

# HEINL RADIO BUSINESS LETTER

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No. 880

*J. F. Smith*

## GERMAN RADIO INDUSTRY IS REPORTED TO BE LOSING GROUND

Over-production and declining demand have notably affected the German radio industry in recent months, according to a report from the American consulate-general, Berlin, made public by the Commerce Department. One prominent manufacturer has become insolvent and it is rumored locally that other large concerns are in difficulties.

Expansion of the radio industry in Germany has been marked in the last four years. During 1934-35, production of receiving sets amounted to approximately 2,000,000 compared with less than one million in 1931-32. During the four year period between 1931-32 and 1934-35, the number of licensed radio owners increased from 4,100,000 to 6,500,000, the report said.

It is estimated that at the close of the last radio year (July 31), total unsold radio stocks amounted to between 500,000 and 600,000 sets, which means that nearly one-fifth of the annual production remained unsold. The stocks on hand at the end of the last radio season, it is pointed out, were larger than ever before.

It is difficult to determine the cause of the present stagnation in the radio trade, according to the Consulate-General. A saturation of the market is out of the question as almost two-thirds of the homes in Germany are still without radio receiving sets of any kind. It is held probable that the competition of automobiles and the increasing popularity of touring have played a role in directing German purchases in other directions.

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## GERALD GROSS MENTIONED FOR VACANCY IN ENGINEERING OFFICE

The vacancy in the Engineering Division of the Federal Communications Commission is expected to be filled shortly upon recommendation of Lieut. Commdr. T.A.M. Craven, newly-appointed Chief Engineer.

The name of Gerald Gross, one of the engineers in the division, has been mentioned as in line for promotion, but an official of the FCC stated that the job probably will be given to a specialist in the telephone field as the assistant will aid in the A. T. & T. inquiry. The vacancy was created recently by the resignation of William G. H. Finch.

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## TRANSRADIO HEAD SEES FIERCE RADIO-PRESS SCRAP AHEAD

The scrap between the radio and the press that has been carried on spasmodically for the last two years is only an indication of what is ahead, Robert Moore, President of Transradio Press Service, told the Intercollegiate Newspaper Association at a convention in Pittsburgh last week.

"The forces of radio", he said, "are moving to the attack for the first time. We are about to witness a terrible slaughter - the utter demolition of the daily press as it now exists.

"We shall in the future, after the final battle has been fought, see that miracle of news dissemination - the delivery of news in printed form through the very air itself! We shall see the development of facsimile on a gigantic scale, with a receiving set in every home.

"It is for this splendid victory that we men of Transradio are fighting. We are hurling ourselves against the old order of the publishing industry, leveling its out-moded printing plants, to clear the way for a truly modern news service to the public, geared for the breathless speed of the 20th century.

"We cannot afford to be sentimental about our former affiliations nor can you, as the editors of tomorrow's newspapers, permit yourselves to be strapped to obsolete machinery. The struggle between the press and radio is a struggle between the Old and the New. The same sort of fight has been waged between railroads and air transport. These struggles are a necessary process in the advancement of civilization.

"Because progress must be served, this struggle between the publishing and broadcasting industries must be tolerated for the ultimate improvement that it will bring. Radio cannot and will not be strangled. The daily newspapers must modify their structures and take the inevitable losses in advertising revenue which radio has caused them to suffer."

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## RCA SECRETLY PREPARES NEW TELEVISION APPARATUS

Working in secrecy, engineers of the Radio Corporation of America and National Broadcasting Company are reported to be dismantling the old television equipment atop the Empire State Building preparatory to installing modern apparatus, according to the New York Times.

"It is expected that the new installation will be completed in January, and that after preliminary engineering experiments, the metropolitan area will be used as an outdoor laboratory, probably about April 1," the Times said November 24.

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"The plan is understood to provide for the manufacture of 500 television receivers of four different designs. They will not be sold publicly but will be distributed to research outposts and homes of observers to facilitate a complete check on the behavior of the images. After three or four months of observation the experts hope to be able to decide which type of receiver is most practical, also what improvements are necessary in the receivers and transmitters to make television a utility in the home. Then, as a representative of RCA Victor explained, the 'bugs' will be ironed out of the system and the way will be cleared to offer a fool-proof receiver to the public, possibly in time for the Christmas trade in 1936. It is expected that other manufacturers will do likewise.

"The images will be hurled into space by a twelve or fifteen kilowatt transmitter operating on the six-meter wave, which will carry both the picture and associated sound across a radius of thirty miles.

"The pictures, approximately 9 by 10 inches, are described as 'very clear', especially since a new fluorescent material has been discovered for the receiving 'screen' on the flat end of the cathode ray tube, or kinescope, as it is known. The pictures, under the influence of this new substance, are said to be greatly improved and are cream colored, although eventually the engineers expect that they will be black and white.

"One of the main problems faced in launching television is said to be servicing of the instruments, which will be more complicated than a standard radio set. During the outdoor tests next Spring thorough analysis will be made of the servicing riddle.

"The prices of the receivers are expected to range from \$250 to \$500. If a larger picture is desired the cost increases; however, those working on the New York project believe from their research experiments that a nine-by-ten picture can be viewed from a distance of three feet in the home and that it will have considerable entertainment value because its clarity is said to compare favorably with the motion picture.

"A meeting was held during the past week by representatives of the various groups organized to develop the plan to give New York television in the springtime. It is reported that plans have gone ahead so far that a 'dead line' has been established, so if the engineers make any further advances the present work will no longer be delayed to take advantage of them. They will be incorporated in later instruments."

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## JEWETT MINIMIZES IMPORTANCE OF COAXIAL CABLE FOR TELEVISION

Proposed television experiments by the Radio Corporation of America over the coaxial cable which the American Telephone & Telegraph Company wants to build between New York and Philadelphia were called relatively unimportant by Dr. Frank B. Jewett, President of Bell Laboratories, at a hearing before the Federal Communications Commission November 25.

"It is absurd to place so much emphasis on this feature of the cable", he said, "when it will be used chiefly for experiments in telephone communication."

The hearing, the first phase of a reopening of the case, was concluded in one day, but it will be resumed on January 6 with an inquiry into the commercial aspects of the coaxial cable.

Albert Stephan, an FCC counsel, indicated by his questioning that the Commission believes another order should be issued requiring the A. T. & T. to make the cable available to other radio manufacturers besides RCA on the ground that the single privilege would constitute a monopoly.

Dr. Jewett explained that the RCA was the only radio manufacturer to consult him on the matter, and he emphasized that the A. T. & T. should be allowed to be the judge of the disposition of its own property. He said, in answer to a question, that the A. T. & T. probably would charge RCA nothing for the initial television experiments.

"Of course, once the cable is proved of value in television", he said, "we will doubtless make it available to other companies. It is to our interest to have as many users of the cable as practicable."

He expressed the opinion that television is still far in the future and that the utilization of the cable for television "will be small in the next ten years."

C. M. Bracelen, A. T. & T. General Counsel, was frequently over-ruled as he objected to questions which called upon Dr. Jewett to express opinions.

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## NAB DECLINES TO PARTICIPATE IN BERRY'S BUSINESS PARLEY

While previously non-committal regarding the efforts of Major George L. Berry, coordinator for industrial cooperation, to revive the NRA under a different label, the National Association of Broadcasters this week revealed it would not participate.

The conference of varied business representatives, scheduled for December 9, is ostensibly to be held to decide what new legislative program may be drafted. Major Berry has emphatically denied he intended to try to resurrect the NRA that was killed by the U. S. Supreme Court.

James W. Baldwin, Managing Director of the NAB, in declining Major Berry's invitation to attend the conference, wrote as follows:

"This is in further reply to your letter of October 9 extending to the radio broadcasting industry an invitation to participate in round-table discussions for the purpose of conferring upon the advisability of developing a permanent structure, contemplating the furtherance of prosperity and stability in our industrial life and an acknowledgment of the receipt of your letter dated November 7.

"It seems quite clear from the letters received from you that the purpose of these round-table discussions is to prepare a program and determine upon a course of action which shall result in a re-establishment, by legislative enactment, of all or a part of the Codes of Fair Competition which were approved in pursuance of the provisions contained in the National Industrial Recovery Act. We, therefore, approach the question presented in the light of our experiences in the administration of the Code of Fair Competition for the Radio Broadcasting Industry. Without attempting to discuss here the many phases of code regulation, we are convinced that the highly competitive character of the radio broadcasting industry must not be destroyed. We regard it as practically impossible to adopt any regulation governing hours, wages and prices which will not set a standard that will be oppressive to many members of our industry and prejudicial to the best interests of all our employees. We are confident that the problems related to your undertaking insofar as the radio broadcasting industry is concerned can be best met by giving due consideration to each problem separately and giving due weight to the conditions and circumstances surrounding it without regard to any common denominator for the industry as a whole.

"We regret to say we cannot accept your invitation."

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## RAYTHEON ASKS JURY TRIAL IN \$15,000,000 SUIT

Attorneys for the Raytheon Manufacturing Company of Massachusetts asked the U. S. Supreme Court Nov. 25 to allow a jury to decide on its \$15,000,000 anti-trust damage claim against the Radio Corporation of America.

The Court on Oct. 14 agreed to review a preliminary angle of this dispute on petition of RCA, and oral arguments are scheduled for the week of Dec. 9.

John W. Davis as chief counsel for RCA, has contended that Raytheon forfeited its right to bring the damage action by signing an agreement and release with RCA and accepting a license to manufacture radio tubes under RCA patents with exemption from paying \$1,500,000 royalties.

Lawyers for Raytheon contend that this release was obtained under duress. In a brief filed they contended that unless the release was set aside, the company would be deprived of capital assets of more than \$9,000,000.

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## PANAMA'S BROADCASTING FACILITIES ARE EXPANDED

That facilities are becoming sufficient for satisfactory radio broadcast coverage of Panama is indicated in a report from Consul K. de G. MacVitty, Panama City, made public by the Commerce Department.

During the last eight months, the report states, four radio broadcasting stations have been established in the Republic, three of which are operating on short-wave band and one on the medium wave band. In addition to the broadcasting station, the Government of Panama has established three short-wave stations for governmental use.

Commercial radio and radio phone stations have been in operation a number of years. These stations maintain communication with New York, Miami, New Orleans, San Francisco, Cuba, Trans-Atlantic Radio, Bogota, Colombia, and nine Central American stations. All construction of the commercial radio company is designed exclusively for short-wave operation.

The transmitting station of the commercial radio is remote controlled, the report shows. Its radio telephone network can be connected with the telephone systems of the Republic of Panama and the Panama Canal Zone.

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## "AMOS 'N' ANDY" MISS FIRST EASTERN BROADCAST

The fondness of "Amos 'n' Andy" for hunting caused them to miss what would have been their 2,202nd broadcast on November 22 and brought forth some apologies to the millions of disappointed listeners.

They were guests of Lawrence Richey, secretary to former President Hoover, for a wild turkey hunt near Hancock, Md., not far from the National Capital. Due "to circumstances beyond their control", they failed to return to the NBC studios in Washington for the 7 P.M. broadcast and arrived just a little ahead of the 11 P.M. program for the Pacific Coast.

Laden with two wild turkeys apiece and a lot of ducks and pheasants, Amos (Freeman F. Gosden) and Andy (Charles J. Correll) said their only regrets were that they disappointed their followers.

"The hunting was so good", explained Gosden, "that we got all mixed up on our calculations about time, and the first thing we knew it was too late to get back to Washington in time for our first broadcast."

While the famed blackface comedians have a remarkable record for being on hand for their twice-nightly broadcasts over a period of eight years, they have missed but two previous broadcasts through no fault of their own.

"They gave us two days off when we went to California to make our picture, one day going and one day returning", Correll said. "We didn't really want these, however. We wanted to broadcast en route."

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## RADIO HELD INDISPENSIBLE IN MODERN AIR TRANSPORATION

From an experimental novelty, radio has developed into an indispensable adjunct of air transporation, according to Lloyd H. Simson, principal radio electrician, Radio Development Section, Bureau of Air Commerce.

"Adaptations of radio principles have been applied to practically every phase of aircraft operation", he writes in the current issue of Air Commerce Bulletin.

"Aerial navigators are relying to an ever-increasing extent upon such aids as the radio range, the radio compass, airport runway localizers, and various instrument navigation devices. Complete, exact and frequent weather reports so essential to consistently reliable aircraft operation depend largely upon the

radiotelegraph and radiotelephone for the collection and dissemination of meteorological data, and entirely upon radio for its transmission to aircraft in flight. Equally important is an efficient communication network for the exchange of weather data and aircraft movement information between ground stations for the benefit of operations and servicing organizations. Here, radio supplements land-wire telephone and telegraph circuits where such are available and bridges the gaps where they are not obtainable. In this category falls the point-to-point radio chains maintained by the Air Navigation Division of the Bureau of Air Commerce, supplementing its extensive teletypewriter network.

"Radio, both as a medium of communication and an air navigational aid is a tool, without which it is extremely improbable that the art would have advanced at such an astounding pace. The extent with which it will enter into future development can only be anticipated on the basis of the role it has played in the past.

"Already, in fact, it has become so inextricably a part of transport operations equipment that familiarity with its use should now be a prerequisite qualification of all airport traffic-control personnel."

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#### ELECTRICITY CONSUMPTION REVEALS INCREASE IN LISTENING

The rapid rate at which actual radio listening is increasing is shown in the increasing consumption of electricity by the residences of the United States. Last week the utilities' output of electricity passed even its 1929 peak, and a considerable part of this increase in the residential field can be ascribed to radio, according to O. H. Caldwell, editor of Radio Today and former Federal Radio Commissioner.

Thus because of radio listening during the depression years, the average annual residence consumption of electricity (500 kw.-hours in the boom year of 1929), had increased to 600 kw.-hours by 1933, and has now climbed to 675 kw.-hours as 1935 closes.

The average radio set, when used 4 hours per day, consumes about 10 kilowatt-hours per month. With nearly 20 million lamp-socket sets now in service, this means a monthly consumption of 200,000,000 kilowatt hours for radio-set operation alone. The total consumption of these same dwellings is 1,180,000,000 kw.-hours per month, having increased 40% from 840,000,000 kw.-hours in 1929 at the beginning of the depression. Thus 20% of the domestic electricity consumption goes directly into long-hour operation of radio sets, while as much more is probably used for lighting, induced by radio listening.

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RCA ANNOUNCES DIVIDEND OF  $1\frac{3}{4}\%$  FOR QUARTER

The regular quarterly dividend on the "A" Preferred stock of the Radio Corporation of America for the fourth quarter of the year 1935 was declared Nov. 22 by the Board of Directors, David Sarnoff, President of the Corporation, announced.

The dividend is  $1\frac{3}{4}$  per cent for the quarter, amounting to  $87\frac{1}{2}$  cents a share. It is payable on Jan. 1, 1936, to holders of record of the stock at the close of business on Dec. 4, 1935. It applies to all outstanding shares of "A" Preferred stock, including shares of "A" Preferred represented by outstanding unexchanged certificates of original Preferred stock -- ten of these unexchanged shares being equal to one share of "A" Preferred.

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## CROSLEY ISSUES RADIO TRAVELOGUE BY LOWELL THOMAS

A radio travel book, written by Lowell Thomas, world traveler and noted commentator, has been published by the Crosley Radio Corporation for distribution through Crosley dealers. The book is in Lowell Thomas' characteristic style and tells important and interesting things about the different countries in the world, and gives information about the broadcasting stations in those countries to enable short-wave listeners to tune in at the correct time and the right place on the dial. It makes foreign broadcasts doubly fascinating by giving the listener the salient points about the countries being listened to, so that he feels a more personal acquaintance with them.

The book also gives practical suggestions to radio fans on how to dial and to tune in distant stations, where to look for police, weather, aviation, amateur and ship broadcasts in addition to the American and foreign broadcasts. A comprehensive list of the world's leading stations is given, together with a diagrammatic map showing the comparative time throughout the world.

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## 15 MACKAY OFFICIALS DENIED RIGHT TO HOLD TWO OFFICES

Continuing its enforcement of Section 212 of the Communications Act of 1934, the Federal Communications Commission has denied requests of 15 officials of companies included in the Mackay System to serve as executives or directors of more than one firm.

The companies affected, all controlled by the International Telephone & Telegraph Co., are the Commercial Cable Co., Commercial Pacific Cable Co., Mackay Radio & Telegraph Co., All America Cables, Cuban All America Cables, and Postal Telegraph & Cable Co.

The officers whose applications were denied are:

Maynard Dodd, William B. Dunn, Frank Flynn, John Goldhammer, Thomas V. Jordan, Luke McNamee, Chauncey R. McPherson, Robert D. Merrill, Frank W. Phelan, Harraiden Pratt, Henry C. Roemer, John K. Roosevelt, Ellery W. Stone, Claude H. Strickland and Mark A. Sunstrom.

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::::	INDUSTRY NOTES	::::
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The FCC has suspended until April 1 next, the new charge for monthly interstate teletypewriter exchange service, scheduled to begin January 1, 1936, to determine if the rates are reasonable. Among the communications companies cited for a hearing on December 20 are the A. T. & T., Postal, Western Union, RCA Communications, and the Mackay Radio & Telegraph Co.

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WMCA, New York, was off the air but 55 seconds during the severe storm of November 17, according to Larry Nixon, in charge of Public Relations. One of WMCA's three transmitters, the one atop the WMCA building, was turned on after the power lines feeding the Flushing transmitter went out of commission.

WMCA recently was awarded the second highest showmanship rating in the highly competitive New York filed by Variety.

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In order to make its total program building resources available to handle each creative problem as it arises, the Columbia Broadcasting System will, on January 1, combine its Commercial and Sustaining Program Departments into a single organization.

Lawrence W. Lowman, Vice-President in Charge of Operations, whose present duties include the sustaining end of the work, will be administrative head of the new combined department, and W. B. Lewis, now in charge of the Commercial Program Department, will be in charge of program building activities with the title of Director of Broadcasts.

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## GIBES AGAINST RADIO SPONSOR CALLED UNFAIR

The following letter to the editor was published in the New York Times this week:

"Pity the poor radio sponsor! He has been the victim of gibes which have no legitimate basis. The self-appointed sages bemoan that a great singer is put on the air at a fabulous salary and then forced to sing 'claptrap', losing the privilege of 'expressing himself'.

"As one connected with radio and the people allegedly victimized, I resent such an attitude. Singers and all other performers are pretty much on their own. Sponsors recognize that a performer with a reputation understands pretty thoroughly what the public wants in the way of amusement and entertainment. Radio artists today stand or fall on their own merits. It strikes me that the singers whose honor these critics defend would be the first to appreciate the humor of the situation.

"Then, too, sponsors are summarily criticized because of advertising on their programs. Is not this a bit unfair? When we contemplate that an average first-rate radio program costs thousands of dollars for air time and there is additional great expense for talent, surely the sponsor is entitled to a brief moment to propagate the sales of his product."

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## McDONALD'S STEWARD TAKES A SUDDEN INTEREST IN ZENITH CORP.

The following appeared last week in a chatty column of the Chicago Tribune:

"Thomas, chief steward on the yacht Mizpah, home of its owners, Mr. and Mrs. E. F. McDonald, Jr., has been in the habit of calling Commander McDonald at 6:30 in the morning. It was his custom to call him again if he did not hear him moving about by 7. During the last three or four months, however, his employer has observed that Thomas has been calling him a second time five minutes after the first call and at regular five minute intervals thereafter until he knew he was up.

"'Thomas, why this increased efficiency on my morning calls?' Mr. McDonald asked the other morning at breakfast.

"'I own some Zenith stock now, sir', Thomas replied.

"'In other words, I am working for you now instead of you working for me', answered the radio company head.

"'Yes, sir', answered Thomas."

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