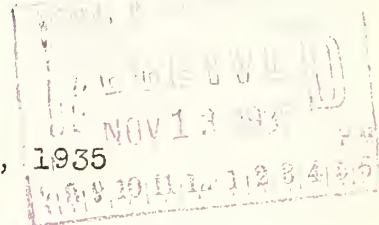
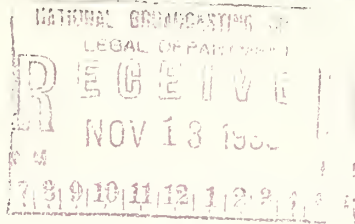


HEINL RADIO BUSINESS LETTER

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No. 876

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November 12, 1935

ST. LOUIS ALDERMAN PROPOSES BAN ON AUTOMOBILE RADIOS

Just as the public is being trained to accept the radio set as almost standard equipment in the up-to-date automobile, an alderman in St. Louis has introduced a proposed ordinance to prohibit auto receivers on the ground that they are a traffic hazard. Similar proposals have been made from time to time in other cities and States, but so far none has been adopted as a law. Among the cities that have discarded such a suggestion, after an investigation, was New York City.

Alderman John J. O'Connor introduced the St. Louis ordinance, and is reported to have the support of Major Lambert of the Police Commission.

Upon learning of the latest threat, all radio interests, including broadcasters, jobbers, dealers and manufacturers, united in preparing opposition on the ground that the ordinance would be unfair to public and industrial interests and unwise.

Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, in a telegram of protest, said:

"Automobile radios have been sold to many millions during the last six years, and many investigations have been made by State Commissions and Municipal authorities.

"The results have been that not one State or city has prohibited or even regulated automobile radio with general findings that it is not a highway hazard but a safety factor reducing driving speed to attain enjoyment of radio reception.

"Our records show not one fatal or serious accident attributable to automobile radios, and insurance investigations have been such that insurance companies require no extra premium on account of automobile radios."

Geddes estimated that there are at least 100,000 radio-equipped automobiles in Missouri, with most of them in St. Louis, and that the public investment in them is more than \$3,000,000.

The Public Utilities Commission of the District of Columbia several years ago adopted a regulation prohibiting taxicabs from operating radio receivers while in motion, but public demand for the entertainment has resulted in non-enforcement.

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NEWSPAPERS PROTEST AGAINST A.P. FEE FOR BROADCASTS

Inauguration of two ten-minute general news broadcasts over WMCA, New York, by the World-Telegram has revealed protests from many quarters, including three newspaper chains, against assessments levied by the Associated Press on member newspapers for broadcasting local news.

The position of the A.P., as explained by Jackson S. Elliott to Editor & Publisher, is that the fee is but a revival of A.P. by-laws enforced for several weeks early in 1934 prior to the organization of the Press-Radio Bureau. This by-law stated that local news gathered by a member paper is property of the A.P. for republication.

The levying of a 5 per cent assessment on general and line charges as of October 5, Elliott said, was merely the carrying out of this policy adopted by the directors.

Lee B. Wood, Executive Director of the World-Telegram replied that the policy of charging a member "for unsponsored broadcasting of news which it has collected itself" is "unmitigated gall".

Besides the Scripps-Howard chain, papers of the Paul Block and the Hearst chains, have similarly protested against the A.P. assessment.

Employees of the A.P. recently contributed money to pay for a full-page advertisement in Editor & Publisher to point out that the Associated Press is the only United States general wire news service that does not sell its products for broadcasting directly.

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LABOR GROUP SEEKS THIRD STATION; AT INDIANAPOLIS

The International Typographical Union of North America has filed an application for a construction permit to build a new station at Indianapolis for operation on 560 kc., 1 KW, day-time and 5 KW at night, with unlimited time, requesting the facilities of WIND, Chicago.

Labor now has two radio stations: WCFL, operated by the Chicago Federation of Labor, and WEVD, New York, a memorial to Eugene V. Debs, noted labor leader.

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INTERNAL REVENUE BUREAU HOLDS CERTAIN DISKS UNTAXABLE

Electrical transcriptions for broadcasting of "sound-on-disk" type are not "records for phonographs" within the meaning of Section 607 of the Revenue Act of 1932, according to a ruling of the Bureau of Internal Revenue, and are not subject to tax under that section. Former decisions on this subject are reversed and modified to accord with this decision.

Some of the highlights of the decision follow:

In S.T. 550 it was held that electrical transcriptions used by broadcasting systems are records for phonographs and taxable as such under the law; and in S.T. 651 the conclusion was reached that motion-picture records of the "sound-on-disk" type also come within the general class of records for phonographs. Reconsideration of these decisions is requested.

"At the time section 607 was enacted the word 'phonograph' had acquired a definite meaning both in the minds of the public and in judicial decisions and it is to be assumed that Congress had that meaning in mind and used the word in that sense when it enacted this provision.

"According to the Encyclopedia Britannica the phonograph is an instrument for reproducing sound by transmitting to the air the mechanical vibrations of a stylus in contact with a sinuous groove in a moving record. Less specifically, the term designates any instrument for the recording or subsequent reproduction of sound. Congress in imposing a tax on 'records for phonographs' could not have had in mind this general definition of the word 'phonograph.' If such were the case, all records embodying the principle of the phonograph would be taxable, including motion picture records of the sound-on-disk type, records made by police departments in gathering evidence, etc. Technically, the machines which record sound as well as those which reproduce it are phonographs, but from a consideration of the language of section 607, it is evident that Congress had in mind only the machines which reproduce the sound. Such a machine has a revolving turn-table, a sound-arm holding a diaphragm in which is fastened a needle or jewel, and a sound-box or horn.

"The word 'phonograph', according to its ordinary meaning as well as its technical meaning, does not include the equipment used in broadcasting studios, but refers to those instruments which, prior to the advent of the radio, were extensively used in homes to reproduce sound mechanically from records designed for use on such instruments, i.e., ordinary phonograph records, or to use the language of the Act, 'records for phonographs.'

"There is strong and ample judicial authority for the view that for the purposes of the excise tax the Bureau should ascertain the commercial significance of the words 'records for phonographs' and construe them accordingly. From evidence

submitted it is obvious that in the industry concerned a very definite distinction is made between phonograph records and electrical transcriptions and that the latter are not commercially known as 'records for phonographs.'

"The phrase 'records for phonographs' used in the Act also indicates that use is the criterion. In other words, not all records are taxable but only those for phonographs. * * * The leading case on this point is *Magone v. Wiederer* (159 U.S. 555). Applying this principle to the present inquiry, it is clear that the chief use of phonograph records or 'records for phonographs' is in connection with those instruments which are technically, commonly, and commercially known as phonographs and the fact that phonograph records are also used for broadcasting purposes does not change the nature of their chief use.

"In view of the foregoing, it is held that electrical transcriptions for broadcasting purposes and motion-picture records of the 'sound-on-disk' type are not 'records for phonographs' within the meaning of section 607 of the Revenue Act of 1932 and are not subject to tax under that section. Those records which are commonly and commercially known as phonograph records, even though they are frequently played over the radio, are nevertheless, 'records for phonographs' and are taxable as such."

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LIQUOR DEALERS OPPOSE FEDERAL CONTROL OF ADVERTISING

A proposed Federal regulation which would require all liquor advertisers to reveal the alcoholic formulae of their products is being opposed strenuously by the National Wholesale Wine and Liquor Dealers' Association. The regulation, sponsored by the Federal Alcohol Administration, would apply to radio and other media.

This action was taken at convention in New York just as an unofficial report became current that a move is under way among liquor dealers themselves to withdraw accounts from the air on the ground that it is too effective, i.e., that it reaches too broad an audience. Some of the largest dealers are afraid that the dries will base a new crusade for prohibition on the ground that liquor radio advertising reaches the young as well as adults.

The FAA held a hearing October 31st to give dealers an opportunity to discuss the proposed advertising regulations, which would require, besides the alcoholic content, the percentage of neutral spirits used, and the name and address of person responsible for the publication or broadcast.

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BROADCAST ADVERTISING CONTINUES ITS UPWARD TREND

Broadcast advertising during the third quarter of 1935 gained 33.2 per cent over the corresponding period of 1934, according to tabulations of the National Association of Broadcasters. This is in line with the current year's record to date. Time sales for the first nine months are 22.3 per cent above the similar three-quarters of 1934.

Important gains were experienced by all portions of the medium, with national non-network and regional network advertising showing the greatest improvement. Non-network advertising increased on all sizes of stations. Clear channel and local station volume showed the greatest gains.

The largest increase in non-network advertising occurred in the South Atlantic-South Central Area and in the Pacific and Mountain Area.

Transcription and live talent volume experienced the greatest gains in the national non-network field, while transcription and record volume showed the most pronounced improvement in the local broadcast advertising field.

Food, confectionery, household equipment, and tobacco advertising experienced the greatest gains in the national network field. Regional network advertising showed marked increases both as to volume and variety of business.

In the national non-network field, automotive, food, confectionery, soap, and tobacco advertising registered the greatest rise. Automotive, clothing and house furnishing advertising were the principal sponsor groups to show gains in the local field.

General retail advertising experienced an increase of 47.6% as compared with the corresponding period of 1934. Department store volume rose 29.2%.

The total broadcast advertising volume for the third quarter follows:

<u>Class of Business</u>	<u>Gross Time Sales</u>	
	<u>Third Quarter</u>	
	<u>1934</u>	<u>1935</u>
National networks	\$7,304,237	\$9,451,157
Regional networks	133,581	256,203
National non-network.	2,147,775	3,607,935
Local	<u>3,294,849</u>	<u>3,840,055</u>
Total.	\$12,880,442	\$17,155,350

Advertising volume by major media was distributed as follows:

Advertising Medium	Gross Time Sales	
	Third Quarter	
	1934	1935
Radio broadcasting	\$12,880,442	\$17,123,410
National magazines	24,837,024	24,713,755
National farm papers	1,060,717	1,132,083
Newspapers	109,712,900	116,317,000
Total.	\$148,491,083	\$159,346,248

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TELEPHONE INQUIRY FORCES FCC AGAIN TO SPLIT OFFICE FORCES

Because of the extra personnel necessitated by the impending inquiry into the American Telephone & Telegraph Company and because the Interstate Commerce Commission wanted back some of the office space it lent, the Federal Communications Commission has again been forced to divide its headquarters.

The Engineering Division of the telephone inquiry, Examiners and an accounting staff have been moved to a former hardware store at Eleventh and G Streets, Northwest, along with the International Accounts Division.

The Accounting Division of the special investigation staff has been moved to the Washington Star building, Eleventh Street and Pennsylvania Avenue. The Legal staff of the telephone inquiry will be shifted there shortly.

Rearrangement of FCC offices in the ICC and Post Office Buildings also was necessitated in some instances.

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WGN WILL SOON FILE APPLICATION FOR 500 KW AUTHORIZATION

As soon as the smoke of the various engineering proposals clears away at the Federal Communications Commission, WGN, the Chicago Tribune station, will file an application for an increase in power from 50,000 to 500,000 watts power.

This would bring the number of super-power stations to two, the only station now authorized to use such power being WLW, Cincinnati. Should the Commission follow recommendations of its Engineering Division, however, several super-power stations may be authorized within the next year.

If WGN should be allowed to step up its power ten-fold, its primary service area would be broadened from the present 50 to 75 miles to 300 miles. The secondary area of the station would blanket the entire country.

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PRALL INVITES 40 TO JOIN RADIO-EDUCATION GROUP

Some 40 educators and broadcasters over the country have been invited to join the Radio-Education Committee sponsored by the Federal Communications Commission, it was learned today.

Anning S. Prall, Chairman of the FCC, has sent out the invitations, but no names will be made public until answers are heard from all the invitations. Dr. John W. Studebaker, Chief of the Office of Education, is Chairman of the Committee.

Mr. Prall predicted that the Committee will be able to solve the whole problem of the role of education in broadcasting through the cooperation of the FCC and the broadcasters, who have already contributed financially to the undertaking.

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GENERAL HARBORD SEES TELEVISION A FEW STEPS CLOSER

Although television as a practical public service is not an immediate possibility, the path toward it has been smoothed by the increasing knowledge of ultra-short waves, General James G. Harbord, Chairman of the Board of the Radio Corporation of America, said in an address November 12 at Princeton University.

"We may even dream of a far-off day of television in colors", General Harbord said, while explaining that he was speaking of frankly romantic speculations.

Television seems a nearer possibility today than the sending of a telegram across an ocean without wires did on the eve of Marconi's first transatlantic test, he added.

Discussing the progress in high-speed facsimile, General Harbord revealed that an experimental, non-commercial, service between New York City and Philadelphia will be inaugurated before the end of the year.

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NEW AUDIBLE ARTS JUVENILE RADIO LIST TO BE APPROVED

A supplementary list of radio programs suitable for children is to be issued next month by The Radio Institute of the Audible Arts, founded by Philco Radio & Television Corporation. It is being compiled by the Radio Committee of The Child Study Association of America, which is now reviewing for this purpose not only juvenile programs, but adult programs as well, that may be of interest to the younger members of the family.

The committee is headed by Mrs. Cass Canfield as Chairman, and is under the general supervision of Mrs. Sidonie Matsner Gruenberg, director of the Association and a member of the Advisory Committee of the Radio Institute. Its members are mothers who are not being guided solely by their own reactions to programs but who are taking into account the radio likes and dislikes of their children.

Encouraged by the widespread interest manifested by parents and educators in the juvenile radio program list issued by the Radio Institute last Spring, the Child Study Association is looking further into the matter of musical programs, adult programs and news broadcasts that will help cultivate good taste in the younger generation.

The same criteria by which the value of children's programs was measured will be applied to adult programs, broadcast at times when children listen in. They will be tested for emotional emphasis, taste, truthfulness and reliability, attitude and sentiment, language and advertising content.

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NOTABLE TO HONOR McCOSKER AT DINNER

The Ladies Auxiliary of Infants Home of Brooklyn will pay tribute to Alfred J. McCosker, President of WOR and Chairman of the Mutual Broadcasting System, at a dinner Saturday, November 23, at the Hotel Plaza, New York. Grover A. Whalen, Mayor Fiorello H. LaGuardia, Alfred E. Smith, Senators W. Warren Barbour and A. Harry Moore, of New Jersey and Robert F. Wagner, of New York, and Postmaster General James A. Farley have accepted invitations.

Federal Communications Commission Chairman Anning S. Prall, RCA's David Sarnoff, Merlin H. Aylesworth, President of the NBC, Jack Straus, Edward P. Mulrooney, Louis Bamberg and Mayor Meyer C. Ellenstein, of New York will also be present.

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The cup awarded as the trophy of the First Annual Golf Tournament of the Washington Trade Association Executives was won by Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association. The tournament was held at the Burning Tree Country Club and Mr. Geddes turned in a score of 89, which was low gross and low net.

The presentation was made by John C. Gall, of the National Association of Manufacturers, President of the Trade Association Executives.

Thomas Patrick, Inc., operator, of KWK, St. Louis, Mo., has filed an application with the Federal Communications Commission to install new equipment and move the transmitter from Kirkwood to St. Louis.

The Canadian Radio Commission has announced that Jack Radford, formerly in charge of CRCW, Windsor, has been appointed General Manager of CRCV, Vancouver, and Peter Aylen, former staff announcer at CRCT, Toronto, has succeeded him at Windsor.

The Ford Motor Co. has announced a new Sunday series presenting Jose Manzanares and his South American Orchestra over an extensive coast-to-coast WABC-CBS network, beginning December 1, from 2:30 to 3:00 P.M., EST. There will be a rebroadcast for Pacific stations at 5:30 P.M., EST.

The application of the Mountain States Broadcasting Corporation, Salt Lake City, Utah, for a construction permit on 550 kc., with 500 kw., unlimited time, has been dismissed without prejudice on request of the applicant.

Engineers of the New York Division of the National Broadcasting Company will hold their first annual supper dance at the Waldorf Astoria on November 19. Prominent officials of the NBC, announcers, production men and foremost NBC stars will attend.

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CBS DEVISES MIKE FOR ROOSEVELT AS POLITICS TURN TO RADIO

The Columbia Broadcasting System is building a new radio broadcasting reading stand for President Roosevelt, and it is being especially designed for rear-train broadcasts. Significance is attached to this information by Raymond Clapper, political columnist of the Washington Post, who states that, "Some of Mr. Roosevelt's advisers expect him to use the air considerably next year."

Some idea of the President's technique in broadcasting speeches from the rear end of trains, as he did during his recent western trip, is given by Clapper, who accompanied him, in explanation of the need for a new microphone.

"On the President's recent West-ward trip some difficulty was encountered, notably at Fremont, Nebr., in broadcasting from the rear platform of the special train", he wrote.

"There was no reading desk upon which the President could place his manuscript, nor was there any way the microphones could be conveniently set up before him. Attendants either held them up from the ground or strapped them to the railing of the car with adhesive tape. The new desk, which can be taken apart and easily carried aboard the President's train, is designed so that, when set on the rear platform, microphones can be quickly attached and detached.

"It is especially necessary to be able to detach the mikes quickly because of Mr. Roosevelt's technique when campaigning from his train. The train stops and a large crowd has been assembled. Usually a loudspeaker has been rigged with portable microphone so that the entire crowd may hear. Mr. Roosevelt's method, where no set speech is scheduled, is to wait inside almost until time for the train to leave, and then appear for a moment to wave and say a few words of greeting to the crowd. The signal to start the train is given as soon as the President finishes his greeting. That makes a more dramatic getaway and eliminates the awkward pauses which always embarrassed Mr. Hoover. Having smiled and said it was a nice day and he was glad to see everyone out, Mr. Hoover, while waiting for the train crew to finish watering the engine, would stand there and stare at the crowd and the crowd would stare at him. There would be either dead silence or someone would yell, 'Hello Herbie', which was about as bad."

Explaining why Roosevelt's advisers are urging him to use the radio more frequently, especially as the 1936 campaign nears, Clapper said:

"One reason they feel this is necessary is that a large percentage of the press is opposed to him. He has probably the best radio speaking voice in public life and it is the natural thing for him to utilize the radio to get his story over first-hand to the public instead of depending entirely upon the press.

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"One Administration official, weighing the relative strength of the press and the radio, says that the radio is more effective for one strong smashing speech at intervals but that in the long run the newspapers probably are more effective because they come back to the attack day after day, and by persistent repetition and emphasis upon material adverse to the Administration more than offset the President's direct voice appeals."

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RADIO STATION BALKS TAX ATTEMPT OF STATE OF WASHINGTON

Broadcasters the country over observed with interest the preliminary success of KVL, Seattle, Wash., in balking the Tax Commission of the State of Washington from collecting a newly-authorized tax on radio stations.

The United States District Court of the Western district granted interlocutory injunctions restraining the Tax Commission and denied a motion by the State to dismiss the KVL suit.

The Federal Court, in effect, held that operation of a radio station comes properly under the commerce clause of the Constitution and that Federal Communications Commission has pre-empted the field of broadcasting.

Under the Washington statute a tax of one-half of 1 per cent of the gross income of station would be collectible by the Commission.

The Court in its unanimous decision stated:

"The Bills of Complaint allege that segregation of intrastate business from interstate business and complainants' withdrawal from their intrastate business are all impossible. Such allegations are taken as true at this stage of the proceedings. It follows that if these allegations be true and the nature of the business and of radio activity and communications is as described in the bills of complaint, the statute imposing the tax is invalid, imposing, as it does, a direct burden on interstate commerce."

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