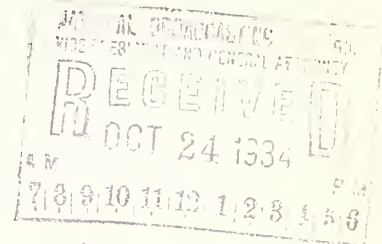
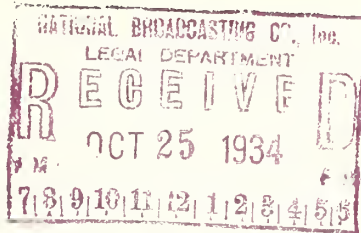


HEINL RADIO BUSINESS LETTER

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No. 768

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October 23, 1934

EDUCATOR OPPOSES BROADCASTERS BY PROPOSING GOVERNMENT OWNERSHIP

About the only fly in the ointment for the broadcasters who have just completed a 10 days' testimonial of their opposition to the proposition that the Government should set aside a certain percent of air facilities for religious and educational programs, was when Dr. Floyd W. Reeves, Personnel Director of the Tennessee Valley Authority injected himself into the hearings and advocated a five-point plan of government ownership as follows:

1. Government ownership and operation of a national system of radio stations giving full-time coverage over the country through suitable allocations of frequencies;
2. These frequencies to be allocated with as little disruption of present commercial facilities as possible;
3. The mechanical operation of the system to be financed by the government;
4. Control of programs to be under direction of a committee from foremost non-profit national educational and cultural agencies to be designated by the President;
5. The facilities to be available to non-profit organizations, including government departments, for educational and cultural programs.

Dr. Reeves said that he spoke for the "Tennessee Valley Authority" but did not explain why the TVA was interested in radio. Previously Dr. Joy Elmer Morgan, of the National Education Association, had gone on record against government ownership.

Dr. Reeves, who at one time was Professor of Education at Chicago University, and formerly Dean of Kentucky College, remarked that "even though the majority of the people may be pleased with the radio programs, millions were disgusted."

With the exception of Dr. Reeves, every day for more than a week, witness after witness has declared himself in favor of our present commercial broadcasting system. These have included such celebrities as "Amos 'n' Andy", Paul Whiteman, Henry Mencken, John Erskine and Sigmund Spaeth. "Amos" said last year the Bureau of Internal Revenue expressed its thanks to them for the manner in which they delved into the intricacies of income taxes, the effect of which was to enlighten the citizen about filling out his return.

Testimony in support of the existing system of broadcasting as one which adequately fosters education by radio given by Miss Florence Hale, Director of Radio and former president, and S. D. Shankland, Executive Secretary of the Department of Superintendence of the National Education Association was regarded as particularly significant because proponents of the plan for

new legislation under which specific blocks of frequencies would be allocated to educational, religious and other non-profit groups.

Among other witnesses who appeared before the Commission were William Burke Miller, Director of Special Events broadcasts of NBC; Alfred H. Morton, Manager of Program Development of NBC; Mrs. Sidonie M. Gruenberg, Director, Child Study Association of America; Miss Isabella Dolton, Assistant Superintendent of Schools of Chicago; H.A. Bathrick, Assistant Superintendent of Schools of Cleveland; Mrs. B. F. Longworthy, President of the National Congress of Parents and Teachers, Chicago; Professor Joseph E. Madley and Professor Thomas A. Reed of the University of Michigan; Dr. Augustus A. Thomas, Secretary-General of the World Federation of Education Associations; Ben Marsh of the Peoples Lobby.

Mr. Shankland explained that experiments have been conducted in the use of radio facilities for education and that sample programs currently being broadcast over NBC indicate that the plans are working out satisfactorily. The immediate need of education by radio, he asserted, is for the development of a technique to encourage the public to listen and to secure educators of sufficient ability to present these features, rather than acquisition of exclusive facilities for educational stations.

Professor Thomas A. Reed, of the University of Michigan, appeared as Chairman of the Committee on Civic Education by Radio, a joint group representing the American Political Science Association and the National Advisory Council on Radio in Education. Broadcasts are conducted on regular schedule over NBC on government, with good results, he declared.

Miss Dolton explainted that Chicago public schools have used radio for nine years in fostering education. NBC, she asserted, has been most cooperative, supplying all of the physical facilities required, and in some instances footing the bill for speakers who otherwise could not have been procured.

Radio has been used most successfully in class-room instruction in the public schools of Cleveland, the Commission was told by Assistant Superintendent Bathrick. Since 1932, a total of 630 educational programs, designed for reception in schools only, have been broadcast.

Two of the nation's foremost radio engineers, John V. L. Hogan, of New York, and Dr. C. M. Jansky, Jr., of Washington, told the Commission that it was technically impossible to re-apportion broadcasting facilities along any of the lines proposed without disrupting service for listeners, notably those residing in rural or remote areas. These same engineers testified before the former Federal Radio Commission in the historic reallocation hearings of 1928.

The Commission also heard closing statements from Frank E. Mullen, Farm Program Director of National Broadcasting Company; E. E. Kennedy, Executive Secretary of the National Farmers Union;

Frank M. Russell, Washington Vice-President of NBC, and Paul B. Klugh, Legislative Chairman of the Radio Manufacturers' Association.

After relating in detail the present system of broadcast allocations, and reciting the technical limitations, Mr. Hogan said:

"The only feasible way to provide additional broadcasting services now seems to be to increase the band of wave frequencies assigned to broadcasting. The technology of the art is not only still growing, but perhaps expanding at a more rapid rate than ever before. With the possibility that new developments, now beyond the laboratory stage, in high fidelity transmission, in television, in facsimile, and in the ultra-high frequency field, may make profound changes in our views of broadcasting, this is surely a most inappropriate time to do anything that would restrict or interfere with the present services, or which would tend to establish rigid limitations that would handicap the growth of this fascinating application of the newest things in science to the service of our nationwide listening public."

Dr. Jansky brought out that even with the existing facilities over 50 per cent of the area of the United States is dependent at night for its broadcast service upon the "secondary" or remote service delivered by high powered stations on clear channels. In this area reside some 43,000,000 people or approximately 36 per cent of the nation's population, mainly on farms or in small towns. "Argument as to the relative need for broadcast service to such areas as contrasted with the need for additional duplicated service in large cities", he said, I will leave to others.

"If the proposal to assign 25% of all broadcast stations to one or more special services were to be followed out, it would have to be done within the boundaries fixed by the limited facilities that are now available for broadcast service. That is, since there is no present way of increasing these facilities, whatever is assigned to the new special services would have to be taken away from those services now in existence."

Speaking for the radio manufacturing industry, Mr. Klugh said it was their view that the broadcasters should be "complimented rather than criticized, for the variety of programs which they have put out. "It seems to radio manufacturers", he asserted, "that if a certain definite percentage of wave channels, facilities or time is arbitrarily allocated to any of the four grand divisions of broadcasting, namely, entertainment, education, religion and information, that it would be a great mistake and would do much to diminish the popularity of radio and its acceptance to listeners. We hold that the best judges of what should constitute a radio program are the listeners themselves and we are aware that all checks and surveys by broadcasters have shown that they have been guided in framing their programs solely by the desires of the listening audience."

Mr. Mullen described the scope of the farm program service rendered by NBC through its National Farm and Home Hour and through numerous other programs devoted to the rural listener. In 1927, he declared, only 40 station hours were devoted to farm programs, as against 17,000 station hours in 1933. There were but 50 speakers on the 1927 programs, as against 1,000, who gave twice that number of talks, last year. And in 1927, he declared, there were but 20,000 radio sets on farms as against 2,500,000 in 1933 and an equal number classed as rural. The value of the radio time allocated gratis to agricultural programs, he declared is \$1,300,000. He said the American farmer gets the best radio broadcasting service in the world.

Mr. Kennedy declared the Farmers' Union has utilized radio with good results through regular broadcasts over NBC. He attributed the 100 per cent increase in the membership of the Union largely to these broadcasts, declaring that the farmer regards the radio more highly than any other medium of communication or information. Radio service, he declared, should be continued without charge.

Statistical information showing the extent to which Federal and State governments utilize the NBC networks was given the Commission by Mr. Russell. Pointing out that 871 separate broadcasts, consuming 250 hours had been utilized by Federal officials from Washington during the year ended September 1, 1934, he declared that the Federal Government itself is by all odds the greatest user of broadcast time for educational purposes.

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LARGE OUTLAY FOR NEWS SERVICES

An idea of what the independent bureaus gathering news for broadcasting purposes are spending on their services was given to the Federal Communications Commission when John Shepard, 3rd, President of the Yankee Network, Boston, and Arthur Kales, General Manager of Stations KFI and KECA, Los Angeles, appeared before the government body last week. Mr. Shepard estimated his expense at \$1,500 a week. For a year this would mount to \$78,000. Mr. Kales said his news service cost \$34,000 a year.

"If the broadcasting industry is to continue to be an essential part of home life, news and its many phases, as against mere entertainment, must be a necessary part of our responsibility", Mr. Shepard asserted. "News broadcasting is the greatest single service radio can give to the public. It is equally incumbent upon a station to give news while it is news. I have no quarrel with either the Press-Radio News Service or the stations which subscribe to it. But as far as I am personally concerned, I am definitely opposed to broadcasts of stale news."

He said the New England chain had conducted a survey during the week of August 13 to August 18 in all cities with Yankee Network outlets to determine the listener interest of news broadcasts. The survey was made while news matter was being sent out over the stations.

"This survey", he said, "in which the question was asked, 'To what station are you now listening?' definitely showed that 67.6 per cent of all those who had their radios turned on were listening to the Yankee Network Radio News Service, as against 32.3 per cent who were listening to all other stations combined."

The agreement between newspaper publishers and the large broadcasters establishing the Press-Radio Bureau forced the Yankee Network to set up its own newsgathering agency, Shepard declared.

"I think it is an obvious statement that I would have preferred not to have been forced to take this step", he stated. "The arrangements preceding the formation of the Press-Radio Bureau were satisfactory to the local newspapers, to the station and I believe to the listening public. Nevertheless our own news service has proven more satisfactory from the listeners' viewpoint."

He said that it cost the network \$1,600 to report the Massachusetts primaries and anticipated an equal expenditure for the November election broadcasts.

"Indicative of the interest in news broadcasts we received a phone call from American Falls, Idaho, asking if we would broadcast the news of Congressional action in certain legislation then pending affecting the town of American Falls", Mr. Kales said. "From Alaska an owner of a moving picture theatre advised us that he desired to install a good receiving set in his theatre for the reception of KFI news reports and that he intended to tune it in for his patrons since he found many would otherwise stay at home in order to listen to KFI. We also learned that a theatre in Honolulu opened 15 minutes later than its regular schedule in order that its patrons might stay home and listen to news broadcasting from the mainland."

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W. C. T. U. GETS READY TO WAR ON RADIO

An aggressive drive to abolish all radio liquor advertising and to "clear the air of radio rubbish" will be started at the Women's Christian Temperance Union convention in Cleveland, Nov. 10, it was announced at W.C.T.U. headquarters in Evanston, Ill., this week. The headquarters statement said the attack will be on "programs offensive to the home and unworthy of American ideals and good taste."

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AUGUST BROADCASTING TRENDS NOT CLEAR

Broadcast advertising trends continued to be confusing in the main, though some evidence of underlying firmness is discernible. Revenues for the decline this year was slightly greater than in 1933 when August revenues were but 5.9% lower than those of the previous month. National spot volume again showed the strongest seasonal variation, being 21.7% lower than in the previous month. Local volume was approximately equal to July while regional network volume experienced a gain of 31.2%. Thus reports the National Association of Broadcasters.

August broadcasting was 6.4% above that of the same month of 1933. National spot volume was 17.9% ahead of last year's level, national spot business 9.3% greater, and regional network volume approximately equal to last year's figure. Local broadcast advertising alone was lower than last year, experiencing a decline of 13.9% as compared with August, 1933. It is encouraging to note, however, that the comparative showing of August is better than that of July when local advertising was 20.4% below the level of the previous year.

The usual seasonal declines were experienced during the month in the magazine and farm periodical fields.

Stations of 5 kilowatts and more in power were the severest losers during the month, revenues of this class declining 21.6% as compared to July, and reaching a level materially below 1933. Revenues of the 100-watt class rose 6.4% as compared with the previous month. Broadcast advertising volume over the 250-1,000 watt class was 21.5% greater than during the same month of last year, and 34.0% greater in the same case of 100-watt stations.

It should be noted that the "2,500-5,000 watt" and the "over 5,000-watt" classes have been combined in this report. This has been done because of the very few stations in the former group.

Declines in revenue as compared with July were greatest in the Southern and Mountain and Pacific areas. The New England-Middle Atlantic district showed a gain of 37.8% over August, 1933, Middle Western volume was about equal to last year, Pacific Coast volume slightly less and Southern volume off materially.

National spot electrical transcription volume was 12% under last year. The live talent trend in this field continues, volume of this type of business being 46.6% above last year. Both local and national post announcement business was lower than in August 1933.

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UTILITIES NOT TO BE TREATED UNFAIRLY, WALKER DECLARES

The necessity for such utility regulation has so long been apparent to the American people that the wonder is not that regulation of the telephone utilities came so soon but that it was so long delayed, Commissioner Paul A. Walker, of the Communications Commission told Martin Codel in an interview broadcast by National Broadcasting Company last Saturday night.

"Such regulation has come from an insistent demand on the part of the public for an adequate control of rates and practices of the telephone companies", Commission Walker said. "The public has the right to expect adequate control of these utilities which render a necessary public service.

"For a number of years State Commissions have from time to time conducted investigations of telephone utilities and telephone rates, but these investigations have been woefully handicapped because the States have had neither the means nor the jurisdiction to develop essential facts. The State Commissions have been unable to follow the ramifications of the utility organizations through their holding companies and their various subsidiaries, which include both the operating utilities and the companies engaged in manufacturing and supplying equipment and in carrying on experimentation and development. Thus, because of the enormity of the task involved and because of matters which were found to be beyond the jurisdiction of the State Commissions and which could be reached only by the Federal Government, adequate regulation through the individual States has been impossible. Nor do telephone lines stop at the State borders. The telephone system is a national system, and regulation of long distance toll rates, must, therefore, be largely a matter of national regulation.

"My concept of utility-regulating commissions is that such commissions justify their existence only as they function in the public behalf. This does not mean that utilities are to be treated unfairly or that they are to be needlessly harassed, but it does mean that the public is to have its day in court, so to speak, before a body created to see that the public is adequately protected as to rates and practices of the utilities.

"The first requirement of a Commission so to function is a proper conception of its purpose. The viewpoint, I believe, is the essential thing. A full realization that the Commission is a public agency, in the public interest, will take care of that. But a second requirement practically as important, is that the Commission should be manned with able and competent assistants. Our hope will be to develop a force of the most capable experts to be found in the communications field.

"When your Commission really gets going, may we telephone users expect a reduction in rates as the result of its work?" Mr. Codel asked.

"You are keeping in mind, of course, long distance telephone rates, now within the jurisdiction of this Commission", Mr. Walker replied. "This and other pertinent inquiries, I imagine, are running through the minds of many thousands of telephone users. But rate investigations are not concluded in a day. Moreover, this is a new Commission. It will not only require some time to get the proper set-up but also undoubtedly further provisions for funds for pursuing rate investigations.

"I may say that my experience as a State Utility Commissioner has shown me the difficulty of getting the necessary facts in investigations of public utilities, with their holding company ramifications, and the necessary accounting and engineering data incident to the proper determination of rate bases. When these facts are developed, and I hope there will be no undue delay, we will then be in a position to determine what are reasonable rates.

"The scope of our investigation is, for practical purposes, very much broader than that reflected by the percentage of business which is said to be merely interstate. The work that this Commission does and the standards which it determines will very largely influence the actions of the State Regulatory Commissions. In fact, we are commanded by the law to cooperate with the State Utility Commissions, and these Commission have entered so heartily into the spirit of cooperation that programs of joint action between this Commission and the several State Commissions may confidently be expected to be carried out.

"What about the future of the telephone as a medium of communications? I'm told that research and experiment are far from completed in that field", Mr. Codel inquired. "I've even heard it suggested that the widening vista of radio wave lengths may ultimately do away with our land line system and that radio's short and ultra-short waves, multiplied and multiplexed, will one day furnish plenty of avenues of cheap communication within cities and between cities. What can you say as to that?

"That is a most important function of this Commission - to watch and to encourage all new uses of communications, in the public interest. Our organization should always be kept flexible so that the right hand will always know what the left is doing", was Commissioner Walker's reply.

"I regard it as one of our primary duties to stimulate scientific development in every proper way. Every encouragement should be afforded to the studies and the research which may so expand our methods of communication and lessen their cost as to bring into closer communion the people of our country and of the world. Who can vision the tremendous social significance of making available to mankind the full possibilities offered by communications and their development, with their wider uses in the home, the school, the theater and the church? Who can vision the limitless opportunities for education, entertainment, and for moral, religious and social uplift through communications and their widest use and distribution?"

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 :::::RADIO FOREIGN TRADE NOTES:::::
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That Persia may be developed as an outlet for American radio receiving sets is pointed out in a report from Vice Consul R. A. Hare, Teheran. After a detailed study of the market, the Vice Consul is of the opinion that an increased demand for radios may be anticipated and that American manufacturers should be in a position to obtain a good share of the trade.

However, he emphasizes the fact that reliable and active dealers must be secured who are willing to devote proper attention to the matter of servicing. The possibilities for American radios are indicated by the fact that a local dealer who recently displayed a sample receiving set received so many inquiries that he immediately ordered a number of the same make.

"Radio Markets of Japan" is the title of an 8-page multigraphed bulletin issued by the Electrical Division of the Bureau of Foreign and Domestic Commerce, Department of Commerce October 16th.

The Japanese radio market is good, radio being especially popular, but the opportunities for importation of American apparatus are not great. The Japanese industry is now highly developed, and produces cheap sets capable of receiving the nearest stations in most parts of Japan. The average purchasing power is very low, and the class which can afford luxury items limited.

The price of the bulletin is 25 cents.

The Electrical Division has also issued a bulletin "Radio Markets - Asia Minor". However, this evidently is nothing for manufacturers to get excited about as climatically, the region is torrid and radio reception is very difficult, even on the short waves. There is no broadcasting in Asia Minor. Only a few people are able to afford receivers, and these are mostly more or less transient Europeans. The native standard of living, from psychological as well as financial causes, does not include such items as radio.

A report which covers the first seven months of the current year shows that with the exception of January and February, Germany's monthly sales abroad were higher in 1934 than last year.

The Netherlands continued to be the chief foreign outlet for German radio equipment, importing 500 tons in the first seven months of 1934 against 309 tons in the corresponding period of

1933. Following the Netherlands, the principal markets for German radios during 1934 were France, Saar Valley, Belgium, Argentina, Sweden, Spain, Finland and Switzerland.

There will shortly be placed in operation by the newspaper La Nacion, of Buenos Aires, a radio-broadcasting station which is said will be the most powerful in South America. Practically all the equipment installed in the new broadcasting plan is of German origin, having been sold by the firm of Siemens-Schuckert under the trade name of Telefunken. Although 6 tubes of 50 kilowatts each will be employed with the amplifier of the new station, only 4 will be utilized at any one time. These will be transformed into a modulating current of 50 effective kilowatts for use with the antenna.

The popularity of radio in Germany shows no signs of diminishing, according to a report from Vice Consul C. T. Zawadzki, Berlin, made public by the Commerce Department.

German trade in radio equipment received such a strong impulse after the close of the Berlin Radio Show that some of the larger factories, even by utilizing their maximum production capacity, were not in a position to make deliveries. These difficulties in making deliveries are remarkable since no technical innovations were brought out this year. This, the report states, would seem to prove that the restriction against the establishment of new radio factories or the enlargement of existing plants can hardly be based upon an over-capacity of the German radio industry.

During the past radio year, which closed with the 1934 Radio Show, it is estimated that 1,600,000 radio sets were sold, of which 600,000 were the so-called "People's Receiver" models. About 300,000 of these low-priced models will at first be produced in the current year, while 100,000 sets are on stock in factories or in the trade.

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WJSV CELEBRATES 2ND CBS NETWORK CONNECTION

Station WJSV, the Columbia network's Washington outlet, celebrated its second anniversary as a Columbia operated station last Saturday with a gala birthday program from 10 to 11:30 P.M. Jess Willard, now Assistant Manager but the first announcer at WJSV in 1932, was master of ceremonies and presented acts that were favorites when the station first opened, acts that are on the air today and brief glimpse of acts that will be on WJSV in the near future.

10/30/35

A brief address by Ted Church, Assistant Manager, recalled the numerous "first broadcasts that WJSV has done in Washington. Harry C. Butcher, General Manager of WJSV and the Columbia Broadcasting System in Washington, was unable to speak during the program but a brief message from him was read by Jess Willard.

William S. Paley, President of the Columbia Broadcasting System, sent a wire which was also read during the program. Mr. Paley wired - "The continual widening sphere of public usefulness achieved by Radio Station WJSV, the Columbia Broadcasting System's Washington outlet, is a source of deep satisfaction to the Columbia management, and the response of the people of Washington to our efforts to give them the best is a source of continual encouragement."

The unique feature of the program was the unexpected debut of Arch McDonald, WJSV sports announcer, as a songbird. As a singer, McDonald is still a very good sports announcer, according to advices from a member of the CBS staff, so he will not be heard again until October 20, 1935.

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TVA RESTATES ITS POSITION RE GOVERNMENT-OWNED RADIO STATIONS

The Broadcast Division of the Federal Communications Commission today (Oct. 23) made public the following telegram received from Arthur E. Morgan, Chairman of the Board of Directors of the Tennessee Valley Authority:

"In view of the fact that its brief statement to the Federal Communications Commission was misinterpreted, the Tennessee Valley Authority prefers to withdraw its former statement and to restate its position as follows:

"The Tennessee Valley Authority has not urged or favored governmental administration of radio stations. It is the opinion of the Board of Directors that the educational and cultural agencies of the country should have a reasonable use of the radio facilities of the country but that all such programs should be under non-governmental and non-partisan control and direction."

The above telegram will be incorporated in the record.

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APPLICATIONS GRANTED BY FCC BROADCAST DIVISION

Oct. 23 - WPAD, Paducah Broadcasting Co., Inc., Paducah, Ky., C.P. to increase power from 100 watts to 100 watts night, 250 watts day; KBTM, Beard's Temple of Music, Jonesboro, Ark., mod. of C.P. to change location of studio locally and extend completion date to Nov. 1, 1934; WOW, Woodmen of the World Life Ins. Assn. Omaha, Neb., modification of C.P. extending commencement date to Nov. 1, 1934 and completion date to May 1, 1935; WPEN, Wm. Penn Broadcasting Co., Philadelphia, license to cover C.P. 920 kc., 250 watts, for auxiliary purposes only.

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