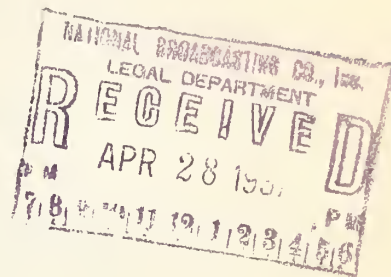


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL—Not for Publication



INDEX TO ISSUE OF APRIL 27, 1937

Radio Fade-Outs Not Due To Increase In Sun's Heat.....	2
News Thefts, Foreign Propaganda By Radio Are Feared.....	3
Zenith Television Application Set For Hearing.....	5
Automotive and Drug Industries Lead Net Stride.....	5
U. S. Radio Exports Shoot Up In February.....	5
Editor & Publisher Raps Payne Broadcasting Tax.....	6
Thad Brown Lauds Communications Act At Phone Meeting.....	7
FCC Affirms Denial Of Mackay Oslo Application.....	7
Trade Notes.....	8
Payne Sees "Rough Road" For Broadcasters.....	9
Increased Sales Call For Enlarged Argentina Philco Plant....	10
Editor Fears Surfeit Of Ads When Television Comes.....	11
Radio Practitioners Move To Larger Quarters.....	12
The Blue Adds WSPD.....	12

No. 1023

April 27, 1937.

RADIO FADE-OUTS NOT DUE TO INCREASE IN SUN'S HEAT

An intensive study of radio fade-outs and their relation to solar eruptions has convinced Dr. F. S. Richardson, of the Mount Wilson Observatory, that the communication disturbance is not due to any sudden increases in temperature from the sun, according to a statement released by the Carnegie Institution of Washington.

The scientist suggests that the radio fade-outs may be caused by the condition of the ionosphere, in addition to radiant energy from the sun.

After reviewing the experiments of Dr. J. H. Dellinger, Director of Radio of the U. S. Bureau of Standards, in this field and his own observations made at the Mount Wilson Observatory, Dr. Richardson said:

"The radiation producing the fade-outs seems undoubtedly to come from the outbursts that show so conspicuously on hydrogen and calcium spectroheliograms. A natural assumption would be that a small area on the sun, at exceptionally high temperature, emits a great amount of black-body radiation of high frequency; but direct observational evidence shows that this assumption is untenable.

"In the course of the routine solar observing we have by chance photographed many bright eruptions. If these eruptions were associated with black-body radiation of high temperature, they should also have shown conspicuously on the monochromatic images taken at the same time. An inspection of many plates recording violent hydrogen and calcium eruptions fails to show any trace of a corresponding image on the photographs made with the continuous spectrum.

"These observations indicate that fade-outs are not caused by any increase in radiation of the kind associated with a great increase in temperature.

"The question naturally arises why certain eruptions produce radio fade-outs while others do not. It is suggested that possibly the condition of the ionosphere, in addition to radiant energy from the sun, may be a factor in determining whether or not a fade-out of high frequency radio transmission occurs."

X X X X X X X X X X

4/27/37

NEWS THEFTS? FOREIGN PROPAGANDA BY RADIO ARE FEARED

Viewing with alarm the increasing broadcasting of news both by American long-wave stations and foreign short-wave outlets which may be heard in this country, the Radio Committee of the American Newspaper Publishers' Association proposes that the matter be on the agenda of the North American radio parley at Havana in November.

An appeal was made by E. H. Harris, Chairman of the Committee, to the publishers last week at their New York convention, to guard against the theft of news at home and the inroad of foreign propaganda via short-waves.

The Committee observed that radio is "gradually changing both the mechanical operation of a newspaper and the relation of the newspapers and the press associations to the general public."

Regarding the "foreign news propaganda", the Committee had the following to say:

"Many foreign countries, recognizing the possibilities offered by short wave, have built powerful broadcasting stations with directional antennas pointed toward North and South America so that they may be able to pour their political propaganda programs into the Americas. These stations are now so powerful and so well equipped that it is possible to receive these short wave broadcasts in the Americas in the English and Spanish languages with almost the same clarity as the broadcasts of many stations of our own in the regular broadcast band. Some European countries have blotted out foreign propaganda by setting up an interference on the same wave length on their own borders. Another method used by some European countries is to make it a penal offense for any citizen to own a set capable of receiving a foreign broadcast. Neither of these methods would be practicable and possible in the United States.

"The Committee believes that if a time could be set aside for the broadcasting of regular Press-Radio Bureau reports generally in the United States this practice would offset to some extent the possible influence of foreign propaganda. By this method we would meet propaganda with accurate press association news and the world would then be in a position to judge between the merits of the two services. It must be remembered that our press associations are the only news-gathering agencies in the world which are not subject to control, either direct or indirect, or recipients of support, financial or otherwise from government.

"Unless some action is taken by the press of the United States to offset this governmentally engineered propaganda in the form of foreign news broadcasts, it eventually will become a serious problem not only for the press but also for our own Government.

Publishers were urged to protect their news against unauthorized broadcasts, but at the same time they were warned that they "have no monopoly on the business of gathering news".

"From time to time your Radio Committee has advocated that publishers and press associations take precautions to protect their property rights in the news which they have gathered", the Committee stated. "The Supreme Court on various occasions has handed down decisions which leave no doubt that newspapers and press associations have a property right in the news which they have gathered.

"We should not tolerate a situation in which there is a general pilfering of our news. The proprietary rights in our own news are our stock-in-trade. We again appeal to publishers to give serious thought to this subject, because the entrance of radio into the field of general communications has opened a medium which encourages the pilfering of news.

"While a very large part of our news to and from foreign countries, and some of it from point to point in this country, is handled by means of short wave radio, experiments are being carried on now to develop sending and receiving machines which eventually may provide secrecy in the transmission of our own news.

"On the point of the broadcasting of news on the regular broadcast band, publishers and press associations have followed up these violations through court action until broadcasters are now more generally recognizing property rights.

"Publishers should investigate their news departments to see if their news is being used for sale to advertisers for broadcast purposes in unfair competition with newspapers.

"Again we want to state that newspapers and press associations have no monopoly on the business of gathering news. They have no control over any news which they have not gathered.

"Neither Mexico nor Canada has laws protecting property rights in the news which the newspapers and the press associations have gathered, and most of the foreign nations have made no provision to protect the property rights in news. The publishers associations in Great Britain have started a movement to have laws passed by the various governments which will grant to newspapers and press associations the same property rights that now exist in the United States.

"Our press relations with Mexico need some attention because our press associations lose their property rights when they cross the border. Under the present arrangement, Mexican radio stations are taking the news out of Mexican newspapers and broadcasting it back to the United States to the detriment of our newspapers. This should be remedied. This question could probably be considered at the forthcoming regional radio conference which will convene in Havana next November, and where both the United States and Mexico are expected to be represented."

X X X X X X X X

ZENITH TELEVISION APPLICATION SET FOR HEARING

The application of the Zenith Radio Corporation, Chicago, for a permit to erect and operate a television broadcasting station has been set for hearing by the Federal Communications Commission. The time has not been fixed.

Zenith proposes to use 42000-56000 and 60000-86000 kc. with 1,000 watts visual power and 1,000 watts aural power, unlimited time.

X X X X X X X X X X

AUTOMOTIVE AND DRUG INDUSTRIES LEAD NET STRIDE

The automotive and drug industries, increasing their expenditures \$431,419 and \$588,102 respectively, accounted for almost half of the rise in NBC's gross network revenue for the first quarter of 1937 over 1936.

Automotive expenditures rose from \$627,739 in 1936, to \$1,059,158 or 68.7 percent, while drug expenditures increased from \$2,841,116 to \$3,429,213, or 20.7 percent.

X X X X X X X X

U. S. RADIO EXPORTS SHOOT UP IN FEBRUARY

Exports of radio equipment by United States manufacturers in February amounted to \$2,376,000 as compared with \$1,829,000 in the corresponding month last year, according to the Division of Foreign Trade Statistics, Department of Commerce.

The comparative figures for January and February are: 1937 - \$4,960,000; 1936 - \$3,868,000.

X X X X X X X X

EDITOR & PUBLISHER RAPS PAYNE BROADCASTING TAX

Joining the more anonymous howls of broadcasters, the American publishers, who are rapidly becoming broadcasters as well, have joined in the protest against the proposed scale of taxes on broadcasting stations as suggested by Commissioner George Henry Payne.

Editor & Publisher in its current issue attacked the tax as embodied in a bill introduced by Representative Boylan (D.), of New York, as "confiscatory in nature" and "hostile in intent to the present ownership of radio".

Frank A. Arnold, former radio executive, in his column "Radio and the Newspapers" in the same issue, criticized the tax scale as excessive.

Both, however, admitted that the broadcasting industry might well be taxed, but in a different fashion.

Said the editorial: "The politicians are moving in on the broadcasting industry from all sides, and this tax proposal has all the earmarks of an effort to limit the power and the range of commercial stations. The bill would exempt stations which do not broadcast commercially, and also stations operated by the U. S. government, any state or territory, or the District of Columbia. One doesn't tax the instrumentalities of government!"

"With a reasonable range and an equitable basis of special taxation on broadcasting no one will quarrel. For the privileges it enjoys on facilities that belong to the public, the industry should be willing to pay, and pay well - but a privilege tax of \$150,000 on a 50,000-watt station is unconscionable. It is not comparable with the special taxes levied under the Narcotics Act or the Firearms Act, cited by Mr. Payne as largely regulatory in purpose and approved by the courts.

"It is confiscatory in nature, hostile in intent to the present ownership of radio and designed to accomplish by pressure the conversion of radio to a pure public utility. Desirable as that may be to politicians who like the one-way radio channel as distinguished from other, and uncontrollable, methods of communication, it is a long way from representing a wide public sentiment."

Mr. Arnold's conclusion, after a discussion of the tax, was:

"Broadcasting is a one-sided business. All its product is given away without compensation from the audience and its only source of income is the sale of a portion of its

time for commercial programs. A relatively few large stations have made money during the last five years. The networks have been prosperous as shown by their advertised figures. But how about the hundreds of individual stations that are barely making a living?

"If the industry must be taxed, let the burden be placed where it belongs - on the stations and networks that are making the 'enormous profits', and figured on either gross income or net profits. By this method, even though it involves some clerical labor, a result can be arrived at fair alike to the little fellow who makes perhaps \$5,000 a year net and the big operator whose figures run into the millions."

X X X X X X X X

THAD BROWN LAUDS COMMUNICATIONS ACT AT PHONE MEETING

After reviewing the history of Federal regulation of communications, Thad H. Brown, Vice Chairman of the Telephone Division of the Federal Communications Commission, praised the Communications Act of 1934 in an address last week at the Annual State Convention of the Ohio Independent Telephone Association in Columbus, Ohio.

Commissioner Brown referred to the pending investigation of the American Telephone & Telegraph Company without commenting on the Commission's findings. He praised highly the contributions of the Independent telephone companies to the industry.

X X X X X X X X

FCC AFFIRMS DENIAL OF MACKAY OSLO APPLICATION

Concluding consideration of a case that has occupied more than a year's time, the Federal Communications Commission last week, sitting en banc, affirmed the decision of the Telegraph Division on June 3, 1936, in denying the applications of the Mackay Radio & Telegraph Company, Inc., to add Oslo, Norway, as a point of communication.

The application was contested chiefly by R.C.A. Communications, Inc., on the ground that adequate service was being provided by RCA.

The Oslo application was but the opening gun of a Mackay campaign to challenge RCA's domination of the world radio communication traffic.

X X X X X X X X

: : : :
: : : : TRADE NOTES : : : :
: : : :
: : : :

The application of WRVA, Richmond, Va., to move its transmitter site 15 miles southeast of Richmond and install new equipment and a directional antenna system and increase power from 5 KW to 50 KW has been set for hearing by the Federal Communications Commission.

Station WTAM, Cleveland outlet of the NBC-Red Network, is expected to occupy new quarters in the first four floors of the Guarantee Title & Trust Building, 9th and Superior Sts., Cleveland, shortly before January 1st, according to virtually completed plans announced this week.

Seven studios, the largest of which will seat 400 persons, are planned at the new site. Provisions for television facilities will be made both in the studios and on the roof. The entire project will cost between \$250,000 and \$300,000.

An adverse report was filed with the Federal Communications Commission this week by Examiner on the application of the Rapids Broadcasting Co., Cedar Rapids, Ia., for a construction permit to operate a new broadcasting station on 1310 kc. with 100 watts power, unlimited time.

The Columbia Medal for Distinguished Service to Radio will be presented on May 2nd by William S. Paley, President of the Columbia Broadcasting System, to Barry Bingham, co-publisher of The Louisville Courier-Journal, which operates Station WHAS, Louisville, Ky. The award, which will be made during a broadcast, is in recognition of the station's efforts in combating the floods in the Mississippi and Ohio River Valleys last January.

Rear Admiral Walter S. Crosley, retired, a cousin of Powel Crosley, Jr., radio manufacturer, has been selected as a resident director of the International Hydrographic Bureau at Monaco. In this position, Admiral Crosley succeeds Rear Admiral Andrew T. Long, retired.

NBC audience mail in March set a new high of 1,140,580, up 12 percent over the previous high, 1,015,372, set in March, 1936, and up 245 percent over February, 1937, when 330,427 pieces were received. Total mail for the first quarter was 2,206,675, or one percent more than in the first quarter of 1936, when 2,186,043 responses were received.

Robert W. Cottingham has been transferred from NBC's news division in New York City to NBC in Washington, where he will be Assistant News Editor. He has been doing general assignments.

E. P. H. James, Promotion Manager at NBC, will speak on "Television" at the annual meeting of the Mendelssohn Glee Club Monday, May 2nd, at the Manhattan Club in New York. Dr. O. H. Caldwell, former Federal Radio Commissioner, and editor of "Radio Today", will discuss "Radio Tomorrow."

Belmont Radio Corporation, Chicago, has registered the following with the Securities and Exchange Commission: 315,000 shares of no-par value common stock, of which 300,000 shares are outstanding and 15,000 shares are unissued and reserved for exercise of an option granted to the underwriter Stemmler & Co., of New York.

Lewis Allen Weiss, General Manager of the Don Lee Broadcasting System, WOR-Mutual's West Coast affiliate, announced this week the appointment of Charles E. Sayler to the post of Director of Public Relations, effective immediately. Mr. Sayler comes to the Don Lee organization after more than a decade of service with the firm of J. F. Helms and Brother of Chicago, large scale manufacturers and distributors.

Two additional University Fellowships for advanced study in radio broadcasting at the National Broadcasting Company have been granted by the Rockefeller Foundation - one to Harley A. Smith of Louisiana State University, and the other to George E. Jennings of Station WILL of the University of Illinois. Two similar fellowships were granted last year.

X X X X X X X X X X

PAYNE SEES "ROUGH ROAD" FOR BROADCASTERS

"Unless broadcasting companies begin to pay attention to public criticism, they face a rough road ahead", declared George Henry Payne, Federal Communications Commissioner, in a talk at Garden City, L. I., last Saturday, before the annual conference of District 2 of the American College Publicity Association at Adelphi College.

"In every other country of the world they do not permit advertising and they send cultural education over the air", said Commissioner Payne. "In this country we allow the broadest liberty. Some broadcasts are pumping into private homes material about nostrums, foods that have not been demonstrated as beneficial and certain medicines that the people should never be urged to buy."

Mr. Payne said that there were forty millions of dollars invested in the broadcasting business and that the gross revenue last year was \$107,000,000. He said that the profit this year probably would be 350 percent. He expressed the belief that there was a great opportunity for college men and women to go into the broadcasting business.

X X X X X X X X

INCREASED SALES CALL FOR ENLARGED ARGENTINA PHILCO PLANT

In Argentina, South America, the land of the pampas; vaqueros, caballeros, and a great nation of devotees of the opera and music, there flourishes a lusty young industry, Philco Argentina, SA, with offices and factories in Buenos Aires, employing hundreds of members of the Philco Family, according to the Philco World.

Philco Argentina, SA, is an Argentina corporation having full benefits of all research and development at the great Philco Radio and Television laboratories in Philadelphia.

Philco Argentina engineers visit Philadelphia from time to time to keep abreast of the latest and best practices, and this year an executive will attend the United States sales convention.

In a recent issue of Revista Telegrafica, a radio magazine published in Buenos Aires, there appeared a well-written article on Philco Argentina, SA, profusely illustrated with pictures. The article was written by Sr. Gmo. Dougall, General Manager of the plant, and Sr. Atilio Alzona, chief factory engineer.

The article was translated by Victor S. Gittens, of the Philadelphia Philco Reclamation Department, and personal friend of Sr. Dougall and Sr. Alzona. The following is an excerpt from the article:

"When Philco Argentina, SA, was established, headquarters were located in Shacabuco Street, but soon afterwards, in view of the huge increase in sales and the absolute necessity of enlarging its assembly shops and to start the manufacture of cabinets, moved its offices to 541 Caseros Street, and its assembly plant to 1445-47 Engineer Huergo Avenue, keeping them separated from the furniture plant.

"Having made this change, it also adopted the new name of Philco Argentina, SA, the company being formed with Argentina capital and incorporated during the administration of President Uriburu in May, 1931.

"This company has followed an inviolable policy from the start to market radio receivers of the highest quality. Following the policy of the mother company in the United States, it did not surrender to the temptation of meeting the competition of cheap and poorly made receivers that so many 'faker' concerns have placed on our market during the last few years.

"Philco Argentina, SA, claims that the quality of both the local and foreign broadcasting is far better than the reproduction provided by other sets manufactured in Argentina, and that the public ought to be offered quality receivers in order to enjoy, at its true fidelity, the musical quality of the broadcasts."

X X X X X X X X

EDITOR FEARS SURFEIT OF ADS WHEN TELEVISION COMES

Quoting from an article by Gilbert Seldes in the Atlantic Monthly, the New York Times on April 26th, in an editorial discusses the danger of a surfeit of advertising when television reaches the public demonstration stage. The editorial says, in part:

"If the advertiser is to pay the bill of television - a bill many times larger than that now presented by the sound-broadcasting studios - he will do well to study the responses of motion-picture audiences. Only the cheapest houses ever dared to throw on the screen the local hardware store's announcement of its vast stock of tools and cutlery. Thirty years of futile effort have narrowed this field to exhibitions of fashions and of ingenious gadgets with commercial possibilities - this because both are news. Propaganda and publicity we will tolerate on the screen, but not advertising. We will listen to a brief lecture on vitamins in general, but not on the vitamins that impart miraculous properties to a particular brand of cough-drops. Will the advertising sponsors of television programs boldly hold up their fountain pens, pajamas and lawn mowers to our gaze and 'sell' them to us as repetitively and insistently as they now do with talk alone? If so, Mr. Seldes predicts rebellion and therefore failure.

"Thousands read the newspaper while broadcast jazz rattles the windows. No such indifference is possible with television. Either we look and listen or we don't. Advertisers had complete command of attention on the motion-picture screen only to find that they were tiresome. They will have something like it again with television, but with the knowledge that there is refuge in walking away or blotting out the image and the sound by the turn of a switch. Restraint will be demanded. Mr. Seldes doubts if the advertiser will be able to impose it upon himself.

"For the costs are bound to be high when this new art is born. The elaborate productions of the movies have spoiled us. To present nightly a new sketch, even though it be only ten minutes long, means an army of directors and actors, warehouses stuffed with properties and costumes, and vast studios where stage settings are prepared. Where are they to be found in sufficient numbers for the scores of regional transmitting stations that will be demanded? The public will not look at the same televised sketch twice in succession. Multiply 365 by a hundred advertisers and the enormity of the artistic problem, not to mention the cost, becomes apparent. There is not money enough to bore us to the extent that advertising on this scale demands. Perhaps our salvation lies here. Or perhaps an entirely new and more palatable method of selling goods by television will be developed."

4/27/37

RADIO PRACTITIONERS MOVE TO LARGER QUARTERS

Littlepage and Littlepage, attorneys and counsellors in Washington, have removed from the Union Trust Building where they have been for many years, to a larger and more modern suite in the Bowen Building, 815 - 15th Street, N. W., between H and I Streets, about a half a block north of their old offices.

Thomas P. Littlepage, Sr., was a pioneer in radio practice having represented Ralph Atlass, of Chicago, then of WBBM, in the Zenith controversy, the first radio case ever to be tried in this country.

X X X X X X X X

THE BLUE ADDS WSPD

WSPD, Toledo's only radio station, has joined the Blue Network of the National Broadcasting Company.

"WSPD is the most popular station heard by Toledo listeners", an announcement of the NBC in taking over the Toledo trading area says. "It is first choice in a survey of Toledo residents conducted by the Associated Radio Service men during the week of January 11-16, 1937. WSPD scores 60% - the second choice station, 24%.

"WSPD was established in 1921. Operates full time, 5000 watts day, 1000 watts night; 1,340 kilocycles. Recently installed new, modern equipment, including a vertical radiator.

"Toledo, the nation's 32nd largest market, has a population of 290,718; its \$112,550,000 retail sales rank third in Ohio. Spendable money per capita is \$620 - 21% greater than the U. S. average.

"The great market which WSPD covers embraces: Population, 1,285,184; families, 338,570; radio homes, 268,200; bank deposits, \$266,300,000 and spendable income, \$589,263,000."

During four weeks of October, 1936, WSPD made three spot announcements daily, offering a lucky pocket piece. 10,382 requests were received in addition to the ordinary run of fan mail.

X X X X X X X X