

HEINL RADIO BUSINESS LETTER

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No. 891

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January 7, 1936

RURAL SOUTH NOW MOST OVER-QUOTA IN RADIO FACILITIES

The more sparsely-settled areas, particularly in the South, have been given a more equitable share of the country's broadcasting facilities during the last year than heretofore, according to a table just issued by the Federal Communications Commission.

From the one-time position of being most under-quota, the Southern, or Third Zone, now leads, it being most over-quota in night-time broadcasting facilities with a surplus of 10.485 units or 29 per cent.

The most populous area, the Northeastern Zone, on the other hand, is now most under-quota with 0.275 units, or 1 per cent below what is due it under the Davis Equalization Amendment.

The Commission issued the table, showing the distribution of broadcasting facilities as of January 2, 1926, without comment, but members of the Broadcast Division were obviously proud of the record in view of the criticism that has recently been directed at the Commission, even by its own members, for failing to serve the rural areas properly.

There is pending in Congress a bill, introduced by Senator Wheeler (Democrat), of Montana, to repeal the Davis Equalization Amendment, now a part of the Communications Act, and to substitute a provision which would merely require the Commission to "make such distribution of licenses, frequencies, hours of operation, and of power among the several States and communities as to provide an equitable distribution of radio service to each of the same."

The Davis amendment states that the equitable distribution shall be based upon population, but experience of the FCC and its predecessor, the Federal Radio Commission, has shown that such a rule, if observed to the letter, fails to provide sparsely-settled areas with adequate facilities.

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BROADCASTERS PUSH DUFFY BILL AS NETWORKS MARK TIME

While NBC and CBS report "excellent public reaction" to their revisions of programs necessitated by the deletion of Warner Brothers music, broadcasters are preparing to bring pressure upon members of Congress for action on the Duffy Copyright Bill.

Judge James R. Curtis, who operates KFRO, Longview, Texas, has circularized all broadcasting stations suggesting that they write to their Representatives and Senators and insist that the Duffy Bill, already passed by the Senate, be acted on by the House.

The Duffy Bill, which removes the \$250 minimum penalty for the broadcasting of each piece of copyrighted music for which the station has no license, is now pending before the House Patents Committee.

Judge Curtis complains against the treatment accorded radio stations by both Warner Brothers and ASCAP and intimates that the two may have plotted in advance to split in order to derive more revenue from broadcasters.

Harry Butcher, Washington Vice-President of CBS, stated that the reaction of both listeners and advertisers to the deletion of W-B music has been "fine". He said that the networks are handicapped by the failure of Warner Brothers to make public a list of the copyright music it controls and by the incompleteness of the ASCAP list.

He pointed out that the networks' attorneys are daily adding more music to the lists not controlled by Warner Brothers and therefore available to the chains. Among the latest additions is music from "Jumbo" and "George White's Scandals of 1936."

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BERLIN MINISTRY OF PROPAGANDA STOPS RADIO ADS

Advertising broadcasts by German radio stations have been discontinued by the Ministry of Propaganda and Public Enlightenment, which exercises control over the stations, according to a Berlin correspondent.

The purpose of the change is to eliminate competition with German newspaper as advertising mediums. Esthetic reasons also were advanced, presumably because of the interference with musical programs and other forms of broadcast entertainment.

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1/7/36

DEMOCRATS OWE TWO CHAINS \$140,000 FOR USE OF RADIO

Among the outstanding debts of the Democratic National Committee as the 1936 campaign gets under-way are two unpaid accounts with the two major broadcasting networks.

Reports filed with Congress show that the Committee owes the National Broadcasting Company \$99,554 and Columbia Broadcasting System \$42,960 for time used on the chains. The Republican National Committee owes nothing for broadcasting time, according to the report.

While the address of President Roosevelt at the opening of Congress cost the Democratic party nothing, the National Committee will have to pay for straight political speeches and addresses of Mr. Roosevelt after he is renominated.

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A. T. & T. LOSES FIRST ROUND IN COAXIAL CABLE HEARING

The Federal Communications Commission over-ruled the plea of the American Telephone & Telegraph Company that testimony as to possible commercial uses of the proposed New York-to-Philadelphia coaxial cable be excluded from a public hearing, the second phase of which got under way January 6. The A. T. & T. was joined by Western Union and Postal Telegraph in entering objections to the ruling.

The FCC at a hearing several weeks ago went into the experimental aspects of the coaxial cable after the case had been reopened upon request of the A. T. & T. The Commission is obviously seeking to make the telephone company consent to open the cable to other television experimenters besides the Radio Corporation of America.

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DENIAL OF CALIFORNIA APPLICATION IS RECOMMENDED

Denial of the application of Leon S. Packard, Lewis Stebbins, and Alden C. Packard for a construction permit to build a new station and to operate on 1160 kc. with 250 watts daytime was recommended to the Federal Communications Commission this week by Examiner R. H. Hyde.

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1/7/36

RADIO SANCTIONS AGAINST ITALY SEEN AS POSSIBILITY

The application of "radio sanctions" as well as economic pressure against Italy by the League of Nations is being discussed seriously in Geneva, according to a correspondent of the New York Sun. In a copyright dispatch to the Sun, William Bird says, in part:

"The 'radio sanctions' would consist in broadcasts of news by some of the powerful European stations in the Italian language. The purpose would be to enable Italian listeners to get fuller reports of what is happening in the military and diplomatic field than they are able to get through their own censored radio and newspapers.

"The Italian Government has already issued orders forbidding listening to foreign stations, but admittedly such an order is difficult to enforce.

"Ever since broadcasting began, the ethics of broadcasting news in the language of neighboring countries has been a problem. Italy has gone further than most other countries in that direction. There are news broadcasts in French, English and German every day from the principal Italian stations, and less frequently in other languages, such as Serb, Croat and Greek. These broadcasts, since the war with Ethiopia began, deal chiefly with war news from the Italian viewpoint, with heavy stress on the Italian attitude toward the sanctions policy of the League.

"Consequently, many League officials and statesmen of League countries hold that there is no impropriety in broadcasting the League's point of view in Italian.

"Italian listeners, incidentally, are complaining that their own stations give too much time to foreign language broadcasts. Between 6 and 8 P.M. the time is largely taken up with English, French and German news, incomprehensible to most Italians, and at other hours there are lessons in Italian for foreign listeners."

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FCC AUTHORIZED TO NAME CHIEF ACCOUNTANT AND AIDS

The first piece of radio legislation enacted by the second session of the 74th Congress was passed by the House January 7. It authorizes the Federal Communications Commission to appoint, without regard to Civil Service laws, a Chief Accountant and not more than three assistants.

The bill, which had previously passed the Senate, amends paragraph (f) of Section 4 of the Act and is labelled S 1336.

The Commission about two months ago appointed W. J. Norfleet, Accountant with a salary of \$5600. The new legislation will enable the Commission to raise him to a status similar to that of the Chief Engineer and will also make possible the appointment of three assistants.

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CLEARING AIR WAVES FOR PRESIDENT COSTLY TO NETWORKS

The decision of President Roosevelt to address Congress upon its opening at night instead of in the morning proved costly to the two major networks, which cancelled commercial programs to broadcast the speech on all stations.

The Columbia Broadcasting System is reported to have lost \$12,000 in revenue, while the National Broadcasting Company sacrificed \$15,000.

President Roosevelt, however, has heretofore been considerate of the commercial contracts of the networks. Out of 21 radio addresses made in 1935, only five were delivered during valuable radio night time. Two were talks to Boy Scouts, one was on the Community Chest drive, one was a "Fireside Chat" on unemployment relief, while the fifth, on the President's birthday, dealt with the national fund for treatment of infantile paralysis.

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NOVEMBER RADIO ADVERTISING 13.6 PER CENT ABOVE 1934

Keeping pace with the previous ten months, November radio advertising showed a gain of 13.6 per cent over the corresponding month of 1934 and amounted to \$8,211,349, according to the National Association of Broadcasters.

Broadcast advertising for the first 11 months of 1935 totalled \$78,837,579, an increase of 19.8 per cent over the similar period of 1934.

National network advertising for the 11 months was 18.1 per cent above 1934. Other percentage gains: regional networks, 50; national non-network advertising, 24.8; local, 18.6.

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CAMPAIGN LAUNCHED AGAINST MAN-MADE STATIC ON WEST COAST

A drive against man-made static has been launched on the Pacific Coast by Frank Andrews, over KFI, Los Angeles, who speaks each Saturday night over the station.

Appealing to listeners to join the campaign for municipal and State legislation to restrict interference, Andrews said recently:

"It is possible to detect and arrest the source of electrical man-made static, and it is possible to make installations so they do not interfere with the peaceful enjoyment of radio entertainment by your neighbors. Those of you reading this, who operate any electrical apparatus take it to heart, and make an investigation to see that you are not blighting your neighbor's most precious enjoyment in the leisure hours after his difficult tasks of the day.

"The Federal Government of the United States has effectively stopped interference of programs from harmonics and stations on interfering wavelengths. Also the code interference that once blighted the broadcast bands have been eliminated. Now it is up to the Municipal and State Governments in their legislative bodies to appoint committees and enact laws, appropriating enough money to police the laws passed, and prosecute offenders who ruin the clean entertainment of thousands of families.

"Apparently the automobile manufacturers will equip their cars this year at the factory with suppressors as standard equipment. States should have a law to silence motor cars from radio interference just as rigid as the law regarding mufflers for the engine. Suppressors could be handed out with license plates.

"The American public bought a half a million long and short wave combination sets in 1933. In 1935 about five million long and short wave combinations have been sold - ten times the number for 1933 which represents a yearly investment by the American public of over 350 million dollars poured into radio. This investment must be protected. It is estimated that about

one-third of America's twenty million radio sets are equipped for shortwave, and 80 per cent of all the manufacturers' output are of this type. Shortwave is practically useless without a ban on interference. This should interest the radio manufacturers as they are dependent upon the public enthusiasm to continue to purchase the modern combinations. Something must be done to curb interference or the public's enthusiasm in shortwave will wane if they are compelled to listen to buzz and plops louder than the program.

"It seems strange that a modern and progressive country like the U.S. is caught with a problem like this, when the former little Russian province of Estonia, now independent, can pass progressive laws for the enjoyment of radio. The president of Estonia is an ardent radio fan, and for many years he had been sorely vexed by the annoying cracks and buzz emanating from his loudspeaker whenever he tuned for a distant station in faraway lands. At last he became wroth over the situation and called his council about him. After nights and days of debate, a law was passed, or a decree was issued, prohibiting all types of man-made static, no matter what its origin may be. Owners of electrical apparatus were compelled to register same, and to fit suitable anti-interference devices at once. Failure to do so is to be punished by severe penalties, and possibly imprisonment. This law went into effect October 1, 1935, and since that date all the Estonian shortwave enthusiast has to do when he hears a spark plug in his radio is to jump on his bike and peddle to the nearest post office to file his complaint. The offender will be seized and thrown into the brig. We have more than half the radio sets in the world in the United States and can boast of 90 per cent of the man-made static."

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RADIO EXCISE TAXES, EXPORTS SHOW GAINS

During November, the U.S. Revenue Bureau reports, the 5 per cent radio and phonograph excise tax collections were \$571,479.61, an increase of 23.5 per cent over the collections of \$462,638.47 in November, 1934. This does not include excise taxes on automobile radio which are not separately reported but are included among automobile accessories taxable at 2 per cent.

The radio excise tax collections for the eleven months ending November 1935, according to tabulations of the Radio Manufacturers' Association, totaled \$3,706,420.65, an increase of 25.5 per cent over the similar excise tax collections of \$2,952,737.48 for the similar eleven months' period of 1934. The radio tax collections for eleven months of 1935, with the December returns yet to come, were already larger than the total 1934 radio taxes of \$3,520,855.47.

Substantial increase in American radio exports were reported for October 1935 by the U. S. Bureau of Foreign and Domestic Commerce. They approached the \$3,000,000 mark for the month, compared with \$2,143,756 in September, and were ahead of the \$2,378,592 exports in October 1934. During October, 1935, the total value of radio exports was \$2,714,113. The October exports included 63,552 receiving sets, valued at \$1,659,892, compared with exports of 57,678 sets valued at \$1,454,593 in October 1934.

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TEN COMPANIES DID 77% OF RADIO SET BUSINESS

More than 5,500,000 radio sets were made and sold in 1935, by 140 manufacturers, yet 7% (or ten makers) did 77% of the business, according to surveys made by Dr. Orestes H. Caldwell, former Radio Commissioner, and M. Clements of Radio Today.

Nearly 70,000,000 radio tubes were made by 13 manufacturers; of these, four did 84% of the total. Some 40,000 radio dealers of all kinds were in business during 1935; yet 15,000 did 82% of the business. Similar concentration is found among the 634 broadcast stations where 29 stations have 76% of all the power allotted to all 634 stations.

The replacement of present outdated home radios by modern receivers is proceeding slowly, only about one set in seven being replaced yearly. Out of the 5,600,000 sets sold in 1935, 1,100,000 were automobile units; 600,000 sets were exported abroad; and 550,000 were battery sets, leaving only about 3,000,000 to be sold to 20,000,000 homes.

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POLICE CAPTAIN FAVORS S.W. SETS FOR AUTOISTS

Indiana State Police Captain Matt Leach, of Indianapolis, believes private citizens should be encouraged to install short-wave radio sets in their automobiles, rather than be forbidden to do so, as they now are by law.

Speaking recently at a dinner-meeting of the Technical Committee responsible for installation of the State Police radio system, Captain Leach pointed out that law-abiding citizens can aid police officers by owning short-wave sets and keeping them tuned in on the State Police system.

Motorists may receive descriptions of fleeing holdup men and other law-breakers and relay information to police units, Captain Leach said.

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1/8/36

MAURICE L. GAFFNEY HEADS CBS TRADE NEWS DIVISION

The Columbia Broadcasting System announced this week the appointment of Maurice L. Gaffney as head of its Trade News Division. He assumed his new duties on January 6.

For two years Mr. Gaffney has been a member of the staff of Advertising & Selling in the capacity of Managing Editor. During the previous three years he was with Batten, Barton, Durstine & Osborn.

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NBC CITES REMARKABLE RESPONSE TO ONE-TIME OFFER

What the NBC calls "the most sensational response to a one-time offer in the history of broadcasting" is described in a folder just distributed by the network.

The folder recounts how on the night of November 14 the Sinclair Oil Company offered a Dinosaur Stamp Album to every child who would go to a Sinclair service station accompanied by an adult. One million albums were made available. Before 48 hours had passed the supply was exhausted, and dealers were frantically calling for more. Thousands of listeners were turned away disappointed. On the night of November 21 two million more albums and 48 million more stamps were made available to listeners.

The program is the "Sinclair Minstrels", one of the oldest radio shows on the air, which is carried on the NBC Blue network.

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SHECKLEN MADE R.C.A. COMMUNICATIONS VICE-PRESIDENT

William A. Winterbottom, Vice-President and General Manager of R.C.A. Communications, Inc., has announced the election of George F. Shecklen, representative in China for the company since 1928, as Vice-President. Mr. Shecklen sailed on January 10 to resume his duties in Shanghai after spending the holidays in San Francisco.

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1/7/36

ANNUAL REVIEW CITES RECORD OF RCA AND POSTAL

The following reference to RCA and Postal communications operations during the year 1935 were carried in the financial review of the New York Times January 2:

"The combined operating loss of the Postal Telegraph and Cable Corporation and subsidiaries for the ten months was \$1,187,000. The latest report of the land lines division for the ten months showed gross of \$18,368,861, against \$17,524,709, and operating loss of \$1,458,005, against \$2,064,806 loss in the 1934 period. The parent company reported for nine months a net loss of \$1,442,176 this year, against a loss of \$1,051,280, in the 1934 period.

"In the radio field, RCA communications had gross revenue of \$3,418,455 and net operating income of \$204,696 for ten months of 1935, compared with \$3,505,465 and \$490,113, respectively, in the 1934 period, while the Radio Marine Corporation had gross of \$764,925, against \$771,866, and net of \$91,509, against \$96,233, indicating that radio revenues have not fared as well in 1935 as in 1934."

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CBS DECEMBER BILLINGS SET NETWORK RECORD

CBS network billings for December, 1935, set an all-time high for any one month on any network, according to a Columbia press statement which continued:

"December's total of \$1,885,977 substantially tops previous record months in 1934 and 1935. December 1935 ran 12.7% ahead of the same month in 1934 and is 3.1% ahead of March which was the network's largest month in 1935. 1935 set another Columbia Network record - yearly billings of \$17,637,804 showing a 19.0% gain over 1934.

"CBS Billings: December, 1934 - \$1,674,087; December, 1935 - \$1,885,977; 12 Months 1934 - \$14,825,845; 12 Months - 1934 - \$17,637,804."

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INDUSTRY NOTES

One of Washington's pioneer announcers, Stanley W. Bell, has joined the Sales Staff of Stations WRC and WMAL in the National Capital. Mr. Bell, who knows the business from the ground up and who was among the first of the regular presidential announcers at the White House, has been connected with Station WMAL for many years even before it was acquired by the National Broadcasting Company.

C. Stuart Heminway, former Chicago advertising manager of Fortune magazine, has joined the sales staff of WOR, Newark, Walter Neff, WOR Sales Manager announces. Hemingway was Eastern Sales Manager of American Weekly for four years and was previously Advertising Manager of Judge magazine.

Regarding the observations of William A. Winterbottom, Vice-President and General Manager of R.C.A. Communications, Inc., on "the shadow" in short-wave transmission (Letter of December 17) E. S. Darlington, in charge of short-wave broadcasting for General Electric, writes that the following was sent out by the American Radio Relay League:

"Mysterious ACCW interference mentioned Page 58, January QST has been traced to operation of inductotherm diathermy and short wave medical machines radiation 500 watt direct from circuit and supply mains. Was copied at great distances when machines were keyed in series of tests arranged by Navy Dept."

The Federal Communications Commission has issued revised regulations governing the use of radio in aviation service and has ordered all licensees of aircraft radio stations to submit their equipment for inspection at least once during each license period.

According to "Believe It Or Not" Ripley, when the 500,000 watt transmitter of Station WLW, at Cincinnati, is in action, it causes the electric lights to burn in nearby homes.

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