

# HEINL RADIO BUSINESS LETTER

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No. 1168

## RCA LAUNCHES TELEVISION PLAN WITH RMA BACKING

Television as a medium of public entertainment, which has been "just around the corner" for a decade, will make its long-awaited debut next Spring coincidental with the opening of the New York World's Fair and thereby launch a new "billion dollar enterprise".

A plan for manufacturing television receivers for sale to the general public was disclosed by David Sarnoff, President of the Radio Corporation of America, at a meeting of the Directors of the Radio Manufacturers' Association in New York on Thursday.

The RMA immediately endorsed the move to bring television out of the laboratories and issued a statement to that effect.

The sale of the television transmitters obviously will be limited for awhile (1) because of their necessarily high price, and (2) because of the scarcity of television transmitters.

With the manufacture of both television receivers and transmitters, however, new stations are expected to spring up over the country, probably in the larger cities. Stations which enter the new field, however, will do so without pecuniary return until the present experimental limitation on television is lifted by the Federal Communications Commission.

No attempt to have the experimental regulation changed will be made, it was said in radio circles, until television definitely proves itself and until the public response is noted.

FCC engineers, as well as members of the Commission, are watching the new development of television with keen interest, however.

The estimated sales price of a complete television transmitter, including the camera, is around \$60,000. The receiver, it is believed, would sell for approximately \$400.

Some changes in the FCC regulations governing the operation of television stations may be necessary before transmitters can be sold to any wide market. Present FCC rules require that an applicant for an experimental television license must prove that he is capable of contributing to the technical advancement of the art by conducting regular laboratory experiments and making periodic reports.

The RMA explained its support of the television enterprise thus:

"The technical developments and field tests on television have progressed to a point where, in the opinion of the Radio Manufacturers' Association, the next step in the development of the art consists in rendering experimental television service to the public. This new service, which will be on an experimental and limited service basis, will be an addition to existing radio broadcast service and can be accomplished only through the installation and operation of television transmitters and the sale of television receivers.

"Some members of the Radio Manufacturers' Association, but not all, propose to make a beginning in those fields by the time of the New York World's Fair in May 1939, and in those localities where television program service may become available."

Orrin Dunlap, Jr., Radio Editor of the New York Times, in his report of the RMA meeting in New York, said:

"Several manufacturers revealed that their engineers are already designing the instruments, which will offer pictures measuring 7 by 9 inches. Various models will be put on the market, with the styles ranging from a set that picks up only pictures to others that intercept both sight and associated sounds. A larger, but more costly machine, will be a combination designed for all-wave broadcast reception, television and a phonograph.

"While no prices have been placed on the instruments as yet, the manufacturers said the outfits probably would retail from \$150 to \$1,000. A machine retailing at about \$250 is expected to be popular as a sound-sight receiver.

"New York is surveyed as the largest market for television, because to create a demand there must be transmitters. Manhattan will have at least two stations, the most powerful in the world, on the air next Spring. The National Broadcasting Company from the Radio City studios will feed the transmitter atop the Empire State Building, where a new aerial is now under construction. The Columbia Broadcasting System, with studios in the Grand Central Terminal, will operate through its image transmitter now being installed in the Chrysler Building. This station is expected to be ready for operation in January when tests will begin. It is believed that the programs will be on the air about two hours a week at first.

"Inquiry among the manufacturers disclosed no fear that the advent of home television would paralyze broadcast receiver sales or upset the broadcasting industry. They foresee television as a supplementary service in which the home, to get both broadcasting and television, must have two receivers or a combination of both."

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## SARNOFF EXPLAINS REASONS FOR TELEVISION MOVE

Following is the text of the statement of David Sarnoff, President of the Radio Corporation of America, to the Radio Manufacturers' Association meeting in New York City on Thursday:

"As a member of the Board of Directors of the Radio Manufacturers and their associates know, it has been my practice during recent years to inform the membership of the Association from time to time on the progress of the RCA and its subsidiary companies in the field of television. Some years ago I recommended to the RMA Board the creation of a special sub-committee for the purpose of keeping itself informed on television progress. This suggestion was adopted and the committee is still functioning. During these years the RCA has made several demonstrations of its television system to its licensees and to others. Technical bulletins and other publications on our work in television have been distributed to RCA licensees and others. Similar information will follow from time to time. Last week, engineers of our licensees met with RCA engineers in our laboratories where technical developments and the general subject of television were discussed.

"It is my purpose now to inform this Board and its Television Committee of the latest plans and policies of the RCA for further advancing the development of television. The results of the experimental field tests of television in the New York area conducted by the RCA and its broadcasting and manufacturing units, have convinced us that television in the home is now technically feasible.

"We are aware, however, that many technical, artistic and financial problems still confront those who would establish an acceptable and regular public service of television programs to the home. These problems must be solved before a national service of network television programs can be made available to the public. Meanwhile, RCA, which has pioneered in the development of television, has made substantial progress, first in its research laboratories, and second, through its field tests and experimental broadcast programs. We believe that the problems confronting this difficult and complicated art can be solved only by operating experience gained from actually serving the public in their homes. Therefore, RCA proposes to take a third step in the solution of these problems by beginning a limited program service to the public from its New York television transmitter on the Empire State building. This transmitter will serve an area having a radius of approximately fifty miles.

"As publicly announced some time ago, RCA proposes to demonstrate television to the public at the New York World's Fair which is expected to open on April 30, 1939. The National Broadcasting Company contemplates that by the time the Fair opens, it will be on the air with television programs for at least two hours out of each week. Recent reports in the public press are to



the effect that the Columbia Broadcasting System contemplates installing its television transmitter in the Chrysler Building in New York City. These reports further indicated that television programs will be transmitted from this station by the time the World's Fair opens.

"The RCA Manufacturing Company, which built and sold the television transmitter to Columbia, has offered and is prepared to sell television transmitters to broadcasters and others who may desire to enter this new field.

"RCA believes that the development of its television system has now reached a stage where it is practicable to supply television receivers to satisfy the demand of the public in those localities where television transmissions are now or may become available. Therefore, it is planning to manufacture a limited quantity of television receivers which it expects to market by the time the World's Fair opens. We are informed that a number of other radio manufacturers in the United States are also preparing to manufacture and sell television receivers in such areas as may be served with television programs.

"Only a little more than six months remain between now and the time that the World's Fair is expected to open. Those who desire to market television receivers by that time will find it necessary to make their plans now for manufacturing them. RCA is prepared to assist its licensees who may desire to manufacture television receivers, and so far as practicable, will be glad to sell to them such television parts as they may wish to purchase. Our television test equipment is now complete at RCA's license laboratory. We will continue to measure and test television receivers for licensees as we have done for them with sound broadcast receivers. Engineers and executives of our licensees seeking additional information will be welcomed at RCA laboratories, manufacturing plants and broadcasting studios.

"Opportunities to compete in the erection of television transmitters, the establishment of television program services, and the manufacture and sale of television receivers to the public, are available to the radio industry and to others in the United States. We hope that full advantage will be taken of these opportunities to help build a new industry and to establish a greater public service.

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A three-cornered fight for facilities in Pontiac, Mich., this week brought a recommendation to the Federal Communications Commission from Examiner John P. Bramhall that the Pontiac Broadcasting Co. be granted a construction permit to use 1100 kc. with 1 KW power, daytime. He recommended that the application of the King-Trendle Broadcasting Corp. be denied and that that of George B. Storer be dismissed with prejudice.

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## KSFO LEASE TO CBS DENIED, WNAX TRANSFER APPROVED

The Federal Communications Commission on Thursday denied an application for approval of the lease of Station KSFO, San Francisco, to the Columbia Broadcasting System and at the same time approved the transfer of WNAX, Yankton, S.D., to the South Dakota Broadcasting Corporation. Both decisions "leaked" out several hours before their official announcement and caused a mild stir in radio circles because of their alleged political tie-ups.

Commissioner T.A.M. Craven filed a dissenting opinion in the WNAX case, while Commissioner Thad H. Brown concurred in the KSFO decision but in a separate statement said he could not subscribe to the reasons of the majority of the FCC in reaching its conclusions.

CBS planned to substitute KSFO for KFRC as its San Francisco outlet and to raise its basic rates from \$150 to \$325 an hour.

Explaining its decision, the FCC said:

"The provisions of the lease-agreement between the applicants herein, providing assurance to the lessor of license renewals for Station KSFO and assurance of possession in the lessor of the license of said station existing at the termination of the lease, are in conflict with provisions of the Communications Act and not in the public interest;

"A grant of the joint application of The Associated Broadcasters, Inc. and Columbia Broadcasting System of California, Inc., for consent to assign the license of Station KSFO under the provisions of the lease-agreement of June 26, 1936, between said parties, is contrary to Sections 309(b)(1) and 310 (b) of the Communications Act of 1934;

"The proposed transferee is legally, financially and otherwise qualified as a licensee of Station KSFO but the provisions of the lease-agreement under which it would operate said station, assuring the transferor license renewals and the possession of the existing station license at the termination of the lease precludes the finding that the assignment of the license would serve public interest, convenience and necessity."

The WNAX transfer on a stock trading scheme is from Charles H. Gurney to the South Dakota Broadcasting Corporation, which was organized to take over the station from the House of Gurney, Inc. The President of the South Dakota corporation is Gardner Cowles, Jr., of Des Moines, who is also connected with the Iowa Broadcasting Company, licensee of KSO and KRNT, Des Moines, and WMT, Cedar Rapids.

Commissioner Craven, in explaining his dissent, said:

"I dissent from the majority decision because, in my opinion, in the absence of a positive showing to the contrary, public interest in any economic or political entity in general would be best served by a diversification of licensees controlling regional broadcasting stations, rather than by a concentration of such licensees in the same or allied interests. In the instant case, while the regional station WNAX is in South Dakota, it renders good daytime service to large portions of Iowa, where interests closely allied to the transferee control the operating policies of three regional stations rendering good daytime service to the remainder of Iowa.

"Since this was not a specific issue in the notice of hearing in this case, it is my opinion that the case should be remanded for further hearing to secure additional evidence bearing on this phase of the matter so that the Commission may be in a better position to determine whether public interest would be served."

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#### PATENT SUIT REARGUED BEFORE SUPREME COURT

For the second time the U. S. Supreme Court this week heard arguments in a suit involving use of a radio vacuum tube as the Department of Justice suddenly intervened in a fight between the General Talking Pictures and subsidiaries of the American Telephone & Telegraph Company.

The question at issue is whether a patent owner can restrict the use of an article after its purchase, in the case of the radio vacuum tube to broadcasting.

The Court's decision is expected to play an important part in the forthcoming monopoly investigation to be started by a Congressional Committee on November 14th.

It is seldom that the Supreme Court grants a rehearing of a case once decided, as it did in the present instance. General Talking Pictures originally lost its appeal on May 2nd in an opinion by Justice Butler, to which Justice Black alone demurred out of six justices participating. Eight sat this week in the renewed argument, permission for which was announced on May 31st, the final day of the preceding term.

In a brief filed with the Court, Thurman W. Arnold, Assistant Attorney General in charge of the anti-monopoly investigation, repeated the line of thought taken by Justice Black in May. Like Justice Black, the Department of Justice, through Mr. Arnold, denounced restriction of patent use after sale as a monopolistic practice.



In a statement explaining its intervention in the case, the Justice Department said:

"The vacuum tube itself is the device which is essential to the operation of modern telephone and telegraph wire networks; to radio transmission and reception; to sound motion pictures; to the transmission and reception of images by television or wire photography; to public-address systems; to diathermic medical treatment, and to electric power transmission.

"There is no substitute for it and without it the modern electronics industry could not function. If the owner of the patents on the vacuum tube amplifier may legally manufacture and dispose of that essential part with a restriction that dictates to the purchaser what use he may make of it, obviously the amplifier patent owner has acquired a control over the manufacture, marketing and use of all these other devices of which his invention itself is only one component among them.

"The department believes that such a result was never contemplated by the patent laws and that it is in violation of the anti-trust laws. Public policy cannot tolerate the extension of the patent privilege to control the use to which the consumer may put the article after it has been marketed. It is unnecessary to any legitimate exploitation of the patent and is a vicious practice which the common judgment of the people will condemn and which the government must outlaw."

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#### U.S. AGENCY RULES ON RADIO ARTISTS

The Bureau of Internal Revenue ruled this week upon the question of who employs radio artists for purposes of the Social Security Act, drawing distinctions between three types of such employment.

The Bureau held that an artist engaged in the production of radio broadcasts arranged by an advertising agency for a sponsor is an employee of the sponsor since, under the contract in question, the sponsor "has the right" to control or direct the manner in which the services are performed.

This same ruling was held to apply to various types of program employees, including a script writer employed by an advertising agency to write the sponsor's scripts. The work of the script writer, the Bureau observed, was done "in accordance with predetermined general plans which have been submitted to and approved by the sponsors".

The second case passed upon involved a quartet employed on "a sustaining program". The Bureau held that such persons were employees of the broadcasting company for purposes of the act.

The third case related to persons employed for a "studio-built" program, which type of program is supplied to the advertiser as a "complete package" or "finished product", at a fixed price or on a cost-plus basis. The artists in this case were held to be employees of the broadcasting company.

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## U.S. S-W PROGRAMS NOW MAILED IN TWO SECTIONS

Broadening its service, the U. S. Bureau of Foreign and Domestic Commerce is now mailing programs of American short-wave broadcasting stations to far-flung sections of the world in two editions - one "beamed on Latin America" and the other "beamed on Europe".

The programs are prepared by the Radio Manufacturers' Association and include the complete program schedules of the principal U. S. short-wave stations. The new service, which formerly included only selections from the programs, is a cooperative effort of John H. Payne, Chief of the Electrical Division, Bureau of Foreign and Domestic Commerce; Francis Colt de Wolf, head of the Telecommunications Section of the State Department; and Bond Geddes, Executive Vice President of RMA.

"It is realized", Mr. Payne stated in a memorandum to U. S. Commerce Department officials who, along with State Department foreign officers, distribute the programs, "that two such editions do not adequately cover the world, but neither is it possible, to date, for the broadcasts themselves to effectively reach the more remote areas.

"Tentatively, an arbitrary division along the one hundredth Meridian east of Greenwich is being used as a dividing line for mailing the two programs. The Latin American programs will be sent to foreign offices in the Western Hemisphere and west across the Pacific as far as this Meridian, whereas the European program will be sent to Europe and Africa and eastward in Asia as far as that Meridian."

The idea of sending United States short-wave programs to newspapers around the world, as the Germans, British and others have been doing, was originated by Commander E. F. McDonald, Jr., of Chicago, a Director of the Radio Manufacturers' Association.

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The commentaries and interviews recorded at Heston Airport that listeners to BBC news bulletins heard when the British Prime Minister made his momentous journeys to and from Germany were the work of a new recruit to the BBC's mobile recording unit - a 21 h.p. saloon car. Manned by a crew of three, the car is equipped with portable recording apparatus comprising a motor-generator and switch-gear, an amplifier and five-way mixer, and turntable and tracking mechanism. A hundred yards of cable for telephonic communication and a similar length of cable for the microphones - those used are normally of the moving-coil type - are also carried.

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 :::: TRADE NOTES ::::  
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The Federal Alcohol Administration will hold a hearing on next Tuesday, beginning at 10 A.M. on the general question of legitimate and illegitimate advertising of alcohol. Radio advertising will be considered, and a representative of the National Association of Broadcasters will be on hand.

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Radio and other exports to North China are being restricted by the Japanese authorities in charge of the territory, but American and other protests have broken an embargo which existed for a time. The Japanese restrictions were vigorously protested by local distributors and also by the Radio Manufacturers' Association with Federal departments in Washington. An embargo instituted by the Japanese authority in July was raised, but there are still restrictions on North China exports of radio sets beyond the regular 550-1500 kc standard broadcast band. According to official information to RMA, Japanese authorities are requiring consular permits for all importations in North China (except those ordered prior to July 14) of all types of receivers. Imports are prohibited of all short-wave or all-wave receivers, in accordance with the general Japanese restrictions against use of this type of radio. Imports of sets having frequencies from 540 to 1750 kc. are still being questioned, according to the latest information to RMA from North China.

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In a general reorganization in the Promotion and Sales Division of WLW and WSAI, James D. Shouse, Vice-President of the Crosley Radio Corporation in Charge of Broadcasting, this week announced the resignation of John Kuelling Koepf as Sales Promotion Manager and the appointment of Wilfred Guenther as Promotion Manager in charge of all exploitation. Walter Callahan, WSAI salesman, moves up to Sales Service Manager of WLW.

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Radio Station WJSV, Washington, Thursday night celebrated its sixth anniversary with a 30-minute program beginning at 10 o'clock, crowded with brief speeches of congratulation from Washington notables.

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The Royal Moulding Co., of Providence, R. I., filed suit this week for \$350,000 against the Radio Corporation of America, Radio Corporation of America Manufacturing, Inc., a subsidiary, and the Westinghouse Electric & Manufacturing Co., alleging that destructive competition and monopolistic practices of the defendant corporations in 1935 ruined its profitable business in the manufacture and sale of radio tube bases.

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Total Canadian radio sales to dealers last August amounted to 25,927 units valued at \$1,909,176, according to a report to the Department of Commerce from the office of the American Commercial Attache at Ottawa. This is in comparison with 13,588 units valued at \$917,488 in July 1938, and 25,195 units valued at \$2,277,781 in August of last year. In comparison with July 1938, alternating current set sales registered a 154 percent unit increase, sales of battery sets advanced 53 percent whereas automobile set sales decreased 38 percent, the report states.

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NBC is now approaching advertisers and agencies with a new type of network selling story based on an analysis of radio transmission and reception conditions and their effect upon listening habits. In a statement just released, Roy C. Witmer, NBC Sales Vice-President, announces that these survey revelations are being presented as the lead-off in a completely new three point sales campaign. The other two Blue advantages which will be stressed are time availability and a new "economy" rate structure.

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#### OLD STORIES ABOUT WLW'S POWER ARE REVIVED

With the release of a preliminary report recommending that Station WLW, of Cincinnati, be denied further experimental authority to broadcast with 500 KW., old stories about the effect of the super-power on other-than-radio devices are being revived.

Alfred Friendly, writing in the Washington Daily News, said:

"All sorts of funny business has happened in the immediate vicinity of Station WLW, at Cincinnati, the most powerful station in the world. A gas station operator, half a mile away, found that the lights on his signs and in some roadside cabins he operated never went off. They didn't burn quite brightly enough, however, on WLW's power alone, so he strung a little more wire, put in some equipment so he could turn it off when he wanted, and now gets his entire illumination courtesy of the radio company.

"A radio amateur in a nearby village strung up some equipment and now operates an electric toaster on WLW power. Any number of people have reported hearing programs from such strange sources as tea kettles and water spouts.

"The explanation of the latter phenomena, as near as we can understand, is that in any loose connection between two pieces of metal, an infinitesimal spark may form, and the spark is the agent which actually receives the program and converts it into audible frequencies.

"As a matter of fact, the FCC reports, WLW ran into a lot of stupid opposition in setting up a station with 500 KW. power. People prophesied all sorts of dire results - radios exploding, listeners electrocuted and cows miscarrying. It's all so much hokum, however. Whenever there was any danger of a spark setting off some inflammable mixture, as at an oil storage tank, WLW took pains to ground all metal parts."

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## NO DRASTIC CHANGES AHEAD IN BBC TELEVISION

As soon as public demand warrants, the British Broadcasting Corporation will build a new television studio and convert the existing theater at Alexandra Palace to studio purposes, it was disclosed at a recent conference between the BBC and more than 1,500 radio dealers at Radiolympia.

Sir Noel Ashbridge, Chief Engineer of the BBC, said there would be no fundamental changes in the television transmission system, not only during the 3-year period set by the Government, but for some years after.

Sir Stephen Tallents, Director of Public Relations of the BBC, said the staff at Alexandra Palace had been more than doubled and there were now 400 BBC officials concentrated on the production of television programs.

Producers had been increased from 12 to 24 during the past year, and so comprehensive were the program schedules that holidays had been stopped to cope with the work.

Sir Frank Smith, Deputy Chairman of the Television Advisory Committee, said that Great Britain was the only country in the world where there was a regular television service for the home. Television receivers might be bought today with the knowledge that they would be serviceable for years to come. "There is no need to fear that sets will become obsolete, nor that prices will fall to any marked degree", he said.

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## ROME TO HAVE ONE OF MOST POWERFUL STATIONS

On October 28th, the sixteenth anniversary of the Fascist March on Rome, the short-wave "Imperial" transmitting station at Prato Smeraldo, near Rome, will be officially inaugurated, by the EIAR (the Italian Radio Corporation). The station will be one of the best-equipped and most powerful in Europe.

The power of the two present transmitters each of 25 KW, will be increased to 50 KW, and other improvements - including a change from low-level to high-level modulation - are also being introduced. These two transmitters will work on wavelengths between 15 and 25 metres.

The most important development in the new Prato Smeraldo station, however, is the installation of two new 100 KW short-wave transmitters, equipped with all modern improvements, which will work on wavelengths between 25 and 50 metres.

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