

# HEINL RADIO BUSINESS LETTER

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No. 843

July 16, 1935

## STATIONS GET REFUNDS WHEN CODE AUTHORITY LIQUIDATES

As his last official act before taking over his new duties as Managing Director of the National Association of Broadcasters, James W. Baldin, Code Authority of the Broadcasting Industry mailed refund checks aggregating \$10,502 to 485 contributing members of the industry. Detailed financial statement accompanied the rebates.

The Code Authority report on financial operations from Dec. 11, 1933, to May 27, 1935 - from the date the pact went into operation until the Supreme Court ended the NRA - shows total receipts of \$34,239.43. Up to June 29, expenses were \$23,736.54. Refund for the entire period amounted to 30.67% of collections.

Refunds were made on a pro-rata basis covering two separate fiscal periods - from Dec. 11, 1933, to Dec. 31, 1934, and from Jan. 1, 1935, to May 27, 1935 - to compensate for the fact that some stations which kicked in for the first year did not come through for 1935 and vice versa. Actual amounts were based on excesses for the 1933-34 period and the five months of 1935.

Auditors' statement showed that Code Authority income amounted to \$23,553.76 from Dec. 11, 1933 to Dec. 31, 1934, and \$10,685.67 for the period in 1935. Expenses for comparable periods were \$14,992.78 and \$8,743.76 making the surpluses \$8,560.98 and \$1,941.76. Refund for the first period amounts to 36.346% of the receipts and for the second period to 18.173%.

During the approximately 18 months the Code was in effect, codists spent \$9,937.02 for salaries, \$7,901.17 for office expenses, \$4,228.30 for travel expenses, and \$1,670.05 for general expenses, making the total outlay for administration of the Blue Eagle pact \$23,736.54.

Office expenses were broken down as follows: Rent, \$1,419.50; equipment (net price) \$725.86; equipment expenses, \$30.15; telephone and telegraph \$1,183.89; postage, \$1,061.37; stationery, supplies, and maintenance, \$1,536.04; printing and mimeographing, \$1,686.73; subscriptions and periodicals, \$257.63. The bulk of the general expenses went to auditors, who drew \$1,535 for tedious job of checking accounts.

Travel expenses for Code Authority meetings aggregated \$3,310.04, covering \$1,615.04 for transportation and \$1,695 for subsistence of members attending seven sessions. For attending various conferences, the bill aggregated \$918.26, covering \$478.66 for transportation and \$439.60 for subsistence.

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Aside from contributions, codists collected sundry amounts such as \$300 for sale of office furniture and equipment, \$18 for sales of code bulletin, and \$14.36 for copies of hearings.

The detailed report sent to all industry members by Mr. Baldwin records every check drawn between Jan. 20, 1934, and June 29, 1935, giving the exact amount and the name of the payee. Statement also shows exact contribution for 1934 and 1935 of every industry member, along with the amount refunded and the number of the check.

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#### PHILCO AND RCA INTERESTED IN COAXIAL CABLE

It developed in the testimony of Dr. Frank B. Jewett, the American Telephone & Telegraph's research star, at the Federal Communications Commission hearing on the application of the telephone company to construct a coaxial cable between New York and Philadelphia, over which telephone messages, and telegraph and television could be transmitted simultaneously, that negotiations had been made between Philco and RCA for its use in television. Dr. Jewett said it was the only type of cable which could carry the new high fidelity television images now being produced in the laboratories of these concerns. He said, however, that no agreements had been reached between the A.T.&T., Philco and RCA in the matter. There would be no monopoly, Dr. Jewett added, the cable would be rented to anyone who has a television transmitter which met the standard requirements.

The hearing last Monday came to an abrupt conclusion when first the Western Union and later the Postal withdrew their opposition to the project. The telegraph companies were apprehensive that the new cable which is capable of carrying 2400 telegraph messages at the same time (as well as 240 telephone messages or 2 television programs) might be used to compete with the telephone business. They were assured by Dr. Jewett that the cable was purely experimental, whereupon the Western Union counsel withdrew their opposition saying his company did not desire to oppose progress. Postal counsel expressed the same opinion.

James W. Baldwin, new Managing Director of the National Association of Broadcasters, made his debut at the Telephone hearing by asking the Commission to watch its step in granting any television application. Evidently the new NAB executive regarded television as a competitor to broadcasting.



Because of the many dry hearings the Commission has to sit through the testimony of a brilliant scientist, such as Dr. Jewett, was apparently enjoyed by the Commissioners as well as the spectators. Dr. Jewett said that when not carrying the voice or Morse code, the pipes can transmit electrical transcriptions or television.

The coaxial pipes will carry a band of frequencies of at least one million cycles in the first of the experiments. They can be stepped up much higher through a series of repeaters that will be erected about every ten miles.

"Anybody who would oppose this experiment would be opposed to progress per se, or else have a grievance against the American Telephone and Telegraph Company", A. J. McBean, the company's counsel, told the Commissioners.

Dr. Jewett denied that the cable was conceived principally as a means of television transmission. He said it was plain that future expansion would tax the limit of existing wire facilities, and he urged permission to begin actual experiments.

He told of two previous improvements that were tried out in the laboratories with excellent results, but when put into field use caused widespread grief.

"We have reached the point where field trials are essential", he said. "The cable has met every test in the laboratory, but we will find many things wrong when we put it into actual service."

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#### WOULD CENSOR RADIO TALKS BY FOREIGN REPRESENTATIVES

The consent of the State Department would be required for anyone to speak on the radio in this country as a representative of or in the interest of a foreign government if bills which Senator Walsh, of Massachusetts, and Representative McKeough introduced in the House and Senate yesterday (Monday) are passed.

Senator Walsh and Representative McKeough said they and other members of Congress "have received from time to time criticism of broadcasts which were in the nature of propaganda by foreign countries in the interest of some activity in opposition to the fundamental political principles of the American Government."

They said there was "no desire" on their part to prevent any American citizen or American official from "exercising the widest latitude of free speech in their radio addresses or radio programs", but that agents of foreign governments should be censored.

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## NAB DEFEATED ON COPYRIGHT; OTHERWISE O.K.

It seemed to be the opinion of those who had attended the Colorado Springs Convention of the National Association of Broadcasters that though the Association had failed to win its copyright fight with the American Society of Composers, that all danger of this causing a split in the Broadcasters' ranks was passed.

"The fact is that the Broadcasters were outsmarted on all fronts in copyright renewal by Claude Mills", one eminent broadcasting authority, just back from Colorado, observed, referring to E. C. Mills, General Manager of ASCAP, who, despite the efforts of the Association, successfully succeeded in splitting their ranks by making separate agreements with the networks, Ike Levy, of WCAU, Philadelphia, and "Hollywood" McCosker, of WOR.

Another thing to which the National Association of Broadcasters as an association, looked forward to with some apprehension was the organization of the independent broadcasters but the good political move of electing their President, Edward A. Allen, of WLVA, Lynchburg, to the office of Second Vice-President of the NAB evidently pacified this group to a certain extent.

Specific instructions were given when the newspaper-owned broadcasting stations organized themselves into a separate group at the Colorado Springs Convention and their committee, composed of Walter Damm, of WTMJ, Milwaukee Journal; Dean Fitzer, of WDAF, Kansas City Star; and Lambdin Kay, WSB, Atlantic Journal, devised a plan of activity which is in no way to conflict with the purposes and policies of the National Association of Broadcasters. It is expected that membership in the new group at the beginning is to be limited to members whose stations are owned 51% by newspapers but that later an affiliated group will be admitted.

The Legislative Committee report, with Henry A. Bellows as Chairman, commented on the small amount of legislation actually passed which directly affected broadcasting, but strongly urged a permanent body to properly meet the "inevitable" tendency to "restrict and handicap the conduct of broadcasting by State legislation," which Mr. Bellows feels is "bound to increase."

"It has always been recognized", he said, "that there is an inevitable conflict between censorship provision of the law and the Commission's established policy of interpreting 'public convenience, necessity and interest' broadly enough to include consideration of program service. The proposal of the Commission for a conference under its direction, on the subject of programs indicates a tendency to extend this interpretation still further. It may, therefore, be confidently expected that the issue of indirect government censorship of broadcasting will take a more

conspicuous place than ever before in the deliberations of the next session of Congress, and may even result in legislative action.

"Your committee holds no brief for any form of fraudulent or misleading advertising, and certainly none for advertising which may be injurious to health, but it urges very strongly on your association the importance of finding out where radio broadcasting is to be regulated as to its advertising by the same laws which apply to other media, or whether it is willing to admit that the FCC has the right to use its licensing power as a means of indirect censorship over radio programs . . . If an advertisement is illegal, the same methods which would prevent its publication in a newspaper ought to be adequate to prevent its being broadcast."

Mr. Bellows concluded pointedly on lack of organization in the radio industry by saying that differences among broadcast units is inevitable, "but if you are blind enough to let these differences destroy your fundamental unity, you may as well prepare yourselves for the complete destruction of your industry as such."

The following NAB Directors were elected at Colorado Springs for a three-year term:

Ed Craig, WSM, Nashville; Ralph Brunton, KJBS, San Francisco; Tom W. Symons, Jr., KFPY, Spokane; W. Wright Gedge, WMBC, Detroit; Gardner Cowles, Jr., KSO-KRNT, Des Moines, was named Director until the next convention by the Board of Directors to fill the remaining vacancy.

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#### SACRAMENTO STATION INCREASED FROM 100 TO 5000 WATTS

The Broadcast Division of the Communications Commission has entered its final order granting Station KFBK, of Sacramento, Calif., owned and operated by the James McClatchy Company, a change of frequency from 1310 to 1490, and an increased power from 100 watts to 5000 watts, unlimited time.

Following the hearing in this case last February, an Examiner's report recommended that the application be denied. Exceptions were filed by the Sacramento station and L. B. Wilson Co., Inc., owner of Station WCKY, at Covington, Ky., a respondent, the only station now assigned to the frequency of 1490 kc., requested an oral argument which was heard by the Commission last month.

It was noted that WCKY is 1965 miles from Sacramento, while the separation recommended by engineers as necessary to avoid objectionable interference is 1,600 miles. The Commission

found that the only station in Sacramento was KFBK, and the next nearest station was Stockton, 45 miles away operated during daytime only with 1000 watts power. It was found that Oakland and San Francisco probably render some service to rural sections around Sacramento during the day but is subject to fading and distortion at night.

Whereupon the Commission ruled that "Undoubtedly, on the record before us, the public interest, convenience and necessity of the people of the area to be served by the proposed increase in power of Station KFBK demands the granting of this application, and this can be accomplished without interfering in any way with the service of any existing station.

"Where, as in the case before us, we have a need for additional service clearly and affirmatively shown, in an area which includes the Capital City of a State which, as compared with the rest of the States in the Fifth Zone, is only slightly over-quota, and an applicant ready, willing and able to fulfill that need, we believe some further slight departure from mathematical exactness of assigned quota is justified."

Accordingly, the Commission entered the final order.

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#### U.S. COMPILES WORLD RADIO STATISTICS

A multigraphed pamphlet, as a part of the Radio Markets series, a supplement to the statistical issue, has just been issued by the Bureau of Foreign and Domestic Commerce entitled "Radio Markets -- World Radio Set Statistics." There are given the estimated number of sets in use, sales, U.S. exports in 1934, total imports and domestic production.

It is explained that statistics are official counts in the few cases where such figures are available. No conclusions are drawn by the Bureau of Foreign and Domestic Commerce as to the number of sets in use in any country even though the U. S. 1934 exports are shown to be a greater figure than the total estimated in use.

It is also explained that official statistics and estimates on set production are rare and most of the important foreign manufacturing countries are not covered by available data.

#### Editor's Note:

A copy of this report may be obtained by writing to Mr. Lawrence D. Batson, Electrical Division, Bureau of Foreign and Domestic Commerce, Washington, D. C., or to the writer.

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## JAPAN MOVES FOR RADIO SUPREMACY

Besides its efforts to reach the United States and the other principal countries of the world with short-wave programs, Japan is engaged in a great program for the enlargement of radio in that country. In the near future the main Tokyo station is to be increased to a power of 150 kilowatts and other stations to 100 kilowatts, thus rivalling in range the largest stations in the world. At the present time, of the 25 stations, seven are rated at 10 kilowatts and 18 at from 3 kilowatts to 300 watts.

The extension program also includes the construction of a large building for each of the studios in Tokyo and Osaka, which will incorporate the latest type of broadcasting equipment selected after extensive research and which will equal any such similar installations in any part of the world. These two cities will thus continue to be the broadcasting centers of the Empire.

Large central broadcasting stations are located in the principal metropolitan centers of Tokyo, Osaka, Nagoya, Hiroshima, Kumamoto, Sendai and Sapporo. To supplement these main stations, 18 others have been established at important points throughout the nation.

Another indication of the phenomenal development of radio broadcasting in Japan is the fact that at the present time the Corporation has a total of over 2,000,000 officially listed subscribers. This total has been reached after gradual but steady growth, which bids fair to continue into the future.

Japan has exchanged international radio broadcasts up to the present time with the United States, Great Britain, Germany, France, Italy, the Netherlands and Switzerland. Thirty-nine of these broadcasts alone were exchanged during 1934.

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C O R R E C T I O N

In the story, "Broadcasters Favor Government Pressing Copyright Suit", in the issue of July 12th, the second paragraph, 3rd line should read: "a continuation of the activities of Attorney General Cummings."

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## HOUSE SUB-COMMITTEE APPOINTED ON FOOD & DRUG BILL

Representative Sam Rayburn, of Texas, Chairman of the House Interstate and Foreign Commerce Committee, has appointed the following sub-committee to consider the Food & Drug Bill:

Representatives Virgil Chapman, of Kentucky; William P. Pole, of Maryland; Edward A. Kenney, of New Jersey; James Wolfenden, of Pennsylvania, and B. Carroll Reece, of Tennessee.

While this Bill is not on the "Must" list, it is understood that the President favors its passage. Therefore while every effort no doubt will be made by those interested to put the measure through, there is no degree of certainty as to whether it will become a law at the present session. It was passed by the Senate on May 28th without a dissenting vote.

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## PROPRIETARY ASSOCIATION OFFERS SERVICES TO BROADCASTERS

Frank A. Blair, President of the Proprietary Association, has invited the broadcasters to cooperate with the Advisory Committee on Advertising of that Association in the control of statements regarding the therapeutic merit of products advertised on the air.

In making this offer Mr. Blair sent the following telegram to the National Association of Broadcasters:

"To help radio stations in deciding problems of advertising of package medicines, we offer the services of our Advisory Committee on Advertising and our Scientific Section. The former committee, aided by outstanding scientific experts familiar with problems of industry and requirements of the Government, has reviewed copy and continuities of all types of products in this field. The Scientific Section uses extensive laboratory facilities of our membership to determine technical issues involved in advertising. These resources are placed without charge or obligation at the disposal of your members."

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## W.U. PROTESTS INTERLOCKING DIRECTORATE RULING

Newcomb Carlton, Chairman of the Board of Directors of the Western Union Telegraph Company and President of the Mexican Telegraph Company, and E. Y. Gallaher, Vice-President of the Western Union and Director and Vice-President of the Mexican Telegraph Company, petitioned the Federal Communications Commission last week to modify its decision prohibiting them from serving on the Boards of both companies.

In a recent ruling the Commission held that these two officers, together with eight others, could not serve adequately two different companies within the meaning of the Communications Act.

Roy B. White, President of Western Union, supported the petition and said that Western Union owned 60 per cent of Mexican Telegraph Company stock, International Telephone and Telegraph Company holding the remaining 40 per cent. He also said that the Mexican company would have to employ a President and Vice-President at extra cost, as the incumbents are serving with only nominal Director's fees.

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## WAS IT A TYPOGRAPHICAL ERROR?

Considerable interest was occasioned when a Washington newspaper printed a list of guests at the party given to President Roosevelt at the Jefferson Island Club last Sunday, which paper said was attended by "Cabinet members, Senators, Government officials - and just Democrats." But the name of George H. Payne, Republican member of the Federal Communications Commission was listed. Even though Mr. Payne is known to be an excellent politician, a Bull Mooser under Theodore Roosevelt, and appointed to his present office by the Democratic President, Franklin D. Roosevelt, much surprise was created by the fact that Mr. Payne should be invited to this Democratic party to the apparent seclusion of the numerous deserving Democrats on the Commission.

Exactly what the answer is, deponent sayeth not.

Incidentally, Mr. Payne was listed as a member of the "Federal Trade Commission" which may have been another typographical error.

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 ::: INDUSTRY NOTES :::  
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Sol Taishoff, Associate Editor of Broadcasting Magazine, is on a two or three weeks' business trip to the Pacific Coast, following the Colorado NAB Convention.

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Joseph J. King, a Rochester (N.Y. carpenter, filed a \$50,000 damage suit against Walter Winchell, Broadway columnist, and the Andrew Jergens Company, of Cincinnati, sponsors of a radio broadcast featuring Winchell, in Rochester, July 9. The plaintiff alleges that Winchell repeated over the radio a slanderous story to the effect that the Rochester carpenter, while sitting on a limb of a tree, sawed the limb off, with the result that "the limb came down and so did King." The carpenter asserts that the story, which Winchell was said to have picked up from a "kidding" item in a newspaper, made him appear ridiculous to his friends.

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Representative Sam Rayburn, of Texas, Chairman of the House Interstate Commerce Committee, submitted a favorable report of his Committee which would authorize the Federal Communications Commission to employ a Chief Accountant and not more than three assistants, to assist in the A. T. & T. investigation. Chairman Prall explained the provision had been omitted apparently by an oversight.

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The vast library of copyrighted music represented by the American Society of Composers, Authors and Publishers and its European affiliates has been acquired by the principal broadcasting chains and many leading independent radio stations under a renewed license contract for five years from next January 1st, according to a statement by the American Society of Composers, "and listeners-in are assured of the continued use of the best classical and popular music. No increase in royalty rates has been made except for the sustaining programs of certain key stations of the larger chains.

"Available to these stations, as well as to the theatres, hotels, cabarets, restaurants, summer resorts, and other commercial users of music are the performing rights to the compositions of more than 1,100 leading American writers and about 45,000 European composers and authors."

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## NEW ST. NAZAIRE RADIO STATION

The French Post Office has just inaugurated a new radio transmitting and receiving station at St. Nazaire for communication with ships. It will replace the service now conducted by Radio Havre. When the station is completed, in about 2 years, it will be of the multiplex type, sending and receiving simultaneously on several wavelengths, according to the Electrical Review of London. For the present the service will normally operate on a wavelength of 2,439 meters and will use 2,100 meters between the thirtieth and thirty-fifth minutes after each even hour. Radio telegrams are to be sent on 2,884.6 meters. The transmitting and receiving stations are about 18 miles apart and are connected by an underground cable. The normal power furnished to each antenna of the transmitting equipment at Severac is 15 k.w. A short-wave telegraph transmitter is being installed at Severac which will develop a power of from 15 to 20 k.w. Reception will be by two 20-valve short-wave sets. This work is to be completed during the present year, and the installation of sets permitting bilateral radiotelephone communication is expected to be done some time next year. The receiving station is at Donges.

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## TALK-BACK SYSTEM BEING INSTALLED AT WOR

The WOR Engineering Department, under Jack Poppele, Chief Engineer, and Ray Lyon, Development Engineer, is at present installing new talk-back facilities in the studios and studio control rooms.

An attention bell is to be placed in the studios to notify performers they are about to go on the air or that rehearsals are about to resume. In conjunction with this feature a red light is being installed to work alternately with the bell, so that an orchestra or singer who might be performing will be notified of time by an announcer or production man.

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