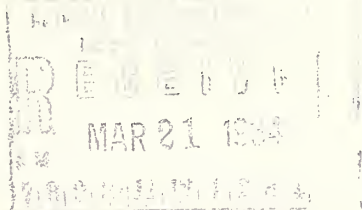


HEINL RADIO BUSINESS LETTER

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No. 708

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March 20, 1934.

CONFIRMS PRESIDENT'S INTEREST IN ALIEN STOCK LIMITATIONS

The White House let it be known that President Roosevelt is against any expansion of foreign influence in our communications systems. It is evident, therefore, as intimated by Senator Dill, that the President is behind the alien restriction section in the Senate bill. This means a strong fight will be made for its retention. The section provides that no officer or more than one-fifth of the Directors shall be aliens or that more than one-fifth of the capital stock may be owned by aliens.

Capt. S. C. Hooper, speaking for the Navy, reminded the Senate Committee that the Radio Act of 1927 prohibits the holding of a radio license of which any Director is an alien.

"The present Senate bill permits the holding of such license by an operating corporation of which no more than one-fifth of the directors are aliens", Captain Hooper said. "This provision will slacken U. S. control of the radio-telegraph system of the United States and will permit foreign influence to gain a stronger foothold within it."

To remedy this, Captain Hooper suggested an amendment which would prevent any officer or director from being an alien.

When Col. Sosthenes Behn, President of the International Telephone and Telegraph Corporation testified that it would be entirely impracticable for such a holding company as his to abide by the anti-alien section of the Senate bill. He said, as a matter of fact, that less than 10 percent of the outstanding capital stock of the International Telephone and Telegraph Corporation is owned abroad. Colonel Behn maintained that no corporation is ever in a position to know who the real owners of the stock are. All it knows, he contended, is who are registered on the transfer books.

"Even when an owner becomes a registered owner of stock", Colonel Behn concluded, "there is no machinery at the present time, and there would not be, except at a very high cost in the case of any corporation of substantial size, to determine the nationality of the registered stockholders."

Emphasizing the importance of a unified communications system in National Defense, Captain Hooper said to the Senators:

"One of the most potent factors which will operate either for or against our success in any future war is our vast system of internal and external wire, cable, telephone and radio communications over which this Commission is now being placed in

control. While the demands of national defense in time of peace affect our communications lightly, nevertheless, a firm foundation must be built within our communication companies on which our wartime communication structure may be placed swiftly and safely. The transfer of our commercial organizations from a peace to war basis cannot be accomplished in a month or even a year unless the groundwork is carefully laid. The Communications Act of 1934 should recognize this fact.* * * * *

"The Navy is interested in many questions which involve the set-up of our communications, the manufacture and development of new material, inventions peculiarly adaptable for use in naval communications, the perfection of wartime communication plans and the training of Reserve communication personnel, some of the details of which must not be made public and which are of necessity intimately related to questions under the jurisdiction of the Commission. In many cases it will be necessary for the Navy Department to divulge information to the members of the Commission which, in the public interests, must be kept secret. For these reasons, it is recommended that in Section 4 the following words be inserted after the word 'interested': 'except that the Commission is authorized to withhold publication of records or proceedings containing secret information when such publication would be prejudicial to the requirements of national defense.'"

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INCREASED WORLD SALES OF AMERICAN RADIO APPARATUS

Exports of radio apparatus from the United States during 1933 were valued at \$16,125,719 compared with \$13,312,136 for 1932, an increase of \$2,813,593, or 21 per cent, according to the Commerce Department.

Increased sales during the year were recorded in four of the six export statistical classes. Transmitting sets, tubes, and parts, valued at \$743,423, were sold abroad during the year compared with \$663,750 for 1932, statistics show. American radio receiving sets were accorded increased favor in foreign markets during the year, sales abroad totalling \$9,323,535 compared with \$7,321,849 for 1932.

Radio receiving tubes were exported from the United States during the year to a value of \$2,623,261 against \$2,012,656 for the preceding year, while foreign sales of receiving set components amounted to \$2,783,730 against \$2,517,287.

American loud speakers experienced a lessened demand in foreign markets during 1933, sales totalling \$338,055 compared with \$455,840, while foreign shipments of other components totalled \$313,725 against \$340,754 during the preceding year.

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Sixty-seven countries are shown by the records of the Commerce Department to have purchased more American radio apparatus during 1933 than in the preceding year, while forty-one countries are shown to have purchased less American equipment.

Notable increases in sales during the year were recorded in the case of Belgium, France, Spain, Mexico, Argentina, Brazil, and the Union of South Africa, according to export statistics.

Exports to Belgium in 1933 were valued at \$941,670 compared with \$862,199 during 1932. Shipments to France during the year totalled \$1,557,391 against \$888,944. Sales to Spain registered a notable increase during the year, being valued at \$1,857,746 compared with \$1,014,354 for 1932.

Despite the intervention of many obstacles including tariffs, quote systems, exchange restrictions, and other forms of trade restriction, American exporters of radio apparatus have been able to maintain an important trade with the countries of the world, especially those of Europe.

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CHAIN RUMORS ANEW WITH STORER WMCA HEAD

With George B. Storer, of Detroit, becoming president and majority stockholder of the Federal Broadcasting Company operating WMCA, New York, rumors flew thick and fast to the effect that this was the beginning of the new Federal network. John T. Adams has been elected Vice-President.

The new arrangement culminated negotiations which began last December with the objective of establishing a new chain with WMCA as the New York key. The proposition under which Mr. Storer was enabled to purchase stock in Federal, however, developed only a fortnight ago. It was effected through issuance of additional stock with original Federal stockholders having the option to buy in the new issue in equal amounts. Mr. Storer, however, procured enough of the stock to win election to the presidency.

Mr. Storer is the principal owner of CKLW, Detroit-Windsor, WSPD, Toledo, and WWVA, Wheeling.

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COPELAND BILL CONTAINS DISCRIMINATING RADIO CLAUSE

Despite the protest of Henry A. Bellows, Chairman of the Legislative Committee of the National Association of Broadcasters the following clause appears in the "dealer section" of the Copeland food and drugs bill which was favorably reported to the Senate last week:

"No retail dealer shall be prosecuted under this section for the dissemination, other than by radio broadcast, of any advertisement offering for sale at his place of business any product which is not distributed or sold in interstate commerce."

Senator Copeland said there was no attempt to discriminate against the radio and that there is no legitimate article which cannot be advertised over the air in the same fashion that it is advertised in periodicals. He said the section to which the broadcasters object was incorporated to protect small newspapers carrying advertising of local manufacturers who are engaged purely in intrastate business while the newspaper itself might have interstate circulation.

The bill prohibits:

"The dissemination of any false advertisement by radio broadcast, United States mails, or in interstate commerce for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics.

"The dissemination of a false advertisement by any means for the purpose of inducing, directly or indirectly, the purchase of food, drugs, or cosmetics in interstate commerce."

"No person acting in the capacity of publisher, advertising agency, or radio broadcast licensee shall be deemed in violation of paragraphs (b) or (c) of this section (Section 17) by reason of the dissemination of any false advertisement. Any such person who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section (Section 17).

"No publisher, radio broadcast licensee, or other agency or medium for the dissemination of advertising shall be deemed to have violated the provisions of this section by reason of the dissemination of any false advertisement, but the liability shall rest upon the manufacturer, packer, distributor, or seller who caused the dissemination of such advertisement. Any publisher, radio broadcast licensee, or other agency or medium for the dissemination of advertising who, on reasonable request of an officer or employee duly designated by the Secretary, willfully refuses to furnish the name and post-office address of the person who caused him to disseminate such advertisement shall be guilty of a misdemeanor and shall on conviction thereof be subject to the penalties prescribed in paragraph (b) of this section (Section 17).

"No dealer shall be prosecuted under paragraph (b) of this section (1) for having received in interstate commerce an article and in good faith sold it, unless he refuses to furnish on request of an officer or employee duly designated by the Secretary the name and address of the person from whom he purchased or received such article and all documents pertaining to the delivery of the article to him, or (2) if he establishes a guaranty or undertaking signed by the person residing in the United States from whom he received in good faith the article of food, drug, or cosmetic, or the advertising copy therefor, to the effect that such person assumes full responsibility for any violation of this act, designating it, which may be incurred by the introduction of such article into interstate commerce or by the dissemination of such advertising. To afford protection, such guaranty or undertaking shall contain the name and address of the person furnishing such guaranty or undertaking, and such person shall be amenable to the prosecution and penalties which would attach in due course to the dealer under the provisions of this act. No retail dealer shall be prosecuted under this section for the dissemination, other than by radio broadcast, of any advertisement offering for sale at his place of business any product which is not distributed or sold in interstate commerce."

Senator Copeland expressed confidence that his bill would become a law before Congress adjourned.

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BOSTON NEXT FOR HEARST?

The report that William Randolph Hearst is about ready to step into the New England picture with a broadcasting station in Boston follows closely his new chain reaching from coast-to-coast with the acquisition of KYA, 1000 watts on 1230 kilocycles at San Francisco.

In addition to Station KYA, the following are operated and managed by the American Radio News Corporation (Hearst), of 235 East 45th Street, New York City:

WINS, New York; WEAE, Pittsburgh, KYW, Chicago, and WISN, Milwaukee.

The Federal Radio Commission has awarded the license and wavelength of Station KTM-KELW at Los Angeles to the Hearst paper there but an appeal has been taken and is still in litigation. A decision in Hearst's favor has just been confirmed by the D. C. Court of Appeals.

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RAYBURN COMMUNICATIONS COMMISSION BILL HEARINGS SOON

It is expected that hearings on the Communications Commission Bill introduced in the House by Representative Rayburn will begin at an early date. Where the Dill Senate Communications Commission Bill met with violent opposition from both the broadcasters and the communications people, it is expected that the Rayburn Bill will meet with their unanimous approval.

Also, it appears at this writing that the Rayburn Bill will probably be the legislation eventually enacted for the reason that it contains fewer controversial features and simply transfers the Federal Radio Commission and the powers of the Radio Act to the new Communications Commission, which, in the opinion of many, is all that the President has asked for.

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CLAIMS THE YANKEE NETWORK LIFTS ITS FOREIGN NEWS FROM SPAIN

It is reported that the Yankee Network News Service for radio stations, sponsored by John Shepard III is getting much of its foreign news via short wave. EAQ, Madrid, Spain, has a news broadcast in English from 5:15 to 5:30 daily. The YNS gets this.

EAQ is on 30 meters and is said to come into Boston like a local station. There is also a broadcast from a German station early in the morning of news in German, English and French. Also other news broadcasts in foreign languages.

Establishment of a Press-Radio Bureau for the Pacific Coast, acting in cooperation with the Press-Radio Bureau in New York, was started with a preliminary meeting in San Francisco, March 14.

The Pacific Coast and the New England territory have been termed the "hot spots" operating against the success of the conciliatory program of the broadcasting and newspaper interests to govern the broadcasting of news.

Joseph R. Knowland, publisher of the Oakland Tribune, and a director of the Associated Press, was elected temporary chairman of the Pacific Coast group, the Editor and Publisher reports.

The committee is going ahead in contacting various radio stations to find out the extent of service necessary, and plans are to put the Coast Radio-Press Bureau into operation as soon as physical arrangements can be made.

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CODE AUTHORITIES TO DETERMINE SIZE OF STUDIO AUDIENCES

The Broadcasting Code Authority is preparing to send out, under the supervision of James W. Baldwin, Executive officer, a questionnaire on the question of free admission to broadcast programs. Complaints have been made by moving picture and theatrical people that the radio studio audiences have been making serious inroads on their box office receipts. It has been estimated that the weekly attendance in the radio studios of New York and Chicago aggregates something like 50,000 a week, persons who otherwise might be paying to see a movie.

"I believe the Government figures will show that the free attendance at broadcasting studios nightly is much higher than have heretofore been estimated", an official commented. "It is a question upon which the industry has never been poled and the outcome will be awaited with interest."

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RADIO VOTING DEVICE TRYOUT NEWS TO WASHINGTONIANS

No confirmation could be secured that a new device, buttons marked "yes", "present", and "no" attached to a radio set, designed to register the likes and dislikes of a radio audience, was soon to be tried out by the North American Company in Washington. An official of the former company told a representative of the Potomac Electric Power Company in Washington that he knew nothing of such an experiment.

The "radiovoting" machine is the invention of Dr. Nevil Monroe Hopkins, of New York. If the question were whether a certain program was enjoyed, the listener would press a button on his set marked "yes", or "no". The total would be received through the electric power house, the count being determined by the increase in the current load as the buttons are pressed.

"It would take a tremendous number of responses to make a heavy enough load to be appreciable at the power house", a radio engineer said. "Assuming the scheme practicable, it would be quite an undertaking to have these buttons installed on 18,000,000 receiving sets.

"The wired wireless people were working on a device within their home receivers which would automatically show which program was being received, whether it was No. 1, No. 2 or No. 3, but I don't believe this scheme would be feasible in a broadcasting set."

Dr. Hopkins was quoted as saying that a radio set could be equipped with "yes" and "no" buttons for about 25 cents.

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"VIA RCA"

"Via RCA", just issued by the Radio Corporation of America is unquestionably one of the most informative and handsomest pieces of advertising literature of the season. A foreword by David Sarnoff, President, concludes:

"Radio has swept aside many of the limitations that were inherent in earth-bound communication. It has continually unfolded new methods. Its research laboratories look upward and outward. None can forecast the future of communication so long as the ether wave may yet be harnessed to new tasks. Man is still reaching into mysteries beyond his accustomed sphere, laboring on a much broader foundation, seeking to push on the sequence of invention, certain that no hope of making communication a faster pace-setter will be overlooked."

A story of the radio communication services developed and conducted by the RCA includes the following chapters:

"Place of Communication in Radio Progress"; "Inauguration of RCA Service"; "Immediate Advantages from Radio"; "RCA's Long Island Stations"; "Volume of Radio Traffic"; "Radio Circuits in Operation"; "New Domestic Circuits"; "Customer Contacts".

Marine Communication - "The Imperative Service of Radio" is discussed under these headings :

"Vacuum Tubes in Marine Radio"; "Radio Apparatus for Ships"; "Radio Direction Finders"; "Medical Service By Radio"; "Radio on Lifeboats"; "Automatic Radio Alarm"; "Land Stations in Marine Service"; "Additional Marine Services"; "Training of Operators."

A chapter is devoted to aircraft radio. Important phases of communication progress are dealt with under these sub-heads:

"International Broadcasting"; "Facsimile Transmission"; "Multiplex Radio and High Speed Facsimile"; "Automatic Operating Circuits"; "Frequency Control and Monitoring";

Technical advancement of Radio Communication is treated as follows: "Long Waves"; "Short Waves"; "Fading"; "Ultra Short Waves"; "Long Line Frequency Control"; "Future Radio Applications".

A chapter is devoted to supervision over research and one on Radio in National Defense.

There are twenty-eight attractive half-tone illustrations.

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BRITISH RADIO CHIEF ANSWERS CRITICS

Sir John Reith, Director General of the British Broadcasting Corporation, met his critics on the Conservative side of the House of Commons with a memorial signed by nearly every member of the broadcasting organization, who expressed "disgust" at recent newspaper attacks and affirmed their loyalty and gratitude, according to a London cable to the New York Times.

"This took the wind out of the sails of several critics, who had been informed that disciplinary conditions at Broadcasting House were worse than those at the War Office during the World War.

"Sir John declared that out of the listener's annual 10 shillings license fee his organization received only four 4s 6d, the remainder going to the government.

Later, in the House, the Postmaster General refused to order an inquiry into the corporation's charter, which he said still had three years to run.

Washington took with a pinch of salt the story from London that David Sarnoff and Roxy had attempted to "seize" control of the British Broadcasting Corporation's charter which terminates in 1936. That either or both might endeavor to acquire an interest in such a company, if there is to be an opportunity, seemed plausible enough but that they would try to "seize" the franchise seemed a bit wild. Also the combination of Sarnoff and Roxy didn't sound just right as these men have not been noted for being especially close to each other in past dealings.

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REPEAT ADMINISTRATION CENSORSHIP CHARGES

The Administration's policies on regulation of the communications industries were attacked in statements issued simultaneously by Senators Dickinson and Schall. They declared an attempt was being made to establish a press censorship by regulation of the telegraph companies.

Senator Dickinson said that the summons to the telegraph companies for a hearing on a code April 2 for their industry was "the fourth attempt of the Roosevelt Administration to censor the press."

"General Johnson, having failed to force censorship into the newspaper code, is now attempting to secure the same result by forcing a censorship on the telegraph companies conveying the news dispatches to the daily newspapers", he added.

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"Only a united front by the press of the nation can halt this new plan to gag them. The newspapers of the United States must prevent this fourth attempt to Hitlerize the press of the nation."

Senator Schall termed the Communications Commission Bills introduced in Congress "national libel laws." He added:

"Since it is necessary for a telegraph company to secure a license from this Commission before it can operate, this in itself, since the license is revokable, is censorship in every sense of the word."

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: BUSINESS LETTER NOTES :
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Edgar Kobak has been elected NBC Vice-President in Charge of Sales. Roy C. Witmer continues as Vice-President in Charge of Eastern Sales.

Mr. Kobak is President of the Advertising Federation of America, and has been Vice-President and General Sales Manager of the McGraw-Hill Publishing Company. He is also Chairman of the Advertising Review Committee, composed of national advertisers, publishers and advertising agencies.

The Federal Radio Commission has signified its interest in the clean-up work of the Baltimore Bar Association requesting that it be notified if any cases of lawyers using short-wave radio sets to facilitate "ambulance chasing" are found. The Commission stated that it would prosecute under a Federal law which prohibits anyone from commercializing information received on a short-wave radio.

"Certainly the prosecuting zeal of Mr. Pecora, suggested as chief investigator, is not needed to prove that the A. T. & T. is a monopoly", the Washington Post says editorially. "And Senator Dill had all the facts that he considered necessary to the formulation of regulatory plans. Under the circumstances, it is hard to see what constructive purpose such an investigation would serve."

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WILL ASK CLEAR CHANNELS FOR NATIONAL AIR UNIVERSITY

Representative Sirovich, of New York, said that he was drafting a Bill which would allocate several clear channels to a "National University of the Air" which would be conducted under Government auspices. Mr. Sirovich said the best known speakers and authorities in public life would be heard on these programs.

Representative Gifford, of Massachusetts, said he was very much interested in Dr. Sirovich's idea and had also been thinking of having some cleared channels set aside by the Government but for exclusive political use.

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POWERFUL STATION FOR NEW ZEALAND

A new broadcasting station with transmitting power markedly in excess of any existing station in Australasia is now being constructed near Henderson, New Zealand, according to a report from Consul W. F. Boyle, Auckland. The new station, to be known as 1YA, will replace the present station of that name.

In place of the customary two masts to support the aerial, only one will be used. The mast will be 500 feet in height, five times the height of the present 1YA masts. The new single mast, which is the outcome of recent developments in the science of broadcasting, will embody many unusual features. Of the type known as the B.B.C. half-wave, the mast will be insulated from the ground, being supported by a massive insulator which will be required to bear the 60-ton weight of the mast.

The aerial will consist of three radiating conductors hung from the top at equal distances around the mast and held at the bottom by anchorages some distance from the base. The three conductors are brought back to an aerial coupling transformer, housed at the foot of the mast, where the high frequency energy is transferred from the feeder lines to the radiating system. The great advantage of this type of aerial, it is said, is that it radiates the maximum energy in a horizontal direction.

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