

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

RECEIVED
FEB 27 1937
WANNEL R. RAY

INDEX TO ISSUE OF FEBRUARY 26, 1937.

House Pases Bill To Ease Operating Requirements.....	2
Steel Labor Drive May Raise Prices On Radios.....	4
Philips Charged With Barring American Radio Tubes.....	5
BBC Television Director Explains Program Plans.....	6
Brinkley Ready To Go The Limit.....	6
5-Year License Terms For Broadcasters Is Proposed.....	7
Census Shows Rise In Radio Production.....	8
Convalescence Of Almonte Reported.....	8
Excise Taxes On Radios Up 13.7% In January.....	8
Hearings Held On Bills To Increase Ship Radios.....	9
Listens To Ireland For An Hour On Long Wave.....	9
1936 Record Year For Radio Export Trade.....	9
Lottery In Sale Of Radios Barred By FTC.....	10
BBC Must Carry Government Advertising Free.....	10
Notes.....	11
Becker Quits Telephone Inquiry, Lauds Results.....	12
Zenith Stock Has Jumped 8374% Since 1933.....	12
NBC's Weekday Daytime Revenue Up 94%.....	12

HOUSE PASSES BILL TO EASE OPERATING REQUIREMENTS

The House this week passed the Lea bill to permit the Federal Communications Commission to exercise discretion in enforcing requirements of the Communications Act that licensed operators be in charge of all radio transmitting apparatus at all times. It was the first piece of radio legislation called up in either the House or the Senate this session and passed without debate.

Chairman Anning S. Prall, of the FCC, predicted that the bill, if enacted into law, will "permit experimentation in the classes of stations not covered by the exceptions, to determine the practical results of actual operation by means of mechanical devices, and to determine the extent to which such mechanical operation may be permitted consistently with the purposes of the Communications Act.

"It will also contribute to the furtherance of fundamental research in radio", he said.

The bill proposes to amend Section 318 of the Act to read as follows:

"The actual operation of all transmitting apparatus in any radio station for which a station license is required by this Act shall be carried on only by a person holding an operator's license issued hereunder, and no person shall operate any such apparatus in such station except under and in accordance with an operator's license issued to him by the Commission; Provided, however, That the Commission if it shall find that the public interest, convenience or necessity will be served thereby may waive or modify the foregoing provisions of this section for the operation of any station except (1) stations for which licensed operators are required by international agreement, (2) stations for which licensed operators are required for safety purposes, (3) stations engaged in broadcasting, and (4) stations operated as common carriers on frequencies below thirty thousand kilocycles: Provided, further, That the Commission shall have power to make special regulations governing the granting of licenses for the use of automatic radio devices and for the operation of such devices."

An explanation of the purpose of the legislation was made by Commissioner Irvin Stewart in a letter to Representative Cole (D.), of Maryland. The letter, which follows, was printed in the Congressional Record:

"This amendment is designed to give the Commission discretion in certain instances to relax the absolute requirement of Section 318, that all transmitting apparatus at all times of operation must be under the control of a licensed operator.

"The need for such discretion was brought to the attention of the Commission forcibly by an application of the Cruft Laboratory, Harvard University. A general experimental station had been licensed to that institution for several years for the purpose of making continuous observations of the ionosphere. The value of this research depended on continuous operation of the station. The results of the operation were recorded automatically. There was no function which an operator could have performed in this connection other than to keep the station upon its proper frequency. The Cruft Laboratory, in consultation with the Engineering Department of the Commission, worked out an automatic device capable of preventing improper operation of the station. The licensee felt that it could not afford to keep an operator on duty throughout continuous operation and regarded such a requirement as unreasonable in view of the fact that no useful function could be performed by the operator. However, the absolute requirement of Section 318 prohibited such operation. Consequently, this important piece of research had to be discontinued. This is but one of a number of instances in which the actual operation of a station by a licensed operator is impractical and unnecessary from an engineering viewpoint. Useful scientific research is inhibited by the present rigid requirement of Section 318. Free balloons containing small automatic transmitters are useful in obtaining reports and in recording atmospheric conditions at great altitudes.

"The use of automatic transmitters on police cars controlled by a central operator would be of value in this important field of emergency service. It would obviate the existing necessity of requiring that police driving such cars be also licensed operators. Since these stations operate only on the ultra-high frequencies, there is little danger of interference from such operation.

"The development of radio to promote the safety of life and property in the air is also handicapped. Without such a requirement radio beacons could be operated automatically at remote points where the attendance of an operator would be impractical both from a physical and a financial standpoint.

"It is important to remember that control by the Commission over a station is not lost because it is automatically operated. The control over the license of the licensee remains to insure proper operation.

2/26/37

"It should be noted that the amendment suggested by the Commission excluded four classes of stations from the field of discretion of the Commission. These exceptions were carefully designed to avoid conflict with international agreements, to preserve safety and to exclude stations operating with great power or on frequencies where considerable interference might be expected. It may be that the bill as amended before being reported out of committee confers somewhat greater discretion upon the Commission. However, the Commission believes that it can, in the exercise of its discretion, avoid any relaxation of the operator requirements where such relaxation would not be in the public interest."

X X X X X X X X X X X

STEEL LABOR DRIVE MAY RAISE PRICES ON RADIOS

The threatened drive of John L. Lewis and his Committee for Industrial Organization may result in an increase in the price of radio sets, according to some industrial leaders.

Russell B. Porter, writing in the New York Times from Chicago this week, stated as follows, in part:

"Although John L. Lewis and his Committee for Industrial Organization did not succeed in imposing the closed shop on the automobile industry in the General Motors strike, they did win union recognition.

"Unless the steel industry can turn back the Lewis onslaught decisively, it is feared in industrial circles that the General Motors settlement, plus whatever gains the C.I.O. may make in the coming steel strike, may prove the opening wedge for the introduction of the closed shop in all mass production industries.

"According to many industrial leaders, that would mean greatly increased production costs and correspondingly higher prices for automobiles, electric refrigerators, radios and all the other twentieth century improvements that go to make up the American standard of living."

X X X X X X X X

2/26/37

PHILIPS CHARGED WITH BARRING AMERICAN RADIO TUBES

In an apparent appeal for American support of a radio trust-busting movement in Europe, R. John Aalberts, secretary of the newly-organized International Association for Independent Radio Interests, charges that the Philips Radio Corporation, of Holland, has entered into contracts which bar American-made radio tubes in certain European countries.

The Association was formed last Fall with delegates from nine countries attending. Headquarters are in Bienne, Switzerland. The circular of the INRIIN also carried the first English translation of the resolution under which the Association was founded.

The writer claims to have proofs that "Philips through certain contracts has blocked the import of American-made radio tubes." He continued:

"In one such contract, dated May 31, 1935, and now still in force (it was prolonged until May 31, 1937), signed from the side of Philips by the famous export-manager Mr. O.M.F. Loupart (of Eindhoven) and the general manager of their Czechoslovakian branch office, Mr. Victor Graf, we read under item I.d, that the Czechoslovakian radio-manufacturers agree not to use any radio-tubes imported from America. Under item I.g we read the remarkable statement that the contracting party, Philips, Eindhoven, consents to this agreement, under the formal reservation that also the group of 'American Patent-Owners' agrees.

"This means, that the 'American Patent Owners', known the world over, are agreeing to the blocking of the products of those firms in America who most likely are their clients and license-fees-paying customers. It means, as we see it, clearly, that those fees are demanded and cashed in America, but at the same time the attempt is made secretly to stop the sale of the products of those clients, while Philips c.s. try to sell their own tubes at triple or quadruple prices.

"In the same contract it is said under item II.a, that no American radio-tubes shall come on the Czechoslovakian market, which clause also indicates that the import and sale of American radio-sets should be prevented, no tubes for replacement being available."

X X X X X X X X X X

2/26/37

BBC TELEVISION DIRECTOR EXPLAINS PROGRAM PLANS

Gerald Cock, Director of the BBC Television Service, recently outlined his plans for future programs.

"Programs designed for viewing rooms - for what may be called casual viewers - should be different from those for home set owners", he said. "The best viewing-room programs would probably be an ordinary procession of short cabaret and topical 'turns'. But the BBC is working towards an eventual home audience. It is hoped to provide a service with a balanced mixture of entertainment and general interest, presented as only Television can present, and aping neither the cinema, the stage, nor the newspapers.

"At present there is a dearth of suitable light entertainment, but many outstanding artists have been secured.

"General interest subjects will include cooking demonstrations, the world of women, how to deal with accidents in the home, on the road, in factories, and in sport. The Zoo will also provide attractive material. Drama is difficult to present, but there will be excerpts from current productions and a series of one-act plays. The topical feature 'Picture Page' has made good and will continue."

X X X X X X X X X X

BRINKLEY READY TO GO THE LIMIT

Observer Jensen of Cowley, Wyoming, in Radio News, writes that in a recent letter received from Dr. Brinkley, he stated that XEAW (now licensed for 50 kw. but, according to his engineers, putting 59 kw. into the aerial) will, sometime in January 1937, be operating on an aerial power of 100 kw. XEAW uses a single tower umbrella antenna, with reflector. The Doctor also stated that if U.S.A. stations should be licensed to use 500 kw., he might possibly boost the power of his XERA to 1,600 kw. At present SERA engineers figure they are putting 350 kw. into a three-tower aerial system with a reflector which is calculated to give a gain of one-third to the North.

X X X X X X X X X

5-YEAR LICENSE TERMS FOR BROADCASTERS IS PROPOSED

A proposal that broadcasting licenses issued by the Federal Communications Commission be increased from six months to five years was made this week in a bill introduced in the House by Representative Anderson (D), of Missouri.

The broadcasting industry immediately hailed the bill as a progressive step. The National Association of Broadcasters, in its weekly bulletin, stated:

"There is no issue less controversial among our membership. Enactment of this bill would greatly increase the stability of the industry. That, we believe, would be in the public interest."

It was recalled, however, that Judge E. O. Sykes, Chairman of the FCC Broadcast Division, at recent hearings before the House Sub-Committee on Independent Offices Appropriations, stated:

"We do not feel that we have yet reached the point where the general spectrum is so good that they (the stations) can operate so well that we are ready to grant licenses for a longer term than six months."

The Anderson bill would amend Section 307(d) of the Communications Act of 1934 to read as follows:

"(d) No license granted for the operation of a broadcasting station shall be for a shorter term than five years and no license so granted for any other class of station shall be for a longer term than five years, and any license granted may be revoked as hereinafter provided. Upon the expiration of any license, upon application therefor, a renewal of such license may be granted from time to time for a term of not less than five years in the case of broadcasting licenses and not to exceed five years in the case of other licenses, but action of the Commission with reference to the granting of such application for the renewal of a license shall be limited to and governed by the same considerations and practice which affect the granting of original applications."

A second section of the bill provides:

"The amendments made by Section 1 of this Act shall not apply to any broadcasting license in force on the date of enactment of this Act until it expires pursuant to the provisions of Section 307 (d) of the Communications Act of 1934 as in force prior to such date."

X X X X X X X X X X

CENSUS SHOWS RISE IN RADIO PRODUCTION

Manufacturers of radio apparatus and phonographs in the United States reported a substantial increase in employment and a pronounced increase in production in 1935 as compared with 1933, according to preliminary figures compiled from the returns of the recent Biennial Census of Manufactures, released this week by Director William L. Austin, Bureau of the Census, Department of Commerce.

This industry employed 44,792 wage earners in 1935, an increase of 36.2 percent over 32,879 reported for 1933, and their wages, \$42,910,316, exceeded the 1933 figure, \$29,654,376, by 44.7 percent. The aggregate value (at f.o.b. factory prices) of radio apparatus, phonographs, and related equipment made in 1935 amounted to \$202,865,672, an increase of 70.1 percent as compared with \$119,234,930 reported for 1933. Of the 1935 total, \$131,341,836 was contributed by complete radio receiving sets, as against \$70,553,334 reported as the value of such sets for 1933. These figures include \$103,964,958 for 1935 and \$56,240,070 for 1933, representing the value of receiving sets for home and general use.

This industry classification embraces establishments engaged wholly or principally in the manufacture of radio apparatus, phonographs, and parts and accessories.

X X X X X X X X X X

CONVALESCENCE OF ALMONTE REPORTED

John de Jara Almonte, Evening Manager of the New York National Broadcasting Company, who has been ill for over two months, is reported to be steadily getting better. So satisfactory is his progress at this date that it is expected that the genial "diplomat of the kilocycles" may be back at his regular post of duty within the next few weeks.

X X X X X X X X X X

EXCISE TAXES ON RADIOS UP 13.7% IN JANUARY

Collections during January, 1937, of the 5 percent tax on radio and phonograph apparatus by the U. S. Treasury were \$683,578.06, an increase of 13.7 percent over the January, 1936, collections of \$601,144.68, according to the Radio Manufacturers' Association. Both included taxes payable in January on previous December production.

X X X X X X X X X X

HEARINGS HELD ON BILLS TO INCREASE SHIP RADIOS

Hearings were held this week before Senate and House Committees on companion bills to require radio equipment on more American ships than now is demanded under existing laws.

Spokesmen for the Federal Communications Commission endorsed the measures and stated that the legislation is needed to replace "inadequate statutes" and meet the Government's obligations under the 1929 International Convention for safety of life at sea.

The Senate passed a similar measure last year, but it died in the House.

X X X X X X X X

LISTENS TO IRELAND FOR AN HOUR ON LONG WAVE

It is not unusual to hear all parts of the world on short-wave, but many do not realize that there has also been a tremendous development in the long-wave side of a modern all-wave set. A member of the International Dxers Alliance, of Bloomington, Ill., reports that for a solid hour he listened to the Northern Ireland regional station of the British Broadcasting Corporation.

The transmitter is of 100,000 watt capacity, broadcasting on 977 kilocycles or 307.1 meters. The broadcast was heard between 2 and 3 o'clock in the morning and, of course, couldn't get through under any condition when our own long-wave stations were operating as the Irish frequency is only a few kilocycles removed from KDKA at Pittsburgh.

X X X X X X X X X X .

1936 RECORD YEAR FOR RADIO EXPORT TRADE

Peak export trade in radio was attained in 1936, according to Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association. Total exports of radio apparatus for the year were \$28,284,251, against total exports of \$25,454,188 in 1935, the previous high record for the American industry.

The principal 1936 export increase was in parts, although increases were recorded also in sets, tubes, speakers and transmitting apparatus.

X X X X X X X X

LOTTERY IN SALE OF RADIOS BARRED BY FTC

Standard Distributors, Inc., 114 East 32nd St., New York, and Louis H. Geller, President of the corporation, are named respondents in a Federal Trade Commission complaint alleging unfair competition through providing retailers with the means of conducting lotteries in the sale of radios and food beaters and mixers, and through misrepresentation of certain products and facilities furnished these merchants.

The alleged lottery scheme is said to involve one of paraphernalia furnished by the respondents, including keys and a padlock, such keys being distributed by a merchant to customers with each purchase of a stated amount of goods, usually 25 cents worth. In this manner, according to the complaint, a merchant may pass out a large number of keys, sometimes as many as 4500, two of which fit the padlock. The two lucky key holders are alleged to receive prizes, usually a radio or a food mixer and beater, by means of a game of chance.

The respondents' plan is alleged to be falsely represented to the merchants as a sales promotion plan to get the respondents' products before the public, when, in fact, according to the complaint, it is a plan to dispose of the respondents' products to the merchants.

Radios to be distributed by the respondent are advertised directly or by implication as "Majestic", when, according to the complaint, the sets used for this purpose are not of that well-known brand.

X X X X X X X X X X

BBC MUST CARRY GOVERNMENT ADVERTISING FREE

In the British House of Commons recently, Mr. Edwards (Labor Member for Middlesborough, E.) asked the Postmaster-General what charges were made for advertisement on the wireless for Government Departments; and whether facilities were to be offered to other manufacturers.

In reply Major Tryon said: "I understand that the notice in regard to vacancies in the Navy to which I assume the Hon. Member's question refers, was broadcast at the request of the Admiralty under the terms of clause 4 (2) of the British Broadcasting Corporation's license, which provides that the Corporation shall, when requested by a Government Department, broadcast at its own expense any announcement or other matter which the Department may require to be broadcast. Clause 3 of the license prohibits the Corporation from receiving money in respect of the transmission of any broadcast matter and from broadcasting any commercial advertisement."

X X X X X X X X X X

2/26/37

NOTES

The Cruft Laboratory, Harvard University, this week was granted a construction permit for a new experimental radio station by the Federal Communications Commission to make continuous automatic observations of the upper atmosphere. The power is 600 watts with a frequency of 2,000 to 8,000 kc., unlimited time.

The U. S. Navy destroyer named in honor of the late Commdr. Tunis Augustus MacDonough Craven, grandfather of Commdr. T.A.M. Craven, Chief Engineer of the Federal Communications Commission, was launched this week at Quincy, Mass.

A bill creating a State Board of Radio Censors, with power to censor radio programs originating in the State, and imposing a 2 per cent tax on local business of radio stations has been introduced in the Washington State Senate by Senator A. E. Edwards.

A favorable report on the application of WOCA, Pensacola, Fla., for permission to increase its power from 500 watts to 1 KW on 1340 kc. was filed with the Federal Communications Commission this week by Examiner Melvin H. Dalberg.

A resolution of the Cuban Department of Communication authorizes the Cuba Transatlantic Radio Corporation, Obispo y Aguiar Streets, Habana, to receive programs from the United States and other countries for local retransmission by Cuban broadcasting stations, and to transmit to stations abroad programs originating in Cuban stations. The establishment of this service is intended to provide a regular direct tie-in between broadcasting networks in the United States and Cuban stations and networks.

X X X X X X X X X X

BECKER QUILTS TELEPHONE INQUIRY, LAUDS RESULTS

The resignation of Samuel Becker as Special Counsel for the Federal Communications Commission in its investigation of the American Telephone and Telegraph Company was accepted this week by President Roosevelt.

Mr. Becker, who took the post October 2, 1935, said in his letter of resignation that the investigation was substantially completed and that he was anxious to return to his law practice in Wisconsin, where in the past he has acted in a special capacity for Governor LaFollette.

The investigation has caused reductions of \$22,000,000 in long distance rates this year. Mr. Becker reported and has uncovered facts essential to intelligent regulation of communications in the public interest.

X X X X X X X X X X

ZENITH STOCK HAS JUMPED 8374% SINCE 1933

A chart showing how the stock of the Zenith Radio Corporation, Chicago, had risen 8374% since 1933 was carried in a recent issue of the Chicago Tribune.

An explanation of the chart stated:

"At the top of the boom in '29 Zenith Radio sold for \$61.75 per share. Later, the same year, the price had frittered away to \$6.27. On May 17, 1932, the stock sold at the record low of 50 cents per share, or two shares for a dollar.

"Stock sold at the same low price in 1933, a few days before the moratorium. On Nov. 17, 1936, a price of \$42.37 was reached. The recovery from the low point amounted to 8374 per cent."

X X X X X X X X X X

NBC'S WEEKDAY DAYTIME REVENUE UP 94%

The National Broadcasting Company's weekday daytime revenue last month amounted to \$961,866. This total represents an increase of 94 percent over the same month last year, and tops all previous January figures. Sunday daytime revenue last month was \$297,577 - an increase of 78 percent over January 1936.

X X X X X X X X X X