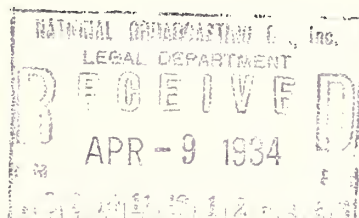


# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL—Not for Publication**



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No. 713

*[Handwritten signatures and initials at the bottom of the page]*

April 6, 1934.

WIRE AND WIRELESS CODE FINAL DRAFT CONFERENCE APRIL 12

J. C. Willever, First Vice-President of the Western Union Telegraph Co., replied to labor's demands for higher wages by declaring that any attempt to increase costs and pass them on to customers "merely would drive them to the telephone."

Willever, who testified at an NRA hearing on a proposed wire and wireless telegraph code, also criticized statements of previous witnesses that the practice of leasing wires to business organizations, which is carried on by telephone companies, was not detrimental to the telegraph companies. He pointed out that leased wires are "invaluable adjuncts in many businesses." Willever said that the Interstate Commerce Commission had approved the principle of telephone concerns making combination leases, whereby both telephone and telegraph operated on the same cable.

In defense of his own company, the witness also declared that its exclusive contracts with railroads, which had been attacked by the Postal Telegraph Co., had been permitted by the I.C.C.

H. Edwards, representing international communication employees of the Radio Corporation of America, urged that either a separate code be prepared for workers in his group, or that the proposed code be amended to provide higher wages for "this highly skilled type of workers." He recommended a minimum wage of \$40 per week, with time-and-a-half for all hours worked in excess of 48 per week. As a further suggestion, the witness recommended that a time limit be placed on profits derived by operating companies from exclusive contracts.

Frank B. Powers, President of the Commercial Telegraphers Union, contended that the telegraph industry "has suffered from the worst management of any industry of which we have knowledge" and declared that telegraph officials have been "most ingenious in discovering ways to nullify the NRA."

Deputy Administrator Leighton H. Peebles recessed the hearings and announced that he would meet privately with representatives of the industry on Thursday, April 12, to confer on the final draft of the proposed code, which then would be considered in additional public hearings.

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## COOLIDGE NEVER RECONCILED TO WILL ROGERS BROADCAST

Although Will Rogers subsequently furnished all sorts of alibis to prove that he had been forgiven for mimicking President Calvin Coolidge on the radio, the late "Ike" Hoover, veteran White House attache, whose article "The Strangest President" appears in the current issue of the "Saturday Evening Post", reveals the fact that Mr. Coolidge never forgave the offense.

"Rogers offended Coolidge when he imitated him over the radio", "Ike" Hoover wrote, "President Coolidge especially resenting the nasal tone of the voice Rogers used.

"Rogers sent a letter of apology when he heard about it but he never got back into the Coolidge good graces. The President remarked that the actor had been a guest in the White House once, if he ever was again, some other President would have to do the inviting."

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## LUXEMBURG SEEN AS GOOD MARKET FOR U. S. RADIO SETS

The Grand Duchy of Luxemburg offers an excellent market for American radio receiving sets, according to a report from consul George P. Waller.

The Grand Duchy has felt the depression less than probably any other country in Europe and unemployment is at a minimum. The standards of living, general education, and purchasing power, are today probably the highest on the Continent, the Consul reported. Most all of Luxemburg's citizens speak both French and German and is keenly appreciative of radio programs in both languages.

At the present time it is estimated that there are about 12,000 radio sets in use in Luxemburg. Because of the general situation, the Consul states, there would appear to be a market for about 12,000 more sets, plus the eventual replacement possibilities. The 12,000 sets now in use are mostly expensive sets. Small, thoroughly good sets, for the table or desk, priced at from 1000 to 1500 Luxemburg francs, should find a ready sale, Consul Waller believes. The broadcasting stations, located in Luxemburg, is so powerful, using as it does 200 kilowatts, that low-priced sets, for use on these waves should meet with a good demand.

Referring to automobile radios, the report states that there seems to be a potential market for from three to four thousand sets in the Grand Duchy. As far as Consul Waller has been able to ascertain, there is not a single automobile in Luxemburg equipped with a radio receiving set.

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## DILL APPARENTLY HAS THE VOTES TO REPORT HIS BILL

The Senate Interstate Commerce Committee's agreement to consider Senator Dill's substitute Communications Commission Bill; although on this occasion he only had about a vote to spare, revealed the fact that the Senator evidently has enough votes in Committee to report out whatever kind of a bill he desires.

The Committee is meeting every day and it was said might be able to report the bill to the Senate as early as next week. There is still skepticism in certain quarters as to whether or not a Communications Bill will be passed this session.

There were no shouts of joy or approval either from the broadcasters or the commercial communications people with regard to the substitute bill.

"It's worse, if anything, than the original Bill so far as we are concerned", a broadcaster said. "Cutting out the fine of \$1,000 a day and allowing the license revocation to stand in Section 312 is pure poppycock. If Dill succeeds in reporting this Bill out, he will have a terrific fight on the floor of the Senate. I have not entirely given up the idea that Senator White's amendment for a simple bill may not at that time receive serious consideration."

The Section in question (No. 312) in the substitute bill reads:

"Any station license may be revoked, or suspended for such period as the Commission may prescribe, for false statements either in the application or in the statement of fact which may be required by section 308 hereof, or because of conditions revealed by such statements of fact as may be required from time to time which would warrant the Commission in refusing to grant a license on an original application, or for failure to operate substantially as set forth in the license, for violation or of failure to observe any of the restrictions and conditions of this Act, or of any regulation of the Commission authorized by this Act or by a treaty ratified by the United States."

"If the A. T. & T. or the I. T. & T. can get any comfort out of the substitute bill", a communications man said, "I don't see where it can be. It looks to me as if Senator Dill has incorporated many of the recommendations of the Interstate Commerce Commission and the Radio Commission but has paid very little attention to the protests of the communications companies."

"Senator Dill made his last campaign on how he protected the public from the 'great big radio monopoly' and it looks to me as if he proposes to try to get himself re-elected by telling his constituents how he protected them from the 'great big radio, telegraph, telephone and cable monopoly.'"



There has been a slight change - from one-fifth the number of directors to one-fourth, in Section 310, which now reads that no station license shall be granted to or held by "Any corporation directly or indirectly controlled by any other corporation of which any officer or more than one-fourth of the directors are aliens, or of which more than one-fourth of the capital stock is owned of record or voted, after June 1, 1935, by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country."

Senator Dill's statement on the new Bill follows:

"Many of the changes made in the bill are technical and the new bill has been introduced to avoid the necessity of detailed amendments for each one of these small changes. In addition, several important changes have been made.

"The definition of 'interstate communication' has been altered so as to permit intrastate regulation of carriers where the line passes incidentally through another state.

"The definitions of 'parent' and 'affiliated person' have been eliminated because of the controversies as to any definition of control. Instead, where it is intended to reach parents, subsidiaries, and affiliated corporations, this bill uses the language 'persons directly or indirectly controlling, or controlled by, or under direct or indirect common control with any such carriers.' This will enable the Commission to determine the existence of such control.

"The Commission is reduced from seven to five members, appointed for six-year terms. This necessitates two divisions, one for radio and the other for telephone and telegraph, instead of the three divisions originally intended to be created.

"The Sections dealing with valuation and with extension of lines have been modified to meet changes suggested during the hearings. The Commission may authorize temporary or emergency service without regard to the provisions of this section.

"The section dealing with contracts between carriers and subsidiaries and affiliates has been modified so that the Commission is required to investigate all of these contracts and recommend to Congress whether or not the Commission should be given power to modify or declare void such contracts if not in the public interest.

"Likewise the Commission is directed to investigate and report on the desirability of permitting the states to set up independent accounting and depreciation systems; and also the desirability of having Congress allocate by law fixed percentages of radio facilities for educational, charitable, religious, labor and other non-profit organizations.

"Several questions of policy are yet to be decided by the full committee.

"This bill contains a new appeal section which provides for review in three-judge United States District Courts of orders of the Commission which revoke, modify or suspend radio station license. Refusals to grant applications for new stations or renewal of licenses, may be appealed to the Court of Appeals in the District of Columbia.

"The statute of limitation for reparation order has been shortened to one year in accordance with the recommendations of the Interstate Commerce Commission.

"The power of the President to take over communications systems has been limited to war or threat of war."

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#### SENATE RADIO LEADER TAKES SHOT AT A. T. & T. HEAD

Showing further resentment of the testimony of Walter S. Gifford, President of the American Telephone & Telegraph Co., at the recent Senate hearings, Senator Dill, of Washington interjected some remarks into a speech being made on internal revenue taxation by his colleague Senator Bone, of Washington.

"At that very moment reverberations of the panic were to be heard everywhere", Senator Bone declared, "but, says Mr. Gifford, the head of the Telephone Trust, one of the wise men of the East, from whence comes much of our financial wisdom: 'The foundation of our present-day standards are sound and enduring.' Of course, the people of this country had a right to believe one of these outstanding business leaders, because he was tied in with an unusually effective organization that was cleaning the pantries of the American people as rapidly as possible, and that ought to qualify the head of the outfit to give plentiful advice to Americans."

Here Senator Dill interrupted with: "I want to call my colleague's attention to the fact that this is the same Mr. Gifford who appears before the Committee on Interstate Commerce and denounced as unthinkable, legislation that would give the proposed communications commission the power to declare void the inter-service contracts between the parent and its subsidiary and affiliated companies by which enormous rate bases are built up for telephone structures in various States, and thereby high rates for telephones are maintained to pay a return, if you please, upon the investment of the operating companies, when the parent company of which Mr. Gifford is the head owns the manufacturing company and the operating company and reaps profits from all of them."

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"I thank my colleague for that statement", Senator Bone replied. "Of course, it is obvious to every intelligent American that the men heading these monopolies are interested only in one thing, and that is dividends. They are not interested in the welfare of human beings. They are creating by their greed a Frankenstein monster that will crush them. Instead of one man rising in the Senate to challenge this brazen affront-ery, a lot of men will sometime rise to denounce this truculent infamy that makes men tramps instead of free men."

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#### CODE AUTHORITY TO CONSIDER DRASTIC NRA RECOMMENDATIONS

A meeting of the Broadcasting Code Authority has been called by James W. Baldwin, Executive Officer, for Wednesday, April 25. It will be held in Washington.

Its principal purpose will be to enable the members to consider the sweeping recommendations of the NRA with regard to shorter hours and increased wages. If these recommendations are carried out, some fear it may jeopardize the entire broadcasting industry.

The meeting will also discuss the report on broadcast technicians having to do with working conditions, will consider further the questionnaire having to do with radio artists and performers, and will take up complaints of alleged violations of trade practices.

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#### HOGAN TO STAGE FACSIMILE DEMONSTRATION

John V. L. Hogan, television expert, will give a facsimile demonstration at the Hotel St. Moritz in New York, Monday, April 9th. It will be attended by representatives of the Federal Radio Commission; also other invited guests, including newspapermen.

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## WOULD GIVE 25% OF CHANNELS TO RELIGION AND EDUCATION

Following the suggestion recently made by Father Harney, head of the Paulist Fathers in New York, who operate Station WLWL, Representative Rudd of New York, has introduced a bill in the House which would give 25% of all the broadcasting frequencies to religion and education. <sup>etc</sup> Senator Fess sometime ago sponsored a bill allocating 15% of the channels for this purpose.

The Bill of Representative Rudd reads:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That to eliminate monopoly and to insure equality of opportunity and consideration for educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations, seeking the opportunity of adding to the cultural and scientific knowledge of those who listen in on radio broadcasts, all existing licenses issued by the Federal Radio Commission, and any and all rights of any nature contained therein, are declared null and void ninety days following the effective date of this Act, anything contained in this Act to the contrary notwithstanding.

"The Communications Commission, herein created, shall prior to ninety days following the effective date of this Act, reallocate all frequencies, wave lengths, power, and time assignments within its jurisdiction among the citizens of the five zones herein referred to.

"The Commission shall reserve and allocate only to educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations one-fourth of all the radio-broadcasting facilities, within its jurisdiction, excepting those facilities issued to ships and to the use of the United States Government departments or agencies. The facilities reserved for and/or allocated to educational, religious, agricultural, labor, cooperative, and similar non-profit-making associations shall be equally desirable as those assigned to profit-making persons, firms, or corporations. In the distribution of radio facilities to the associations referred to in this section, the Commission shall reserve for and allocate to such associations such radio-broadcasting facilities as will reasonably make possible the operation of such stations on a self-sustaining basis."

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## STATE POLICE NOT TO OPPOSE CLEARING EXPERIMENTAL BAND

Following a conference with Judge E. O. Sykes, Chairman, and Dr. C. B. Jolliffe, Chief Engineer, of the Federal Radio Commission, Captain Joyce of the Massachusetts State Police, Captain Lyons, of Michigan, and representatives of New York, Pennsylvania and other State Police systems, the police officials returned to their homes and decided not to oppose the clearing of the band of 1500 to 1600 kilocycles band now occupied by some police stations for experimental broadcasting.

The police officials were assured by the Radio Commission that changes will be made on the proposed police radio channels reallocation, to go into effect May 1, which will eliminate most of the difficulties complained of and will provide good police radio for the complainants.

Engineers were much impressed by the complaints filed and it was agreed that some shifts are necessary but they are convinced that operating conditions of the State Police systems can be improved without abandoning the proposed reallocation. Just what changes can or will be made has not yet been decided upon.

The police officials will have another conference with the Radio Commission before the end of the month when it is expected the proposed changes will be decided upon and approved by the police officials. In the meantime the engineers of the Commission are giving serious thought and study to the problem.

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## MONITORING STATION SEEKS BETTER SUMMER RECEPTION

Identical Bills were introduced by Senator Thompson, and Representative Burke, of Nebraska, which would authorize the purchase of ten additional acres of land adjacent to the U. S. Radio Monitoring station at Grand Island, Nebr. This is to provide space in which to extend the station's antenna so as to improve summertime reception.

The Grand Island station was erected in the center of the country so as to be in a position to keep accurate check on whether or not stations keep to their assigned frequencies. Grand Island is likewise able to check frequencies of stations all over the world.

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## SECRETARY ROPER TO BE HOUSE COMMUNICATIONS WITNESS

The first witness to testify at the House hearings on the Communications Bill introduced by Representative Sam Rayburn, of Texas, will probably be Secretary of Commerce Roper. So far as could be learned at this writing, there is to be no further postponement and the hearings will begin next Tuesday, (April 10) at 10 o'clock.

Interstate Commerce and Federal Radio Commission representatives will then be heard followed by Henry A. Bellows, representing the National Association of Broadcasters, and representatives of the communications companies including the A. T. & T., I. T. & T., and RCA. The hearings, if they begin as scheduled Tuesday, will probably last well into the week.

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## REPLACEMENT SALE FIGURE NOW 63 PERCENT

Columbia has issued a brochure entitled "The Flood Hits the Spillways", a 1934 sequel to the 1933 report, "The Flood Hits the Valleys." This is an allocation by States of radio homes as of January, 1934.

"Through the cooperation of the McGraw-Hill Publishing Co., we have obtained records of set sales by States from all leading radio manufacturers and have surveyed over 1100 radio distributors and dealers throughout the United States in order to determine the percentage of replacement sales for each State", writes John J. Karol, Director of Market Research for Columbia.

"It is interesting to note that the 'replacement sale' figure has now reached 63.1%. While 3,806,000 sets were sold during 1933, only 1,138,600 were sold to homes which previously had no radios."

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## ARCTURUS CLAIMS SALES TO 43% OF SET MANUFACTURERS

A recent survey of accredited radio set manufacturers in the United States shows that the Arcturus Radio Tube Company, Newark, N. J., sells its tubes to 43% of the total, according to a statement given out by that company.

"It is believed that this constitutes a high point for the number of set manufacturers who use one make of tube", the statement continues.



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"Many receiver manufacturers in the 78 foreign countries where Arcturus are sold, also use these tubes exclusively in their sets. Collectively the number of these foreign manufacturers totals considerably more than those served in the United States."

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## DECISIONS OF THE FEDERAL RADIO COMMISSION

### Applications Granted (April 6, 1934)

KEX, Oregonian Publishing Co., Portland, Ore., C.P. to move transmitter from Portland to North Portland, and install new equipment; KRMD, Radio Station KRMD, Inc., Shreveport, La., special temp. authority to operate from 7:30 to 9 P.M. CST, April 8, 15, 22 and 29, 1934; WSFA, Montgomery Broadcasting Co., Inc., Montgomery, Ala., C.P. to make changes in equipment and move transmitter locally; WODX, Pape Broadcasting Corp., Inc., Mobile, Ala., C.P. to make changes in equipment and move transmitter from Springhill, Ala. to Mobile, and move studio to same as new transmitter location.

Also, KGCR, The Greater Kampeska Radio Corp., Watertown, S. Dak., C.P. to change transmitter locally in Watertown; KBTM, W. J. Beard (Beard's Temple of Music), Jonesboro, Ark. modification of C.P. extending completion date to May 2, and change studio location in Jonesboro; WRAM, Wilmington Radio Association, Inc., W. Durham, N. C., modification of C.P. to change corporate name to Durham Radio Corp.; WSUI, State University of Iowa, Iowa City, Ia., special Temp. Auth. to operate from 4 to 6 P.M. CST, April 13 and 24, 1934, and from 5 to 6 P.M. CST, April 14, and 28.

Also, Mackay Radio & Telg. Co., Inc.: WIV, Sayville, N.Y. C.P. (fixed public pt. to pt. telg., 10490 kc., 50 KW; New, New York, C.P. (Exp. Gen. Exp.), 86000-200000 kc., 250 watts; New, Southampton, N. Y., same as for New York; KWC, Palo Alto, Cal., license (fixed public pt. to pt. telg.), 8850, 13015 kc., 50 KW; Veryl R. Fuller, College, Alaska, special exp. C.P., frequencies 2398, 3492.5, 4797.5, 6425, 8655 kc., 150 watts, also granted license covering same; WNC, American Tel. and Tel. Co., Hialeah, Fla., modification of license to add Barranquilla, Colombia, as pt. of communication; Geo. Carlyle Whiting, Camp S-82, Waterville, Pa., and Harold O. Bixby, Baltimore, Md., applications for new amateur stations for use in C.C.C.; KHNXC, National Construction Co., NC-447-W, and KHPKP, United Airports of Conn., Inc., NC-13300, renewal of aircraft station licenses in exact conformity with existing licenses.

Also, W2XBH, Radio Pictures, Inc., Long Island City, N. Y., W2XAI and W2XDJ, Bell Tel. Laboratories, Inc., Portable and Ocean Township, N. J. respectively; W2XA, American Tel. & Tel. Co., Rocky Point, N. Y., and W3XO, same co., portable; RCA Communications, Inc.: K6XO, Kahuku, T. H., and W6XI, Bolinas, Cal., W10XC, RCA Victor Co., Inc., on any aircraft initially NC-292-W - all granted renewals of special experimental station licenses in exact conformity with existing licenses.

### Miscellaneous

KOIL, Mona Motor Oil Co., granted regular renewal of license as company has amended charter empowering it to engage in radio broadcasting business; WODX, Mobile Broadcasting Corp., Mobile, Ala., Examiner ordered to render report on application for modification of license substituting the name of Pape Broadcasting Corp. as Commission previously granted permission of receivers to assign license to that corporation. Report held up by legal complications which have been removed.

### Ratifications

Action taken April 1 - WDDQ, Willis Navigation Co., Seattle, Wash., granted 60 day authority to use additional frequency 2126 kc., vicinity of Seattle, aboard "Zapora"; Action taken April 2: City of Oakland Police Dept., Portable & Mobile, granted 10 new CP's to communicate in the police service on an experimental basis in accordance with Rule 320; frequencies 30100, 33100, 37100, 40100, 2 watts; KMOU, Mackay Radio & Telg. Co., New York City, granted 60 day authority to operate 100 watt transmitter aboard "Edward Pierce", 500 kc.; KFWF, Same Co., granted 60 day authority to operate 100 watt transmitter aboard motorship "Ranger", 375 to 500 kc.; WSCL, Radiomarine Corp. of America, New York, granted 60 day authority to operate aboard vessel "Eagle", frequencies 375 to 500 kc., 500 to 17000 kc.; Action taken April 3: KJOI, Mackay Radio & Telg. Co., Seattle, Wash., granted 60 day authority to operate 1 KW spark aboard vessel "John C. Kirkpatrick", frequency range 375 to 500 kc.; Action taken April 4: WMEX, The Northern Corp., Chelsea, Mass., granted modification of C.P. to extend completion date to May 15.

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### INFORMAL HEARING OF RADIO NEWS SERVICE APRIL 11

There will be an informal hearing on the petition of the Radio News Service of America for modification of Rule 232 of the Radio Commission's Rules and Regulations. Other concerns notified are: Radio News Service of America, New York City, Postal Telegraph Co., New York City; Western Union Telg. Co., New York City; Press Wireless, Inc., Hicksville, N. Y.; American Radio News Corp., Tropical Radio Telg. Co., and Mackay Radio & Telg. Co., New York City; Globe Wireless, Ltd., San Francisco, Cal., and RCA Communications, Inc., New York City.

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