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FCC CONSIDERING LICENSE FEES AND PERMITS, SAYS PRALL

The Federal Communications Commission is seriously considering charging broadcasters a license fee, but it does not look with favor at this time upon issuing permits to operate for more than six months at a time, a House sub-committee on appropriations has been told.

A transcript of hearings on the FCC estimates for fiscal year 1937, made public this week, revealed the Commission's attitude in testimony given by Chairman Anning S. Prall and Herbert Pettey, Secretary.

The hearings were made available at the same time that the independent offices appropriations bill, carrying \$1,450,000 for the Commission, was reported to the House of Representatives. The FCC item is \$50,000 under the current appropriation.

Members of the sub-committee conducting the inquiry on FCC estimates expressed interest in the information that Judge E. O. Sykes is making a survey to determine the feasibility of collecting license fees from broadcasters. The survey, Pettey said, is being made by the Legal and Engineering Departments.

Representative Woodrum (Democrat), of Virginia, Chairman of the sub-committee, suggested the advisability of assessing some of the cost of the regulation of broadcasting upon broadcasters.

"The Communications Commission does render very valuable service to the broadcasters", he said. "There would appear to me to be no logical reason in the world why the broadcasters could not pay a reasonable charge for that."

To this Pettey replied: "That is a feeling that I might say is shared by people in the broadcasting industry, Mr. Chairman. They realize they are getting something for nothing and the opinion is so apparent, many statements having been made on and off the record by broadcasters that they would be willing to pay for services which are now rendered."

The suggestion that the Commission might do well to issue licenses for longer periods than six months also came from Chairman Woodrum.

"Is it the experience of the Commission", he asked, "that this is a wise provision of the law, that those things should come up for renewal every six months, or could conditions be made whereby the Commission would still have control over it, but where the applicant, during good behaviour, or in the

absence of complaint, would continue until such time as the Commission has due notice and desires to qualify the applicant?"

Commissioner Prall, in defending the present half-year limitations, said:

"The situation, Mr. Chairman, with respect to that is this, we have about 621 stations. I would say about three-quarters of them are what I would call absolutely reliably owned stations, well conducted, and in good condition in every way and well operated. Then, we have the balance of them that are what I would classify as a 'poor station.' They have a hard time making ends meet. They do not get the advertising sufficiently large to meet their expenses and they are liable to take almost anything that comes along to get the money, and we have most of our trouble with respect to bad programming over those stations, and I think it is the opinion of the Commission that until we succeed in bringing about a very great improvement in the standards of the programming that the 6-month period should be left as it is. Otherwise, if we had 90 percent of the stations as careful in their selection of programs and continuities as perhaps three-quarters of them are now, there would be no reason why we could not give them a year's license, but we have - well, I think at this moment we have something like 300 charges against stations, not against 300 stations, but 300 charges."

Mr. Woodrum. "Well, how many stations do you suppose are involved in those 300 charges?"

Mr. Prall. "Perhaps 100."

Mr. Woodrum. "Do these charges involve hearings, field, examinations, inspections, and so on?"

Mr. Prall. "It involves neglect in following the law in respect to operation, having the proper persons in charge, and violating the rules of operation. Then, we have others that are permitting lotteries and fortune-telling schemes whereby they tell fortunes and charge a fee, and the fee is divided between the broadcasters and the station, and they have all kinds of schemes for defrauding people of money and misrepresenting articles for sale, and all that sort of thing. Until we get that in shape - and we are working very hard on that and have been for six or eight months, to improve the status of programming and get them to understand that they must be careful about what goes over the air - we do not feel justified in extending that period of the license."

In response to questions of other members regarding lack of authority to control programs, Prall said punishment could only be administered when stations sought renewals of licenses.

"If we had the right to suspend a station for a week or ten days or a month, in my judgment, that would stop more of this bad programming and other violations than anything else, but we have no such right", he added.

Representative Wigglesworth (Republican), of Massachusetts, asked:

"What supervision, what control, if any, does the Commission exercise over the actual material that goes out from the broadcasting station?"

"Well, we have no rights of censorship", said Mr. Prall. "The responsibility is entirely up to the owner of the station. If a complaint comes in and would warrant it, then, at the time of expiration of that license, we would have the right to refuse the renewal of it."

"A man might get a license and preach communism in his station for six months without any interference?" interposed Representative Bolton (Republican), of Ohio.

"Yes, we could notify him that complaint had been made about it, and we could call for continuity, and I believe in case where - I do not know whether it would be communism", replied Mr. Prall. "I do not believe the law includes that. Anything that is obscene."

Mr. Bolton: "Let us say obscene instead of communism."

Mr. Prall. "In that case we could act."

Mr. Woodrum. "You can act peremptorily, suspend his license?"

Mr. Prall. "Yes; we can stop that. That is about the only thing."

Mr. Wigglesworth. "That is the only ground on which you can suspend a license?"

Mr. Prall. "Yes."

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KNX WINS LIBEL SUIT AGAINST LOS ANGELES TIMES

KNX, Los Angeles, this week won its libel suit against the Los Angeles Times and was awarded \$2,500 damages in lieu of the \$500,000 asked. The trial grew out of an editorial carried by the Times accusing KNX of broadcasting false news reports.

Stations KHJ and KMTR face similar suits for allowing the editorial to be read before their microphones. The editorial appeared April 13, 1934.

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FCC ANNUAL REPORT HITS SNAG AS PRESS OFFICE MOVES AGAIN

The First Annual Report of the Federal Communications Commission was practically ignored by the press of the country when it appeared on January 7 with a "confidential" marking and a release date because of the failure of the Commission to cooperate with its own Press Relations Officer, Frank G. Wisner.

Unlike most departments and bureaus, the FCC did not make copies available several days in advance. The report came out of the Government Printing Office late in the afternoon that it was expected to be published. To make matters worse, someone instructed the Press Relations Office to move - for the third time - on the very day that the report was to be released. As a consequence Mr. Wisner and his staff were without telephones throughout the day, and newspaper men interested in obtaining copies were unable to communicate with him.

The report was released for the Tuesday evening papers, but the first news story was published Thursday morning because of the FCC muddling.

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INSULL'S RADIO CHAIN LINING UP 14 MID-WEST OUTLETS

Contracts have been mailed to fourteen Mid-West broadcasting stations by Samuel Insull's proposed radio chain, the Affiliated Broadcasting Company, according to a report from Chicago. The network, it was said, will begin operations within 90 days.

Stations to which contracts have been mailed are: WCLS, Joliet; WTAX, Springfield, and WHBF, Rock Island, all in Illinois; in Indiana, WWAE, Hammond; WTRC, Elkhart; WBOW, Terre Haute, and WOEa, Evansville; in Wisconsin, WKBH, LaCrosse; WHBL, Sheboygan; KFIZ, Fond du Lac; WHBY, Green Bay; WOMT, Manitowoc; WIBY, Poynette, and WRJN, Racine. All are 100-watt stations except those at LaCrosse and Sheboygan, which are 1,000 and 500 respectively.

The promoters of the chain are understood to have leased the old WENR quarters in the Civic Opera Building for a five-year term. Station WWAE, Hammond, Ind., is reported as being counted upon as the Chicago outlet for the chain, although no deal has been made, according to the Rev. George F. Currier, President of the Hammond-Calumet Corporation, which operates the station.

Five hours of free sustaining programs in exchange for three hours of commercial time daily has been promised the stations, it is reported.

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\$3,000,000 OFFERED FOR STATION, PRALL TELLS COMMITTEE

An anonymous offer of \$3,000,000 for an unnamed broadcasting station was cited by Anning S. Prall, Chairman of the Federal Communications Commission, in decrying speculation in radio properties before the House Appropriations Sub-Committee handling the FCC budget.

Declaring that prices are being paid for broadcast stations "far and beyond the value of their assets", Mr. Prall said:

"Another thing that is quite serious is the possibility of a racket following this thing in the way of stock issues. They are beginning to get wise now to the fact that they might, by a stock issue, still retain control of their stations and sell enough stock to not only pay the cost of the station but some profit in addition to that.

"We are conducting now, through the Legal Department, sort of an investigation of that subject because there are some stations that are issuing stock at this time. Now, just how much they can issue before they get into the value of the license given them by the Government, for which they pay nothing, is a question.

"I know of a case where within six months a corporation able to pay offered \$3,000,000 for one station. Now, of course, that station has no such value but in the scheme of things it would have fitted into this other corporations' assets to that extent that it would have been, for their purpose, worth \$4,000,000."

"Has the Commission given any thought to various licensees pooling their interests and joining in a corporation, the propriety of it or not?" asked Representative Bolton (R.) of Ohio. "I know of one or two instances where four or five stations have joined together under one corporation."

"We have gone into that and also into the matter of the ownership by one concern of many stations", Commissioner Prall replied.

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CHAINS GROSS \$48,786,735 FOR 15% GAIN OVER 1934

The major networks, - the National Broadcasting Company and the Columbia Broadcasting System - ended the year 1935 with a gross business of \$48,786,735 or about 15 per cent over 1934.

NBC's total was \$31,148,931, or 11.9%, over the previous year, while CBS grossed \$17,637,804, or 19%, above 1934. The Mutual Broadcasting System during the last six months of 1935 had a gross income of \$697,821.

NBC and CBS set new December highs. NBC's revenue for both Red and Blue networks was \$2,893,793, which was 4.2% better than for December, 1934. CBS took in \$1,885,977, or 12.7% over the gross for the corresponding month of 1934.

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FCC NOTES INCREASE IN COMPLAINTS AGAINST AIR ADS

Complaints against certain types of broadcast advertising showed a substantial increase during the past fiscal year, the Federal Communications Commission stated in its annual report to Congress. The statement, made by the Applications Section, did not cite specific cases. It read:

"In the past fiscal year there has been a notable increase in complaints to the Commission of stations broadcasting objectionable programs, and the Commission has made an extensive inquiry into these complaints under the provisions of the Communications Act of 1934 and its rules and regulations promulgated pursuant thereto. Formal action was taken with regard to 226 separate objectionable programs broadcast over 152 stations.

"Some action was taken with regard to a much larger additional number of complaints involving several more stations, but these were adjusted informally. The broadcasting of false, fraudulent, and misleading advertising in various guises has been the chief source of complaint. In many instances the Federal Trade Commission, the Post Office Department, and the Food and Drug Administration had taken action to curtail the objectionable activities of medical advertisers in printed form, the result being that these advertisers resorted to broadcasting in order to disseminate their misleading and often fraudulent sales propaganda. This section handles all matters of inquiry and enforcement from their initial stages to final Commission action."

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W-B MAKES PUBLIC LETTERS IN SCRAP WITH NETWORKS

As both the Warner Brothers and the two major networks, National Broadcasting Company and Columbia Broadcasting System, appeared to be intrenching themselves for a fight to the end over the copyright issue, the former made public photostatic copies of correspondence exchanged with the chains. The whole matter seemed headed for the New York courts.

At the same time Warner Brothers stated that 170 independent broadcasting stations have accepted the three months' contracts required for use of the music controlled by the four W-B music publishing houses.

E. C. Mills, General Manager of the American Society of Composers, in response to an inquiry from the Heintz News Service, stated there "is no controversy between ASCAP and Warner Brothers involving any bitterness or hostility."

In a statement accompanying the correspondence, Warner Brothers asserts that the effect of the withdrawal of its music from the big networks and stations which have refused to sign W-B contracts is noticeable in the programs.

"Old tunes are being played again and again", the statement says. "Formerly a restriction existed against the use of any given tune more than once in three hours. This restriction has apparently been abandoned as a result of the shortage of music created by the refusal of the chains and certain stations to meet the requirements of the new Warner contract. To the stations which have accepted the contract the entire list of compositions published by the Warner firms is available."

Warner Brothers in both replies to the networks denies that ASCAP "claims, for any reason whatsoever, to have the right to license you to perform the works published or copyrighted by our companies." Warner Brothers, the letters add, had a right to withdraw both their membership and their composition from ASCAP.

The letters also deny the authors and composers of W-B works have continued their membership in ASCAP and state that Warner Brothers do not feel any responsibility to furnish the networks with a list of its compositions as no contractual relations exist.

Mills, after reviewing the events leading up to the withdrawal of Warner Brothers from ASCAP, says:

"Generally speaking, users of music in public performance for profit will be safe in regarding compositions copyrighted by any of those firms as not now coming within the purview of ASCAP's license as from January 1, 1936.

"I understand that an item by item catalog listing all compositions, the performing rights of which are claimed by these firms, is now in preparation and will be off the press in about a week. Immediately it is issued it will, of course, be carefully checked and then such questions as may appear reasonable regarding the actual ownership of performing rights in particular compositions will be threshed out between ASCAP and the respective publishers.

"ASCAP has never made it a policy to increase its rates when catalogs were added to the repertoire and now that some catalogs are to be removed therefrom, it is not decreasing its rates. A five-year renewal of our present agreement with each and every broadcasting station is available to the broadcasters if they wish it, at present rates. Many broadcasters have already effected such renewals and there are presently a great many requests on my desk for similar extensions. As rapidly as possible these are being issued.

"There is no controversy between ASCAP and the Warner Brothers involving any bitterness or hostility. It is a plain matter of business. The Warner Brothers invested a huge amount in the purchase of some music publishing firms. The business of music publishing has fallen to such a low ebb that if those firms are to survive the Warner Brothers say that their revenue from performing rights must be very substantially increased over the sum which ASCAP has been able to collect. They have, therefore, elected to administer their own properties directly instead of through ASCAP's agency."

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SMALL GROUP PREPARES AGENDA FOR RADIO-EDUCATION MEET

An agenda of varied proposals for providing more time on the air for non-profit and cultural programs is being prepared by a small group in anticipation of the first meeting of the Radio-Education Committee as yet unscheduled.

Several conferences were held this week in the U. S. Office of Education as John W. Studebaker, Commissioner of Education, is Chairman of the committee. The next group parley will be held on January 20, at which time a definite agenda will be submitted.

Those participating in the preliminary conferences were Dr. Levering Tyson, Director of the National Advisory Council on Radio in Education; James W. Baldwin, Managing Director of the National Association of Broadcasters; Dr. Cline M. Koon, of the Office of Education, and Andrew D. Ring, Assistant Chief Engineer of the Federal Communications Commission.

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VETERANS GET WVFW; PROFITS FOR PUBLIC WELFARE

New studios and equipment at Station WVFW, Brooklyn, N. Y., were dedicated January 9 by the Brooklyn Council of the Veterans of Foreign Wars following the filing of an application of the Paramount Broadcasting Corporation to transfer control of the station to the Council with the Federal Communications Commission. The station will be operated in the interest of the veterans and the public. The income will be split among the King's County welfare organization, the State welfare activities, and the Veterans' Home at Eaton Rapids, Mich.

Those who will direct the future activities of the veterans' station are Thomas F. Twyford, County Commander of the Veterans of Foreign Wars; Harold J. Burke, Past County Commander, and Thomas W. Gorth, who holds a similar position in the organization; Herman R. LaTourette and Salvatore D'Angelo, Brooklyn radio pioneer and first owner of the station, who is to be the Managing Director. The King's County veterans have an enrollment of more than 5,000.

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RADIO POPULARITY GAINS IN CZECHOSLOVAKIA

Radio is making progress in Czechoslovakia, a report to the Commerce Department from the commercial attache at Prague reveals.

On December 6, 1935, the number of licensed receiving sets in the country totaled 773,000, an increase of approximately 80,000 sets compared with the corresponding figure of last year. Socket power sets account for 75 per cent of the sets.

At the end of 1934 the country had 46 licensed radio receiving sets for each 1,000 inhabitants, giving it a rank of tenth among European nations. On a per capita basis, Czechoslovakia follows Denmark, Great Britain, Sweden, Netherlands, Germany, Switzerland, Austria, Belgium and Norway, the report states.

Czechoslovakia has seven broadcasting stations in operation, with an eighth station now under construction. It is expected to begin broadcasting in May, 1936. Czechoslovakia broadcasting stations are owned and operated by the Ministry of Posts and Telegraphs while the studios as such are operated by the broadcasting company "Radiojournal", in which the Government holds a majority interest.

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FCC HOLDS TELEVISION STILL IN THE EXPERIMENTAL STAGE

Television is not yet out of the experimental stage despite substantial development within the last year, the Federal Communications Commission's Engineering Department stated in the Annual FCC Report submitted to Congress. The engineers explained:

"Although the Commission licensed no new visual broadcast (facsimile or television) stations during the past year, the general interest of the public in television has increased substantially. Interest in television has been stimulated greatly by the activities in certain European countries. Great Britain and Germany have given considerable publicity to their activities in this field. Technically, television has been as highly developed in the laboratories of the private companies of the United States as has been accomplished in Europe.

"The several companies carrying on television experiments in the United States have not standardized the several essential elements of transmission. Due to the wide band width necessary (approximately 3,000 to 4,000 kilocycles) and other requirements, frequencies above 40,000 kilocycles are the only ones available for high quality television transmission. In order to transmit a picture of approximately 350 lines and 60 frames per second accompanied by voice, the wide band width is required. If this band is reduced, the detail or clearness of the pictures is reduced accordingly. No commercial receivers are at present available to receive such programs. In order to give television service it is necessary for the different manufacturing companies to standardize their transmissions, and produce receivers which can receive all programs transmitted. In short, from a laboratory standpoint television programs can be satisfactorily transmitted and received locally at the present development of the art but before it is finally useful to the public there are many commercial problems to be solved."

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Denial of the application of the Wisconsin Broadcasting Co., Oshkosh, Wis., for a construction permit to build a new station and operate on 1310 kc., with 100 watts at night and 250 watts daytime, unlimited time, was recommended this week to the Federal Communications Commission by Examiner John P. Bramhall.

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INDUSTRY NOTES

Joseph P. Kennedy, former Chairman of the Securities & Exchange Commission, who was selected by the Radio Corporation of America to devise a recapitalization plan for the Radio Corporation of America, may have his report ready within 45 days, according to information from New York.

Radio market reports are available at the Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C., at 25 cents each, on the following countries: France, India, United Kingdom, El Salvador, Germany, Canada, and Czechoslovakia.

The Telegraph Division of the Federal Communications Commission has modified its rules in several particulars regarding aviation services. Copies of the revised order may be obtained from the FCC.

Among the salaries listed in the 1934 report of the Internal Revenue Bureau to the House Ways and Means Committee under the statute that required the recording of all salaries about \$15,000 were those of William S. Paley, President of the Columbia Broadcasting System, with a total compensation of \$147,295, and Merlin H. Aylesworth, former President of the National Broadcasting Company, \$45,000.

Among those on a committee named by Mayor LaGuardia to draft rules governing a \$2,000 contest for a winning New York city anthem are Gene Buck, President of the American Society of Composers, and Alfred J. McCosker, of Station WOR, Newark, former President of the National Association of Broadcasters.

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