

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

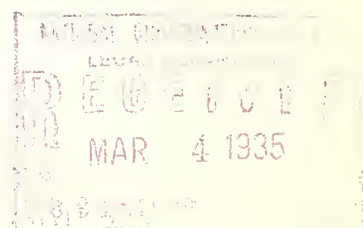
WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

INDEX TO ISSUE OF MARCH 1, 1935

Foresters Claim Advantages Of Wooden Radio Towers.....	2
House Interstate Commerce Committee To House Communications...2 —	
Asserts People Are Less Critical Of The Spoken Word.....	4
Development Of Educational Broadcasting, Ohio Topic.....	5
Domestic Foreign And Marine Message Hearings Agenda.....	6
RCA 1934 Net Profit \$4,249,263.....	6
Sees New Copyright Agreement As ASCAP Buffer.....	8
Early Trust Suit Action Favored By RCA Counsel.....	8
A Receiving Set In Every Other Australian Home.....	9
U.S.-Belgium Trade Agreement Reduces Radio Duty.....	9
Industry Notes.....	10
A. T. & T. Income Less - Bell System Gains.....	11
All Set For WOR's Big 50 KW Opening.....	12
Applications Granted By FCC Broadcasting Division.....	12

No. 803



FORESTERS CLAIM ADVANTAGES OF WOODEN RADIO TOWERS

A technical reason for the use of wood in the erection of forest lookout and radio towers was brought out by one of the foresters at the recent convention in Washington of the Society of American Foresters during a discussion of fire control work, by the possibility of a hindrance to radio communication caused by interference of metal towers.

It was contended that the metal tower would produce a directional antenna effect, depending upon where the antenna was placed, or that it would so interfere with sending as to neutralize broadcasting waves. Forest lookout towers built of timber would not, it was pointed out, present these difficulties.

Radio has been adjudged invaluable in fire-control work, as it enables observers in lookout towers to communicate with headquarters or with forest fire patrolmen wherever the latter may be, thus saving valuable time in reaching fires. The construction of wood lookout towers of practically any desired height has been made possible by the use of modern timber connectors, introduced into this country from Europe by the National Committee on Wood Utilization, now a part of the Department of Commerce, and handled in the United States by the Timber Engineering Company, subsidiary of the American Forest Products Industries, Inc., a National Lumber Manufacturers' Association affiliate.

Connectors have been used extensively in the construction of radio towers here and abroad, the most notable example being the famous structure at Meuhlager, Germany, a lacy network of wooden timbers 190 meters, or about 625 feet, high supporting at the top an antenna ring 10 feet in diameter and weighing 1320 pounds.

X X X X X X X X

HOUSE INTERSTATE COMMERCE COMMITTEE TO HOUSE COMMUNICATIONS

Without a record vote, the House last Tuesday passed a resolution which hereafter will give the Interstate and Foreign Commerce Committee, of which Representative Sam Rayburn, of Texas, is Chairman, entire jurisdiction of all communications matters. Heretofore radio has always been under the Merchant Marine, Radio and Fisheries Committee, of which Representative Bland, of Virginia, is Chairman. That Committee hereafter will revert to its old designation of Merchant Marine and Fisheries Committee, omitting the word "Radio".

3/1/35

Representative O'Connor, of New York, of the Rules Committee, in offering the resolution which brought about the change, denied that it was a victory for the Interstate Commerce Committee.

"That is as far from the truth as anything could be", Representative O'Connor said. "This is a victory for neither side. No one wins here. The fact that the Merchant Marine Committee has jurisdiction over radio does not justify any statement that the other committee wins the dispute. The Rules Committee came to the determination that you could not properly divide communications and that radio, telegraph, telephone, and cable inevitably went together, and the Interstate Commerce Committee having jurisdiction of most of those subjects and for a longer time than the Merchant Marine Committee had jurisdiction over radio, it was thought best and fairest to put radio in the Committee on Interstate and Foreign Commerce. On the other hand, the Merchant Marine Committee reestablishes and reclaims its jurisdiction over the merchant marine and over many matters which were under the jurisdiction of the Interstate and Foreign Commerce Committee. There is no victory, therefore, for either side, and the Rules Committee would not be a party to any such a result. We have, in fact, taken from the Interstate and Foreign Commerce Committee many matters over which it has had jurisdiction, and there is no mathematician who could interpret the resolution to the effect that it is a victory for either side."

"I wish to confirm what the gentleman has just said", Representative Rayburn interjected. "This was a unanimous agreement between the Committee on Merchant Marine and Fisheries and the Committee on Interstate and Foreign Commerce."

"Everybody concerned is happy to have worked out this solution of a difficult problem, to relieve this dispute between the two committees, and to relieve the Speaker of the quandary in which he finds himself when omnibus bills and other bills come before him for reference. I believe the House should sustain the action of these two great committees and the position the Rules Committee has taken in bringing this resolution before the House."

"It simply changes the name of the Merchant Marine, Radio and Fisheries Committee by omitting the word 'Radio'. We took out the word 'Radio.'"

X X X X X X X X

ASSERTS PEOPLE ARE LESS CRITICAL OF THE SPOKEN WORD

After four centuries of attention having been directed to the development of eye-mindedness, the advent of radio seems destined to shift a great deal of emphasis in the direction of ear-mindedness, Dr. Tracy F. Tyler, of the National Committee on Education by Radio told educators assembled at Atlantic City this week.

Recent pronouncements by prominent educators, substantiated by painstaking research, Dr. Tyler asserted, reveal a number of important facts:

- First: People are less critical of things heard than of things read.
- Second: One responds more readily to spoken rather than to written suggestions.
- Third: An individual is definitely less critical, less analytical, more passively receptive, when listening to the radio than when he is face to face with the speaker.
- Fourth: In all social matters the mass of people are guided through hearing rather than by sight, hence, radio lends itself readily to propaganda designed to mislead the public.
- Fifth: The radio is gaining in its influence on home life as that of the family is declining.
- Sixth: Whether radio is to be employed for selfish interests or for the public wellbeing is one of the most crucial problems of today.

"There is a real danger that radio, if it continues along present lines, will be devoted in increasing measure to the promotion of selfish private interests", Dr. Tyler concluded. "The government should adopt a new policy with reference to this important means of mass communication. A study of the way we have handled our other communication services may be helpful.

"The postal service, a natural monopoly, has been efficiently and economically operated by the government. The telephone has been left in the hands of a private commercial monopoly. That the present Congress has appropriated a sum of three-quarters of a million dollars to investigate this monopoly is a sufficient indication of a dissatisfaction with private control of the telephone. We have thought to control the telegraph by permitting the existence of competing companies.

3/1/35

"Recent studies have shown that because of abuses this competition has been more fancied than real. Radio broadcasting so far has failed to give universal service throughout the country. It is claimed that there are not enough facilities for the government to set up a supplementary, noncommercial system, yet two private companies are endeavoring to compete by means of nationwide chains and attempts are made to establish other similar companies from time to time."

X X X X X X X X

DEVELOPMENT OF EDUCATIONAL BROADCASTING, OHIO TOPIC

The sixth annual institute for Education by Radio combined with the fifth annual assembly of the National Advisory Council on Radio in Education will be held at Ohio State University, Columbus, Ohio, May 6, 7 and 8.

The Program Committee, consisting of W. W. Charters, as Chairman, Levering Tyson, and George F. Zook, is now making arrangements for this joint conference, and detailed announcements will be made in the next month.

At this conference representatives will be present from college and university stations, commercial broadcasters, including representatives of the National Association of Broadcasters, the Columbia Broadcasting System, and the National Broadcasting Co., members of the Federal Communications Commission and other agencies of the Federal Government, and individuals from all parts of the country, including members of Parent-Teacher organizations, learned societies, and other educational associations and institutions.

The program will include an outline of possibilities for the development of educational broadcasting under the Federal Communications Act of 1934, a discussion of the educational problems of the college and university broadcasting stations, consideration of ways for organizing and supporting better and more popular programs for adults and children, as well as problems of finance. Emphasis will be placed upon the growing power of radio broadcasting as an instrument to reach the public for political or public purposes.

Techniques of presentation, and various ways of organizing listeners for local or national purposes in this and other countries will be reviewed. Demonstrations and clinics of recorded broadcasts will be held in connection with the meeting.

X X X X X X X X

DOMESTIC FOREIGN AND MARINE MESSAGE HEARINGS AGENDA

At the hearings commencing Monday, March 4th, the Telegraph Division of the Communications Commission will first take up the subject of domestic messages and services, then all classes of foreign messages and services, and after that all classes of marine messages. Leased wire service will not be considered before March 11th.

The domestic hearing will be divided into three groups, ordinary messages and services, commercial news press and governmental services and leased private wire and special services.

X X X X X X X X X

RCA 1934 NET PROFIT \$4,249,263

The annual report of the Radio Corporation of America, shows that RCA's net profit for 1934 was \$4,249,263. This compares with a net loss of \$582,094 for the year 1933; an improvement of \$4,831,357. In each quarter of 1934, RCA showed a profit from operations, whereas in the previous year a profit was earned only in the fourth quarter.

Gross income of the corporation from all sources in 1934 amounted to \$78,756,993 compared with \$62,333,496 for 1933, an increase of 26.3 per cent. Cost of operations, including the cost of goods manufactured and sold, the cost of operating radiotelegraph and broadcasting services, advertising and selling expense, research and development, and administration totaled \$69,266,538. In addition the items of interest, depreciation, amortization of patents and good will, and Federal income taxes amounted to \$5,241,192.

The net current assets of the corporation increased \$5,633,155 during the year, their ratio to current liabilities being 5.9 to 1 on December 31, 1934, compared with a ratio of 5.2 to 1 at the end of 1933.

The requirements of increased current business are reflected in an increase of \$2,096,631 in inventories. The total inventories of \$8,699,967 represent current merchandise valued at the lower of cost or market.

The Radio Corporation has no bank indebtedness. It has financed all its activities in the year under review in the report without borrowing.

The total dividend paid on February 19, 1935, in clearing up arrears on the "A" Preferred stock was \$4,519,610.

Standing out in the RCA report, signed by Gen. James G. Harbord, Chairman of the Board, and David Sarnoff, President, with regard to television and the possibilities of its introduction in the United States, are the following points:

Results obtained by RCA in laboratory experiments are equal or better than those abroad.

Problems here are vastly greater because of our country's size. The report implies the problems will ultimately be solved.

When television comes it will not supersede sound broadcasting. Television facilities will be supplemental to sound facilities.

Television service on a nation-wide basis, especially in the United States, is impractical in the present state of the art. Further technical improvement and simplification are required and RCA Laboratories are working in these directions.

The next step should be a field demonstration of the practical service range of television, and RCA is "diligently exploring the possibilities" of such a demonstration.

The report states that the laboratory research of RCA has "been guided by the principle that the commercial application of such a service could be achieved only through a system of high-definition television, which would make the images of objects transmitted clearly recognizable to observers." This is the system recommended by the British Commission for the experimental service in England.

High-definition television, by the RCA method, employs no moving parts, such as whirling scanning discs. The picture image to be sent is focussed on a plate in a camera-like box called an iconoscope. This plate consists of minute light-sensitive points. It is "scanned" by a beam from a cathode ray tube. This creates impulses from point after point on the sensitive plate which are transmitted through the ether and reproduced at the receiver in such rapid succession that the eye sees them as a motion picture of the scene being televised. The RCA's iconoscope also facilitates the pick-up of studio action and permits the broadcast of scenes outside the studio.

The ultimate possibility of flashing entire pages of hand or typewritten letters by radio facsimile, instead of by the dots and dashes of the Morse code, is discussed in the RCA report. It reveals that substantial progress has been made in the last year in this high-speed radio facsimile, and states that it is expected that a high-speed, ultra-short wave facsimile circuit between New York and Philadelphia will be placed in service in the present year. It is announced that the new RCA inter-city radiotelegraph service now connecting Boston, New York, Philadelphia, Washington, Detroit, Chicago, New Orleans and San Francisco, will be extended soon to other important cities.

SEES NEW COPYRIGHT AGREEMENT AS ASCAP BUFFER

Belief that the new international copyright agreement, if it contains the recommendations offered by the National Association of Broadcasters, will prove a defensive weapon against the American Society of Composers, is expressed in an editorial in Broadcasting Magazine:

"Copyright suddenly has become a burning issue again on Capitol Hill. Without any warning, a measure providing for American entry into the International Copyright Union was slipped before the Senate Foreign Relations Committee, bearing administration endorsement. It was the opportunity long awaited by radio, hotel, motion picture and other industries which have been so much putty in the hands of ASCAP under the copyright law which has remained unrevised since 1909.

"Fortunately for these industries their trade groups, notably the NAB, got wind of the measure as it went to committee, apparently all set for favorable action. Telegraphic and other objections resulted in postponement of action. Conferences to hear these objectors were ordered by the committee before the State Department, as reported previously. Recommendations were made for amendment of the bill - recommendations which ASCAP and its redoubtable general manager, E. C. Mills, opposed.

"Soon a new draft of this measure will go to the committee, presumably still bearing administration endorsement, for the administration wants the United States in the International Union. If the NAB recommendations, so forcibly presented by Managing Director Philip G. Loucks, flanked by the other groups, are adopted, much of the trouble with ASCAP should be over. There will be bitter pills to swallow under the revised act, but if elimination of the present minimum statutory damage for infringement of \$250 per number - the ax that ASCAP has so ruthlessly wielded these many years - is approved, it will more than compensate for them."

X X X X X X X X

EARLY TRUST SUIT ACTION FAVORED BY RCA COUNSEL

Manton Davis, Vice-President and General Counsel of the Radio Corporation of America, commenting on the filing on Monday of an amendment to the Federal Government's amended and supplemental petition in its suit against the radio group in Wilmington, Del., made the following statement:

"We concur with the Department of Justice that the single legal question remaining in this case should be disposed of by the court as early as practicable, and we are cooperating fully toward this end. A trial of the so-called 'reserved issues' under the radio group anti-trust suit will be held probably in June. The greater part of the issues were settled by consent decree on Nov. 21, 1932."

X X X X X X X

3/1/35

A RECEIVING SET IN EVERY OTHER AUSTRALIAN HOME

Australia's radio industry is enjoying a period of remarkable prosperity, according to advices from Trade Commissioner W. C. Flake, Sydney.

Radio receiving set licenses issued in the Commonwealth increased from a total of 518,626 at the end of 1933 to 681,634 at the close of 1934. There is now one radio receiving set for every 10 persons in Australia, it is pointed out. Assuming five persons to one family, this means a receiving set in every other home. This ratio of sets to population, the report states, is believed to be exceeded in only five other countries.

Australian manufacturers, as a result of tariff protection, dominate the domestic market, according to the Trade Commissioner. Many of the receiving sets produced by them during the past year were all-wave receivers, the popularity of which gained considerably in that period, causing some producers to manufacture all-wave sets for the first time.

Although radio tubes are now made in Australia, many are still imported, the report states. In the two months of October and November of last year, a total of 125,011 tubes were received from abroad, the United States supplying 60,200.

X X X X X X X X

U.S.-BELGIUM TRADE AGREEMENT REDUCES RADIO DUTY

A duty reduction of 15 percent on radio receiving sets and of 50 percent on tubes is granted the United States in the new trade agreement between the United States and Belgium. This concession is of special importance in view of the fact that Belgium is a market in which no patent restrictions are placed on the sale of radio tubes, and that her purchases account for 10 percent of our total export of tubes. The 15 percent reduction in the duty on radio receiving sets renders the concession on tubes all the more valuable, since the American tube finds its markets only where American radio sets are sold.

X X X X X X X X

3/1/33

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

Chairman Burton K. Wheeler, of the Senate Interstate Commerce Committee has appointed the following sub-committee to consider broadcasting legislation: Senators Brown (D), of New Hampshire; Donohy (D), of Ohio; and White (R), of Maine.

James W. Baldwin, Executive Officer of the Broadcasters Code, who was operated on recently, is progressing favorably and is now convalescing at his home in Washington.

The Electrical Division of the Department of Commerce has received a letter from H. C. McLean, Commercial Attache at Paris, which reads in part as follows:

"We have come in contact with numerous accessory firms and we asked them why sales of radios for automobiles never seem to be very large. According to them, the prices are far too high for the ordinary person to buy them, as they retail between \$79 and \$99. This price, of course, keeps sales within a certain class, and if it were possible to land a radio in France, duty paid, for approximately \$44.75, it is believed that by taking a small profit, they would be able to sell a great many sets."

Hour rates on WMCA, New York, remain the same as when a part of the former ABS chain. A new schedule has just been issued.

The current rates are: Class A, night time, hour \$450; half-hour, \$250; quarter-hour, \$150, and five minutes, \$60.

Decca Records, Inc., makers of phonograph records, instituted a \$1,000,000 suit for damages against leading phonographic corporations of the country charging them with a conspiracy to restrain competition and "maintaining a monopoly."

For playing a group of copyrighted songs, allegedly without permission of the copyright owners, four night clubs in Washington were sued for royalties by the American Society of Composers, Authors and Publishers. The suit seeks \$250 each from the Club Troika and the Cotton Club, and \$700 each from the Sugar Bowl, 700 block Eighth St., S.E., and Louis Kavokas, 700 block H St., N.E.

X X X X X X X X

A. T. & T. INCOME LESS - BELL SYSTEM GAINS

Net income of the American Telephone and Telegraph Co. for 1934 amounted to \$121,748,729, equal to \$6.52 a share earned on 18,662,275 capital shares, comparing with \$137,456,776 or \$7.37 a share, earned in 1933. Dividends of \$9 a share were paid in each year, resulting in a charge of \$46,211,746 to surplus last year against \$30,503,699 in 1933.

Operating revenues in 1934 were \$89,447,908, comparing with \$86,695,109 in 1933, and net operating revenues after all expenses and depreciation were \$19,874,069, against \$18,605,400. Operating earnings after taxes totaled \$14,509,906 against \$13,653,460.

Revenues from dividends amounted to \$115,409,048, compared with \$127,913,090 in 1933. The net income exceeded by \$10,581,175 in 1934, against \$37,114,901 in 1933, the company's proportion of the consolidated net income of the Bell System, as the associated telephone companies in the aggregate declared part of their dividends from surplus.

Interest revenues were \$15,271,590, against \$20,231,714 in 1933, representing a substantial reduction in advances to associated companies, and total income, including miscellaneous non-operating revenues, was \$145,912,471, compared with \$162,169,771.

Current assets of A. T. & T. at the year end totaled \$219,808,851, compared with \$210,853,438 at the end of 1933, while current liabilities were \$55,581,916, against \$60,303,219. Unappropriated surplus amounted to \$225,937,771, against \$272,677,434.

Commenting upon the report, the New York Times says:

"While Bell System companies in the aggregate paid out \$56,792,921 more in dividends than they earned in 1934, comparing with \$67,618,600 so paid out in 1933, they added a net amount of \$7,500,000 to plant, increased cash assets by \$36,400,000 to \$255,325,204, and had, at the year-end, a combined surplus equal to \$21.50 on each share of American Telephone and Telegraph Company stock, without adding in the premium of \$14.40 a share received in excess of \$100 a share for the stock. This explains, to some extent, the safety of the \$9 dividend last year. The fact that associated companies were able to reduce their borrowings from A. T. & T. by \$73,450,000 was material in improving the cash position of the system."

X X X X X X X

ALL SET FOR WOR'S BIG 50 KW OPENING

Following the official opening when President Roosevelt will send the signal which will inaugurate WOR's new 50,000 watt transmitter at 3:30 o'clock Monday, March 4th (EST), a star-studded evening program will be presented by headliners of radio and the theater.

From 8 to 11 P.M. EST, the radio audience will hear this program broadcast from Carnegie Hall, where visible guests will include leaders of government, business and the professions. Not only WOR will broadcast the event, but other stations of the Mutual Broadcasting System (WGN, WLW and WXYZ), will send part of the evening's entertainment to their listeners.

The guest stars include Eddie Cantor, Ed Wynn, Stoopnagle and Budd, Rudy Vallee, Jack Benny, Kate Smith, Walter Winchell, Eddie Dowling, Molasses and January, Frances Williams, Bert Lahr, Ray Bolger, Ethel Merman, Victor Moore, William Gaxton, Donald Novis, Elsie Janis, Greta Ljunberg, Paul Althouse, George Givot, James Melton, Jack Pearl, Jan Pearce and many others.

Gov. Herbert H. Lehman of the State of New York and Mayor Fiorello H. LaGuardia, of New York City are expected to speak as well as representatives of the Federal Government. They will be introduced by Mr. McCosker.

X X X X X X X X

APPLICATIONS GRANTED BY FCC BROADCAST DIVISION

WMAZ, Southeastern Brdcastg. Co., Inc., Macon, Ga., modification of C.P. to make changes in antenna; WOW, Woodmen of the World Life Ins. Assn., Omaha, Neb., Mod. of CP to extend commencement date to Nov. 1, 1934 and completion date to May 1, 1935; WICC, Southern Conn. Brdcastg. Corp., Bridgeport, Conn., license covering changes in eqpt. increase in power from 500 w. to 1 KW day; 600 kc., 500 w., night, specified hours; New, The Armoreite Publishing Co., Inc., Ardmore, Okla., Cp. for new station to operate on 1210 kc., 100 w., daytime; WFLA-WSUN, Clearwater Chamber of Commerce & St. Petersburg Chamber of Commerce, Clearwater, Fla., extension of Spec. Exp. authority to operate with 1 KW at night, 5 KW day, from March 1, 1935 to Sept. 1, 1935; WJAR, The Outlet Co. Providence, R. I., extension of Special Exp. Auth. to use additional power of 250 w. night for period beginning March 1 and ending Sept. 1, 1935; WIND, Johnson-Kennedy Radio Corp., Gary, Ind., renewal of license, 560 kc., 1 KW night, 2½ KW day, unlimited.

Action on Examiners' Report - WSMB, Inc., New Orleans, La., granted mod. of Lic. increasing operating power from 500 watts to 1 KW, unlt'd. time, upon condition that directional antenna be installed to comply with specifications to be outlined by Engineering Dept. Sustaining Examiner R. L. Walker.

X X X X X X X X