

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

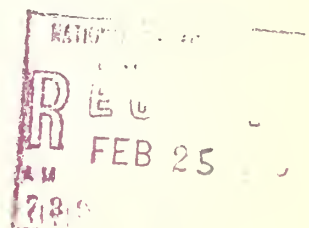
WASHINGTON, D. C.

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No. 801



## CODE AUTHORITY CRACKS DOWN ON FREE TIME GRABBERS

The Broadcasting Code Authority, of which James W. Baldwin is the Executive Officer, has notified stations of alleged code infractions by Paramount Pictures Electrical Transcriptions, Tanners Council of America, Radio Stars Magazine, Congoin Company, Velvetina Sweepstakes, Food & Drugs Brands, Inc., Safe-Kurl Electric Hair Waver, and Columbia Pictures Corporation.

Of the Radio Stars Magazine proposition the Code Authority says, "Your form letter to stations can only be considered as an attempt to gain free advertising and, therefore, is a proposal which may frustrate the purpose and intent of the Code of Fair Competition for the Radio Broadcasting Industry."

The Code Authority, taking exception to a letter written by Velvetina Sweepstakes to broadcasting stations, wrote that concern:

"We think the inference is plain; and we disapprove it. If you are not interested in placing unconditional and unqualified orders for radio time consistently with recognized practices, then our advice (per your inquiry) is that you withdraw from the field of radio advertising."

Allen T. Kander, who signed himself as President, Food & Drugs Brands, Inc., made this proposal to stations:

"We have an advertiser who would like to go on the air in your town. To carry out his program we, here, must take merchandise in payment of his bills.

"In order to do this, which is the only manner in which we can get him to spend money, we have the problem of marketing the merchandise and the physical handling of it after we take it in.

"The advertiser is ready to do business, but we cannot undertake to finance his time unless the Station permits us a commission which not only pays for bringing the business to you, but that compensates for our expenses in disposing of the merchandise.

"Would you be interested in an arrangement of this sort with us, on a specific contract? In making your reply, will you be sure to enclose your rate card, bearing in mind that we are not asking you to take the merchandise and that all of your bills will be met on the discount dates?"

The Code Authority wrote Mr. Kander that this was contrary to the Code. He requested an appointment but according to the Code Authority has not been heard from since.

"A flagrant attempt to frustrate the purpose and intent of the Code is disclosed in a circular letter sent to broadcasting stations by E. H. Brown Advertising Company, Chicago", the Code Authority advises. "This reads in part as follows:

"'Once in a blue moon a proposition comes along that's a red hot "natural", and then it makes real money for everyone connected with it. . . .

"'First let us tell you about the article. It is the Safe-Kurl Electric Hair Waver. . . It sells for \$2.00. . .

"'We are planning to sell several million of these by radio. We should like to use your station. We will use it if, during the experimental period, you will play ball with us and help us prove to our client that you reach an audience that is responsive. The proposition we are making you will bring you immediate income - possibly more than you are now getting for your time at regular rates. . . .

"'A careful record will be kept of all the orders that are accepted, and you will be paid 60% for each and every Safe-Kurl shipped as a result of requests received from your station. Our experience shows that only about 12% of the articles sent on this plan are not accepted when the postman delivers them, so we expect to see you paid for 88% of the requests you send us, at the rate of 60% each. For orders accompanied by cash you will deduct your 60% in advance and send our client the balance of \$1.40. . . .'"

When no reply was received by the Code Authority to a telegram addressed to Brown, a second wire was sent to him to which he replied:

"Since your wire states that you are notifying all radio stations about the matter we assume that it is taken care of."

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#### JAMES W. BALDWIN UNDERGOES OPERATION

James W. Baldwin, Executive Office of the Broadcasting Code, was operated on for hemorrhoids last Wednesday at Garfield Hospital in Washington. Mr. Baldwin, who was formerly Secretary of the Federal Radio Commission, was reported as resting easily.

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## CHINESE STATION HAS TEN ANNOUNCERS FOR DIFFERENT DIALECTS

A potential audience three times as large as the population of the United States challenges attention. But when, in addition, four-fifths of this audience, unable to read, has only the ear gate through which to get outside news and many forms of entertainment, the possibilities bound up in radio broadcasts stir the imagination. This is the situation in China, as described by Ernest T. Shaw in Asia Magazine.

But broadcasting got a late start in China and has not yet achieved the place that it has in western countries. The restrictions imposed by the government have been partly responsible for its slow development. During the first years of the Chinese Republic, all wireless parts were classified by the Customs as war material. This ruling still holds. Every importation of radio parts must be covered by a license obtainable only from the Nanking government. The minimum fee is two dollars (United States money) with an additional tax of two per cent on any valuation above twenty dollars. These restrictions have recently been made more stringent. Even well established radio-supply firms in China must now present to the government a copy of the original order from a customer before they can import parts for him. If a transmitter is ordered, it must be shown that the customer has a government license for the operation of a station before the importation will be sanctioned. The effect of this is to discourage amateur initiative.

What broadcasting is doing for the eighty per cent of China's rural population is the most interesting part of this story. The difficulty of travel, the impossibility of getting many able speakers to endure for long the hardships of rural conditions, the barrenness of Chinese farmers' lives and the widespread illiteracy make the radio a godsend. The only breaks in the monotony are usually temple fairs and festivals, gambling and gossip. The absence of intellectual stimulus is undoubtedly the main reason for the slow progress in rural districts.

Mentally, the Chinese farmer is slow even when all the gates to the mind are approached. The radio, which can appeal only to the ear, therefore starts out with a handicap. The Mass Education Movement is experimenting with visual charts to be used with its broadcasts. A member of the local radio committee points out the appropriate figures on the chart during the lecture, acts as song leader when songs are being taught and, after the lecture, conducts a discussion. He also summarizes the important items of the news broadcast for the village bulletin board, of "Wall News." His final function is to submit a report on the quality of the broadcast and the interest shown in it. The increasing amount of such data is invaluable to the program manager.



The government has now transferred responsibility for its own stations to the Central Executive Committee of the Kuomintang, or Nationalist Party. In 1932 a station powerful enough to reach the most remote sections of the country was erected at Nanking, under the Party's auspices. This is XGOA, 75 kilowatts, 660 kilocycles, installed by a German firm at a cost of \$60,000. It has been heard as far away as Chicago.

The Central Broadcasting Station is manned by a director and vice-director, six engineers and ten announcers for the different dialects and the small part of the program that is in English. A well equipped shop handles repairs and builds new stations for other parts of the country. Alterations were recently completed on a code transmitter which has just been installed in Peiping to give that city a modern broadcasting station to supplant the antiquated one operated by the Ministry of Communications. It was to be opened on the twenty-third anniversary of the founding of the Republic.

The interest with which Chinese of all classes listen to the radio programs already available, the rapidly increasing number of stations and also of receiving sets since the Central Broadcasting Station went on the air are indications of the future that is possible for broadcasting in China. As a new art, it is free from the conventions that have separated Chinese writers from the masses. It is an encouraging sign that one of China's foremost dramatists is producing plays along western lines which are intended especially for broadcasting. In Shanghai, these are very popular. The government can greatly facilitate progress in broadcasting by removing the regulations on the importation of sets and parts, many of which are not manufactured in China, while at the same time tightening up on the control of wave lengths used by broadcasting stations, both public and private.

In Shanghai, the situation is complicated by the division of authority between the Chinese, the International Settlement and the French authorities. The fifty stations in that one city, each bidding loudly for the attention of the fans, create a radio bedlam; the resulting interference makes it impossible to receive any one of them satisfactorily. Within recent months, however, a measure of cooperation has been achieved and some semblance of order is appearing. Most of the small plants in Shanghai are owned and operated by individual stores, filling their programs principally with advertising and phonograph records. One Shanghai broadcasting station, financed by Christian Chinese business men, has a daily religious program. The morning devotional periods, music, lectures and sermons are warmly welcomed by the Christians in that area.

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Most Chinese program directors follow the line of least resistance. They take advantage of the fact that the opera has been for centuries the most popular form of auditory entertainment in China. It is a simple matter to put a microphone on the stage and get from six to eight hours of continuous program, filling in the intervals with phonograph records. The songs are familiar to city and country people alike, and, even if the reception is poor, the listeners can usually fill in the missing parts from memory. Another easy feature to broadcast is the singsong of the professional story-teller, who accompanies himself with the rhythmic clapping of bones.

Many shops in the larger cities have loud speakers over their doors, and the crowds stand outside listening by the hour to the opera and story-teller programs. Broadcasting as an art has been little developed in China. For this reason there are as yet no outstanding favorites among announcers or entertainers whose reputation has been made on the radio. When well known actors and speakers do appear before the microphone they are enthusiastically received, but some of them cannot meet the exacting requirements of artistic broadcasting. The experimental studies made by the Mass Education and Movement and the Yu Ying Middle School are a promising beginning toward better broadcasting technique.

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#### RADIO SERVICE MEN AT CHICAGO TRADE SHOW NEXT MONTH

The radio industry turns its attention toward Chicago in preparation for the forthcoming Third Annual Institute of Radio Service Men's Chicago Convention and Trade Show March 22nd. The program is in the process of making but it is expected there will be an address the opening night on the subject of ultra-high frequencies.

The 1935 IRSM Trade Show and Convention already promises to surpass anything that has been held in the past. On February 15th, eighty-percent of the exhibition space at the Trade Show had already been taken. The Convention will last three days.

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## HYGRADE-SYLVANIA SHOWS SUBSTANTIAL SALES INCREASES

Nineteen Thirty-four marked the 20th consecutive year of profitable operation for Hygrade Sylvania Corporation and its predecessor companies, according to the annual statement as of December 31, 1934, which was issued February 13.

Net income for the year after all charges and taxes amounted to \$874,416.54 equal to 6.21 times the \$6.50 a share preferred dividend requirement for 1934 and equal to \$3.81 a share on the 192,684 shares of common stock after deducting the preferred dividend of \$6.50 a share. This compares with 1933 earnings of \$655,072.86 or \$2.67 a share on the common stock.

The Company's balance sheet showed current assets of \$4,221,876.66, or 7.9 times current liabilities. This compared with \$3,694,625.04 on December 31, 1933.

Cash, plus U.S. Government obligations, municipal and other marketable securities at December 31 market values, amounted to \$2,070,294.69. Similar assets were \$1,541,703.84 at the end of 1933. Year end inventories of finished products represent less than three months' sales.

The report notes that Hygrade Sylvania's position as second largest producer of radio receiving tubes was continued with substantial sales increases both in domestic and foreign sales, the company now having accredited representation in 86 foreign countries.

Lamp sales during 1934 maintained the high standard of 1933.

The Company's position as an employer of labor places it high in its own industry with an average number of employees of 3,099 in 1934 as compared to 2,888 in 1933, and with total employee earnings in 1934 of \$3,069,000 as compared to \$2,870,000. in 1933.

Maintaining its reputation as a "management owned" company, Directors and Employees own 68% of the total common stock outstanding, according to the report.

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An occasion calling for considerable tact was when F. P. Guthrie, Washington manager of R.C.A. Communications, and a prominent Rotarian, found himself seated at the guest table of a Rotary Club luncheon between the diplomatic representatives of the countries at war in South America over the Gran Chaco. On Mr. Guthrie's right sat Minister Bordenave, of Paraguay, and on the RCA official's left, Minister Finot, of Bolivia.

The envoys of 50 nations were present, including Ambassador Saito of Japan, and Ambassador Troyanovsky, of Russia.

Although confirmed sometime ago, it was only last Wednesday that the commissions of the members of the Federal Communications Commission were signed by President Roosevelt and delivered to the Commissioners.

Commissioner George Henry Payne is spending a short vacation period at Palm Beach.

Radio has revolutionized the status of music in this country, according to Peter W. Dykema, Professor of Music Education at Columbia University, whose study of "Music as Presented by the Radio" has just been issued by The Radio Institute of the Audible Arts founded by Philco Radio and Television Corporation.

George Bijur has resigned as Director of Publicity and Sales for L. Bamberger & Co., department store in Newark, to become Director of Sales Promotion for the Columbia Broadcasting Company, it was announced by Hector Suyker, Vice-President of the story. Mr. Bijur will assume his new duties March 15th.

A Senate Interstate Commerce Committee composed of Senators Brown, of New Hampshire; White, of Maine, and Donohay, of Ohio, is holding hearings in connection with recommendations for legislation made by the Federal Communications Commission. The subjects thus far considered have been exclusive telegraph contracts and telegraph franks.

A. A. Cormier, formerly of WOR, and later with the American Broadcasting System, is reported to have been appointed Vice-President and General Manager of Station WIP, in Philadelphia, owned by Gimbel Brothers.

Mayor LaGuardia, of New York, killed the proposed New York City tax on incomes of radio stations. It was figured that this tax would have cost the New York stations close to \$1,000,000 annually.

Printed reports of the Senate hearings on the confirmation of members of the Federal Communications Commission are now available. Copies may be had by writing to Senator Burton K. Wheeler, of Montana, Chairman of the Senate Interstate Commerce Committee.

Ford Billings, of KSTP, St. Paul, is to be the new head of the Hearst station WCAE, in Pittsburgh.

RCA will install special radio equipment, designed by RCA Victor and Radiomarine Corporation, in the 1935 National Geographic-U.S. Army Stratosphere flight, similar to that utilized for the 1934 flight, in the gondola of the huge stratosphere balloon, so that reports of the flight may be carried over NBC networks. The flight will take place at Rapid City, S. D. in June.

Financial reports - Sparks-Withington Company and Subsidiaries - Six months ended Dec. 31; Net loss after taxes and other charges, \$148,977, against \$164,456 loss in six months ended Dec. 31, 1933.

Gold Seal Electrical Company, Inc. - For 1934: Net loss after taxes and other charges, \$95,794, against \$27,404 loss in 1933.

American broadcasters will smile at the following dispatch from London:

"The British Broadcasting Company, responding to protests against certain 'drinking song', has banned some of them from the air. One of the offending lyrics dealt with the adventure of a reveller who fell asleep alongside a pig. A passing woman remarked that a man was known by the company he kept, whereupon 'the pig got up and slowly walked away' - the song's title."

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# LOUCKS AND BELLOWS NAB COPYRIGHT REPRESENTATIVES

The National Association of Broadcasters will be represented at the State Department International Copyright Union Treaty hearings Saturday morning by Philip G. Loucks, Managing Director, and Henry A. Bellows, Chairman of the Legislative Committee.

The State Department is drafting a revision of the present copyright laws of the United States to enable this country to adhere to the International Copyright Convention. Virtual agreement has been reached between the motion picture exhibitors, hotels and broadcasters with respect to provisions of the proposed bill, the NAB states, and these interests will present their recommendations to the State Department.

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## MORE HEARINGS MAY BE HELD OUTSIDE OF WASHINGTON

It is believed the Federal Communications Commission, authorizing Commissioner Thad Brown to hold hearings in Texas and California on applications, foreshadows a more liberal policy of holding hearings outside of Washington. Although the law authorizes but few Commissioners have presided at inquiries away from the Capital. Judge Sykes went to Los Angeles to hear the Shuler case, but there have not been many others.

Commissioner Brown will be accompanied by George B. Porter, Assistant General Counsel, and hearings to be held are as follows:

San Antonio, Texas, March 15, 1935; Application of Mrs. Nellie H. Morris and W. C. Morris, a partnership operating Hotel Eagle, for authority to transmit programs from Hotel Eagle, Eagle Pass, Texas, to Station WEPN, Piedras Negras.

San Antonio, Texas, March 25, 1935: Application of Farmers & Bankers Life Insurance Company, Station KFBI, for renewal of license.

Los Angeles, California, April 8, 1935: Application of Beverly Hills Broadcasting Corporation, Station KMPC, for renewal of license now pending before the Commission; and directing, under Rule 17, the following licensees to submit applications for renewal of license; Warner Brothers Broadcasting Corporation, Station KFWB, Ben S. McGlashan, Station KGFK, Radio Broadcasters, Inc., Station KRKD, and Cannon System, Ltd., all of which were designated for hearing.

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## I. T. &amp; T. TELEPHONE INCREASE INDICATES BUSINESS PICK-UP

The improvement in business conditions in various parts of the world during 1934 was reflected in a net gain of 50,673 telephones by associated companies of the International Telephone and Telegraph Corporation. All telephone companies in the I.T. & T. system had gains for the year. Figures for January, 1935, show that the increase is continuing.

The National Telephone Company of Spain had a net gain of 22,537 telephones last year. Argentina accounted for approximately 10,000. The telephone system of Rumania and the Shanghai Telephone Company gained approximately 5,000 each. The telephone systems of Cuba and Puerto Rico and the other I.T.&T. telephone companies in Mexico, Chile, Peru and southern Brazil all contributed increases. Cuba, which had lost heavily in telephones for several years prior to 1934, showed a slight net gain for the year, and continued to advance during January.

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## CANADIAN RADIO COMMISSION SPENDS \$1,123,594 IN 1934

The annual report of the Canadian Radio Commission gives the cost of broadcasting, for the past fiscal year, at \$1,123,594. Production costs were \$344,127. Cost of line wires for remote controls and network facilities represented \$300,899 and rentals and leases \$141,196.

Salaries for radio executives, talent and engineers totaled \$129,670, of which \$74,759 is charged up to headquarters at Ottawa.

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## APPLICATIONS GRANTED BY BROADCAST DIVISION, FCC

WJAS, Pittsburgh Radio Supply House, Pittsburgh, Pa., C.P. to move transmitter locally and install new equipment; KQV, KQV Broadcasting Co., Pittsburgh, Pa., C.P. to move transmitter locally and make changes in equipment; New, Jack W. Hawkins & Barney N. Hubbs, Pecos, Texas, C.P. for a new station to operate on 1420 kc., 100 watts, unlimited time; KMBC, Midland Broadcasting Co., Kansas City, Mo., C.P. to install new equipment and increase day power from  $2\frac{1}{2}$  KW to 5 KW on 950 kc., unlimited time; KCRC, Enid Radiophone Co., Enid, Okla., C.P. to make changes in eqpt.; New, W. B. Greenwald, Hutchinson, Kans., C.P. for new station to operate on 1420 kc., 100 watts, unlimited time.

Also, KFRO, Voice of Longview, Longview, Texas, license to cover C.P. 1370 kc., 100 watts, daytime; KABR, Aberdeen Broadcasting Co., Aberdeen, S. Dak., license to cover C.P. 1420 kc., 100 watts, daytime; WBIG, North Carolina Broadcasting Co., Inc., Greensboro, N. C., authority to determine operating power by direct measurement of antenna input; WHBI, May Radio Broadcast Corp., Newark, N. J., modification of license to use transmitter of WNEW; normally licensed on 1250 kc, 1 KW night,  $2\frac{1}{2}$  KW day, sharing with WNEW; WHBI 1/7 time and WNEW 6/7 time; WMFD, Richard Austin Dunlea, Wilmington, N. C., modification of C.P. to change transmitter and studio location locally; also to change previously stated frequency monitor, Commencement date 5 days after grant; completion date 4/11/35; WMFG, Head of the Lakes Broadcasting Co., Hibbing, Minn., modification of C.P. to extend completion date to 5/16/35; WMBG, Havens & Martin, Inc., Richmond, Va., license to cover C.P. 1210 kc., 100 watts night, 250 w. day, unlimited time except Sunday.

Also, KGFL, KGFL, Inc., Roswell, New Mexico, modification of license to change hours of operation from sharing with KICA to specified hours; KICA, The Southwest Broadcasting Co., Clovis, New Mexico, modification of license to change hours of operation from sharing with KGFL to specified hours; WREN, Jenny Wren Co., Lawrence, Kans., consent to voluntary assignment of license to WREN Broadcasting Co.; KGBX, KGBX, Inc., Springfield, Mo., modification of special temporary exp. authority approving new site of transmitter (rural), selected after extensive survey, employing directional antenna; WHIO, Miami Valley Broadcasting Corp., Dayton, Ohio, license to cover C.P. 1260 kc., 1 KW, unlimited time.

Also, WREC, WREC, Inc., Memphis, Tenn., extension of special temp. experimental authority to use 1 KW night and  $2\frac{1}{2}$  KW day power, for period ending Sept. 1, 1935; WDBO, Orlando Broadcasting Co., Inc., Orlando, Fla., extension of special temporary experimental authority to use 1 KW day power for period March 1 to Sept. 1, 1935; KIFO, Nichols & Warinner, Inc., Portable-Mobile (Long Beach, Cal.), C.P. (Temp. Broadcast Pickup), frequencies 1622, 2060, 2150, 2790 kc., 200 watts; WLOXE, Same, license to cover C.P. (Gen. Exp.) 31100, 34600, 37600, 40600 kc., 2 watts.

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