

# HEINL RADIO BUSINESS LETTER

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July 10, 1934.

## NEW COMMISSION LOOKS GOOD FROM JOB PROVIDING STANDPOINT

It is predicted that the new Communications Commission organization will be two, maybe three, times as big as the old Radio Commission. The organization will be built up gradually, Commission officials explained warily, depending upon how many people will be needed to carry out the work in hand. Later when Congress adds additional duties, more and more people will have to be taken on.

Enough job seekers have already applied to make up a Commission personnel of almost any size. However, since the bulk of those to be appointed will have to pass Civil Service examinations, the number of eligibles will be greatly reduced. Even so, those seeking positions have been sufficiently large to make life miserable for Judge E. O. Sykes, Chairman of the new Commission, and others who have had to greet them.

The Secretary of the new Commission, the director of each division, of which there are expected to be three, the Chief Engineer and the General Counsel and their assistants are exempt from the Civil Service; also the secretaries to the Commissioners, but outside of that, others taken on must have passed the Civil Service examinations.

Apparently the sky is the limit as to how big the organization may be. As to this the law reads:

"The Communications Commission shall have authority, subject to the provisions of the Civil Service laws and the Classification Act to appoint such other officers, engineers, inspectors, attorneys, examiners and other employees as are necessary in the execution of its functions."

This would seem to make the Commission almost a heaven for political appointees.

The Radio Commission grew until it became an organization employing 116 persons in Washington, and about the same number in the field scattered throughout the United States. The last annual appropriation was approximately \$650,000 so that if the expansion is up to expectations, the Communications Commission will soon be in the \$1,000,000 or more, salary class.

Where the old Radio Commission began its labors "dead broke" due to Congress failing to pass an appropriation, the new Commission will have at least a half a million dollars to draw on from the Radio Commission which it is figured will run

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it until Congress convenes in January, at which time there will be plenty more from where the first half-million came from.

Insofar as any actual work is concerned, the members of the new Commission are simply marking time and will continue to do so until sworn in tomorrow (Wednesday morning) when the Commission is formally organized.

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#### EASTMAN-WALKER ANALOGY REPORTED PLEASING TO ROOSEVELT

Some interesting sidelights on the appointment of Paul Walker, Chairman of the Oklahoma Corporation Commission to the Federal Communications Commission are given by Ed Hadley, Washington correspondent of the Daily Oklahoman, who is well acquainted with the new official.

"The expression is understood to have been used at the White House by the Oklahoma delegation in urging Mr. Walker's appointment that 'Walker will become the Joe Eastman (Federal Railway coordinator) of the Communications Commission'", Mr. Hadley said, "and President Roosevelt is reported to have replied, 'that's just the kind of a fellow we need.'"

"Walker's appointment was the direct result of a 'brain-storm' of Representative Wesley E. Disney, of Oklahoma, as Disney himself described it a week ago.

"When he first had the idea, Disney went immediately to the White House and proposed it to the President. He reported that Mr. Roosevelt seemed favorable to the idea and telegraphed Walker that he should come immediately to Washington. The idea of a trip to the Capital coincided exactly with plans Walker had already made, to appear before the Interstate Commerce Commission in a railroad rate case in which Oklahoma was interested, and he arrived here early in the week.

"Wednesday, Disney called upon the President again, having obtained the endorsement of every member of the State Congressional delegation for Walker in the meantime, and came from the White House reporting that President Roosevelt was most 'receptive.'

"Then Senator T. P. Gore, of Oklahoma, took a hand in the matter. He telephoned Postmaster James Farley, Administration patronage-dispenser, urging that Walker be appointed, and asked whether Oklahoma was 'on the black list' as might be judged from the fact that the State has received no important positions in the Administration.

"Disney's drive backed by the entire Oklahoma delegation, with Senator Gore's caustic interpolation timed just right, is given full credit for the Walker choice."

Mr. Hadley said that about six months ago, Mr. Walker was discussed for appointment to the Interstate Commerce Commission, in a place to be vacated by Ezra Brainerd, Jr., whose term of seven years expires January 1st. W. M. W. Splawn, Texas Democrat, author of the now famous Splawn report, was appointed to the place.

"When President Roosevelt first tried to telephone Mr. Walker Saturday afternoon, the call was placed to locate him in Oklahoma City", Mr. Hadley continued. "There the White House was advised that he was in Washington, and finally located him at the Cosmos Club. He accepted the appointment in a direct telephone conversation with the President late Saturday afternoon."

Referring to the appointment, the Oklahoma City Times said editorially, "Paul Walker has grown considerably over the week-end. Last week he was just a Chairman of the Corporation Commission of Oklahoma, sadly out-voted by a majority of two which could be expected to take the play away from him on almost every occasion. This morning Walker is a member of the new Federal Communications Commission. This group will have supervising control over the telegraph, telephone and radio facilities of the nation. His appointment is for a five-year term at a salary of \$9,500 a year. On the State job he has been drawing \$4,000.

"Expert in his knowledge of rates, trained by long experience in the legal end of the Corporation Commission's work, a man of great industry and unquestioned integrity, Walker will be a credit to Oklahoma in his work in Washington."

Whereupon the Times revealed an interesting election situation in Oklahoma, as follows:

"This is the last opportunity we shall have to use our hammer on the other Paul Walker, whose name appears on the ballot you will ponder Tuesday. There is a Paul Walker among the candidates for Corporation Commissioner. He is a shadow name. One of his largest assets is the fact that he has the same name as the present Chairman of the Commission, who has been honored by advancement to the Washington post. All this publicity on the Washington position will confuse many voters when they see Paul Walker's name in connection with the Corporation Commission on the State ballot Tuesday. The Paul Walker who is on this Commission, the Paul Walker who is going to Washington, is not a candidate in this primary. Don't vote for Paul Walker on the theory that you are voting for a man who has been honored for his public service with the Corporation Commission. This guy is trying hard to pull another Will Rogers on the dear people. We hope he misses by a mile."

## PAUL B. KLUGH RESIGNS AS ZENITH V-P

Paul B. Klugh has announced his resignation as Vice-President and General Manager of Zenith Radio Corporation of Chicago. Mr. Klugh, however, continues as a Director and retains his large stock interest in Zenith but will now devote his attention to several projects in which he and Commander E. F. McDonald, Jr., President of Zenith, are jointly interested.

The following officers were elected upon the resignation of Mr. Klugh - Commander McDonald, President, who now assumes the duties of General Manager; Hugh Robertson, Executive Vice-President and Treasurer; E. A. Tracey, Vice-President in Charge of Sales; Arthur Freese, Secretary; R. D. Burnet, Assistant Treasurer, and Assistant Secretary; and Samuel Kaplan, Assistant Treasurer and Assistant Secretary.

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## EDUCATORS SEEK REASONABLE SHARE OF CHANNELS

The following resolution was adopted by the National Education Association which met in Washington last week:

"Legislation should be enacted which will safeguard for the uses of education a reasonable share of the radio broadcasting channels of the United States. State and national school officials should develop the technics for using the radio effectively in education."

Speaking of some of the unsolved problems, Dr. Tracy F. Tyler, Secretary of the National Committee on Education by Radio, addressing the educators, said:

"The problems faced by radio in the United States are much more complicated than those in other countries. Many, if not most of them are still unsolved. In most of the other countries radio is controlled either by government or by some quasi-public authority and it is supported through the sale of listeners' licenses. Education in many countries being centralized, the broadcasting of educational programs has likewise been centralized. In England all school broadcasting is carried on by the British Broadcasting Corporation under an organization known as the Central Council for School Broadcasting. This insures a continuity of programs, the use of the hours found best for the broadcasts, and the elimination of any difficulties concerning the broadcasting of advertising into the schools.

"In the United States the control of education has from the beginning been left to the states. For that reason educational broadcasting has never been centralized. Some broadcasts for schools have been provided by the commercial chains but

have not been under the auspices of the responsible educational authorities. Only in a few of the states, such as Ohio, Wisconsin, North Carolina, Oregon, Iowa, Michigan, and Kentucky, have the possibilities of radio for school use been explored. Educators, generally, believe that the responsible state educational authorities must either be permitted to set up adequate broadcasting facilities of their own with sufficient time and power to satisfactorily serve their citizenry or else suitable hours on commercial stations should be set aside and guaranteed as to permanence so that they can accomplish the desired results. When these conditions have been met educators will make a more extensive use of the radio in broadcasts for both school pupils and adults.

"However, even with the more or less formal types of educational radio taken care of, there is another important factor which must be considered. Most of us would probably agree that all radio programs are educational or cultural. That does not mean that they all have positive value. They may be of no value at all or may even be of negative value. For that reason we should all be interested in the whole curriculum of radio, not merely in those programs presented by educational agencies. Radio, like the motion picture, is having a tremendous effect upon the attitudes, the ideals, and the appreciations of all radio listeners.

"If, therefore, radio is to serve the best interests of all the people, old and young, literate and illiterate alike, more attention must be given to eliminating many of the present radio programs. Certainly the false claims of many advertisers and the numerous undesirable programs being broadcast cannot be justified either from the standpoint of public welfare or as making a positive contribution to the raising of cultural standards. These are a few of the problems which we as educators, and others who belong to the so-called "intelligent minority" must aid in solving."

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#### JUDGE SYKES DOUBTLESS HOLDING TONGUE IN CHEEK

Doubtless Judge E. O. Sykes, new Chairman of the Communications Commission, is holding his tongue in his cheek with regard to the outcome of the race former Governor Bilbo, of Mississippi, is making for the Senate. Bilbo's chief opponent is Senator Hubert D. Stephens, of Mississippi, who is backed by Senator Pat Harrison.

Governor Bilbo appointed Judge Sykes to the Mississippi Supreme Court and Stephens and Pat Harrison were responsible for his appointment to the Radio and Communications Commissions.

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## COLUMBIA CHARTS ITS MARKET COVERAGE

The latest study undertaken by the Columbia Broadcasting System, "Markets in Radio Homes", has been attractively printed and illustrated for distribution to the trade. This report is a practical application of Columbia's recent analysis entitled "Vertical Study of Radio Ownership 1930-33."

"We determined the distribution by income levels of various higher-priced commodities", John J. Karol, Director of Market Research for Columbia explained. "Having learned the distribution of radio homes by income levels we were able to provide authentic data regarding the degree of coverage of various markets which radio broadcasting over a Columbia coast-to-coast network provides."

Twenty commodities have been listed by Mr. Karol and the percent of the entire market which, according to his tabulation lies in radio homes reached by Columbia follows:

Women's Shoes over \$10	84.1%
Men's Shoes over \$10	79.9%
Women's shoes under \$10	64.3%
Men's Shoes under \$10	65.5%
Men's Suits over \$50	83.3%
Men's Suits under \$50	63.3%
Watches over \$25	80.0%
Watches under \$25	64.8%
Sterling Silverware	80.4%
Plated Silverware	67.9%
Automobiles over \$3,000	86.3%
Automobiles \$2,000-\$3,000	84.6%
Automobiles \$1,000-\$2,000	76.0%
Automobiles under \$1,000	67.4%
Paints and Varnishes	68.1%
Electric Refrigerators	67.4%
Electric Washing Machines	60.9%
Electric Vacuum Cleaners	63.9%
Cameras (except Box type)	78.1%
Life Insurance	72.8%

The average coverage of these 20 commodity markets by the Columbia network is 71.8%, Mr. Karol's tabulation sets forth. The average coverage of these markets by the other media shown, such as a "typical" weekly magazine, a "typical" monthly magazine, 10 class magazine, is 14.9% - nearly a 5-to-1 differential in favor of radio.

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## BOWEN PLANNING GBI REORGANIZATION

A reorganization of Group Broadcasters, Inc., the co-operative organization formed last February to help clear up the transcription field and to present group station selling to advertisers, will take place shortly, according to Billboard Magazine, which continues:

"Expected result will be two organizations where one is now, with Scott Howe Bowen, who was a prime GBI mover and who owns the corporate title, continuing in business under that name, and other members of the organization setting up a new outfit. This decision was reached by the Executive Committee of GBI at a meeting in New York a short time before reports were published that the GBI members were going to finance their own production studios after the failure of a deal for a merger with World Broadcasting Studios.

"The proposed WB-GBI deal was only one of several that didn't happen. Another deal whereby GBI would enter the production phase of transcription broadcasting involved Electrical Research Products, Inc., Western Electric, and a banking group, financing, would obtain a controlling interest in GBI. Latter rejected it because of the controlling interest phase. A stock sale to the affiliated stations, said to have been proposed by Bowen, was likewise rejected. It is claimed that after the stations had first okehed the financing plan they switched after reconsidering.

"It is proposed that the new organization will be further stabilized in the chaotic e. t. field and thereby render a greater and better service to all concerned, advertisers and stations alike. A principal hope of GBI had been to realign transcriptions into three broad fields, production, group and spot sales.

"Financing by GBI of itself for going into production involved Scott Howe Bowen's Byer Studios and equipping that laboratory with Western Electric equipment. Bowen last week moved out of his Chrysler Building suite of offices into Byer labs. Bowen had devoted, since GBI was formed, the greater part of his time to that project. His present plans, he said, were to work under the GBI name instead of as before, Scott Howe Bowen.

"GBI had been holding meetings fairly regularly in the merger connection. Next meeting, it is hoped, will be lined up for Chicago at the end of July. Chicago was selected since most of the confabs have been held in New York.

"Set up of GBI had been John Shepard III (Yankee network), President; Bowen, Sales Manager; Chester Dunham, General Manager; A. A. Cormier, WOR, Chairman of the Executive Committee,

which also included Arthur Church, KMBC, and I. A. Lounsberry, WGR-WKBW. GBI had sold one contract to Chrysler motors and had \$3,000,000 worth of estimates.

"It is generally agreed that when NBC and CBS went into the transcription field, no aid was offered thereby to GBI."

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#### A-K WILL PROMOTE "ROBOT" MODEL

The Atwater Kent radio organization will introduce a new receiver which tunes from station to station at proper intervals during the day to suit the owner's taste in programs - shuts off at bedtime and turns on again in the morning as an alarm clock.

As explained by Orrin E. Dunlap, in the New York Times, the face of an electric clock is above the tuning dial. Radiating from the rim of the clock are tiny holes. They represent the quarter hour periods and serve as the connection links between the tuning mechanism and the timepiece.

The "robot" tuner has sixteen outlets in the form of miniature telephone switchboard cords, two to each of seven stations, and providing for fourteen different program periods, with two extra cords for intermission periods. The cords are plugged into the holes at the desired program period and the machine then operates automatically shifting from station to station and program to program, stopping itself and starting again exactly as scheduled. If the self-tuning mechanism is not turned on it operates like any other radio receiver.

Fourteen different programs can be pre-selected over a twelve-hour period on seven stations. Only two programs to a station can be pre-selected if the choice is spread across the seven stations.

Mr. Kent addressing his distributor and dealer organization at Atlantic City expressed the conviction that "we are past the bottom and on the way up. It would be very bad for business to improve too rapidly, as this might cause an unpleasantly strong recession. But I don't think it is going to improve rapidly, but rather steadily and soundly. There may be minor set-backs, but the trend is certainly upward."

The Atwater Kent broadcasts under the direction of Josef Pasternak will be resumed in the Fall and it is expected that the company will enlarge its advertising and promotion budget.

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 :::BUSINESS LETTER NOTES:::  
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The recent and substantial reduction secured by the Radio Manufacturers' Association on shipments of tubes has been made national in effect, according to official advices to Vice Chairman O. J. Davies of the RMA Traffic Committee. It is estimated that savings to tube manufacturers will run into many thousands of dollars each year.

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The Rev. Giuseppe Gianfrancheschi, 59 years old has just died after a long illness, in Rome. He was widely known as director of the Vatican's modern radio station. Father Gianfrancheschi also was director of the Vatican's ultra short-wave apparatus installed by Guglielmo Marconi and the first commercial set of its kind in the world.

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It would be discouragement enough for an ordinary individual to have his radio stations closed down by the Government of two countries, but old Doc. Brinkley "goat gland" specialist is endeavoring to stage a comeback by running for nomination of Governor of Kansas on the Republican ticket. He was twice unsuccessful as an independent candidate but in one case piled up an amazingly large vote.

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John J. Karol, of New York, Director of Market Research for Columbia, has just returned from a six weeks' trip to the Pacific Coast.

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WTAR, Norfolk, Va., has been added to the National Broadcasting Company networks.

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The Annual Electrical and Radio Show will be held September 19 to 29 at Madison Square Garden.

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A facsimile transmitter for WOR is being built by the Freed-Eisemann Radio Corp. at Long Island City. Installation is expected to be made within a few weeks so the station can conduct tests after midnight on its regular wave. Later it is planned to use a short wave under the 10-meter range.

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# QUESTIONS AND ANSWERS EXPLAIN RCA INTERCITY SERVICE

Sent with the compliments of William A. Winterbottom, Vice President and General Manager of R.C.A. Communications, Inc., is a readable little primer setting forth in question and answer form details of the new Intercity Radiotelegraph service "Via RCA" in connection with Western Union now available between New York, San Francisco, Washington, Boston, New Orleans and soon to be extended to other cities.

The following questions and answers are typical of many which appear in the book.

"Q. - What, if anything, do the advantages of Radio mean to me?"

"A. - Here are concrete examples of the economy of radiotelegraph service between New York and San Francisco, "Via RCA":

## 15 Word Fast Messate

Via Wire . . . . .	\$1.63
Via RCA . . . . .	<u>1.20</u>
Saving . . . . .	\$ .43

## 15 Word Nite Message

Via Wire . . . . .	\$.72
Via RCA . . . . .	<u>.60</u>
Saving . . . . .	\$.12

## 60 Word Dayletter

Via Wire . . . . .	\$2.16
Via RCA . . . . .	<u>1.80</u>
Saving . . . . .	\$ .36

## 100 Word Dayletter

Via Wire . . . . .	\$3.60
Via RCA . . . . .	<u>3.00</u>
Saving . . . . .	\$ .60

Similar savings between other RCA points."

"Q. - Why do you quote on a 15 word basis when wire telegraph is on a 10 word basis?"

"A. - RCA believes the 15 word basis is the modern basis for domestic telegraph communication. Business becomes more complicated every day. The 15 word basis provides 50% more opportunity to transmit complete specifications, detailed quotations and other information which is commonly an important element of urgent, telegraph communication. Think of the frequent occasions when you have had either to pay for extra words or leave out some information of importance."

"Q. - Is this new service reliable?"

"A. - Yes - for these reasons: RCA has had fourteen years' experience in the international radiotelegraph field. It operates forty, high speed circuits connection the United States with as many different foreign countries. Many of those circuits are thousands of miles long, yet their operation at speeds up to two hundred words per minute is an every-day occurrence. By the speed and reliability of its service in the international field, as well as by its economy, RCA now handles a substantial part of all transatlantic telegraph traffic and a major portion of the transpacific traffic. If

RCA can do this in the international field, surely it can do it over shorter distances in the domestic field."

"Q. -- Are radiograms broadcast like radio programs?"

"A. -- No; the principle is entirely different. In radio communication the energy from powerful transmitters is concentrated into narrow bands and directed, like searchlight beams, on the distant receiving stations, where similar technic is employed to receive the individual beams to the exclusion of others."

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### C O R R E C T I O N

In the June 22nd issue it was inadvertently stated that F. P. Guthrie, District Manager in Washington of the RCA, had successfully passed the test for an amateur's license.

"Where do you get this amateur stuff?" Mr. Guthrie inquires.

And rightly so, because it was a commercial operator's license which Mr. Guthrie, formerly an expert telegrapher, secured. The RCA has been granted a permit to build a point-to-point commercial station in the Capital and the law requires that the one in charge of such a station shall have a commercial operator's license. Mr. Guthrie now has this and is all set to go.

R. D. H.

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### APPLICATIONS (BROADCASTING) RECEIVED

The Federal Radio Commission has received the following broadcasting applications:

July 5 - Irving D. Sisson, Pittsfield, Mass., C.P. for new station on 950 kc., 1 kw, daytime; transmitter site to be determined at or near Pittsfield, Mass; studio located Park hotel, Pittsfield, Mass.; WNYC, City of N. Y., Dept. of Plant and Structures, New York, <sup>N</sup>. Y. modification of license to increase power from 500 watts to 1 kw; WJAR, The Outlet Co., Providence, R. I., extension of special experimental authority to use additional power at night and 250 watts (licensed already 250 w. night, 500 daytime) for regular license period 9/1/34 to 3/1/34; KGNF, Great Planes Broadcasting Co., North Platte, Nebr., modification of license to increase power (day) from 500 watts to 1 kw; KVOS, KVOS, Inc., Bellingham, Wash., license to cover C.P. to move transmitter and studio locally.

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