

# HEINL RADIO BUSINESS LETTER

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No. 939

*Handwritten:* B. my J

June 23, 1936.

## COMMERCE EXPERT PRODS MANUFACTURERS ON EXPORT LAXITY

Those attending the main session of the 12th Annual Convention of the Radio Manufacturers' Association received a friendly raking over the coals by Andrew W. Cruse, Chief of the Electrical Division of the Bureau of Foreign and Domestic Commerce, for great opportunities which he said they were overlooking in the export field.

"It is a happy hunting ground and you are not doing anything about it", Mr. Cruse declared. "We are out trying to bird-dog the market for you and you are not sufficiently interested to ask us for more information. There has never been an export manager of any radio company in my office."

Mr. Cruse told of the new consolidated program of the American short-wave stations compiled by the RMA and beginning June 1st which is now being sent each week by the Bureau of Foreign and Domestic Commerce to the Commercial Attaches.

"This was the idea of Commander E. F. McDonald, Jr., and I am kicking myself ever since because I didn't think of it sooner", the government expert said.

In referring to the trade treaties, Mr. Cruse paid tribute to Bond Geddes, Vice-President of RMA, for his work in Washington. "If everyone was as fair and square as Mr. Geddes, my job would be a lot easier", he added. "A lot of people are afraid of the Phillips competition abroad. I am not. You should not be. If you played ball better with the foreign importers, you would get farther."

O. H. Caldwell predicted that sales this year would go to 7,000,000 sets, two million more than the best previous ones.

A warning that business, including the radio industry, will be throttled anew by the Walsh-Healy (new NRA) bill, which at the time he spoke awaited only President Roosevelt's signature to become a law, was given by Attorney John W. Van Allen, of Buffalo, N. Y., general counsel of the Association, who urged that business seek a government of definite laws rather than uncertain decrees of government officials - government by laws, rather than by men.

"When the bill becomes a law", Attorney Van Allen asserted, "the chances of favoritism in the awarding of government contracts will be greatly multiplied. Any one to become a bidder

must have subjected his business to complete federal regulation. Otherwise he becomes disqualified for securing any government business.

"Any business that does not so subject itself must, however, continue to pay taxes and to pay the prices set by companies that have submitted to these regulations. It will be again a denial of the equal opportunities which have made this country great."

The Radio Manufacturers' Association is concerned because its members sell considerable equipment to the aviation, army and naval services of the country.

Leslie F. Muter, President of the Muter Company, Chicago, was reelected President of the Association.

New members of the Board of Directors were Eugene F. McDonald, Jr., of Zenith Radio Corporation; James Knowlson, of Stewart-Warner Corporation, and Peter Jensen, of the Jensen Radio Manufacturing Company, all of Chicago.

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#### ZENITH ZOOMS FOLLOWING NEW PLANT PURCHASE

Zenith radio stock took the spotlight in trading on the Chicago Stock Exchange following the purchase last Wednesday of the newer buildings of the old Grigsby-Grunow Company, for \$410,000. Zenith stock last Friday reached the highest level on the Chicago Exchange since 1929, and contributed more than any other issue to the day's volume of 35,000 shares. The stock ranged between  $23\frac{1}{2}$  and  $24\frac{7}{8}$ , closing at  $24\frac{1}{2}$ , up  $\frac{3}{8}$  point, in a turnover of 5,850 shares.

The Triangle Electric Company, of Chicago, last week bought the good will, trade-marks, and patent rights of Grigsby-Grunow Company for an undisclosed sum from Walter E. Schott and the Harris, Karp, Goldsmith Company, of Cincinnati, Ohio.

The Cincinnati group purchased the physical equipment of the once prominent radio company last April for \$350,000, which included the above items, and has been disposing of this machinery and equipment through auction sales at former Grigsby-Grunow plant.

Purchase of the trade name "Majestic" will make the reappearance on the market of this brand of items in the radio, refrigerator, and household utilities lines, which were prominent in their respective field when Grigsby-Grunow was at its height.



Triangle Electric Company has been engaged in manufacturing and distributing radio sets and electrical appliances for more than twenty years. The company is controlled by Davega Stores Corporation.

"We are going to manufacture and distribute nationally a complete line of Majestic radio sets, refrigerators, and household utilities, and will in the very near future announce a schedule of franchised 'exclusive dealers'", said Nathan L. Cohn, President of Triangle Electric and Chairman of Davega Stores, in a statement issued after the deal was closed.

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#### GREATER EDUCATIONAL USE OF RADIO IS FORECAST

More extensive use of radio for education as new services develop, was forecast by John W. Studebaker, United States Commissioner of Education, in making a plea for a bloc of the ultra-high frequencies at the engineering hearing before the Federal Communications Commission.

Speaking for the organized educators, Dr. Studebaker, who is Chairman of the Radio-Education Committee, named by the FCC last Winter, said:

"In confining my presentation to the problem of reserving certain frequencies for oral and facsimile broadcasting, I realize that television has infinite educational possibilities. I hope that in giving jurisdiction to licensees in television, the Federal Communications Commission will see to it that, as a matter of public interest, education is properly served.

"In presenting this request for reservations of ultra-high frequencies for organized educational agencies, I am looking toward the future. The present uses of educational programs in the regular broadcasting band have indicated that the potentialities of radio for educational purposes are tremendous. While I believe that the present use of educational programs in the regular broadcasting band should be continued and extended to commercial stations in the ultra-high frequency band, I believe also that ultra-high frequencies when granted to organized education should not be allowed in any way to jeopardize the position of education in the regular broadcasting band.

"The results of research and experimentation which have come to the attention of the Office of Education convince me beyond doubt that frequencies in the ultra-high wave bands will be required by organized education to afford services over and above and in addition to services rendered by commercial stations. I would not minimize the importance of the educational service which is now being rendered by broadcasting systems and radio



stations. I appreciate the significance of the fact that our billion dollar organization for broadcasting has been developed by American industry without a direct cost to the listener in contrast with policies of governmental subsidy and direct tax on radio sets in many other countries. Quite unsparingly expenditures have been made and genius exercised in interesting and entertaining American listeners. It would seem that the influence of radio on the national mind is very great.

"I understand from radio engineers that allocation of megacycles adjoining the commercial broadcasting frequency band might be made for local school systems and other local educational agencies. These frequency bands would be used for facsimile, radio teletype, and voice broadcasting. Because of the probable convenience to users of receiving sets, I recommend that the frequencies represented by at least three and preferably four megacycles next below those assigned to commercial broadcasting be allotted for the exclusive use of agencies organized for educational purposes.

"The extent of the need for an adequate number of channels for local educational broadcasting is indicated by the fact that there are 239,000 schools in the United States, employing a million teachers to instruct 28,700,000 elementary and secondary school pupils, not to mention two other great groups: (1) Persons involved in higher education, and (2) the general adult population. The school property of the country is valued at more than ten billion dollars. Approximately three billion dollars are expended annually for education below the college level.

"There has been a remarkable growth in broadcasting by school systems within the past few years. Data collected in the Office of Education indicates that more than 200 school systems in the United States are broadcasting or recently have broadcast regular series of radio programs. In most instances these programs were carried by commercial stations. In addition several hundred schools and school systems broadcast radio programs from time to time as the occasion arises. In consideration of the rate at which improved techniques of educational broadcasting are being discovered and developed, it may be expected that without relief from new allocations made exclusively for local educational organizations, the pressure of organized education for time over commercial broadcasting systems and through stations will bring undesirable and probably unfortunate collisions of vested interests.

"I can visualize a great variety of ways in which school systems will make regular full-time use of broadcasting in the future, not alone for carefully planned parts of a closely integrated educational program for learners, but also in connection with the routine and administration of schools. In both of these fields, that is, in the enrichment and improvement of the instructional program and in management, the possibilities of radio are innumerable and extremely important."

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:::::INDUSTRY NOTES:::::  
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J. L. Van Volkenburg, formerly manager of Station KMOX, St. Louis, has been named Executive Assistant to H. Leslie Atlass, Columbia Broadcasting System Vice-President in Chicago. He succeeds D. W. Thornburgh, who was recently elected Vice-President in charge of West Coast activities. Previous to Mr. Van Volkenburg's association with KMOX, he was affiliated with the Chicago office of Batten, Barton, Durstine & Osborn, Inc.

Misrepresentation of the therapeutic value of "NoDoz Awakeners", a pharmaceutical preparation said to be compounded of caffeine citrate and sugar of milk, is charged in a Federal Trade Commission complaint issued against NoDoz Laboratories, Inc., Sacramento, Calif., manufacturer and seller of this product, and a radio advertiser.

John L. Clark has resigned as General Manager of WLW, Cincinnati, to head a new enterprise which will devote itself to the buying, leasing and managing of stations, the sale of time on either a group or single station basis, and the manufacturing of transcriptions. Holding company for these various activities will be the Trans-American Broadcasting and Television Corp.

Governor Horner opened Illinois' \$350,000 police radio chain last week over the local station WQPS, first of seven units to be completed. The Governor predicted that the system would "pay for itself many times over." "The whole State will be covered with instant communication between directing officers and State highway and county police agencies", he said.

A "walking transmitter", permitting an announcer absolute freedom in moving about the floor, will be introduced by the Columbia Broadcasting System at the Democratic National Convention which started today. Designed and constructed under the direction of A. B. Chamberlain, Chief Engineer, the "walking transmitter" is actually an ultra-high frequency radio station to be concealed on the person of an announcer. A walking-stick contains the antenna and the radio frequency oscillator. The power supply is carried in a belt similar to a money belt. Flexible leads pass up under the coat and down through the coat sleeve to the cane, and also from the belt power-supply and from the crystal type lapel microphone worn on the wrist. The audio amplifier and modulator are carried in a compact binocular case slung under the armpit.

Receipt of orders for about 6,000 radio sets, one of the largest amounts in recent years, was announced last week by the Stromberg-Carlson Telephone Manufacturing Company of Rochester, N.Y. To fill them, the company said, it had stepped production schedules to 50 per cent ahead of a year ago.

George A. Scoville, Vice-President and General Manager, said the company's production already was running at least thirty days ahead of any previous season to keep up with increasing business.

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## N. Y. RADIO SHOW SET FOR SEPTEMBER

The Fourth Annual New York Convention and 1936 Radio Trade Show has been scheduled for September 18 to 20 and will be held at the Hotel Pennsylvania.

Arrangements had been made previously to hold the 1936 Fall meeting late in October but in view of the enormous increase in the demand for exhibition space, and the accompanying increase in the attendance at the Convention and Trade Show held at the Hotel Sherman last March, the management of the Institute has become fearful lest the facilities reserved at the close of the 1935 meeting would prove inadequate.

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## SHORT-WAVE INTERRUPTED BY SUN SPOTS

Telegraphic transmission and short-wave radio telephone circuits were interrupted, and in some cases put out of commission temporarily, early last Friday morning by earth currents and electrical disturbances variously attributed to the eclipse of the sun, to sun spots and to the "northern lights", or aurora borealis. The disturbances, occurring at various times between midnight and 7 A.M. were more severe than other recent interruptions of a similar nature.

The American Telephone and Telegraph Company reported interference with the short-wave radio telephone, but said the long-wave radio phone and the long-distance wires were unaffected. The disturbances had cleared up by 10 A.M. The difficulty was attributed to sunspots.

Radio companies reported no interference. The disturbances occurred at a time when radio stations were for the most part silent.

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## CBS MAY BILLINGS 35.9% ABOVE LAST YEAR

Time sales on the Columbia network for May totaled \$1,749,517, an increase of 35.9% over the same month's billings in 1935. This marks the fifth successive month that CBS revenue has increased the gap between this and last year's figures. These increases have been as follows: January over January, 7.5%; February over February, 15.4%; March over March, 18.7%; April over April, 20.8%. The five-month total to date - largest in the history of any single network - represents an 18.7% increase over the corresponding period of 1935. It is \$9,683,007.

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## FARNSWORTH SEES TELEVISION RECEIVER FOR \$250

Taking issue with previous witnesses who estimated that a television receiver would cost as much as a small automobile, Philo T. Farnsworth, Philadelphia television inventor known as "the boy wonder", told the Federal Communications Commission this week that receivers should be manufactured to sell for as little as \$250. He also expressed confidence that the ultra high frequencies between 100 and 1,000 megacycles will be commercially useable within a very short time.

"We have under development in our laboratory tubes that may be used as oscillators and amplifiers without loss of frequency up to 500 megacycles or higher", he said. "These tubes are of the cold cathode multipactor variety. We hope to make tubes of this type available to our licensees for experimental purposes within the next few months. At the present time we are attempting to develop a tube which will deliver an output of 500 watts up to 500 megacycles. When we have succeeded in this, it will be possible to build economical one kilowatt transmitters for the band between 100 and 500 megacycles. This illustrates how the by-products of an important development such as television may open up new frontiers of scientific achievement.

"It is thought by many that the receiver developed for television at present is too complicated for use by the public. There are only three essential controls on our television receiver. One of these controls tunes the ultra short wave receiver. Another control adjusts the intensity of the visual image. The third control adjusts the intensity of the visual image. The third control is for focusing of the cathode ray spot. We are confident that with a very small amount of further development, we can eliminate the focusing control, leaving only two controls for the complete visual part of a television receiver. In adopting a fixed spacing between sound and vision carriers, it is contemplated that the tuning of sound and vision ultra short wave receivers will be accomplished with one control. We therefore have only one additional control, namely, that for regulating the intensity of the picture in what is for all practical purposes the present television receiver. We do not feel that even at the present time the cost of television receivers would be prohibitive. Our receiver at present consists of three units:

- "1. A combined sound and vision ultra short wave receiver.
- "2. A television scanning chassis.
- "3. A regulated power supply

"The total number of tubes required in these three units at the present time is nineteen. We hope in the very near future to reduce this number to fifteen. We believe, therefore, that the costs estimated for television receivers are entirely too high. We do not feel that it is at all unreasonable to expect that the cost to the public can almost at once be less than \$250 each. It is perfectly true that since a television receiver must always include both sound and vision receivers, the combination will always cost more than a simple sound receiver but it will not necessarily cost more than a sound receiver does today.

"As to the cost of television transmitters, we have had manufactured for us by one of our licensees a complete television transmitting station and the cost is but a small fraction of any of the figures which have been so widely publicized. Television studios, as is the case with sound studios, may be elaborated to any desired degree. It would hardly be fair to take as the cost of a sound transmitting station the cost of the plant at Radio City.

"We believe that amateurs can and should be permitted to share in the development of television by building their own television receivers. It is our belief that television presents no more difficulty to amateur receiving set builders than did radio in 1921 and 1922. Of course, there will be no crystal set days but there will be manufacturers of cathode ray tubes, there will be manufacturers of component scanning units, there will be published circuit diagrams of useable short wave receivers and I should not be surprised to find amateurs building television receivers, competing favorably with those developed in the large laboratories.

"We take issue with the testimony which has been given by other television workers in their belief that television must be born a finished service. We do not want to misinterpret their statements as meaning that television will not make further progress after it has become a commercial service. It seems to be the general belief, however, that the baby must be born with a beard.

"While we recognize fully the force of what has been said as to the necessity for caution leading to the inauguration of television, we question whether it is within our ability to control its progress. We submit that with the public desire for television what it is, once experimental stations are operating on regular schedules, uncontrolled manufacturers will produce television sets for public consumption even though of an inferior quality. Does anyone suppose that the Courtland Street gentry will not find a way to offer cheap television receivers of the bootleg variety just as soon as experimental broadcasting is regularly on the air? It may well be, therefore, that receiver manufacturers and broadcasters may be forced to start television sooner than they expect.

"Of course, transmitters could be so limited in hours as to make it not worth while for the amateur to look in but this would not allow satisfactory experimental progress to be made.

"During the past ten years since the public first began to hear about television and to envisage it as a home entertainment service, it has been steadily becoming an explosive entity. The flame of public interest has been fanned by publicity until it is about ready to burst into a conflagration. Whether it will do so as a result of the added impetus that is now given to television experimentation, is a matter of conjecture, but it is our opinion that after the public learns that a few hundred television receivers are operating even though under experimental field conditions, it will be difficult for any group to delay its commercial exploitation."

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## PRESS FIRST INTEREST TO USE RADIO COMMUNICATION

The press was the first interest in the United States to set up and employ radio communications, Joseph Pierson, President and General Manager, Press Wireless, Inc., told the Federal Communications Commission this week. This was The New York Herald. The first radio message across the ocean was the property of the New York Times.

"The American press organized and set up its own radio communications in Canada in 1922", he continued. "That trans-atlantic service still is in operation. In 1928 forty frequencies were allocated to the press by the Federal Radio Commission for the handling of press communications. At that time some 12 or 15 separate news agencies had applications pending before the Commission, each for its own radio system. Thereafter the Commission adopted a policy that one public utility should serve the press in the point-to-point service, and in July, 1929, Press Wireless, Inc., was organized.

"Since the adoption of this policy with respect to the American press by the Federal Radio Commission, one exception has been made, which exception, without umbrage, I call to your attention; namely, several point-to-point frequencies have been assigned to a single press interest. This is the only exception made. Press Wireless, Inc., handles service for all press agencies.

"The stock of this Corporation is restricted to newspapers and news agencies. The present stockholders of the Company are The New York Times, New York Herald Tribune, Christian Science Monitor, Chicago Tribune, Chicago Daily News, Los Angeles Times and San Francisco Chronicle.

"In 1935 we delivered more than 20 million paid words. For the first quarter of 1936, the figure is 7 million words. The American press seems now to be the major user of radio communications in North America. One of the news agencies puts us on notice that there is not a city, village or hamlet in the United States or Canada which does not receive a substantial part of its news from the principal press radio telegraphic licensee of this Commission, Press Wireless, Inc.

"Although some of these frequencies have been restricted to territorial use, the press has been handling an average of 500,000 paid words per year per frequency.

"We came down here rather inclined to be apologetic about our traffic. But I learned yesterday that that might be embarrassing to our commercial friends. I am told they would have great difficulty in showing 100,000 words per frequency per year. I am afraid they just want to make us the shining example in the radio traffic world. However, probably all of us in commercial and press communications agree that the ratio of what the professional theorists say to what actually can be done is surely no more than 500,000/17,520,000 ths. We offer it humbly but freely to the Commission for what it may be worth in considering ultra-high frequencies.

"The American press still has a lot to do. It will take a few more years. We may ask for a few more frequencies in our present traffic spectrum, probably in the 2,700 kc. band



and between 8,000 and 14,000 kilocycles, and a few in the ultra-high frequency sector.

"From time to time we may ask for some minor administrative changes. We do want our newscast, or multi-address, services licensed as a primary, instead of as a secondary, use. This seems to us in accord with the importance of the public service rendered. With that service we deliver news to every ocean and continent in large volume and instantaneously. We are advised that with a delay of at most only a few minutes this service reaches every county in the United States.

"Newscast seems to be the use for which radio is most naturally suited.

"We believe a news message should enjoy priority over the bulk of private messages because the information contained therein is addressed to a large number. The right to priority is so much the greater when the message goes widespread to the public of vast areas through many different addresses.

"Press Wireless estimates its need of ultra-high frequency channels to be used for telegraph, telephone and facsimile at 11, each 100 kilocycles wide distributed between 42 and 110 megacycles. We also are studying the applications of the bands below 1 meter to the operation of directional and semi-directional television. It is our view that these frequencies will do some of the work of television in the course of the next few years.

"Something has been said here about the interests who will control the development of the ultra-high frequency spectrum and its service to the public. We do not have much apprehension about that. No trust or potentate can long fool the American people. There is no bankruptcy like that which arises from the abuse of public confidence. Just a little competition and the stables will be kept clean automatically."

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#### FOOD-DRUGS BILL, COPYRIGHT MEASURE DIE WITH ADJOURNMENT

Two major legislative measures in which the radio industry was keenly interested die with the adjournment of the 74th Congress, although they are certain to be revived in the next Congress.

The Copeland Pure Food and Drug Bill, after being bandied about for two years was on the verge of being enacted into law after it was adopted with amendments by the House. But conferees failed to reach an agreement in the adjournment rush. The measure passed the Senate on May 28, 1935, and the House on June 19, this year, under suspension of rules. The principal difference between the two measures was that the Senate bill authorized the Secretary of Agriculture to protect consumers against false advertising, while the House bill accorded the power to the Federal Trade Commission.

The copyright bills, upon which prolonged hearings were held before the House Patents Committee, failed to emerge from the sub-committee to which they were referred.

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The only major radio legislation enacted at the second session of the 74th Congress was the repeal of the Davis Equalization Amendment, which forced the Federal Communications Commission, to follow a quota system based on population in allocation broadcasting facilities.

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#### FCC APPROVES LEASE OF WEEI TO CBS NETWORK

The Federal Communications Commission this week announced it had approved the assignment of the license of WEEI, Boston, from the Edison Electric Illuminating Company, of Boston, to the WEEI Broadcasting Corporation, a wholly owned subsidiary of the Columbia Broadcasting System.

The transfer was pursuant to an agreement between the Edison Company and CBS, effected last April, providing for the leasing of WEEI until April 1, 1943, at a rental of \$18,250 a month. The lease also grants CBS the right to purchase the station.

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#### HANSON URGES SET PERIODS FOR NEWSCASTS

A recommendation that definite periods of the day be set aside for the radio broadcasting of news was made to the Federal Communications Commission this week by Elisha Hanson, General Counsel of the American Newspaper Publishers' Association.

Mr. Hanson asserted that the manner in which broadcast stations today handle news "leaves much to be desired" and added that newspapers were prepared to meet any free competition in the facsimile broadcasting or television fields.

"The association which I represent is not opposed to the development of facsimile or television, because either or both might compete with newspapers", Mr. Hanson said. "The newspapers are perfectly capable of meeting any competition which arises on a fair basis. They are concerned, however, with the basis of competition."

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