

HEINL RADIO BUSINESS LETTER

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POLITICAL TALK BARS DOWN AND RESEARCH BODY PROPOSED

In the closing hours of Congress, Representative Byron N. Scott, (D), of California, introduced three amendments to the Radio Act which would ease things down considerably for political candidates, who are frequently required to pay an advanced rate in campaigns, and which would relieve stations of censorship responsibilities.

"This means that the American system of private ownership, control, profit, and responsibility would be continued, except that during periods reserved for public discussion there would be no revenue to the station and no responsibility by the station to the Commission or the public", Representative Scott said.

Also the California Representative introduced a resolution proposing the appointment by President Roosevelt of a Broadcasting Research Commission to investigate the radio industry and to lay down a radio policy and program for the future.

"It should be noted that the proposed Broadcasting Research Commission would be a temporary body, appointed by and responsible to the President, the Chairman, who would, presumably, give full-time attention to the work", Mr. Scott explained. "The object of proposing a Commission of this type is to make available for the investigation the services of persons who could and would not ordinarily accept appointment on a Federal Commission. It is believed that distinguished and disinterested citizens would be attracted by the opportunity of taking part in a non-partisan attempt to formulate a sound and permanent policy regarding broadcasting."

The Congressman from California said that he introduced the amendments and resolution at this time so that the members of the House could have an opportunity to look them over and be prepared to act when Congress convenes next January.

Scott, who is 32 years old, hails from Long Beach, and is serving his first term in Congress. He was graduated from the University of Kansas, taught school at Tucson, Arizona, later moved to Long Beach, where he taught for eight years, and was later awarded an M.A. degree by the University of Southern California for his work in American History and Economics.

Scott asserted that as the Radio Act now stands the networks and certain stations have reaped a harvest from the major political parties in national elections and from leading factions in State and local contests. The provision has, he said, favored the party or person with the largest war chest to the prejudice of minority groups and individuals of small means.

Also he said that Section 315 of the Act provides that stations shall afford equal treatment - that is. time, rates, and so forth - to legally qualified candidates for public office, and prohibit censorship on political speeches which is unsatisfactory.

"The provision is fundamentally unsound in assuming that the public desires only the uncensored discussions on social, economic, and political issues of legally qualified candidates for office", Representative Scott declared. "Campaign periods are relatively short; candidates are not always the leading or most capable advocates of the parties' or candidates' views; controversial discussion is not a seasonal product demanding attention only before elections; too frequently political campaigns are used to avoid or obscure rather than meet and illuminate issues.

"The censorship provision is of little value. Though it protects the candidate himself from censorship by networks and stations, and protects stations from actions for slander or libel when a candidate is on the air, it does not extend to speakers other than candidates, and stations have been found guilty of defamation for the remarks of such other speakers.

"It is law at present that network and station owners, managers, program directors, and even announcers and technicians in charge of the electrical controls, must, at the peril of the station, determine at the moment of utterance whether a remark is actionable, a feat that no responsible judge or lawyer would presume to perform except in the plainest cases. This has led necessarily to direct and indirect censorship, to the vicious practice of requiring the submission of manuscripts for approval of networks and stations on an editorial basis.

"At certain times networks and stations are delighted to obtain political broadcasts. They fill time and supply revenue. But at other times and in certain communities, especially with the growth of volume of profitable advertising, this is not the case. Political broadcasts are refused. It is believed that all stations as an incident of the right to operate as public callings under Federal franchises should be required to devote certain periods to political broadcasts without profit or censorship.

The second amendment which Mr. Scott introduced would require stations to keep complete and accurate records open to reasonable inspection of applications for time, rejected applications, and the reasons for such rejections, additions, and

changes requested in programs on public issues and on educational subjects and interference with programs on public issues and on educational subjects and interference with programs on public issues and on educational subjects.

His third amendment recommended additional language which will free licensees from responsibility to the Commission or in the courts for broadcasts on public questions, except where licensees are responsible for defamatory or improper remarks.

"Under present conditions there is a very real danger that the licensee will be sued for a defamatory utterance that goes out from its transmitter", Mr. Scott went on. "There is also a very real danger that the Communications Commission (like the old Radio Commission) will consider defamatory or improper utterances for which the licensee is not responsible in acting on applications for renewal of license and other privileges. Censorship has flourished under fear of these dangers, and in many, many cases the act of censorship has been performed by persons who have no qualification whatever to determine the very delicate question of what is and is not actionable or in bad taste.

"The suggested addition will put an end to the danger of punitive action against the networks and stations and will thus obviate the necessity for editorial treatment of public discussion. It will not, of course, free the speaker himself from responsibility in the courts and elsewhere for his remarks or his conduct on the air."

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EUROPEAN BROADCASTERS QUOTE COMMERCIAL RATES

Broadcasting is now reaching the international stage. Not only are broadcasts from abroad being featured on American networks but American-sponsored programs are going out over European transmitters for short-wave consumption here and abroad.

A chain of European stations - "Radiodiffusion Europeene" has also opened offices in Radio City, for the sale of time on the "Chaine Rouge" and the "Chaine Bleue", in France, Italy and Spain, according to Electronics. A 15-minute program, including concert music, on the 60-kw. Radio-Toulouse transmitter on Isle de France, is quoted at \$265, while the 1-kw. Radio-Bordeaux and Radio-Agen stations each cost \$55. The 60-kw. Poste Parisien costs \$365 for 15 minutes. The 6-kw. Radio-Morocco in Northern Africa costs only \$53 per quarter-hour.

Italy's Chaine Rouge, including the 50-kw. Milan, 50-kw. Turin, 20-kw. Genoa, and 10-kw. Trieste, Florence and Bolzano (total 150 kw.), is quoted at \$1,390 per quarter hour. Radio-Rome (50 kw), Radio Naples (20 kw.) and Radio-Bari (20 kw.), make up the Italian Chaine Bleue, at \$693 for 15 minutes. In each instance above, musical program material is furnished, together with two 30-second announcements.

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PAYNE ALLEGES BROADCASTERS ARE ACTIVE POLITICALLY

In telling the American Association of Agricultural College Editors at Cornell University gathering the difference between the broadcasting systems of foreign countries and ours, George Henry Payne, Federal Communications Commissioner, said:

"In this country the political activity of broadcasters is a regrettable fact. It would be unfair to place the entire responsibility for the situation on them, for in the early days of chaos possibly it seemed to them the only way of obtaining what they considered their rights. One nevertheless cannot help feeling that energy that has been put into politics, if devoted to the cultural aspects of the art, would have led to much better programs.

"In the year that the present Commission has been in existence, there has been a decided improvement, I sincerely believe; although someone has said that, even now, you cannot come out of an office in the Communications Commission without stepping on one or two broadcast lawyers.

"The present Commission is cognizant of this intolerable condition and from time to time has taken steps to put relations with this arm of the Government on a higher plane. It was a man famous in his day, John J. Ingalls, of Kansas, who made the pungent observation that 'Purity in politics is an iridescent dream.' If that is so, it has always been so, but it also is true that the bright pages of the past are those where some dreamer has put his visions into action."

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CANADIAN IMPORTS OF RADIOS DECLINE

Canada's purchases of foreign radios and radio parts showed an appreciable decline in the first half of 1935 as compared with the similar period of last year, a report from Assistant Commercial Attache O. B. North, Ottawa, reveals.

Total imports of radio and wireless apparatus into the Dominion in the January-June period of this year were valued at \$616,235, a decrease of 14 per cent from the corresponding period of 1934. Imports from the United States declined 13 per cent to \$577,600, the report shows.

Sales of radios and radio apparatus in Canada during the first six months of 1935 amounted to 47,370 sets having a list value of \$4,216,170. Comparable figures for last year are not available, it is pointed out.

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Total sales of radio receiving sets in the second quarter of this year amounted to 22,349 units and showed a seasonal decline of 2,672 units from the preceding quarter. The decline of 7,395 in A.C. sets was to a considerable degree offset by the increases of 1,115 in battery sets and 3,608 in automobile sets, according to the Commerce Department report.

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WOULD ALLOW OGLETHORPE UNIVERSITY TO SELL STATION

A favorable report has been submitted by Examiner John P. Bramhall in the matter of a voluntary assignment of license by Station WJTL, Oglethorpe University, at Atlanta, to J. W. Woodruff and S. A. Cisler, Jr., d/b as the Atlanta Broadcasting Company. A tentative arrangement has been made to sell the station equipment to J. W. Woodruff and S. A. Cisler, Jr., doing business as the Atlanta Broadcasting Co., for the sum of \$16,500, to be paid in cash, and represented in this case by John M. Littlepage, and Frank D. Foley.

At the time the University commenced the operation of the station (WJTL), it was the intention of the officers of the school to devote the station's time to education alone but after a short period it developed that the cost of operation of the station was a heavy drain on the treasury of the school and in order to continue the operation of the station, the school was compelled to enter into the commercial field to sustain the station. This brought the school in competition with some of the people upon whom the University depended for financial assistance and necessarily created some feeling against the school because it had entered the commercial radio field. This had the effect of reducing certain contributions which the school otherwise would have received. Following this situation came the depression and the loss of many other sources for obtaining funds for the sustenance of the University. The school became financially embarrassed and its officials deemed it to the best interests of the University to dispose of the station.

The Examiner recommended that the motion of David Parmer, who had applied for the facilities of WJTL, but had later asked to withdraw his application, be granted with prejudice as through the filing of his application, Oglethorpe University had incurred the expense of employment of counsel in preparation for a hearing.

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COMMISSIONER LAUDS CONFIDENTIAL REPORT MADE TO WHEELER

In his speech at Cornell University, Federal Communications Commissioner, George Henry Payne, revealed that a confidential report had been prepared for Senator Burton K. Wheeler, of Montana, by S. Howard Evans. And then added:

"It is one of the ablest documents that I have read on the present problems and perplexities of the entire broadcasting situation", Mr. Payne told the Ithaca gathering. "It has the unusual quality of meeting these problems with complete frankness and courage, and while some of the suggestions made, such as that for 'legislation compelling a complete reallocation of broadcasting facilities' and the one compelling 'all radio licensees owning radio patents to put them in a patents pool', will stir up a great deal of agitation and discussion, I cannot see but that the discussion, even on these two points, will be beneficial.

"Inasmuch as Senator Wheeler has given me permission to quote from this report which has hitherto been regarded as confidential, I am hoping that in due time he will see his way to having it printed and give it the broadest possible circulation, and that a discussion of the matters gone into most thoroughly therein will give the public some idea as to what the problems are and how necessary it is to concentrate on them if there is to be improvement.

"I should like to quote from Mr. Evans' report his very pointed suggestion as to the establishment of a bureau of standards with regard to the character of programs by those stations applying for licenses:

"'One possible way to extend protection', he says, 'might be through the establishment of a procedure with regard to the programs of stations, similar to that which the Commission now requires in connection with the technical operation of stations. The Commission has decreed standards of mechanical operation to which stations must conform. It has required stations to put in new equipment and to change existing equipment so that they may render better technical service. Had the Commission set forth these technical requirements for a single station, it would have been guilty of a kind of discrimination which could not have been sustained in the courts. However, when the Commission merely insisted on standards which could be applied to all stations equally, the courts consistently supported its action.

"'It seems reasonable to believe that the Commission could establish similar general standards for program service. Certainly there are standards which can be applied. If they are applied without discrimination, the probability is that the courts will sustain the Commission in insisting on them.'

"The Commission might compel every station in applying for a license, to submit not only evidence of its financial and technical qualifications, but also a statement of the standards which it would require programs to meet. This would be demanding on the program side of broadcasting nothing more than the Commission has required for a long time with regard to technical matters. It would be compelling the chains and independent stations to apply to every hour of their operating schedules the same kind of program standards which the chains have applied advantageously to religion.

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"Somehow the Communications Commission has to adopt responsibility for the kind of programs broadcast over stations which the Commission has in granting their licenses certified to be operating in the public interest. If the Commission cannot exercise this control through the requirement of standards, some other method must be found."

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(Confidential Note: Mr. Evans about referred to is said to be connected or to have been connected with the Ventura (Cal.) Press, which for some time has been critical of the radio industry.)

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RADIO DONKEY BASEBALL GAME NETS \$1800 FOR HOSPITAL

A donkey baseball game sponsored by the representatives of the National Broadcasting Company and the Columbia Broadcasting System in Washington one night recently netted the Children's Hospital in the Capital, \$1,800. Exactly 8,930 people paid to see Washington's first donkey baseball game. This was a bigger crowd than the Washington baseball team has been able to attract in some time, and was likewise the largest assemblage since the Canzoneri-Klick bout.

Admission prices of 25 and 50 cents swelled the "take" to more than \$4,000, and thanks to a contribution by both Griffith and the donkey promoter, the Children's Hospital fund was benefited by \$1,800. Griffith gave \$300 out of his percentage for the use of the ball park, and the donkey owner lopped off \$200 from his share, which still netted him in the neighborhood of \$1,500.

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FATHER HARNEY DECLARES RADIO LEADERS NOT QUALIFIED

Father John B. Harney, Superior General of the Paulist Fathers, owners of Station WLWL never loses an opportunity to take a shot at the broadcasting industry.

"In my judgment - a judgment that is shared by millions both within and without my Churst - abundant proof has been given by leaders in the radio industry, by officials with a nationwide power, that they are not qualified to act as arbiters or judges of what should be permitted to enter into American homes", Father Harney declared in a protest to the Federal Communications Commission.

"In common with an ever-increasing multitude of our fellow citizens we have long deplored the fact that radio broadcasting has been apparently looked upon in our country as an almost exclusively commercial enterprise - that in one way or another those who have sought to make its commercial possibilities subservient to the higher interests of the people - to their educational cultural, social, ethical, and religious advancement - have been jostled about, elbowed aside, ridiculed, pinched, and starved into a state of exhaustion not far removed from death, while those who have used the radio for the accumulation of private wealth have been so favored and pampered that they have become very arrogant. That arrogance has been shown time and again toward educational and other non-profit-making broadcasting stations."

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HSINKING RADIO STATION LARGEST IN FAR EAST

The 2,500,000 yen Hsinking radio station (about \$625,000), completed in June, 1934, by the Manchuria Telegraph and Telephone Co., is unquestionably the largest in the Far East. It functions primarily as a transmitter and receiver of radio messages throughout Manchuria, between Japan and Manchuria, and between Japan and North China. It will eventually serve as a connecting link in the world's radio system. The Hsinking station really consists of 4 separate sections, viz., the Kuanchengtzu transmitting station, the Mengchiatun receiving station, the Hsinking radio-telegraph control station, and the Hsinking radio-telephone control station.

It is now a simple matter for the Hsinking radio station to communicate with Tokyo, Osaka, San Francisco, Berlin, and other distant cities. It is also possible for telephone subscribers in Hsinking to converse with anyone in Japan by direct radiotelephone services. It is the intention to eventually open direct telephone service with Britain, the United States, France, South China, Malay archipelago, and British India. At the Kuanchengtzu transmitting station there are 9 towers with inverted aerials, designed for service with Europe and America; The station can transmit 200 words a minute.

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NEW CBS STATISTICS INDICATE 4TH QUARTER RECORD FOR RADIO

On the basis of contracts now on file for September broadcasting over the Columbia network, the CBS Market Research Department estimates a nine-months' total earnings figure for 1935, 23.5% greater than the total for the same period in 1934. A statement from the Trade News Division of Columbia follows:

"September billings are expected to run slightly over \$1,000,000 - an increase for the month of 43% over September, 1934, and the highest September total for the network to date.

"A breakdown of expenditures by network advertisers for CBS time for September and the Fall season indicates substantial increases in the automotive, tobacco, drug, oil and gas, and radio set industries. Tobacco advertising on the Columbia Network in September will be eight times higher than it was last year; oil and gas expenditures will be more than four times higher than a year ago. Drug advertising will show a thirty percent increase, and the program of radio set manufacturers will involve appropriations 68% larger than last year.

"The highest monthly gain in the history of the network was scored last month when Columbia Broadcasting System July earnings figures soared 44% above the total for the same month in 1934. With a total of \$910,470 in time sales, the month set a record for July for all time.

"Radio's previous top Summer month was recorded in July, 1931, with CBS earnings figures totalling \$877,366.

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RCA DECLARES QUARTERLY ON "A" PREFERRED

The regular quarterly dividend on the "A" Preferred stock of the Radio Corporation of America for the third quarter of 1935 was declared last Friday by the Board of Directors, General James G. Harbord, Chairman of the Board, announced at the close of the Board's regular meeting.

The dividend is one and three-quarters per cent for the quarter, amounting to $87\frac{1}{2}$ cents a share. It is payable October 1, 1935, to holders of record at the close of business on the fourth day of September, 1935. It applies to all outstanding shares of "A" Preferred stock, including shares of "A" Preferred represented by outstanding unexchanged certificates of original Preferred stock - ten of such unexchanged shares being equal to one share of "A" Preferred.

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BERTHA BRAINARD OF NBC NAMED AS ONE OF OUTSTANDING WOMEN

Among the 16 U. S. women who stand out in business, according to an article in the current issue of Fortune Magazine in a series on "Women in Business", Bertha Brainard, Commercial Program Manager of the National Broadcasting Company was named as being one of those who have invaded man's industrial territory and made good on a large scale. The writer - or writers - of the article point out that the women have succeeded in capturing only one of the many sectors of the industrial front - the business office.

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ASCAP MAY CLOSE WISCONSIN OFFICE BECAUSE OF NEW LAW

Divergent view are being expressed on the recently enacted music tax law which was railroaded through the Wisconsin Legislature and which is aimed specifically at the American Society of Composers, Authors and Publishers.

E. S. Hartman, Chicago counsel for the Society, told a Billboard representative that he regards the law as highly discriminatory. It only means confusion, he says, and probably will cause more or less trouble for the very people it is supposed to benefit. It is possible ASCAP may withdraw its offices from Wisconsin, in which event those wishing to do business with the Society would be compelled to deal with the Chicago office or an office in some State other than Wisconsin. It is the opinion of the Society that the law may conflict with Federal statutes and might be declared invalid if it came to a showdown.

Proponents of the law say they have found unfair methods used in the collection of copyrighted claims and that the law is designed to do away with such abuses.

"For some time past", says W. J. Damm, Manager of Station WTMJ, Milwaukee, "there has been an outcry in the State, particularly from the owners of small dance halls and other amusement places who have been threatened with suit by the American Society of Composers, Authors and Publishers. These people eventually found a champion in Assemblyman Frank Grass, of Sturgeon Bay, who for four months has been on the trail of what he terms 'the biggest racket in the State.' He says the collection of copyright fees from proprietors of amusement places whose orchestras entertain with copyrighted musical numbers is a business that runs into hundreds of thousands of dollars every year and that it is operated through prompters and informers who aid in placing the victim on the spot. He claims that a prompter, for example, will send to a hotel orchestra a 'request' that a certain number be played. When

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the orchestra complies the proprietor is presented with a bill for the rendition of copyrighted music. Spotters are alleged to frequent places where there is musical entertainment and to report each performance on which a claim can be made."

Mr. Damm further stated: "No report has been made as yet by the Legislative Committee appointed to investigate the Society. The resolution introduced by Mr. Graass, under which the Committee was named, alleged among other things that the complaints from over the State are such as to indicate that the activities of said American Society of Composers, Authors and Publishers have reached the status of a well developed, organized and extensive racket which should be effectively suppressed."

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HEARST RADIO SALES DEPARTMENT FORMED

Effective October 1, radio sales efforts of Hearst Radio Stations (WINS, New York; WCAB, Pittsburgh; WBAL, Baltimore; WISN, Milwaukee; KYA, San Francisco; KEHE-KELW, Santa Monica) will be transferred to a new Hearst department under W. H. Peterson, national sales manager since February. Hearst Radio is under contract to Paul H. Raymer, sales representatives, until October 1.

To date the Hearst stations have been selling time individually. Mr. Peterson said this policy would be continued. It is thought in some quarters, however, that this is another step leading to a Hearst network. Homer Hogan will head a Chicago office. Manager for a San Francisco office has not been named. Mr. Peterson is assisted in New York by E. B. Foote, formerly of the World Broadcasting System, and Burton Lambert, formerly of Sales Manager and Crosley Radio Corporation.

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