

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

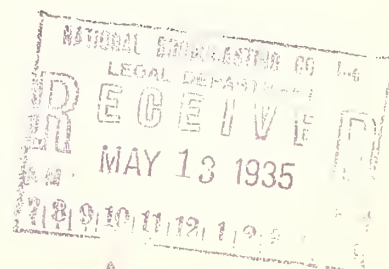
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No. 824



LOUCKS SUGGESTS EDUCATORS-BROADCASTERS LABORATORY

Addressing the Institute for Education by Radio at Columbus, Ohio, Philip G. Loucks, Managing Director of the National Association of Broadcasters, suggested a practical working laboratory in which broadcasters and educators could work harmoniously, the latter profiting by the broadcasters' knowledge of radio technique, and the former by the educators' experience in teaching.

"Giving consideration always to the audience as a whole", Mr. Loucks said, broadcasters are now cooperating and always have cooperated with representative organizations interested in the broad fields of labor, agriculture, governmental affairs, charity and civic welfare, religion, news broadcasts and interpretation of current events, public health, music, drama, encouraging a fuller understanding and appreciation of American ideals and constitutional Government, and general entertainment.

"What broadcasters have learned from fifteen years of experience in these fields, they have applied to their efforts in the field of education by radio. For example, they have learned that education by radio must not only conform to the technical limitations of the medium but that educational programs must appeal to the greatest possible audience. They have learned that educational programs must not only reflect the interests and ideals of the American people as a whole but that they must recognize the varied interests and ideals which have developed in different sections of the country. They have learned also that there is a difference between the functions which can be effectively performed by national networks and community stations.

"These are some of the general principles which broadcasters have evolved out of their experience with educational broadcasting.

"Broadcasters have disagreed, and will continue to disagree, with those educators who would have the Congress change the basic allocation principles set forth in our law. Nevertheless, they have gone forward consistently and constructively with the development of educational broadcasting which fact is recorded in the hundreds of thousands of words of testimony, presented by representative educators and broadcasters, in the report of hearings held before the Federal Communications Commission last Fall. This record shows that broadcasters have always exhibited a willingness to develop educational broadcasting and that they have not only built and presented successfully educational programs of their own but that in many instances successful programs have been devised and presented through cooperation between educators and broadcasters.

"The hearings before the Federal Communications Commission revealed that educators are not in agreement among themselves with respect to the application of education by radio. Furthermore, educational interests are not as closely organized as are the broadcasters. This renders a unified and cooperative approach to the whole question more difficult. But organization is far less important than general understanding and agreement upon the question.

"In producing and presenting educational programs, broadcasters have had certain definite objectives. Such programs, they believe, should supplement and not supplant our vast publicly-supported system of formal education. Educational programs should widen the horizons of the classroom; inspire and inform all classes of people; and stimulate appreciation of art, literature, music, and science.

"Let me summarize my statement: Broadcasters alone have the responsibility under the law for what goes on the air. They have found certain principles peculiar to radio which must be observed in the successful presentation of educational programs. They have built and presented successful educational programs of their own and have cooperated successfully with groups of educators in presenting other educational programs. They have followed the objective that education by radio must be interesting and unbiased as well as democratic in its concept and supplementary in its purpose. They are cooperating and are willing to cooperate with educators. While they have found some disagreement among educators with respect to radio in education, they have found that there is a general attitude among them that more adequate programs could be developed through closer cooperation.

"Now let me ask the question: I shall ask it by paraphrasing the language of the Chairman of the Federal Communications Commission. How can the fullest possible use of radio as an educational medium be ascertained?

"I can suggest the answer only in a general way. Those of you who understand the processes of broadcasting and education must supply the details. The answer will be found, I believe, in the working out of a plan for cooperative action which contemplates on the one hand the utilization of the fifteen years of experience accumulated by the broadcasters and on the other hand the application of the knowledge of those educators who have familiarized themselves with practical broadcasting problems.

"Upon this foundation could be erected a practical working laboratory in which broadcasters and educators could work harmoniously with a view to coming to practical agreements and solutions. Perhaps, at the beginning a single community could be chosen for this experimental work, using individual stations as the laboratories. The knowledge of administration, presentation technique, and educational program content acquired in this single experiment could then be applied throughout the land. As

programs of tested worth and merit are devised and it is found that they will attract and hold large audiences, they should be offered to nation-wide audiences. In other words, if representative broadcasters and educators can reach an agreement upon the establishment of some such experimental laboratory; pool their knowledge of educational broadcasting; and each group accept its fair share of all responsibility; then, I believe, we will be able to find the method by which "the fullest possible use of radio as an educational medium" can be made. Indeed, a plan embodying most of these principles has been developed by Mr. Allen Miller of the University of Chicago, and while I am at this time without authority to commit my Association to this plan, I believe it deserves careful study by all of us who are interested in this important question of education by radio."

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COMMITTEE TO CONSIDER B.B.C. CONTINUATION

In the House of Commons in London, C. R. Attlee, of the Labor party, asked the Postmaster-General whether he was yet in a position to make any statement on the subject of the setting up of a committee to consider the future of broadcasting after the expiration of the present charter (of the British Broadcasting Corporation). In reply the Postmaster-General, Sir Kingsley Wood, said, "I have set up a Committee with the following terms of reference:

"To consider the constitution, control, and finances of the broadcasting service in this country and advise generally on the conditions under which the service, including broadcasting to the Empire, television broadcasting, and the system of wireless exchanges, should be conducted after the 31st December, 1936."

The Committee will be constituted as follows:

The Rt. Hon. Viscount Ullswater, G.C.B. (Chairman); The hon. Member for Dover (Major the Hon. J. J. Astor); The hon. Member for Limehouse (Mr. C. R. Attlee); The hon. Member for Montgomery (Mr. E. C. Davies, K.C.); Lord Elton; Sir William McIntock, Bt., C.B.E., C.V.O.; The Marchioness of Reading; The Rt. Hon. Lord Selsdon, K.B.E. and The Hon. Member for East Birkenhead (Mr. H. Graham White).

The Secretary of the Committee will be Mr. H. C. C. Welch of the General Post Office.

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WLW'S NIGHT 500,000 WATT POWER RESTORED

Following the successful installation of a directional antenna at Station WLW, Cincinnati, the Federal Communications Commission has restored the giant of the Midwest to its original nighttime power of 500,000 watts. Thus things are just as they stood before the complaint was received last Christmas that WLW, because of its high power, was interfering with Station CFRB, at Toronto, which is but 10 kilocycles removed from the Cincinnati station.

Due to the fact that the report of the interference came officially from the Canadian Government through our State Department, it assumed an international aspect and for this reason the Commission acted immediately. It gave WLW the option of cutting down its night power to 50,000 watts by February or installing a directional antenna to shield the Toronto station. Believing that the directional antenna might cut off the service area of WLW in the northern part of Ohio, the Crosley Radio Corporation decided to test the matter in the courts. However, when the court, in effect, backed up the Communications Commission, WLW began installing the directional antenna without further delay.

Station WOR, at Newark, also only 10 kilocycles away, fearing that WLW's signal might unduly be thrown in their direction by the new antenna, lodged a protest against the Cincinnati station's resumption of operation of 500,000 watts at night until it had an opportunity to observe the workings of the new antenna. Some little time ago WOR expressed itself as satisfied with the results of the WLW directional antenna experiment, and withdrew the protest which it had made to the Commission.

Following this, Commission engineers submitted a favorable report, with the result that last Wednesday a formal order was issued, with the approval of the State Department and the Canadian Government, allowing Station WLW to resume broadcasting at nighttime with its maximum power of 500,000 watts.

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WIFE OF ANNOUNCER WALLINGTON DIES

Suffering two months from peritonitis, undergoing 20 blood transfusions and two operations, Mrs. James Wallington, wife of the NBC radio announcer, died Tuesday morning in Brooklyn.

Although only 29 years old, Mrs. Wallington (Anita Fuhrman on the stage) had appeared with Ed Wynn, Gilda Gray and many others, and had been featured in the Radio City Music Hall as well as appearing with Paul Whiteman in "The King of Jazz."

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COURT UPHOLDS FCC IN SPOKANE STATION DECISION

The Federal Communications Commission in sometime ago awarding a frequency of 890 kilocycles to Station KFPY, of Spokane, Wash., was sustained by the U. S. Court of Appeals for the District of Columbia. The litigation arose through both KFPY, and KSEI, of Pocatello, Idaho, seeking this frequency. It was the opinion of the Court of Appeals that the awarding of 890 kc. to KFPY would be of benefit to the community served. On the contrary, the Court did not believe that changing the frequency of KSEI from 900 as at present, to 890 kc. would serve any good purpose, nor did the Court seriously consider the allegation of KSEI that it would interfere with KHJ, at Los Angeles.

The Appeals Court decision read, in part, as follows:

"It appears that the State of Washington and the State of Idaho are both overquota States, and it is claimed that the granting of the frequency 890 kilocycles to Station KFPY would be a violation of the Davis Amendment. The only ground for this contention is that the coverage of Station KFPY would be increased by the change of frequency. Such a change, however, does not bring the case within the purview of the Davis Amendment. The quota of the State of Washington would not be increased by the change, within the purview of the applicable statutes or regulations."

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U. S. PUBLISHES BRITISH TELEVISION REPORT

The Commerce Department, under the caption "British Television Developments" has reprinted the report of the British Parliamentary Television Committee, along with excerpts of articles in "The Electrical Review", of London, and the presentation made with regard to television by the British Postmaster General.

No new developments are contained in the document but for the information of those interested in seeing the full text, our Government has set forth the Parliamentary report just as it was presented last February. It contains 21 multigraphed pages and copies may be secured for 25 cents each upon application to the Bureau of Foreign and Domestic Commerce, Washington, D. C.

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PHILCO SUES RCA TO RETAIN LICENSE AGREEMENT

The Radio Corporation of America was directed to appear in Chancery Court in Wilmington May 22nd, by a rule issued by Chancellor Josiah O. Wolcott, to show cause why a preliminary injunction should not be placed against it, restraining it from terminating a licensing agreement it has with the Philadelphia Storage Battery Company, of Philadelphia.

Philadelphia Storage Battery filed a bill of complaint against RCA requesting an extension in the time of the agreement and a restraining order against its termination. Under the chancellor's ruling the agreement is extended until the hearing May 22.

Philadelphia Storage Battery states in that bill that substantially all of its business at present consists of manufacture and sale of radio receiving apparatus and appurtenances in accordance with the licensing agreement, and that its termination would prevent it from continuing its business. It states it has investments of upwards of \$14,000,000 and employs approximately 7,000 persons.

Basic patents for the manufacture of radio held by RCA and used under the agreement by the complainant company are involved in the licensing agreement.

The bill also states that termination of the agreement would be harmful to Philco Radio and Television Corporation of Philadelphia, which acts as a distributing company for the products of the complainant, through subsidiaries in New York, Illinois and California and also through the Transitone Automobile Radio Company.

The bill of complaint states that on April 9 of this year RCA notified Philadelphia Storage Battery that because of alleged defaults in the licensing agreement between the two companies, particularly as to the computation of royalties by the complainant company, the agreement would be terminated in 30 days.

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WISCONSIN COURT SUSTAINS WTMJ IN LIBEL SUIT

Affirming the verdict of a Circuit Court jury, the Wisconsin State Supreme Court denied Walter Singler, head of the State Milk Pool, the \$100,000 libel damages he asked of Station WTMJ, owned by the Milwaukee Journal, and Joseph Beck, Commissioner of Agriculture.

The suit resulted from a radio speech last year in which Beck used the word "racketeer" in connection with State-wide milk strike. Singler sued, charging the Commissioner and station had worked in unison to injure his reputation and thereby libeled him. Neither court sustained Singler.

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COPYRIGHT BILL OPPONENTS CONFER WITH SENATE COMMITTEE

Music publishers, motion picture distributors and others who are opposed to the proposed new Copyright Bill prepared by the State Department, had an informal conference on Wednesday in executive session with the Senate Committee on Patents.

The Senate Committee has not as yet reached a decision as to whether there will be a hearing on this bill, nor has any date been set for a further meeting of the committee, it being left for the call of the Chairman, Senator McAdoo, of California.

Among those conferring with the Senate Committee were Gene Buck and Nathan Burkan of the American Society of Composers; John G. Paine, Music Publishers' Protective Association; Gabriel Hess and Edwin P. Kilroe of the Motion Picture Producing Distributors' Association, and Miss Louise Sillcox, Authors League of America.

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GENEVA GIVES U. S. WORLD'S HIGHEST RADIO RATING

The United States has more radio sets in proportion to its population than any other country in the world, the International Broadcasting Office in Geneva, Switzerland, estimates. This authority reports that we have 162 radio sets here for every 1,000 of our population. The International Broadcasting office credits the United States with 20,750,000 sets, or about 40 per cent of the sets in the entire world. Denmark comes next with 160 radio receiving sets for every 1,000 of her population.

Numerically, however, the United States has three times as many sets as any country in the world. Great Britain ranks second in this succession, but as compared to us has only 6,780,000 sets, closely followed by Germany with 6,143,000. There are altogether in the world, 48,300,000 sets, it is estimated.

A million new sets were added in 1934 apart from the 2,000,000 installed in motor cars in the United States. Mr. Burrows, director of the office, estimates 14,000,000 new listeners will be added during 1935. Except for the rapid increase in motor car radios - there were only 800,000 in 1933 - the increase in sets was about the same as in 1933.

The radio is now developing most rapidly in Germany, 500,000 new sets having been added there in two months of last Winter. According to the Geneva authority, this is due to Nazi pressure, the word having gone forth that no good German lacks the means of hearing Reichsfuehrer Adolf Hitler.

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RADIO ADVERTISING NEW \$8,000,000 MONTHLY HIGH

Broadcast advertising in March, the latest month to be officially reported, soared to what is believed to be the highest level obtained by this form of advertising in any single month, the gross sales amounting to \$8,287,740. Whether this establishes an all-time high is not known, but it is the largest volume reported since the establishment of the National Association of Broadcasters reports.

Also broadcast advertising gained materially during the first quarter of the current year. Total gross time sales of the medium during the first three months of the year were \$22,880,710, a gain of 19.6% over the corresponding quarter of 1934.

National network volume showed a gain of 23.9% as compared to the first three months of 1934. Other gains were as follows: regional networks, 10.4%; national non-network advertising, 10.1%; and local broadcast advertising, 13.3%.

A comparison of gross time sales of various portions of the broadcasting structure during the first quarter of 1934 and 1935, respectively, is as follows:

<u>Class of Business</u>	<u>Gross Time Sales</u>	
	<u>1934</u>	<u>1935</u>
National networks	\$11,365,157	\$14,107,206
Regional networks	175,026	193,299
National non-network	3,664,591	4,035,182
Local	<u>3,943,995</u>	<u>4,545,023</u>
Total	\$19,148,769	\$22,880,710

General seasonal increases were experienced during the month of March. Total advertising volume was 15.0% greater than in February. National network volume increased, 10.8%; regional networks, 32.7%; national non-network business, 10.0%; and local broadcast advertising, 35.5%.

Total broadcast advertising volume in March was 18.0% greater than for the same month of the previous year. National network advertising showed an increase of 23.0%, regional networks 16.1%, and local volume 25.7%. National non-network advertising, alone, decreased. Gross time sales in this field were 2.5% below those of March, 1934.

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RADIO BURLESQUE CALLS FORTH TWO-EDGED CRITICISM

Radio came out somewhat the better of the stage in a criticism of Brooks Atkinson in the New York Times of "The Hook-Up", a satire of the radio, produced at the Cort Theatre in New York last Wednesday night.

"After a glimpse of 'The Hook-up', at the Cort, anyone can see that the theatre and the radio have not buried the hatchet", Mr. Atkinson writes. "Being both fantastic the two mediums do not get along. Jack Lait and Stephen Gross are the authors of this feat of horseplay that brings Ernest Truex back for a late Spring engagement.

"In the six scenes of two harum-scarum acts they have settled down to a broad burlesque of all the trade hookum of the radio business. In the interests of a brand of youth-enducing pills they have endeavored to show how a rural philosopher is compelled unwillingly to marry Orphan Nell over a national hook-up, with grotesque sound effects and delirious publicity.

"Ever since 'Remote Control', which was the first radio drama and the best, the stage has been making wry faces at the art of Jack Benny and Burns and Allen, but it is to be feared that the stage invariably comes off second best. The radio provides its own burlesque with considerable suavity. As Victor Vance, the homely uncle from the Down East pastures, Mr. Truex runs through his familiar bag of farcial tricks. As the reluctant bride, Helen Lynd gives a slick burlesque of the whole school of burlesque acting. She is too perfect to seem credible in the average stage cartoon.

"Something of the sort applies to the satire Mr. Lait and Mr. Gross have scribbled, and the shrill feverish performance Frank Merlin has directed. As stage frivolity, 'The Hook-up', is no shrewder than the subject it is belaboring. When the stage is without sin it can cast the first stone that will smash a studio window. But the stage was no better than it should be, which is the common Spring complaint."

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GARDNER QUILTS PHONE INQUIRY AT OWN REQUEST

At his own request, former Gov. O. Max Gardner, of North Carolina, has been relieved as counsel for the Federal Communications Commission's investigation of the American Telephone and Telegraph Company, it was announced at the White House.

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The President has/as yet selected Gardner's successor.

Mr. Gardner's letter of resignation supplemented others by the Board of Governors and executives of the American Cotton Manufacturers' Association appealing to the President. They declared that it would be easier for the Communications Commission to find a lawyer capable of heading the biggest investigation in history than for the textile industry in its present condition to find a successor to Mr. Gardner.

The former governor, who is also a one-time National Democratic Committee member, is being sought as head of the NRA Textile Code Authority, according to high officials, and is considered the only textile authority who is able to hold together the warring factions of New England and the South.

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BRITISH TO DEVELOP CANADIAN RADIO COOPERATION

C. G. Graves, Director of Empire and Foreign Services of the British Broadcasting Corporation, will visit Canada this month, arriving in Ottawa on May 22. During the course of his week in Ottawa, Mr. Graves will discuss with the Canadian Radio Broadcasting Commission the development of cooperation with the B.B.C.

On May 31, Mr. Graves will go to St. John's, Newfoundland, where during the course of a short holiday he will discuss with the Commission of Government questions affecting the organization of broadcasting in that country.

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RCA SHOWS QUARTERLY GAIN

Consolidated gross income from operations of the Radio Corporation of America for the first quarter of 1935 amounted to \$21,265,789, compared with gross income during the first quarter of the preceding year of \$19,133,919. This represents an advance of \$2,131,870, or an increase of approximately 11% over the corresponding quarter of 1934.

Net profit for the first quarter of 1935, after all deductions, amounted to \$1,618,025, compared with a profit of \$1,235,725 for the same quarter last year, or an increase of approximately 31%. The first quarter of 1935 is the sixth consecutive quarter in which the Radio Corporation has earned a profit.

It was the best quarter experienced since 1930 with the exception of the final quarter of 1934, when net income was \$2,071,493. Final quarters are seasonally the best in the radio business.

The following Directors were reelected for the term of three years, expiring May 1938:

Arthur E. Braun, John Hays Hammond, Jr., Edward W. Harden, and David Sarnoff.

In response to questions, Mr. Sarnoff said that there had been no change in the status with respect to the dividend arrears on the Class B preferred stock, which totaled \$17.50 a share on April 1, 1935, and that there was no plan to retire the Class A preferred stock.

Mr. Sarnoff said that the matter of arrears on the B stock was "close to the hearts" of the Directors and had been under constant consideration and discussion.

In reply to another question Mr. Sarnoff stated that his salary for 1935 was \$75,000 and that of General James G. Harbord, Chairman of the Board, was \$54,000, increases of about 25 per cent over 1934. As debate on this matter continued, with a few unfavorable remarks coming from the floor, Newton D. Baker, a Director, said Mr. Sarnoff's salary was only ninety-three one-hundred thousandths of gross income and that he personally had made the motion to increase the salary owing to the remarkable improvement of earnings in 1934, which he attributed to Mr. Sarnoff's efforts.

Mr. Sarnoff asserted he owned 2,000 shares of Radio Corporation common stock and that the company was preparing papers for permanent registration of its securities with the Security Exchange Commission.

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