

HEINL RADIO BUSINESS LETTER

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No. 722

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May 11, 1934.

CODE AUTHORITY ASKS JOHNSON TO HOLD OFF FOR YEAR

In a letter addressed to Gen. Hugh S. Johnson by James W. Baldwin, Executive officer of the Code Authority for the Radio Broadcasting Industry, the recommendation is made that no action be taken within a period of one year from the effective date of the Code to change or alter any of the provisions effecting the hours of labor or wages of employees within the Radio Broadcasting Industry.

In support of this Mr. Baldwin writes that a recent survey concerning the technical employees within the Radio Broadcasting Industry discloses:

1. That the employment of broadcast technicians has increased 11.9%.
2. That the weekly hours of labor for broadcast technicians have been reduced 9.8%.
3. That the weekly payrolls for broadcast technicians have increased 21.1%.
4. The true effects of the labor and trade practice provisions contained in the Code of Fair Competition for the Radio Broadcasting Industry cannot be accurately determined within the period of approximately five months, during which our Code has been effective.
5. Commercial programs which furnish the only revenue to sustain the operating of Radio Broadcasting Stations fluctuates materially. It is a general practice of advertisers to curtail radio advertising during the so-called Summer months which in this case include the months of May to September, inclusive.
6. The Radio Broadcasting Industry today employs a greater number of employees than have been employed at any other period within the life of the Industry.
7. Although the Code Authority does not have specific data available, it is confident that the percentages referred to in No. 1 above apply with equal force to all classes of employees within the Industry.
8. Any reduction in the hours of labor or any increase in the wages paid, in the opinion of the Code Authority, will oppress and eliminate small Radio Broadcasting Enterprises and promote monopolies.

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AMENDMENT WOULD PREVENT BROADCASTING STATION MONOPOLY

Described by him "as a precautionary measure", Senator Dill, of Washington, introduced the following amendment to the Communications Commission Bill:

"In granting applications for licenses or renewals of licenses for frequencies to be used for broadcasting, the Commission shall so distribute such licenses that no one licensee or organization of licensees, whether effected by purchase, lease, chain broadcasting or other method, shall be able to monopolize or exercise dominant control over the broadcasting facilities of any community, city or State, or over the country as a whole, and the Commission shall, so far as possible, by its distribution of licenses, provide for broad diversification and free competition in broadcast programs to be presented to radio listeners."

"The amendment is more for future protection and simply would give the Commission a chance to break up a monopoly of stations in any one community", Senator Dill said. "For example, if you could imagine such a situation as NBC taking over Columbia and there being only two stations in a town this would give the former group a monopoly and that would be prevented by the amendment.

"I look, for instance, for a great rush in the broadcasting of news over the radio. New companies are being formed for this purpose and I believe it is only the beginning. I don't think there should be a monopoly of news broadcast by radio in any one city. No one man or any news crowd should be able to control the news in a city.

"I know of a city where there are two principal stations. One of them is affiliated with a network and the owners of this station, through a separate corporation, is trying to get hold of the other station which would virtually give them a monopoly. It is this sort of thing the amendment would prevent."

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EDUCATORS TO PRESENT BASIC RADIO PRINCIPLES TO PRESIDENT

Fundamental principles "which should underlie American radio policy" will be presented to President Roosevelt by representatives of the National Committee on Education by Radio. These principles agreed upon at the conclusion of the two day conference held in Washington by the educators are based upon the following report:

"Your committee is commissioned to prepare a statement of what this conference, consisting of representatives of national groups interested in the cultural, non-commercial values of radio broadcasting, believes to be the important fundamental principles which should underlie American radio policy. Your committee understands its function is not that of the conventional resolutions committee nor yet that of summarizing the reports and recommendations of the special group conferences which have already made their individual reports. If many of the recommendations and ideas from the special groups reappear in this report, it is because they present basic principles.

"Radio broadcasting, an instantaneous, universal means of communication, reaching literate and illiterate, young and old alike, exerts an inevitable educational influence upon American standards, ideals and actions. This influence is either good or bad. It either improves or debases American standards. Radio broadcasting, this great, new agency, should be so guided and controlled as to insure to this nation the greatest possible social values. The social welfare of the nation should be the conscious, decisive, primary objective, not merely a possible by-product incidental to the greatest net returns to advertisers and broadcasters.

"To achieve the greatest general welfare the following principles must be observed:

"Listeners' Choice - The wholesome needs and desires of listeners should govern the character, the content and the relative extent and frequency of programs broadcasted. Variety sufficient to satisfy the tastes of all groups of effective size should be provided. Matter detrimental to the welfare of listener groups should be eliminated regardless of commercial profit. The present operation of commercial stations secures neither a genuine expression of listeners' choice nor an effective fulfillment of that choice.

"Minority Voice - Responsible groups, even the minorities, should not be debarred from broadcasting privileges because of their relative size, for radio is but the amplification and extension of the individual's free speech and discussion.

"Youth Protected - Positive, wholesome broadcasts for youth at home and in schools should be provided. The impressionable, defenseless minds of children and youth must be protected against insidious and harmful, degenerative influences.

"America's Best - The control and support of broadcasting should be such that the best obtainable of culture, of entertainment, of information, of statescraft, shall have place on the air available to all the people.

"Controversial Issues - Discussion of live, controversial issues of general public concern should be encouraged for the safe and efficient functioning of a democracy and should not be denied a hearing because offensive to powerful advertisers or other groups.

"If a universal means of communication is to be used for general social welfare, it must be controlled by the people's agency which is government. A private organization is incapable of exercising adequate control. This need not imply full government ownership or operation nor should it preclude governmental units owning and operating stations. Neither must offensive censorship necessarily follow any more than it does in the post office or the telegraph today. Government must be the umpire.

"If these objectives for a national broadcasting program are to be realized, adequate support must be provided. The individual listeners whose investment in receiving sets is already 90% of the total broadcasting capital are deserving of the best possible programs. The Government should cease incurring expense for the protection of channels for the benefit of private monopoly without insuring commendable programs satisfactory to citizen listeners. If general public welfare is to be promoted by radio communication some specific recommendations immediately present themselves.

"Impartial Studies - Thorough, adequate and impartial studies should be made of the cultural implications of the broadcasting structure to the end that specific recommendations can be made for the control of that medium to conserve the greatest social welfare values. These studies should also include: An appraisal of the actual and potential cultural values of broadcasting; the effective means for the protection of the rights of children, of minority groups, of amateur radio activities, and of the sovereignty of individual states; the public services rendered by broadcasting systems of other nations; international relationships in broadcasting.

"We recommend to the conference the appointment of a committee to wait upon the President of the United States to urge that the recommendations of the conference be put into effect by the President."

The report was signed by Dr. Arthur G. Crane, Chairman, President of the University of Wyoming; Harold B. McCarty, Secretary, WHA, Wisconsin State Station; James Rorty, writer; Armstrong Perry, National Committee on Education by Radio; Walter E. Myer, Civic Education Service, Washington; Dr. Tracy F. Tyler, National Committee on Education by Radio; Rev. Charles A. Robinson, S. J., St. Louis University; Dean W. G. Chambers, Pennsylvania State College; Dr. W. W. Charters, Ohio State University, and Dr. Jerome Davis, Yale University Divinity School.

Before the sessions adjourned the conference turned down a suggestion by Dr. Davis that the President appoint a commission to make a special study of the whole question of radio

control. He proposed that 10 prominent educators be named on the committee and 15 members of the House and Senate.

Although it was the first conference of its kind ever held, the Committee expressed itself as highly pleased with its success and the representative attendance. There were about 100 educators present from all parts of the United States and as a result of the interest shown in the initial conference, it is believed others will follow.

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GLOBE WIRELESS MAKES AIRMAIL RADIO'S FREIGHT CARRIER

A new service known as Radiomail, whereby airmail is combined with radio as "the freight carrier of the communication business" has been inaugurated by Globe Wireless, Ltd., of San Francisco. The sender of the message is simply required to pay a small additional fee on a message which upon receipt in the country is sent from the nearest station to its destination by airmail.

As an example, in a message from Manila to Minneapolis, the rate for 24 words from Manila to the Pacific Coast at 13 cents a word is \$3.12. To this is added 8 cents, the charge of airmail from the Pacific Coast to Minneapolis.

"'Radiomail' moves messages by wireless over the long haul, pickup and delivery being effected mainly by means of the Post Office", Jack Kaufman, Executive Vice-President of Globe Wireless said. "It passes to the public the benefit of the efficiency of modern shortwave apparatus with the excellence of modern mail service in all its branches.

"While primarily to be used in conjunction with airmail, all other services rendered by the Post Office are available.

"The new idea in 'Radiomail' service is to make available to our clients the speed of wireless communication over the long trans-oceanic haul. It saves the long delay entailed in waiting for a letter to go across the Pacific, two months thus being saved in one interchange of messages.

"It is not our intention to compete with high priced instantaneous contact. As in the freight hauling business, we will bend every effort to move traffic as quickly as possible but no specific time guarantee of delivery can be made."

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PAULIST FATHER IN EDUCATIONAL FIGHT TO FINISH

Regardless of whether or not the amendment to the Communications Commission Bill introduced by Senators Wagner, of New York, and Hatfield, of West Virginia, is rejected, Rev. J. B. Harney, Superior General of the Paulist Fathers, owners of Station WLWL, in New York, who inspired the amendment, declared following a dramatic plea before the House Interstate Commerce Committee that he was in the fight to a finish.

The amendment is in three parts, first, that 25% of all broadcasting facilities be reserved for educational, religious and other groups, which Father Harney described as "human welfare organizations - those who have for their object the betterment of human life and not making profit"; second, that these organizations be given facilities as desirable as those for purely commercial stations, and, third, that enough broadcasting hours be allocated to educational institutions to enable them to sell time and to become in a fair way self sustaining.

"It would surprise me very much if the amendment passed the Senate", Father Harney said, "but whether it is successful in the Senate or not, I can assure you we propose to keep up the fight. Have you noticed the petitions coming in to Congress from religious and educational organizations from all over the country? Well, that is only the beginning."

Commenting upon the amendment, Senator Dill, Senate radio leader, said that it was badly drawn.

"If it should be adopted, educational and religious stations would lose their identity - they would simply be commercial stations run by educational people; commercial stations operated by another crowd. As it is, about 2/3 of the commercial stations now are not making any money."

The strength of Father Harney in the House was the fact that about 5 Congressmen were present with him at the hearing. Representative Rudd, of New York, read into the record the names of approximately 25 Congressmen who, he said, were interested in doing what they could in behalf of the priest, and who had hoped to be present.

Father Harney testified before the House Committee that the Radio Commission had handled the educational agencies "most ignominiously." He said there were once 105 educational stations in the United States and today only 30.

"What has become of the other 75 and why?" the priest asked. "Educational and religious institutions have but 3 percent of the broadcasting facilities while those who exploit them for commercial gain have 97 percent. It is a situation which needs prompt attention."

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"Anyone who dared come out in the open and condemn the heart of this amendment would make laughing stock of himself. It is as much in favor of the Protestant and the Jews as it is in favor of the Catholics; it is as much in favor of the Masons as it is of the Knights of Columbus; it is as much in favor of educational institutions as religious organizations; as much in favor of the laboring people as the farmers. No agency which contributes to human welfare would be neglected. Nor are the commercial interests left out. They would still have 75% of all the radio facilities. We are asking Congress to keep one-fourth of the pie while the commercial people are getting fat on the other three-quarters.

"Commercial interests are not supposed to have vested rights but they have such a hold on their broadcasting channels that even the Radio Commission can't take them off, and it is necessary for us to go to Congress to secure effective action."

"If a quarter of the time of WPG, Atlantic City, were devoted to promoting moral principles would that not be just as good as having a religious station?" Representative Wolverton, Republican, of New Jersey, asked.

"No", the priest replied. "It leaves the station the lords and masters of the situation."

"Do you mean to say in such a program as the National Catholic Hour that the speakers are subject to censorship?" Mr. Wolverton asked.

"Father Gillis speaks on the Catholic Hour and has told me of one subject after another which should be brought to the American people but said he couldn't talk on any of those things over the radio," the Paulist replied. "I know more about moral principles than the whole Columbia Broadcasting System, and I don't want to hand my speeches over to them and to William Paley to change this and that."

Father Harney said that WLWL costs about \$40,000 a year to operate and that because they are only on the air about 15 hours a week (as against WPG, with which the station shares time, 110½ hours) their advertising revenue doesn't amount to \$300 a year

The House Committee didn't seem especially friendly to Father Harney. He was frequently interrupted and was abruptly cut off at the closing hour, so that the Committee might hold an executive session. The priest had not finished his testimony but apparently decided to call it a day and returned to New York.

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WIRE CONTROL BILL ASSAILED BY PHONE HEAD

The telephone business is now adequately regulated and the Rayburn Communications Bill is an attempt to set up a regime of public management over private property, Walter S. Gifford, President of the American Telephone & Telegraph Co. told the House Interstate Commerce Committee on Thursday (May 10).

Mr. Gifford said that he had no objection to a regulation of rates and services, but said he thought the Communications Bill permits Government regimentation of the A. T. & T. and would seriously interfere with private management.

"Federal control will wreck the telephone industry", Gifford told the Committee. "Present decentralized and adaptable operation would be transferred into rigid, centralized bureaucratic operation. This would devitalize the very principles of management which have been responsible for progress of telephony in this country."

He defended his own salary of \$260,000 on which he said he pays \$103,000 income tax, on the ground that there must be adequate reward and incentive for ability in such a large organization.

R. B. White, President of the Western Union, followed Mr. Gifford. Previously G. M-P. Murphy, Chairman of the Cable & Radio Users' Protective Association asserted that R.C.A. Communications, Inc., Commercial Cables Company, Western Union Telegraph Company and the French Cable Company, together control service and have "exercised their powers to raise rates to an extraordinary extent."

The hearings will be resumed Tuesday morning (May 15).

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SAY HARNEY AMENDMENT WOULD DESTROY BROADCASTING

Following the appearance of Rev. J. B. Harney, Superior General of the Paulist Fathers, the National Association of Broadcasters addressed a statement to the House Interstate Commerce Committee declaring that the Harney amendment would cause the destruction of the American broadcasting system. Copies of the statement are being rushed to broadcasters all over the United States in the hope that they may be of assistance in blocking the proposed amendment.

Both H.A. Bellows, Chairman of the Broadcasters' Legislative Committee and Phil Loucks, Executive Director, have expressed the opinion that the amendment will probably be beaten.

Nevertheless they are evidently taking no chances and have sent an S.O.S. to every member of their organization.

"The proponents of the Harney amendment, in suggesting that a complete new allocation be made in ninety days, evidently have no conception of the enormous task involved", the Broadcasters said, addressing the House Committee. "The mere mechanical mapping out of such a reallocation would require months of intensive work by a corps of experts, and that would be only the beginning. Every existing license is, by the amendment, declared void in ninety days, and this without giving the licensee any right to a hearing, for if the Commission were to hold hearings every day, it would require at least two years to get through the list of the present licensees."

"It was stated before your Committee that no one had dared, or would dare, to oppose the basic principle of this amendment, the principle that a considerable proportion of all broadcasting facilities should be allocated to certain organizations.

"The National Association of Broadcasters, without qualification, does oppose this principle of allocation. It maintains that the sole test of fitness for a broadcasting license is service to the public as a whole, as distinguished from service to any particular class, group or denomination."

"It was alleged before you that the special allocation of broadcasting facilities to particular groups or denominations is necessary to protect the right of free speech.

"The National Association of Broadcasters maintains that the exact opposite is the case, and that such a system of special allocation would, in fact, deprive millions of people of the right either to utter or to hear free speech. In the field of religion alone, it is obvious that an assignment to religious organizations of twenty-five or even fifty per cent of the total facilities would by no means take care of every one. Suppose that religious organizations were assigned ten 'cleared' channels. There are three or four times that many religious denominations or groups of national scope, many of which would inevitably be shut out in the race for broadcasting facilities of their own. Would the Methodist, the Christian Scientist, the Jew, be invited to make free use of the facilities controlled by another denomination, as today they are all invited to use the facilities of the general-service broadcasting stations? There would be freedom of speech only for those groups lucky, rich or influential enough to secure all the available allocations; for the rest there would be no freedom at all."

"These stations which would thus be sacrificed are the pioneers, the stations which, after the first years of experimental development and the harrassing years of the depression, have just begun to look forward with reasonable hope. It is their investment, not alone of capital, but of effort, which this

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amendment would sweep away. The mere knowledge that all licenses were to be cancelled would of itself mean the immediate loss of a large volume of current business, with hundreds of men and women thereby thrown out of work.

"And what of the listening public, with its eighteen million radio-equipped homes? Would the drastic reduction or complete loss of service from the stations to which it now listens be compensated for by the expectation that some day there would be other stations built to take their places? This amendment apparently disregards utterly the rights of the public. In order that one particular church station may secure more time, it would sacrifice the rights of sixty or seventy million radio listeners, who in ninety days, would find every station to which they had been become accustomed to listen either crippled or silenced."

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ADMIRAL McNAMEE NEW MACKAY PRESIDENT

Clarence H. Mackay, President of the Mackay Radio and Telegraph Company will become Chairman of the Board on July 1 next. Rear Admiral Luke McNamee, upon retirement from the Navy on the same date, will become President of the Company.

Admiral McNamee is at present of the Naval War College at Newport, R. I. He graduated from the United States Naval Academy in 1892. He served in the Spanish-American War on the "U.S.S. Princeton" and during the World War on the staffs of Admiral Caperton, Admiral Benson and Admiral Sims. He was a member of the Naval Advisory Staff to the American Commission to Negotiate Peace in Paris, December, 1918 to August, 1919; and Director of Naval Intelligence, 1921-23; he was U. S. Naval Attache, American Embassy, London, 1924-25; Commander of the Destroyer Squadrons, Battle Fleet, 1926-27; and was Director of Fleet Training, Navy Department, 1928-30. In 1931, Admiral McNamee was appointed Vice-Admiral in Command of Battleships, and in 1932 appointed to the full rank of Admiral in Command of the Battle Force where he served until appointed to his present position.

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The rise of \$6,433,109, or 9.5 per cent, in gross earnings of the International Telephone and Telegraph Corporation and subsidiaries in 1933 over 1932 was due principally to an improvement of \$4,654,870 in operating revenues of telephone and radio telephone companies, Sosthenes Behn, President, says in his report. Gross revenues for 1933 were \$73,959,948, and telephone and radio telephone revenues, \$26,759,893.

Net income from the telephone and radio telephone operations of the system was \$4,706,289, compared with \$3,227,923 in 1932.

Heralded as a successor to "100,000,000 Guinea Pigs" is a book on advertising, "Our Master's Voice" by John Rorty, published by John Day, 386 - 4th Avenue, New York (Price \$2.50).

A chapter devoted to radio advertising is headed, "Rule by Radio."

The District of Columbia Court of Appeals dismissed at his own request the appeal of Herman Radner, who had been denied a permit to build a new station at Lansing, Mich. Neither would the Court reconsider its action in the cases of KSEI, Pocatello, Idaho, and WLBW, Erie, Pa.

The National Recovery Administration has indicated that it does not intend through the proposed telegraph code, the public hearing of which is set for next Wednesday, to affect present relationship and rates between the telegraph companies and the press. Those who feel that such relationships would be affected were urged to file protests with the NRA.

The statement invited protests by letter or otherwise, "if it is felt that any provisions in the proposed code interfere with present relationships existing between the telegraph communication companies and the press."

The Federal Radio Commission has held no meetings since it moved to its new quarters and so there have been no decisions, therefore, available to be carried in the last two issues of the Heinl Radio Business Letter.

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