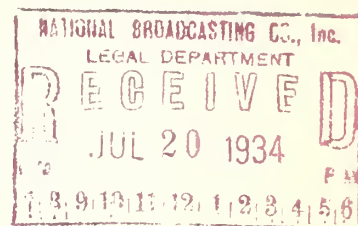


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication



INDEX TO ISSUE OF JULY 17, 1934.

Communications Commission Organizes Three Divisions.....	2
New Divisional Communications Commission Set-Up.....	3
Capital To Have Conscience Voice.....	5
Predice Less Animosity To Commission Than NRA.....	6
Education Gets 50-50 Break, Aylesworth Declares.....	7
Says President Took Farleyesque Commission View.....	8
Business Letter Notes.....	9
Apprehensive Of Too Numerous Administrative Agencies.....	10
Announcer Criticized For Reading Complaint Over Air.....	11
Applications Received By Communications Commission.....	11
Some Recent NBC New And Renewal Accounts.....	12

No. 741

Handwritten signatures and initials at the bottom of the page.

July 17, 1934.

COMMUNICATIONS COMMISSION ORGANIZES THREE DIVISIONS

The Federal Communications Commission organized its Division Tuesday, (July 17) in keeping with the Communications Act. Three divisions composed of three members each were created, with Chairman E. O. Sykes serving on each Division. The divisions and personnel follow:

Division #1 - Broadcasting

Commissioner Hampson Gary - Chairman
Commissioner Thad Brown - Vice Chairman
Commissioner Sykes

Division #2 - Telegraph

Commissioner Irvin Stewart - Chairman
Commissioner George Henry Payne - Vice Chairman
Commissioner Sykes

Division #3 - Telephone

Commissioner Paul Walker - Chairman
Commissioner Norman S. Case - Vice Chairman
Commissioner Sykes

The Broadcast Division will exercise jurisdiction over all matters relating to or connected with broadcasting.

The Telegraph Division will have and exercise jurisdiction over all matters relating to or connected with record communication by wire, radio or cable, and all forms and classes of fixed and mobile radio-telegraph services and amateur services.

The Telephone Division will have jurisdiction over all matters relating to, or connected with telephone communication (other than broadcasting) by wire, radio or cable, including all forms of fixed and mobile radiotelephone service except as otherwise specifically provided for.

The whole Commission will have jurisdiction over all matters not otherwise specifically allocated to a division; over all matters which fall within the jurisdiction of two or more of the divisions established by this order; and over the assignment of bands of frequencies to the various radio services. In any case where a conflict arises as to the jurisdiction of any division or where jurisdiction of any matter or service is not allocated to a division, the Commission will determine whether the whole Commission or a division thereof will have and exercise jurisdiction, and if a division, the one which will have and exercise such jurisdiction.

The Broadcast Division will hold its first meeting Wednesday morning, July 18; the Telegraph Division will meet at 10 o'clock Thursday morning, July 19; the Telephone Division will meet Friday at 10 o'clock, July 20.

Next week the Broadcasting Division will meet at 10 o'clock on Tuesday, the Telegraph Division at 10 o'clock on Wednesday, and the Telephone Division on Thursday at 10 o'clock. These will probably be the regular meeting days of the Divisions.

It was reported that the positions of W. D. Terrell, Chief of the Field Division, and Ford Greaves, Assistant Chief Engineer had been reclassified, and that their salaries had been reduced. Terrell, who is the oldest radio man in point of service in the country, having been one of the two original radio inspectors of the United States, is understood to have been reduced from \$8,000 to \$5,600 a year, and Ford Greaves from \$7,500 to \$4,000. The latter is said to be slated for a radio inspectorship at San Francisco. Both are Republicans.

X X X X X X X X X

NEW DIVISIONAL COMMUNICATIONS COMMISSION SET-UP

The following radio services and classes of stations were allocated to the three divisions established by the new Communications Commission, as follows:

I. To the Broadcast Division

<u>Service</u>	<u>Class of station</u>
Broadcast	Broadcast
Temporary	Broadcast Pickup
Experimental	Experimental Visual Broadcast Experimental Relay Broadcast Experimental Broadcast General Experimental (1) Special Experimental (1)

- (1) All matters relating to or connected with this class of station concerning the development of apparatus for any service assigned to the Broadcast Division.

2. To the Telegraph Division

Aviation	Aeronautical Aeronautical Point-to-point Airport Aircraft
Aviation Public	Aeronautical Aircraft

7/17/34

2. To the Telegraph Division (Cont'd)

<u>Service</u>	<u>Class of station</u>
Public Coastal	Coastal Telegraph Coastal Harbor (Telegraph) Coastal Telephone (2)
Private Coastal	Coastal Telegraph Coastal Harbor (Telegraph) Coastal Telephone (2)
Experimental	General Experimental (3) Special Experimental (3)
Geophysical	Geophysical
Fixed Public	Point-to-point Telegraph Point-to-point Telephone (2)
Fixed Private	Point-to-point Telegraph
Emergency	Municipal Police State Police Special Emergency Marine Fire
Agriculture	Point-to-point Telegraph
Marine Relay	Marine Relay
Mobile Press	Mobile Press
Fixed Public Press	Point-to-point Telegraph
Amateur	Amateur
Temporary	Motion Picture
Ship	First Class (4) Second Class (4) Third Class (4)

- (2) Stations in Alaska only
- (3) All stations of this class except those assigned by designations (1) and (6) to the Broadcast Division and Telephone Division respectively.
- (4) Except ship telephone stations connecting through coastal telephone stations with the public telephone network.

3. To the Telephone Division

<u>Service</u>	<u>Class of station</u>
Fixed Public	Point-to-point Telephone
Public Coastal	Coastal Telephone (5) Coastal Harbor (Telephone) (5)
Private Coastal	Coastal Telephone (5) Coastal Harbor (Telephone) (5)
Experimental	General Experimental (6) Special Experimental (6)
Ship	First Class (7) Second Class (7) Third Class (7)

- (5) Except stations in Alaska
- (6) All matters relating to or connected with the research, development and operation of public telephone service.
- (7) Ship telephone stations connecting through coastal telephone stations with the public telephone network.

X X X X X X X X X X

CAPITAL TO HAVE CONSCIENCE VOICE

In addition to a secret voluntary non-paid force of traffic violation spotters in the National Capital, Major E. W. Brown, Chief of Police, will have as an aide in the safety campaign the so-called "Voice of Conscience". The "voice" will consist of an automobile painted white and equipped with a loud-speaker. It will be manned by two traffic officers who will cruise the streets spotting traffic violators and whispering words of caution or reproof into a microphone. The loud-speaker will send their voices booming down the street so that all persons within a radius of a block or more will hear the warning.

The special car is now being painted at a Detroit motor car factory and is scheduled to be delivered not later than July 25. After the car's arrival, it will have to be equipped with a microphone and loud-speaker, but Major Brown said it probably would make its debut about August 1.

Cincinnati already has started a similar campaign and its "voice of conscience" made an initial appearance on the streets there recently. An Associated Press dispatch said there were many "red faces" as a result of the car's activities.

X X X X X X X X

PREDICT LESS ANIMOSITY TO COMMISSION THAN NRA

The origin of the mandatory order in the Communications Act to go thoroughly into service contracts is traced to the active interest of Congressional leaders and applies principally to the relationship between the Western Electric Company and the Bell System," according to the New York Times.

"The second report required results from the opposition by telegraph interests to the leased wire and telephone-typewriter services of the American Telephone and Telegraph Company, while the third is an outgrowth of opposition, on the part of the Postal Telegraph Company, to the contracts between the Western Union Telegraph Company and numerous railroad companies", the Times goes on.

"Thus the Commission finds itself, to some extent, an arbiter between the competing communications interests, where serious consideration of the problems will be required for equitable solution. While the Commission may not have the final word, its reports will have considerable weight.

"Communications leaders predict that less animosity and a greater spirit of conciliation will be displayed by the wire chiefs in the hearings before the new Commission than appeared when the NRA proposed to dictate a code for the telegraph industry.

"Bringing of the Western Electric contract before the new Commission, together with similar contracts of lesser importance affecting other carriers, also will be a momentous development. The issue has been raised frequently in State telephone rate cases, and in the Illinois Bell Telephone Co. case, which was decided recently against the company by the Supreme Court.

"In that case, however, the United States Supreme Court did not pass on the merits of the Western Electric contract, which had been approved by the lower court in all respects save for one price advance in 1930. When this contract last appeared before the highest court, in a Southwestern Bell Telephone rate case many years ago, it was sustained by the Supreme Court."

"Officials of communications companies do not believe that the Commission will find it possible to reach any definite conclusions within the next six months as to how the Act should be modified.

"In addition, there is a vast amount of routine work and investigations to be conducted, any of which probably will require some months to complete."

X X X X X X X X

July 17, 1934.

EDUCATION GETS 50-50 BREAK, AYLESWORTH DECLARES

Apparently having in mind that the new law makes it obligatory for the Federal Communications Commission to investigate a proposal that Congress, by law, set aside certain frequencies for the broadcasting of educational, religious and other non-commercial programs, M. H. Aylesworth recently discussed the educational broadcasting situation at considerable length.

"We have over 20% education on our networks, that is, programs that definitely have educational purpose", Mr. Aylesworth explained. "We have 30% more of programs that have educational value. That makes 50%. That leaves 50% for entertainment. Education gets a 50-50 break, therefore, over our networks."

Pointing to various examples of educational value of radio, broadcasting executive warned against attempting to move too swiftly to utilize all the possibilities and observed, "We have got to experiment. In order to learn to swim, we must swim. So in order to learn to broadcast, we must broadcast."

"I have long believed that we have not been utilizing the force of education by radio to its greatest advantage", Mr. Aylesworth said. "There is something to be said for the newness of the medium. For over 200 years there has been going on the development of the technique of teaching in the classroom. Compared to this, our experience with radio has spanned only a few short years. It takes time to even train an individual to use this new medium; how much longer it must take to train whole groups of teachers to make effective use of it. As broadcasters, we invite you to join with us in bringing about the most fruitful use of this new medium. As teachers, you are asked to share this responsibility with us."

"We have put every kind of subject on the air to interest listeners", the NBC executive remarked. "Politics, government, economics, psychology, philosophy, art, literature, music, vocational training, law, home economics, and many others. Efforts have been made to publicize these programs - extensive lists of organizations have cooperated by bringing them to the attention of their membership. Printed bulletins, bibliographies, and reprints of lectures have been made available."

"Thousands have written us their appreciation of these efforts. We consciously tried to do a good educational job with the child and the grown-up - with your help we will do a better job."

"Thousands of school systems receive our daily programs, while more than 50,000 schools, representing over 6,000,000 children listen each week to Walter Damrosch and the NBC music appreciation hour."

7/17/34

"Individual school systems have sought and are using the local facilities of our associated stations in many states and cities. We know the limitations of the radio lesson. We know, however, that it supplements and vitalizes any subject which a teacher is struggling to make interesting to a group of young people. It can supply the intellectual urge to make us go on and study for ourselves, which I suppose is the highest accomplishment of any teacher.

"We have yet only touched upon the significance of this means of mass communication as a boon to mankind. In America we are making it a means of public enlightenment. We are proud to join forces with this association to make that purpose more certain and secure."

X X X X X X X X

SAYS PRESIDENT TOOK FARLEYESQUE COMMISSION VIEW

Expressing the belief that politics dominated the appointment of the Federal Communications Commission, the New York Herald-Tribune appears convinced that it was done deliberately.

"Thus the Democratic party faces its first election under the New Deal with a deck of cards much to its liking", the newspaper goes on. "Faith in the radio as a means of political argument has dwindled somewhat. The press still remains the main source of political ideas and the center of political debate. But for what it is worth, Mr. Roosevelt retains control of the radio. Just what his commission can do to the newspapers through its control of telegraph wires and the telephone remains to be seen. The threat is there and calls for alert watching.

"That threat will remain as long as the controlling board is kept a political body. We have already expressed our opinion upon this point. We think the issue of such vital concern to the cause of a free press and free political debate that we wish to reiterate our view. It is that only by elevating the Communications Commission to the level of a high and impartial court can the threat of political censorship be ended. We regret that President Roosevelt has taken the Farleyesque view of the issue. He may gain something temporarily in radio effectiveness for the coming New Deal campaign. What he may thus gain will be more than offset, we are confident, by the dangerous threat to American free speech which he now adopts as his considered policy."

X X X X X X X X

::
 ::BUSINESS LETTER NOTES::
 ::

Bank loans of the International Telephone and Telegraph Corporation and associated companies were about \$31,000,000 on June 30, comparing with \$34,500,000 at the end of 1933, and \$40,500,000 at the close of 1932. The corporation's banking credit here, which was reduced from \$27,000,000 to \$24,960,000 in 1933, has been further reduced to \$23,920,000 as of June 30, and the due date has been extended to Feb. 1, 1935.

"Roxy" (S. L. Rothafel", radio pioneered will make his debut over the Columbia network starting September 15, in his first sponsored series of programs. He will be heard from 8:00- to 8:45 P.M., EDST, each Saturday. The programs will be sponsored by Fletcher's Castoria.

A. L. Alexander, chief announcer of WMCA, of the American Broadcasting System, is on his first vacation in ten years of radio broadcasting. He and Mrs. Alexander are in the White Mountains in New Hampshire.

The Rodin Publishing Company, 200 West 57th St., New York City, will make its bow in the publishing field when it will issue its first book, "So-o-o-o You're Going on the Air!" by Robert West, director of the newly formed Radio Arts Guild of America and associate director of the League for Public Discussion. The Rodin Publishing Company intends to specialize on the subject of radio and broadcasting.

The American Telephone & Telegraph Co. reports for the six months ended June 30, net income of \$61,999,195, equivalent to \$3.32 a share on the outstanding capital stock. This compares with \$66,224,134, or \$3.55 a share for the first six months of 1933.

John S. Young, only NBC announcer with an LL.D. degree, has been invited to lecture at Oxford University. Younr, who, for the past academic year, has been a lecturer on radio at New York University, sailed last week for England. The announcer will then go to Oxford where he will engage in research and where he will deliver several talks about American broadcasting.

The NBC announcer was invited to Oxford by Sir Henry Penson, K.B.E., LL.D., Warden of the King's English.

X X X X X X X X

APPREHENSIVE OF TOO NUMEROUS ADMINISTRATIVE AGENCIES

The judicial branch of the Government is being "rapidly and seriously undermined" by increasing powers delegated by Congress to the growing number of administrative agencies, a special committee of the American Bar Association, headed by Louis G. Caldwell, former General Counsel of the Federal Radio Commission declared. Among the additional members are Felix Frankfurter, of Cambridge, Mass., and others.

"Federal administrative agencies exercising judicial, in combination with legislative and executive powers, are obliterating essential lines of our Government structure", the report said, "and for the original classic simplicity, are substituting a labyrinth in which the rights of individuals, while preserved in form, can easily be nullified in practice."

Presenting tentative conclusions to be considered at the Association's annual meeting in Milwaukee next month, the committee recommended divorcing the judicial functions of administrative agencies from their legislative and executive functions, the abolition of so-called independent commissions and simplification of the procedure and practice of such agencies and corporations as, for example, the 17 created under Title I of the NIRA alone.

"It becomes hopeless for the average citizen to attempt to understand his Government", the committee found.

Creation of a "Federal administrative court" was proposed.

In its conclusion, the report stated:

"Administrative tribunals with judicial power are courts in fact; without adequate judicial review of their decisions they are, potentially at least, courts controlled by the Executive or by the Legislature.

"To the extent that courts are permitted to fall under such control poignant lessons of history have been forgotten, and a fundamental condition to the administration of justice, i.e., the principle of judicial independence, has been sacrificed."

The tremendous volume of administrative orders issued in the past year by NRA and the other new agencies far exceeds all the Federal statutes since 1789 and makes the presumption that every citizen knows the law "more than violent", the report stated.

X X X X X X X

ANNOUNCER CRITICIZED FOR READING COMPLAINT OVER AIR

As a result of a WJSV announcer in Washington reading a letter of complaint over the air, which he had received from a listener, a listener in wrath wrote the following letter to the Washington Post:

"I have always been under the impression that radio stations welcomed criticism from listeners, but I would be very reluctant to address WJSV of this city, after the dose handed out to one of that station's listeners who recently criticized the manner and attitude of one of its announcers, Arch McDonald.

"The letter was read over the air by McDonald and was ridiculed by him. Mr. McDonald, in addressing the radio audience, stated 'Ladies and gentlemen and Mr. Van Sant.', indicating that the writer of the critical note was no gentleman.

"This is not the first blunder that can be charged to this funny sports announcer, and as the writer of the letter referred to stated, 'this fellow, McDonald, should be curbed or Station WJSV will lose many friends.'"

X X X X X X X X X

APPLICATIONS RECEIVED BY COMMUNICATIONS COMMISSION

July 16 - WHDH, Matheson Radio Co., Inc., Boston, Mass., modification of license to increase hours of operation from daytime to unlimited with power of 1 KW until sunset at Denver and 500 watts thereafter; WCNW, Arthur Faske, Brooklyn, N. Y., modification of C.P. as modified, authorizing move of transmitter, installation of new equipment and increase in daytime power requesting changes in equipment and extension of commencement and completion dates; Dudley J. Connolly, Chattanooga, Tenn. C.P. to erect a new station to be operated on 1420 kilocycles, 100 watts, unlimited time; WSFA, Montgomery Broadcasting Co., Inc., Montgomery, Ala., modification of license to determine operating power by direct antenna measurement (corrections made); Lakeland Broadcasting Co., Lakeland, Fla., C.P. to erect a new station to be operated on 1200 kilocycles, 100 watts, unlimited time; Carolina Radio, Inc., Anderson, S. C., C.P. to erect a new station to be operated on 1200 kilocycles, 100 watts, unlimited time.

Also, WREC, WREC, Inc., Memphis, Tenn., extension of special experimental authorization to operate with power of 1 KW night, 2½ KW daytime, for period 9/1/34 to 3/1/34; WTRC, The Truth Publishing Co., Inc., Elkhart, Ind., consent to voluntary assignment of license to Truth Radio Corp.; KSO, Iowa Broadcasting Co., Des Moines, Ia., modification of C.P. authorizing installation of new equipment, move of transmitter and increase in daytime power to 500 watts.

X X X X X X X X X

7/17/34

SOME RECENT NBC NEW AND RENEWAL ACCOUNTS

RENEWAL - Northam Warren Corp (Cutex and/or Odorono), 191 Hudson St., New York, N. Y.; AGENCY - J. Walter Thompson Co., New York City; Started June 22, 1934; Fridays 9:00-9:30 PM EDT; Networ - WJZ WBZ WBZA WBAL WMAL WHAM KDKA WGAR WCKY WLS KWK KWCR WREN KOIL KSO CFCF WSYR WSM WSB WAPI WSMB WKY WFAA WOAI KGO KFI KGW KOMO KHQ KOA KDYL; Program - "Let's Listen to Harris" - Phil Harris and his orchestra, Leah Ray, Commercial talk given by "The Fashion Reporter";

RENEWAL - Pacific Coast Borax Co. (20 Mule Team Borax), 51 Madison Ave., New York City; Agency - McCann-Erickson, Inc., Madison Ave., New York City; Started July 5, 1934, Thursdays, 9:00-9:30 P.M. EDT; NETWORK - WJZ WBZ WBZA WBAL WHAM KDKA WGAR WJR WLW WLS KWK WREN KWCR KOIL KWO WMAL WSYR; Program - "Death Valley Days" - Dramatization of Pioneer life in Death Valley, Cal.

NEW - A C Spark Plug Co., Flint, Mich.; Agency - Campbell Ewald Co., Detroit, Mich; Started June 23, 1934, Saturdays, 10:00-10:15 PM EDT; Network - WEAJ WTIC WTAG WEEI WJAR WCSH WFI WFBR WRC WGY WBEN WCAE WTAM WWJ WLW WKBF WMAQ KSD WHO WOW WOC WDAF CRCT CFCF WTMJ KSTP WEBC WDAY WRVA WWNC WFLA WSM WMC WSB WAPI WSMB WSOC WKY KTHS WBAP KPRC WOAI KOA KDYL KGYL KGO KFI KGW KOMO KHQ KTAR; Program - "Raymond Knight and his Orchestra".

RENEWAL - Bristol-Myers (Drugs), 75 West St., New York City Agency - Benton & Bowles, New York City; Started July 4, 1934; Wednesdays 9:00-10:00 P.M. EDT, 12:00-1:00 midnight, EDT; Network - 9-10 WEAJ WTIC WWJ WEEI WJAR WTAG WCSH WLIT WFBR WRC WGY WBEN WCAE WTAM WLW WMAQ KSD (WOC WHO 9:30-10) WOW WDAF WTMJ KSTP WEBC WRVA WPTF WIS WJAX WIOD WSM WMC WSB WSMB KVOO WKY (WFAA 9-9:30) KPRC WOAI KTBS; 12-1:00 KGO KFI KGW KOMO KHQ KOA KDYL; Program - "Hour of Smiles", large musical, Fred Allen, Lennie Hayton's orchestra, guest stars.

NEW - The Studebaker Sales Corp. of America, Soudh Bend, Ind., Agency - Roche, Williams & Cunnyingham, Inc., Chicago, Ill; Started July 9, 1934; Mondays 8:00-8:30 PM EDT, 1:00-1:30 AM EDT; Net- work - 8:00 WEAJ WEEI WTIC WJAR WTAG WCSH WFI-WLIT WFBR WRC WGY WBEN WCAE WTAM WWJ WSAI WMAQ KSD WHO WOC WOW WDAH; 1- KGO KFI KGW KOMO KHQ KOA KDYL; Program - "Studebaker Champions" - Richard Himber and orchestra.

NEW - Malted Cereals Co. (Maltex) Burlington, Vermont; Agency - Samuel C. Croot, Co., New York City; Starts Sept. 2, 1934, Sundays 5:00-5:30 P.M. EDT; Network - WEAJ WEEI WTIC WJAR WTAG WCSH WFI-WLIT WFBR WRC WGY WBEN WCAE WTAM WWJ; Program - "Little Known Facts about Well Known People", Dale Carnegie.

X X X X X X X X