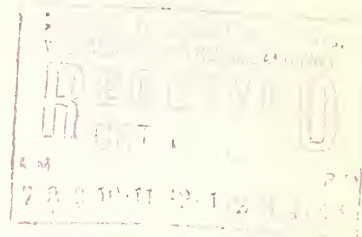
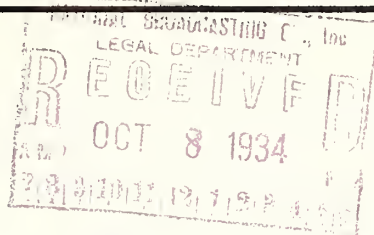


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No. 763

FCC RAPIDLY GROWS INTO POLITICAL PLUM TREE

Great oaks from little acorns grow, especially if the acorns happen to be political plums. When the Federal Radio Commission was created seven years ago, the first year's budget was approximately \$100,000 and it had 57 employees.

It has just been revealed that the present set-up of the Radio Commission's successor, the Federal Communications Commission, provides for an organization of 595 persons. No cost figures were given but an estimate made by one usually well-informed person was that the annual budget of the wire and radio commission would probably exceed \$1,000,000 and might go up to \$1,500,000. The last appropriation for the Radio Commission was \$660,000, which the Communications Commission will use as a starter.

Because of the large number of purely political appointments the FCC is rapidly growing into one of the New Deal's promising political plum trees. It is commonly reported that except possibly in the Civil Service appointments that anyone to secure a job at the Federal Communications Commission must have "a clearance" either through Postmaster General Farley or Herbert L. Pettey, Secretary of the FCC, generally understood to be Farley's personal representative on the Commission.

The explanation of the new Commission setup embodies the fact that three divisions of three members each have been created with Chairman E. O. Sykes, serving on each division. The Divisions and personnel follow:

Division #1 - Broadcasting - Commissioner Hampson Gary, Chairman, Commissioner Thad H. Brown, Vice-Chairman.

Division #2 - Telegraph - Commissioner Irvin Stewart, Chairman, Commissioner George Henry Payne, Vice-Chairman.

Division #3 - Telephone - Commissioner Paul A. Walker, Chairman, Commissioner Norman S. Case, Vice-Chairman.

The Secretary of the full Commission, Mr. Pettey, under the new plan has under his jurisdiction the following sections and personnel:

License, which employs 36 persons; Dockets - 4 persons; Minutes - 3; Public Reference, Correspondence and Records - 25; Accounting - 7; Duplicating and Supplies - 9; Press - 3; Sub-clerical section - 5; a total of 92 persons.

The Engineering Department, of which Dr. C. B. Jolliffe is Chief Engineer, will probably be the largest division of the Commission, providing for 174 employees, of whom 110 will be in the field force, checking broadcast stations to see that they keep on their assigned frequency, thus providing good radio reception for listeners.

This department is composed of 5 sections - Telegraph, Broadcast, Telephone, International and Field. The Telegraph section, of which E. K. Jett is Chief, is to be composed of 23 persons; the Broadcast section, Andrew D. Ring, Chief - 18; Telephone, W. G. H. Finch, Chief - 17; International Section, Gerald C. Gross, Chief - 4; and the Field Section, W. D. Terrell, Chief - 112 persons.

The second largest unit will probably be the Accounting, Statistics and Tariff section, to be composed of 160 persons. This section will be charged with the task of analyzing and summarizing the numerous reports filed, and to be filed with the Commission in response to its orders to radio stations, telegraph and telephone companies.

Arnold C. Hansen has just been named Chief Accountant of this Section. He has been Senior Examiner of the Interstate Commerce Commission in the bureau of formal cases for a number of years, and assisted Dr. W. M. W. Splawn in the House Investigation of Communications Holding Companies.

The third largest section will likely be the Valuation Department. The tentative set-up calls for 117 employees by this unit.

The organization of the Law Department, of which Paul D. P. Spearman is General Counsel, has not been completed, nor the Examiners' Unit. Recently the Commission named Frank Roberson, of Pelham, N. Y., and George B. Porter, of Des Moines, Iowa, Assistants to the General Counsel.

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GRIFFITH HEADS COLLEGE BROADCASTERS

W. I. Griffith, Director, Station WOI, Iowa State College of Agriculture and Mechanic Arts, Ames, Ia., was elected President of the Association of College and University Broadcasting Stations at the annual meeting held in Kansas City, Mo.

Harold G. Ingham, Director of Extension and of Station KFKU, University of Kansas, was named Vice-President; Dr. B. B. Brackett, Director, Station KUSD, University of South Dakota, and T. M. Beaird, Director, Station WNAD, University of Oklahoma, succeeded themselves as Treasurer and Executive Secretary respectively.

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GALDWELL PREDICTS 1934 PRODUCTION WILL EXCEED 4,000,000 SETS

Approximately 790,000 radio sets, representing \$32,000,000 at retail selling prices, were produced and sold to the trade during the second quarter of 1934, O. H. Caldwell, former Federal Radio Commissioner, reports.

"This represents a sharp reduction from the 984,746 sets produced and sold during the first quarter of 1934; also a drop below the corresponding figures for the same period of 1933, 848,302 sets, although an increase above the retail dollar volume for the 1933 second quarter, which was \$24,506,800", Mr. Caldwell explains. "From this it may be concluded that the unit price of radio sets has risen considerably during the past twelve months, the average retail value having gone up from \$33.60 for the 1933 second quarter, to about \$40.50 for the 1934 second quarter, which closed July 1."

An increase in unit set value of 20 per cent, is indicated by these figures, showing that the consoles and higher-priced models are again coming to the fore, and that the recent popularity of the midget and cigar-box models is relatively waning.

"Automobile radio sets have not come up to expectations for 1934, it now is apparent", Mr. Caldwell continued. "Sales of these units for automobile installation have run considerably behind the budgets set up by the makers at the beginning of the year, based on 1933 sales. It is this drop in automobile sets which mainly accounts for the 1934 second quarter falling behind 1933 for the same period."

Total sales of radio sets for the first half of 1934 are still considerably ahead of the first half of 1933. The first six months of 1933 produced 1,436,134 sets; the first six months of 1934, 1,774,746 sets. The corresponding retail dollar volumes rose from \$42,000,000 to \$70,000,000.

"Looking back on preceding years, 46 per cent of the total 1932 output was reported in the first half of that year", Mr. Caldwell concludes, "while 30 per cent of 1933's output came in the first six months.

"Averaging these half-year ratios, and applying them to the figures for the first half of 1934, so far available, indicates the total year's production for 1934 will be about 4,400,000 radio sets."

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EDUCATOR SAYS 15% RADIO FACILITIES MORE THAN NEEDED NOW

Judging from the opinion of Armstrong Perry of the National Committee on Education by Radio, setting aside 25 percent of the radio facilities, as Congress attempted to do last session, for educational and religious programs would have been too large a percentage to allocate for this purpose. At the hearing before the Federal Communications Commission, Commissioner Thad Brown asked Mr. Perry if he knew how Congress had arrived at the 25 percent figure? Finally Mr. Brown asked the witness if he knew how Senator Fess arrived at a figure of 15 percent in a bill the latter introduced several years ago?

"From your experience, do you think 15 percent of the radio facilities of this country would be too much or too little to set aside for educational and religious programs?" Commissioner Brown inquired.

"It is not too much for ultimate development", Mr. Perry replied. "It is more than is needed for the immediate future."

Mr. Perry pointed out that the Federal Trade Commission does not scrutinize advertising continuities until after they have been put on the air.

"In the case of objectionable advertising, that leaves the public unable to recover damages without going into a law suit", was Mr. Perry's comment, "and that cannot be financed by the average listener. In Canada they inspect the copy first."

"Would you recommend such a procedure in this country?" Mr. Perry was asked.

"I would", he replied.

Mr. Perry said that he had been informed by a lawyer that bills for radio litigation in this country amounted to from \$600,000 to \$1,000,000 a year.

"One of my deepest regrets", he observed, "is that at least a quarter of a million dollars of philanthropic money that was intended for the development of the educational broadcasting stations has had to go for the protection of the rights of these stations."

Indicating that educational people had been encouraged by the Government interest in their problem, was a letter from Arnold R. Barr, Vice-President of the Chicago City Club, in which he said the City Club in Chicago is ready to apply for a broadcasting license which it proposes to use in presenting educational programs and discussion of political, civic and other public affairs. This station, he explained, would be financed by the revenues obtained from the commercial use of a portion of the

broadcasting privilege. Mr. Barr said that the Chicago City Club has also endeavored to persuade other institutions in Chicago to make similar applications for licenses and has prompted the organization of the Chicago Civic Broadcast Bureau to assist such agencies in such matters as the purchase of transmitting service, the sale of time for commercial broadcasting, the maintenance of studios, the production of programs, etc.

Harris K. Randall, of the Chicago City Club, who is to head the Chicago Civic Broadcast Bureau, told the Communications Commission that he saw no reason why a church or university should not have a channel on which it could sell time, the same as a commercial station.

There is a widespread trend toward Government ownership of broadcasting stations, James A. Moyer, State Director of University Extension of Massachusetts, testified.

"It might be checked here by change of attitude on the part of our Government and of the commercial broadcasters toward educational stations", Mr. Moyer said. "More than 30,000,000 people in the United States are giving their entire time to education as pupils, teachers, administrators and executives, but only 2.5 percent of radio time is under their control."

Eighteen educational stations reported to Dr. Tracy F. Tyler, of the National Committee on Education by Radio, with regard to the cost of their operations. Exclusive of talent, their budget averaged \$9,878 per station for 1934-5.

Dr. James N. Rule, Superintendent of Public Schools of Pennsylvania, said that for some years they had had a State broadcasting station WBAK.

"It was a tremendous advantage to us in developing our educational program on the air and we were rapidly building up a school of the air in Pennsylvania", Dr. Rule testified. "But on the complaint of the local broadcasting commercial station, our channel was taken away from us."

Dr. Rule presented an affidavit from R. D. Hetzel, President of the Pennsylvania State College, to the effect that WPSC, its station, was forced off the air because of restrictions of the Radio Commission with regard to daytime hours which prevented a sufficient budget being secured to maintain it.

"The increasing requirements and the attitude of the Radio Commission over a considerable period of time gave us the very definite impression that the Commission did not favor educational stations and was disposed to make it difficult for them to continue", Dr. Hetzel set forth in the affidavit. "Because of increasing restrictions by the Commission. when it was estimated that \$20,000 additional would be necessary, the station was closed down as our Board had no assurance that it would be continued in the future without the expenditure of larger and larger sums."

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Dr. Rule said that if Pennsylvania could establish a chain of State educational broadcasting stations, the possibilities would be tremendous in the field of developing popular education, not only in the case of boys and girls of school age, but also would make for a better life for our whole population.

The hope was expressed by Father Cornelius Deeny, who appeared in behalf of the Jesuit Educational Association of Santa Clara, Cal., that "even in radio broadcasting there would be a New Deal."

"The object of educational broadcasts is the dissemination of the truth; the object of commercial broadcasting is to sell something, to make profits", Father Deeny submitted to the Commission. "The two, it seems to me, cannot help but be in inharmonious conflict.

"And what I think is to be deplored most about all these 90 broadcasting channels, is that they are controlled almost entirely by commercial interests so that the most powerful gift God has given the world for the dissemination of knowledge and of truth is not and cannot be used in the United States for that purpose for which it seems to be and is so fit.

"In asking that fixed percentages of broadcasting facilities be allocated to educational and other non-profit making institutions, we are not asking for anything so very new or unheard of. We have something of a precedent in American history. I allude, in this country, to the land grants, where land was set aside by the United States exclusively for the uses of educational institutions. I allude also to the practices of many nations today wherein radio broadcasting education certainly is honored and the profit motive is kept in abeyance.

"We are told that all, or almost all, nations give an abundance of time to cultural and educational broadcasts and only in two - Mexico and the United States - is radio broadcasting on a profit-making basis", Father Deeny said further.

Today radio station licensing in this country is sort of a grab-bag procedure, S. Howard Evans, of the Ventura Free Press, of Ventura, Cal., asserted to the Communications Commission.

"Everyone is trying to get all he can from the Commission", Mr. Evans concluded. "Anyone is free to file application for the facilities of anyone else, thus starting costly litigation and increasing the expense of station operation."

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SERVICE EXCHANGE WIRE AGREEMENTS UNDER SCRUTINY

Telegraph companies having exclusive contracts with railroads, terminals and bus lines based upon agreements for the exchange of service have been ordered by the Telegraph Division of the Federal Communications Commission to show cause why an order should not be entered against them. Also they have been asked to fill out a questionnaire and notified that a hearing on the subject of their contracts has been set for November 5th.

All this is embodied in Order No. 10 issued by the Division, which follows:

"The Telegraph Division, having under consideration the provisions of section 201 (b) of the Communications Act of 1934, and being informed that certain telegraph carriers have entered into contracts with other common carriers not subject to the Act, doing business within the United States, and which are based in whole or in part upon agreements for the exchange of services, and verified copies of said contracts having been furnished to and filed with the Commission, pursuant to the provisions and requirements of Telegraph Division Orders Nos. 1 and 4; and it appearing to said Telegraph Division that a full inquiry should be made with respect to said contracts, and that if said contracts are violative of law or adversely affect the public interest the Telegraph Division should promulgate an order, rule or regulation to prevent any telegraph carrier subject to the Act from entering into any or further like contracts, or operating under any existing contract with any other common carrier not subject to this Act, for the exchange of their services, if it is found that operation thereunder by the carrier subject to this Act is violative of law or contrary to the public interest:

"It is ordered, that a hearing shall be held in the offices of the Commission in Washington beginning Monday, November 5, 1934, at 10:00 A.M., for the purpose of inquiring into the provisions and effect of said contracts between telegraph carriers subject to the jurisdiction of this Commission and the common carriers aforesaid not subject to the Act;

"It is further ordered that each and every telegraph carrier subject to the jurisdiction of this Commission which has entered into any contract for the exchange of services between it and any common carrier not subject to the Act, and under which any such telegraph carrier has or claims any exclusive right, benefit, or privilege, shall appear before the Telegraph Division of the Federal Communications Commission at said hearing, to show cause why said Telegraph Division should not enter an order:

"(1) Declaring that the provisions of all contracts, agreements or arrangements for the exchange of their services between the respondent and common carriers not subject to the Act, doing business within the United States, which create or permit the existence of any exclusive right, benefit or

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privilege in favor of the respondent, or which restrain or lessen or purport to restrain or lessen competition by any other telegraph carrier within the United States to be contrary to and against public interest; and

"(2) Prohibiting the respondent from claiming, relying upon, enforcing or attempting to enforce any such exclusive right, benefit, or privilege.

"And it is further ordered that each and every telegraph carrier subject to the jurisdiction of the Federal Communications Commission which has any contract, agreement, or arrangement with any common carrier not subject to the Act, for the exchange of their services, and which is required by any provision of this Order to appear before said Telegraph Division as hereinbefore provided for, shall, not later than October 29, 1934, file with the Telegraph Division of the Federal Communications Commission a brief including (1) a complete statement of facts, and (2) a citation of authorities and any and all decisions, orders, or opinions of any courts or commissions upon which such telegraph carrier may rely in opposition to the making or enforcing by the Telegraph Division of an Order affecting the contracts aforesaid as hereinbefore set out."

Commissioner Stewart, Chairman of the Telegraph Division, made the following statement:

"The second proviso of Section 201 (b) of the Communications Act of 1934 is as follows: 'Provided further, That nothing in this Act or in any other provision of law shall be construed to prevent a common carrier subject to this Act from entering into or operating under any contract with any common carrier not subject to this Act, for the exchange of their services, if the Commission is of the opinion that such contract is not contrary to the public interest.'

"In adopting its Order No. 10, the Telegraph Division is not passing judgment upon these contracts. The Division will make its decision as to whether particular contracts are in the public interest only after hearing the statements of the interested companies. That portion of Order No. 10 indicating provisions which the Division might incorporate in a ruling, is intended to give the companies notice of the type of action which the Division might take with respect to any of the contracts found to be contrary to the public interest. This procedure will give the companies the opportunity to express themselves, first, as to whether the contracts are in the public interest, and, second, as to the type of ruling to be issued by the Commission where particular contracts are found to be contrary to the public interest."

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ROTTERDAM TELEPHONE COMPANY CARRIES RADIO PROGRAMS

In addition to its telephone service, the Rotterdam Telephone Company also operates a radio distributing system, which was started in October 1931, and counted 7,526 subscribers on January 1, 1933, and 11,244 on January 1, 1934.

The entrance fee, which amounted during 1933 to 15 florins, was reduced to 10 florins in March, 1934. Monthly subscriptions amounted to 2.50 florins (A florin is about 68 cents).

The telephone service makes the connection from the street cable to an amplifier in the house of the subscriber which brings the programs at loudspeaker strength. The amplifier remains the property of the service. The subscriber buys a loudspeaker for his own account.

A small isolated wireless receiving station has been built outside the town, where 15 receiving sets have been installed. All sets are permanently tuned in, but only two foreign programs at a time are relayed to subscribers along two wires of the telephone distributing cables. Several times a day two other foreign stations are tuned in instead, according to the desirability of the programs. Publicity is given every day in the local newspapers regarding the stations that will be relayed at different hours of the next day. Besides two foreign stations, the subscriber has the permanent choice between the two domestic broadcasting stations, programs of which are relayed direct from the studios of these broadcasting stations via the central telephone station at Rotterdam along two telephone cables hired from the Government Telephone Service. The entire service is operated from the central telephone station at Rotterdam, and no permanent staff is in attendance at the receiving station, which, therefore, is operated under the remote-control system.

The radio exploitation account over 1933 shows a profit of 28,515 florins, while a total amount of 278,177 florins was received for subscriptions.

The original value of the entire system (receiving station, cables, connections and amplifiers) amounts to 396,400 florins, while in addition 199,000 florins was spent in 1933 for expansion.

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: : : : :INDUSTRY NOTES: : : : :
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Defending the action of Nate C. Lord, manager of Station WAVE, of Louisville, for cutting Maj. Gen. Smedley Butler off the air, John F. Royal, Vice-President of National Broadcasting Company, said this was done because General Butler's "remarks offended against the standards of good taste maintained by the NBC and its affiliated stations in the interests of the radio audience.

"The National Broadcasting Company indorses the action of our affiliated station, WAVE, in exercising its editorial prerogative in protecting the listening audience against what they felt was not in good taste", he added.

Five new announcers were recently added to the New York staff of the American Broadcasting System-WMCA network. They were Frank Knight, who will be heard on all ABS feature programs, Jerry Mohr, Mark Cassidy, George Hogan, and Edward Krug.

Details of the revised form of application for import permits for radio materials into China have been translated and issued by Andrew W. Cruse, Chief, Electrical Division, Department of Commerce, Washington, D. C.

Hoyt S. Haddock, President of the American Radio Telegraphists Association, asserted yesterday (Oct. 4), according to an A.P. report, that 2,000 wireless operators on American ships would go on strike Tuesday next.

Five years ago a lady in Manhattan wrote to WOR, New York, asking for the advertised pamphlet on foot troubles. The card, postmarked 10 P.M., Station H, October 13, 1929, was delivered to WOR postmarked 7:30 P.M., September 28, 1934, just fifteen days short of a fourth of a generation after it was sent. Efforts are being made by the station management to dig up the ancient booklet or to make amends for the delay.

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ASCAP TO MOVE TO RADIO CITY

The American Society of Composers has signed a lease for over 12,000 sq. ft. of space in the RCA Building in Rockefeller Center and expects to take possession within a very short time, according to a New York dispatch. The lease runs for 10 years and the space is on the 45th floor.

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APPLICATIONS GRANTED BY TELEGRAPH DIVISION, FCC

New - City of Cleveland, Ohio, Dept. of Police, Exp. Gen. Exp. C.P. 30100, 33100, 37100, 40100 kc., 100 watts; New - City of Alhambra, Cal., C.P. 30100, 33100, 37100, 40100 kc., 50 watts; New - City of Kansas City, Kans., Portable-Mobile, 3 applications, C.P. 30100, 33100, 37100, 40100, 86000-400000, 401000 kc. and above, power 9 watts; W6XCD, W6XCE, W6XCF, City of Los Angeles, Dept. of Police, Portable-Mobile, modification of C.P. extending commencement date to Sept. 12, 1934 and completion date to December 12, 1934; W5XM, Durward J. Tucker, Dallas, Texas, modification of C.P. extending completion date from Oct. 19 to Nov. 19, 1934; W9XCA, City of Kansas City, Kans., license to cover C.P., frequencies 30100, 33100, 37100, 40100 kc., 100 watts (Gen. Exp. service); W9XCB-W9XCR respectively (17 applications) City of Kansas City, Kans., Portable-Mobile, licenses to cover C.P., frequencies 30100, 33100, 37100, 40100 kc., 4.5 watts.

Also, W8XBB, City of Detroit, Mich., Police Dept., license to cover C.P. 30100, 33100, 37100, 40100 kc., 150 watts; W8XBO, Same applicant, Portable-Mobile, same as above, except power 25 watts; W2XGH, Borough of Roselle Park, N. J., Portable-Mobile, license to cover C.P. 30100, 33100, 37100, 40100 kc., 0.5 watts; W2XGI, Same applicant, granted same except power 20 watts; W2XGJ, same granted except power 0.5 watts; W6XER, City of Long Beach, Cal., Portable-Mobile, license to cover C.P. frequencies 30100, 33100, 37100, 40100 kc., 4.5 watts; W2XAU, Lawrence C. F. Horle, Newark, N. J., ren. and mod. of license, frequencies 41000-55000, 60000-200000 kc., 2 watts, A1, A2 and A3 and special for high quality telephony, frequency band of emission: 16000 cycles; New - Interstate Geophysical Exploration Co., Portable - St. Louis, Mo. (for use in Texas and Louisiana), 2 applications, C.P., geophysical serv., 1600, 1652 and 1700 kc., 15 watts; KIKP, Ruby Community Radio Committee, Ruby, Alaska, C.P. public pt. to pt. tel. and tel. 1606 kc., 50 watts.

Also, WMED, Mackay Radio & Telg. Co., Inc., near Atlanta, Ga., modification of C.P. approving exact site of transm. at Covington, Ga. and delete freq. 7670 kc. licensed freqs. 4655, 8960 kc.; WKD, RCA Communications, Inc., Rocky Point, N. Y., mod. of C.P. extending completion date to Nov. 6, 1934; WBL, Radiomarine Corp. of America, Buffalo, N. Y., mod. of lic. to change hours of operation from "continuous during season of Great Lakes navigation" to unlimited during season of Great Lakes navigation"; Same for WGO, Chicago, Ill.; W2XM, W2XGO, Bell Tel. Labs., Inc., Holmdel, N. J., modification of license to change location from fixed to Portable-Mobile; KIDM, Teller Radio Board, Teller, Alaska, C.P. for new pt. to pt. telg. and coastal telg. station in Alaska, 246, 460 and 500 kc., 50 watts; WPDY, City of Atlanta, Ga., Dept. of Police, C.P. to move transmitter approximately 100 ft.; WPGO, Town of Huntington, N.Y., C.P. to change transm. site locally, also auth. for operator on duty at control point only; KNFF, City of Leavenworth, Kans., license to cover C.P. 2422 kc., 50 watts; KVP, City of Dallas, Tex., license to cover C.P. 1712 kc.; WPFY, City of Yonkers, N.Y. license to cover C.P. 2442 kc., 400 watts.

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