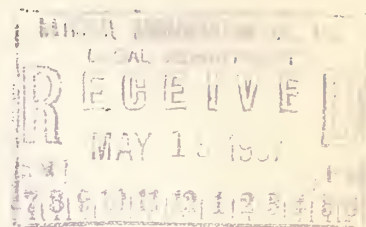


HEINL RADIO BUSINESS LETTER

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No. 1029

May 18, 1937.

TELEVISION TODAY FOR SUCKERS ONLY, SAYS McDONALD

Talking before one thousand distributors assembled in Chicago for the Annual Distributors' Convention of the Zenith Radio Corporation, Commander E. F. McDonald, Jr., President of the Company, voiced a strong criticism of what he said was "the recent misleading wave of publicity, pretending to indicate that television continues to be 'just around the corner.'"

"Television is still just around the corner for stock salesmen only", declared Commander McDonald. "It is 'just around the corner' for the suckers who believe these salesmen when they say that television is about to become an immediate home practicality. Hundreds of thousands of dollars have already been taken away from optimistic investors in television stock schemes, and it is high time the public is told the truth."

Commander McDonald further stated that television is still a considerable distance away, called attention to the numerous difficulties still standing in the way of placing a television receiver in the average home and pointed out that even with the finest of laboratory equipment, the experts have been unable to project television more than a few miles through the ether. In addition, he went on, any motor car operating in the vicinity of a television receiver interferes at present, with reception of the picture. Therapeutic machines used in hospitals and doctors' offices have the same effect. All these troubles must be cured, he averred, before television becomes practical in the transmission end, and as for the receiving end, engineering is still a long way from its object.

"We began making our own television experiments a considerable time ago", continued Commander McDonald. "In the Zenith Laboratories we have a corps of expert television engineers, supported by the latest up-to-the-minute equipment. I can tell you from first hand experience that the present machinery of television will have to be fundamentally altered and greatly improved to give reasonable satisfaction. It is true that laboratory equipment is sending 'pictures' or eye views for short distances, and they are being received with reasonable clarity, but the difference between working with expensive and complicated equipment in the laboratory and of manufacturing in quantity an inexpensive home receiver, is tremendous. And even were we able to surmount that difficulty, the unsolved problems of transmission are still staring us in the face."

Commander McDonald pointed out further that these television experiments of his company reminded him of his early experiments with short wave, and called attention to the first long distance short wave voice broadcast which he made from Donald B. MacMillan's Arctic Schooner, the "Bowdoin", anchored off the coast of Greenland in the harbor of Etah, Greenland, within 11 degrees of the North Pole, to Lieut. Commander Fred Schnell, who had been dispatched on the U.S.S. "Seattle" to Tasmania, in the Southern Hemisphere, half way around the world, to pick up the voices speeding through the ether. Singing Eskimos were put on the microphone at that time, and according to official navy reports made by Commander Schnell, came through beautifully over such a long distance for the first time in history.

"Our short wave broadcasts at that time", concluded Commander McDonald, "were much more practical than any television transmissions in their present stages. That was fourteen years ago and it took short wave reception ten years to reach the home radio stage. Television may look for an equal or comparable period of experimental development."

"The question of who is to pay for television entertainment, is another problem to be solved. No practical way of linking advertising with the 'movies' has as yet been put into practice, and it is problematical whether the advertiser of the future can successfully link televised programs to his commercial announcements. I don't say television is not coming. I do say that in its present state of the art it is far from a state of development where it can be placed into the homes of the country."

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COAXIAL CABLE TESTS SUCCESSFUL, ENGINEER REPORTS

Little has been heard recently about the coaxial cable that was laid between New York and Philadelphia last year and which was looked upon as a possible key to television transmission. E. I. Green, of Bell Telephone Laboratories, writing in the May issue of the "Bell Laboratories Record", reports that satisfactory progress is being made, nevertheless.

"Preliminary test conversations have been held over the system, both between New York and Philadelphia and also over a circuit looped back and forth at the terminals to give a total length of 3800 miles. In general, the results thus far obtained have been in accordance with expectations, and no insurmountable barriers have appeared which would prevent the successful application of such systems in the future. Much work remains to be done, however, before coaxial systems suitable for general commercial service can be produced."

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RADIO CARRIERS MEET CUT IN TELEGRAPH RATES

Simultaneous with an announcement by the Telegraph Division of the Federal Communications Commission on Monday that the principal telegraph companies had cut rates \$3,000,000, R.C.A. Communications, Inc., and the Mackay Radio & Telegraph Co. filed reductions under the wire carriers.

The radio rates are based on the same principle as those of the telegraph companies, a FCC statement said, "except that the charge is based on a minimum of 30 words, which charge is the same as the charge for 25 words over the wire carriers, and the additional groups are in units of six words instead of five words each."

W. A. Winterbottom, Vice-President and General Manager of R.C.A. Communications, Inc. explained that the new night letter classification, which is to be effective June 1st, is revolutionary in that it permits the transmission by radio telegraph of medium length letters, orders and other communications now being forwarded by mail, at no greater cost than the former night letter. The present night message classification is to be discontinued.

The extent of these rate reductions is reflected in the following examples: the cost of a 30 word night letter between New York and Chicago is lowered from 60¢ to 42¢, 100 words from \$1.00 to 81¢ and 120 words from \$1.20 to 90¢. From New York to the principal Pacific Coast cities night letters of 30 words are reduced from 96¢ to 50¢, 100 words from \$2.00 to \$1.48, and 120 words from \$2.40 to \$1.70. The night letter rates between other cities served by the RCA system are proportionately reduced.

The new telegraph tariffs become effective June 1st and will result in reductions to the American public of \$3,000,000 a year, according to estimates of the carriers. These reductions came about as a result of the conference method of regulation and provide for the lowest overnight rates in the history of American telegraphy.

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The total number of registered German owners of radio receiving sets on February 1, 1937, amounted to 8,348,130, or 101,991 listeners more than at the beginning of the preceding month, which represents an increase of 1.2 percent. Of the total number of listeners, 621,589 were freed from the payment of the monthly radio fee.

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FIVE NEW STATIONS RECOMMENDED BY EXAMINERS

Issuance of construction permits for five new broadcasting stations in scattered points of the country were recommended to the Federal Communications Commission this week by Examiners.

Examiner George H. Hill submitted a favorable report on the application of the Asheville Daily News for a permit to operate on 1370 kc. with 100 watts power, unlimited time. A previous report, making the same recommendation, was filed last Fall, but affidavits charging mis-statement of facts caused the FCC to make a supplementary inquiry.

The Central Broadcasting Corporation, of Centralia, Wash., was given a favorable recommendation by Examiner John P. Bramhall. It asked for 1440 kc. with 500 watts power, unlimited hours.

The third application was from the Okmulgee Broadcasting Corporation, of Okmulgee, Okla. It is for 1210 kc. with 100 watts power, daytime operation.

Examiner Melvin H. Dalberg advised that the application of Allen T. Simmons, of Mansfield, O., for a permit to operate on 780 kc. with 1 KW, daytime, be granted and that the request of the Sharon Herald Broadcasting Co., of Sharon, Pa., for the same facilities be denied.

A new station for San Diego, Calif., for operation on 1200 kc. with 100 watts power, daytime, was recommended by Examiner P. W. Seward. The applicant is the Pacific Acceptance Corp.

Examiner Seward recommended that the application of KADA, Ada, Okla., for authority to increase its operating time from daytime to unlimited be granted.

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INDIAN POTENTATE BUYS COSTLIEST RADIO SETS

Two radio sets, believed to be the costliest ever constructed, are on their way to India, destined for the palace of the Maharaja of Patiala, according to the U. S. Trade Commissioner at Calcutta. They were built in England, with luxurious cabinets inlaid with rare woods, designed according to the Maharaja's own specifications. The control knobs and the dial holder are made of carved ivory. The cabinet's front and back are inlaid with equal beauty and give a luxurious appearance viewed in any position. Each set rests on a chromium tray with leather handles by which the apparatus can be easily moved in the halls of the palace. The reception of the sets is guaranteed to be the best available under Indian conditions.

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SENATE ORDERS RECORD IN RCA-MACKAY OSLO CASE

Upon motion of Senator Borah (R.), of Idaho, the Senate on Monday adopted a resolution ordering the Federal Communications Commission to submit a complete record of the proceedings in the application of the Mackay Radio & Telegraph Company for authority to establish a communications office at Oslo, Norway.

Senator Borah, in asking for immediate action on the resolution after introducing it, explained that he believed the FCC's action contrary to communications law, but he added:

"I may reach a different conclusion after I know all the facts and after the Commission shall have made its report."

Mackay last week filed an appeal from the Commission's decision, reached after a prolonged hearing and consideration. The Mackay application was rejected on the ground that R.C.A. Communications, Inc., already serves the territory adequately.

Mackay has raised a cry of "monopoly" against RCA, while RCA has insisted that it would be in the interest of the United States to have a single radio communication circuit to important world centers in case of war or other emergency.

Had Mackay won a favorable decision on its Oslo application, it planned to apply for permission to establish points of communication at other strategic cities where RCA now has offices.

The Senate resolution reads as follows:

"Resolved, That the Federal Communications Commission be, and the same is hereby, requested to send to the Senate as soon as practicable the record, or copies of the record, and all data and facts relative to the application of the Mackay Radio & Telegraph Co., Inc., for modification of licenses to add Oslo, Norway, as a point of communication; and also any decisions or written opinions touching the allowance, or disallowance, of said application.

"Secondly, that the Commission be, and the same is hereby, requested to state the law and the facts upon which its decisions or opinions were rendered relative to said application."

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REAPPOINTMENT OF COMMISSIONER STEWART EXPECTED

Dr. Irvin Stewart, Chairman of the Telegraph Division of the Federal Communications Commission, is expected to be reappointed shortly before his term expires on June 30th. No opposition to the reappointment is foreseen.

Majority Leader Rayburn, of the House of Representatives, who is Dr. Stewart's Congressional sponsor, stated this week that he is sure that Dr. Stewart will be retained.

The youngest member of the FCC and one of its liberals, Dr. Stewart has frequently been critical of broadcasting policies of the Commission. He was a merit appointee three years ago, when he joined the FCC. His new appointment will be for the customary seven years.

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PUBLISHER ORGANS DIFFER ON RADIO ROLE AT "HINDENBURG"

Radio was both praised and criticized in publisher organs this week for its handling of news of the "Hindenburg" disaster.

Editor & Publisher, in discussing newspaper coverage of the event paused to point out that broadcasting stations were not on hand when the blast occurred.

"Radio stations missed the scoop of the century by not having made preparations to give a spot news broadcast of the ship's arrival", it observed. "However, an announcer from WLS, Chicago, was on the scene making a routine recording of the airship's arrival. The description was so good that NBC broke a 10-year rigid rule and allowed a recording to be broadcast over a nation-wide hookup on Friday."

Newsdom looked at the matter in a different light.

"Radio stations generally came through gloriously on their treatment of the 'Hindenburg' disaster. Many newspaper executives have frequently expressed the opinion that in times of sudden crisis, radio's ability to get the news across to the air audience and give a full, on-the-spot running story, would be tested sorely. The 'Hindenburg' explosion proved beyond doubt that modern radio has so systematized itself that it now can not only get the story, but can get it with amazing swiftness, thoroughness and accuracy.

"All the major networks sent transmitting outfits to the scene of the disaster and broadcast vivid eye-witness reports, explanations of probable causes by airport officials, and, strange as it would have seemed not so long ago, stories by newspapermen and press photographers!"

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TRADE NOTES

Station KOB, Albuquerque, N. M., whose affiliation with the National Broadcasting Company was announced last February, will become an optional outlet available to either the Pacific Coast NBC-Blue or NBC-Red Network on June 15th.

The Federal Trade Commission has issued an order to cease and desist against Standard Distributors, Inc., and its President, Louis H. Gellar, both of 114 East Thirty-Second Street, New York City, prohibiting certain unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act. In the sale of radios, food beaters, food mixers, or other articles, the respondents are directed to stop furnishing or selling any device or paraphernalia which is to be used, or which may be used, in the distribution of such articles by means of a lottery scheme, lottery sales plan, game of chance, or gift enterprise.

A Bolivian executive order has removed the import prohibitions against an extensive list of products including, among others, radios valued at less than \$50. The decree further provides that the prohibitions against imports of certain other goods and articles, including radios valued at more than \$50 shall remain in force.

A new radio broadcasting station began operations in Panama City on April 1st. The station is located in the Herrera Building on Central Avenue and the equipment described as home-made is said to consist mostly of Thoradason parts. Broadcasting is at present from 12 M to 1 P.M. and from 8 P.M. to 10 daily. Call letters are HP5H, frequency kilocycles 6122, wave length meters 49, power watts 300, operator and address - "Voice of the People", leased to the Panama American (daily newspaper).

Ceremonies inaugurating radio-telephone service between the United States and China will be held tomorrow (Wednesday) in the office of Secretary of State in Washington and in the Palace Hotel in Shanghai.

A Central Children's radio station is being built in Kharkov, Soviet Republic. Children themselves are taking part in the installation of the equipment.

U. S. Assistant Trade Commissioner Lestrade Brown, Paris, advises that negotiations are taking place between the Minister of postal Service, Telegraphs and Telephones and the Minister of Colonial Affairs, concerning the setting up of a radio broadcasting station in French Indo-China.

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IOWA LAW PROTECTS STATIONS FROM LIBEL SUITS

Iowa radio stations are protected against libel suits arising from "ad libbed" remarks of a defamatory nature uttered by political speakers and others under terms of a bill signed by Governor Nelson G. Kraschel. The new law specifies that stations are protected against such suits for damages if they first "exercise due care to prevent the publication or utterance of such statements in such broadcast."

The bill was introduced by Representative Dewey Goode of Davis County and was passed and signed with little public notice. A section of the law refers to non-applicability to any present suits.

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CHINA PLANS DEVELOPMENT OF RADIO AND TELEPHONE COMMUNICATIONS

A three-year plan for the further development of industry and communications within the Kwantung Province, China, has been drawn up and is now being considered by the Provincial government, according to a report from Vice Consul W. L. Parker, Canton, made public by the Transportation Division, Department of Commerce.

Among other things, the plan provides for an extensive development of long distance radio and wire telephone systems. It is expected that about \$1,500,000 (Chinese Currency) will be expended during the first year of the plan in establishing commercial telephone communication between Canton and other localities in China.

Approximately \$1,900,000 (Chinese Currency) will be expended during the second year of the plan for the development of long distance telephone systems in all districts along the West River. The plans are as yet incomplete for the second year and no plans have been worked out for the third year, according to the report.

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WALKER HEAD OF FCC HEARING SECTION

Ralph L. Walker, transferred two weeks ago from the Examiners' staff of the Federal Communications Commission to the Law Department, has been made chief of the Hearing Section of the Broadcast Division of the latter department, according to an announcement by Hampson Gary, General Counsel. He will report to George B. Porter, Assistant General Counsel. //

Mr. Walker heads a group of lawyers appearing at broadcast hearings for the FCC. The Hearing Section also embraces investigation and prosecution of criminal proceedings for the FCC. The post is a newly-created one.

Mr. Walker has been with the Communications Commission since its creation and was one of the first attorneys on the old Radio Commission, having joined it in 1928, a year after it began operation. Coincident with his transfer to the Legal Department last month, Tyler Berry, attorney in the Law Department, was transferred to the Examiners' staff. //

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I. T. & T. INCOME FOR 1936 \$1,500,000 ABOVE 1935

The International Telephone & Telegraph Company's net income for 1936 amounted to \$4,009,103 as compared with \$2,553,013 for 1935, according to a report made this week to I. T. & T. stockholders. This figure does not include income from Spanish subsidiaries.

"Sales by manufacturing subsidiaries approached record amounts during 1936, topped only by the peak sales of 1930", the report states. "Revenues of telephone, cable and radio operating subsidiaries also showed substantial increases over revenues for the year 1935. Reports received to date indicate a continuation of the improved trend in 1937.

"This steady and encouraging improvement in earnings was general except in the case of the subsidiaries located in Spain. The effect on the Corporation's Spanish investments of the civil war in that country, cannot be determined at this time."

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ZENITH INTRODUCES NEW LINE

The three-day Zenith convention in Chicago last week was climaxed by a dinner and entertainment and followed by a mass trip through the new Zenith factory.

Zenith, for the coming year, has gone distinctly "armchair" having placed twelve of the chairside models in the new line, ranging in list price from \$29.95 for a full sized floor design, to \$185.00, and containing from 5 to 15 tubes. The complete line runs from \$19.95 to \$750.00, and embraces sixty-five models of all descriptions running from five to twenty-five tubes.

Within this comprehensive line are included four phonograph combinations, two radio bars and 8 farm or battery models; also three period or traditional furniture models; the last mentioned in the higher priced brackets.

Zenith's three most important innovations are an entirely new Robot or power dial set-up which simplifies all tuning immensely; "Electric Automatic Tuning", in which a motor takes over the job of tuning, and a farm radio line with a "Hi-Line" switch that can be thrown instantaneously for either 6 volt battery or 110 volt power line operation.

The new Robot dial is a highly ingenious affair, is big and black in accordance with the vogue set by Zenith three seasons ago, and is framed by an escutcheon in the form of an "ovalized triangle". The standard broadcast, foreign and domestic commercial short wave, -- and the police, amateur and aviation bands have been placed on three separate dials, which are brought into view, one at a time, by the manipulation of a three-position "Robot Wave Band Selector". Each dial is thus greatly simplified, and the crowding of the entire complement of bands on a single dial heretofore found on radio sets, is eliminated entirely.

To tune on these dials, the operator has merely to press the "Robot Self Starter" to either the left or the right. This sets a synchronous motor in operation, and the needle travels around the dial automatically. As a part of the system, Zenith has provided the purchaser with a set of "Local Station Indicators" or "Dial-Logs" which can be slipped on the dial without the aid of service man, and which serve to identify the tuning positions of favorite stations selected by the user. In addition station call letters are printed on the standard broadcast dial. Another innovation separates the volume switch from the on-and-off control, permitting the set to be turned off without disturbing the volume setting in the process.

The Convention was addressed by E. F. McDonald, Jr., President of Zenith; Hugh Robertson, Vice-President and Treasurer, E. A. Tracey, Vice-President in Charge of Sales and other members of the organization.

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NEBRASKA ACT OUTLAWS THE ASCAP

Attorney General Richard C. Hunter said Monday night he was unable to determine what steps would be taken to enforce the act outlawing the American Society of Composers, Authors and Publishers in Nebraska "until I read it."

The law, signed by Gov. R. L. Cochran yesterday (Monday) despite protestations of opponents that the measure was unconstitutional, became effective at once.

Senator Frank J. Brady, who introduced the measure, accused the A.S.C.A.P. of conducting a "reign of terror" to collect fees from radio stations, theaters, hotels, restaurants and clubs.

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"NEWS PIRACY" CHARGED IN REPLY TO TRANSRADIO SUIT

Charging that the Transradio Press Service, Inc., and Radio News Associated, Inc., are "news rustlers" and "pirates", attorneys for the 17 defendants in the Transradio suit for \$1,700,000 alleging conspiracy in restraint of trade filed an affidavit and notice of motion at the first hearing of the case in U. S. District Court in New York last week for leave to take depositions of witnesses who live at a greater distance than 100 miles from New York and for an extension of time for this undertaking.

The motion was based upon an affidavit of Sidney D. L. Jackson, Jr., of Baker, Hostetler, Sidlo & Patterson, Cleveland, general counsel for the United Press Associations; Hugh Baillie, Roy Howard, and G. B. Parker, and filed by DeWitt, VanAken & Moynihan, New York counsel. It stated that on investigation of the plaintiffs' organization "we are now in possession of information with respect to that matter which will have a material bearing upon the issues of the case and will tend to negative the allegations in plaintiffs' bill that the news disseminated by plaintiffs resulted from the efforts of their own correspondents and not from pirated news gathered by the defendant press associations or newspapers."

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