

HEINL RADIO BUSINESS LETTER

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No. 756

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September 11, 1934.

NEWS BROADCASTS POLICY MAY CAUSE CINCINNATI SCRAP

Usually national conventions are cut and dried affairs but several live issues are scheduled for discussion at the annual meeting of the National Association of Broadcasters in Cincinnati next Monday (September 17th).

If the speech of Senator C. C. Dill, of Washington, on the subject of "News by Radio" is as belligerent as his friends say it will be, it may bring to the convention floor a feud which has been raging between the stations who subscribe to the Press-Radio Bureau, and those who seek to broadcast more news bulletins and to have them sponsored by advertisers.

Senator Dill, who retires from the upper legislative body January 1st, denies that he has any personal interest in any company to engage in radio news broadcasting, and that after his retirement from Congress, he will take up law practice. He declares his interest is entirely that of public service to listeners. In a speech made in Chicago on Labor Day, and in conversation, he has predicted, with considerable emphasis, that newspaper publishers, through the Press-Radio Bureau, are stifling news broadcasts and that their bulletins are too infrequent. In view of the latter assertion, it is interesting to note that in connection with the burning of the steamship "Morro Castle", that up to noon of that day, the Press-Radio Bureau broadcast 20 bulletins and by 3 o'clock in the afternoon, the number mounted to 36 with additional news broadcasts regarding the identification of the dead and injured continuing throughout the remainder of the day.

According to Senator Dill, there is more demand for news broadcasts, especially in the rural sections, than for almost anything else on the radio. By way of proving this, he will make public at Cincinnati the results of the questionnaire which he recently sent out to 580 broadcasters asking them if they desired more news broadcasts. Three hundred and fifty, according to the Senator, have replied in the affirmative.

The Senator has stated that the time has come to determine whether or not radio stations are to be "dictated to" by the newspapers with regard to news bulletins broadcast. This doubtless will be the question which he will raise for discussion in his speech at Cincinnati.

Another paramount question when the broadcasters gather in the Middle West will be their attitude at the hearing before the new Communications Commission, October 1st, to determine whether twenty-five percent of the wavelengths should not go to educational, religious and other non-profit making institutions. According to Henry A. Bellows, Chairman of the Legislative Committee of the NAB, the broadcasters do not realize, apparently, that from the October 1st hearing, Congress may be expected to formulate future policies with respect to the American broadcasting situation.

"They do not realize that the Commission is required, by law, to report to Congress its recommendations for new legislation", said Mr. Bellows. "These recommendations will be based on actual facts presented at the October hearing." Mr. Bellows and others will endeavor to acquaint the industry with the urgency of this question and the necessity of putting up a strong fight to keep from losing some of their present choice frequencies.

Still another matter of wide interest will be the consideration of ways and means to follow up the Government anti-trust suit against the American Society of Composers. Although this suit will not prevent the increased rates levied by the Composers upon the broadcasters from becoming effective, nevertheless, it has heartened them in their fight against the ASCAP. Those who will be heard from on this will be Oswald F. Schuette, Copyright Advisor of the Broadcasters, of Washington; J. P. Hostetler, special counsellor and law partner of Newton D. Baker, of Cleveland, and Isaac D. Levy, Treasurer of the organization.

Despite the reassurances given to the industry that their advertising programs on the whole are O.K., insofar as fraudulent and misleading advertising is concerned, the convention will await with considerable interest what Commissioner Ewin L. Davis, of the Federal Trade Commission, will have to say to them "off the record" on the subject. Commissioner Davis, who, as a member of Congress, helped frame the original Radio Act, is known to be very outspoken and in his discussion of radio advertising will no doubt speak plainly.

A. J. "Hollywood" McCosker, President of the Broadcasters, is showing rare political form in his silence with regard to whether or not he is seeking a third term as President of the Association. There is known to be considerable sentiment in favor of Mr. McCosker's continuance, his friends declaring that he could easily be reelected, but thus far the NAB President has not been heard from one way or another.

If Mr. McCosker should decide not to run, the next in line for the presidency, insofar as seniority is concerned, are Leo J. Fitzpatrick, Station WJR, Detroit, First Vice-President, and John Shepard, III, WNAC, Boston, Second Vice-President.

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A new name mentioned in connection with the election of officers at Cincinnati, September 18th, as a presidential possibility is that of Henry A. Bellows, of Washington, Chairman of the Legislative Committee of the National Association of Broadcasters. This proposal was made on the supposition that the position as head of the organization might become a salaried one.

The name of Powel Crosley, Jr., of Cincinnati, has also been proposed, but it is said that Mr. Crosley, because of his other numerous large interests, would not be able to consider it.

Six new Directors are to be elected and here may develop a contest between representatives of the networks and independent stations.

The convention will also have a chance to size up Hampson Gary, newly appointed Federal Communications Commissioner, who is in charge of the Broadcasting Division. Mr. Gary will go from Washington especially for the purpose of addressing the meeting. The general supposition is that his appointment is temporary and that he will be succeeded January 1st by Representative Anning S. Prall, of New York, a personal friend of the President, whose term in Congress expires at that time.

Mr. Gary, in his short time as Commissioner, has created a favorable impression and already his friends have suggested that perhaps the President could be persuaded to appoint Mr. Prall to some other position so that the time Commissioner Gary has served would not be lost in breaking in another new man.

Of the major questions to be taken up at the convention, there seems to be less interest in that of the Broadcasters' Code than in any of the others. Maybe the appearance of Sol A. Rosenblatt, NRA Deputy Administrator, who will speak at the convention, will revive interest in the subject.

Although James W. Baldwin, Executive Officer of the Code Authority, has called a special meeting the day after the convention adjourns, it is said that the call has been met with such a slight response that it seems doubtful whether enough broadcasters can be persuaded to stay over to justify holding the meeting.

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RADIO WHOLESALERS' CODE THREATENED BY LACK OF FUNDS

Unless an opportunity is given them to increase the sources of money to meet expenses of Code administration, their Code will become an almost useless instrument, members of the wholesale radio trade have told the Administration. They were appearing before Frank C. Felhaber, Assistant Deputy Administrator, in support of an application filed by the Code Authority for termination of that provision of Administration Order X-36 which frees members of a trade from contributing to the expense of administering a code other than that embracing their principal line of business.

The trade, which is operating under a code supplemental to that of the general wholesaling or distributing trade, was represented by the members of its Code Authority. They explained that, with changing economic conditions, there now remain few concerns whose "principal line of business" is the wholesaling of radios. It follows, they said, that unless assessments are permitted against those wholesalers who sell radios in "substantial" volume, but not necessarily in a volume large enough to be characterized as the "principal" line of business, the Code Authority will not be able to carry on.

Their attention was directed to Administration Order 78 which provides that no order of termination of the exemption in Order X-36 shall be construed to "require any member of any trade or industry to contribute to the expenses of administration of any Code which covers his principal line of wholesale (or retail) distribution."

Order 78, however, does open the way to agreements between two or more Code Authorities, with the approval of the Administrator, regarding the collection or allocation of assessments.

An intimation by H. C. McCarty, NRA Consumers' Adviser, that radio wholesalers might scrap their supplemental code and be governed by terms of the general wholesale code brought the quick rejoinder that the general code makes no provision for gathering administrative funds; and that administration in the trade has been left to the divisional codes.

This situation, it was declared, leaves the entire structure of distributing codes in danger of collapse because of possible failure to get into the treasury sufficient funds for administration.

Mr. Benjamin Gross, Chairman, who presented the trade's case, and his associates, asked that the Administration take action without delay to enable them to maintain a code in which all the trade had confidence.

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Mr. Gross, and Mr. Estrom and their associates explained that in the early days of radio, numerous concerns established themselves as wholesalers. When sales of radio dropped, these concerns began selling refrigerators and other products. Now, a great majority are forced to admit that the radio department is not their principal line of business. Nevertheless, it was asserted, the sales of radios and radio equipment by many of these concerns still are huge. The Code Authority spokesmen pointed out the "absurdity" of their not levying an assessment upon a dealer whose radio sales amounted to \$200,000 a year, merely because his sales of refrigerators and other products amounted to \$201,000.

They admitted it would not be just or proper to expect contributions from a dealer doing only a small business in radios; and they suggested that the plan of assessment be changed so that a dealer doing less than a \$10,000 radio business annually be exempt.

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PREDICTS ABS WESTERN CHAIN

Fred Weber, Vice-President of ABS, in charge of station relations, is out scouring the field of independent broadcasting stations for possible additions westward to radio's newest network.

"He has an awful job on his hands", commented LeRoy Mark, owner of WOL in Washington, "but we're still contemplating and working on what we started before. Weber is going at it in a businesslike and mouth-shut sort of way - but it's coming - ABS will have a Western chain."

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CLEVELAND RADIO EDITOR IS WEDDED

Norman Siegel, Radio Editor of the Cleveland Press, was married last Friday to Miss Margaret Elizabeth ~~Moss~~. Miss Moff is the daughter of Mr. and Mrs. Hammond ~~Moss~~, of Cleveland.

Mr. Siegel is popular among his associates and because of his independent criticism and enterprise in gathering the news, is one of the best known radio editors in the Middle West.

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TRADE BODY TO MAKE FEW RADIO ADVERTISING COMPLAINTS

The radio broadcasting industry's compliance with the Federal Trade Commission's recent requirement for submission to it of copies of advertising programs broadcast by the networks and broadcasting stations has been so complete that of 598 stations in the country, only 5 have as yet failed to file copies of their advertising programs with the Commission. All of the networks have complied.

Of these five delinquent stations, one is in Alaska and another in Hawaii, so that it is entirely possible that these two stations have complied with the Commission's request and that their continuities are in the mails in transit to Washington.

"So general has been the compliance", the Federal Trade Commission states, "and so gratifying the cooperation which the radio broadcasting industry has given to the Federal Trade Commission in its effort to free radio advertising of false or misleading matter and place it on an even footing with printed advertising in newspapers and periodicals that the Commission anticipates it will be necessary to issue very few complaints against either advertisers or broadcasting stations."

The Federal Trade Commission recently announced that radio advertising would be subjected to its scrutiny, under authority conferred upon the Commission by Section 5 of the Federal Trade Commission Act. The Commission said at that time that all networks, broadcasting stations and transcription companies would be requested to file copies of their advertising programs with the Commission (beginning July 1st). During July, the Commission received 998 reports from network systems and broadcasting stations and 681 during August. The Commission has examined 117,357 programs and have on hand more than 50,000 which are now under examination. Of the programs already examined by members of the Commission's staff, 97,356 have been filed without action, having been passed as free from violation of the law prohibiting false and misleading advertising in interstate commerce. "The remaining 19,991 programs already examined are being further checked, but it is probable that of these only a small percentage will be found to be in violation of law", the Federal Trade Commission continues.

"Where programs are found to contain false or misleading statements, the stations are communicated with and, generally speaking, the broadcasting companies and stations are taking the necessary steps to eliminate all objectionable matter and bring the advertising programs within the law.

"The Commission subsequently advised the broadcasting stations that transmittal to it of advertising continuities might be discontinued until further notice. Somewhat later, the Commission will again require that such programs be submitted for

another check-up. However, no letter of discontinuance was sent to the networks or the transcription companies and their programs are still being received.

"During July, under the first call for the submission of radio programs to the Federal Trade Commission, 114 stations failed to comply with the Commission's request. A follow-up letter was sent to these stations with the result that the number of stations failing to comply was finally reduced to five and these stations have been communicated with and it is the Commission's expectation that within a short time every broadcasting station in the country will be filing its advertising programs and that compliance will be 100 per cent."

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A PAIR TO DRAW TO

Commander E. F. McDonald, President of the Zenith Radio Corporation, of Chicago, is cruising on his yacht in Georgian Bay, Canada. With Commander McDonald is Powel Crosley, Jr., of Cincinnati. Mr. Crosley has with him on the trip his Douglas amphibian plane.

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NEWS CENSORING "POPPYCOCK", FCC COMMISSIONER DECLARES

Charges that the Federal Communications Commission would be instrumental in censoring news are absolutely untrue without even the saving grace of plausibility, Dr. Irvin Stewart, Chairman of the Telegraph Division of the Federal Communications Commission, declared in an interview with Martin Codel, broadcast over NBC Tuesday night (September 11).

"Such charges show complete ignorance of the Communications Act and of the actions of the Communications Commission under that law", Dr. Stewart declared. "If there had been the slightest grain of truth in the charges, the press associations would have been the first to register protests. But those associations know that the Commission has neither the power nor the desire to play the censor. The fact that such fanciful and unfounded charges can be made and circulated by radio and in the press is the best possible evidence that there is no censorship. I am tempted to dismiss the charges, however honestly they may have been advanced, with the only expression which I believe they deserve - 'poppycock'. The dictionary defines "'poppycock' as 'empty talk, foolish nonsense, bosh.' With that definition, the word fits the situation perfectly. As some persons may have been

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misled by the charges, however, I want to emphasize that the Commission does not have the power, the desire or the intention to engage in censorship in the slightest degree; and I want to add that no one, in the administration or out, has ever suggested to us that censorship in any degree was desirable. And when I make these statements, I make them as one in a position to know and who does know what he is talking about."

Efficient communications at reasonable rates are essential, according to Dr. Stewart, who continued:

"To attain the proper balance is a matter of great delicacy. Realizing this, the Commission is fortifying itself with facts; only after we get the facts can we map out our course. The art of electrical communications - I may seem trite in saying so - is still young. There is no telling where it will go, what with the tremendous strides both radio and wire communications have taken in recent years.

"I may say, and I know I speak for my colleagues, that the Commission's prime motive will be to develop its usefulness and to aid its growth as a servant of the public in the interest and for the benefit of the public; to guide its development along rational lines, and to encourage worthy and bona fide experimentation in every respect.

Dr. Stewart praised the amateurs and said:

"There are over 46,000 licensed amateur stations in the United States. It has been our government's policy to encourage them as far as possible, fighting for them in international conferences and setting aside wave lengths for their exclusive use nationally.

"Everyone knows what these 'hams' have done in the past, quite aside from furnishing the radio industry with splendid man power and making outstanding contributions to the development of radio; especially how they have set up emergency communications when other lines of communication were down in times of storm and flood. They are a fine lot, and the Commission is glad to encourage them."

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INDUSTRY NOTES

The American Broadcasting Company received considerable photographic publicity through the initials on their microphones at the "Morro Castle" inquiry in New York. Newspaper readers apparently were quite familiar with "NBC" and "CBS" but many asked what "ABS" meant.

WOL in Washington asked Capital listeners if they wanted the ABS "Morro Castle" broadcasts continued and both phones of the station were swamped with calls in the affirmative so the station kept the hearings from 1 to 3 P.M. during which time they are ordinarily off the air.

Don M. Lee, 53, operator of the Don Lee Network and owner of four California stations, died unexpectedly August 30 of heart disease in Los Angeles.

Mr. Lee, already the owner of KFRC, San Francisco, purchased KHJ in 1927, and since that time has been an important factor in radio development on the West Coast.

Sparks-Withington Co. - Year ended June 30: Net loss after taxes, depreciation and other charges, \$344,381, against \$285,137 loss in preceding year. Six months ended June 30: Net loss, \$179,925, compared with \$84,141 loss in first six months of last year.

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"CRAZY CRYSTALS" ORDER SEEN AS CODE TEST

The order of James W. Baldwin, Executive officer of the Broadcasting Code, for all stations to furnish a sworn statement of contracts to broadcast programs advertising, "Crazy Crystals" seems to be construed as an acid test as to whether or not the trade practices clause in the Code is going to mean anything.

It is understood that Code officials believe there is rate chiselling in connection with this account, that is, some stations are selling time under what their rate cards call for. If this is true, the "Crazy Crystals" order will prove a show-down as to exactly what authority Code officials have in such matters.

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APPOINTMENTS OF COMMUNICATIONS DIRECTORS POLITICAL

The appointments of the three new Directors of the Federal Communications Commission, John Killeen, of New York, Broadcast Director; Robert T. Bartley, Telegraph Director, and A. G. Patterson, Telephone Director, were purely political. It had been expected, since the Commissioners themselves were for the most part political appointees, that perhaps men with some technical ability or actual experience in the industry would be appointed as Directors of the respective divisions, but the contrary was true and as the Communications Commission set-up now stands, it is almost 100% political. The Administration was trying to find a place for Mr. Killeen in the days of the old Radio Commission when he was mentioned as a successor to Commissioner Starbuck.

Killeen was the publisher of the New York Democrat which was said to be among the earliest publications to advocate the candidacy of Franklin D. Roosevelt. Copies of the paper containing laudatory Roosevelt articles were sent to all parts of the United States. Killeen was backed by Ed Flynn, Democratic Bronx political boss and Postmaster General Farley. Killeen's only actual radio experience is set forth in the official FCC handout as follows:

"From 1930 to 1932, Mr. Killeen devoted much time and study to radio as a means for the dissemination of news and other information."

Mr. Bartley, Director of the Telegraph Division, is a nephew of Representative Sam Rayburn, of Texas, which explains that appointment, Rayburn having been the co-author of the Communications Act.

The appointment of Mr. Patterson, Director of the Telephone Division, is credited to Senator Black, of Alabama.

"It was a political appointment pure and simple", said a man in the industry. "Patterson isn't especially qualified for the telephone business. Commissioner Walker, in charge of the Telephone Division wanted to appoint his own people but Pettey, the Commission's secretary, representative of Farley in the Commission, already had the list of men to be appointed and Patterson's name was on it."

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BROADCAST DIVISION AMENDS ORDER NO. 2

The Broadcast Division took the following action today, Tuesday, September 11th:

"It is ordered that Order No. 2 as amended, promulgated by the Commission August 28, 1934, be amended by inserting after the word 'each' of paragraph 1a of said order as amended, the following:

"Provided, however, that if said licensee corporation has of record on said date 1000 stockholders or more, said corporation shall be required to file with the Commission the list only of such stockholders owning 1 percentum or more of stock in such corporation."

So as to make Section 1a read as follows:

"La - The list of the stockholders of record, together with the numbers and the amount of stock held by each; provided however, that if said licensee corporation has of record on said date 1000 stockholders or more, said corporation shall be required to file with the Commission a list only of such stockholders owning 1 percentum or more of stock in such corporation."

IT IS FURTHER ORDERED that the next to the last paragraph of said Order No. 2 as amended, be amended as follows by inserting after the parenthesis and before the word "or" in line 4 as it appears on the minutes of the Commission, the words "as required by Section 1a hereafter as amended."

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BROADCASTING APPLICATIONS GRANTED BY FCC

September 11 - WJEJ, Hagerstown Broadcasting Co., Hagerstown, Md., special temporary authority to operate from local sunset to 11 P.M. EST on Tuesdays, Thursdays, Saturdays and Sundays, with power of 50 watts, for period ending Oct. 12, 1934; KSLM, Oregon Radio, Inc., Salem, Ore., modification of C.P. to make changes in equipment; WIBW, Topeka Broadcasting Assn., Inc., Topeka, Kans., C.P. to make changes in equipment and increase day power from 1 KW to 2½ KW, (normally licensed 580 kc., 1 KW, share with KSAC); WSEN, The Columbus Broadcasting Corp., Columbus, Ohio, consent to voluntary assignment of license to WCOL, Inc.; WBBZ, Estate of C. L. Carrell (deceased), Ponca City, Okla, C.P. to move transmitter locally in Ponca City, Okla; W8XAI, Stromberg-Carlson Tel. Mfg. Co., Rochester, N. Y., modification of C.P. (Gen. Exp.) extending completion date from Aug. 27 to Oct. 27, 1934.

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