KW on 1300 kc., sharing with Stations WBBR, WFAB and WHAZ, reversing Examiner George H. Hill. (Order effective March 16, 1934, 3 A.M.)

Miscellaneous

KFJZ, Ft. Worth Broadcasters, Inc., Fort Worth, Texas, granted regular license in lieu of temporary license to expire July 1, 1934, since Henry Clay Allison, who applied for the facilities of this station defaulted his application by failure to file appearance. Case removed from Hearing Docket; WHBD, F. P. Moler, Mt. Orab, Ohio, granted regular renewal license to expire July 1, 1934, since M. L. Meyers who applied for its facilities defaulted by failure to file his appearance for hearing; KGAR, Tucson Motor Service Co., Tucson, Arizona, granted regular renewal license to expire July 1, 1934, since application of KVOA for its facilities was dismissed at applicant's request; KVOA, Arizona Broadcasting Co., Tucson, Arizona, granted regular renewal of license to expire July 1, 1934, since the application of KGAR for its facilities was dismissed at applicant's request; WINS, American Radio News Corp., New York, application for modification of license requesting facilities of WNYC, heretofore set for hearing, was dismissed at applicant's request; KRSC, Radio Sales Corp., Seattle, Wash., application for modification of license 1120 kc., 100 watts, daytime and 12 Midnight to 4 A.M. daily, heretofore set for hearing, was dismissed at applicant's request.

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