

HEINL RADIO BUSINESS LETTER

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No. 851

August 13, 1935.

GERMANY THROWS OUT ALL BROADCASTING RECORDS

As a result of a fight which Germany is making against what it alleges to be a world-wide phonograph record trust, the German Broadcasting Company of Berlin has thrown out all its records and now is using only live talent. This is the result of a lawsuit between the broadcasting company and a phonograph concern.

The Broadcasting Company declares that though its listeners enjoy hearing phonograph records and are glad to know where these may be purchased, (an identification of the record played is always given over the air), nevertheless the radio audience expressed its intention of standing behind the Broadcasting Company in their fight. Also the listeners, it is said, are delighted with the fact that artists and performers among the unemployed are receiving a generous amount of extra work and pay because of the broadcasting with live talent instead of electrical transcriptions.

One of the discoveries which the Broadcasting Company in Berlin claims to have made is that not a cent of the royalties paid for the use of records in broadcasting has actually gone to the musicians who produce the programs. A war against discs, as they are called on the other side, has been declared in Germany and if it is true, as charged, that an international combine to regulate the price of these records has been formed, it is predicted that this controversy may extend to other countries as well.

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ANOTHER DEALER AGREES TO MODIFY ALL-WAVE ADVERTISING

Advertising implying that his radio receiving sets can procure world-wide continuous reception will be discontinued by Leiba Sharn, also known as Leo Sharon, an individual trading as Leotone Radio Company with a place of business in New York City.

According to the Federal Trade Commission, it is stipulated, Sharn sold "Leotone Short-Wave Sets", advertising them as capable of regularly receiving programs from Italy, Spain, Germany and England, when in fact the meter limitation of the sets was not sufficient to cover all broadcasts.

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BBC PUTS ON GREAT EXHIBIT AT RADIOLYMPIA

Our own broadcasting companies up to now have not made any particular effort to avail themselves of the interest of visitors to radio shows excepting to put in a broadcasting booth, but the British Broadcasting Corporation is again putting on a most elaborate exhibit at the Radiolympia to be held soon in London.

In 1933 the BBC was largely interested in a specially-built theatre with seating accommodation for over 2,000 people from which various performances were broadcast. In the following year this theatre was again used for BBC shows, and at this year's exhibition it has been built anew on a finer and more elaborate scale than ever before with increased seating accommodation.

The principal BBC exhibit at Radiolympia consists of two scale models of Droitwich National transmitter, which afford some opportunity of learning how a transmission takes place. Another exhibit includes an interesting array of microphones which date from 1923 to the present day. There is also a display of apparatus used for outside broadcasting in such places as the Queen's Hall and St. George's Hall. This apparatus is contained in two bays 5 ft. high. The whole of the equipment in one bay is associated with the microphones, while in the other are two A amplifiers, a Jackfield program meter, amplifier, and switching and meter facilities. Associated with the equipment is a mixer for selecting the right microphone point or points for fading from one position to another and for controlling.

An exhibit of general as distinct from technical appeal is that of a photographic mural 58 ft. long depicting the various activities of the BBC. The spectator first has an impression of Broadcasting House, then follow glimpses of studio performances, outside broadcasts, musicians, speakers, commentators, suggesting the manifold sources from which the microphone draws the material that feeds it, and finally the details of transmission showing the intricate machinery which is necessary to enable Home and Overseas listeners to hear their programs. There will also be maps showing the license figures, simultaneous broadcasting system, and a program analysis diagram.

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JETT TO TALK ON POLICE RADIO

Lieut. E. K. Jett, Assistant Chief Engineer of the Federal Communications Commission, in charge of police radio, will address the Municipal Training Institute of New York State for City and Village Police Chiefs at Utica August 28th. Lieut. Jett will take for his subject, "Police Radio."

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WGN BARS SPONSORED FOOTBALL PROGRAMS

In line with its policy of public service to the listener, WGN, Chicago Tribune radio station, announced last week all collegiate football broadcasts over that station will be carried on a sustaining basis and that no commercial sponsorship will be permitted, despite the fact that several Big Ten conference athletic departments have resolved to sell exclusive football broadcasting rights this Fall, according to the Editor & Publisher.

The National Broadcasting Company is supporting WGN in this policy. Niles Trammell, Vice-President in charge of the Chicago division of NBC, stated no sponsored football broadcasts will be carried locally by WMAQ and WENR, local stations operated by NBC.

Believing the new setup, with schools selling their rights directly to an advertiser, ignores public interest, WGN officials feel they would be losing control over broadcasts and would be forced to put on the air some games secondary to others available on a particular day.

A telegraphic survey by WGN last week disclosed that Illinois, Purdue, Indiana, Minnesota and Notre Dame will permit the Tribune station to broadcast without any commercial sponsorship strings attached. Michigan, however, has sold rights to a Detroit motor maker. Ohio has sold out to an oil company and its home games will be broadcast by WLW, Cincinnati. Although it is reported that Minnesota has sold its schedule to a sponsor for local broadcasting only, its home games will be made available to WGN at no charge. Northwestern and Chicago are the two local universities holding out for commercial sponsorship of broadcasts of their home games.

WBBM, CBS outlet, it is understood, has a chocolate concern as a sponsor for eight football games on the station but the advertiser has not yet set a schedule.

The following advertisers are sponsoring Big Ten football games:

- Michigan - Chevrolet in place of Detroit motor maker
- Ohio - Ohio Oil Company
- Minnesota - Minneapolis General Mills
- Iowa - Iowa Ford dealers
- Wisconsin - Watham's Oil Company.

The chocolate concern referred to over WBBM is Sireen Mills, Chicago makers of chocolate products.

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Inasmuch as WGN plans to broadcast college football games as a sustaining feature, with no commercial sponsor, the Tribune station began negotiations with several of the Big Ten schools that are permitting commercial broadcasts of their home games to allow WGN to also broadcast in those instances where commercial sponsorship is not an exclusive arrangement.

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DAYLIGHT INCREASE DENIED TO VERMONT STATION

Examiner M. H. Dalberg of the Federal Communications Commission has recommended that the application of Station WQDM, at St. Albans, Vt., for an increase of from 100 watts on 1370 kc. to 1000 watts on 1390 kc., during specified daylight hours be denied. The reason given for this is as follows:

It is obvious that the finances of both of the co-partners, owners of Station WQDM, are in a meager and precarious state and that they are involved with obligations to a local bank which holds both a first and second chattel mortgage on the tangible assets of the station. The father of one of the applicants, C. A. Bostwick, appears to be in a relatively good financial position but the fact that he has endorsed notes for these applicants to the extent of \$7,000 and states that he is willing to cooperate in obtaining further credit for them to the amount of \$3,000 seems hardly sufficient to constitute the necessary financial background which would be required by the Commission for the increase in power requested.

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WEST INDIANS WANT AMERICAN DAYTIME PROGRAMS CONTINUED

Radio dealers in the British West Indies complain that they have been handicapped in the sale of American radios this year by the lack of daytime programs from the United States. All during last year one of the American radio stations sent out short wave programs daily from 10 A.M. to 3 P.M. in sufficient volume to be clearly received. This program has been discontinued, Consul Perry N. Jester, at Barbados advises. The British Broadcasting Company sends out a strong program in the morning up until 8 A.M., which is well received, but from that time on until 4 o'clock in the afternoon, no program comes through with sufficient strength to be picked up by 6 and 8 tube sets.

Night-time reception on both 6 and 8 tube sets is very good, Consul Perry said.

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SENATE GETS NEWSPAPER SHIP POSITION BILL

A duplicate of the Bill recently introduced in the House which would permit radio companies furnishing reports of positions of ships at sea to newspapers either at nominal charge or without charge provided the name of the company is used, has been introduced in the Senate by Mr. Copeland, of New York.

It has been the practice of ships to report their position to the nearest land station and up to a short time ago this information was supplied free to the newspapers. However the FCC issued an order discontinuing any such service.

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RADIO GAINS OVER OTHER ADVERTISING MEDIUMS

Broadcast advertising during the first half of the current year showed a gain of 17.9% as compared to the corresponding period of 1934, the National Association of Broadcasters reports. Important gains were recorded by all phases of the medium, with regional networks making an especially strong showing. Radio as a whole fared better than any major medium during the period.

Non-network advertising increased on all sizes of stations. The largest gain in non-network volume occurred in the Southern States where volume rose 32.1% as compared with the first half of the previous year.

A gain of 26.7% in national non-network live talent volume, and a decline of 2.4% in national transcription business were the principal developments of importance in the rendition field.

Specialty and shopping goods advertising showed important increases during the period, with automotive, clothing and housefurnishing volume showing marked gains. In the convenience goods field, soap and kitchen supply advertising increased materially in the national and regional network and national non-network fields. Tobacco advertising showed most important gains in the regional network and national non-network fields.

General retail advertising experienced an increase of 50.3% as compared with the corresponding six months of the preceding year. Department store volume rose 41.7%. Automobile dealer advertising and that of clothing stores and similar shops and housefurnishing retailers showed the most important increases.

Radio broadcast advertising showed the greatest improvement in volume of any major medium during the period under consideration. As contrasted to a gain of 17.9% on the part of

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radio, national magazine advertising increased 10.7%, national farm paper volume 3.5% and newspaper advertising 5.0%.

Details regarding major media are as follows:

Advertising Medium	Gross Time and Space Sales	
	<u>1934</u>	<u>1935</u>
Radio broadcasting	\$38,221,480	\$45,075,972
National magazines	61,409,805	67,954,820
National farm papers	2,870,927	2,973,225
Newspapers (estimated)	<u>242,535,000</u>	<u>254,551,000</u>
Total	\$345,037,212	\$370,555,017

Broadcast advertising volume in June amounted to \$6,583,976, a decline of 12.7% as against the preceding month's level. This decline was considerably less than during the previous year, when June volume dropped 21.6% below that of May. National network advertising during June on the current year declined 13.1% as against the previous month, regional network advertising 1.5%, national non-network business 7.1% and local broadcast advertising 16.6%.

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U.S. TAKES INDIA'S RADIO TRADE AWAY FROM BRITISH

A review of India's import trade for the year, published by the Department of Overseas Trade, at 35 Old Queen St., London, S.W.1, shows that during the year the amount of radio imports rose from £84,000 to £119,250.

"Unfortunately, United Kingdom manufacturers are losing ground in this valuable market, and at the present time the U.S.A. appear to be securing a very substantial hold which it will be difficult for United Kingdom manufacturers to loosen", says the report.

During the year imports from the U.S.A. increased from £13,500 to £62,250, while those from the United Kingdom fell from £42,750 to £34,500. In the year 1932-33 imports from the U.S.A. were only £4,500. The only other serious competitor in this market is Holland, whose imports last year rose from £7,500 to £11,250.

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Alfred J. McCosker, President of the Bamberger Broadcasting Service, owners of WOR, sailed Saturday, August 10th, on the "Ile de France" for a month's vacation in Europe. He was accompanied by Mrs. McCosker.

While in London, McCosker will visit Sir John Reith, Managing Director of the British Broadcasting Corporation, and in Paris he will visit several French broadcasting officials.

Denials of the application of William A. Schall, of Omaha, and the Omaha Broadcasting Company, also of that city, each applying for a 100-watt station on 1500 kc. frequency, were recommended by R. H. Hyde, FCC Examiner.

The New York News in a full-page advertisement in the Chicago Tribune, stated last week that "There were more copies of the News in use today in New York City...then there will be radio sets in use tonight." News' weekday circulation is over 1,500,000. It is one of the most direct attacks of a daily on radio circulation.

Gen. James G. Harbord, Chairman of the Board, Radio Corporation of America, will be heard over an NBC-WJZ network, Friday, August 16th, when he appears as guest speaker on the special Kellogg College Prom "Army Night" program to be broadcast from 7:30 to 8:00 P.M., EST.

The Mackay Radio Telegraph Company announces the fact that new offices will be established at Philadelphia, Pa., Camden, N. J., and Detroit, Mich. The service will be rendered by means of wire circuits between these cities and New York, leased from Postal Telegraph-Cable Co.

There will be radios in most of the homes in the Government's Matanuska Valley colony, the Associated Press reports. A survey of furnishings has just shown this.

The Minneapolis Journal has announced affiliation with KSTP, Minneapolis-St. Paul radio station, in a radio-news hook-up. The move places all three of Minneapolis' daily papers on a radio basis, the Star having arranged with WCCO a short while ago for a news outlet, and the Tribune, with the St. Paul Pioneer Press-Dispatch, having purchased WTCN more than a year ago.

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BRITISH MARCONI ALMOST DOUBLES PROFITS

Profits of the Marconi Wireless Telegraph Co. for 1934 were nearly double the figures for 1933, the respective totals being £225,733 and £126,553, Alfred Nutting, American Consulate General, London, reports. While the ordinary dividend is kept at 6 percent, contingencies has been credited with £78,000 and a staff bonus made of £11,000, against nil in each case. Results for the past three years (ended December 31) are compared as follows:

	<u>1932</u>	<u>1933</u>	<u>1934</u>
Revenue	£348,890	£382,136	£485,713
Brought in.	21,521	23,353	11,198
Salaries.	161,967	140,810	146,664
Rent, rates, etc. . .	73,493	84,611	87,465
Depreciation.	24,196	23,660	25,850
Interest to Assoc. . .			
companies.	14,499	6,502	---
Preference dividend .	17,500	17,500	17,500
Ordinary dividend . .	40,403	121,208	121,208
Ordinary dividend rates	2%	6%	6%
Bad debts	15,000	---	---
Contingencies	----	---	78,000
Forward	23,353	11,199	9,224*

*After £11,000 to staff bonus.

The balance sheet shows that the issue capital still stands at £2,270,133. Reserves continue at £1,469,152. Investments total £2,163,714. The earnings of Cable and Wireless for 1934 attributable to Marconi holdings in that company of £1,565,051 represent £5,17s. 7 d. percent. Regarding the £1,176,784 sundry debtors, £637,745 represents debts owing by foreign governments, a large part of which is on long credit terms. Part of these debts are overdue, but any loss that may be ultimately realized is regarded as being more than covered by the amount held as reserve for contingencies.

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OFFICIALS GIVE UP INTERLOCKING POSTS

The ten radio, telegraph and telephone officials affected by the recent order of the Federal Communications Commission that they not serve on more than one Board of Directors or as officials of more than one company, relinquished their interlocking positions on August 9th.

Those affected were Edwin F. Carter, A. T. & T. official; Sosthenes Behn, President of the International Telephone & Telegraph Company; Edwin F. Chinlund, Postal Telegraph official; Joseph J. Halpin of the International Telephone & Telegraph Co.; Newcomb Carlton and E. Y. Gallaher of Western Union Telegraph Co., David Sarnoff and Lewis MacConnach of R.C.A. Communications, Inc., and Frank L. Polk, a Director in several companies.

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HOUSE COPYRIGHT CONSIDERATION DEPENDS ON LENGTH OF SESSION

What consideration the House gives the Copyright Bill depends entirely how long the present session of Congress will last. If they adjourn the latter part of this week, or early the next, of course the bill hasn't a chance. On the other hand, if the Tax Bill is taken up by the Senate, the House will have plenty of time on its hands to consider the Copyright, or any other Bill, the leaders bring before it.

In the meantime, Senator McAdoo, Chairman of the Senate Patents Committee, in replying to a letter from Irving Berlin, of the American Society of Composers, vigorously defends the new bill.

Senator McAdoo writes to Mr. Berlin, in part as follows:

"You state that the bill removes the minimum-damage provision embodied in the existing law and that this change will work a hardship upon the 'little fellow.'"

"The pending bill does indeed remove the stated minimum-damage fee of \$250. The reason for this is that persistent complaints have been received by Members of Congress from all parts of the country to the effect that this provision of the present law is used to bring undue pressure upon 'little fellows' who are users of copyrighted works to require them to take out costly licenses if they wish to continue such use.

"But the bill does not leave the author or composer unprotected. It provides definitely that there shall be what is in effect a provision for minimum statutory damages. The court before which a case asking for such damages is brought must, under mandate of the bill, make an award sufficient to stop infringement. The amount is left to the discretion of the court

because it is not believed that it is possible to fix in a statute an amount that will be in all cases just. There is fully as great a possibility of obtaining a verdict, and hence of assuring to the poor author his costs, as there is under existing law. There is nothing to prevent the award of attorney fees; moreover, the terms of the bill practically assure substantial damages if substantial infringement is proved. But the bill does not offer returns disproportionate to the infringement, as does the present law.

"You will, I am sure, recall in this connection that illegitimate use of copyrighted works may be the act of all manner of people, from the street-organ grinder to the world-wide broadcaster. Obviously a damage fee of \$250 would be absurd in the case of a single tune in a crossroads dance hall, just as the present maximum of \$5,000 might be wholly insufficient in the case of a continental hook-up. Accordingly, the minimum amount is left to the court and the maximum amount is quadrupled, from \$5,000 to \$30,000.

"At the same time, the bill undertakes to encourage a concentration of payments and to discourage more than one payment for the same use of the copyrighted work. Thus, if a broadcaster pays for the right to broadcast, it is not deemed to be generally sound procedure to require the owner of a receiving set to be liable also. The bill makes an exception of this rule, however, in cases of the use of receiving sets or other such instruments by profit-seeking establishments whose customers are clearly charged for the music or other entertainment so received. Theaters which display sound pictures, the scores of which include copyrighted music, must pay the owner of the copyright, notwithstanding the fact that the motion-picture producer has paid for production rights. Dance halls, as well as restaurants that make cover or similar charges, must, if they use broadcast music, or any sort of 'canned' music, pay the copyright owner just as though they employed their own orchestras. The bill will not affect the present practice of taking out licenses for the purpose of using copyrighted music. This seems a fair compromise in the interest of all concerned."

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THREE STATES TAKE ACTION AGAINST ASCAP

The American Society of Composers have been attacked on several fronts during the past week in addition to the attention it has been receiving in connection with the Copyright Bill in Washington, D. C.

A bill licensing and taxing organizations such as the American Society of Composers, Authors and Publishers that impose fees for the commercial use of music on which they hold copyrights, was enacted into Wisconsin law last Friday in Madison.

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In the absence of Governor LaFollette, Lieut. Gov. O'Malley signed the measure after its speedy passage by the Legislature. Lieut. Gov. Thomas J. O'Malley signed the measure to conclude a speedy ride through the Legislature. Governor Phillip F. LaFollette was out of the city.

The bill provides that any music broker, except the original composer, who wishes to make contracts for playing of copyrighted music must obtain a State license. He also must give complete information on officials of the company, their salaries, rates charged the player and fees paid the author, and must pay a tax of 5 per cent of the broker's gross receipts for the preceding year whether obtained inside or outside the State.

A \$500 fine also is provided for any person who requests performance of a copyrighted piece to start an infringement suit.

In the State of Washington last Wednesday, Superior Judge D. F. Wright at Olympia enjoined the American Society of Composers from entering into additional agreements in that State, asserting that it had built up a monopoly on "hotcha syncopation" and fixed prices. All existing agreements were ordered placed in status quo until the Society, which has a membership of 900, shows it is complying with the law. The court found that the Society had pooled copyrights.

The Colorado broadcasters have formed an organization to combat the Composers, according to newspaper dispatches. In addition, the organization will unite in battling for favorable legislation and opposing such enactments viewed as injurious.

Attending the organization meeting were Rex Howell, KFZJ; Lou Koplinger, KVOR; Elmer Beehler, KGER, Sterling; A. E. Nelson, KOA; E. S. Sprague, of New York, representing NBC; F. W. Meyer, KLZ; W. D. Pyle, KVOB, Denver, and Gene O'Fallon, KFEL. In addition, a number of other Colorado broadcasters have shown interest in joining and will be invited to do so. Included are Senator Curtis Richie, of KGHF; Harr Green, KFKA; D. E. Bennett, KGIW, and Bishop White, of KPROF.

The meeting was an aftermath of the recent NAB convention. Organization is as yet unnamed. Plans include appointment of a paid secretary, probably an attorney.

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