

# Annual Broadcasting Licenses Urged by Lafount for Stability

## Issue is Placed Squarely Before Commission; Economy and Increased Efficiency Seen

A FORMAL proposal for the issuance of broadcasting licenses for one year instead of six months, as a means of stabilizing the industry and also in line with the administration's drive for economy in government operation, was laid before the Radio Commission Sept. 30 by Acting Chairman Lafount. In the same resolution he recommended extensions of the license periods for commercial stations from one to two years and for amateurs from one to three years.

Strongly endorsed by the NAB, the proposal immediately becomes the unfinished business of the Commission. Whether action will be taken prior to the return of Vice Chairman E. O. Sykes, now heading the American delegation to the International Radio Conference at Madrid, is problematical. But the matter will be debated and recommendations will be sought from both the legal and engineering divisions.

### Aid to Efficiency

"IT IS my view," declared Commissioner Lafount, "that the time is at hand when we should give stability to broadcasting by issuing licenses for at least one year. It would make worthy stations less vulnerable to attack from others seeking their facilities and should mean more efficient regulation.

"Under the Radio Act of 1927 the Commission may issue broadcasting licenses for periods not to exceed three years. Last year the Commission made a stride in the right direction by prolonging broadcast licenses from 90 days to six months. I believe the next step is a one-year license.

"In addition to the salutary effect that the longer license would have upon the broadcasting industry, as well as upon other radio licensees, the action would bring about a commensurate reduction in the routine functions of the Commission staff. The time and help saved could be devoted to other Commission activities which necessarily have lagged because of the pressure of more important work, and it is not improbable that appreciable economies could be effected in compliance with the administration's demand for reduction in Federal expenditures all down the line."

### No Bar to Revocations

MR. LAFOUNT pointed out that the Commission would always have at hand the remedy of revocation and that the longer license would not "freeze" the broadcasting structure. Those stations which flagrantly transgress regulations, he said, could be cited for hearing and forced to file license renewal applications irrespective of the term of license.

In November, 1931, the NAB executive committee endorsed a proposal for three-year licenses, or

the maximum allowed in the radio act. While the organization is still on record as favoring the full period, they naturally are in accord with the Lafount proposal. The executive committee, through Philip G. Loucks, managing director, said that many of the legal, legislative, economic and program difficulties of the industry could be traced to the short-term license and the consequent lack of stability.

### Robinson's Division Plan

IN A SHEAF of legislative recommendations to Congress last December, the Commission recommended a strict one-year limitation on licenses as against the three-year provision in the law. Congress, however, never got around to its consideration.

Shortly before he retired from the Commission, Judge Ira E. Robinson, former chairman, made a plea for longer licenses. Without mentioning a specific period he said it might be well to award a reasonably long license to stations which have proved their worth in the public interest and a short license to those "about which we are not so sure in that particular."

## Sustaining Fees Revised

(Continued from page 11)

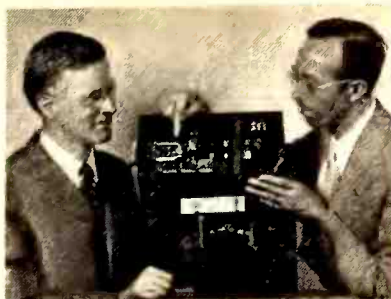
the microphone, exclusive of talent program services, line charges and other non-microphone items. He suggested that stations could avoid conflict if they would bill their accounts in itemized statements in order that receipts for sale of time will be wholly separate both on the bills and on the station books.

In his statement to BROADCASTING, Mr. Mills had this to say about "net receipts":

"'Net receipts' are defined by the license agreement in clear and understandable language. The term refers 'to the full amount charged by and actually paid to licensee for the use of its broadcasting facilities (sometimes known as 'time on the air'), after deducting commissions not exceeding fifteen per cent (15%) if any, paid to the advertising agent or agency (not employed or owned in whole or in part by licensee)."

### Talent Not Involved

"CHARGES made for 'talent' are not charges for 'broadcasting facilities,' nor is there any thought of or intention upon our part to charge a percentage of the receipts of the station in respect to its sales of 'talent.' So far as we know the card rates of stations are not inclusive of 'talent.' In some instances of course, we know that stations furnish some station talent, or the use of phonograph records or electrical transcriptions without any charge additional to that for their 'facilities.' In such instances our percentage is upon the entire amount—when received. If a sta-



Chimeless Chimes

MANUAL LABOR again bowed to machinery when an automatic electrical device on Sept. 18 replaced the familiar hand-struck chimes in the NBC New York studios.

The contrivance, invented by Capt. Richard H. Ranger, designer of the pipe-less organ and the bell-less carillon, has been installed in the main control room of the NBC. He is here shown pointing out its features to O. B. Hanson, right, NBC director of plant operations. If the trial period proves its operation practical and its precise notes pleasing to the public, it will be adopted as permanent equipment at the New York studios and also installed in the main control rooms of NBC studios in other cities.

The purpose of the chimes, which previously have been rung by the announcer striking one of the small hand sets with which each studio is equipped, is to synchronize local station identification announcements, and to serve as a cue to engineers at relay points all over the country to switch various branches of the networks on or off.

Society's local representatives. They will be made by travelling auditors, carefully chosen men of ample ability. Their work will be done with due regard to the convenience of the station, with complete courtesy and in entire confidence. Under no conceivable circumstances would we ever divulge the information disclosed as to the accounts of a station, and the quickest way in which one of these auditors could lose his job would be for him to be indiscreet enough to tell one broadcaster or anyone else anything he had learned during his examination of another broadcaster's books."

### Reductions Explained

"FIRSTLY," said Mr. Mills in his clarifying statement, "as to stations having a power input of 500 watts and less, we have announced from the outset of the recently completed negotiations our intention to downwardly revise their sustaining fee. No representations need to be made to us, either by the NAB or the individual stations in order to secure these downward revisions. Generally speaking they will average a reduction of thirty-three and one third per cent from the present rate, and in some cases fifty per cent. This is an entirely voluntary action upon our part and is based upon our belief that the larger stations with the greater opportunities for substantial profits should in justice assume a larger portion of the cost than they have heretofore done. To the credit of the larger stations it should be said that they have unanimously endorsed this idea and have shown no disposition whatever to persuade the Society adversely to this decision.

"Secondly, as to stations of 1,000 watts and above, in some cases—not a great many—there will be some downward readjustments of the sustaining fees. These, also, are being made entirely voluntarily by the Society, not as a result of any pressure or representations by any organization or individual, but because the facts seem to merit such action. However, on the chance that there may be some fact or condition with which we are not familiar, and which should be given more consideration, we are very glad to have representations made to us in behalf of any station by either its owner, his representative, or any organization authorized to speak for him."

### Takes Slap at NAB

A BACK-HAND slap at the NAB and at the negotiations being conducted by Mr. Schuette was taken by Mr. Mills in the succeeding paragraph. He said:

"No existing organization represents even a majority of the broadcasters, and none has as yet been authorized so far as we are informed to definitely deal for all of or any of the broadcasters to the extent of committing them. There has been much talk of 'plenary powers' and all that sort of thing, but a singular lack of definite authority conferred in any organization or individual. As and when either an organization or an individual is definitely authorized to commit the station in whose behalf it or he is dealing we shall be glad to negotiate as to that station or group of stations."