

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

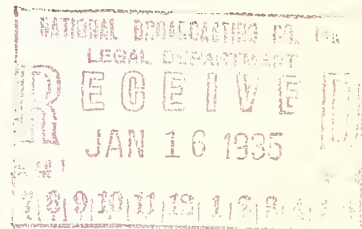
WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**

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No. 790



*Handwritten notes and signatures at the bottom of the page, including "H. R. C. S. G. P."*

January 15, 1935.

## G.O.P. TRIES TO SLICE \$300,000 OFF FCC APPROPRIATIONS

Although the effort was not successful insofar as the House was concerned, a concerted effort was made by the Republicans, led by Representative Taber, of New York, to cut \$300,000 from the appropriation of \$1,525,000 asked for by the Federal Communications Commission. Representative Woodrum, Democrat, of Virginia, said that the latter sum represents but a beginning.

"To carry out fully the authority conferred upon it by Congress", Representative Woodrum said, "the Communications Commission will require much larger annual appropriations than the \$1,525,000 asked for this year."

"I view with great alarm the increasing volume of Federal employees", Representative Taber said. "I view with great alarm the increasing amounts we are being asked to pay for commissions of one kind and another. This particular Commission has come before us asking for \$1,525,000, where the requirements for the current year were \$651,885. I have not before me the increase that was accomplished for this particular fiscal year, but the requirements here set forth for employees run 408 in the departmental force. This represents an increase of 100 percent in the number of employees. It runs just the same force in the field.

"The requirement in funds for employees in the District is \$1,059,000, or an average for every one of these employees of a little better than \$2,500. For salaries in the field it aggregates \$291,000 for 111 employees, or an average of approximately \$2,800 per employee, and many of these employees are clerks and stenographers.

"The work of this Commission involves, as I understand, amongst other things a valuation of properties. We attempted that in the case of the Interstate Commerce Commission with reference to the railroads, and we got to the point where the statistics were practically valueless and we had to stop the operation. I hate to see the Government embarking upon this large new activity. I hate to see the expenses of the Government piling up for a new activity, because when we start them we are never able to reduce the number of commissions and we are never able to reduce the expenses of the commissions. Is it not time we stopped some of these things?

"I have offered a very modest amendment to cut this appropriation 20 percent. I do not want to reduce them in funds that are legitimately necessary for carrying on the activities and responsibilities with which they have been entrusted, but I hate to see the appropriation increased 150 percent over the appropriation of last year and the number of employees in the District

more than doubled, with the same ratio of increased expenses in the District. It seems to me we can give them this cut of 20 per cent in their expenditures and still be affording them more than ample funds with which to operate. Having all this in mind, I have offered this amendment to reduce the appropriation for this activity from \$1,525,000 to \$1,200,000."

"The Communications Act of 1934 abolished the Radio Commission and set up in its stead the Federal Communications Commission, a Commission which assumed not only the duties of the Radio Commission but which was given the added duties of regulating telephonic, telegraphic, and cable communications, and also rate-making powers with respect to these activities, which duty will perhaps involve the valuation of these properties", Representative Woodrum replied.

"I do not think it is fair to say that the amount carried in this bill is an increase over the appropriation of last year by the amount of money represented by the difference between the two sums, because the activities are entirely different and very much greater.

"I join the gentleman from New York in decrying any indication of unnecessarily expanding these governmental departments and bureaus, and that is the unanimous sentiment of my subcommittee; but taking into account the very important, the highly important, duties imposed upon this Commission so far as the American people are concerned, that of regulating rates, and services of communications and facilities, and regulating, licensing, and policing the use of radio communication, the committee felt the amount allowed by the Bureau of the Budget was proper."

Representative Taber's motion was lost by a vote of 62 to 29.

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## RADIO AND FARM PAPERS MAKE BIGGEST ADVERTISING GAIN

An approximate average gain of 16 per cent was shown in advertising last year in comparison with 1933, according to the first annual indexes of advertising compiled by Printers' Ink.

According to the report, the five chief advertising media showed, respectively: gains of 33 per cent each for farm papers and radio, 29 per cent for magazines, 12 per cent for outdoor advertising, and 10 per cent for newspapers.

Advertising volume in dollars was not estimated by the new indexes. Other data indicated that the total was well above \$700,000,000, with newspaper advertising accounting for more than \$500,000,000 and the magazines for about \$110,000,000.



The volume of radio advertising exceeded \$70,000,000, it was estimated from ten months' figures of \$58,000,000 issued by the National Association of Broadcasters.

The chart reflects the growth of radio advertising from an index figure of 39 in 1928, to 100 in 1930, and 146 in 1932. It dropped to 118 in 1933, and rose again last year to 154.

Broadcast advertising declined slightly in November, the National Association of Broadcasters reports. Total gross time sales amounted to \$7,232,592, a decrease of 1.9% as compared with October. A drop of 3.5% in national network volume and one of 3.0% in local broadcast advertising were responsible for the downward trend. Regional network advertising rose 11.4% as against the preceding month, while national spot volume gained 4.0%.

November time sales showed a marked improvement over the same month of 1933. Total gross time sales were 20.8% above the previous year's level. Regional networks led with an increase of 44.4%. National networks gained 26.7% in volume, national spot advertising 19.8%, and local broadcast advertising 5.2%. The degree to which the current month's revenues exceeded those of the same period of 1933 was less with respect to all portions of the broadcast advertising field than it had been in October.

National magazine advertising declined 3.6% as compared with October. Magazine advertising revenues, however, were 10.4% than in November of the preceding year. National farm paper volume rose slightly during the month, experiencing a gain of 5.9% as against the same period of 1933. Newspaper advertising experienced the usual November seasonal decline, advertising volume dropping 3.7% as compared with the previous month. November newspaper advertising was 5.0% greater than for the same month of 1933.

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#### F. R. HUBER RESIGNS AS DIRECTOR OF WBAL

Frederick R. Huber, Director of WBAL, of Baltimore, since 1926 when the station first came on the air, has tendered his resignation to the Consolidated Gas Electric Light and Power Company, former owners and operators of this station. It is understood the resignation is immediately effective. Mr. Huber, who is a nationally known musical executive, plans to devote his entire time to musical work. As Municipal Director of Music for the City of Baltimore, local representative for the Metropolitan Opera Company, Managing Director of the Lyric, Baltimore's largest music auditorium, and Manager of the Summer School and Publicity Director for the Peabody Conservatory of Music in Baltimore, Mr. Huber will not find time hanging heavy on his hands, for these important musical jobs will keep him very busy.



Under his directorship WBAL has become known as a "quality" station, broadcasting only the highest types of musical programs. During the nine and a half years he has directed this station's course through uncharted radio seas, Mr. Huber has secured many internationally known concert and operatic stars who have broadcast exclusive programs from the studios of WBAL, while the station itself has developed and grown from 5000 to 10,000 watts and has been ranked of sufficient importance to be given a clear channel. Recently WBAL was acquired by the Hearst Radio Interests and added to the chain of radio stations which Hearst now owns and controls.

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#### NEW MEN ON HOUSE COMMUNICATIONS COMMITTEES

Many new faces appear on the Committees in the House of Representatives which have jurisdiction over communications and radio. The Democratic line-up of the Interstate and Foreign Commerce Committee in the 74th Congress is as follows:

Representative Sam Rayburn (Chairman), Texas; George Huddleston, Alabama; Clarence F. Lea, California; Robert Crosser, Ohio; Parker Corning, New York; Alfred L. Bulwinkle, North Carolina; Virgil Chapman, Kentucky; Paul H. Maloney, Louisiana; William P. Cole, Jr., Maryland; Samuel B. Pettengill, Indiana; Edward A. Kelly, Illinois; Edward A. Kenney, New Jersey; George C. Sadowski, Michigan; Joseph P. Monaghan, Montana; John A. Martin, Colorado; Edward C. Eicher, Iowa; Theodore A. Peyser, New York; Thomas J. O'Brien, Illinois; David D. Terry, Arkansas.

The new Democratic members are Kenney, Sadowski, Monaghan, Martin, Eicher, Peyser, O'Brien and Terry.

Republican members of the Interstate and Foreign Commerce Committee are: John G. Cooper, Ohio; Carl E. Mapes, Michigan; Charles A. Wolverton, New Jersey; James Wolfenden, Pennsylvania; Pehr G. Holmes, Massachusetts; Schuyler Merritt, Connecticut; B. Carroll Reece, Tennessee; and James W. Wadsworth, Jr., New York.

The Democratic members of the Merchant Marine, Radio and Fisheries Committee are: Schuyler Otis Bland (Chairman), Virginia; William I. Sirovich, New York; Robert Ramspeck, Georgia; Ambrose J. Kennedy, Maryland; Charles N. Crosby, Pennsylvania; Monrad C. Wallgren, Washington; A. H. Carmichael, Alabama; Joseph J. Mansfield, Texas; John McDuffie, Alabama; Lindsay C. Warren, North Carolina; Eugene B. Crowe, Indiana; Louis C. Rabaut, Michigan; Simon M. Hamlin, Maine; Michael L. Igoe, Illinois; Edward J. Hart, New Jersey; James A. O'Leary, New York.

Democrats who have not served on this Committee before are McDuffie, Warren, Crowe, Rabaut, Hamlin, Igoe, Hart and O'Leary.

The Republicans on the Merchant Marine and Radio Committee are: Frederick R. Lehlbach, New Jersey; Richard J. Welch, California; Francis D. Culkin, New York; Ralph O. Brewster, Maine; Clare E. Hoffman, Michigan; and Samuel W. King, Hawaii.

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## ASKS RECOVERY BOARD TO LAY OFF PRICE FILING PROVISIO

The National Industrial Recovery Board was told by James W. Baldwin, Executive Officer of the Code Authority for the Broadcasting Industry that to remove the "open price filing with waiting period" provision would take the heart out of the Broadcasting Code.

"Remove it and you will have taken from the Radio Broadcasting Industry all there is in it to promote stability of price and to promote the general welfare of its employees", Mr. Baldwin declared. "Remove it and you will, in effect, take from us that which earlier was promised us in return for existing labor provisions. Consequently, if this provision is removed, we must and do ask that the labor provisions be removed at the same time. It is our hope that you shall not disturb it.

"Experience of more than one year has proved to us that the provision for open price filing with the fifteen day waiting period is by far the most important provision in our Code", Mr. Baldwin continued. "This is so because of several reasons:

- "1. It has destroyed the old practice of secret prices, secret commissions, secret rebates and the like.
- "2. It has served as a protection to at least certain members of the industry against the so-called 'hard' or 'powerful' buyer; it has stiffened their backs and helped them to say no to the genuine chisler.
- "3. It has afforded all buyers equal opportunities.
- "4. It has displaced hasty and ill considered decisions with that sound judgment that can be exercised only when there is sufficient time for a careful analysis of all the facts.
- "5. It has stabilized prices.
- "6. It has, through increased stability, made it possible for us to meet the increased costs of operation resulting from the Wages and Hours provisions of the Code. We have shown in our Report to you dated in February, 1934, for example, that the employment of broadcast technicians had increased 11.9%; that the weekly hours of labor for broadcast technicians had been reduced 9.8%; and that the weekly payrolls for broadcast technicians had increased 21.1%. New and additional labor costs have been assumed at numerous stations since that report was submitted. Although the total number of stations has decreased, we have in our employ today a greater number of employees than ever before in the history of the industry.

"Notwithstanding the increased stability that has resulted from this provision for open price filing with a waiting period, we have, and do now, experience the keenest kind of price competition. This has resulted, we believe, from the increased availability of price information. All broadcasters furnish copies of their current rates to Standard Rate and Data who publish such rates in a monthly number known as "Radio Advertising." In addition each broadcaster furnishes the Code Authority with three copies of each rate card and these are always open to public inspection. The lack of rigidity in price is evidenced by the number of changes received. During the first nine days of this year, we have received changes from thirty-six stations - or about 7% of all commercial stations. And, there is nothing unusual in the number received in this particular period.

"We have heard much about monopolies. I believe that the greatest danger of monopoly in the radio broadcasting industry lies in the possible promulgation of governmental regulations which set standards, the level of which, greatly restricts either the number or the class of persons who can qualify as the licensee of a station. This result may be obtained by a regulation which either directs that certain things be done or by its nature permits certain things to be done. And, I believe that the removal of the provision in our Code for open price filing with a waiting period and the retention of the present wages and hours provisions would amount to such a regulation because you would thereby aid the financially strong to the injury of those who must meet expenses out of current income.

"I have said that the provision for open filing with waiting period has made it possible for us to meet the increased labor costs arising out of the Code. I should explain also that such provision has not been injurious to the consumer. We investigated this matter last August. The only precode data available was that contained in a report of the Federal Radio Commission for November, 1931. By comparison we found that the cost of a quarter hour period (evening and one time use) was 8.2% less in August, 1934, than in November, 1931. This reduction becomes even more significant when it is realized that the potential radio audience increased from approximately 50,000,000 (12,048,762 families) in 1931, to about 74,000,000 (17,948,162 families) in 1934."

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#### RADIO RECEIVER PICKS UP MOTOR POWER

The assertion is made by W. S. Fitzpatrick, of RCA Institutes, that a radio receiver has been developed that picks up enough energy to turn a small motor at high speed.

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# PRALL CONFIRMED AS FCC COMMISSIONER

Former Representative Anning S. Prall, of New York, was confirmed by the Senate Tuesday afternoon to succeed former Federal Communications Commissioner Hampson Gary who resigned to make way for the New Yorker, a personal friend of Senator Robert Wagner. Mr. Prall will finish out Mr. Gary's unexpired period which ends in July, at which time it is expected President Roosevelt will reappoint Mr. Prall to a seven year term. Consideration of the names of Judge Sykes and the other five members of the Commission will be taken up by the Senate at a later date.

Mr. Prall's name was proposed to the Senate Monday, but objection was raised by Senator Couzens because the matter was not taken up in the regular order. Senator Wagner explained that it was the understanding of the Interstate Commerce Committee that Mr. Prall should be confirmed immediately.

"I did not join in that understanding," Senator Couzens said. "I understand the present situation with respect to the Communications Commission; but we had an understanding at the last session of Congress that nominations would not be brought up for confirmation without the Senate knowing that we were in executive session, and that nominations were coming up for confirmation. No injury can result from a delay of one day."

"May I add another word to say that this is an exceptional case, and perhaps the Senator may change his attitude with respect to it", Senator Wagner replied. "The name of Mr. Prall, who has been a member of Congress for 14 years, was presented to the Senate at the last session to be a member of the Federal Radio Commission. The nomination went to the Committee, was unanimously reported, came to the Senate, and was unanimously confirmed by the Senate. He did not take office because soon thereafter the Communications Bill was passed, creating a new Commission, and because he was then a Member of the House he was disqualified to be a member of the new Commission.

"May I point out a distinction? The other gentlemen whose names have been presented to the Senate are now members of the Commission, and any delay in the consideration of their nominations will not affect their status, because they will continue as members of the Commission. The place for which former Representative Prall has been nominated is now vacant. There is no member in charge of the Broadcast section of the Commission."

"I have no objection to Mr. Prall; in fact, I heartily approve of his appointment. From all the information I have received, his qualifications are of the highest", Senator Couzens declared. "If, however, nominations are to be reported to the Senate and immediately acted upon without ever going to the calendar, we shall establish a precedent which will cause us much trouble. I know we have opposed heretofore such action as is now proposed; and I am opposing the immediate consideration of this nomination as a matter of rule and precedent rather than because

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of any objections I have to Mr. Prall or any desire to interfere with the Senator from New York.

"I appreciate the attitude of the Senator from Michigan", Senator Wagner concluded, "and I shall ask for early consideration of the Executive Calendar tomorrow."

Accordingly the matter went over until this (Tuesday) afternoon at which time Mr. Prall was confirmed.

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# BELIEVES ALL SECTIONS SHOULD BE REPRESENTED ON FCC

That Senator Wheeler, of Montana, new Chairman of the Senate Interstate Commerce Committee, desires all sections of the country represented on the Federal Communications Commission was brought out when the question of the Commissioners' confirmation was discussed. As it stands now, three of the seven members of the Commission are from the South - Sykes, of Mississippi, Stewart, of Texas, and Walker, of Oklahoma; and three are from the East - Payne and Prall, New York, and Case of Rhode Island. Brown, of Ohio, is the only representative of the central portion of the country.

"I desire to call attention to the fact that under the former law, the country was divided into five different zones, and it was required under the law that a Commissioner represent each of those zones", Senator Wheeler declared. "There is no such provision in the present law, and as a result thereof we find what? We find on the Commission three men coming from the First Zone, but no Commissioner representing the entire section of the country west of the Ohio clear to the Pacific Ocean. It seems to me that one man should be appointed from each of the five zones who knows the condition in that particular section of the country; and with respect to this and other Commissions I hope that in the future we shall not have sent down to us the names of two or three men representing one particular section of the country, leaving other sections unrepresented."

"In view of the statement which the Senator from Montana has just made, and which I heartily approve, I invite his attention to the fact that one of the most important governmental Commissions today is the so-called 'Securities Commission'". Senator King of Utah, interjected. "Heretofore, and at present, as I understand, substantially all the members of that Commission are from a limited area of the United States - largely that embracing New England and New York and Pennsylvania. Certainly securities are issued, or should be issued, in the West. The entire western part of the United States has no representative at all on the Securities Commission. While I

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am not sectional by any means, I do think that in the distribution of important offices, whose functions affect the entire country, men should be selected from various parts of the United States. I hope the Senator will join with me in trying to find someone west of the Mississippi River who is competent to act upon the Securities Commission."

Whether Senator Wheeler feels strongly enough on this question to oppose the confirmation of any of the Communications Commissioners on account of their place of residence, remains to be seen. Senator Wheeler said that he had asked that the names of those nominated to the Commission be referred first to the Senators from the State from which the nominee has been appointed and that he had asked the Senators to give their views with reference to the particular man nominated.

"I agree that by reason of the fact that the Communications Commission today deals not only with telephone communication but with radio and all other forms of communication, it really is one of the most important commissions we have", the Senator said; "and as Chairman of the Senate Committee on Interstate Commerce, I am particularly anxious that we shall carefully search the record of each man appointed upon the Commission."

The fact that Senator Wheeler has asked the Senators for their views as to the qualifications of the Communications Commissioners, may encourage Senator Bilbo, of Mississippi, in the objection he proposed to make against the confirmation of Judge Eugene O. Sykes, Chairman of the Commission.

"I made it an issue that if elected, I would build a fire under Judge Sykes, as long as I was in the Senate, until I got him out of the service", Bilbo said. "I always keep my promise."

The reason for the Senator's opposition to Sykes is that the latter campaigned in favor of the re-election of Senator Stephens, who was Bilbo's opponent in the last election. When Mr. Bilbo was governor of Mississippi, he appointed Sykes to the Supreme Court of that State. Later, Senator Stephens was responsible for the naming of Judge Sykes to the Federal Radio Commission and later to the Communications Commission.

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:::: INDUSTRY NOTES ::::  
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A luncheon was given at the Metropolitan Club in Washington last week by George Henry Payne, of the Federal Communications Commission, in honor of Commissioner-elect Anning S. Prall, of New York. Those present were Commissioners Sykes, Brown, Stewart, Walker, Case and Gary.

Mr. Prall, who still requires the aid of crutches to get about, as a result of his automobile accident, had an exciting experience at a fire in his hotel, the Shoreham, early Sunday morning. All elevators were crowded and it was quite a task for him to negotiate the stairs. Luckily the fire proved to be mostly smoke and there were no casualties.

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Former Commissioner Hampson Gary is at the Hotel Hamilton in Washington. He expects to visit his children in New York. It is believed to be only a question of time until President Roosevelt appoints him to another position.

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A favorable report has been made on the application of T. H. Barton, of El Dorado, Ark., for permission to construct a 100-watt station to operate on 1370 kilocycles frequency.

An unfavorable report has been submitted by Examiner Ralph H. Walker with regard to the application of A. R. Montgomery, of Findlay, O., who desires to erect a 1000-watt station on 1530 kilocycles on the grounds that the applicant is not financially and technically qualified to operate such a station.

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The steel framework for the Chicago Tribune's new WGN radio station studios has been completed and structural steel workers have riveted their highest girder in place. The building is located just north of the Tribune Tower.

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F. M. Ryan and F. X. Rettenmeyer, of the Bell Telephone Laboratories, delivered a paper on "Radio Apparatus for Mobile Applications" at a meeting of the Washington Section of the Institute of Radio Engineers last Monday night.

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## NBC TIME CHARGES ARE ADVANCED

National Broadcasting Company has announced an adjustment of time charges for broadcast advertising which raised the cost of an evening hour on the blue network from \$4,780 to \$6,120, and on the red network from \$5,380 to \$7,120.

A new rate-card shows that rates of nearly all individual stations have been raised. A few station rates are lowered.

New rates were also established for NBC regional groups of stations. All changes are effective Feb. 4.

A statement by Edgar Kobak, Vice-President in Charge of Sales, said that after more than a year of analysis the NBC had determined the potential circulation of each NBC station, group and network, and that this was the basis of the new rate structure. Mr. Kobak's statement promised that the figures will be made public within a few weeks in a new book, "NBC Network Aires", which will present maps and statistics for all NBC networks and groups.

Despite the increase in charges, Mr. Kobak stated: "On the Red network and all supplementaries, for instance, we estimate a relative decrease in the evening hour rate from approximately \$1.67 per thousand reachable radio families in 1927 to less than 80 cents per thousand radio families now reachable."

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## WOR NEW AND RENEWAL ACCOUNTS SIGNED UP

PHILADELPHIA DAIRY PRODUCTS CO., INC (Dolly Madison Ice Cream) through the Scheck Advertising Agency, Inc., Newark, N. J. started January 13, 1935, Sundays 2:30 to 3:00 P.M. EST, WOR. Program - "Dolly Madison Ice Cream Party" - Children's amateur program with Harry Mack as Master of Ceremonies.

STANCO, INC (Cream of Nujol) through McCann-Erickson, Inc., Advertising Agency, 285 Madison Ave., New York City starts January 22, 1935, Tuesdays and Thursdays from 3:00 to 3:15 P.M. EST, WOR. Program - "Nujol Clinic of the Air" (Recorded).

BORDEN'S FARM PRODUCTS CO., INC., through McCann-Erickson, Inc., Advertising Agency, New York City, renewed beginning December 31, 1934, Fridays 6:00 to 6:30 P.M. EST., WOR Program - "Uncle Don".

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