

# HEINL RADIO BUSINESS LETTER

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No. 1177

November 22, 1938

## CENSUS BUREAU FINDS RADIO SALES OFF FOR 1938

Radio retail sales throughout the country during the first half of this year were 22.4 percent under those for the corresponding period in 1937, William L. Austin, Director of the U. S. Bureau of the Census, announced this week.

Releasing a preliminary report on the census survey of business for 1937-38, Mr. Austin stated that 250 sample radio stores over the United States, with aggregate sales of \$8,080,000 in 1937, were 44.2 percent ahead of 1935, the latest year covered by the regular business census.

A comparison with previous census totals for number and sales of all retail radio stores follows:

	<u>Stores</u>	<u>Sales</u>	<u>Change From Preceding Period</u>
1929 Census	16,037	\$561,772,000	---
1933 Census	8,161	113,899,000	-79.7%
1935 Census	4,296	57,152,000	-49.8%

Identical stores included in this survey:

Year 1935	243	5,602,000	---
Year 1937	243	8,080,000	+44.2%
First Half 1937	243	3,897,000	---
First Half 1938	243	3,024,000	-22.4%

All geographic divisions show sales increases from 1935 to 1937. A comparison of the first half of 1938 with the first half of 1937 shows increases of 5.9 percent and 10.8 percent, respectively, for the West South Central Division and the East South Central and Mountain Divisions combined, with decreases for the remaining divisions, ranging from 12.4 percent for the West North Central Division to 36.7 percent for the East North Central Division. The total volume of sales for 1937 was distributed by quarters, as follows: First quarter 21.5%; second quarter 26.7%; third quarter 24.3%; fourth quarter 27.5%.

Of the 243 stores included in the survey, 34 reported no paid employees. The remaining 209 reported payroll, exclusive of the services of proprietors, to the amount of \$1,035,000 for 1937, representing an increase of 34.6 percent over their payroll for 1935. They reported a total payroll of \$459,000 for the first half of 1938, a decrease of 6.1 percent as compared with the same period of 1937. A summary comparison of payroll and sales follows:

	<u>Percent</u> <u>Sales</u>	<u>Change</u> <u>Payroll</u>
Year 1937 compared with 1935	+44.2	+34.6
First half 1938 compared with first half 1937	-22.4	- 6.1

The stores included in this survey constitute a sample of 10 percent in sales and six percent in number of all radio stores shown in the 1935 census. A summary follows:

	<u>Stores</u>	<u>Sales in 1935</u>
1935 Census	4,296	\$57,152,000
1937 Survey	243	5,602,000
Percent Sample	6%	10%

"The data contained in this report were supplied by 243 radio dealers", Mr. Austin explained", who submitted returns for the current Census Survey of Business prior to the closing date. This report is not intended to present a complete picture of the retail radio trade, but rather to provide a reliable indicator of trends since the last regular Business Census. The canvass for the Survey was conducted by mail from lists composed only of stores included in the 1935 Census of Business. Stores with 1935 sales of less than \$5,000, and those which came into existence since 1935 were not canvassed, and those which have gone out of business necessarily are omitted. Reporting for this Survey was voluntary; hence, some stores failed to cooperate or delayed their returns beyond the closing date."

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#### WMCA TAKES ISSUE WITH FATHER COUGHLIN'S ADDRESS

Station WMCA, New York, broadcast Sunday afternoon, after an address by the Rev. Charles E. Coughlin of Royal Oak, Mich., on Nazi persecution of the Jews in Germany, a charge that "unfortunately Father Coughlin has uttered certain mistakes of fact", according to the New York Times. This statement preceded the usual waiver of responsibility for his broadcasts.

This was believed to be the first time that a radio station had taken issue with a speaker on a sponsored or commercial program. Father Coughlin's address was a commercial program broadcast from Royal Oak over a nation-wide network. The station did not specify the statements with which it took issue and made no transcript available, asserting that no recording had been made.

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## "AFTER DINNER SPEECHES" AT CHAIN-MONOPOLY QUIZ HIT

Chairman Frank R. McNinch, of the Federal Communications Commission, criticized some of the "beautifully printed . . . after dinner speeches" that have been presented at the chain-monopoly hearing during the course of a speech at a district convention of the National Association of Broadcasters at White Sulphur Springs Saturday night.

While explaining that the hearing already has produced valuable information, Mr. McNinch said the FCC Committee is not entirely satisfied with the type of testimony it received in prepared statements.

Much of this testimony, he said, has been irrelevant and "chiefly laudatory of the industry",

"We will decide very shortly just what to exclude", he added. "I can promise you that within the limits of human fallibility no line of relevant, factual and dependable evidence will be barred. But we are not going to have 'after dinner speeches'."

Discussing the aim of the FCC in conducting the monopoly investigation, Chairman McNinch said:

"Let no one imagine that this Commission will be technical, that it will merely hunt for such monopoly as might find embodiment in corporate ownership or legal - or illegal - contract. We are deeply anxious to discover whether there is a concentration of control amounting to a practical monopoly. We will study, for example, the effect of control by leases, management controls and other devices. If there is a monopoly, it exists in direct violation of the law and it will be suppressed. If there is no monopoly, then we will examine nevertheless the extent to which there may be developing a centralization of control.

"Our actions will be shaped to the end that there be no centralization of control, that you and your stations retain autonomy within the industry and an adequate measure of self-control in relation to the Government. This self-control, or self-regulation, must of course be harmonized with, or adjusted to, effective regulation by the Communications Commission in accordance with the statute and the policies we establish within the statutory frame. Through self-control of that kind, rather than through any centralized control, you will best serve your communities. In so doing I believe you will also serve best your own interests.

"To determine whether there is any monopoly or any centralization of control and for other reasons, too, we will inquire closely into the ownership and control of broadcasting stations. We will also be concerned with the influence or potential influence which may be exercised over the stations. I believe



this inquiry will yield important results, whatever the showing may be with respect to monopoly. For the first time since the birth of the broadcasting industry we will get a complete record of the ultimate ownership or control or affiliation of every station. Heretofore such information has usually been limited to the identity of the licensee and where the licensee is a corporation, the identity of the stockholders and directors of this corporation. There is reason to believe that when stockholdings and other interests are traced out the actual or ultimate ownership or control of some stations will appear in a different light."

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#### NAB DISCUSS PLANS FOR PROGRAM IMPROVEMENTS

Agreed that program standards at local radio stations should be raised, broadcasters from four States and the District of Columbia wound up a two-day meeting at White Sulphur Springs last Sunday with a discussion of methods for improvement.

Approximately 35 radio stations in West Virginia, Virginia, North Carolina, Maryland and the District of Columbia, many of them owned by newspaper publishers, were represented. Neville Miller, of Washington, President of the National Association of Broadcasters, spoke.

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#### RADIO HANGS FROM CHANDELIER IN GERMAN PATENT

A combined ceiling light, radio receiver, and loud-speaker, which is hung from the ceiling like an electric light fixture, is revealed in a patent granted to three German inventors of Berlin, according to World-Radio. The purpose of the ceiling-mounted radio is to conserve room space and eliminate the chance of damage to which table-mounted or floor receivers are exposed.

Tuning is accomplished by long, telescoping shafts, which have tuning knobs on the end. The shafts hang so that all a listener need to is raise his hand from the chair to tune in the program. When not in use the knobs are pushed upward, telescoping the shafts. In this manner both knobs and shafts are pushed out of the way.

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## TELEVISION GADGETS PLANNED; PHILCO SEES ATTACHMENTS

As business circles in New York reported that radio manufacturers are planning to introduce new sets with attachments designed to receive television sound signals, the Philco Radio and Television Corporation this week asserted that converters may be made eventually for attachment to radio receivers.

The New York Times, on its business page of last Friday said:

"In an effort to prevent the obsolescence of radios with the advent of television, several manufacturers will introduce next year's radio sets with special short wave bands, thereby making sound reception from television stations possible. Through a device a television set without sound can be attached to the radio, so that both sound and sight reception will become available to owners of these radios. RCA Manufacturing Company is reported to be working on these new sets and will probably have them ready in April. Other manufacturers are also scheduled to bring them out."

This week Larry E. Gubb, President of Philco Radio & Television Corp., issued a statement which said, in part:

"Can radio sets sold today later be used for the reception of television sound signals?

"This question is agitating the radio trade and the public today as the result of certain claims which have recently been made in the press.

"Since the answer is both 'yes' and 'no' the subject needs clarification.

"Philco engineers have explained the matter to me. I restate it in lay language - First the 'no' part:

"No radio receivers sold today or likely to be sold in the near future are designed to receive directly television sound signals. The signals are broadcast on frequencies from 44 to 108 Megacycles. No commercial receivers are available that receive up to much more than 22 Megacycles. So all the talk about selling present day short wave receivers by telling the prospect that they will receive television sound signals directly is quite misleading and likely later to be a boomerang to the unsuspecting dealer who in his ignorance uses such a sales story.

"Now as to the 'yes' part:

"When television does come, converters can easily be made and sold which will convert the television sound frequencies into lower frequencies which can be received by most of the better sets of any make now in use or offered for sale today.

"The most convenient conversion frequency will be between 8 and 17 Megacycles because the sound intermediate frequency used in television receivers will be within that frequency range.

"If 8 to 17 Megacycles is used no separate converter will be necessary. A television receiver could be offered for sale using an intermediate frequency of 8 to 17 Megacycles. The receiver would feed the picture signal to the picture tube in the regular way. But it would feed the converted sound signals to two terminals which could be connected by wires to the antenna and ground of any good American and foreign radio, containing either a 5.8 to 18 megacycle band or a 7 to 22 megacycle band. The user could tune the radio to whatever predetermined frequency between 8 and 17 megacycles is used and receive the television sound signal in perfect synchronization with the picture signal on his television receiver.

"Thus it is possible for dealers to advise prospects that if they purchase almost any one of the better American and foreign receivers on the market today they can use it to supply sound that will accompany television pictures of the future provided the necessary converter, either separate or as part of a purely television picture receiver, is employed.

"While we at Philco are glad to show how good present-day radio sets may be used in the future to save money on television, we feel that we ought to say this is by no means the main reason for a prospect buying a radio today.

"The main reason is that a good radio bought today will bring in and continue to bring in through its whole lone life, radio programs which will continue to grow better and better, year after year.

"Television will never supplant radio. Television is simply another service. Radio will go on. Millions of radios will be bought every year and radio programs as we now know them will continue until the end of time."

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The Directors of two stations of All-India Radio, a broadcasting official of the Government of Hyderabad, two members of the staff of the Canadian Broadcasting Corporation, and a nominee of the Rockefeller Foundation, New York, are among the seventeen students of the current course at the British Broadcasting Corporation's Staff Training School. The school was set up two years ago in order that new members of the staff might be given a comprehensive introduction to the policy and practice of broadcasting in Britain and to the constitution of the BBC, and that officials of longer service might receive the "refresher" courses made advisable by the constantly changing practice of broadcasting. Officials of oversea broadcasting organizations who desire to study British technique and British methods of overcoming common problems, are also welcomed as students.

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## McNINCH TAKES UP PAYNE CUDGEL FOR CHILDREN

Although Chairman Frank R. McNinch and George Henry Payne are still far apart on the policies of the Federal Communications Commission, the Chairman has taken up the cudgel in behalf of juvenile radio listeners in his two recent speeches.

A week ago he commended broadcasters for "studying" children's radio programs and suggested they may well be improved, and last Saturday night he again spoke of the need for reform in this type of broadcasting.

Commissioner Payne, who frequently has assailed the "horror" type of children's programs, has been somewhat silent of late.

Chairman McNinch in his NAB address said:

"I want to suggest one character of program material that, in my opinion, has been and is now being given most thoughtful consideration by the listening public. I refer to what are called 'bedtime', or children's programs. I do not believe anyone, whether a member of the industry or of the Commission, can be insensible to the fact that there has been increasing criticism of certain types of children's programs. I commend to you broadcasters the careful consideration of all suggestions and criticisms which have come to your attention. Whatever there may be in children's programs that may be improved in quality, while at the same time maintaining or increasing their interest to the children, will win for you a new measure of public good will."

Mr. McNinch opened his address with a reminder to the broadcasters that the radio waves still belong to the public. At the same time he said he is not opposed to a "reasonable return" on investments in radio stations.

"Underlying every phase of broadcasting is the basic fact that all radio frequencies belong to the people", he said. "No broadcaster has or can acquire any vested interest or right in a frequency. He is only licensed to use a frequency in the public interest. This definitely stamps radio with a peculiarly high obligation to put public service ahead of all other considerations. This means that the primary use of these frequencies should be to serve the American people through programs that are informative, educational, entertaining, or now and then perhaps all three.

"Such a policy is not inconsistent with the making of a reasonable return upon investment, provided there is good management. But it excludes any right to make such a profit at the expense of the quality of the service rendered.

"Only those who may be lacking in understanding and vision will pursue any policy which results in short-changing the public they serve. The public is quick to discern any misuse or abuse of this part of the public domain. In short, the broadcasters are trustees for the public. If this principle is accepted and carried into action, we may safely predict that broadcasting will continue to grow in popular favor. But, if some are so short-sighted as not to realize their responsibility, they may look forward with certainty to a day when a dissatisfied, disappointed, or even outraged public will call them to a strict accountability.

"While the public may not be technically informed about radio, its considered opinion about the service rendered, its quality and character, is more safely to be trusted and followed than the opinions of either Commissioners or broadcasters. If all of us who have to do with radio bear this cardinal fact in mind and interpret as accurately as we can crystallized public opinion, we will better serve the public."

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#### RADIO HELPS NPC CELEBRATE

Although unheard of at the time of the organization of the National Press Club in Washington 30 years ago, radio was well represented at the gala dinner celebrating that event last Saturday night. President Franklin D. Roosevelt, who has been a member of the club for many years, was the guest of honor. Gene Buck, President of the American Society of Composers, acted as master of ceremonies. An impressive event of the evening was an ovation received from the newspaper men by Secretary of State Cordell Hull.

Among those present connected with the radio industry were: Kenneth H. Berkeley, National Broadcasting Company, Washington; Louis G. Caldwell, counsel for Station WGN; Martin Codel, editor Broadcasting Magazine; Bond P. Geddes, Executive Vice President, Radio Manufacturers' Association; Earl Godwin, radio commentator; F. P. Guthrie, R.C.A. Communications, Inc., Washington; George R. Holmes, President, Gridiron Club, radio commentator; L. M. Lamm, radio writer; Sir Willmott Lewis, radio commentator; Edgar Morris, Washington Zenith distributor; Frank M. Russell, Vice President, National Broadcasting Company, Washington; Oswald F. Schuette, Radio Corporation of America, Washington; Kurt G. Sell, German Broadcasting Company.

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## ROYAL CROSS-EXAMINED AS FCC INQUIRY RESUMES

Cross-examination of John F. Royal, Vice-President of the National Broadcasting Company, in charge of programs, was resumed Tuesday by William J. Dempsey, counsel for the Federal Communications Commission, as the FCC chain-monopoly investigation continued after a recess since last Thursday.

The next NBC witnesses scheduled to be heard are to deal with the technical aspects of network operations. They are O. B. Hanson, Vice President and Chief Engineer, and B. F. McClancy, Traffic Manager.

Following will be four witnesses on network operations. They are: Philip I. Merryman, W. G. Lent, William S. Hedges, and Dr. C. B. Jolliffe.

Alfred H. Morton and Roy C. Witmer will come next with testimony on local station operation, while Frank E. Mason will follow with a brief discussion of the short-wave broadcasting of NBC.

Mark Woods, Vice President and Treasurer, will testify as to the financial affairs of the network.

The last and major witness will be Lenox R. Lohr, President of NBC, who will discuss the policies and management of NBC.

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## NORWAY TESTS RADIO TRANSMITTER FOR WHALES

The American Consulate General at Oslo reports that Norwegian manufacturers of broadcasting equipment are experimenting with the construction of small radio transmitters to be placed on floating whales to mark their position so that in foggy weather the whales may be located by the whale-catchers by means of direction finders. The experiments carried on by the firm Norsk Telefunkten Radioaktieselskap, Pilestredet 750, Oslo, in collaboration with Henry Olsen, a wireless operator employed on the Norwegian whaling factory "Kosmos" have resulted in an apparatus transmitting in the 600-800 waveband. The transmitter is placed inside a stainless steel drum together with the necessary batteries, and the apparatus is attached to the whale by means of a lance, which also carries the identifying flag of the whaling company. When placed on the whale, the transmitter operates automatically until again picked up by aid of the direction finder. The cost of a transmitter is 600 crowns.

Inasmuch as this is the first season that radio transmitters to mark the location of dead whales have been in practical use on the whaling ground, the Norwegian manufacturers are reluctant to give detailed information, the Consulate General said.

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 ::: TRADE NOTES     :::  
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The Crosley Radio Corporation, of Cincinnati, has applied to the Federal Communications Commission for permission to change its name to the Crosley Corporation. This follows reports that Powel Crosley, Jr., is preparing to enter the automobile manufacturing field.

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Apparently a new slogan of the ASCAP is "Justice for Genius", which now appears on the front of all of its letters.

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A suggestion that Lenox Lohr, President of the National Broadcasting Company, may be contemplating resigning was carried in "The New Yorker" column of Leonard Lyons last Saturday. The note said: "David Sarnoff: Is your NBC president on the way out?"

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Plans are being prepared for a joint propaganda British campaign for television by the Radio Manufacturers' Association and the British Broadcasting Corporation. Most of the leading television manufacturers are understood to have contributed to a fund for a campaign in the London area which will include the use of newspapers and other media. It is reported that the BBC's contribution will include the donation of space in The Radio Times, the official broadcasting program weekly.

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Increased activity resulting from the reorganization of last Spring has made the National Association of Broadcasters look about for new quarters. NAB will move from the National Press Building on January 1st to a new building, as yet unnamed, on K Street, just west of Sixteenth.

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The National Broadcasting Company has added two more stations to its networks, bringing the total to 162. The 161st station to become affiliated with the NBC will be made available to either the Red or Blue basic networks on December 11, when WLBZ, Bangor, Maine, becomes an NBC supplementary station. It operates on 620 kc. with 1,000 watts power.

The 162nd station is WRDO, Augusta, Maine, a 100-watt operating on a local channel of 1370 kc. Like WLBZ a full-time station it is owned by WRDO, Inc., and also becomes an NBC affiliate December 11th.

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The Don Lee Broadcasting System of San Francisco, Calif., has amended a former application for a construction permit for a new television station to use 42,000-56,000 kilocycles, 250 watts power. The company formerly had asked for 50,000-56,000 kilocycles.

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11/22/38

Visitors to General Electric's building at the New York World's Fair next year will not only see, but will participate in television programs. G.E. will establish in its building a studio with a number of television receivers, camera, and transmitting equipment, according to a joint announcement by Dr. W.R.G. Baker, Managing Engineer of the General Electric Radio Division, and Chester H. Lang, Advertising Manager. The receivers will be available for the reception of all television programs broadcast by transmitters in the New York area during the Fair. In between times, a permanent program director will initiate visitors into the experience of acting before the television camera.

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"Radio Facsimile" is the title of a 353-page volume just issued by RCA Institute's Technical Press. It contains an assemblage of papers from engineers of the RCA Laboratories relating to the radio transmission and recorded reception of permanent images.

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S. Sagall, Managing Director of the Scophony Limited (London company), plans to be in United States this month, for the purpose of arranging an exhibit for the New York World's Fair, according to the American Commercial Attache, London. This London company, of which Mr. Sagall is the founder, is affiliated with E. K. Cole, Limited, radio manufacturers, which company has a substantial interest in Scophony Limited.

Mr. Sagall has attempted to persuade the British Board of Trade to sponsor a British television exhibit at the Fair, but has been unsuccessful in his efforts, since most of the potential exhibitions would be affected by patent difficulties. He therefore hopes to arrange for an independent Scophony Exhibit at the Fair. Mr. Sagall hopes that his visit will result in the formation of an American company to take over Scophony's United States patents, since certain concerns, cinema and financial, have already displayed interest in the company's large screen television.

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DUE TO THE THANKSGIVING HOLIDAYS, THE ISSUE OF  
NOVEMBER 24TH WILL BE OMITTED; THE NEXT ISSUE WILL BE ON  
TUESDAY, NOVEMBER 29TH.

R. D. H.

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