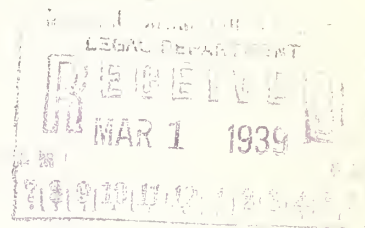


HEINL RADIO BUSINESS LETTER

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No. 1102

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February 28, 1939.

CENSORSHIP ISSUE AGAIN SPLITS COMMISSION

With the adoption of a majority report on program complaints, the Federal Communications Commission this week was again split widely over the question of program censorship but with Commissioner T.A.M. Craven standing alone in the minority.

The FCC, through its Chairman-directed press division, first issued a press release explaining what it termed a new procedure for handling program complaints. But when complaints were made in the Commission that the statement was misleading, the Press Division released the copies of both the majority and minority reports. The reports were submitted to the FCC before Christmas but suppressed as "too hot" until the Commission decided to act. The majority report was prepared by Eugene O. Sykes and George Henry Payne.

Under the procedure adopted, it appears, the Commission will continue to give the broadcasting industry the jitters by threatening to withhold a license renewal because of a program complaint against the station. The only change is in the manner of handling the complaints originally by the Law Department.

Commissioner Craven, insisting that the majority report did not go far enough, urged the Commission to give reassurance to the industry that it would not exercise indirect censorship as in the Mae West and WCTN cases by agreeing to set license renewals for hearing only in the most extreme cases.

Chairman McNinch and Commissioners Sykes, Payne, Case and Walker voted to adopt the procedure laid down in the majority report. Commissioner Brown was not present.

Analyzing the approximately 50 letters of complaint handled each week by the Law Department the Committee reported that about 60% are "frivolous", and about 30% "non-informative" or non-specific. The remaining complaints of more substantial character will be investigated by the Law Department under the procedure adopted, without the making of "unreasonable demands" upon stations. The Department will inform the Commission about these investigations weekly and upon the completion of any investigation will report findings and recommendation upon license renewal or license revocation. The report stated that "as to revocation few single complaint matters will warrant such action".

As to the temporary licenses, the view was expressed by the Committee and espoused by the Commission that "as a general policy temporary licenses pending investigation are not warranted and will not be issued". Public announcement will be made of the designation for hearing of any application for renewal of license

with the reasons for setting the matter for hearing. In revocation cases the report stated that "the Order of Revocation itself must be accompanied by a full statement of the reasons therefor in accordance with the provisions of Section 312(a)".

Commissioner Craven, in his dissenting report said:

"I agree in principle with the majority report of the Complaint Committee insofar as it goes, but since it is limited to the procedure to be followed by the Law Department prior to action by the Commission, it is my opinion that the majority of the Committee does not solve the perplexing problem confronting the Commission as a whole, nor does the majority pass upon the suggestions of the Law Department in their memorandum of November 8, 1938, which was referred by the Commission to the Complaint Committee.

"After comprehensive study of the procedure utilized by the Commission in the past on matters concerning program complaints, it is my opinion that the procedure usually employed, namely, the setting of an application for license renewal for hearing, in itself works frequent injustice. In many cases there is no real intention of inflicting the extreme punishment of failing to renew the station's license, even if the charges are proved true. In advance of any determination of whether the charges are true or untrue, the station licensee is subjected to severe punishment by the publicity and the advantage which is taken thereof by his competitors. Also, in such cases the Commission acts as both prosecutor and judge. As prosecutor, presumably after careful investigation and satisfying itself that the charges on their face may justify denial of a renewal application, the Commission proceeds to set the renewal application for hearing on the basis of such charges, and then sits as a court to determine whether or not the charges are true. The public, station employees, advertisers and competitors are naturally led to believe that the station's license is in real jeopardy. Furthermore, the foregoing procedure, since it involves dealing ex post facto with applications and applying previously unknown standards after the alleged offenses have been committed, does not appear to be entirely logical and in spite of the fact that the Commission has the duty of requiring stations to operate in the interest of the public, the Commission is and has been subjected to accusations of indirect censorship.

"In addition to the foregoing, it has come to my attention that the investigation conducted by the Law Department has resulted in other undue hardships upon station management. Detailed information of no great importance but requiring expenditures of time and money has been requested, resulting in an onerous burden upon an already harassed station personnel.

"In view of the foregoing, I strongly recommend that the Commission abolish entirely its past and present procedure of handling complaints, as well as the practice of designating applications for renewal of license for hearing for isolated instances of infractions of the Act or the Commission's Rules and Regulations, or of conduct of the station contrary to the standard of public interest."

After a long discussion of his proposed procedure for handling complaints, Commissioner Craven concludes:

"Much can be accomplished in the future by the radio industry itself, in the setting up of standards and a procedure for dealing with its members who do not conform to such standards. The persistent non-conformity by a licensee to accepted practices which have been proven to be in the public interest might be taken as an indication of the capability of any licensee to operate a station in the public interest."

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PHILCO FIRST TO SET DATE FOR TELEVISION DEBUT

Marking what is believed to be the first official announcement from a large radio company as to when its television receivers will be available, the Philco Radio and Television Corporation made known last week that its new television sets will be put on the general market in May. The company, however, did not disclose the price ranges, but is expected to do so at its sales convention in New York starting on March 6th.

While other companies have not announced the exact dates on which their receivers will be ready, the general answer to queries has been "two or three months", according to the New York Times.

"Among those expected to come out within that period are RCA, Zenith and Emerson", the Times said. "It was regarded as likely in the trade that most of these companies would strive to have at least a few receivers in stores for the opening of the World's Fair in New York on April 30th.

"At the beginning, it was admitted, the number of sets in the New York market will be comparatively small. Currently, there are no more than about 200 receivers in use throughout the country and these have been used mainly for experimental purposes. All sorts of estimates have been made as to the probable sales of receivers during this year but in trade circles the most likely figure is regarded as around 50,000.

"In the first year of sponsored commercial broadcasting, some 250,000 radio sets were sold. Currently, it is estimated that there are about 35,000,000 sets of all descriptions, including auto radios, in use.

"Judging by the English experience, however, the response to television will be much slower. At present, after about three years of fairly regular broadcasts, there are between 6,000 and 10,000 television receivers in use in England, with the lower figure regarded as the most likely. In addition, television broadcasts in New York will be nowhere near as numerous as were radio broadcasts fifteen years ago, and until there is a fairly steady program schedule, it is regarded as unlikely that many customers will wish to buy machines."

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"STATIC-PROOF" RADIOS FOR FLYING STUDIED

In revising rules and regulations for the aviation radio service in the next few weeks, the Federal Communications Commission will give consideration to new "static-proof" radios which defy thunderstorms and promise additional safety in flying, it stated this week.

This equipment, utilizing very high frequencies, above 100,000 kilocycles, has enabled pilots for the first time to hear aeronautical ground stations clearly without interruption even during severe storms. On the conventional frequencies signals from the ground sometimes are drowned out completely by static bursts.

The clear audibility of signals received with the new equipment promises to protect planes against being cut off from communications with the ground, according to engineers of the Commission, and thus to add an important new safeguard for pilots and passengers.

A number of experimental licenses have been issued by the Commission to radio manufacturers and airline companies for the very high frequency or "static-proof" transmitters and receiving sets, as part of the effort by many agencies to maintain for American flying the best aviation communications system in the world.

Reports of the licensees' experiments and their results are being studied constantly by engineers of the Commission, who also observe field tests of the equipment.

The Commission has not as yet licensed the frequencies above 60,000 kilocycles on any other basis than experimental. It will determine allocations, and rules to govern the use of the frequencies, before the "static-proof" equipment is made available for commercial use.

Another question to be considered by the Commission when it revises rules and regulations for the aviation service is that of making more definite provision, in conjunction with the Civil Aeronautics Authority, for instrument landing radio systems, as an additional safeguard for air transportation.

For several years there has been steady progress in the development of these systems. The work has been conducted by co-operation between Civil Aeronautics Authority, other Government departments, and the aviation industry. This highly technical tool has reached the point where the Communications Commission has authorized commercial installations of experimental systems at five of the major airports in the country. If and when such systems reach the state of practical everyday application, it will be feasible for aircraft coming in at properly equipped airports to make safe landing regardless of the type of weather at the field or the extent of visibility.

One of the newer developments which will also provide increased safety in the flight of aircraft, is the radio altimeter. This instrument, upon which considerable experimental work is being done with Commission approval, will enable the pilot to determine his exact distance above all obstructions, rather than merely above sea level, or some other fixed level, as heretofore. Such information will considerably aid those pilots lost due to foggy or other bad weather, especially in mountainous country, who desire to approach the ground in order to determine their position. They will be able, through the use of the radio altimeter, to make such approach with considerable assurance of avoiding a crash.

The radio altimeter, in determining the plane's distance above ground, measures the time taken for the signal to be transmitted from the plane to the ground, reflected, and received at the plane. This time, by means of electrical circuits, is converted in such a manner that the instantaneous altitude of the plane is shown directly on the face of an instrument giving the pilot an exact and continuous indication of the plane's actual altitude above ground. This method is very sensitive to small variations in actual height above ground and gives positive indication of any and all obstructions.

The regular aircraft altimeter registers variation of air pressure and indicates the plane's altitude above some particular reference level, usually sea level. Therefore, in addition to this information the pilot must know the elevation of the land and obstructions over which he is flying in order to avoid collisions.

Promulgation of rules to govern the use of frequencies allocated to instructional flying, for the protection of student aviators, is also under consideration by the Commission.

Evidencing the importance attached to the radiocommunication network maintained to keep in touch with aircraft while in flight, practically all radio installations aboard transport planes are now made in duplicate, each transmitter, receiver, and power supply being supplemented by a spare unit kept in readiness for use in the event of failure of the regular equipment.

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U.S. SENDS DELEGATE TO EUROPEAN PARLEY

The United States Government has accepted the invitation of the Swiss Federal Council to be represented at the European Broadcasting Conference, which will convene at Montreux, Switzerland, on March 1, 1939, pursuant to an agreement concluded at the International Telecommunications Conference held at Cairo in 1938, the State Department has announced. The discussions at the Conference will include questions pertaining to the correlation of European broadcasting frequencies and the mobile maritime services.

President Roosevelt has approved the designation of Commander J. F. Farley, Chief Communications Officer, United States Coast Guard, as this Government's representative at the meeting.

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COURT PONDERES WLW CASE AS FCC FIGHTS APPEAL

The U. S. Court of Appeals of the District of Columbia expected to hold a hearing at 5 P.M. today (Tuesday) and thereafter to later hand down a decision in the case of the 500 KW. permit of Station WLW, Cincinnati. With the order of the Federal Communications Commission to end the super-power broadcasts of WLW due to become effective at 3 A.M., Wednesday, March 1st, the FCC through its General Counsel, William J. Dempsey, filed an answer Saturday to the appeal of the Crosley Corporation.

The Commission Counsel, in his brief, argued that for the Court to grant the Crosley company a stay of the Commission's order would constitute an unauthorized exercise by the Court of administrative power and an encroachment of the plainest kind by the judicial branch on the executive branch of the Government.

Mr. Dempsey pointed out that after March 1 the operation of the Crosley station on 500,000 watts will be unlawful, not because of the Commission's order but because of the provisions of the Communications Act of 1934, which prohibits the operation of any radio broadcast transmitter without a proper authorization from the Commission. It is contended that no effective relief can be granted the Crosley company without issuance of an authorization to continue operation.

The request for a stay, it was further pointed out, is in substance a request for a mandamus to compel the Commission to issue a special experimental authorization or a request for the issuance of such an authorization by the Court.

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RADIO STATIONS SOON TO NUMBER 764

As of January 1, 1939, there were 722 broadcasting stations licensed by the Federal Communications Commission to operate in the United States and its territories. Construction permits had been granted for the erection of 42 new stations at that time. The FCC had therefore provided for the eventual operation of 764 stations.

During the month of January the FCC issued licenses for five new stations, bringing the total of licensed stations to 727 as of February 1, 1939. The Commission granted construction permits for two new stations to be built. The count of such construction permits was 39. The count of stations operating and under construction was 766 on February 1.

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ZENITH REPORTS RECORD SALES FOR NINE MONTHS

Zenith Radio Corporation reports a consolidated operating profit for the first nine months ended January 31, 1939, of its current fiscal year, amounting to \$1,030,057.85 after depreciation, excise taxes and liberal reserves, but before Federal income taxes, as per the company's books, according to Hugh Robertson, Vice-President and Treasurer.

"Sales of units for the period were the highest in its history, exceeding the previous high for the same period by a very substantial margin", he said. "Shipments for the month of February will exceed by more than 100%, in both dollars and units, that of any previous February in the company's history. Distributors' sales of units to date this fiscal year are approximately 50% ahead of the same period a year ago.

"Factory inventory is unusually low, (Goods are being shipped approximately as fast as produced) and commitments for work in progress are practically all covered by distributors' orders for shipment during the balance of February and the month of March. Distributors' inventories are one-half of that a year ago and represent only two and one-half weeks' supply at the current rate of sale.

"The company's unusual progress during the past two months and the promising outlook for the balance of the current fiscal year is due, in a measure, to the introduction of the new Zenith Wavemagnet receiver which requires no batteries, no ground, no antenna and operates on either 110-volt AC or DC current. In addition to its high degree of portability it is practically free from man-made static.

"The factory has operated continuously during the year and for the past three months, as well as at present, has given employment to more people than in any like period. Production will start on the new line of receivers for the coming season just as quickly as present orders can be completed and shipped. There will be no carry-over stocks at the factory and it is expected that distributors' stocks of the current line will be completely exhausted by the time shipments of the new line go forward.

"The company is at present in unusual liquid condition. All current obligations are being discounted, there are no bank loans or bonded indebtedness, all lands, buildings and equipment are paid for and cash balances in excess of three million dollars are maintained in banks."

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ENGLISH TRANSLATION OF C.C.I.F. MEETING AVAILABLE

The unofficial English Edition of the French text of the proceedings of the XIth Plenary Session of the Comité Consultatif International Téléphonique (C.C.I.F.) in Copenhagen, June, 1936, has been translated by the technical staff of our associated company, International Standard Electric Corporation, a report from the International Telephone and Telegraph Corporation announces.

The form of the present translation differs from that of previous years in that, for the most part, only the changes and additions to the previous volume (1934) resulting from the Copenhagen decisions, have been given. A large portion of the recommendations and information contained in the 1934 edition still remains in force, and it has been thought to be more convenient to deal only with corrections and additions to such existing material. An exception to this method will be found in the section dealing with Protection, where because of the complete re-arrangement and re-numbering of existing recommendations and the numerous changes which have been made in the 1934 text, it has been found to be more practical to publish the complete new text. Part I of the volume is therefore a direct translation of Volume II-bis (Protection) of the 1936 French edition of the C.C.I.F. White Book.

In order to coordinate the present volume with the 1934 English edition and the corresponding 1934 and 1936 French texts, a complete index has been prepared which not only indicates where recommendations and information relating to a given subject may be found in both the English and French volumes, but also indicates whether the corresponding recommendations or information are new, are a modification of the previous text or are maintained as in the 1934 edition without change.

An appendix summarizing the more important recommendations of the Oslo meeting of the Technical Commissions (June-July, 1938) has been added to the present volume for reference purposes.

Copies of this English translation may be secured from the Technical Department of the International Telephone and Telegraph Corporation, 67 Broad Street, New York, N. Y., at a nominal cost of \$2.50 per volume.

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CROSLEY 1938 PROFIT IS \$84,901

Crosley Corporation, of Cincinnati, this week reported net profit of \$84,901 for 1938, after depreciation and Federal income tax. This was equivalent to 16 cents a share earned on outstanding capital common stock. In 1937 the corporation lost \$376,915, including flood and fire loss of \$343,314.

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RCA ISSUES DIVIDEND UPON PROFITS

David Sarnoff, President of the Radio Corporation of America, has announced that a quarterly dividend on the outstanding shares of the Corporation's \$3.50 Cumulative Convertible First Preferred stock, and a quarterly dividend on the outstanding shares of "B" Preferred stock, were declared at the regular meeting of the Board of Directors.

The dividend on the First Preferred stock is ~~87 1/4~~ per share, and the dividend on the "B" preferred stock is \$1.25 per share.

These dividends are for the period from January 1, 1939, to March 31, 1939, and will be paid on April 1, 1939, to stockholders of record at the close of business March 8, 1939.

The nineteenth annual report of the Radio Corporation of America shows gross income of \$99,968,109 and a net profit for 1938 of \$7,412,072, equivalent to 30 cents a share on the outstanding common stock. Net profit in 1937 was \$9,024,858, or 17.9 per cent more than last year. After payment of dividends the corporation closed the year with increases in its working capital, cash and surplus as compared with the preceding year.

During the year RCA stockholders received \$5,993,466.82 in dividends. This included regular quarterly dividends on preferred stocks and a dividend of 20 cents a share paid to holders of common stock. The company paid off all its serial notes, amounting to \$456,526 and reduced its bank loans by \$2,400,000.

Earned surplus at December 31, 1938, was \$19,061,504 as compared with \$16,528,905 at the close of 1937. Cash on hand amounted to \$16,877,396, compared with 15,103,295 at the end of the preceding year. Out of cash funds \$3,000,000 has been used in 1939 to further reduce bank loans, due in April, 1941, which now stands at \$5,000,000.

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As a result of a relaxation of the restrictions on the operation of amateur short wave stations, the number of such stations in Switzerland has increased, the Commerce Department reports. At present 101 amateur stations are in operation, 75 percent of the operators being members of the Union of Swiss Short Wave Amateurs. Amateurs use mostly home-made transmitters, the receiving units being of American origin. Members of the Union of Swiss Short Wave Amateurs are allotted import contingents for their own requirements on the same basis as licensed radio dealers.

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MRS. CROSLLEY DIES UNEXPECTEDLY IN FLORIDA

Mrs. Gwendolyn Aiken Crosley, wife of Powel Crosley, Jr. radio and baseball executive, died unexpectedly Saturday at their Winter home in Sarasota, Fla. She was 48 years old. She had accompanied her husband to the airport on Friday when he left for Cincinnati. With Mrs. Crosley when she died was her daughter, Mrs. Martha Page Jennings.

Funeral services were held Tuesday afternoon in Cincinnati. A floral offering was sent by Bond Geddes, Executive Vice President of the Radio Manufacturers' Association, of which Mr. Crosley is a Director.

The Crosleys were married in 1910 at Muncie, Ind., where the present President of the Crosley Corporation and of the Cincinnati Baseball Club Company, was stationed briefly as manager of an automobile distributing firm.

Mrs. Crosley was a daughter of the late Walter H. Aiken, for many years Supervisor of Music in the Cincinnati schools. Also surviving are a son, Powel Crosley, 3d, two brothers, Walter Avery Aiken and Victor A. Aiken of Richmond, Ind., and four grandsons.

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TELEVISION COVERAGE LIMITED, SAYS FARRIER

While tests indicate that television will be a better advertising medium than radio, it will never achieve the nationwide coverage that radio has, C. W. Farrier, television coordinator for the National Broadcasting Company told the luncheon meeting of the New York Chapter of the American Marketing Association at the Hotel Roosevelt in New York City last week. The main problem in commercially sponsored television, he said, will be the costliness of programs.

Mr. Farrier pointed out that it would cost \$1,000,000 a year to broadcast a one-hour show daily. Since the network possibilities of television are still none too good, either by the use of coaxial cables or by a relay system of antennae, market coverage would not be adequate to warrant the expense, he said. To link the ninety-eight major markets, or those with more than 100,000 population, by coaxial cables would require an initial expenditure of \$113,000,000, he pointed out, and even then only 250-line pictures could be transmitted. Use of directional antennae would be cheaper, however, he said. Mr. Farrier also pointed out that the television show cannot be patterned after motion pictures, as it was found that regular features are too long and that comedy does not go over well with a small home group, because of lack of mass stimulation.

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