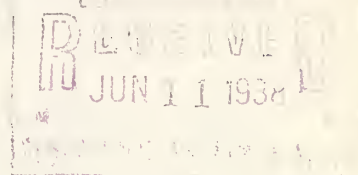


# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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No. 1132

*Handwritten signatures and initials at the bottom of the page, including a large stylized 'W' and 'H'.*

## WELLS IS NEW PRESIDENT OF RMA

For the first time in four years, the Radio Manufacturers' Association has a new president. Albert S. Wells, of Chicago, President of Wells-Gardner & Company, was chosen as the head of the manufacturers at the conclusion of their Fourteenth Annual Convention in Chicago. Leslie F. Muter, of Chicago, who for four consecutive terms has served the Association so well as president was elected its Treasurer.

Five new Directors were named as follows: Glenn W. Thompson, Noblitt-Sparks Industries, Inc., Columbus, Ind.; Harry G. Sparks, The Sparks-Withington Company, Jackson, Mich.; Octave Blake, Cornell-Dubilier Electric Company, New York, N.Y.; James C. Daley, Jefferson Electric Company, Bellwood, Ill.; and J. McWilliams Stone, Operadio Manufacturing Co., St. Charles, Ill.

James S. Knowlson, of Stewart-Warner Corporation, Chicago, was elected Chairman of the Set Division and J. McWilliams Stone, newly elected Director, was likewise slated to head the Sound Division.

Bond Geddes, of Washington, D. C., was again re-elected Executive Vice-President and Judge John W. Van Allen, of Buffalo, continues as General Counsel.

Mr. Wells is prominent in Chicago manufacturing circles and is a member of the Nordic and Evanston Golf Clubs, the Five Lakes Club, the Swedish Club of Chicago, and the Svithiod Singing Club. He is also a member of the Masonic Order and of the Shriner's Oriental Consistory and the Columbia Commandery Knights Templar. He has been connected with radio for the past fourteen years.

The Radio Parts Trade Show was inaugurated as usual at the conclusion of the last business session of the manufacturers-convention and the whole thing ended in a blaze of glory at the radio industry's annual banquet.

Directly after the luncheon of the newly elected Directors of the RMA Wednesday afternoon, before the banquet Wednesday evening, Commander E. F. McDonald, Jr., President of the Zenith Radio Corporation, Chicago, took the past and present

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Directors out on board his yacht, the "Mizpah", for a sail on Lake Michigan. The guests heard a first-hand account of a 90-mile gale which Commander McDonald recently encountered returning from the Caribbean Sea. It caught the "Mizpah" off the Bay of Fundy just after Commander McDonald had visited his old skipper, Commander Donald B. MacMillan, the famous Arctic explorer, at Provincetown, Mass., and was the worst storm known there in years. Many boats were wrecked and several lives were lost. It took the "Mizpah's" canopies away and bent the stanchions badly but aside from that Commander McDonald told his guests he suffered no inconvenience and was little worried.

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#### ROOF FIRE IMPERILS CAMDEN RCA PLANT

Fire in the roof of the television department of the RCA-Victor plant, Camden, N.J., across from Philadelphia, endangered laboratory equipment valued at hundreds of thousands of dollars.

Twenty-five employees, about half of them laboratory workers, fled the building as dense smoke poured from the tarred roof and enveloped the neighborhood.

Swirling across River Avenue, the smoke filled the Sheltering Arms Home for Children, an orphanage, driving out the occupants. Five children, ranging in age from 20 months to seven years, were taken to safety.

Two alarms of fire, turned in within an interval of five minutes, brought most of the fire-fighting apparatus in the city to the scene. Thirty-five minutes later a fire broke out at the plant of the General Chemical Company, a block away, and all fire companies not already in action responded.

The fire at the RCA Victor plant was in the building designated as No. 53, a long, one-story structure with stucco sides and a tarred roof. The blaze apparently began on the roof and damage to the interior was said to have been limited to scorching of walls and ceilings by flames sucked into the building by down-drafts through ventilators. An official of the company said the loss was not great.

The fire at the General Chemical Co. plant started on a wharf at the rear of the building and ate its way up to the rear wall before it was checked. The plant of the Standard Oil Co., with several large storage tanks, adjoins the property, but was not endangered.

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## RATES FCC AMONG CAPITAL'S "LOUSIEST"

In the "National Whirligig" edited by Richard H. Waldo, and supplied to a large number of newspapers by the McClure Newspaper Syndicate, Ray Tucker writes:

"The Roosevelt Communications Commissioners - Messrs. Payne, McNinch, et al. - have finally clinched. Every Washingtonian on the outside looking very far in hopes that they will knock each other's block off.

"Next to the Coal Commission and the Tennessee Valley Authority, the Federal agency which rules the air is perhaps the lousiest - the word is used advisedly, and Fiorello LaGuardia has given it dictionary currency - at the Capital. There's no graft there, but they have favored favorite sons of favorite persons (especially in Texas), and they have shown a remarkable incapacity for aerial administration. The industry fears and distrusts them, as the decision over WLW's request for high power will reveal.

"No reporter, no matter how brilliant or painstaking, could smell out this sort of scandal. It is rooted too deep; it has been covered too copiously. But when and if Mr. Payne, who once wrote editorials for William Randolph Hearst while a member of the New York Board which assessed property, really swings at the Hoovercrat McNinch who was knighted by Mr. Roosevelt - then the Barney Ross-Henry Armstrong fight will seem like a breeze. Get your ringside tickets now!"

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## PHILCO STRIKERS ASK GOVERNOR TO INTERVENE

Governor George H. Earle has finally been appealed to by the Philco strikers to intervene in the labor dispute which has disrupted the Philadelphia radio plant for the past five weeks. Following the appeal, Governor Earle dispatched a State Department of Labor mediator to investigate the Philco situation and make a personal report to him. The strike has grown out of a difference of opinion of terms for renewal of the contract of the C.I.O. United Electrical, Radio and Machine Workers Union.

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## ZENITH NETS \$701,477 FOR YEAR

The net income of the Zenith Radio Corporation for the fiscal year ended on April 30th was \$701,477 after depreciation, royalties, Federal income tax and surtax on undistributed profits, according to the annual report, released for publication. The income was equivalent to \$1.42 each on 492,464 shares of capital stock, excluding treasury shares, and compared with \$1,904,074, or \$3.81 a share, earned in the preceding fiscal year.

Current assets on April 30th last, totaled \$3,597,041, including \$1,243,290 cash and government securities, while current liabilities were \$1,084,842. On April 30, 1937, current assets amounted to \$4,980,745, cash and marketable securities were \$2,866,273 and current liabilities were \$2,400,259. Inventories increased to \$1,813,058 from \$1,510,412. Total assets were \$6,814,622, against \$7,917,971, and earned surplus was \$2,116,815, against \$1,907,802.

"Notwithstanding the many perplexing problems which have confronted our company during the past fiscal year, it has been able to maintain its usual sound financial position, and has earned a substantial net profit", Commander E. F. McDonald, Jr. President of Zenith, said.

"While the volume of business done by the radio industry generally decreased approximately 15% during the period covered by this report, your company's sales were slightly above those of the previous year.

"The corporation recently held regional showings of its products for its distributors, at which were introduced several low priced models of the new 1939 line of superheterodyne receivers. The models shown range in price from \$14.95 to \$89.95. Orders were taken for May and June delivery. The values of the models shown were so outstanding, and the reception so enthusiastic that orders received will heavily tax the company's production facilities in order to make deliveries on time.

"The popularity of the company's armchair models during the past two years indicates that this type of radio will definitely outmode and make obsolete the old style conventional console or wall type radios.

"The company's subsidiary, Wincharger Corporation of Sioux City, Iowa, also made very satisfactory progress during the year. Demand for the larger units for lighting and power has steadily increased so they are now one of the company's principal sources of income.

"The recently announced new product, 'Radio Nurse', has been marketed through regular radio channels, but a change

in policy is being effected so that this device will be made available through medical and drug outlets where it will be brought more directly to the attention of persons having a need for it.

"The Examiner for the Federal Communications Commission has recommended that a permit be issued to the company for the construction and operation of an experimental television transmitter. Formal authorization from the Commission is expected in due course, and when received construction will proceed immediately."

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### PAYNE TAKES HAND IN NAZI RADIO INQUIRY

That Commissioner George Henry Payne is also seeking to ascertain the facts with regard to reports of Nazi propaganda coming to the United States via short-wave was disclosed by correspondence between Commissioner Payne and Oswald F. Schuette, organizer of the Short Wave Institute of America. Representative Bernard (Farmer-Labor), of Minnesota, had written to Chairman Frank R. McNinch, Chairman of the Federal Communications Commission asking the latter to learn who were the backers of the Short Wave Institute and of Mr. Schuette, who is now an official of the Radio Corporation of America.

In his letter, Representative Bernard referred to Mr. Schuette as a "known and unrestrained admirer of the Nazis". Commissioner Payne wrote to Mr. Schuette and asked if these charges were true and why he had previously refused to give the names of those who had contributed to the support of the Short Wave Institute.

Mr. Schuette's letter in reply, as given out at Commissioner Payne's office, follows:

"Thank you for sending me a copy of Representative Bernard's letter of May 23. Unfortunately your own letter, although dated May 24, 1938, was not mailed - as shown by the postmark - until "June 1, 4 p.m." I have just received it. I do not know why Representative Bernard did not write to me direct.

"So far as his letter relates to me, the answers are simple. I am not 'a known and unrestrained admirer of the Nazis'. The Short Wave Institute of America, of which I was president until June 30, 1936, was organized solely to promote the sale of short wave receiving sets, and to that end to interest the public in short wave broadcast reception. Its backers were five outstanding American radio manufacturers - Radio Corporation of America, General Electric Company, Zenith Radio



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Corporation, Sparks-Withington Company and Sears-Roebuck Company. Besides these companies and myself, no one else had any interest of any kind, direct or indirect, in the organization; nor has it been active since June 30, 1936.

"At that time, it became apparent that this work could be better carried on as part of the activities of a single large radio organization. Therefore, I resigned as president of the Institute and since that time have been employed by the Radio Corporation of America. One of my important activities has been the development of the short wave operations of that company, which have now served to put the United States into the forefront of the international broadcasting activities of the world, and thus to off-set the foreign radio propaganda activities of which Representative Bernard complains.

"There has never been any secret about my associates in the Short Wave Institute. In testifying on general broadcasting problems at the informal engineering conference held by your Commission in June, 1936, I spoke only as an individual with a long and active experience in radio. I felt I had no authority to speak for the associates on a subject in which their various interests might conflict with each other or with my individual views.

"Although all five of the companies named were also identified with the Radio Manufacturers' Association, their short wave set sales were greater than those of most of the other RMA members, and they were therefore interested in a more active promotion of short wave operations than their trade organization, at that time, was devoting to this subject.

"Further to answer Representative Bernard's specific question, none of my associates, in this or in any other enterprise, includes or included, any foreign government, the agents of any foreign government, or of any political party or faction or clique in any foreign government.

"I understand that Representative Bernard has also written to other members of your Commission. I am therefore taking the liberty of sending a copy of this letter to your colleagues, as well as to Representative Bernard."

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## RADIO SUPER-POWER HEARINGS GRIND ALONG

Testimony, much of it highly technical, continued to be given at the Federal Communications Commission to a sub-committee composed of Commissioners Craven, Case and Payne on the question as to whether or not the lid should be taken off on power limitation of broadcasting stations. Judge A. L. Ashby, Vice-President and General Attorney of the National Broadcasting Company, presented W. C. Lent, an engineer, who testified in behalf of the NBC. Mr. Lent declared that out of all of the 50 KW stations in the United States, only about one-fifth of them were in the West. He said if the proposal went through to give half of the channels of KNX, at Los Angeles, and KPO, at San Francisco, to Canada, for duplicate stations, KFI, at Los Angeles, would be the only 50 KW station on the West Coast.

Increase of power in the preservation of the system of clear channels for certain radio stations is the only feasible way of improving radio reception at night to 80 percent of the continental United States, J. H. Dewitt, Jr., of Nashville, Tenn., Chairman of the Engineering Committee of the clear channel group told the FCC, making a strong play for super power.

Mr. Dewitt, who was expected to occupy the witness stand for the greater part of the day, was about half-way through reading a 48-page printed statement when the Commission took its luncheon recess. His testimony was illustrated with nearly three-score large map exhibits purporting to show graphically how the various radio stations of the country cover their areas.

From a radio reception standpoint, he told the Commission, a map of the country with circles drawn on it showing the areas now getting unsatisfactory signals, would look much like a Swiss cheese. He asserted that transmission conditions are much worse now than in 1935.

Establishment of stations in areas now given for radio signals will not correct the difficulty, he said, adding that "no matter how much we may wish the contrary were true, we cannot escape the cruel fact that broadcast stations can be located only in communities that can support them economically."

Radio listeners in the rural areas who, it is asserted, are now denied satisfactory broadcast receiving facilities, would be the greatest beneficiaries of so-called super-power radio stations, the Commission was told by Edwin W. Craig, of Nashville.

Mr. Craig, representing the so-called clear channel group, also told the Commission that Mexico and European countries have provided for super-power, and such stations in the United States should be provided for by the Communications

Commission in order that they might serve to their listeners a signal which would not be affected by interference from those countries.

It was said that 82% of the total area of continental United States was unsatisfactorily served from a broadcasting station's viewpoint. It was contended that in this great area that a signal of less than one-half a millivolt prevailed. The FCC has ruled that a 10-millivolt signal is essential to satisfactory service.

James Shouse, General Manager of Station WLW, at Cincinnati; R. J. Rockwell, Chief Engineer of WLW, and Dr. C. B. Jolliffe, of the Radio Corporation, New York City, were other important witnesses heard.

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#### WHEELER SENATE RESOLUTION WOULD HOLD POWER DOWN TO 50 KW

Senator Burton K. Wheeler, of Montana, submitted a resolution in the United States Senate yesterday (Thursday) (S. Res. 294), which was ordered to lie on the table, as follows:

"Resolved, That it is the sense of the Senate of the United States of America that the operation of radio broadcast stations in the standard broadcast band (550 to 1600 kilocycles) with power in excess of 50 kilowatts is definitely against the public interest, in that such operation would tend to concentrate political, social, and economic power and influence in the hands of a very small group, and is against the public interest for the further reason that the operation of broadcast stations with power in excess of 50 kilowatts has been demonstrated to have adverse and injurious economic effects on other stations operating with less power, in depriving such stations of revenue and in limiting the ability of such stations to adequately or efficiently serve the social, religious, educational, civic, and other like organizations and institutions in the communities in which such stations are located and which must and do depend on such stations for the carrying on of community welfare work generally.

"Resolved further, That it is, therefore, the sense of the Senate of the United States of America that the Federal Communications Commission should not adopt or promulgate rules to permit or otherwise allow any station operating on a frequency in the standard broadcast band (500 to 1600 kilocycles) to operate on a regular or other basis with power in excess of 50 kilowatts."

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## FCC FAILS TO STOP ACTION FAVORING CONGRESS RADIO PROBE

A last minute effort on the part of a majority of the members of the Federal Communications Commission failed to head off the House Rules Committee from favorably reporting the resolution introduced by Representative Lawrence J. Connery (D.), of Massachusetts, which calls for a Congressional investigation of the radio industry and a thorough housecleaning of the FCC.

Nearness of adjournment of Congress may forestall the investigation ; also the fact that Chairman Warren, of North Carolina, of the House Accounts Committee, who must approve the money for the inquiry, is said not to be very enthusiastic about such an investigation and may be another stumbling block. Representative Warren is reported to be a friend of Chairman Frank R. McNinch, of the FCC, who likewise was against the investigation.

Nevertheless, the action of the Committee was considered a victory for Commissioner George H. Payne, who not only declared from the start that he would be glad to have such an investigation, but who single-handed fought for it on the Hill. Previously the Commission by a vote of 5 to 2 had gone on record against a Congressional probe. Chairman Frank R. McNinch favored the Commissioners themselves making their own investigation of charges of monopoly and other unlawful practices and implied, without saying so, that a Congressional probe was unnecessary. The two Commissioners who voted in favor of giving Congress a free hand were Mr. Payne and Commander T.A.M. Craven.

Commissioner Payne was so insistent upon Congressional action that he was recalled by Chairman J. O'Connor (D.), of New York of the Rules Committee. Whereupon Mr. Payne is said to have again accused his colleagues of yielding too greatly to the influence of the radio lobbyists.

Apparently an S.O.S. was sent down from the Capitol Friday morning (June 10) causing the Commission to adjourn a meeting and, with the exception of Commissioner Payne, to appear for an eleventh hour hearing before the Rules Committee, in an effort to stall off action. Nevertheless word filtered out from the Rules Committee a short time later that the Committee had favorably reported the Connery resolution providing for a Congressional FCC probe.

Commissioner Payne expressed himself as jubilant over the result.

"This ends a two and a half year fight begun by the late Representative William P. Connery, Jr., of Massachusetts, who believed the FCC should be investigated by Congress", Commissioner Payne said. "His brother and successor in Congress, Representative Lawrence J. Connery told me he felt, in view of



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the former's strong views in the matter that it was his duty to do everything in his power to have the Rules Committee consider his resolution favorably.

"Ever since there has been talk in Congress in favor of an investigation. I have taken the position that the FCC should be for it. I feel that Commissioner Craven should be given credit because he stood by me when I tried to get the Commissioners to put themselves in a proper light before the public by not only saying that they were not afraid of an investigation but that they would welcome it."

The text of the Connery resolution follows:

"Resolved, That a committee of seven Members of the House of Representatives shall be appointed by the Speaker, which committee is hereby authorized and directed to inquire into and investigate the allegations and charges that have been or may be made relative to irregularities in or pertaining to the monopoly which exists in radio and the activities and functions carried on under the Communications Act of 1934 and all matters pertaining to radio and radio broadcasting; be it further

"Resolved, That the said committee shall make a thorough and exhaustive investigation of all allegations and charges that have been or may be made in connection with or pertaining to the monopoly which exists in radio and the activities and functions carried on under the Communications Act of 1934 and all matters pertaining to radio and radio broadcasting, and shall report in whole or in part at any time to the House of Representatives, together with such recommendations as it deems advisable; and be it further

"Resolved, That for the purpose of this resolution the said committee is authorized to hold such hearings, to sit and act during the sessions and the recesses of the present Congress at such times and places, either in the District of Columbia or elsewhere, and to employ such expert, clerical, and stenographic services as may be found necessary and to require by subpoena or otherwise the attendance of witnesses; to administer oaths; to compel the production of books, papers, and documents by Government or private agencies; and to take and record such testimony as the committee may deem advisable or necessary to the proper conduct of the investigation directed by this resolution."

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## FCC APPROVES RADIOMARINE CORPORATION EQUIPMENT

The FCC Commission has sent the following letter to the Radiomarine Corporation of America in New York City:

"You are hereby notified that the Chief Engineer of the Federal Communications Commission, approved the following types of radiotelegraph transmitting equipment as capable of meeting the specifications of the Ship Radiotelegraph Safety Rules for a main transmitter in existence prior to February 1, 1938:

<u>Manufacturer</u>	<u>Type Number</u>
Radiomarine Corporation of America	3627-S
Radiomarine Corporation of America	3627-AS
Radiomarine Corporation of America	3627-BS"

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## FLOOD HERO RECEIVES PALEY AMATEUR AWARD

William S. Paley, President of the Columbia Broadcasting System, last Thursday presented the second annual Paley Amateur Radio Award to Robert T. Anderson, of Harrisburg, Ill., for valiant service rendered during the January, 1937, flood emergency in the Ohio River Valley.

At the presentation luncheon yesterday in the Waldorf-Astoria Hotel, Rear Admiral Russell Randolph Waesche, Commandant, United States Coast Guard, and Capt. Stanford C. Hooper, United States Navy, joined Mr. Paley in paying tribute to Anderson and to the 55,000 amateur operators in this country and Canada for the public service they perform in times of national emergency.

George W. Bailey, Vice-President of the American Radio Relay League, spoke on behalf of his organization in retaining permanent custodianship of the trophy symbolizing the award to Anderson.

Anderson, a 32-year old employee of the Harrisburg Standard Electric Company, was chosen for the second William S. Paley Amateur Radio Award by a Board of judges comprising the Hon. Norman H. Davis, Chairman of the American Red Cross; Lieut. Commdr. Charles P. Edwards, Chief of Air Services for the Dominion of Canada; Dr. J. H. Dellinger, Chief of the Radio Section of the United States Bureau of Standards; Professor A.E. Kennelly, Professor Emeritus of Electrical Engineering at Harvard University, and Rear Admiral Waesche.

The award for 1937 to Anderson was based on his having worked for four days, obtaining only 10 hours sleep, to secure relief for the beleaguered town of Shawneetown, threatened with inundation by the raging Ohio River. Largely through his efforts all 1,500 of Shawneetown's inhabitants were evacuated without the loss of a single life.

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