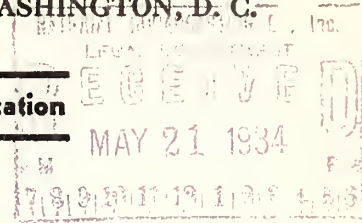


HEINL RADIO BUSINESS LETTER

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POLITICS SEEN IN SELECTION OF NEW COMMISSIONERS

Whatever chance those technically qualified to serve may have to be appointed to the Communications Commission, it seems certain the new Commission will have on it bigger and better politicians. This will prove true not only of the commissioner-ships but for the rich political plums in the subordinate positions such as the secretary (which seems assured to Herbert L. Pettey, present Radio Commission secretary and Farley's fair-haired boy), the directors of divisions, and so on.

One theory advanced is that all the present Commissioners will be transferred to the new Commission and their places filled by others as their terms expire. Another is that Judge Sykes, Democrat, and Commissioner Lafount, Republican, will be retained. Commissioner Hanley, who secured his appointment through Arthur Mullen, Roosevelt's floor manager at Chicago, recently pried loose from the Democratic National Committee, is said to believe they will not try to put the skids under him.

In making his only radio appointment, the President sprang a complete surprise in selecting a man whose name had never been mentioned - Representative Prall, of New York. Some think the President is likely to spring more dark horses and that many new faces are apt to be seen on the Commission.

If Prall is appointed to the new Commission, he couldn't, according to the law, begin serving until January 1st, until his present term in Congress expires. Neither could Senator Dill, who is up for re-election and who has repeatedly denied that he would serve on the Commission. Their coming in January would be pretty late as the Commission is required to submit its recommendations to Congress by February 1st.

Dr. W. M. W. Splawn, economist and counsel for the House Interstate Commerce Committee, who in his report recently tried to put a bomb under the A. T. & T., is talked of as Chairman of the new Commission. Also Judge Ewin L. Davis, of the Federal Trade Commission, who, as a member of Congress, helped frame the Radio Act. He was the author of the Davis Amendment giving equal radio facilities to all parts of the country. Judge Davis, too, had much to do with shaping Secretary Roper's report upon which President Roosevelt's message calling for a Communications Commission was based.

Judge Davis is close to Roper personally, he having offered Davis an Assistant Secretaryship of Commerce which he expected at the time would have under it the Communications Commission. Gen. Charles McK. Saltzman, former Chairman of the

Radio Commission, likewise who had a part in framing the Roper radio report, has been mentioned as a likely candidate. General Saltzman, through having been head of the Army Signal Corps, knows telephone, cable and telegraph as well as radio.

The same is true of Capt. S. C. Hooper, Chief of Naval Communications, whose name has likewise been heard. Captain Hooper knows communications from the ground up, having been a telegraph operator before entering the Naval Academy. Hooper, a Californian, while having a thorough knowledge in telegraph, telephone and cable communication, is frequently referred to as the Navy's best man in radio.

The latest name to be mentioned for a Commissionership is that of Oswald F. Schuette, who has charge of copyright matters for the National Broadcasters' Association. Mr. Schuette has been identified with radio for some time, coming into the picture in a fight against the so-called "radio trust". Mr. Schuette is a former Washington correspondent and was President of the National Press Club.

These are some of the men technically qualified, but judging by past experience, it is believed politics will play the major part in the appointment and it is believed the politically deserving may fare better than the technically deserving.

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FEDERAL TRADE COMMISSION TO SCRUTINIZE RADIO ADVERTISING

As had been foretold in these columns, radio advertising is to be subjected to the scrutiny of the Federal Trade Commission. "This means simply that the Federal Government will extend to radio advertising the same principle that for many years has been applied to newspaper, periodical, and other forms of advertising, under Section 5 of the Federal Trade Commission Act, which gives the Commission jurisdiction over unfair methods of competition in interstate commerce", the Commission said in its formal announcement. "This the courts have uniformly held to embrace false and misleading advertising. The Federal Trade Commission has handled thousands of such cases.

"Anticipating a fine spirit of cooperation from the radio industry, as already manifested by some of the leading executives, the Commission is approaching the radio field in a spirit of friendly cooperation. Consequently, instead of adopting a plan of monitoring broadcasting programs, the Commission is asking for copies of advertising announcements to be furnished by the networks and broadcasting stations. Pursuant to that plan, the Commission has addressed letters to the broadcasting stations requesting them, beginning July 1 next, to mail weekly copy of commercial continuities, which will be checked to determine whether or not any of them are in violation of the Federal Trade Commission Act.

"Whenever statements occur in commercial announcements which appear to be false and misleading, or otherwise constitute an unfair method of competition in commerce, notices will be sent both to the advertiser and the radio station broadcasting the advertising, with the view of effecting a stipulation under which the advertiser and the broadcaster agree to cease and desist from the practices complained of. Execution of such a stipulation would end the case. However, should such compliance not be effected, the case would then proceed through a public hearing, with argument before the Commission, decision by the Commission, and perhaps appeal to the Courts."

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EDUCATIONAL AMENDMENT SUPPORT PROVES WEAK

A surprise in connection with the passage of the Communications Commission Bill in the Senate was the weak support given the Wagner-Hatfield amendment. This amendment was based upon the proposition of Rev. J. B. Harney, Superior General of the Paulist Fathers and provided that one-fourth of all radio facilities be allocated to educational, religious and other non-profit making institutions. It was defeated by a vote of 42 to 23.

The Senators voting in favor of it were:

Ashurst (D.), Arizona; Borah (R.), Idaho; Copeland (D.), New York; Cutting (R.), New Mexico; Duffy, (D.), Wisconsin; Erickson, (D.), Montana; Frazier (R.), North Dakota; Hatfield (R.), West Virginia; Hebert (R.), Rhode Island; LaFollette (R.), Wisconsin; Lewis (D.), Illinois; Lonergan (D.), Connecticut; McCarran (D.), Nevada; Metcalf (R.), Rhode Island; Norris (R.), Nebraska; Nye (R.), North Dakota; Patterson (R.), Missouri; Schall (R.), Minnesota; Shipstead (Farmer-Labor), Minnesota; Townsend (R.), Delaware; Wagner (D.), New York; Walsh (D.), Massachusetts and Wheeler (D.), Montana.

Addressing the Senate, Senator Fess, of Ohio (R.), who offered a similar amendment a year or so ago, excepting that it provided 15% instead of 25%, said:

"I do not like the kind of legislation that the amendment carries, and yet at the same time it seems to me that it is quite essential that something of this sort should be done.

"Ever since the radio has been an agency of communication, there has been complaint about the slight attention given to matters of an educational character, cultural, as well as religious. I very much dislike to write into the law any compulsion. It is rather antagonistic to my way of thinking of things; and yet I believe everyone must be impressed with the pollution of the air for commercial purposes until it is actually nauseating. The practice is to turn off the radio about as quickly as one gets to it, because so much of the matter broadcast

is offensive. Whether or not the extent to which we are going here is justifiable is still a question in my mind.

"The Senator (from New York) probably will recall that some time ago I offered an amendment to the Radio Act allocating not less than 15 percent of the time for educational purposes. I never could get any reaction in favor of it. As soon as it was offered, the stations began a propaganda against it; just why I do not know; and the same thing would be true here.

"Whether or not this is the way to place a greater emphasis on the things that are really worth while than merely matters of trade and barter is still a matter of doubt in my mind. I like the suggestion that the Commission shall be authorized to make a study of the subject, but I rather feel invlined to vote for this amendment."

However, when it came to voting, Senator Fess voted against the Wagner-Hatfield Amendment. Discussing the amendment, Senator Couzens (R.), of Michigan, also voted against it and perhaps one of his reasons for doing so may have influenced Senator Fess.

"May I point out that section (g) of this amendment does not require any one of these stations to broadcast any religious or educational programs at all", Senator Couzens said. "After having once gotten a license under the provisions of this amendment, the whole time allotted to the station can be used for commercial purposes. That is permissible under the provisions of the last few lines on page 2 of the amendment.

"I could hardly support a proposition of that kind", Senator Fess replied.

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INCREASING NUMBER OF RADIO LISTENERS IN DENMARK

That radio is becoming increasingly popular in Denmark is pointed out by Assistant Trade Commissioner Paul H. Pearson, Copenhagen. On April 1, 1934, the report shows, there were 522,573 licensed radio listeners in the country as against 492,260 on the corresponding day of 1933. In addition there were 25,108 listeners exempted from the tax as against 21,167 in 1933. Finally, there were about 4,000 who have been granted a respite, approximately the same number as last year. Thus, there are now 551,681 registered radio listeners in Denmark compared with 517,427 a year ago, a gain of 34,000 listeners against an increase of 30,000 for the preceding year.

It is the reported opinion of the State Radio Council, according to Pearson, that the total number of listeners will continue to rise and should eventually reach 750,000.

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TELEGRAPH INDUSTRY IN SPECTACULAR CODE FIGHT

All sorts of fireworks developed at the telegraphic communications Code hearing, the highlight of which perhaps was the threat by counsel for the Western Union to appeal to the courts against the imposition of a Telegraph Code. An open fight developed between the Western Union and the Postal, the latter being charged with having inspired the Government to bring the telegraph industry under the NRA.

The hearings extended over Wednesday, Thursday and Friday, the second day's session lasting almost until midnight.

Unyielding opposition by A. T. & T., which followed a similar stand by Western Union and the Radio Corporation of America, renewed speculation over whether Gen. Hugh S. Johnson, Recovery Administrator, would execute threats, later modified, to inflict a code on the communications business.

The last comment by the recovery chieftain was that he wished to avoid imposing an agreement and expected to achieve his purpose through negotiation.

There seemed to be a feeling that this might result in a limitation of hours of work and minimum wages, in which the different factions seemed to be fairly well in agreement, but without some of the other provisions over which there has been so much controversy.

C. P. Cooper, International Telephone & Telegraph Vice President, complained there would be little opportunity to avoid raising utility charges should the NRA be granted supervision over rates.

Both Mr. Cooper and Col. Manton Davis, of RCA, pointed to the fact their companies already are regulated as to rates and trade practices by the Interstate Commerce Commission, and to the probability Congress shortly will enact a law setting up a Federal Communications Commission with jurisdiction over all types of communication.

Colonel Davis said it had been his understanding that no attempt would be made in the Code to regulate international communications, and reminded that foreign nations had as much right to regulate international radio circuits as has the United States. He declared the RCA had always stood ready and would "sign on the dotted line" whenever the other communications concerns could agree on a Code. He said his company would "have trouble complying" with the proposed 40-hour work week and \$15 minimum wage, but "will accept it as long as it applies equally to our competitors."

Referring to the impending enactment of the Federal Communications Bill, Colonel Davis said: "It seems impossible to me that the Government would provide two methods of regulation and

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two regulatory bodies, each of which would have authority to determine the reasonableness of rates."

Mr. Cooper, for I. T. & T., said his company likewise was willing to accept the labor provisions of the proposed Code, but did not believe that the power to regulate trade practices and rates rested with the NRA. He declared the "inevitable result" of the Code would be to raise rates and this would be against the public interest and adversely affect employees rather than help them. Since signing the PRA, he said, the companies controlled by I. T. & T. had increased wages to the extent of \$30,000,000 per year.

Arguing that Congress had no intention of bringing the telegraph companies under the NRA, Francis R. Stark, counsel for the Western Union, said that if a Code were imposed, his organization would have no alternative but to wage "a legal contest along all fronts.

"I do not believe that there is any fear, should this proposed Code or anything like it be imposed, that it would be enforced by any court", he added. "I have too much respect for the fellows of my craft to suppose for a moment that your own legal advisers will give you any encouragement to believe that it would be upheld in a legal test. It does not seem conceivable to me that you would invoke the test."

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N.A.B. CONVENTION CHANGED TO SEPTEMBER 16

The date of the National Association of Broadcasters' convention at Cincinnati has now been definitely set for Sunday, September 16, Monday, the 17th, Tuesday, the 18th, and Wednesday, the 19th. Sunday will be occupied more or less by registration and there will be no regular sessions on that day. A program of recreation, including golf, will be provided.

The National Association of Broadcasters' engineering section will meet in Philadelphia May 28th in connection with the Institute of Radio Engineers' convention. The Commercial Committee of the NAB will have a joint meeting in connection with the Radio Committee of the Advertising Federation of America in New York, June 19-20.

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HOUSE COMMITTEE TOILS TO COMPLETE COMMUNICATIONS REPORT

Having completed its public hearings last Wednesday, the House Committee on Interstate Commerce is meeting daily in executive session. One rumor was that Chairman Sam Rayburn, of Texas, would accept the Dill Bill passed by the Senate, but it is expected that the House will report its own Bill. One guess was that the Rayburn Committee might require as much as a week more for its deliberations but another opinion ventured was that so fast is the Communications situation moving that the Bill may be up for a House vote by that time.

In view of the fact that the House is framing its own Bill, Henry A. Bellows, Chairman of the Legislative Committee of the National Association of Broadcasters has addressed a letter to each member of the Committee suggesting to them amendments which the broadcasters favored and which the Senate didn't adopt. Special stress was laid upon the political, suspension of licenses and duration of licenses sections. Mr. Bellows also proposed that the "station monopoly" amendment in the Dill Bill specify "by control of two or more stations". The amendment now reads that:

"No one licensee nor 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."

David Sarnoff, President of the RCA, the last witness to be heard by the House Interstate Commerce Committee, said that he had always believed in the necessity for effective regulation of communications by a single governmental agency.

"Foreign nations give much thought to the control and effective planning of their international communication services". Mr. Sarnoff said. "The creation of a single Federal regulatory body in this country will mark a most constructive step in the communications history of the United States. We therefore hope that the Communications Act of 1934 will become a law, and that under that law, the Federal Communications Commission will be promptly established."

The Senate Bill has now been referred to the House for its consideration.

An amendment forced into the Bill by Senators Walsh, Couzens, O'Mahoney and King provided that Civil Service laws and the Classification Act could be waived only in the selection of a communications chief engineer and general counsel at \$9,000 each, and a secretary at \$7,500.

Assistants to the five Commissioners, Assistant Chief Engineers, experts and special counsel, however, would come under those laws.

Under the Bill it was proposed to waive the laws regarding all these officials, with \$9,000 salary for the Chief Engineer and General Counsel, and \$7,500 for experts, but no salary was specified in the case of the secretary or others affected by the amendment.

Senators sponsoring the amendment complained of high salaries paid to officers of new agencies and disregard of the Civil Service and Classification laws. Senator Walsh pointed out that Government officers in regular establishments were discriminated against, and served notice that he would not approve any new venture until the full salary list contemplated could be revealed to the Senate.

The Senate accepted an amendment by Senator Clark to exempt from Federal control and regulation small independent intrastate telephone companies not owned by interstate companies.

An amendment by Senator King, also approved, removed the Bill's stipulation for a 100-watt power qualification where the Commission granted licenses to additional stations needed for adequate broadcasting.

While the Rayburn Bill, pending in the House Committee, says that three divisions must be set up, the Senate Bill stipulates two divisions, one to control radio, the other to supervise telegraph systems and telephones.

The Senate Bill calls for a 5-man Commission, while the House Bill at present stipulates 7 members. It is believed that the House may recede on this and agree to five.

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DECLARES COLUMBIA HAS WHITE HOUSE INSIDE TRACK

During debate on the Communications Bill, Senator Hatfield, of West Virginia, read into the record the following article by Arthur Sears Henning of the Chicago Tribune:

"The significant and often amusing scramble of the great radio broadcasting chains for the 'inside track' at the White House and the Radio Commission prophetically illuminates the predicament in which the telegraph and telephone systems, the news agencies, and the newspapers will find themselves if Congress places them under the control of the proposed Government Commission.

"With the White House dictating decisions of the Radio Commission and 'cracking down' on radio interests in disfavor, it has become a matter of vital importance for them to 'stand in' with the powers that be.

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"During the Hoover administration it was the National Broadcasting Co with 15 broadcasting stations, itself a subsidiary of the Radio Corporation of America with several thousand licenses at stake, that enjoyed preferential favor at the White House.

"For the last year, under the Roosevelt Administration, the Columbia Broadcasting System, with eight broadcasting licenses at stake, has been closer to the throne than its rival has been. Columbia has had little difficulty in getting anything it wanted from the White House and the Commission, while NBC has encountered a lot of rough going.

"With all communications under control of a Government Commission, the wire services, the news-gathering agencies, and the newspapers undoubtedly would be scrambling in like manner for White House favor to promote their interests and avert official 'cracking down'. The newspapers particularly would be at the mercy of the power of the White House to direct a censorship of telegraphic news dispatches.

"The Columbia Broadcasting System, having been less fortunate than NBC under the Hoover regime, set out to change its luck when the Roosevelt Administration came into power. It placed in charge of its Washington headquarters Henry A. Bellows, Vice President of the System. Mr. Bellows is a Democrat, a former member of the Radio Commission, and a friend of President Roosevelt, their friendship dating from their youth at Harvard, where Mr. Roosevelt was in the class of 1904, and Mr. Bellows in the class of 1906.

"Mr. Bellows, who is a man of great ability and of the highest character, says he never has presumed upon the friendship to get favors from the White House. He never has gone higher than a secretary to the President to get what he wanted. * * * * *

"The word soon went forth that Columbia had the inside track at the White House and it later appeared that equally close relations had been established between the Washington staff of the broadcasting system and officers of the Radio Committee.

"At this juncture the National Broadcasting Co. began to betray signs of anxiety. It was bruited about that NBC was in disfavor because its President Merlin Hally Aylesworth, not only was a dyed-in-the-wool Republican but had asserted during the 1932 campaign that if Roosevelt was elected he would leave the country. Of course this placed Mr. Aylesworth poles asunder from Mr. Bellows, who was an F.R.B.C. (for Roosevelt before Chicago).

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"The Washington representative of NBC in a personal interview sought to convince the President that Mr. Aylesworth never uttered the damning statement attributed to him. Mr. Roosevelt told the emissary he was sure Mr. Aylesworth never said it, but the President gave the assurance to the accompaniment of a hilarity that did not altogether allay anxiety. Presently, however, NBC made a move calculated to curry favor at the White House. It replaced its Washington news commentator, William Hard, close friend of former President Hoover, with the brother-in-law of one of the President's secretaries.

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COMMISSION SERVES NOTICE ON PUBLISHER

The Radio Commission Friday adopted the following resolution:

"WHEREAS on May 12, 1934, the New York Herald Tribune, Ogden Mills Reid, President and Editor, in its editorial column, published the following:

"The radio, controlled by the Administration through its licensing power, was made the spokesman of the New Deal and largely restricted to government propaganda,'and

"WHEREAS the Federal Radio Commission, pursuant to the provisions of the Radio Act of 1927, is the 'licensing power' and

"WHEREAS the Federal Radio Commission, consistent with the prohibition contained in Section 29 of the Radio Act of 1927, as follows:

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

has never 'controlled' or 'restricted' radio programs to 'government propaganda', or attempted in any way so to do;

"NOW, THEREFORE, BE IT RESOLVED that Mr. Ogden Mills Reid, the President and Editor of the New York Herald Tribune, be and is hereby, requested to furnish the Commission any facts or other material, including the names of parties furnishing the same which would support, or tend to support, the statements made in the editorial column of said newspaper."

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DECISIONS OF THE FEDERAL RADIO COMMISSION

Applications Granted

May 15 - WQDM, A. J. St. Antoine & E. J. Regan, St. Albans, Vt., C.P. to move transmitter and studio locally; WKZO, WKZO, Inc., Kalamazoo, Mich., C.P. to move transmitter to Kalamazoo Twp., Mich.; make changes in equipment increase power from 1 KW day only to 1 KW day, 250 watts night, and increase hours of operation from daytime to unlimited (Commissioner Lafount voted to set application for hearing); KFBL, Leese Brothers, Everett, Wash., consent to voluntary assignment of license to Lee E. Mudgett; WMEX, The Northern Corp., Chelsea, Mass., modification of C.P. to extend completion date to July 20; WHAD, Marquette University, Milwaukee, Wis.; consent to voluntary assignment of license to American Radio News Corp.; WHDL, Tupper Lake Broadcasting Co., Inc., Tupper Lake, N. Y., modification of C.P. extending commencement date to May 15 and completion date to June 30, 1934.

May 18 - WCAL, St. Olaf College, Northfield, Minn., C.P. to change equipment and increase day power from 1 KW to $2\frac{1}{2}$ KW; KQW, Pacific Agr. Foundation Ltd., San Jose, Cal., C.P. to move transmitter and studio locally in San Jose; KMED, Mrs. W. J. Virgin, Medford, Ore., C.P. to install new equipment and increase daytime power from 100 to 250 w.; KLRA, Ark. Broadcasting Co., Little Rock, Ark., C.P. to install new equipment and increase daytime power from 1 KW to $2\frac{1}{2}$ KW; KARK, Ark. Radio & Equipment Co., Little Rock, Ark., modification of license to increase daytime power from 250 to 500 watts; WHN, Marcus Loew Booking Agency, New York, modification of license to make changes in equipment and increase power from 250 to 1 KW; WATR, Harold Thomas, Waterbury, Conn., modification of C.P. to change transmitter and studio locally in Waterbury, Conn.

Also, WPTF, WPTF Radio Co., Raleigh, N. C., modification of C.P. to extend completion date to Aug. 17, 1934; WDNC, Durham Radio Corp., Durham, N. C., license covering move of station from Wilmington to Durham, changes in equipment and change in frequency from 1370 to 1500 kc., 100 watts, unlimited; KVL, KVL, Inc., Seattle Wash., license 1370 kc., 100 watts, S-KFBL, covering local move of transmitter and studio; KGy, KGy, Inc., Olympia, Wash., special experimental authority for additional specified hours during the period of existing license; WNEl, Juan Piza, San Juan, P. R., modification of C.P. to change authorized location of transmitter locally in San Juan, and extend completion date to 90 days after this date; WNBH, d/b as New Bedford Broadcasting Co., New Bedford, Mass., consent to voluntary assignment of license to E. Anthony & sons, Inc.

Miscellaneous - Action on WKZO, taken above under date of May 15, reconsidered and designated application for hearing.

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