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HEINL RADIO BUSINESS LETTER

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November 5, 1935

TWELVE YEAR RADIO SURVEY SHOWS AMAZING GROWTH

Twelve years is not a long period in the life of an industry but in that comparatively short time, radio has skyrocketed from the foot almost to the head of the class. This is revealed in a survey made by Andrew W. Cruse, of the Department of Commerce, who declares that while the statistics are not of official origin, nevertheless, he believes them to be reliable. They show that in 1922, the total number of radio sets manufactured in the United States was 100,000, with a retail value of \$5,000,000, and that in 1934, 4,084,000 sets were put on the market with a value of \$150,880,000.

In 1922, 1,000,000 tubes were manufactured, valued at \$6,000,000, and in 1934 the output has jumped to 55,192,000, totaling \$59,948,000.

Motor car receiving sets went from 34,000 in 1930 with a retail value of \$3,000,000, to 780,000, mounting to \$28,000,000 in 1934.

The grand total of all radio apparatus for broadcast reception went from \$60,000,000 in 1922 to the stupendous high of \$235,628,000. Homes with radio sets in that time increased from 60,000 to 21,456,000.

Other enormous gains are revealed in the survey as follows:

Radio sets, factory built -

1922	100,000 sets	\$5,000,000	Retail Value
1929	4,438,000 "	592,068,000	" "

Table Models

1930	1,130,400 "	\$56,520,000	" "
1934	2,204,000 "	60,580,000	" "

Console Models

1930	2,663,400 "	\$272,678,000	" "
1934	1,100,000 "	62,300,000	" "

Reproducers, excluding those in consoles and combinations

1922	25,000 sets	\$ 750,000	Retail Value
1928	2,460,000 "	66,400,000	" "

Total Accessories. Value only, Including Tubes

1922	\$ 15,000,000	" "
1934	75,748,000	" "

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PRIZE FOR BEST BROADCASTING MAY BE AWARDED IN 1936

Definite progress toward annual awards in broadcasting, similar to the Pulitzer prizes of the newspaper industry, was made at an initial meeting of committees of the National Association of Broadcasters and the Radio Manufacturers' Association in New York. The Broadcasters on the following day considered various plans developed by the joint committee and it will continue work with a view toward launching the radio industry awards, if possible, in 1936.

The establishment of a Radio Industry Foundation is one of several plans under consideration. At the preliminary conference, the NAB was represented by Lambdin Kay of Station WSB, of Atlanta, Chairman; representatives of the National Broadcasting Company, the Columbia Broadcasting System and Burridge D. Butler, of Station WLS, Chicago. The RMA was represented by its President, Leslie F. Muter, of Chicago; Powell Crosley, Cincinnati, Chairman of the RMA Committee; Commander E. F. McDonald, Jr., of Chicago, Sayre M. Ramsdell, of Philadelphia, and Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association.

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ADVERTISERS TO MAKE OWN STUDY OF RADIO AS AD MEDIUM

Numerous studies have been made of broadcasting by educators, governmental agencies, and by broadcasters. Now the fellows who pay the bill are going to make a survey of their own.

The Association of National Advertisers decided at a recent meeting in Atlantic City to authorize a broad study of radio as an advertising medium by a committee representing companies that advertise on a national scale, large advertising agencies, and broadcasting companies. Five will be chosen from each industry.

Allyn B. McIntyre, President of the Association, has this to say regarding the survey:

"Radio is a lusty infant and a profitable advertising medium when rightly used. We are going to check up on the claims made for it."

The study will include a count of radio sets in use, a detailed analysis of the hours used, and an appraisal of station and program popularity.

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NO SUCCESSOR YET CHOSEN TO SUCCEED JOLLIFFE

Due to the fact that several officials of the Communications Commission left Washington to take part in elections in their native States, notably Chairman Prall and Commissioner Payne, of New York, no successor has yet been chosen to succeed Dr. C. B. Jolliffe, as Chief Engineer of the Federal Communications Commission. Dr. Jolliffe will soon assume charge of the Central Frequency Laboratory of the Radio Corporation of America in New York.

Chairman E. O. Sykes, of the Broadcast Division, said that he did not believe there would be either a meeting of his Division or of the full Commission this week.

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NEW RADIO CENSUS MAY BE COMPLETED BY JULY

The Census of American Business, which will include a tabulation of commercial broadcasting, will be started early next January and probably completed about July. The exact questions have not as yet been determined but will include the number of broadcasting stations, volume of business, persons employed and wages paid.

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BETTER ASSIGNMENT RECOMMENDED FOR WARNER BROS. STATION

Better broadcasting facilities for a movie-owned radio station, KLS, of Oakland, Calif., was recommended by Examiner John P. Bramhall, October 26, in a report to the Federal Communications Commission.

KLS, owned by the Warner Brothers, asked a transfer from 1440 kc. to 1280 kc. and an increase in time from daytime to unlimited.

Bramhall said the change would be beneficial to the station and to the area it serves and would eliminate present interference between KLS and KGGC, San Francisco, which operates on 1420 kc. KFBB, Great Falls, Mont., which uses 1280 kc. might cause KLS some trouble, as it is only 870 miles away, but would not be bothered itself, the Examiner predicted.

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SHARP INCREASE IN CANADIAN RADIO SALES IN SEPTEMBER

Sales of radio receivers in Canada registered notable improvement during September.

According to the Radio Manufacturers' Association of Canada, sales during the month totaled 31,356 units with a list value of \$3,189,031. These totals indicate a volume increase of 109 per cent and a value increase of 121 per cent over August and increases of 39 per cent and 23 per cent, respectively, over September 1934.

A study of the September 1935 figures reveals that in the case of A. C. chassis, all-wave equipment is receiving increased public favor although the unit volume of business in sets equipped with an inclusive band is not as large as for dual-wave units. Standard-band equipment accounted for only 22 per cent of A. C. receivers sold in September. All-wave and dual-wave battery chassis are enjoying increased popularity but standard-band sets continue to lead in volume. Automobile radio set sales in September declined seasonally and the value was lower than that reported for the same month last year.

Projected production by the manufacturer members of the radio trade association for the last quarter of 1935 totals 65,429 receivers, predominately dual wave and all wave A.C. models. A rather sharp increase in contemplated rate of production of automobile sets is presumably related to the earlier introduction of 1936 models this year, the report states.

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TELEVISION "PIPE" TO PHILADELPHIA IS NOT ABANDONED

Emphatically denying reports that the American Telephone and Telegraph Company has abandoned the plan of installing a television line between New York and Philadelphia, Dr. Frank B. Jewett revealed to Orrin E. Dunlap, Jr., Radio Editor of the New York Times during the past week, adding that "the idea has never been out of our minds."

Dr. Jewett said, however, that before the A. T. & T. begins construction of the project, a reargument of some of the "broadly worded" clauses in the Federal Communications Commission's construction permit is needed to clarify points involved. A hearing has been asked for the purpose, Dr. Jewett pointed out that under the present clauses, "it might be possible for some one to exercise a confiscatory action on A. T. & T. property that may cost more than a half-million dollars."

Asked if there is any likelihood of transferring the experiments to Europe or Canada, he said: "No, I don't know where such rumors originate. The British Postoffice is reported to be planning coaxial cable experiments of its own, and so is Germany."

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METAL TUBES TO FURNISH ROCHESTER TECHNICAL TOPIC

Although only one set address is scheduled on the subject, "New Problems in Metal Tubes", by Roger Wise, of Hygrade-Sylvania, it is safe to say that a metal versus glass tube controversy will be a prevailing topic of conversation at the Fall meeting of the Institute of Radio Engineers at Rochester, N. Y., November 18. Here is the program:

- "Superheterodyne Oscillator Design Considerations", by W. A. Harris, RCA Manufacturing Company, Radiotron Division.
- "Electrical Quality of Radio Components", by C. J. Franks, Boonton Radio Corporation.
- "Latest Developments in Electron Optics", by W. H. Kohl, Rogers Radio Tubes Company, Ltd.
- "Electron Multipliers and New Electron Technique", by V. K. Zworykin, RCA Manufacturing Company, Victor Division.
- "A Tragedy in Specifications", by L. C. F. Horle, Consulting Engineer.
- "Management's Stake in Standards", by P. G. Agnew, American Standards Association.
- "The Status of the Radio Spectrum", by C. B. Jolliffe, formerly Chief Engineer, Federal Communications Commission.
- "European Experiences in Radio", by L. M. Clement, RCA Manufacturing Company.
- "Speech with Sound Effects", by David Grimes, Philco Radio & Television Co.
- "Instantaneous Tracing of Tube Characteristics", by O. H. Schade, RCA Manufacturing Company.
- "Quantitative Influence of Tube and Circuit Properties on Random Electron Noise", by S. W. Seeley and W. A. Barden, RCA License Laboratory.
- "Design of Doublet Antennas", by H. A. Wheeler, Hazeltine Corporation.
- "Iron Core Antenna Coil Design", by G. H. Timmings, Meissner Mfg. Company.

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BLAMES POOR RADIO RECEPTION ON SUN SPOTS

Dr. Dinsmore Alter, astronomer of Griffith Observatory at Los Angeles, blames the increase of spots on the sun for poor radio reception which has been experienced recently. Dr. Alter said that the number of sun spots increased greatly and would probably continue to multiply until the maximum was reached in 1937.

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HOLDS THAT RADIO NEWS MAY BE PARAPHRASED

An Examiner's report which suggests that a radio station may receive and paraphrase for its own listeners, news broadcast by rival stations, has been submitted to the Federal Communications Commission for approval.

Examiner Melvin H. Dalberg, who conducted hearings on the application of A. E. Newton, Jamestown, N. Y., for renewal of the license of WOCL, holds that station did not violate the rule against rebroadcasting in its World Series play-by-play account last year, in the following manner: A receiving set was placed in WOCL studios where a running account was received. In conjunction with the play-by-play account radioed through Station WGR, Buffalo, the announcer used information obtained by watching an animated score board, in operation across the street, and a ticker service. The station was cited for rebroadcasting.

The following argument was used to sustain the Examiner's finding:

"In the case at bar it appears that the originating station was broadcasting news of a baseball game to the general public. According to the testimony in this case, the continuity of that broadcast was not literally restated but the news gathered therefrom and which was heard by the general public from the originating station was restated by the announcer of Station WOCL to listeners within the area of that station and it further clearly appears that the facts which he broadcast were not obtained solely from the station or stations into which he had tuned but also from an electrical score board opposite or near the studios from which he was operating."

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URGES BETTER ANTENNAS

Improper antennas were cited by O. H. Caldwell, formerly Federal Radio Commissioner, addressing a meeting at Mount Vernon, N.Y., recently as the greatest cause of poor reception in the home.

"About 24,000,000 radio sets are now in use in American homes, yet out of this whole number probably not one million sets have adequate antennas properly installed - outside the house as high as possible and at a distance from interfering electrical-appliances and electrical circuits", Mr. Caldwell declared.

"At least half of the sets now in use are hopelessly obsolete and need replacement by modern receivers, with tone-

quality response. A large percentage of home radios would also be greatly improved in operation, if looked over and adjusted by a nearby expert radio service man. Tubes wear out and lose their "pep", and need to be replaced. Tubes that have run a year or more are usually ready to be furloughed; listeners should arrange to replace their tubes about three times as often as now seems to be the general practice.

"The radio engineers of the manufacturers design and produce wonderful radios. But unless these radio sets are properly installed, and equipped with adequate antennas and tubes, they are of little value in really reproducing the great musical masterpieces and entertainment features on the air this Fall, which are costing the broadcasters half a million dollars nightly."

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NOT ENTHUSIASTIC ABOUT NEW GERMAN TELEVISION RECEIVERS

The most startling exhibit at the recent National Radio Show in Berlin, Assistant U. S. Trade Commissioner Roland Welch reports, were the television receivers, which were introduced to the public for the first time. Some of these television receivers were priced at around 400 reichsmark, or slightly less than \$200. Considering that expensive radio receiving sets are only rarely sold in Germany, this price for a television receiver is regarded as being very high. With the purchasing power of the German people as low as it is at present, it is not expected that the introduction of television receivers will take the country by storm.

"Unfortunately, little true publicity has been given to the public and most of the observers expressed surprise that the screen was so small. In most receiving sets shown at the exposition, the screen measured about 8 by 10 inches. Evidently the public expected to see something at least the size of a door", Commissioner Welch said.

While there has been considerable elation regarding the increase in local sales, most of the newspaper and trade journal reports decry the loss in export sales.

"Practically all of the newspapers, however, point out that the competition from United States factories has been severe and has resulted in some of Germany's loss in exports. Most of the newspapers say that mass production in American factories has brought prices down below those that must be charged for German sets. Very few of the papers point out the equally important fact that devaluation of the American dollar has also reduced prices of American receiving sets in foreign markets. For example, before America devaluated its currency, a receiving set that cost \$100 was comparable to a German one that cost

420 reichmarks. Today a \$100 American receiving set is equal in price to a 250-reichmark German set. Consequently, in foreign markets, purchasers would rather have a \$100 American set than a 250-reichmark German set which is of such inferior quality.

"Of the 1,952,000 receiving sets sold in Germany during the 1934-35 season, all but about 1,000,000 were Volksempfänger, or "People's receiver". This is a three-tube set selling for about 72 reichsmark, which all companies manufacture at the request of the Government, and it is about as cheap as anything that can be bought in Germany today. (\$1 equals 2.50 reichsmarks)."

German radio receivers manufacturers built 1,995,000 sets and sold 1,952,000 thereof during the radio year August 1, 1934 to July 31, 1935. On August 1, 1935, there were 6,516,732 radio sets on the German tax rolls, an increase of 22 percent over the number on August 1, 1934. This brought the number of receiving sets per 100 homes from 30 to 36.

In spite of the increased production and sales, exports of radio sets declined 8 percent under the number sold abroad during 1933. The export of radio receivers to Portugal and Spain increased during the year but to almost all other countries it declined.

The National Radio Show opened August 16 in Berlin and the 1936 models were introduced for the first time.

The German industry from now on will confine itself to the manufacture of a limited number of types of receivers and that an effort will be made toward standardization, such as has been achieved in the German automobile industry, was announced.

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SAYS ASCAP TRIAL JUDGE CONFESSED MYSTIFICATION

The "able judge who sat on the case repeatedly confessed his mystification as to the drift and aims of the proceedings", Alva Johnston, writing in the Saturday Evening Post of October 10, said describing the trial of what he called the "Anti-Tin-Pan-Alley" suit of the Government against the American Society of Composers last June. Mr. Johnston noted the fact that after the trial had proceeded one week, the Government asked for a four months' postponement. The hearing was recently adjourned again, the date now set being January 7, 1936.

"As far as it went", Mr. Johnston writes, "the trial looked like an effort to smash fog with a sledge hammer or pick up quick-silver with boxing gloves."

"The broadcasters, in 1932, threatened to stop using ASCAP music. At that time ASCAP had announced that the price of ASCAP copyright to broadcasters would be 3 per cent of the broadcaster's gross receipts from advertisers for the next year; 4 per cent the following year and 5 per cent thereafter. Radio regarded these terms as outrageous and threatened to have no further dealings with ASCAP. Gene Buck, the President of ASCAP, said that he would personally like to see a complete break between his organization and radio; that he believed that song writing and all other music writing were fundamentally based on the home piano; and that radio was destroying the home piano.

"It would have been exciting if the broadcasters had broken relations with ASCAP at this time. Radio, with its enormous appeal, might have revived pre-Civil War favorites and popularized unpopular songs. It would have had to discard much of the best modern dance music, but it might have started a rage for the minuet and the Virginia reel, for schottisches and mazurkas, for the high lavolta and the swift coranto, for the sinkapace and the morris dance. Radio chose, however, to surrender to ASCAP and accept its terms. The contract of 1932 expires this year. Again there were threats that radio would break with ASCAP and entertain the public with fine old melodies and unsuccessful modern ones. Again, however, instead of fighting, radio surrendered to ASCAP, this time accepting slightly stiffer terms. There is still a chance that radio may be forced some day to rely on ancient favorites and modern long shots.

"The Department of Justice rushed its Anti-Tin-Pan-Alley suit to trial last June, on the ground of its great public urgency. After the trial had been on for eight days, the Government suddenly discovered that it was not prepared to try the case and asked for a postponement until November of this year. The legal issues are intricate. Before the New Deal came into power, previous administrations had held that ASCAP was not a trust."

The Government's suit going over to January again raises the question as to whether the present contracts with the Broadcasters which expire December 31st will be extended for another year. It was reported that there was a difference of opinion on this among the ASCAP directors, some favoring a continuance but others opposing it on the ground that the Broadcasters were backing the Government in its effort to break up the so-called Music Trust.

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FCC AMENDS MODULATION RULE

The Broadcast Division of the Federal Communications Commission amended Rule 139 to read as follows:

"(a) A licensee of a broadcast station will not be authorized to operate a transmitter unless it is capable of delivering satisfactorily the authorized power with a modulation of at least 85 percent. When the transmitter is operated with 85 percent modulation, not over 10 percent combined audio frequency harmonics shall be generated by the transmitter.

"(b) All broadcast stations shall, on and after November 1, 1936, have in operation a modulation monitor approved by the Commission.

"(c) The operating percentage of modulation of all stations shall be maintained as high as possible consistent with good quality of transmission and good broadcast practice and in no case less than 85 percent on peaks of frequent recurrence during any selection which normally is transmitted at the highest level of the program under consideration.

"(d) The Commission will, from time to time, publish the specifications, requirements for approval, and a list of approved modulation monitors."

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RADIO CORPORATION INCREASES INCOME

A net income of \$511,987 was earned by the Radio Corporation of America for the third quarter of 1935, according to a statement issued by David Sarnoff, President. This is equal to 10.5 cents a share on 767,275 Class B preferred dividends for the period, and compares with \$406,190, or 82 cents a share on 495,597 Class A preferred shares, in the 1934 period.

For the nine months ended on Sept. 30 net profit was \$2,801,123, or \$1.95 a share on the Class B preferred shares after dividend requirements on Class A preferred shares, compared with \$2,177,771, equivalent to \$1.14 a share on the B shares in the same period of 1934.

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THE MAJOR HIRES A PRESS AGENT

Newspaper correspondents in Washington are apparently suspicious that Major Berry, the presidential industrial coordinator, is in reality endeavoring to revive the NRA, which, though supposed to be dead, is still said to have a personnel four times as large as that of the State Department. Commenting on this, Raymond Clapper writes in the Washington Post:

"The situation is made more grotesque by the fact that NRA officially has nothing to do except make some studies and to dally with the idea of voluntary codes, while waiting for Congress to decide next Winter whether to continue any part of NRA.

"But that doesn't discourage an aggressive man like Major Berry. A labor union politician, once a candidate for the Democratic Vice Presidential nomination, Berry slipped into NRA and continued rather inconspicuously until the retirement of one after another of the headliners like Johnson, Richberg, McGrady and others, naturally shook him up to the top where he became visible to the naked eye.

"Now Major Berry has hired a publicity man - at \$6,800 a year. He picked a capable young United Press reporter who has been assigned to report NRA activities for the last two years. Major Berry was so anxious to put the young man to work that he could not wait for the usual resignation notice. The result was that the young man went to work at NRA yesterday, with the understanding that he would continue temporarily to report NRA and other Government news for the United Press. From the NRA press officer's desk he doubled in brass yesterday, telephoning NRA news to his office as before and between times giving out news about Major Berry's NRA activities to rival reporters. The night before he went to work the United Press, under another signature, carried a laudatory interview in which Major Berry told about his plans for NRA."

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Victor M. Ratner will be placed in charge of Sales Promotion and Advertising as acting director of the Department of the Columbia Broadcasting System, effective November 25th, succeeding George Bijur, whose recent resignation becomes effective on that date.

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