

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

CONFIDENTIAL — Not for Publication

INDEX TO ISSUE OF MAY 7, 1937.

✓ FCC Prepares To Clean Own House As Probe Is Sidetracked.....	2
Deletion Of Brooklyn Station Urged For Irregularity.....	3
March Radio Advertising 14% Above February.....	4
WGY To Have One of Highest Antennas In Country.....	4
April Billings On Networks Soar To New Peaks.....	5
Bill Would Designate Origin Of Sponsor's Product.....	6
New Powerful Television Station For Eiffel Tower.....	6
CBS To Dedicate New Short Wave Station May 12.....	7
Soviets Plan Radio House, Buy Television Equipment.....	8
Trade Notes.....	9
James Likens Television To Movies, Facsimile.....	10
Two Crosleys Control Crosley Corp., Report Shows.....	11
Callahan Leaves Washington NBC Office.....	11
24,500,000 Radio Families, CBS Survey Shows.....	12

No. 1026

FCC PREPARES TO CLEAN OWN HOUSE AS PROBE IS SIDETRACKED

With the Connery resolution calling for a broad investigation of the radio broadcasting industry apparently sidetracked, if not definitely blocked for the session, the Federal Communications Commission is setting about to clean house itself and thereby remove some of the cause of Congressional complaint.

The appointment of Thomas J. Slowie, a former Congressional secretary, as Secretary of the Federal Communications Commission has encouraged the hope in some Commission quarters that relations between the FCC and Congress will be improved.

Nevertheless, Examiners' reports, which have abruptly taken a stern attitude toward license transfers, indicate that the Commission is preparing to crack down on broadcasters who appear to be in the business for speculative profits.

The first test of this policy will come when the Broadcast Division acts upon an Examiner's recommendation that the Columbia Broadcasting System be refused permission to take over the license of KSFO, of San Francisco. If CBS makes a fight, the Commission will be forced to take a stand that may well establish a precedent in license trafficking.

Somewhat perturbed by the legal consequences of prohibiting a sale of licenses, the Commission has obtained a confidential opinion from its General Counsel, Hampson Gary.

The objective of the FCC seems to be to find a formula for measuring the value of a station in a manner that will take into account the possession of a operating license while at the same time keep it out of the speculative field.

So as to have all pertinent information in case Congress should begin calling for data on station investments, ownership, affiliations, and the like the FCC has sent letters to all stations demanding that copies of all contracts negotiated since July 15, 1934, be filed at once. The contracts specified are those "which may in anywise affect the control of your station."

Although the order requiring the filing of this information was promulgated in August, 1934, it is understood that up to this time it has not been strictly enforced.

5/7/37

While FCC critics on Capitol Hill have been for the most part too occupied with more important matters to assail the Commission or the industry in recent weeks, Representative Amlie (Farmer-Labor), of Wisconsin, has been trying to keep the homefolks informed on his views.

A charge that the "radio scandal" is as bad as the Teapot Dome affair, Congressman Amlie, in his weekly "Congressional News Letter", said:

"Teapot Dome was a noisier scandal than the administration of the Federal Communications Commission, but it doesn't smell any worse."

He also reiterated charges that the FCC was overlooking trafficking of licenses, that only three favored law firms can "get any results before the Commission", opposed the Anderson bill for 5-year licenses, and declared a "radio monopoly" dominates the broadcasting industry.

X X X X X X X X X

DELETION OF BROOKLYN STATION URGED FOR IRREGULARITY

Denial of the application of WMBQ, Brooklyn, N. Y., for renewal of license was recommended to the Federal Communications Commission this week by Examiner Ralph L. Walker on the ground of an irregularity in the station's control.

Pointing out that WMBQ's license was issued in 1927 to Paul J. Gollhofer, who had previously used the equipment as an amateur station, the Examiner said he had found that "the station was actually owned and operated by a co-partnership consisting of Mr. Gollhofer and Lillian E. Kiefer from its inception until May 7, 1935."

This arrangement, Mr. Walker said, was in violation of Section 308 of the Communications Act.

Station WMBQ has been operated by a receiver since September 24, 1936.

Examiner Walker recommended that the applications of Gollhofer and Miss Kiefer for construction permits to use WMBQ's facilities also be denied. He proposed that the time be given to WWRL, of Woodside, L. I. Both stations have catered to foreign-language listeners.

X X X X X X X X X

5/7/37

MARCH RADIO ADVERTISING 14% ABOVE FEBRUARY

Total broadcast advertising in March amounted to \$11,628,154, an increase of 14.2% over the February level and and a gain of 24.6% over the level of last March, according to the National Association of Broadcasters.

"Gross time sales for the month were the greatest in history, being slightly greater than the total recorded for last October", the report stated. "Advertising in all portions of the medium increased in volume as compared to last month, with national non-network business registering the greatest gain. Total broadcast advertising for the first three months of 1937 amounted to \$32,180,035, a gain of 26.1% as compared to the corresponding period of 1936. Radio broadcast advertising seems to be headed for another record-breaking year.

"Although advertising in national magazines and newspapers increased to a greater extent than radio as compared to last month, radio broadcasting continued to show the greatest increase in advertising volume as compared to corresponding periods of last year. Whereas radio showed a gain of 24.6% in volume over last March, national magazine volume increased 15.6%, national farm paper volume 7.1%, and newspaper volume 4.1%.

"Continuing the season trend, non-network advertising increased 18.5% over February and 35.6% over last March. Although all sizes of stations registered substantial gains, the greatest increase occurred in the regional station group. Advertising in this group rose 23.5% over February. The New England-Middle Atlantic Area led all geographical districts in increased volume, both as compared to last month and as to March, 1936."

X X X X X X X X

WGY TO HAVE ONE OF HIGHEST ANTENNAS IN COUNTRY

The General Electric Company has announced that it will erect an ultra-modern 625-foot vertical antenna for its station WGY in Schenectady, and by doing so will increase the effective signal strength of this 50,000-watt transmitter at least three times. The plans to give this pioneer broadcasting station one of the tallest antenna systems in the country have been approved by the Federal Communications Commission and work will start at once.

5/7/37

According to W. J. Purcell, chief engineer of WGY, the signal to be radiated from the new antenna will be the equivalent of that of 150,000 watts or three times as great as the present system.

The lighting system will be controlled by an "electric eye" which, pointed north, will automatically turn the lights on when the daylight diminishes to 20 foot-candles, and will turn them off when the intensity reaches 40 foot-candles.

The new steel tower, which will weigh 250,000 pounds, will rest its entire weight on a single porcelain insulator, mounted on a 10-foot-square concrete base. Two sets of insulated guys will support the structure.

X X X X X X X X

APRIL BILLINGS ON NETWORKS SOAR TO NEW PEAKS

Continuing its upward trend, radio advertising on the networks soared to new heights during April. While reports from independent stations have not been correlated, indications are that they also are prospering.

Time sales on the Columbia Network for April totalled \$2,596,238, an increase of 33.1% over April, 1936. (\$1,951,397). The previous seasonal decrease in billings from March to April was reversed this year, since the March total was \$2,559,716. Topping all other networks for April, this is the forty-third consecutive month in which CBS has made a gain over the corresponding month of the previous year, according to a CBS statement.

Advertisers' gross investments in NBC network time increased 19.5 percent over the same month a year ago. Total revenue for the month was \$3,277,321, against \$2,741,928 in April, 1936. The Red Network total was \$2,303,519; the Blue, \$973,802.

The April figures bring NBC's 1937 four-month total to \$13,729,385, a gain of 22.8 percent over the first four months of 1936.

A 19.8 percent increase in time billings was reported for the Mutual Broadcasting System. Total billings for April, 1937, were \$167,590. For the same month in 1936, they were \$139,934.34.

Cumulative billings for the first four months of 1937 total \$769,901.17, a 16.6 percent increase over the same period in 1936. For the same period in 1936 they were \$660,040.98.

X X X X X X X X

BILL WOULD DESIGNATE ORIGIN OF SPONSOR'S PRODUCT

Announcers would be required to specify the origin of any product advertised over the air under provisions of a bill introduced this week by Representative Martin (R.), of Massachusetts.

The bill seeks to regulate advertising of imported articles generally. One section dealing with radio reads as follows:

"In radio broadcasting where commercial broadcasting is used in the promotion of and to advertise for sale in the United States any imported article or material, a broadcasting announcer shall, at the beginning and end of each broadcast period, clearly state the name of the country of origin of the article or material advertised."

X X X X X X X X X

NEW POWERFUL TELEVISION STATION FOR EIFFEL TOWER

A new and powerful television transmitter has recently been ordered for the Eiffel Tower, Paris. This new transmitter has been commissioned by the French Ministry of Posts, Telegraphs, and Telephones. It will have a peak power of 30 KW fully modulated at the aerial, and will be capable of broadcasting on the basis of 405 lines, with a band width of 2.5 mc/s.

It is proposed to install the new transmitter at the base of the Eiffel Tower, with the aerial projecting from the top of the flagpole, which is 984 feet above ground level, according to World-Radio. The transmission cable from transmitter to aerial will be approximately 1,300 ft. long, over 5 ins. in diameter, and will weigh about 12 tons. Of the semi-flexible coaxial cable required for the highest quality transmission, it will run up the framework of the tower to the centre of the topmost cupola, from which the present flagpole protrudes.

The construction of the transmission cable raises several novel and difficult problems. Since the cable is to pass upward from the point mentioned, it will be necessary to substitute a new hollow metal pole for the one now in place. This with the transmission conductor inside must be pushed up through the opening in the collar that crowns the steel structure to a height of 40 ft. The aerial will continue for another vertical distance of 10 ft. above the flag.

Another problem concerns the installation of the transmission cable between studios and transmitter. This will be accomplished by a specially adapted cable with special terminal equipment necessitated by the alternative systems of positive or negative control which require different characteristics in the transmission lines leading from the studios.

The equipment will include a "monitoring set", corresponding to a control station on a broadcasting or long-distance telephone circuit. This will enable a technical operator to have full control, and to know at all times just what quality of television broadcast is going out "on the air." The audible portion of the programs will go out from a regular P.T.T. broadcasting station. Programs will be produced from two studios, situated in the Radio Building of the Exhibition and the Post Office Building.

Although the P.T.T. has been broadcasting an hour's television program daily from the Eiffel Tower since December, 1935, with encouraging results, it was felt by technical experts of the Ministry that progress had been such as to warrant the substitution of a more modern and powerful installation. Thus the Eiffel Tower, whose career began with the Exhibition of 1889, is to play a leading part in one of the most modern features of the 1937 Exhibition.

The contract just signed with Le Materiel Telephonique, in whose laboratories the equipment has been developed after two years' research, specifies that the new station shall be ready for service, with reduced power, by July 1 next, operating with full power by the Autumn.

X X X X X X X X

CBS TO DEDICATE NEW SHORT WAVE STATION MAY 12

Regular daily program service, especially designed for listeners of Europe and the British Isles, will be initiated by the Columbia Broadcasting System on Coronation Day, Wednesday, May 12, when network officials dedicate Station W2XE, Columbia's new high-power international short wave broadcast transmitter.

The new station, which has a peak power of 40 kilowatts, will be official opened at 4 A.M., EST (9:00 A.M., Greenwich Mean Time) with short dedicatory address by E. K. Cohan, CBS Director of Engineering, and William Lewis, Vice-President in Charge of Programs. The first program of the regular series will be transmitted toward Europe and England by means of directional antennas and will go on the air at 5:15 A.M., EDT, when W2XE will carry the Coronation ceremonies as they are broadcast from London by CBS in collaboration with the British Broadcasting Corporation.

5/7/37

Programs of interest, primarily to foreign audiences, will be selected for W2XE's trans-Atlantic transmissions by a new program department headed by Elizabeth-Ann Tucker, who, as a former member of the CBS General Engineering Department, has, for the past several years, been closely associated with Columbia shortwave activities. Salute programs commemorating historic dates in European history and other special broadcasts will be presented in the language of the country to which they are dedicated.

The operating schedule of the new station will enable English and European audiences to hear the programs during their afternoon and evening hours of listening. Licensed to employ five frequencies, W2XE will be heard as follows:

7:30 A.M.-10:00 A.M., EDST: (11:30-14:00 G.M.T.) - 21,520 kilocycles.
1:00 P.M.- 2:00 P.M., EDST: (17:00-18:00 G.M.T.) - 17,760 kc.
3:00 P.M.- 6:00 P.M., EDST: (19:00-22:00 G.M.T.) - 15,270 kc.

The fourth frequency, 11,830 kilocycles will be held in reserve until further tests indicate its period of maximum usefulness. The remaining frequency, 6,120 kilocycles, is for transmission to Central and South America.

X X X X X X X X X X

SOVIETS PLAN RADIO HOUSE, BUY TELEVISION EQUIPMENT

While plans for a "Radio-House" in Mius Square, Moscow, were disclosed by Radio Centre, Moscow, a report was published in New York that the RCA Manufacturing Company is preparing to ship the Soviet government its latest television equipment.

That the Soviets expect to follow the precedent of American broadcasters in permitting an audience to witness studio performances is apparent from the following press statement with regard to the new Radio-House.

"One of the studios will have an area of 500 square meters. Its height will be 10 meters. It will be the largest studio in the Soviet Union. A symphony orchestra with up to 225 musicians will be able to play in this studio, and 350 people will be able to listen to the broadcast in this studio."

Regarding the television equipment, the current Variety reported:

"A television transmitter of the most advanced design was completed this week at the RCA Mfg. Co. plant in Camden and is now awaiting shipment to Moscow.

"Although tight-lipped as to the actual hour of shipment, officials of the company said the apparatus was merely part of a large order of radio material contracted for by Russia about two years ago. The order was understood to involve an expenditure of more than \$1,000,000 by the Soviet Government. The television transmitter is reputed to have a power capacity of 7,500 watts and to be similar in operation to one recently built by RCA engineers for a major radio network in this country.

"Television receivers will accompany the picture broadcaster in the consignment for Moscow where construction of a special 'television center' is planned. Russian engineers were permitted to study technical processes employed in the manufacture of the apparatus in the Camden plant as part of its agreement in the contract."

X X X X X X X X X X

:::: TRADE NOTES ::::

J. C. McNary, consulting radio engineer, is representing the National Association of Broadcasters at the fourth meeting of the International Radio Consulting Committee, which will convene May 21st at Bucharest, Rumania.

Station WRC, Washington, will shortly begin construction of a new transmitter just outside of the National Capital. A permit was issued this week by the Federal Communications Commission for the work. The cost will be about \$75,000.

Alleging use of unfair methods of competition in the sale of a preparation known as "Radio Active Hair Restorer", the Federal Trade Commission has issued a complaint against Mary Mauthe, trading as Mauthe & Son Remedy Co., 923-927 Twenty-third St., Denver, Colo. The respondent is a radio advertiser.

The first public exhibition devoted solely to the development and modern attainments of television is to be opened at the Science Museum at South Kensington early in June. It is expected that the exhibition will remain open for three months.

A contract has been given by the Estonian Government to the British Marconi Company to supply all radio broadcasting equipment to be installed in the new State broadcasting station now being constructed at Turi, a small town in the center of Estonia. It is understood that the value of the material to be purchased approximates \$189,000.

Copyright fees paid for the broadcasting of literary and musical works by the French State stations amount to about three million francs, and the private stations probably pay about two million francs (the three Paris private stations together paid nearly one million francs in 1936), according to World-Radio. M. Leon Blum has received a delegation from the French Society of Authors, and as a result has decided to increase the basis for the State stations, which will thus have to pay for the year 1937 more than double the old rate.

Radio Corporation of America reported net income in the first quarter of \$2,243,056, equal, after preferred dividend requirements, to 10 cents a share on the common stock. This compared with \$1,286,691, or 3 cents a share in the same quarter last year.

X X X X X X X X

JAMES LIKENS TELEVISION TO MOVIES, FACSIMILE

Television, one of the most complicated of modern sciences, can be easily understood by laymen if it is regarded as combining the principles of movies and radiofacsimile pictures, according to E.P.H. James Sales Promotion Manager of the National Broadcasting Company.

Referring to NBC's experimental television broadcasts in a talk before the Mendelssohn Club in New York on May 3, Mr. James said, in part:

"I have been trying to think of a way to describe how television works which would not only be clear and reasonably interesting, but also would be straightforward enough for you to be able to pass along. I think I can describe it best as a combination of two principles - the principle of the motion picture and the principle of the radiofacsimile picture.

"Of course, I don't have to explain to you the principle on which the motion picture works, but I should say that the modern equipment projects 24 separate pictures, or frames, per second. In other words, 24 separate 'still' pictures per second come at you rapidly enough to fool you into thinking that the objects in the pictures are themselves moving.

"Radiofacsimile, however, may need a little explanation. There are several different systems of sending facsimile pictures by radio and by wire. At the transmitting end the picture is placed on a roller and a pencil of light crosses and recrosses the picture, thus dividing it up into a series of lines. This process is known as 'scanning'. At the receiving end, a piece of paper is brought into contact with a printing device which reproduces those same lines with comparable degrees of shading. A single 8-by-10 inch picture can be reproduced by facsimile in about 20 minutes, from the first line to the last. Speaking generally, and distinctly not technically, television combines the principles of radiofacsimile and motion pictures by the simple process of speeding up everything so that the televisior sends 30 complete pictures every second."

X X X X X X X X X X

5/7/37

TWO CROSLEYS CONTROL CROSLEY CORP., REPORT SHOWS

Further amendments to registration statements and annual reports filed with the Securities and Exchange Commission were made public this week by the New York Stock Exchange. Among them was a schedule showing that Powel Crosley, Jr., and Dwendolyn A. Crosley between them controlled the Crosley Radio Corporation, the former owning 152,699 shares, or 28 percent, on January 31, 1936, and the latter, 130,910 shares, or 24 percent.

The January flood caused Crosley to suffer a loss of \$31,559 for the first three months of 1937, its quarterly earnings statement disclosed.

Although net profit from operations amounted to \$218,440, the company set aside \$250,000 for flood loss, resulting in the \$31,559 deficit, as compared with net profit of \$687,877 for the first 1936 quarter.

The flood, which caused the Crosley plant to shut down temporarily and indirectly caused a \$500,000 fire in a warehouse, resulted in a sharp drop in sales, the total for the 1937 quarter being \$3,973,336, as compared to \$6,847,523 in the first 1936 quarter.

X X X X X X X X X X

CALLAHAN LEAVES WASHINGTON NBC OFFICE

Resignation of Vincent F. Callahan, Commercial Manager of the National Broadcasting Company's two Washington radio stations, was announced this week by Kenneth H. Berkeley, General Manager. Mr. Callahan leaves Washington May 17th to become General Manager of Radio Station WWL, at New Orleans, at a salary said to be \$10,000 a year. Mr. Berkeley also announced the appointment of John H. Dodge for the last three years a member of the sales staff of WRC and WMAL, to succeed Mr. Callahan.

Mr. Callahan is a native of Washington and has been associated with publishing and radio concerns in the city for 15 years.

X X X X X X X X

5/7/37

24,500,000 RADIO FAMILIES, CBS SURVEY SHOWS

More than 24,500,000 American families now have radio sets.

Receivers are being bought in this country currently at the rate of 28 sets per minute, 140 every five minutes, and in the first three months of this year 1,300,000 sets were purchased for homes and automobiles.

Total U. S. sets in use is placed at 33,000,000 which exceeds the number of automobiles and is more than double the number of telephones in operation.

Those figures are contained in a new survey which the Columbia Broadcasting System has released under the title, "Radio in 1937."

The brochure, which brings up to date Columbia's continuous 4-year measurement of the national radio audience under the direction of Dr. Daniel Starch, noted research expert, reveals that 1,631,000 families joined the radio audience during 1936. At the beginning of 1937, 24,500,000 families owned radios. Among these, 20,212,500 listened an average of over 5 hours each day. In 1932, the average daily period for each family listening was 4.1 hours.

In addition to radio-equipped homes, the number of automobile radios in use at the beginning of 1937 is shown in the study at 4,500,000. Taking into account the 4,000,000 families owning more than one radio, the total number of radio sets now in operation is placed at more than 33,000,000.

Personal interviews with some 160,000 set-owners in all parts of the country form the basis for the figures contained in the latest CBS survey. Interviews by Dr. Starch's staff of trained statisticians last from 20 to 30 minutes and, during the four quarter periods of 1936, covered every income group in 160 communities of 2,500 population and over. In this category it was found that nine out of every ten families were radio owners.

Intensity of ownership according to size of family income varied as follows: 98.6% of homes with incomes over \$5,000; 96.3% of homes with incomes of \$2,000 to \$5,000; 85.1% of homes with incomes of \$2,000 or less.

The percentages of homes having radios in communities of various sizes are as follows: 92.4% in cities of over 250,000; 90.8% in cities of 25,000 to 250,000; 91.8% in cities of 10,000 to 25,000; 88.8% in cities of 2,500 to 10,000.

X X X X X X X X