

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

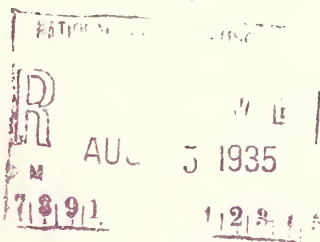
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INDEX TO ISSUE OF AUGUST 2, 1935

WOULD INVESTIGATE FCC FOR MEXICAN PROGRAM WHITEWASH.....	2
AGAIN WIRED RADIO DEVELOPMENT TALK.....	5
DUNLAP SKETCHES HISTORY OF RADIO.....	7
WOULD PERMIT SENDING SHIP POSITIONS TO NEWSPAPERS.....	8
REQUESTS FEDERAL FINANCING FOR RADIO.....	8
FRENCH CITIES TO HOLD RADIO FAIRS.....	8
RMA STANDARDS PROPOSED FOR NEW METAL TUBES.....	9
CBS REPORTED OUT OF PRESS-RADIO IN MONTH.....	9
FTC GETS AFTER RADIO CORRESPONDENCE SCHOOL.....	9
COPYRIGHT BILL MEETS STRONG SENATE OPPOSITION.....	10
RCA QUARTERLY EARNINGS GAIN.....	11
INDUSTRY NOTES.....	12
APPLICATIONS GRANTED BY BROADCAST DIVISION OF FCC.....	13

No. 848



WOULD INVESTIGATE FCC FOR MEXICAN PROGRAM WHITEWASH

A stinging speech was inserted in the Congressional Record by Representative Connery of Massachusetts because of the refusal of the Federal Communications Commission to cancel the licenses of NBC network stations which broadcast an alleged obscene song during a program sponsored by the Mexican Government. Mr. Connery said:

"The power and influence of the Power Trust is well known to all Members of the Congress. Some Members of the Congress have not as yet realized that the creature of the Power Trust -- the Radio Trust -- headed by the National Broadcasting Co., is just as arrogant, just as intolerant of proper supervision or governmental regulation, and just as influential as ever the Power Trust claimed to be.

"The head of the National Broadcasting Co., M. H. Aylesworth, is well known to the Federal Trade Commission. The reports of the Federal Trade Commission indicate that H. M. Aylesworth was formerly the managing director of the National Electric Light Association, the predecessor of the present Edison Institute. The National Electric Light Association is that body which the Federal Trade Commission found had spent large sums of money corrupting and influencing our college professors and our educators to work, under cover, for the best interests of the Power Trust.

"Correspondence, which Members of the Congress have had with the Federal Communications Commission illustrates the influence which the National Broadcasting Co. has with that governmental agency. The arrogant attitude taken by the Federal Communications Commission on the petition signed by 16 Members of the House of Representatives indicates the need of a congressional inquiry into the activities of this governmental agency. The protection which the Federal Communications Commission has accorded to the officers of the National Broadcasting Co. and those representing the Mexican Government who are alleged to have openly and flagrantly violated the Communications Act of 1934 is indicative of the fact that the Radio Trust is following closely in the footsteps of its parent body, the Power Trust.

"Further, the influence which the representatives of the Radio Trust apparently have with the members of the Federal Communications Commission is comparable with the power and

the influence which the Power Trust is credited with having with State regulatory bodies.

"Surely, the present head of the Broadcast Division of the Federal Communications Commission, one credited with being a high-class lawyer, must have had some objective in writing to Members of the Congress and quoting to them language from a court ruling which is not to be found in the case cited. Surely, when the Supreme Court has ruled on a violation of the Radio Act in 1931 it is not necessary to go back to 1883 and compare a violation of the Radio Act with postal violations.

"A few months ago a prominent radio station, located in one of our larger centers, was cited before the Federal Communications Commission for renewal of its license and charged with broadcasting a program which was and is offensive to millions of our people. The hearing in this case, as shown by the official minutes, clearly indicated the attitude of the present members of the Broadcast Division toward types of programs which are clearly offensive to a majority of our people.

"When the case was called the only witnesses who appeared before the Commission were those who were officers of or those who had a direct and personal interest in the continuation of the station. Despite the fact that many complaints had been filed with the Commission, only one deposition was taken by those who supposedly act for the protection of the people and for the proper supervision of radio licenses.

"Last month, after citing in a number of stations for violations of the law or the regulations of the Commission in putting on programs which, to say the least, were offensive, some 16 of these complaints were dismissed on nothing more than the promise of the licensees that they would not put on such broadcasts again.

"Congress has appropriated and is spending billions of dollars for relief of those unable to secure employment. The diversion of advertising from newspapers and magazines to radio broadcasting has, according to the officials of the international printing trades unions, deprived more than 40,000 skilled printing-trades workers of permanent employment. In addition, the false statements put forth by radio-advertising solicitors that people listen into the radio and obtain the same type of entertainment that they would by patronizing the theater has resulted in much of the depression which exists in the theatrical industry.

"During the past year or more the radio networks have established theaters wherein they put on shows and permit free entry only to those who are advertisers or those who are friends of advertising agencies which control the placing of

advertising. This constitutes an unfair trade practice toward the newspapers and the magazines which are dependent for their continued existence on the same advertisers.

"For the past few years there has been a great deal of complaint as to the type of motion pictures shown throughout our country. I believe, however, if taken as a whole, the type of radio programs poured forth into the homes of our American people are more offensive than many of the pictures complained of. At least, one does not have to patronize the pictures complained of unless he or she cares to. Yet, when one turns the dial of the radio we have but little knowledge of the type of program or address which will be dinned into the ears of our women and children.

"The national women's organizations, as well as many others, have made continual complaints as to the debasing influence of the type of programs weekly pouring into the homes of our people. Even the Chairman of the Federal Communications Commission has himself complained of the type of programs which are put on the air by many radio stations.

"Last year the Congress, as a result of the petition of numerous educational, religious, labor, and farm organizations, directed the Federal Communications Commission to study and report on what percentage of radio facilities should be assigned directly to organizations interested in educational, religious, labor, and agricultural promotion. The Commission, after listening to those who hold radio licenses, and to some others, reported that these non-profit-making bodies should continue to be dependent for radio facilities upon those who are interested, from past experiences, solely in profits.

"This and following correspondence, which I trust every Member will read carefully, clearly indicates that the only real cure the Congress can effect is to eliminate the profit motive from radio broadcasting, eliminate radio advertising, and then you will be able to substitute educational and cultural programs instead of the present debasing type of programs which those who listen in are forced to hear.

"There is pending before the House at the present time certain legislation which I sincerely trust will soon be enacted into law. A bill has been presented by Mr. Monaghan of Montana, providing for complete Government control and operation of all radio broadcast stations. This is the system which is now in force in most all civilized countries. This system is in successful operation in England and in Canada as well as other countries. This bill merits the active support of every forward looking and independently minded Member of the House. Another bill, presented by Mr. McKeough, of Illinois, will eliminate from radio broadcasting much of the alien propaganda heard now from time to time. This bill prevents the broadcasting of addresses or programs by, for, or, in the interest of any

8/2/35

foreign nation unless such program or address has the approval of the Secretary of State. Surely, there is no Member of the House who believes that licensees of the Government should derive a profit for broadcasting alien propaganda into the homes of the American people. I sincerely trust that these two bills will be favorably reported by the Interstate Commerce Commission and soon enacted into law."

Following this there was a lengthy letter from Representative Connery to Secretary of State, Hull, and numerous letters exchanged by Mr. Connery, Chairman Anning S. Prall of the FCC, and Judge E. O. Sykes, head of the Broadcasting Division, occupying about four pages in the Congressional Record of July 31.

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AGAIN WIRED RADIO DEVELOPMENT TALK

The mid-summer season is bringing with it a revival of the talk of wired radio. This is based upon a resumption in Cleveland of a subsidiary of the North American Company supplying entertainment programs transmitted throughout the city by wire.

Also, the Ticker News Service, it is announced, will soon operate 250 loudspeakers in Philadelphia connected by wire from a central broadcasting point through which will be given flashes on news and sporting events with musical programs in between to help while away the time.

That the Cleveland proposition looks good to the American Society of Composers and that they believe there are possibilities for increasing their revenues is the report that the composers have already been conferring with the Cleveland people and they expect eventually that the royalties of the Society may be increased several million dollars annually with the development of wired radio.

A try-out of this form of entertainment was made several months ago in Cleveland at which time it was announced that it was felt that there was a public demand for wired radio there and that, with a reasonable assurance that the people wanted it, this would be given to them. A satisfactory conclusion was reached by the Company which resulted in the present continuance.

The rates vary from two to five dollars a month depending on the type of receiving set rented. The plan is to provide 250 hours of programs each week, a large part of which will be music. The transmission of the wired radio program is direct into the homes over electric light wires. The broadcasting is done from a centrally located studio of special

8/2/35

records made by Electrical Research Products Incorporated.

There will be no advertising carried by the Cleveland people but commercial announcements will be a part of the Philadelphia wired radio news bulletins.

How successful wired radio will be in the United States remains to be seen. In some foreign countries it has been received with favor but evidently the residents of The Netherlands West Indies, the latest information reports, are not looking upon the innovation with any great favor.

"The Curacaosche Radio Centrale, a subsidiary of the N.T.M. Radio Holland, N.V., Amsterdam, has installed a central wired-wireless station at Willemstad for reception of programs from certain countries", Consul Russell M. Brooks of Curacao reports. "It is said that approximately 50,000 florins have been expended in placing wires and cables throughout Willemstad."

"The Curacaosche Radio Centrale proposes to give subscribers a choice of programs from the following countries: The Netherlands, England, France, Germany, Venezuela and Colombia. Programs from the United States are not included.

"The principle upon which the scheme is worked is to place in each subscriber's home an apparatus which allows the subscriber to plug into the station he prefers."

Reports indicate that the response to the offer of the Curacaosche Radio Centrale has been extremely small. In the first place, costs are high -- 12.50 florins per installation, the purchase of a loudspeaker, and 5 florins per month subscription; secondly, the radio amateur does not desire selected programs; and in the third instance, elimination of the United States from the list of broadcasting countries has greatly injured demand. American programs, on the whole, are much more popular than programs from European countries.

"It is understood that the Netherlands firm of N. V. Phillips Gloeilampen Fabrieken, Eindhoven, Holland, controls the Curacaosche Radio Centrale."

Still another invasion of the radio field is a new phonograph which the Electrical Research Products Incorporated is said to have just finished. This is an elaborate and mechanically perfect device for reproducing in high fidelity style and has all the latest gadgets from double turntables down. It is possible that it will not be sold, but rented or leased only, and will be suitable for use in public auditoriums, etc., and for other public entertainment purposes. The new ERPI product will probably play only on the ERPI machines and there will be no advertising on any of the records.

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DUNLAP SKETCHES HISTORY OF RADIO

The recent strides in television, in photo radio in ultra-short waves, and radio applications in man's fight against body ailments, have led to an expansion of "The Story of Radio" by Orrin E. Dunlap, Jr., radio editor of the New York Times. All of the remarkable advances in radio since the book was first published in 1927 are included in additional chapters in this new and enlarged edition, enhanced by thirty-two illustrations. A complete new chapter deals with the sending of pictures by radio, and the march of research specialists into the ultra short-wave spectrum takes up another chapter in which the relation of microphones to television, power transmission by wireless broadcasting and other branches of this realm of radio science is unfolded. A most comprehensive chapter on the magic ultra-short waves discloses what the experts have learned about the mysterious channels and what they foresee ahead. Short waves and the associated all-wave receivers, having opened up international broadcasting on a world-wide scale, have intensified interest in the various systems of broadcasting and a new chapter compares the plans in vogue in Europe and America.

Various chapters are captioned as follows: "It Speaks for Itself"; "Transatlantic Triumphs"; "Dramatic Moments"; "Enrolled for War"; "With Pioneer Birdmen"; "Secrets of Marconi's Magic"; "Turning Points"; "Looking through Space!" (Television); "Minature Waves or Dark Light"; "Pictures by Radio" and "American versus European Radio".

Orrin E. Dunlap, Jr. is one of the world's foremost authorities on radio. He has been in direct touch with wireless development since 1912 and with every major advance in broadcasting and television. He is the author of five books on radio. The chapters he has added to "The Story of Radio" make it the latest and most informative book in the field. It covers radio from the time when Maxwell and Hertz pointed the way for Marconi, right up to the newest discovery in ultra-short waves as applied to television.

The new book is dedicated by Mr. Dunlap to his wife, Louise Leggett Dunlap. Among the thirty-two illustrations are photographs of Marconi, Dr. Lee De Forest, the late C. Francis Jenkins and Dr. E. F. W. Alexanderson. The price of "The Story of Radio" is \$2.75 and the publishers are the Dial Press, 152 West 13th Street, New York City.

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8/2/35

WOULD PERMIT SENDING SHIP POSITIONS TO NEWSPAPERS

A bill was introduced by Representative McCormack of Mass. which would permit radio companies furnishing reports of positions of ships at sea to newspapers either at nominal charge or without charge provided the name of the company is used.

It has been the practice of ships to report their position to the nearest land station and up to a short time ago this information was supplied free to the newspapers. However the FCC, hot on the trail for anything free, issued an order discontinuing any such service.

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REQUESTS FEDERAL FINANCING FOR RADIO

Further financing of radio sales under the Federal Housing Administration law has been applied for by Bond Geddes, vice-president of the Radio Manufacturers Association, with the active support of several large companies. The new proposal to the Federal Housing Administration is that the FHA financing privileges be extended to receiving sets selling at \$75 or more. In the past the federal agency has declined to extend its financing privileges to such radio sets and many other "movables". The FHA rules have specifically excluded radios, unless built-in, from its financing benefits. Built-in radio is eligible for FHA financing and it is now hoped to extend the federal financing system to the more expensive type of radio sets, similar to the financing privileges available in sales of refrigerators and recently extended by the FHA to washing machines.

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FRENCH CITIES TO HOLD RADIO FAIRS

The Syndicat des Radioelectriciens du Nord de la France have announced the organization of a radio fair at Lille from September 20th to September 29th.

Another radio fair is to be held in Lyon from September 21st to September 29th, at the Palais de la Foire de Lyon. Approximately 250 manufacturers will be represented and a special part of the exposition will be devoted to phonographs, records, photography and cinema, Assistant Trade Commissioner, Lestrade Brown, Paris, advises.

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RMA STANDARDS PROPOSED FOR NEW METAL TUBES

Introduction of the new metal tubes for radio sets, presenting many new engineering problems, has been met by the Radio Manufacturers Association in providing industry standards for the new tubes. The proposed Metal tube standards were adopted at a meeting July 25 in New York by the Tube Committee of which Roger M. Wise is chairman, and the proposed standards have been submitted to Association members by Chairman Virgil M. Graham of the Association's Standards Section. Many other tube engineering problems also will be considered at another meeting of the Tube Committee, August 2, in New York

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CBS REPORTED OUT OF PRESS-RADIO IN MONTH

Indications are that CBS will by the end of August cease to be a member of the press-radio pact. Variety advises, "With the breakaway from the Press-Radio Bureau of the Publishers National Committee on Radio, the network will give up its thrice daily broadcast of news bulletins.

"NBC will, by virtue of the situation, probably be forced to follow suit if deal now pending is closed with the Atlantic and Pacific Stores for five 15-minute news programs a week. A. & P. shifted negotiations for the series from CBS to NBC after the former contracted to release a quarter-hour version of the 'March of Time' five times a week, starting August 26. With the store chain figuring on obtaining its material from the United Press and making the program a combination of news bulletins and dramatizations, NBC would, by accepting the proposition, have no alternative but to consider its adherence to the press-radio agreement as completely ended.

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FTC GETS AFTER RADIO CORRESPONDENCE SCHOOL

The National Electrical & Automotive School, Inc., of Los Angeles, Calif., has entered into a stipulation with the Federal Trade Commission to discontinue misrepresenting its correspondence courses in radio engineering which include instruction in radio, television, sound pictures and general electricity.

The school agrees to stop advertising directly or indirectly that its salesmen do not sell correspondence courses and to discontinue implying that the salesmen represent industrial firms in selecting men for definite positions.

It was advertised that "a limited number of men are now being selected to train for positions in radio and television. Those accepted will be given preliminary training at home and then taken to Los Angeles for special practical experience in the 'National' studios. Transportation paid both ways". The school agrees to drop these claims which are not true.

COPYRIGHT BILL MEETS STRONG SENATE OPPOSITION

The copyright bill, endorsed by the National Association of Broadcasters and opposed by the American Society of Composers met with spirited opposition when it was taken up for consideration in the Senate Wednesday afternoon. The debate was continued through Thursday's session and will be again taken up as the unfinished business of the Senate when it reconvenes Monday.

Senator Copeland (D) of New York who is backing the Composers in their opposition to the copyright bill vigorously protested consideration of the bill at this time. "There are very serious objections to the bill, according to my constituents; and, frankly, I do not understand why it is thrown into the Senate for discussion at a time when there is no urgency about it", Senator Copeland declared.

"This is not at all an emergency measure. The country is going to go on just the same whether or not the bill is considered; and I believe that by taking it up we shall open ourselves once more to the criticism of dealing with trivial things at a time when serious matters ought to be given consideration.

"This measure is in no sense vital. The great interests of the American people are not involved in it. I think that at this time, when we ought to be approaching adjournment, and when the country wants the Congress to adjourn, it would be a great mistake for us to take up another matter which would keep us here several days longer."

Senator Duffy (D) of Wisconsin, sponsor of the bill said that the copyright treaty had been on the calendar since April 18 and that the copyright bill was largely an ennobling act for the treaty.

"There has been pending for 5 years before the Foreign Relations Committee of the Senate a treaty dealing with safety of life at sea, a matter of great concern to everybody who goes upon the seven seas", the New York Senator retorted. "For 5 years it has been pending, but we have not been able to get any action upon it; and now suddenly we find that the most important thing which can engage the attention of the Senate of the United States is a copyright bill!

"I cannot see the force or the sense of the suggestion. I think we are losing our sense of proportion when we spend our time considering trivial things when there are matters of vital importance which do not attract our attention.

"We are making a spectacle of ourselves before the country by remaining in session when we ought to finish our business and go home.

"We are not going home to a vacation. Every Member of the Congress has duties to perform when Congress is not in

8/2/35

session; but the country is sick and tired of the Congress of the United States and wishes to get rid of us as soon as possible; and so far as I am concerned, I confess that I share the popular belief that that is very good judgment on the part of the people."

There was another flare-up when Senator Wallace White (R) of Maine, said: "The statement was made that the bill comes before the Senate with the unanimous approval of the Committee on Patents. I do not dare say whether or not that is an accurate statement. I know that I attended one meeting, which I understood was a meeting of subcommittee, and I recall very definitely that I indicated my approval of the report of the bill, but, as I understood it, it was a report to the full committee and not a report to the Senate. If the record shows to the contrary, I am just in error, and was in error at the time in my understanding of the meeting which I attended.

"I confess with reluctance to a very hazy knowledge of this piece of proposed legislation. It is true I am on the committee, but I am on five other legislative committees, and I am on a number of special committees, and I have given no serious consideration to this measure. I know that there is substantial support for it, and I know that there is very strong opposition to it. So far as I am concerned, I am perfectly willing that the bill should be considered, but I rather hesitate to have it appear as a matter of record that I voted to report the bill to the Senate."

During the course of the debate, Senator Duffy said that even C. C. Mills, the general manager of A.S.C. A.P. who bitterly assails the feature of the bill which will do away with the \$250 minimum damage, said, in a letter of April 17, referring to the bill: "Regardless of those portions of it to which we may take exception, I do think the committee has attempted to do a sincere and a constructive job."

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RCA QUARTERLY EARNINGS GAIN

The Radio Corporation of America reports for the three months ended on June 30 a net income of \$671,110 after expenses, depreciation, amortization of patents and provision for Federal income taxes. This is equivalent, after dividend requirements on the 7 per cent preferred A stock of \$50 par value, to 31 cents a share on the 767,275 preferred B stock. In the June quarter last year the company reported a net income of \$535,856, or 13 cents a share on the preferred B stock.

For the six months ended on June 30 the company had a net income of \$2,289,135, equal after dividend requirements on the preferred A stock to \$1.85 a share on the preferred B stock. In the first half of 1934 the company reported a net income of \$1,771,581, or 1.18 a share on the preferred B stock. At the

8/2/35

close of last year there were 13,130,690 common shares outstanding.

In the June quarter gross income from operations amounted to \$18,742,979, compared with \$17,285,873 in the corresponding quarter of 1934. Surplus on June 30 totaled \$10,425,632 against \$11,040,671 on June 30, 1934.

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:::INDUSTRY NOTES
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The Broadcast Division of the FCC has granted the application of Station WCAE, Pittsburgh, for increase of daytime power from 1,000 to 5,000 watts.

A favorable recommendation has been made by Examiner George Hill for Station WTAQ, Eau Claire, Wis., for unlimited daytime hours of operation on 1330 kc and to allow the voluntary assignment of its license to Station WHBY, Green Bay, Wis.

Commissioner George Henry Payne has issued a lengthy opinion in which he explains his reasons for dissenting, in part, from the order of the Telegraph Division of the FCC setting the rates on Government telegraphic messages for the fiscal year which began July 1.

The renewal of the license of Station WMCA, New York, cited for carrying the Bircongel advertising, has been granted by the Broadcast Division. Although WMCA lost no time dropping the objectionable advertisement it is just possible in the formal opinion of the Division now being prepared that there may be some form of censure but if so that will end the incident.

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