

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

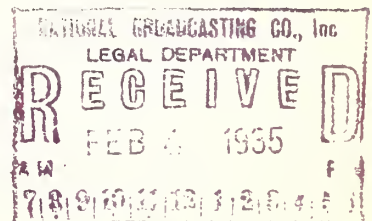
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## UNCLE SAM CONDUCTS POSTCARD RADIO SURVEY

In an effort to supplement the work of the engineers in ascertaining the efficiency and necessity for maintaining 40 clear channels for coast-to-coast broadcasting, the Broadcasting Division of the Communications Commission has sent 100,000 postcard questionnaires to farmers and others living in rural or remote sections of the country.

The cards bear three questions:

1. Do you own a radio set? If so, what is its make, model number, number of tubes, when purchased, and is it now in good operating condition?
2. Name your four favorite radio stations by call letters in the order of your preference.
3. What is your post-office address?

Space was reserved on the post-cards for any general comments on broadcasting the listener cared to make.

In the meantime apparatus is being delivered by manufacturers for use in the ten observations posts to be established throughout the country to secure first hand engineering data in a survey of the clear channel, regional and local stations during the Winter and Spring months. The actual observations will begin in about two weeks.

The tentative plan of the clear channel survey as suggested by the Engineering Division of the Communications Commission involves four lines of endeavor, as follows - Continuous field intensity recordings of clear channel stations, the records to be made at distances varying from 1000 to 3000 miles; an analysis of duplicated clear channels (such as 790 kilocycles occupied by WGY, Schenectady, and KGO, Oakland, Calif), with complete determination of radiation characteristics of the individual stations as well as determination of the field intensities and service rendered in the areas between stations; field intensity measurements made in rural districts throughout the United States with correlation with listener habits as determined by personal investigation, and listener habit survey of rural audiences now being conducted by post-card by the Commission.

Dr. C. B. Jolliffe, Chief Engineer of the Communications Commission is in charge of the work assisted by Andrew D. Ring, of the Engineering Division and Dr. J. H. Dellinger of the Bureau of Standards. J. C. McNary, Technical Advisor of the National Association of Broadcasters, is representing the broadcasters inasmuch as the undertaking is being participated in by about 35 stations who are bearing the greater portion of the expense. The survey will involve an expenditure of approximately \$60,000 of which one-fifth will be paid by the Commission.

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### WLW GETS TEMPORARY POWER REDUCTION STAY

A temporary stay order has been granted by the District Court of Appeals to Station WLW, of Cincinnati, which forestalls the reduction of its 500,000 watt nighttime power until Monday, February 11th. At that time a motion will be argued as to whether or not a stay order shall be issued until after the Court has decided WLW's appeal. Following a complaint of the Canadian government that WLW was interfering with Station CFRB, at Toronto, the Federal Communications Commission refused to grant the Cincinnati station a renewal of the higher power license and Louis G. Caldwell and Arthur W. Scharfield, representing the Crowley Radio Corporation appealed the case to the District Court.

Ordinarily a stay order would either have been granted or refused by the judge appealed to, but because of the international aspects of the case, the stay order petition will be heard by the full court. This is a rare proceeding and will probably be the first time that a stay order has ever been argued in a radio case.

In their reasons for appeal, the Crosley counsel contended that the decision was rendered by the Commission without giving the American station an opportunity to be heard and that the Commission erred insofar as it proceeded on the assumption that its decision was required by any provision of the Madrid Convention or that it was justified by any provision of the radio agreement between the United States and Canada.

If WLW were given an opportunity for hearing, it could prove, its counsel set forth, the following:

"The representations of the Canadian Government communicated to the Commission on December 13, 1934, with respect to the alleged interference caused by the operation of WLW's station with reception from the Toronto station are grossly exaggerated and are not in accordance with fact, and it is not true that '50 miles out the signals from Toronto were completely obliterated.'



"Any interference that may exist between the two broadcast stations (WLW and CFRB) consists only of (1) such interference as is normal and to be expected of any two broadcast stations operating on adjacent frequencies separated by 10 kc, and as is not forbidden by any provision of any treaty, executive agreement or law, and/or (2) such interference as is due to the failure of Canadian Government and of the private agency operating broadcast station CFRB to comply with their respective obligations under the Madrid Convention and the Canadian agreement, and with respect to which the Canadian Government has no right to invoke the provisions of Chapter IV, Article 35 of the Madrid Convention or any other provision either of the Convention or the Agreement.

"Contrary to the requirements of the Madrid Convention, the installation used by CFRB is not operated by the best methods and procedure which the practice of the service have made known and has not been kept abreast of scientific and technical progress, and the choice of its transmitting apparatus has not, within limits compatible with economic requirements, been guided by the most recent technical progress, but on the contrary, the transmitting apparatus of CFRB is grossly inefficient and ineffective to such an extent that, while publicly rated as a 10-kilowatt station, its actual performance is only slightly more than that of a 2-kilowatt station, and the private agency operating CFRB has failed to make, and the Canadian Government has failed to require it to make, the repairs, improvements, and installation of new apparatus necessary to function efficiently and with enough power to make effective use of the frequency of which it has the exclusive enjoyment.

"Further, contrary to said requirements, much of the receiving apparatus in general use in the area surrounding Toronto, with respect to which the Canadian Government has made its said complaint of interference, is obsolete, non-selective and below modern standards, and any interference that may have been experienced on such receiving apparatus is not evidence of interference of the kind forbidden by the Madrid Convention.

"The Canadian Government has failed to take advantage of the right purportedly reserved to it under the Canadian Agreement, and has failed to make effective use of the frequency 690 kc., contemplated and purportedly agreed to in said Agreement, i.e., as a clear channel to be used by a broadcast station with power of 50 kilowatts in the Toronto area, and, on the contrary, has continuously permitted ineffective and inefficient use of said frequency, and thus is responsible for the apparent interference of which it complains.

"The tables cited in the Commission's decision from its Fifth and Seventh Annual Reports as to recommended night-time separations between broadcast stations on adjacent frequencies, are not conclusive or even strongly persuasive evidence of the existence or non-existence of interference between such stations,



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and have not for several years been so regarded by the Commission itself which, in the great majority of instances, has disregarded said tables and has frequently permitted separations in the United States proportionately as little as, or less than, those involved between WLW and CFRB.

"The granting of the application will serve public interest, convenience or necessity in that the continued night-time use of the power of 500 kilowatts by appellant's station will provide improved broadcast service over vast areas in the United States, and to many millions of people, who do not otherwise receive satisfactory broadcast service, and will lead the way to the use of such power by some or all other broadcast stations operating in the United States and Canada on clear channels."

Finally the reasons for the appeal set forth in the decision were clearly contrary to public interest in that

"It deprives vast areas in the United States and many millions of people, who do not otherwise receive satisfactory broadcast service, of the improved broadcast service due to the use of 500 kilowatts by applicant's station.

"It closes the door to scientific and technical progress in the effective use of clear channels in the United States for the rendering of broadcast service to rural and remote areas, unless and until neighboring countries are ready and willing to keep abreast of such progress.

"It renders ineffective and virtually worthless an expenditure of over \$450,000 by WLW for a 500,000 watt transmitter, made in reliance upon the Commission's previous authorizations, upon apparatus which is of the most efficient type and is available for the rendering of much-needed improved broadcast service.

"It discourages all other licensees of the Commission from making the same or similar expenditures and from contributing to scientific and technical progress in the improvement of broadcast service.

"It deprives American citizens and corporations licensed by the Commission of any forum where their claims may be heard when the protest of a foreign government is involved, and further deprives them of their right to the protection and support of the Government of the United States in the prosecution and defence of their just claims."

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## PHILCO HAILED AS LARGEST RADIO MANUFACTURER

That 1,250,000 out of the 4,200,000 radio sets sold last year bore the Philco trade-mark is stated in the February issue of Fortune Magazine. This table is given to show how the leading manufacturers ranked in set sales in 1934:

Philco	1,250,000
R.C.A.	500,000
Crosley	300,000
General Household Utilities (mostly automobile radios)	300,000
Colonial (mostly for Sears, Roebuck)	300,000
Wells-Gardner (mostly for Montgomery Ward)	200,000
Emerson (mostly midget)	200,000
G. E. (made by R.C.A.)	200,000
Atwater Kent	100,000
Zenith	100,000
Bosch	100,000

Total Accounted for	3,550,000
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"These figures are made up from conflicting trade estimates and must be taken with consideration of a possibly wide margin of error", the article says. "Total sales for the entire industry were around 4,200,000 compared to 4,100,000 for 1933. But average price per set went from \$35 in 1933 to last year's \$50.

The rise of Philco is sketched thus:

"In the Fall of 1927 the Radio Corporation of America nearly put the Philadelphia Storage Battery Company out of business. The Radio Corporation felt no special animus toward the battery maker. What happened was merely one of those scientific advances that result in what is politely termed technical obsolescence. The radio industry had been going along with sets whose power was supplied by batteries. In the Fall of 1927 the Radio Corporation announced a new tube that made batteries superfluous. Plug a set with these tubes into any household electric outlet and words and music resulted. The new A.C. (alternating current) tubes were undeniably a tremendous forward step; the great radio boom of the late twenties was indeed based upon them. But they were no boon to Philadelphia Storage Battery Co., whose sales (\$15,443,000 in 1927) were almost entirely in radio batteries. The whole works was simply obsolete. In 1925 the American Piano co. had been driven into receivership by radio and by 1927 the Victor Phonograph Co. was almost ready to sell itself out of an independent existence. And now Philadelphia Storage Battery looked like one more victim of progress.

"How it escaped extinction is the subject of this story. But if it had merely survived, its narrative would hardly be worth writing. What the battery company did - as everyone knows - was to go into the radio business with its philco radio. What it also did was to become by a wide margin the biggest manufacturer in the radio field. In 1934 Philco sold 1,250,000 radio sets for a sales volume of \$33,000,000. Furthermore, it sold more than twice as many radios as the Radio Corporation itself and its sales came to 30 per cent of the total registered by the entire radio industry (which still has 150 set manufacturers left out of the 800 that was the high-water figure of its 1926 expansion). In the course of reaching this high position it also got the reputation among its competitors of being the hard-hitting, price-slashing wild man of the radio industry. It is perhaps too much to say that feeling between Radio Corporation (which has never realized its natural possibilities as the rationalizing influence in the radio-set field) and Philco has ever reached the level of a feud. Even so, there are times when Radio Corporation finds itself with the hot tears of jealousy in its eyes; the jealousy of a maid who has introduced her swain to another maid and sees between the two a growing tendency to cuddle together in a corner.

"And if there are times when Radio Corporation feels this way, it is not notably assuaged by Philco's bland and wide-eyed attitude of unconsciousness toward Radio Corporation's feelings. Thus it is that no apology can be made in this article for more than one comparison between Philco and Radio Corporation; an integral part of the story of Philco concerns Philco's ability to turn on a dime while its big rival was attempting to turn over a dollar."

The conclusion reads:

"So Philco sits pretty. As a privately owned company, it publishes no reports on sales or earnings. The set and dollar sales figures in this story, hitherto unpublished, are official. Mr. Skinner is still not divulging any net income figures. The company has a simple capital setup, with 40,000 shares of a \$5 preference stock and 40,000 shares of common stock with no specified dividend. It has paid the preference dividend every year since it was created in 1917, even including the depression period. Common dividends are presumably declared only when the Directors feel it appropriate. The company carried all its fixed assets - land, buildings, machinery, etc. - at only \$2,000,000. There is no funded debt and current assets were six times current liabilities. Total assets are \$16,000,000 - the oak tree that grew from an acorn of \$10,000 in 1906.

As Philco's condition has improved, so has the condition of its competitors. General Electric is planning to get back into radio manufacturing in June, 1935, after having bought its sets from Radio Corporation for two and a half years. Radio Corporation has a line that, advertised under the slogan of the 'Magic Brain', has caught the public imagination more than anything Radio Corporation has turned out for many years."

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## BARNETT, WBAL STATION MANAGER, RESIGNS

Stanley W. Barnett, Station Manager of WBAL, Baltimore, has announced his resignation from the WBAL staff, effective February 24th.

The Baltimore station, recently purchased by the Hearst interests, was founded and operated for ten years by the Consolidated Gas & Electric Company, of Baltimore.

Barnett, who is one of the pioneers in radio broadcasting, was brought to Baltimore at the time the station was being built, and is said to have played a leading part in the development of the station as one of the country's foremost broadcasters technically and commercially.

For three years prior to his Baltimore association, he was connected, as Station Manager, with WOC, Davenport, Iowa, one of the first high power stations west of the Mississippi.

Mr. Barnett has made no announcement of his plans following the effective date of his resignation at WBAL.

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## BRITAIN SOON TO BEGIN TELEVISION BROADCASTS

Those who happened to have their all-wave sets tuned in on London last Thursday night heard a recording of the Postmaster General, Sir Kingsley Wood, submitting the report of the British Government's Television Committee, which had been submitted to the House of Commons earlier in the day. Sir Kingsley Wood announced, as a result of the report, that television service would probably be offered to the public the latter half of this year.

"Put on by the British Broadcasting Corporation television service will be tried out by a London station and will have an average service range of about 25 miles", the Postmaster General explained. "If successful and popular other stations will be established. The cost of the receiving sets £50 to £80 would be rather high but it is hoped later that the price may be substantially reduced."

On the basis of a pound being worth \$4.87, this would bring the cost of the British television sets to from \$243 to \$293. Sir Kingsley added the assurance that listeners need not fear that once having purchased sets that they would become obsolete or that different systems might be installed.

The television broadcasts will use two services in the beginning with the Baird and Marconi systems operating alternately from one transmitting station in London under control of

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the British Broadcasting Corporation. At present the service will not cause additional expense to the public or the government but will be borne by the British Broadcasting Corporation out of the 10-shilling license required from owners of radio sets. An additional tax may be levied later.

The size of the television picture now produced is about 6 by 8 inches, but can be increased by a magnifying device with a corresponding loss of definition. Experimental work is progressing toward pictures of much larger dimensions but they are only in the early stages of development.

It is believed that eventually 50 per cent of the population can be covered by ten stations. Ultra short waves will be used.

In the beginning Sir Kingsley said it will be possible to televise speakers and actors, also small scenes, such as a tennis match or the finish of a race.

"For instance, they could probably televise my talking to you", the speaker said laughingly, "but whether or not that particular picture would add to your enjoyment is for you to say."

The Postmaster General told of receiving a letter from a lady who had some apprehension that television might be used to look in on domestic scenes in the homes.

"I should like to reassure the nervous", the British Postmaster General said, "that it cannot possibly be used in this way."

Sir Kingsley concluded by saying that no doubt there would be many achievements in 1935, not the least important of which would be the introduction of broadcast television. The British television committee report said the time may come when a sound broadcasting without television would be almost as rare as the silent film today.

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#### FRENCH STATIONS BAN ADVERTISING

Advertising on French broadcasting stations has been banned by Premier Flandin, effective this month.

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## SENATE COMMITTEE DEFERS CONFIRMATION; AWAITS WITNESSES

The Senate Interstate Commerce Committee is still marking time in the matter of confirming the Federal Communications Commissioners. It is awaiting the arrival of several witnesses who are expected to testify in connection with the charges made by Senator Bilbo, of Mississippi, against Judge E. O. Sykes, who is alleged to have campaigned against Bilbo.

The impression seems to be that Sykes and all the other Commissioners will eventually be confirmed. One supposition is that because of the Interstate Commerce Committee having just had the Eastman report referred to it, the great burden of work that this will require from the Committee may cause them to dispose of the Communications nominations just to get them out of the way. Up to now, however, the Committee has proceeded very deliberately in the matter.

One theory is that the Senate Committee is on a "fishing expedition" trying to get something on the Commissioners. This is based on the fact that the Committee has called for all the Commission's press releases, decisions in such as the "Old Man" Henderson, Normal Baker and other cases, and has asked for additional Commission records.

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## WHEELAHAN OF WSMB IS FIRST STATE CHAIRMAN ELECTED

Phil Loucks, Managing Director of the National Association of Broadcasters, has returned to Washington after attending the organization of five State NAB Committees. Mr. Loucks will head for New England early next week and continue the work until all States have been organized.

Harold Wheelahan, WSMB, New Orleans, was elected Chairman of the Louisiana Committee Tuesday, January 15th, and John C. McCormack, KTBS, Shreveport, Vice-Chairman.

Gordon Persons, WAPI, Birmingham, was chosen head of the Alabama group Friday, January 17th; Harry Stone, WSM, Nashville, head of the Tennessee Committee, January 19th, and Harry Slavick, WMC, Memphis, Vice-Chairman.

L. B. Wilson, of WCKY, Covington, and Credo F. Harris, WHAS, Louisville, were named Chairman and Co-Chairman respectively by the Kentucky Committee January 21st.

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## PROGRAM BULLETIN SERVICE INAUGURATED BY RADIO INSTITUTE

The inauguration of a bulletin service listing some of the worthwhile offerings to be heard on the radio, and designed to aid schools, clubs, music groups, and interested individuals in deriving the maximum benefits from available radio programs, was announced by the Radio Institute of the Audible Arts, which is sponsored by Philco.

The first issuances consist of a listing of educational programs, education being used in the broad sense to include informative talks on subjects of current interest; a bulletin of music programs; and a bulletin featuring comments on current programs by Pitts Sanborn, prominent music critic and Director of the Institute.

A total of sixty-three musical programs are listed in the music bulletin, including chamber music, classical and semi-classical orchestral programs, and broadcasts by opera and concert stars.

The bulletins are limited, for the time being, to programs appearing on the networks of the National Broadcasting Company and the Columbia Broadcasting System. Listeners are urged, however, to seek out the many other worthwhile programs to be heard over the hundreds of local stations throughout the country.

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### WHEELER TO BE ON RADIO SUNDAY NIGHT

Senator Burton K. Wheeler, Chairman of the Interstate Commerce Committee, will be a speaker in the Fireside Hour Sunday night, February 3 on Station WJZ at 10:30 o'clock EST. His topic of discussion has not been announced.

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### SALMON, STATE DEPT. COMMUNICATIONS HEAD, IS 56

One hundred and fifty employees of the Communications and Records Division of the State Department staged a surprise party for David Salmon, their Chief, on his fifty-sixth birthday anniversary.

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## COMMUNICATIONS OFFICIALS' HEARING FEB. 4 AND 5

In compliance with the Federal Communications Commission's orders as to directors and officers of communications companies authorizing them to file personal application with the Commission for authority to hold the positions of officer or director of more than one carrier and directing that they shall hold such positions pending final order by the Commission on their respective applications, subject to all of the limitations set out in orders heretofore issued, and their being no affirmative showing in their respective applications sufficient to convince the Commission that public and private interests will not be adversely affected thereby, each of said persons hereinafter named will be given a hearing at the office of the Commission. These hearings are to be held February 4th and 5th, having been originally set for January 21st but postponed on account of the appearance of the various Commissioners before the Senate Interstate Commerce Committee.

Those scheduled to appear before the Commission en banc on Monday, February 4th, are Sosthenes Behn, Newcomb Carlton, Edwin F. Carter, Edwin F. Chinlund, John W. Felton, E. Y. Gallagher, and Frank L. Polk.

Those to appear on February 5th are Walter S. Gifford, Joseph J. Halpin, Lewis MacConnach, and David Sarnoff.

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## NEW BRAZILIAN STATION TO STIMULATE RADIO SALES

It is estimated by one trade source, A. A. Barrington, U. S. Assistant Trade Commissioner at Rio de Janeiro reports, that importations of American radios into Brazil during 1934 will number between 50,000 and 60,000 sets. The same source predicts that sales of American radios in 1935 will reach 80,000 sets, shared by more than 60 different American brands. Sales of radios of European make are estimated to reach less than 10 percent of this figure. It is expected with the erection of a new 25 kw long-wave station now being constructed at Rio, the largest in Brazil, that the market for radios will be favorably affected, especially in the northern states which heretofore have not been covered very successfully.

Owing to the keener competition, it is felt that retail prices may decline, possibly as much as 20 percent. The lower customs duties, with the advent of the new tariff schedules, effective September 1, 1934, which levy duties on a weight basis instead of an ad valorem rate, also constitute a factor which has some influence on the price of radios.

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