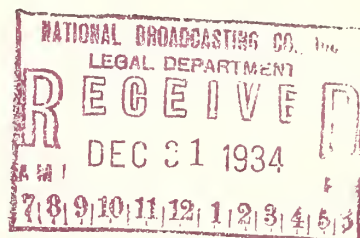


HEINL RADIO BUSINESS LETTER

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No. 786.

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BROADCASTERS CALL COMMISSION "SPINELESS" IN WLW CUT

Characterizing the move of the Federal Communications as "spineless" in its proposal to cut down the power of Station WLW in Cincinnati, America's most powerful station, from 500,000 watts to 50,000 watts, on what they call a "wholly unjustifiable complaint" of the Canadian Government, broadcasters of the United States seem to be unanimous in their condemnation of the Communications Commission's action. So acrimonious are they, in fact, that it looks as if what they call the Commission's "backing down without firing a shot", may jeopardize the friendly broadcasting relations between this country and Canada.

The *casis belli* was a complaint relayed through our State Department from the Canadian Radio Commission that WLW operating on 700 kilocycles had been blanketing station CFRB in Toronto at night. Officials of the Communications Commission were mum on what action they took in the matter. They have never been quite so silent on any subject before.

From the best information available, it appears that our Commission has agreed to order a cut in WLW's nighttime power from 500,000 watts to 50,000 watts, effective February 1st. It was described as a temporary cut and the hope was expressed that "further diplomatic conversations might bring about a better solution."

"The real issue at stake is whether or not Canada is going to write the broadcasting regulations for the United States" an irate broadcaster declared. "If we authorize the use of a certain amount of power and it does not cause serious interference in this country shall we allow the Canadians to tell us what we shall or shall not do?"

"It is very strange that this Canadian Station which operates on 690 kilocycles, 10 kilocycles from WLW which broadcasts on 700 kilocycles, should be interfered with when there has never been a word of complaint from WOR, Newark which is on 710 kilocycles, likewise only 10 kilocycles removed from WLW."

"This is the first serious complaint we have had from Canada but it won't be the last if we back down as readily as the Communications Commission and the State Department appear to have done", a noted radio engineer observed. "I don't think the situation up there is anywhere near as bad as they make it out to be but rather that it is more or less local politics in Toronto and Ottawa." "The Canadian Radio Commission has

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to justify its existence and I think for that reason feels that it has to stir up trouble every once in a while."

"According to our agreement with Canada CFRB at Toronto should be using 50,000 watts. Instead it is only using 10,000 watts. If it were using 50,000 it wouldn't be affected nearly so much."

Asked if he thought the problem might be solved if WLW were to install a directional antenna, the engineer replied:

"It would be if they could figure out a way of cutting down the signal in the direction of Toronto without reducing its strength in northern Ohio, the station's principle service area.

"Personally I have never been sold on such excessive power as WLW is using," another broadcaster said. "I don't think it is doing a better job using 500,000 watts than it was when it was using 50,000 watts. All you get out of high power is scattered rural coverage. People in distant cities don't listen to such a station but rather to their local stations. It seems to me economically unsound to run the capital stock of a station from \$250,000 to over \$1,000,000 and not get any more out of it than Mr. Crosley is apparently getting out of WLW on 500,000 watts.

"I disagree with Crosley there but I am squarely behind him, as I am sure the entire industry will be, in hitting back when our Commission allows Canada to dictate this drastic power cut. I predict that Mr. Crosley will put up a real fight and he has a lot to fight with."

Remarking that the trouble came at a most embarrassing time for the new Communications Commission, the members of which have not yet been confirmed by the Senate, the broadcaster concluded:

"I think the fact that they are soon to be up for confirmation by the Senate had a lot to do with their action in the WLW case. Some of these wild eyed Senators think 100 watts is all a station should have because a 100 watt station is the most many of them have ever seen. There is always a howl in the Senate when any power increase is discussed. The Commissioners know this and they are playing safe before the storm breaks."

Although Station CFRB in Toronto is Canadian owned it is affiliated with the Columbia Broadcasting System network.

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SALES OF RADIO SETS ATTAIN ALL-TIME HIGH DURING 1934

During the current year there has been an almost uninterrupted month-to-month gain in radio sales, with demand impervious to the usual period of Summer dullness, due to the extended popularity of automobile and portable sets. The introduction of the all-wave set at a price within the easy reach of the multitude has been one of the outstanding contributions to the new peak levels set by distribution. Broadcasting stations also have furnished bolstering support to the wider use of the radio.

Although all previous records were outdistanced during 1934, current indications reveal a stronger uptrend of demand during the first quarter of 1935, with some new peaks to be established during the last six months of that year, according to a survey of the radio industry, which has just been completed by Dun & Bradstreet, Inc.

In spite of the encouraging progress made during the first six months of the current year, the increase in sales has been abrupt since the new models were displayed early in the Fall. In the comparison with the totals for the corresponding period of 1933, losses were reported in no parts of the country, while the increases ranged from 25 to 100 per cent. The cheaper sets have been bought freely, but the proportion is not so large as it was last season, as there has been a decided shift to the higher-priced all-wave sets during the last three months. Based on the returns for the elapsed eleven months, with the returns of the Christmas season yet to be tallied, it is estimated that sales for the country, as a whole average 40 per cent larger than for the comparative period of 1933. This would bring total sales for 1934 around 5,350,000 sets, as compared with the previous peak of 4,438,000 units set down for 1929.

From 60 to 65 per cent of the units sold represented replacements, which is about the same ratio as in 1933.

The increased hours of leisure, the perfection of the all-wave receivers, and especially the improvement and extension of broadcasting programs have been responsible for the unprecedented expansion which interest in the radio has attained this year.

In October, the highest sales in broadcast history were reached at \$4,527,000, a gain of 59.0 per cent over the 1933 comparative figures, and 49.1 per cent higher than in October 1932. For the ten months of 1934, these sales amounted to \$33,780,000, or 38.8 per cent ahead of the 1933 comparative figures, and 2.2

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per cent in excess of the 1932 total, which represented the all time high.

Wide fluctuations in prices have been absent since last Spring, and the current level is holding steady at 10 to 25 per cent higher than at this period a year ago. The present firmness, however, is inclining upward, and advances already have taken place in some of the medium and better grades of console types of all-wave sets. The popularity of the smaller radio sets, however, apparently is waning, as the price inclination in this division is downward. Manufacturers have thus far succeeded in withholding from retailers most of the increases which have resulted from the higher operating costs under the code. As this policy, however, has made heavy inroads on profits, substantial upward revisions may become necessary next Spring.

The status of general collections is reported as the most satisfactory that has obtained since 1929. In the retail division it has been particularly satisfactory, and wholesalers have received payment in full on some old accounts which were carried over from last year. Collections on deferred-payment sales have been kept up to date in most districts, with re-possession the fewest in many years.

The stronger financial position which all members of the industry now have achieved, as compared with their condition during the three preceding years, has brought bankruptcies almost to a complete stop. For the eleven months of 1934 only 6 manufacturers failed, with the involved liabilities \$526,630, as compared with 25 defaults entailing a loss of \$3,719,519 for the twelve months of 1933.

Among the wholesalers and retailers the reduction in the number of bankruptcies was even more decisive, the total dropping from 109 for the twelve months of 1933 to 33 for the eleven months of 1934. The sum of the involved liabilities, however, was little changed in this division, as one large wholesaler had a defaulted indebtedness of more than \$1,000,000, which pushed the total for the eleven months up to \$1,621,283, or only slightly under the \$1,813,980 recorded for 1933.

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GREAT LOSS IS SUFFERED ON FRANKED MESSAGES

Apropos a hearing on the Communications Commission proposed rules on franking privileges which will be held Monday January 14, it has been found that five companies during a single month, June 1934, the month for which complete returns were available, lost \$23,119 on free service to persons other than

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their own employees. They were Mackay Radio and Telegraph Company, \$344.10, Postal Telegraph Co., \$8,742.93, Radiomarine Corporation of America \$3,200.68, Mutual Telephone Company, \$15.20 and Western Union \$10,816.44.

If June be taken as an average month, the total amount of charges which would have accrued on free messages sent by the carriers named in the table for others than employees of carriers subject to the Communications Act of 1934 and their families, for a calendar year would be \$277,432.20.

Moreover, the Mackay Radio and Telegraph handled 46,628 words free of charge for the Byrd Antarctic Expedition for which the regular charges would have been \$79,950.31, and the Western Union handled 266,407 messages free of charge in a demonstration of how telegraphy might be used in connection with broadcast programs.

By way of showing liberal use made of franking privileges the Commission revealed the fact that in eight months the wife of a trustee of the St Louis and San Francisco Railway Company sent 110 messages, the revenue from which would have been \$415.96, the wife of the Vice-Chairman of the Southern Pacific Company 267 messages, \$572.20, the wife of the Vice President and General Manager of the Southern Pacific 498 messages, \$469.71, the wife of the President of the Southern Pacific 509 messages, \$472.83 and the wife of the President of the Union Pacific, 344 messages, \$438.95.

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WSPD BLOCKS HEARING THROUGH COURT ACTION

Because of the Toledo Broadcasting Company of Toledo, Ohio, owners of Station WSPD asking the District Supreme Court to enjoin the Federal Communications Commission from holding a hearing January 4 on the transfer of a competing station the hearing has been postponed until the Court acts.

Through attorneys Horace L. Lohnes and Homer L. McCormick, the company, operator of Station WSPD, said that Station WALR, of Zanesville, Ohio, had asked for a transfer of its license so that it could operate from Toledo, because of the effect such a transfer would have on its business, the Toledo station sought permission to intervene in a hearing which was to have been held January 4, and was denied the request.

Two other cases involving the same principle are now pending in the District Supreme Court, one of which Station WBEN of Lawrence, Kans., which has been appealed to the U.S. Court of Appeals.

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NEWS "LIFTING" BY RADIO IS UPHELD

Ignoring the right of news agencies and publishers to control the use of news they gather and pay for, Federal District Judge John C. Bowen in Seattle last week made public a decision condoning the unauthorized use of news by radio stations.

Judge Bowen dissolved a temporary restraining order obtained two months ago by the Bellingham(Wash.) Publishing Company against Station KVOS, located in Bellingham, preventing the radio station from its longtime practice of broadcasting local and telegraph news obtained from the Bellingham Herald, the Seattle Times and the Seattle Post-Intelligencer. The suit dismissed by the court's ruling was brought in the name of the Associated Press.

Judge Bowen's 24 page decision was unprecedented in its absolute indifference to news property rights.

"A ruling that news becomes public property the moment newspapers containing it are distributed to the public, made by Federal Judge John C. Bowen, at Seattle, Wash., is one of the most constructive factors that has developed in the newspaper business in years," the Editor and Publisher comments, "and unless his decision is appealed and reversed the great news agencies of this country will be at the mercy of every commercial interest wishing to trade upon them, while grasping, irresponsible, mischievous independent radio stations, now running fast and loose with "news service" enjoy a field day."

Kent Cooper, general manager of the Associated Press, said in New York that "undoubtedly the case will be promptly appealed."

In his decision Judge Bowen wrote: "This court holds that when general news furnished by complainant(the Associated Press) or local news claimed to be under its control as regards publication, has been printed in a regular issue of complainant's member newspapers and that issue has been, in the ordinary course, published and distributed to the public, such news reports from that moment belong to the public, including the defendant (KVOS) and all others who may desire to use them except for sale by a rival news agency to its news publishing customers. And that the mere fact that the defendant disseminates gratuitously those news reports as a part of its radio service after they have been so received by the defendant contemporaneously with other members

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of the public, does not prevent defendant from so receiving and using such news reports, since such practice by defendant does not involve the pirating by one news gathering and distributing agency of news reports of another such agency, as in the case of the Associated Press versus the International News Service."

"In the earliest period of our country's history, communication of private dispatches and public news was by individual courier on foot or, like Paul Revere, on horseback. Later came the stagecoach with the mails, always pressing onward to new frontiers. Next the locomotive or as originally known the "iron horse", developed the mail express, soon, however, yielding a portion of its communication business to the telegraph and telephone and later yielding much of its business to its present aggressive competitor, the motor bus, motor trucks and airplanes. In many instances electric street railways have been forced out of business by the more convenient and efficient motor bus.

"These improvements and developments have occurred in the field of news communication as well as in transportation and have facilitated and have been indispensable to the march of progress in which the public has been most vitally interested, and, in respect to them, the protection of private investments has had to yield to the convenience of the public.

"A fair construction of the true situation in the case at bar is that it involves an exemplification of the greater efficiency of modern news dissemination instrumentalities as compared with those of bygone days, which, in those days, adequately served a like private enterprise and public interest.

"Complainant's and its newspaper members' facilities are not likely to pass into disuse as some news communication instrumentalities have in the past but the service which complainant's facilities have rendered to the past or may render to the future cannot be employed to hinder the use of more modern means, including those of the defendant radio station, which, in some respects, surpass complainant's facilities to an extent comparable to the advantages of the airplane over those of the railroad train."

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SHORT WAVE FANS EXHAUST U. S. STATION LIST SUPPLY

A very definite indication of the increasing number of all-wave sets is the fact that the Government has been completely swamped by requests for copies of a list of world short-wave radio-
phone transmitters.

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Public demand for copies of this list recently issued by the Bureau of Foreign and Domestic Commerce, Department of Commerce, has been so great that three editions totalling 6,000 copies have now been completely exhausted.

Orders in hand for approximately 2,000 copies of the list can not be filled until the January edition of the publication can be compiled and made available for distribution. The date of availability of this edition is contingent upon the time remaining to complete the work after performing the more important normal functions of the Electrical Equipment Division.

The list for which the unexpected demand has developed includes essential information for every world radio station employing radiophone transmissions, irrespective of category, service, or nationality, on frequencies above 1,500 kilocycles.

Copies of the list are sold at 25 cents each, which price covers only the cost of compiling and printing. Orders should be addressed to the Electrical Equipment Division, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D.C.

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WIRELESS AS STANDBY IN JAPAN

Wireless apparatus is to be installed in the telegraph offices of all important cities in Japan, says Reuter, in order to ensure smooth-working communications in any emergency. This step has been taken by the Ministry of Communications as a result of the experience of the serious conflagration at Hakodate, in which all land wires, which were the only means of communication, were destroyed.

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RADIO PIONEER IS HONORED

Dr. Ernest F.W. Alexanderson, pioneer in the development of radio in this country, was notified at Schnectady of his election to membership in the Royal Academy of Science of Sweden. He is a consulting engineer for the General Electric Company.

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RCA COMMITTEE DEFERS CAPITAL READJUSTMENT

The special committee of directors of the Radio Corporation of American appointed to consider a capital readjustment plan advised against the adoption of any plan at this time, and officers and directors concurred unanimously. A statement to this effect was issued by General James G. Harbord, chairman of the board, and David Sarnoff, president of the corporation.

No information was available as to the committee's reasons for concluding that adoption of a readjustment plan now would be untimely.

In the opinion of many observers, according to the New York Times it may be six months or more before a plan may be proposed.

"Perusal of the official statement of the Radio Corporation of American, issued after the meeting of the directors, indicates definitely that the idea of formulating a plan to care for the arrearages of dividends on the preferred stocks has not been abandoned but simply was not considered timely." a Times financial writer observes. "The great number of changes in economic conditions and practices in the last eighteen months, the preliminary work of the new Federal Communications Commission and other factors may have influenced the decision of the R.C.A. to defer action in this matter."

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COMMISSION UNSATISFIED WITH INTERLOCKING DIRECTORATES

Eleven officials and directors of leading telegraph, telephone and radio companies have been ordered to show cause why they should be allowed to continue as officers or directors of more than one carrier.

The order was issued by the Federal Communications Commission, under the section of the Communications Act which forbids interlocking directorates. It named Walter S. Gifford, president of the American Telephone and Telegraph Company; Sosthenes Behn, president of the International Telephone and Telegraph Co; David Sarnoff, president of Radio Corporation of America; Edwin F. Chinlund, vice president of the Postal Telegraph Company; Newcomb Carlton, board chairman of the Western Union Telegraph Company, and Edwin F. Carter, John W. Felton, E. Y. Gallagher, Joseph J. Halpin, Lewis MacConnach and Frank L. Polk,

all directors of communications companies.

In setting Monday, January 21 for a hearing on applications for permission to hold posts in more than one company, the commission asserted that the applicants have those far failed to convince "that public and private interests will not be adversely affected" by interlocking directorates.

Pending outcome of the hearing all the applicants will be allowed to hold their present posts.

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R C A UNITS CONSOLIDATED

The RCA Victor Company and the RCA Radiotron Company, the two wholly owned manufacturing subsidiaries of the Radio Corporation of America, have been consolidated into a single organization to be known as 'RCA Manufacturing Company, Inc.'. The new company will begin operations as of January 1st. The consolidation is being made primarily for convenience of operation. The present officers and management of the two subsidiary companies will continue in their respective positions, and the factories located at Camden, N.J. and Harrison, N.J. will continue their operations as at present.

The present trade-marks on the products manufactured by these companies will be continued through the establishment in the RCA Manufacturing Company, Inc., of two divisions, which will be known as 'RCA Victor Division' and 'RCA Radiotron Division.'

E.T. Cunningham will be the President and Mr. David Sarnoff the Chairman of the Board of Directors of the RCA Manufacturing Company, Inc.

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MCCOSKER WOR RESIGNATION REPORTED

The following was carried in the last issue of Variety:
"It was understood in radio circles Monday(24) although not officially confirmed that Alfred J. McCosker has resigned as president of WOR, Newark. His retirement is understood to take effect January 1. McCosker contract, which had about a year to go, is reported amicably settled by the Macy department stores interests which operates the station.

"McCosker, who has served two terms as president of the National Association of Broadcasters took over the management of WOR for the Bamberger store in Newark eight years ago.

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INDUSTRY NOTES

In the Louisiana Senate Senator Huey Long tacked on an amendment to a bill which would give the State University the right to build or buy or operate under contract or lease, radio stations or broadcasting facilities. Senator Long announced that in connection with the University's dental school he expects to hold a school and public health clinic of the air, with musical programs to provide cultural enjoyment over the Louisiana State University broadcasting system.

James Wallingford, of the NBC, received the National Academy of Arts Medal as the best radio announcer.

Mr & Mrs Alfred J. McCosker gave a tea dance in the Petit Saloon of the Park Lane, New York for their debutante daughter Miss Angela F. McCosker.

Glenn I Tucker, formerly in charge of public relations of the Radio Corporation of America has opened an office in the Graybar Building, 420 Lexington Avenue, New York. Mr. Tucker will handle accounts that are available in the field of industrial writing, including company statements, annual or quarterly statements to shareholders, news releases, and general publicity.

Radio tax collections for October 1934 were \$280,699 as compared with \$305,291 of the previous month. September reports on employment were about the same as the previous month, 58 radio and phonograph factories with 39,999 employees.

The picture of William S. Poley, appears in Fortune Magazine for January with the following caption:

"With business 55 percent better than last year, the Columbia Broadcasting System has voted a 50 percent stock dividend. This on top of a five for one split last February, is further indication of the success of Columbia's smart, unassuming young President."

Commissioner Thad Brown spent the Christmas vacation in Ohio, Commissioner Case in Rhode Island and Commissioner Payne in New York. Commissioner Sykes, Gary, Stewart and Walker remained in Washington.