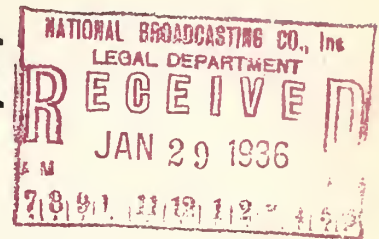


# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

**CONFIDENTIAL — Not for Publication**



## INDEX TO ISSUE OF JANUARY 28, 1936

Scott Says His Bills Would Solve Many Radio Problems.....	2	✓
Baseball League Plans War On "Bootleg Broadcasts".....	3	
Radio-Education Committee Will Meet In Mid-February.....	3	
Congressman Runs Afoul Of The Copyright Confusion.....	4	—
Nets Name Advisors To U. S. Educational Project.....	4	
Mackay Hearing Nears Close; China Deal Explained.....	5	
Radio Group Denied Industrial Union Charter By Green.....	5	
Harris Hits Services Selling News For Sponsorship.....	6	—
Industry Notes.....	7	
Naval Vessel Named For Craven's Grandfather.....	7	
Directors Of RCA To Act On Kennedy Report Soon.....	8	
U. S. Yearly Radio Bill 700 Millions, Says Caldwell.....	8	—
Harbord Writes Of "The American Army In France".....	9	
Washington Police Try Two-Way Radio Equipment.....	9	
Daly Introduces Copyright Bill To Aid Artists.....	10	
Economist Sees Great Improvement For Broadcast Industry.....	10	
Nets Cooperate In Educational Work.....	11	
Ultra High Frequency Tests Slow Because Few Listeners.....	11	
Editor Finds Copyright Fight Disrupts Station's Program.....	12	

No. 897

*My p & g staff*

January 28, 1936

## SCOTT SAYS HIS BILLS WOULD SOLVE MANY RADIO PROBLEMS

Representative Byron N. Scott (Democrat), of California, believes his radio bills, introduced last session but left dormant, would solve many of the present administration problems of the broadcasting industry if enacted into law.

Extending his remarks in the Congressional Record of January 24th, he asserted they would prevent further scraps between the networks and the Republican National Committee, accord labor and other minority groups the right to be heard on the air, and give the listeners an opportunity to hear both sides of every question.

The bills, proposing amendments to the Communications Act of 1934 (H.R. 9229, H.R. 9230 and H.R. 9231) as explained by Scott would "deprive the Communications Commission of censorship powers and relieve radio stations from liability for remarks made in any broadcasts on public, social, political, or economic issues; would compel radio stations to set aside regular periods for uncensored discussion of social problems, with an equal opportunity for both sides of a controversial issue to expound their points of view; and would compel all radio stations to keep accurate records of rejected applications for time and the reasons therefor.

He continued: "The controversy between Mr. Fletcher, of the Republican National Committee, and national hook-ups would not have occurred if radio broadcasting stations were required to set aside regular and definite periods at desirable times of the day and evening for uncensored discussion on a non-profit basis of public, social, political, and economic problems, and for education purposes. This in spite of Heywood Broun's contention that liberty at the crossroads is subversive propaganda seeking to undermine the American home.

"The denial of the application for a proposed labor station, KCLC, in southern California, would not be so discriminatory if H.R. 9230 were adopted."

Finally, he asserted that the complaints cited by Chairman Connery, of the House Labor Committee, in his demand for an investigation of the Federal Communications Commission would disappear with the enactment of all three of his measures.

X X X X X X X X

## BASEBALL LEAGUE PLANS WAR ON "BOOTLEG BROADCASTS"

The American League is planning a campaign to eliminate radio piracy of baseball game reports and to "crack down" on bootleg broadcasts", according to a Chicago correspondent.

William Harridge, President of the American League, made several announcements recently concerning radio activities at his league ball parks, after conferring with legal authorities. He was careful to point out that regulations were aimed at "bootleg" radio reports, not legitimate broadcasts. No broadcasts, however, will be permitted from American league parks, he said, unless the club involved gives its consent in writing.

In order to cope with spectators who may attend equipped with portable transmitters, the American League has ordered radio regulations to be printed on the back of every admission ticket, pass and baseball writers' credentials, pointing out that admittance to the park does not constitute the right to send radio reports from the park of the games. Ejection from the park for violation of these regulations is the first of a series of means whereby club officials can protect themselves.

President Harridge also revealed that Western Union Telegraph Company's contracts for exclusive rights to dispatch accounts of ball games has also been altered. Previously the telegraph company sent out detailed reports on games, a service known as "Paragraph One." This report was so complete that radio announcers were able to give the impression that they were eye-witnesses of the game when, actually, there were reconstructing the game from telegraph reports.

Under terms of the new contract between the Western Union and the clubs, the telegraph company merely holds the right to send out such news as the ball club authorizes to be disseminated from its park. "Paragraph One" and other play-by-play accounts no longer can be sent from any park without written permission.

X X X X X X X X X

## RADIO-EDUCATION COMMITTEE WILL MEET IN MID-FEBRUARY

Following several preliminary conferences, the Radio-Education Committee appointed in December by the Federal Communications Commission is scheduled to hold its first meeting in the middle of February.

An agenda is now being drawn up in the U. S. Office of Education with various general proposals to be presented for discussion. The meeting will be executive.

X X X X X X X X X



1/28/36

## CONGRESSMAN RUNS AFOUL OF THE COPYRIGHT CONFUSION

A member of Congress, the picturesque Representative Gassaway, Oklahoma cowboy Democrat, unintentionally learned something about the troubles broadcasters are having with the copyright owners January 25th following an address over the Columbia Broadcasting System's network when he spoke over Station WJSV, in Washington.

After concluding an attack on the Townsend old age pension plan, he asked permission to sing as he had never sung over the air. He was granted seven minutes.

After opening with his favorite number, "Let Me Call You Sweetheart", the Representative sung into another tune, but was promptly cut off the air because of "copyright difficulties". It was also intimated he was unable to find the right key.

"Damn that thing!" was Gassaway's reaction to the announcer's explanation of the "copyright difficulties."

"Now, now, Congressman", the announcer replied, "remember that you're still on the air. The microphone is still open, you see."

The program was finally stopped altogether after the amateur star was unable to think of anything else to sing.

X X X X X X X X

## NETS NAME ADVISORS TO U. S. EDUCATIONAL PROJECT

U. S. Commissioner J. W. Studebaker, Office of Education, announced January 27th that, at his invitation, the Columbia Broadcasting System and the National Broadcasting Company have appointed representatives to the Advisory Committee of the Educational Radio Project for which WPA funds were recently allocated. Those named are Edward R. Murrow, Director of Talks of CBS, and Dr. Franklin Dunham, Educational Director of NBC.

At the same time it was announced that Dr. Ned H. Dearborn, Dean of the Division of General Education, New York University, and Mrs. Sidonie Gruenberg, Director of Child Study Association of America, New York City, have also accepted Commissioner Studebaker's invitation to become members of the Advisory Committee.

The Committee will confer with William Dow Boutwell, Editor of the Office of Education, who will have charge of the educational radio broadcasts.

X X X X X X X X



## MACKAY HEARING NEARS CLOSE; CHINA DEAL EXPLAINED

The prolonged Federal Communications Commission hearings on the petition of the Mackay Radio and Telegraph Co., Inc., for authority to open a service point at Oslo, Norway, was nearing a close January 28th as Col. Manton Davis, General Counsel and Vice-President of the Radio Corporation of America, took the stand to explain RCA dealings with China.

Because the Mackay Company had referred to the China case in its previous evidence, RCA sought to explain how the present arrangement of dividing China's radio communications business between R.C.A. Communications, Inc., and Mackay came about.

The story goes back several years when the Federal Telegraph Company had an arrangement with the Chinese government which RCA at one time started to finance. Subsequently RCA sold China equipment for it to establish its own system, but sometime later the Chinese government agreed to turn over its business to RCA and Mackay on a 50-50 basis. RCA protested, but a Board of Arbitration upheld the division.

Among other RCA witnesses who followed William A. Winterbottom, Vice-President and General Manager, on the stand was L. A. Briggs, RCA London representative.

X X X X X X X X

## RADIO GROUP DENIED INDUSTRIAL UNION CHARTER BY GREEN

The National Radio and Allied Trades has been denied its two-year plea for a national industrial union charter and as a result may lead the growing labor movement to form an industrial union organization independent of the American Federation of Labor.

The A. F. of L. Executive Council, controlled by craft union representatives, rejected the application and William Green, President, was to so inform the National Radio and Allied Trades this week during the convention in Miami.

Some 25,000 radio workers, forming the federal locals affiliated with the A. F. of L., are to be placed under jurisdiction of the International Brotherhood of Electrical Workers, according to Louis Stark, labor reporter for the New York Times.

Stark also quoted James B. Carey, President of the radio group, as stating prior to the rejection announcement that further refusal of the plea for an industrial union charter would force the radio workers out of the A.F. of L.

The largest single local union in the radio field is that of the employees of the Philco Radio and Television Co., in Philadelphia. It comprises 7,000 members.

X X X X X X X X

1/28/36

## HARRIS HITS SERVICES SELLING NEWS FOR SPONSORSHIP

A preview of some of the discussions expected to occur over the still unsettled problem of news broadcasts at the Spring convention of the A.N.P.A. was given January 24th in an address by E. H. Harris, Chairman of the Publishers' National Radio Committee, before the Pennsylvania Newspaper Publishers' Association in Harrisburg.

In substance, according to Editor & Publisher's account, he urged that newspapers "protect their own news" by requiring in contracts with the United Press and International News Service "a provision which will give to each newspaper client a property right in all the news of the association and prohibit the press association from selling this property to any broadcasting station or to any advertiser for sponsorship over the air without his consent."

"A news service", he said, "sold by one of the press associations to advertisers to be used over the air may damage newspaper property many miles away. Radio waves carry the news over many circulation territories not contemplated from the origin of the broadcast, thereby damaging individual newspapers within the listening facilities of the broadcasting station. The remedy for this situation lies entirely with individual publishers who contract with one or both of the privately owned press associations." He recommended "withdrawal as clients' as a remedy for newspapers."

Regarding other developments in rapid news transmission, he said:

"If the facsimile machine is practical, then the newspapers should control this machine before it controls the newspapers. Or, let me say in all seriousness that if publishers are content to rest upon their past laurels and think that nothing can damage the newspaper nor destroy its power they are like the man who fiddled while Rome burned. There is an old saying that there is none so blind as he who will not see. The question that publishers should ask themselves is whether the unlimited broadcasting of news is not gradually undermining the newspaper as a newspaper."

Questioning whether the practical value of newspaper ownership of radio stations has been proved, Mr. Harris said: "On the other hand, we find no publisher who is willing to relinquish his broadcasting license."

X X X X X X X X X X



:::  
 ::: INDUSTRY NOTES :::  
 :::

The automotive industry last year spent \$4,338,928 for radio; \$2,492,374 of which went to the Columbia Network, according to a CBS press statement. This figure is 74.8% ahead of the industry's expenditures on any other network during that period.

Motor companies using CBS in 1935 included: The Chevrolet Motor Company, Dodge Brothers, Fisher Body Company, Ford Motor Company, Hudson Motor Company, Lincoln Motor Company, Nash Motors, Packard Motor Car Company and Studebaker Sales Company.

-----

NBC has issued a booklet entitled "Statistical Robot" explaining a machine that automatically computes for advertisers the potential circulation for any group of stations. It also shows the amount of overlap in any area where two stations cover part of the same territory. The machine will do 40 man-hours of work in four hours.

-----

The 1936 Year Book of Editor & Publisher, published on January 25, carries the following radio sections: books on radio and the press; radio editors on U. S. and Canadian newspapers; and radio stations, newspaper-owned and otherwise.

-----

"Political Broadcasts" is the title of a brochure issued by the Columbia Broadcasting System and reprinting the complete file of correspondence between CBS and the Republican National Committee. The letters set forth the non-partisan political attitude of the network.

X X X X X X X X X X X

#### NAVAL VESSEL NAMED FOR CRAVEN'S GRANDFATHER

The Secretary of the Navy announced this week that a sponsor had been chosen for the launching of the U.S.S. "Craven" named in honor of the late Commr. Tunis Augustus MacDonough Craven, U.S.N., great grandfather of T.A.M. Craven, Chief Engineer of the Federal Communications Commission. The ship will be launched late this year at Quincy, Mass. The sponsor is Mrs. Frank Learned (Ellen Craven), of New York City, daughter of the late Commander.

X X X X X X X X X X X



## DIRECTORS OF RCA TO ACT ON KENNEDY REPORT SOON

David Sarnoff, President of the Radio Corporation of America, has announced that the RCA Directors will meet at an early date to consider fully and probably act upon a report submitted last week by Joseph P. Kennedy in connection with his study relating to the corporation's capital structure, together with his recommendations.

Mr. Kennedy said that in his study of the capital structure and the various plans submitted to deal with dividend arrears on the Class B preferred stock and the general situation with respect to recapitalization he had carefully considered the status, rights and nature of each class of stock, which comprise one common and two preferred issues.

The rights of the various classes, he said, were treated fairly in the complete plan. Upon its approval by the Board the plan is expected to be submitted to stockholders, but whether at a special meeting or at the annual meeting on May 5 will not be known until later.

X X X X X X X X X X

## U. S. YEARLY RADIO BILL 700 MILLIONS, SAYS CALDWELL

Nearly three-quarter billion dollars was the cost of entertaining America by radio during the 12 months just closed, according to figures given before the Radio Club of America at Columbia University, New York City recently, by Dr. Orestes H. Caldwell, editor of "Radio Today", and former Federal Radio Commissioner.

Five and three-quarter million radio sets and 73,000,000 tubes purchased during 1935, cost the public \$367,000,000. To operate the nation's 28,500,000 radio sets now in use, listeners paid \$150,000,000 for electricity, batteries, etc. And they called in service repairmen to the tune of \$68,000,000.

Meanwhile \$86,000,000 of "time on the air" was sold by the nation's 630 broadcasting stations, and talent for these programs cost the sponsors \$25,000,000 additional.

Already there are far more "homes with radio" than homes with either telephones, automobiles, or electric light. Dr. Caldwell revealed. Homes with radio sets now total 22,500,000. Of these 3,000,000 have "second sets", not counting the 3,000,000 automobile sets now on private cars, - bringing the grand total of radio sets now in use to 28,500,000. These sets represent a past investment of over two billion dollars on the part of the listening audience.

X X X X X X X X X

## HARBORD WRITES OF "THE AMERICAN ARMY IN FRANCE"

Maj. General James G. Harbord, retired, now Chairman of the Board of the Radio Corporation of America, tells what is alleged to be the "complete and authentic story of the A.E.F." in "The American Army in France", which will be published March 6 by Little Brown & Co., Boston, Mass (\$4 advance price; then \$5).

Because he was Chief of the Staff of the A.E.F. from May, 1917, to April, 1918, General Harbord is called "the man best qualified to write" the inside story of the A.E.F.

Newton Baker, Secretary of War when Harbord was making his splendid record in France, is quoted as follows:

"There was no soldier in the American Army whose contact with the whole Expeditionary Force was comparable to that of General Harbord. In addition to this, General Harbord's fine equipment as a writer and his wide knowledge of human affairs assure us that this book will be interesting, accurate and authoritative."

General Pershing said:

"The scope of his experiences in France enabled General Harbord to become familiar with the activities of our armies from the beginning to the end of the war. He is a keen observer. He has decided talent for writing, and what he says in his new book will, without doubt, be a valuable contribution to the history of Americans in Arms and, as such, it should be extremely interesting to the American public."

Gen. Charles G. Dawes, former Vice-President, added:

"No book like it will hereafter be written . . . it will rank as the most authoritative exposition of the formation, the experience and the culminating accomplishments of the American Army in France."

X X X X X X X X X

## WASHINGTON POLICE TRY TWO-WAY RADIO EQUIPMENT

A new type of ultra-high frequency two-way radio transmission is being experimented with by the Washington Police Department and probably will be installed within a few weeks.

Lieut. James Kelly, Supervisor of the Police Radio system, is working with engineers of the Graybar Electric Co. to develop the Western Electric set. The apparatus for police scout cars weighs only 15 pounds and is compact in that it is only 20 by 8 by 10 inches.

X X X X X X X X X



1/28/36

## DALY INTRODUCES COPYRIGHT BILL TO AID ARTISTS

Keeping the promise he made at Paul Whiteman's New York luncheon, Representative Daly (Democrat), of Pennsylvania, on January 27 introduced a voluminous bill to amend the Copyright Act in order to protect artists as well as composers and authors.

The main purpose of the measure is to prevent broadcasts of records without specific permission of the artists who made the records. Sponsored by Fred Waring and the National Association of Performing Artists, of which he is president, the bill was referred to the House Patents Committee, of which Daly is a member.

A synopsis of the bill will be carried in the next news letter.

X X X X X X X X

## ECONOMIST SEES GREAT IMPROVEMENT FOR BROADCAST INDUSTRY

The best years of the radio broadcasting industry are still ahead, providing there is no change in the present system of commercial operation, in the opinion of a leading economist.

Writing for the Harvard Business Review on "Some Fundamental Aspects of Radio Broadcasting Economics", copies of which have been made and distributed by NBC, Dr. Herman S. Hettinger concluded his review as follows:

"The broadcasting structure of the United States and the service which it renders is still in its infancy. Numerous technical developments are possible. Stations may be connected for the simultaneous broadcasting of programs by radio waves rather than by telephone lines, with possible marked modifications in present network structure and operation. Wired radio, whereby programs are sent into hotels, restaurants, offices, and conceivably homes, over wires and as a regular service, has again raised its head following several years of comparative quiescence. Facsimile broadcasting - whereby printed matter is scanned photo-electrically, broadcast, and recorded in the home by means of an attachment to the radio set - makes possible the broadcasting of illustrations, diagrams, instructions, trade marks, news bulletins, and a variety of material. It also possesses a great variety of uses outside the general listener field. Television also presents the possibility of marked changes in economic structure and operation of broadcasting.



Assuming a continuation of the present structure for a number of years, broadcasting should witness considerable improvement in general economic level. The continued growth of network volume should force, at least to some degree, a broadening of the economic base of the industry. The improvement of the general level of small station management, now becoming apparent, should aid in the same direction. The growing sense of interdependence in the industry also should be of assistance, as should the further perfection of the advertising technique of the medium."

X X X X X X X X

#### NETS COOPERATE IN EDUCATIONAL WORK

The University Broadcasting Council, a cooperative radio enterprise sponsored by the University of Chicago, Northwestern University and DePaul University, has been completed in Chicago. Cooperating with the universities are the three national broadcasting chains (CBS, NBC and MBS) and local radio outlets. Financial backing is said to be coming from the three schools, outlet units and the Rockefeller Foundation.

The object is to dramatize educational material, through a series of programs covering a wide range of topics, by employment of professional talent, but not sponsored commercially. The aim of the programs will be to "engross rather than to entertain", according to Stewart Hayden, Assistant Program Director.

Activities of the Council are being coordinated and directed by a Board of Trustees, composed of two members from each university.

X X X X X X X X

#### ULTRA HIGH FREQUENCY TESTS SLOW BECAUSE FEW LISTENERS

Interest in ultra high frequency experimental broadcasting is growing, the Engineering Department of the Federal Communications Commission stated in the FCC report to Congress, but "the full possibilities of the frequencies for local broadcasting are developing slowly due to the very limited number of broadcast receivers that will tune in this band of frequencies.

"The very high frequencies above 30 megacycles have such characteristics that they serve a small area and then beyond this range no interference will be caused to other stations. This is different from the propagation characteristics of the stations on the regular broadcast frequencies (550 to 1500 kilocycles) which have a moderate primary service area but the signals continue for hundred of miles so that their interference range is enormous compared with the primary service area.

1/28/36

Due to this characteristic of the very high frequencies, it has been considered that they offer a means of supplying strictly local service to any number of centers of population with frequency assignments duplicated at relatively low mileage separations. The individual stations would serve only a few miles, probably in the order of 2 to 10 miles depending upon the power, location of the transmitter, its efficiency, and the radio propagation characteristics of the surrounding terrain."

X X X X X X X X

#### EDITOR FINDS COPYRIGHT FIGHT DISRUPTS STATION'S PROGRAM

While broadcasters and the American Society of Authors, Composers and Publishers and the Warner Brothers battle over how much copyright music is worth when put on the air, the effect of the row on the public is apt to be over-looked.

The Radio Editor of the Washington Post, John Heiny, carried this story in his column "On the Air Today" recently:

"A remarkable demonstration of the state of copyright affairs, growing out of the secession of Warner Brothers from ASCAP, was given Sunday night by WJSV. There may have been others during the day's broadcasting but two notable ones came to this writer's attention.

"Ed McConnell first fell afoul of the extreme caution guiding the broadcast industry's activities since the first of the year when Warner Brothers withdrew thousands of songs from radio use. McConnell was taken off the air twice while a stand-by pianist filled in until the offending song was completed.

"At midnight, the LaParee Midnight Skyride was shot full of holes as questioned musical numbers were begun. The vigilance maintained by WJSV, in seeing that no selections are played that might possibly result in copyright suits, was demonstrated when a tune written by a member of LaParee Orchestra particularly for Marie Fowler's use was cut off the air. A phonograph record filled in until Miss Fowler had completed the number."

X X X X X X X X