

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

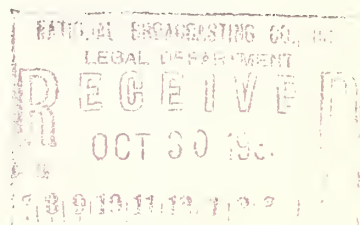
WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

INDEX TO ISSUE OF OCTOBER 29, 1935.

Quota Facilities Due And Assigned To Broadcast Stations.....	2
Caldwell Warns Public Against Radio Gyps.....	3 -
Senator Investigated In Radio Case.....	4 =
American Radios Lead In India.....	5
New Cleveland Station Sought.....	5
Protest WLW Cutting Off Washington Commentators.....	6
Dr. Jolliffe Resigns To Become Chief Engineer For RCA.....	7
Eastern Stations Apply For Experimental Permits.....	7
A. T. & T. Asks For Rehearing On FCC Coaxial Cable Order.....	8
Would Deny Suburban Chicago Station Application.....	8
College President Praise Payne's Demand For Better Programs..	9
Industry Notes.....	11
Ask Bid For Installing Radio System In India Fort.....	12
55% Increase In Volume Of Columbia Business.....	12

No. 872



g L. d m c d gnt

October 29, 1935.

QUOTA FACILITIES DUE AND ASSIGNED TO BROADCAST STATIONS

The following quota facilities due and assigned to broadcast stations are in effect as of October 21, 1935:

FIRST ZONE - NIGHT

State	Due	Assign.	Units over or under
Conn.	2.13	1.92	- 0.21
Del.	0.32	0.20	- 0.12
D.C.	0.64	0.60	- 0.01
Maine	1.06	0.99	- 0.07
Md.	2.16	1.98	- 0.18
Mass.	5.63	5.16	- 0.47
N.H.	0.62	0.43	- 0.19
N.J.	5.36	4.105	- 1.255
N.Y.	16.69	18.23	+ 1.54
R.I.	0.91	0.90	- 0.01
Vt.	0.48	0.56	- 0.08
Total	36.00	35.075	- 0.925

FIRST ZONE - DAY

State	Due	Assign.	Units over or under
Conn.	3.85	3.44	- 0.41
Del.	0.57	0.33	- 0.24
D.C.	1.16	0.90	- 0.26
Maine	1.91	1.42	- 0.49
Md.	3.91	4.10	+ 0.19
Mass.	10.17	6.75	- 3.42
N.H.	1.11	0.80	- 0.31
N.J.	9.67	5.055	- 4.615
N.Y.	30.14	21.16	- 8.98
R.I.	1.65	1.00	- 0.65
Vt.	0.86	0.86	- 0.00
Total	65.00	45.815	-19.185

SECOND ZONE - NIGHT

Ky.	3.38	3.95	+ 0.57
Mich.	6.25	5.05	- 1.20
Ohio	8.58	9.83	+ 1.25
Pa.	12.43	12.38	- 0.05
Va.	3.13	4.65	+ 1.52
W.Va.	2.23	2.19	- 0.04
Total	36.00	38.05	+ 2.05

SECOND ZONE - DAY

Ky.	6.10	4.25	- 1.85
Mich.	11.28	6.66	- 4.62
Ohio	15.50	12.31	- 3.19
Pa.	22.45	14.85	- 7.60
Va.	5.64	6.19	+ 0.55
W.Va.	4.03	4.30	+ 0.27
Total	65.00	48.56	-16.44

THIRD ZONE - NIGHT

Ala.	3.32	2.735	- 0.585
Ark.	2.32	2.67	+ 0.35
Fla.	1.84	3.65	+ 1.81
Ga.	3.64	4.26	+ 0.62
La.	2.63	5.40	+ 2.77
Miss.	2.52	1.32	- 1.20
N.Car.	3.97	4.19	+ 0.22
Okla.	3.00	3.51	+ 0.51
S.Car.	2.18	1.30	- 0.88
Tenn.	3.28	6.05	+ 2.77
Texas	7.30	11.14	+ 3.84
Total	36.00	46.225	+10.225

THIRD ZONE - DAY

Ala.	5.99	4.685	- 1.305
Ark.	4.19	4.75	+ 0.56
Fla.	3.32	5.30	+ 1.98
Ga.	6.58	5.20	- 1.38
La.	4.75	5.60	+ 0.85
Miss.	4.55	2.42	- 2.13
N.Car.	7.17	4.85	- 2.32
Okla.	5.42	5.20	- 0.22
S.Car.	3.93	2.70	- 1.23
Tenn.	5.92	7.65	+ 1.73
Texas	13.18	14.06	+ 0.88
Total	65.00	62.415	- 2.585

FOURTH ZONE - NIGHTFOURTH ZONE - DAY

State	Due	Assign.	Units over or under	State	Due	Assign.	Units over or under
Ill.	10.14	11.14	+ 1.00	Ill.	18.30	15.82	- 2.48
Ind.	4.30	3.64	- 0.66	Ind.	7.77	5.69	- 2.08
Iowa	3.28	5.37	+ 2.09	Iowa	5.93	8.26	+ 2.33
Kans.	2.50	2.49	- 0.01	Kans.	4.51	3.77	- 0.74
Minn.	3.41	4.18	+ 0.77	Minn.	6.15	5.77	- 0.38
Mo.	4.82	5.24	+ 0.42	Mo.	8.70	9.64	+ 0.94
Nebr.	1.83	2.21	+ 0.38	Nebr.	3.30	6.02	+ 2.72
N.Dak.	0.90	0.90	+ 0.00	N.Dak.	1.63	1.35	- 0.28
S.Dak.	0.92	0.86	- 0.06	S. Dak.	1.66	2.13	+ 0.47
Wisc.	3.90	3.37	- 0.53	Wisc.	7.05	6.43	- 0.62
Total	36.00	39.40	+ 3.40	Total	65.00	64.83	- 0.17

FIFTH ZONE - NIGHTFIFTH ZONE - DAY

Ariz.	1.32	1.27	- 0.05	Ariz.	2.38	1.69	- 0.69
Calif.	17.18	19.47	+ 2.29	Calif.	31.02	23.37	- 7.65
Colo.	3.13	4.61	+ 1.48	Colo.	5.66	5.25	- 0.41
Idaho	1.35	1.50	+ 0.15	Idaho	2.43	2.05	- 0.38
Mont.	1.63	2.15	+ 0.52	Mont.	2.94	2.95	+ 0.01
Nev.	0.27	0.30	+ 0.03	Nev.	0.49	0.30	- 0.19
N.Mex.	1.28	1.13	- 0.15	N.Mex.	2.31	2.95	+ 0.64
Ore.	2.89	4.12	+ 1.23	Ore.	5.21	6.19	+ 0.98
Utah	1.54	3.30	+ 1.76	Utah	2.78	3.30	+ 0.52
Wash.	4.73	7.63	+ 2.90	Wash.	8.54	9.39	+ 0.85
Wyo.	0.68	0.40	- 0.28	Wyo.	1.24	0.40	- 0.84
Total	36.00	45.88	+ 8.88	Total	65.00	57.84	- 7.16

X X X X X X X X X

CALDWELL WARNS PUBLIC AGAINST RADIO GYPS

Orestes H. Caldwell, addressing the New York convention of Radio Service Men, outlined some of the gyp practices now being used to mislead innocent purchasers.

"Seven-tube" radio sets are advertised at bargain prices, but on examination it may be found that one or two of the tubes are not even connected and have no part in the set's operation. A receiver found on the cut-price market this year employs one metal tube with eight prongs, but only two of the prongs are wired up, and inside the tube a jumber wire connects the prongs together. Obviously the tube is a dummy, and is there only to mislead the unwary. The new metal tubes make it more difficult than ever to detect deceptions of this kind, since the operation of the tube filament cannot be seen, although after a few minutes its heating can be felt. Another "racket" is to point out the new plugged-in resistors, condensers, etc., to the customer as "metal tubes" and to count these as "tubes" in adding up an impressive total of tube equipment!

Name os leading brands are simulated by hyphenating them with qualifying adjectives, to make the purchaser think he is getting a standard set. Standard sets are broken up, and the cabinet, chassis and speaker are combined with "loft-made" parts, so that the unprincipled seller then has three complete sets on each of which he can point out the genuine trade-marked component, intimating that each whole set is factory-assembled.

Street-hawkers are gypping the public with "static eliminators" and interference removers. Most of these highly-colored containers are filled only with sand, and their attachments are useless. They are demonstrated, however, on curb-side autos with the aid of an ingenious tension switch, which automatically introduces fearful interference when the "eliminator" is out of circuit, but wipes the circuit clear of noise when the gadget is inserted in the antenna.

X X X X X X X X X

SENATOR INVESTIGATED IN RADIO CASE

The income tax returns for 1930 of former Senator James E. Watson, of Indiana, and Republican leader of the Senate, is under investigation, the allegation being made that he received a fee for securing a license agreement for the old Grigsby-Grunow Company, a matter of \$73,000, which he failed to report in his income return. The investigation followed the indictment of Jacob R. Finkelstein, former campaign manager, for the Indiana political leader. Mr. Finkelstein was indicted Oct. 25 in Chicago for alleged failure to pay \$39,028 in income taxes in 1929 and 1930. His income for those years was \$190,593, and \$96,752, the Government alleges.

The Government charged that Finkelstein reported no taxable income in those years, but that he had in fact received at least half of two fees, one of \$50,000, and the other of \$23,000, paid by B. J. Grigsby, a radio executive, to Mr. Watson.

Mr. Watson's attorney, Samuel A. King, who is a brother of Senator King, said that the sums in question were a direct gift, not fees, from Mr. Grigsby to Mr. Watson, made in recognition of the introduction of Mr. Grigsby by Mrs. Watson to officials of the Radio Corporation of America. An agreement between the RCA-Grigsby-Grunow radio interests covering the usage of patented articles resulted, Mr. King said.

"This is simply a dispute between an American taxpayer and the Government", Mr. Watson said. "The Government claims I owe it more money than I know I owe it. I thought the matter had been disposed of. The matter was called to my attention a year and a half ago. I then went to the income tax unit and demanded a hearing, which was granted.

"I explained that my tax returns had been made out by Mr. Packard, who was employed by the income tax unit and that I had given him my full returns. Subsequently, another member of the unit came to me and I went over with him my income. He told me that out of abundance of caution I should pay \$200 more tax. This I did and I thought the entire matter had been adjusted. I am not conscious of having violated any law or made any mistake.

"I was Republican leader of the Senate. I would have been a great fool to engage in tax evasion. Even if I had had no moral scruples, I would have had too much political sense for that."

Another report-stated that Senator Watson had received a fee of \$73,000, which he had split with Mr. Finkelstein, and an additional \$28,000 profit on 500 shares of Grigsby-Grunow stock which he also had divided with Finkelstein. The Senator was quoted as saying that he had given the latter half of the last named amount simply out of friendship because Mr. Finkelstein had given him half of a previous fee of \$25,000, though the Senator did not say how the \$25,000 had been earned.

X X X X X X X X X X

AMERICAN RADIOS LEAD IN INDIA

United States manufacturers of radio sets have made notable progress in India, a report to the Commerce Department from its Calcutta office shows.

The Dutch interests producing the "Philips" radio are becoming increasingly active in the Indian market. They are sending representatives to various parts of the country and are conducting an extensive advertising campaign. While sales of Philips radios have gradually increased in the past three years, the total in 1934-35 represented only 10 per cent of the Indian demand as compared with 30 per cent for American radios.

X X X X X X X X X X

NEW CLEVELAND STATION SOUGHT

The American Broadcasting Corporation of Cleveland has applied for a construction permit to erect a new broadcast station in Cleveland, to be operated on 880 kilocycles, 1000 watts power, unlimited time.

X X X X X X X X X X

PROTEST WLW CUTTING OFF WASHINGTON COMMENTATORS

Protests were lodged with the Federal Communications Commission by prominent Senators and Representatives resulting from the action of Station WLW, in Cincinnati, discontinuing for one broadcast a twice-a-week program of news comment by Drew Pearson and Robert S. Allen, co-authors of the daily newspaper column, "Washington Merry-Go-Round", allegedly because of reference which did not meet the station's approval.

The program was omitted last Saturday night and reinstated Tuesday. The 500,000-watt station gave no explanation for either the omission or the resumption.

Complaints were made to the Commission by Chairman Fletcher (D., Fla.) of the Senate Banking Committee, Chairman Wheeler (D., Mont.) of the Senate Interstate Commerce Committee, Senators Norris (R., Neb.), Nye (R., N.D.), Clark (D., Mo.) and Byrnes (D., S.C.), and Representatives Maverick (D., Tex.) and Bland (D., Va.). Some of the protests asked revocation of the station's license.

Chairman Anning S. Prall of the Communications Commission said he regarded the matter as one to be settled by the station and the program's sponsor, the Gruen Watch Co., of Cincinnati. The Commission, he said, probably will take no action.

"The dispute is strictly one involving continuity of the program, in which the Commission has no official interest", Prall said.

WLW, it was reported, had threatened to discontinue the Pearson-Allen program after a recent broadcast in which the columnists said the LeBlond Machine Co., of Cincinnati, was manufacturing a large number of metal lathes to be shipped to Italy, probably for use in munitions manufacture.

In the broadcast of Oct. 15, the commentators made what apparently were regarded as uncomplimentary references to Joseph Green, of Cincinnati, a State Department official, and recalled a story often repeated in Washington that the grandfather of Secretary of State Hull once killed a personal enemy. The Mutual Broadcasting Co. then was notified that WLW had decided to discontinue the broadcasts.

Senator Fletcher's wire said he regarded exclusion of the program as an "unwarranted invasion" of the right of free speech. Representative Maverick said he was a good friend of Secretary Hull and did not believe the program was offensive to the Secretary.

"Even if it was offensive to Mr. Hull, there is no reason why the program should be denied the freedom of the air", he said.

Senators Wheeler, Nye, Byrnes and Clark wired their protest from aboard the ship on which they are bound for the Philippines.

The American Civil Liberties Union recently charged that WLW had issued orders to news broadcasters to refrain from mentioning strikes.

X X X X X X X

DR. JOLLIFFE RESIGNS TO BECOME CHIEF ENGINEER FOR RCA

Dr. C. B. Jolliffe, Chief Engineer of the Federal Communications Commission, will tender his resignation tomorrow (October 30) to accept the position of Chief Engineer of the Radio Corporation of America in charge of the allocation of frequencies.

One of the outstanding radio engineers in the country, Dr. Jolliffe has been with the Communications Commission and its predecessor, the Federal Radio Commission, for five and a half years. His position with RCA will place him in control of the allocation of all frequencies held by RCA subsidiaries.

Dr. Jolliffe will leave the Commission about the middle of next month or possibly as soon as his successor can be chosen.

It could not be learned, prior to the Commission's acceptance of the resignation, who may be named to replace Dr. Jolliffe. The name of Dr. J. H. Dellinger, Chief of Radio Research at the Bureau of Standards, has been mentioned, as it was when Dr. Jolliffe was originally appointed by the Federal Radio Commission. However, there has been no indication that Dr. Dellinger would accept the post if offered to him.

Dr. Jolliffe has two assistants, either of whom is in line for promotion. They are Andrew Ring, Broadcast Engineer, and Lieut. E. K. Jett, Short Wave Engineer.

X X X X X X X X X

EASTERN STATIONS APPLY FOR EXPERIMENTAL PERMITS

The Shepard Broadcasting Service at Quincy, Mass., E. Anthony & Sons at Fairhaven, Mass., and the Monumental Radio Co., at Baltimore, Md., have applied for construction permits for general experimental stations for 31600, 35600, 38600, 41000 kilocycles, 500 watts, 100 watts and 300 watts respectively.

X X X X X X X X X

A. T. & T. ASKS FOR REHEARING ON FCC COAXIAL CABLE ORDER

Discontent of the American Telephone & Telegraph Co. with the order of the Federal Communications Commission in the coaxial cable case took definite form today (Oct. 29) when a petition for rehearing was filed.

Commissioner Paul A. Walker, Chairman of the Telegraph Division of the Commission, said that no decision probably will be reached as to whether the case shall be reopened for two weeks or more.

The petition was filed as a protest to an authorization of the Commission last Spring to the A. T. & T. The order permitted the telephone company to install the coaxial cable, upon which possibly depends the success of commercial television, between New York and Philadelphia but denied the A.T.&T. exclusive right to experiment on the cable. Since then the telephone company has refused to make the installation and threatened to drop the experiments.

The A. T. & T. in its petition asks the Communications Commission to dismiss the order and to grant a rehearing. It explains it has no objection to a reasonable order, or a modification of the previous order, although at the same time the telephone company questions the jurisdiction of the Communications Commission in the matter.

The FCC order would confiscate property of the A. T. & T. without due process of law and violates the spirit of the Fifth Amendment to the Constitution, the petition contends, in that it would make the coaxial cable available to rival communications companies.

X X X X X X X X

WOULD DENY SUBURBAN CHICAGO STATION APPLICATION

An unfavorable recommendation was made by Examiner Ralph L. Walker with regard to the Hammond-Calumet broadcasting station to construct a new station at Hammond, Indiana, for daytime operation only on 1480 kc. with 5000 watts power. In his conclusions Examiner Walker states that this entire district, a short distance outside the corporate limits of Chicago, receives consistently satisfactory service from one station located in Indiana and at least ten stations located in and around Chicago.

X' X X X X X X X X

COLLEGE PRESIDENT PRAISE PAYNE'S DEMAND FOR BETTER PROGRAMS

College presidents from all parts of the country have sent letters to Commissioner George Henry Payne, of the Federal Communications Commission, praising his advocacy of better radio programs in an address at Cornell University August 31.

Commissioner Payne in his talk expressed the opinion that broadcasting stations should be required to qualify as to program standards in the same way they are compelled to adhere to technical standards. Under the present law the FCC has no direct control of programs although they are often considered when a station seeks a license renewal. Payne also stated that stations should be obliged to assign substantial time to educational and cultural programs.

After sending copies of his address to prominent educators, Commissioner Payne made public the following replies:

George W. Rightmire, President, Ohio State University, Columbus, Ohio: "I do hope that the Commission is finding it possible to do something about much of the advertising and unappealing types of programs that are quite in evidence on any evening one cares to listen. I realize also that the Commission has a rather thorny field before it, since great interests became vested before it occurred to Congress to create a Commission with such general authority, and I hope that gradually much improvement may be noted."

J. C. Hardy, President, Baylor College, Bolton, Texas: "I agree with your position entirely. In some way, this whole set-up must be changed. Education and genuine culture must have a better chance to be propagated through this great agency. It is a disgrace to the intelligence of our statesmanship that this greatest of agencies has been allowed to be reverted and diverted to a commercial end."

Walter Dill Scott, President, Northwestern University, Evanston, Illinois: "I am much impressed with the philosophy underlying your statement. The radio is a monster that may degenerate into a displeasing but profitable advertising medium, or it may develop into a great social asset to America. If the Commission stands firm to your attitude the best is sure to be attained."

W. M. Jardine, President, University of Wichita, Wichita, Kansas: "I am genuinely in sympathy with the idea that you express of enlarging the educational and cultural aspects of programs on the air. If this cannot be accomplished cooperatively with broadcasting stations and financial sponsors of programs, then the Commission should be clothed with the necessary authority to compel such improvement."

10/29/35

W. M. Lewis, President, Lafayette College, Easton, Pa.: "I am glad that you said what you did. I have taken occasion in public addresses to express the same thought. Radio is altogether too important an agency for influencing the public to be misused. The stand which you have taken should mean much in the creation of better program standards."

R. B. von Klein Smidt, President, University of Southern California, Los Angeles, Calif.: "I agree with you that the colleges and university should be depended upon to keep their radio programs on a high level, but whom can we depend upon to eliminate the worse than trash that occupies so many hours of every day? This, I suspect, is your job and you have my best wishes in it."

Dixon Ryan Fox, President, Union College, Schenectady, N. Y.: "I am sure that all of us who are concerned with education heartily approve the tone and spirit of your recent address at Cornell. The air is common property and the granting of a license to broadcast is the granting of a franchise. A franchise should not be granted by the United States Government except when a certain amount of public benefit is anticipated, and the franchise should be revoked when the implied contract is not fulfilled. To insure continuous fulfillment the Government should insist that a proper proportion of time should be devoted to the increase of knowledge and cultivation among the American people. Only under this guaranty will the people, ultimately, permit the use of the air predominantly for private profit. Thus far price in time and standards exacted from broadcasters can be confused with censorship only in muddled minds."

Bruce E. Mahen, Chairman of Senate Board on Radio, State University of Iowa: "Mr. Payne's position regarding the improvement of broadcasting deserves the commendation of all who are interested in raising the standards of programs on the air. Educators generally would support the position Commissioner Payne has taken, I think."

J. C. Futrall, President, University of Arkansas, Fayetteville, Arkansas: "In my opinion about 90% of the stuff that goes out over the radio of the United States now is worthless trash. Personally, I rarely listen to the radio except for some particular thing that I happen to know is coming on at a certain hour, such as an address by the President of the United States, a music program of unusual value, an important football game, etc."

X X X X X X X X

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

Martin Courtney, of Toledo, Ohio, who had previously applied for a construction permit for a new station to be operated on 1290 kilocycles, 100 watts power with unlimited time, has amended his application for a change of frequency from 1290 to 1420 kc.

The Bureau of Foreign & Domestic Commerce has issued a revised report on the radio markets of Turkey. It is dated October 27 and the price is 25 cents.

Dr. William C. Bagley, Professor of Education at Teachers College, Columbia University, received the Columbia Broadcasting System medal for distinguished contribution to radio art as Chairman of the Board of Consultants of the American School of the Air.

Among duties assigned to Jackson Elliott, Assistant General Manager and Assistant Secretary of the Associated Press, who hereafter will give his full time to the latter position, will be the supervision of news broadcasts.

Among those who had table reservations at the Velvet Ball and Debutante Cotillion at the Waldorf-Astoria in New York last week, were Mrs. David Sarnoff, wife of the President of the Radio Corporation of America, Mrs. Frank Mason, wife of the Vice-President in Charge of Public Relations of the National Broadcasting Company, and the box-holders included Mrs. Franklin D. Roosevelt and Mrs. William S. Paley, wife of the President of the Columbia Broadcasting System.

Only routine business was transacted last week at the meeting of Directors of the Radio Corporation of America. "As a result, the holders of Class B preferred stock must await further developments before learning what form the inevitable program of providing for \$20-a-share dividend arrears will take", the N. Y. Times reports. "Wall Street observers feel that there may be no news on this before the end of the year.* * * The Atlas-Lehman option on the remaining holdings of the corporation in R-K-O. may have been exercised by that time."

X X X X X X X X X X

10/29/35

ASK BID FOR INSTALLING RADIO SYSTEM IN INDIA FORT

British soldiers propose to install, in the barracks in the Fort, at Ferozepore, India, about 50 miles from Lahore in the Punjab Province of India, a radio receiving and relay system similar to the one installed at Woolwich near London, in England, 1931.

To this end Captain J. M. Lyons, M.C., R.A., Commanding 20/21st Medium Battery R.A., Ferozepore, Punjab, India, has asked Andrew Cruse, Chief, Electrical Division Bureau of Foreign and Domestic Commerce, Department of Commerce, to assist him in securing bids from American radio manufacturers. The specifications are set forth in detail in a special radio Markets Supplement on India captioned "Ferozepore Radio Scheme" and the price is 25 cents per copy.

X X X X X X X X

55% INCREASE IN VOLUME OF COLUMBIA BUSINESS

The highest September in the history of the Columbia Network was recorded last month with total billings of \$1,086,900 running 55.2% higher than the total for September 1934, according to a statement from that organization. This scores the twenty-fourth consecutive monthly gain for CBS. Figures for the first nine months of this year show a total of \$12,098,925 - an increase of 24.5% over 1934 - a considerable higher gain than that registered by either the Red or Blue Network for the year to date.

An analysis of CBS industry classifications for nine months of 1935 indicates strong gains in drugs and toilet goods, lubricants and fuel, confectionery and soft drinks, automotive, radio, stationery and publishers, and paints.

Automotive and confectionery and soft drink billings are more than 50% higher than last year. Drugs and toilet goods are 32% higher. Lubricants and fuels are more than 3½ times larger than for 1934.

The increased number of publishers using CBS broadcast facilities brings that total up 139% over the figure for last year.

X X X X X X X X