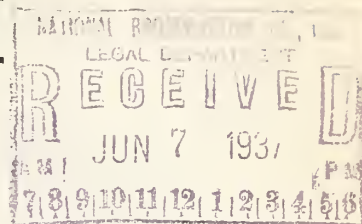


# HEINL RADIO BUSINESS LETTER

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## INDEX TO ISSUE OF JUNE 4, 1937.

Radio Industry Seen Passing Last Year's Record.....	2
Philco Strike Ends In Compromise On Wages.....	4
Canada To Build Two 50 KW Stations.....	5
—Payne Non-Committal As He Is Suggested For N. Y. Mayor.....	6
Television To Borrow Movie Technique, Says Engineer.....	6
Hearing Scheduled On Zenith Television Request.....	7
—Arnold Quits As Telegraph Director Of FCC.....	7
FCC Opposes 5-Year Licenses, Dodges Press Decision.....	7
—FCC Submits Data To Senate In Mackay-RCA Case.....	8
—Special Counsel Named By FCC In Segal-Smith Case.....	8
Two Additional Frequencies Recommended For Mackay.....	8
Trade Notes.....	9
WRVA Hearing Scheduled For June 10.....	11
CBS Billings For May Up 45.9% Over 1936.....	11
Wife Of General Harbord Dies.....	11
Sparks-Withington Signs FTC Stipulation.....	12
Huge American Television Service Foreseen By Hanson.....	12
RCA Declares 87½ Cent Dividend.....	12

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## RADIO INDUSTRY SEEN PASSING LAST YEAR'S RECORD

Although the present year is not half gone, all business indices point to a record year with radio set sales and broadcast advertising ahead of last year's peaks, according to a survey of the industry just completed by Dun & Bradstreet, Inc.

"Upward trend of production and distribution in the radio industry during the past three years has been extended thus far in 1937", the report states. "Despite the new peak established in 1936, sales have continued to widen, in keeping with the revival of home building, with its concomitant demand for the higher quality cabinets as pieces of furniture. The expansion of rural electrification has opened a vast new territory, as farmers are discarding their battery sets for the electrically-operated types. The rise in automobile radio sales has paralleled the mounting assemblies.

"Retail sales during the first four months of the current year ranged from 20 to 40 percent more than in 1936, despite the interference of strikes and floods in some parts of the country. Based on an average production gain of 30 percent for the first quarter, which is the lightest one of the year, total output for 1937 has been estimated conservatively at 10,310,000 sets. This would represent an increase of about 25 percent over the new peak established in 1936 at 8,248,755 units, which was 36.9 percent larger than in 1935, as compiled by Radio Today.

"Broadcast advertising will not be subjected to the usual Summer recession this year, as time sales booked already are in excess of the 1936 reservations. If the current rate of time buying be continued, broadcast advertising may rise to \$125,000,000 in 1937 from the peak reached in 1936 at \$114,440,000. Television experiments have progressed, but early marketing possibilities are viewed as remote by the leading experts.

"Strikes interfered with production in some sections during March and April, but in most parts of the country capacity schedules have been maintained since the first of the year. For the first four months output ranged from 25 to 50 percent larger than in 1936. The upswing included all price classifications, with more emphasis placed on the higher-priced sets, accompanying the improved buying power of consumers. The gain in radio-phonograph combination models, in some instances, ran up to 100 percent, and up to as much as 60 percent in automobile radios.

"Production for the first quarter this year, according to the latest statistics available, was estimated at 1,675,000 sets, or an increase of about 30 percent over the 1,287,462



turned out during the first quarter of 1936, thus extending the rise from the all-time peak recorded for the latter year. According to Radio Today, complete figures reporting all radio sets built by licensed radio manufacturers in 1936 totalled 8,248,755, an increase of 36.9 percent over the 6,026,031 in 1935, the previous record high.

"National advertising broadcast has continued to advance, the \$6,345,000 set down for March, 1937, marking the forty-second consecutive month that the total has been larger than that for the comparative one of the year preceding. This brought the total for the first quarter to \$18,120,000, a new high for the period, as it exceeded 1936 by 21.4 percent, 1935 by 30.1 percent, and 1933 by 114.4 percent. For 1936 a peak was established at \$57,761,000, an advance of 22.3 percent over the previous high set in 1935.

"In spite of the recession in January from the high total of December, retail sales of radios during the first four months of 1937 ranged from 20 to 40 percent larger than during the comparative 1936 period. In some districts April sales nearly were on a par with last December's level. The usual lull in May was broken by the demand for combination sets, induced by the Coronation festivities in London. June distribution doubtless will lag, as purchases will be deferred, awaiting the display of the new 1938 models.

"Most of the sales have fallen within the \$50 to \$70 price range, with the well-known makes in the greatest demand at \$100. Some retailers have more than doubled last year's sales of combination radio-phonograph sets. Demand for battery sets has started to wane, as farmers are replacing these with electrically-operated units, as the rural electrification movement spreads. While more than 50 percent of the receivers were sold on the installment plan, cash purchases were numerically the largest since 1929.

"Outstanding in the features of the 1938 receivers will be the larger number of models to employ the dial-type automatic frequency control for easy, accurate tuning. In tube equipment, some manufacturers are including, with the metal types, glass rectifiers and glass power-output tubes. Many of the unnecessary gadgets will be eliminated, because of the increase of about 15 percent in manufacturers' costs, due to higher wages and material prices.

"Current price trend is upward, and any future revisions doubtless will be in the same direction. Sets at retail now cost from 5 to 12 percent more than a year ago, or an average of about \$5. The new 1938 models are expected to range from 15 to 25 percent higher than last season's merchandise, due to the advanced costs of steel, lead, zinc, copper, lumber, labor, and additional taxes.

"Even with this increase, prices of radio receiving sets still will be low, when consideration is taken of the array of new gadgets and refinements included. Some of the set-makers have not named prices, fearing labor difficulties, which would force them into union contracts. The mark-up of tubes of 10 to 12 percent in January really advanced the 11 popular tube types about 20 percent.

"All divisions of the industry reported a steady improvement in collections, which were classed as very good by manufacturers and wholesalers, and satisfactory by retailers. Recurrent strikes caused a temporary slump in installment collections in some districts, but the write-off of doubtful accounts has been insignificant this year."

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#### PHILCO STRIKE ENDS IN COMPROMISE ON WAGES

The Philco strike, which began just four weeks ago with a walkout of 8,500 workers, ended officially May 28th with the signing of a new agreement between the Philadelphia Storage Battery Company, makers of Philco radios, and officials of the United Electrical and Radio Workers Unions affiliated with the C.I.O.

A statement signed jointly by George E. Deming, Executive Vice-President of Philadelphia Storage Battery Company; Reese Llewellyn, President of Local 101; Fred J. McCall, Chairman of Executive Shop Committee of Local 102; and C. F. Bradley, President of Local 108, announced the termination of the strike at a meeting of the two groups after the vote taken Thursday afternoon and evening by the workers had been counted and had been overwhelmingly in favor of acceptance of the new agreement.

While no details of the settlement were announced, it is understood that the workers retained the 36-hour week, under which they had been working, and compromised on their demand for a ten-cent-an-hour wage increase by accepting a five-cent increase. Other points of disagreement were amicably worked out in the negotiations which began four weeks ago following the calling of the strike.

Trucks began at once moving material that had been lying in the shipping rooms and a general readying began in the plant preparatory to a return of the workers, which had been set for Tuesday, June 1st.

The Statement of the Company and Union officials pointed to the fact that the month-long strike had been conducted without a single case of disturbance, with little picketing, with no police protection, and with a fine spirit between management and workers.



"Officials of the United Electrical and Radio Workers Unions affiliated with the C.I.O., representing the workers in the Philadelphia Storage Battery Company and the management have reached an agreement on all points at issue, members of the Unions have approved this agreement and work will be resumed as rapidly as possible in the production of Philco radios", the statement of Mr. Deming and Union leaders pointed out.

"Work has been suspended for four weeks while negotiations have been in progress on the new contract between workers and the Company and every point at issue has been completely explored and satisfactorily adjusted.

"During that period in which the strike was in progress there has been a splendid demonstration of the fine spirit that always has pervaded the Philco family. Picketing of the various Philco plants has been carried on by small groups of men and women and always in the most orderly fashion. There were no efforts to use force, no disturbances, no bitterness engendered, no need for police or other protection. Office workers came and went about their duties, and there was evident a fair and friendly spirit on both sides and a sincere effort to fairly and completely adjudicate the points in dispute.

"It was made clearly evident that when there is a mutual respect between management and workers, and the proper relationship has been established over a period of years that agreements can be amicably and intelligently worked out without disturbance and without the use of any kind of force or pressure."

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#### CANADA TO BUILD TWO 50 KW. STATIONS

Plans for the immediate construction of two 50,000 watt transmitters near Montreal and Toronto have been announced by the Canadian Broadcasting Corporation. It is expected that the two stations will commence operating about October 1, according to Assistant American Trade Commissioner Avery F. Peterson, Ottawa, in a report to the Department of Commerce. The sites for the location of the stations have been selected because of their proximity to the Dominion's two principal cities and centers of broadcasting activities, the report states.

The construction plans include the proposed erection within two or three years of other high-powered outlets in the maritime provinces and in Western Canada. It is also expected that a high-powered shortwave station will soon be in operation in the Dominion to permit overseas broadcasts, it was stated. New exchange programs with Great Britain, the United States and France will be sought according to the report.

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PAYNE NON-COMMITAL AS HE IS SUGGESTED FOR N. Y. MAYOR

Commissioner George Henry Payne this week declined to state that he is or is not a candidate for the Republican nomination for Mayor of New York City, after his name had been put forward by W. Kingsland Macy, Suffolk County Republican Chairman.

It was stated on behalf of the Commissioner that he is now keenly interested in his work with the Federal Communications Commission and has not taken any steps to enter the New York mayoralty race. He denied, however, a published statement that he is not a candidate for the post.

Mr. Macy in a statement assailing the record of Mayor LaGuardia said, in part:

"As one who, with the assistance of George Henry Payne, was responsible for his nomination and election four years ago, I do not hesitate to say that not only has he been a mediocre Mayor, but his contemptuous attitude toward the Republican Party makes it impossible for that party to renominate him and retain its self-respect.

"I believe the party would do better at the polls and build better for the future if it were to nominate some Progressive Republican like George Henry Payne, whose work in the past two years in the Federal Communications Commission has attracted nation-wide attention."

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TELEVISION TO BORROW MOVIE TECHNIQUE, SAYS ENGINEER

Television will borrow from the motion picture technique in the beginning, Ralph R. Beal, supervisor of research of Radio Corporation of America, said in an address last week at Hollywood before the convention of the Society of Motion Picture Engineers.

Ultimately, however, he said, the peculiar needs of the new art will necessitate the development of its own art form, as well as a distinctive technique of presenting programs. He intimated that such favors as television receives from the sound motion picture in its early years will be returned with interest in devices and methods developed for television which also will lend themselves to adaptation to the Hollywood lot.

"You can teach us technique", he said, "but it must be almost inevitable, if television is to achieve its own requirements in technique that we shall one day be offering you in return technical short-cuts to production."

He said there was good reason for his belief in that the earlier development of radio and electronics, stimulated by the coming of sound broadcasting, had incidentally given rebirth to the motion picture, by adding sound to sight.

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## HEARING SCHEDULED ON ZENITH TELEVISION REQUEST

A hearing before an Examiner was scheduled this week by the Federal Communications Commission on the application of the Zenith Radio Corporation, Chicago, for a construction permit to erect and operate a television station using 42000-56000 and 60000-86000 kc. with 1 KW power. It will be held in the FCC offices on June 30 at 10 A.M.

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## ARNOLD QUILTS AS TELEGRAPH DIRECTOR OF FCC

Carl F. Arnold, Assistant General Counsel of the Federal Communications Commission in charge of telegraph matters, this week tendered his resignation to become effective July 1st. It was stated he will return to his post as Dean of the University of Wyoming Law School.

Mr. Arnold's name has been mentioned as a prospect for appointment to the FCC to succeed Dr. Irvin Stewart, who will leave the Commission on June 30th.

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## FCC OPPOSES 5-YEAR LICENSES, DODGES PRESS DECISION

The Federal Communications Commission has informed Congress that it is opposed to legislation proposing 5-year licenses for broadcasting stations and that the question of curbing newspaper ownership of radio stations is one for Congress to decide.

Anning S. Prall, Chairman of the FCC, writing to the House Interstate and Foreign Commerce Committee, regarding the Anderson bill, said:

"The art of radio broadcasting is rapidly changing. . . It is conceivable that the adoption of this bill would tend to 'freeze' existing conditions. . . It has been the experience of the Commission that changes in the allocation of frequencies may be expeditiously accomplished under shorter term licenses."

In another report to the same Committee on the Wearin bill to separate newspaper and radio control, the Commission said:

"The determination of the necessity or desirability of amending the Communications Act to add a statement of policy along the lines of HR 3892 appears to rest within the discretion of Congress."

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6/4/37

FCC SUBMITS DATA TO SENATE IN MACKAY-RCA CASE

In accordance with a request sponsored by Senator Borah (R.), of Idaho, the Federal Communications Commission this week submitted to the Senate a voluminous file of records in the case of the Mackay Radio & Telegraph Company's application for a permit to establish an office in Oslo, Norway.

Senator Borah had asked for the information to determine whether charges that the FCC is fostering the development of a monopoly in the radio communication field are correct.

Mackay's application was rejected by the Commission on the ground that R.C.A. Communications, Inc., already serves Oslo.

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SPECIAL COUNSEL NAMED BY FCC IN SEGAL-SMITH CASE

Anticipating a bitter fight, the Federal Communications Commission this week appointed Samuel F. Kaufman, of New York City, as Special Counsel to represent it in the disbarment proceedings instituted against Paul M. Segal and George S. Smith, Washington radio lawyers.

Mr. Kaufman is a noted trial lawyer, having formerly been Special Assistant to Attorney General Cummings in the prosecution of immigration fraud cases in New York.

Messrs. Segal and Smith have not yet filed their answers to the charges brought against them by the FCC, but they have until June 19th to do so.

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TWO ADDITIONAL FREQUENCIES RECOMMENDED FOR MACKAY

A favorable report was filed with the Federal Communications Commission this week by Examiner R. H. Hyde on the application of the Mackay Radio & Telegraph Co. for two additional radio frequencies. The waves sought are 2848 kc. for WMZ, New York, and 2784 kc. for WNEJ, Washington, D. C.

A similar recommendation was made recently upon the application of R.C.A. Communications, Inc.

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::: TRADE NOTES :::  
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Granting of a permit for the construction of a new broadcasting station at Festus, Mo., was recommended to the Federal Communications Commission this week by Examiner P.W. Seward. The facilities requested are 1420 kc. with 100 watts power, daytime.

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A continued gain by NBC's Western Division as a source of sponsored network programs is revealed in NBC's Program Analysis for April. The Western Division supplied 26.0 percent of the sponsored program hours last month, against 21.5 percent in March of this year, and 23.6 percent in April, 1936.

The Eastern Division supplied 49.1 percent, against 53.1 percent in March and 44.3 percent in April 1936, and the Central Division 24.9 percent, against 25.4 percent in March and 32.1 percent in April, 1936.

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The Continental Radio Co., a subsidiary of the Scripps-Howard Newspaper Alliance, has filed applications with the Federal Communications Commission to change its name to Scripps-Howard Radio, Inc.

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The Federal Communications Commission will resume hearings in the telephone investigation now being conducted under and pursuant to Public Resolution No. 8 of the 74th Congress, at 10 A.M., Thursday, June 17, 1937, at the offices of the FCC at Washington, D. C.

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For the first time, NBC is issuing separate rate cards for the Red and Blue networks. The two new cards, No. 23B and No. 23R, effective July 1, now include 19 stations added since last card was issued, Dec. 15. Rates are the same on the new cards with the exception of WOAI, San Antonio, which takes the new rate of \$260 per evening hour.

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The Federal Communications Commission has designated Thad H. Brown to have charge of organizing and carrying forward the work incident to the "Special study of the radio requirements necessary or desirable for safety purposes for ships navigating the Great Lakes and the inland waters of the United States", provided for in Section 15 of Public Order No. 97, approved May 20, 1937, (S.595).

Commissioner Brown said that a study of the preliminary plans for carrying out the purposes of the amendment will be started at once, and that plans will be announced as they are developed.

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E. R. Cullen, Assistant Operating Engineer of the National Broadcasting Company sailed on the French liner "Normandie" Wednesday to make a survey of the ship's radio problems and to instruct the ship's operators in the technique of broadcasting. He will conduct several test broadcasts from the high seas.

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The United States Court of Appeals this week affirmed the action of District Court in dismissing a suit brought by Hearst Radio, Inc., to compel the heirs of the late M. A. Leese to sell to it a majority of the shares of stock in WMAL, Washington, D. C.

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James W. Baldwin, NAB Managing Director, will attend the meeting of the Texas Broadcasters' Association, at Houston, Texas, on June 5.

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Bernard Licht, trading as Licht's Fur Factory, 102 West Twenty-Ninth St., New York City, has been ordered by the Federal Trade Commission to cease and desist from making certain false and misleading representations, by means of radio broadcasts or otherwise, in connection with the interstate sale of furs and fur garments.

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The Telegraph Division of the Federal Communications Commission this week issued an order covering the rates for governmental communications by telegraph from July 1, 1937, to June 30, 1938.

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The National Broadcasting Company has informed its sponsors and advertising agencies that, pending a general ruling on Social Security payments, it has assumed the responsibility of classifying sustaining artists as employees or independent contractors according to its best judgment.

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Tourist traffic through the NBC studios in Radio City hit a new high figure of 10,665 persons over the Decoration Day week-end. Sunday's total of 5,136 was the highest of the three-day period.

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The Federal Communications Commission this week granted a construction permit for the erection of a new broadcasting station to the Lincoln Memorial University, at Middlesboro, Ky., to use 1210 kilocycles, 100 watts and unlimited time on the air.

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6/4/37

WRVA HEARING SCHEDULED FOR JUNE 10

A hearing on the application of WRVA, Richmond, Va., for a construction permit to increase its power to 50 KW. on its present frequency of 1110 kc. will be held before a Federal Communications Commission Examiner the morning of June 10th.

The applicant also is asking permission to move its transmitter and install a directional antenna.

Nine other stations and applicants have been notified as respondents in the case. They are the "Voice of Detroit", WISN, WMBG, KSOO, WCNI, WWVA, WLWL, WDEL, and WPAN.

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CBS BILLINGS FOR MAY UP 45.9% OVER 1936

Time sales on the Columbia Network for May, 1937, totalled \$2,552,374, an increase of 45.9% over the May, 1936, total of \$1,749,517.

Cumulative total for the first five months of 1937 reached \$12,318,505, an increase of 27.2% over the same period last year (\$9,683,007).

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WIFE OF GENERAL HARBORD DIES

Funeral services were held Sunday last in St. Bartholomew's Church, New York City, for Mrs. Emma Ovenshine Harbord, wife of Major Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America. Mrs. Harbord died Saturday at her home in Rye. She was 70.

The honorary pallbearers were President Manuel Quezon of the Philippines, James R. Sheffield, Major Generals Robert C. Davis, Dennis E. Nolan, William D. Connor and Frank R. McCoy; Brig. Gen. P. E. Pierce, Colonel David Sarnoff, Captain Fielding S. Robinson and Captain R. Norris Williams.

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6/4/37

## SPARKS-WITHINGTON SIGNS FTC STIPULATION

The Sparks-Withington Co., Jackson, Mich., engaged in the sale of Sparton radios, has signed a stipulation with the Federal Trade Commission to discontinue representations that Sparton radio tone control makes reception possible under any condition, and that by use of the Sparton, programs are received clearly and distinctly from all American stations or from various foreign countries or from outpost stations in remote parts of the world.

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## HUGE AMERICAN TELEVISION SERVICE FORESEEN BY HANSON

An American television service of "stupendous proportions", built with the help of dozens of sciences, is foreseen by O. B. Hanson, Chief Engineer of the National Broadcasting Company, in an article published in the current issue of the RCA Review. Hanson describes the solution of some of the problems encountered in NBC's television studios by borrowing from all fields of science.

"To mention but a few", he writes, "it would be necessary to include optics, electronics, lighting, motion pictures, radio engineering, acoustics, air conditioning, photography, etc. The coordination of these sciences and the development of techniques which are applicable to television is a continuing process. The television field can only be briefly surveyed at this time, but from present knowledge there is ample reason to anticipate a public service of stupendous proportions, a medium with new engineering techniques, new program ideas, new talent and new commercial application."

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## RCA DECLARES 87½-CENT DIVIDEND

David Sarnoff, President of the Radio Corporation of America, announced last week that quarterly dividend number five of the outstanding shares of the Corporation's \$3.50 Cumulative Convertible First Preferred stock was declared by the Board of Directors.

The dividend is 87½ cents a share, covering the period from April 1 to June 30, 1937. It is to be paid on July 1, 1937, to the holders of record of such stock at the close of business on June 10, 1937.

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