

HEINL RADIO BUSINESS LETTER

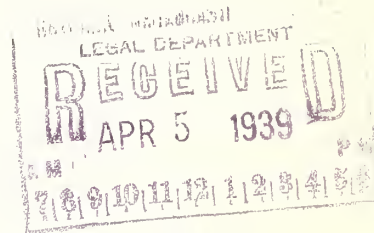
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April 4, 1939

FCC PUTS BRAKES ON TELEVISION

There is apparently considerable more behind the announcement that the Television Committee of the Federal Communications Commission will make a tour of the plants where television experiments are being carried on before making their report than appears on the surface. The formal statement was as follows: ✓

"The Federal Communications Commission announced today (April 3) that the three man Television Committee of the Commission, composed of Commissioners T.A.M. Craven, Chairman, Norman S. Case, and Thad H. Brown would proceed to New York, Philadelphia, and possibly Schenectady to inspect the laboratories which have been most active in the technical development of television.

"The Television Committee plans to make recommendations to the Commission in the near future in regard to standards necessary for television transmission."

It was said that despite great pressure exerted upon the Communications Commission to launch the television industry and still beyond that, pressure brought to bear on the Commission to adopt certain standards, the FCC Television Committee did not propose to be stampeded blindly into making a hasty report.

"Others have been running away with things in television and the present cautious procedure means that the FCC gets the reins back", it was said.

Although the formal announcement states the Television Committee plans to make its recommendations "in the near future", judging by the complications they see in the present situation considerable time may elapse before the report is actually made.

"What's the necessity for going so fast in this important matter of television?" an FCC official asked. "What's the hurry?"

It was pointed out that there were many phases of the matter which must be most carefully considered such as the danger of giving any one group a monopoly in the field through the acceptance of certain standards, determining who is entitled to the restricted number of television channels, the effect of the introduction of television on the broadcast receiver industry, and, finally and most important, it was said, full protection for the public interest.

Credit was given to the Radio Corporation of America and to David Sarnoff in particular for trail-blazing.

"Unquestionably television development would not be as far along as it is in this country if it had not been for the efforts of Davis Sarnoff", it was said, "and deserves the opportunity to cash in."

Even that, it was maintained, would not hurry the Committee unduly.

"We want to know more about the business end of television. There have been many misgivings on the amount of royalties to be received. Much to the astonishment of the FCC Committee, the Radio Manufacturers' Association Committee didn't give any consideration to the Commission's problems. If the FCC Committee accepts the standards offered by the RMA it means almost a monopoly. The standards they propose would put television on a par with the movies in about 1906.

"If the television development means a limited amount of channels, who, considered on a broad public basis, is entitled to them - the existing broadcasting industry, the moving picture industry, or the newspapers? They are all vitally interested", the spokesman concluded.

Among the laboratories or stations to be visited by the FCC Television Committee are the RCA Victor, Philco and Farnsworth in Philadelphia; NBC, Columbia, A. T. & T. and Armstrong, in New York, and Dumont in Passaic, N. J. The Committee will also probably go up to Schenectady to see what the General Electric is doing. The Committee is expected to begin its tour Tuesday, April 11th.

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PRESIDENT AGREES TO LET FCC REFORMS WAIT

President Roosevelt is reliably reported to have agreed that the reorganization of the Federal Communications Commission can wait until next session of Congress if the present session is adjourned early.

Chairman Wheeler, of the Senate Interstate Commerce Committee, called at the White House recently and during the conference is said to have asked the President if he wished to push the reorganization through the present Congress. Mr. Roosevelt is reported to have replied that it could wait.

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CHAIN-MONOPOLY HEARING DRAWING TO A CLOSE

With transcription company representatives on the stand this week, the FCC chain-monopoly investigation, which has been under way since late November, was drawing to a close this week. It was expected to be concluded this week or next.

Following a fortnight of examination of management contracts, the Commission placed in the already-bulging record a large number of statistical exhibits in rebuttal to those of the networks. The exhibits were explained by DeQuincy V. Sutton, Chief Accountant of the FCC.

Mr. Sutton also asserted that 340 of the country's 700 odd stations have "a community of interest with other licensees" through interlocking directorates, multiple ownership or group control. The information, he said, was taken from FCC records and answers to questionnaires sent by the Commission to all station owners.

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FCC REBUKED IN APPELLATE COURT REVERSALS

The Federal Communications Commission was rebuked in two opinions of the Court of Appeals for the District of Columbia which sharply reminded the administrative agency that it must follow the law just as courts do.

Two license applications were sent back for rehearing.

Applicants upheld by the Court were the Pottsville Broadcasting Corp., a Maryland company which seeks to operate at Pottsville, Pa., and Paul R. Heitmeyer, who wished to establish a radio station at Cheyenne, Wyo.

The Pottsville firm had asked for a license in 1936. An FCC Examiner recommended that it be granted. Later the FCC heard the case, along with the claim of a second applicant for the same license. The FCC said the Pottsville company's financial ability had not been shown and that the chief stockholder did not live at Pottsville, in denying the application.

The Court of Appeals reversed the FCC, saying the complaining applicant was financially stable and that the FCC had followed no fixed rule or policy about the residence of stockholders. The FCC ordered the Pottsville company to start all over again, competing for its license with a third applicant.

This was denounced as indicating "a definite intention to disregard the mandate" of the Court of Appeals, Chief Justice Groner held, saying: "We cannot consent to the view that either the right to grant or the right to revoke is subject to the uncontrolled discretion" of the Commission. The court ruling, in effect, was declared to be an order to grant the license.

The Heitmeyer case presented a similar question.

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LABOR UNIONS OPPOSE BAN ON BEER ADVERTISING

Labor union spokesmen joined representatives of the brewing and distilling industries last week in voicing opposition to legislation which would prohibit radio advertising of alcoholic beverages.

Ira N. Ornburn, Secretary-Treasurer of the Union Label Trade Department of the American Federation of Labor, told a Senate subcommittee the measure was "a direct attack on American labor."

It was, he said, "as directly aimed at the jobs of labor as if the bill said so in so many words" because it would tend to curtail the sale of alcoholic beverages.

"It will invite further pressure by militant minority groups to prohibit advertisement of other commodities", Mr. Ornburn declared.

Senator Johnson (D.), of Colorado, author of the bill, replied to opposition witnesses with the assertion that the legislation was designed solely "for the protection of the sanctity of the home and the sanctity of the school room."

Also supporting the objectives of the measure were Howard A. Dawson, Director of the Division of Rural Education of the National Education Association, and Mrs. Sina H. Stanton of the Council of Women for Home Missions.

Mr. Dawson said radio advertising of alcoholic beverages made more difficult the educators' task of "teaching the harmful effects of consumption of alcohol and narcotics".

Joseph Obergfell of Cincinnati, Secretary of the Brewery Workers' Union, contended, however, that beer was "a mild beverage" and that efforts should be made to "wean the youth away from habits acquired during prohibition and hip-pocket drinking".

Senator Johnson protested that his proposal was not aimed at beer any more than other alcoholic beverages, but Mr. Obergfell asserted that most other liquor advertising had been taken off the air voluntarily, leaving beer to feel the chief effect of the legislation.

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There are now about 5,000 amateur radio operators in Germany who are members of the Deutscher Amateru-Sende-und Empfangsdienst e.V., the "DASD", which closely corresponds to the American Radio Relay League, according to the U. S. Commerce Department. Of this number, some 500 hold sending licenses and such licenses are issued only to members of the organization. Those members who do not hold sending licenses occupy themselves primarily with observing reception in the amateur wave lengths and also with short wave broadcasts in general.

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NEW FCC MEMBER MAY TAKE SPOTLIGHT

Reports are circulating around the offices of the Federal Communications Commission that Frederick I. Thompson, Alabama publisher, who has been appointed to the Commission, is "a hell raiser" who may well take the spotlight away from some of the veteran "hell raisers" on the Commission.

While Mr. Thompson's views on radio regulation are not known, it is expected that the publisher will be outspoken in his opinions and will soon make himself a target of groups holding contrary views.

It also is reported that Mr. Thompson has the backing of Marvin McIntyre, a former newspaper man, and was chosen in preference to a candidate of Thomas G. Corcoran, presidential advisor, who is slated to become one of Mr. Roosevelt's executive assistants when the Government reorganization bill becomes a law.

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THREE NEW STATION PERMITS ARE GRANTED

A return to normalcy in the consideration of applications was indicated at the Federal Communications Commission this week as three construction permits for new stations were granted.

The stations approved are at Fredericksburg, Va., Sedalia, Mo., and St. Petersburg, Fla.

The Fredericksburg station will operate on 1260 kc. with power of 250 watts, daytime only.

The station at Sedalia will operate unlimited time with power of 100 watts night, 250 watts local sunset, on 1500 kilocycles.

The Pinellas Broadcasting Company will operate the station in St. Petersburg on 1370 kilocycles with power of 100 watts night and 250 watts local sunset, unlimited time.

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The administration of the 240 parochial schools of the Roman Catholic Archdiocese of New York is testing a suggestion in teaching techniques by which each of the classrooms of the 90,000 pupils in Manhattan and the Bronx would be connected by amplifiers wired over telephone circuits to a central broadcasting studio.

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TELEVISION ISSUE FILED WITH SEC

The Allen B. DuMont Laboratories, Inc., of Passaic, N.J., last Friday filed with the Securities and Exchange Commission a registration statement covering \$750,000 of ten-year convertible, 5 percent notes, warrants covering 9,375 shares of Class A common, and 39,375 shares of Class B common stock.

The company is engaged in the manufacture of cathode tubes for television reception and holds patents in the television field. Paramount Pictures, Inc., owns 14,000 shares representing 100 per cent of the company's outstanding Class B common, and has an agreement through which it may increase its holdings.

Of the proceeds a total of \$592,350 is to be used for carrying out a program of increased production, of which \$270,000 would be for working capital. The principal underwriters of the note issue were named as Lehman Brothers and Hemphill Noyes & Co.

In addition to the notes, warrants and common stock covered by the statement, it included rights to purchase up to the entire amount of the note issue which will be issued to Class A and B common stockholders.

The notes are convertible at \$25 a share into Class A stock. The warrants will be issued to the underwriters, and of the Class A stock to be issued, 30,000 shares will be reserved for conversion of the notes.

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NEW TYPE OF RADIO COMPASS DEMONSTRATED

A new type of radio compass of such high precision that its sponsors said it might revolutionize direction finding in the air and permit accurate control of aerial bomb dropping from long distances was demonstrated in San Francisco last week.

On the instrument board of an airplane the device operates something like the "visible tuning" feature of home radios. A green light shines from the board as long as the plane is heading directly toward the radio transmitting station to which the compass is tuned. If the plane varies as much as two degrees off the direct course, the light goes out.

Henry Woolf, former Army Air Corps officer, who invented the instrument, and Edison E. Mouton, former Department of Commerce aeronautics inspector, who demonstrated it, said the compass might be employed in military operations with more accuracy than any radio compass now in general use.

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EDUCATION INSTITUTE TO MARK TENTH ANNIVERSARY

The Institute for Education by Radio, held annually at Ohio State University since 1930, reaches its tenth milestone in this year's conferences, set for May 1-3 at Columbus, Ohio.

Included among the attendants will be several representatives of the broadcasters and educational agencies who have attended all the sessions since 1930. They will be honored at a dinner the night of May 2, with Dr. John W. Studebaker, U. S. Commissioner of Education, Washington, D. C., presiding. Dr. W. W. Charters, Director of the Institute since its beginning, will conduct the ceremony. Dr. Charters heads Ohio State's Bureau of Educational Research.

As in the past, the Institute will be devoted chiefly to a consideration of the techniques of education by radio.

The opening session, on May 1, will be given over to a round-table on "The Place of Radio in a Democracy", by members of the faculty of the University of Chicago, conducted after the manner of that institutions' nationally-known broadcasts.

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CUBAN RADIO IMPORTS SLUMP DURING 1938

Cuba imported 24,127 receiving sets during 1938 valued at \$550,203 compared with 40,732 sets valued at \$988,228 during 1937, according to a report to the Department of Commerce from the office of the American Commercial Attache at Habana.

Despite the decrease of 41 percent in volume and 45 percent in value, Dutch suppliers were able to increase their participation in the Cuban trade from 5.34 percent in volume and 3.44 percent in value during 1937 to 13.02 percent and 8.93 percent, respectively, during 1938. United States participation, on the other hand, decreased from 94.65 percent in volume and 96.55 percent in value in 1937 to 86.62 percent and 90.94 percent, respectively, in 1938, the report said.

Total imports of parts and accessories also decreased notably during 1938 and were valued at \$161,545 against \$218,022 during 1937. Imports of parts and accessories from the Netherlands increased slightly, while those imported from the United States decreased by about 28 percent, according to the report.

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TRADE NOTES

An ultra-high frequency radio transmitter and equipment for the transmission and reception of radio facsimile has been ordered from the RCA Manufacturing Company by Station WBNS, owned by the Columbus Dispatch.

A Federal Court jury at Del Rio, Tex., last week returned a verdict in favor of Dr. Morris Fishbein, editor of The American Medical Association's Journal and a defendant in a \$250,000 libel suit brought by Dr. John R. Brinkley, former broadcaster. Will Morris, Jr., one of Brinkley's attorneys, said the case would be appealed to the Circuit Court at New Orleans. Dr. Brinkley alleged he was humiliated and damaged by an article written by Dr. Fishbein.

The Federal Communications Commission has issued an invitation to representatives of the Civil Aeronautics Authority, other government departments, Aeronautical Radio, Inc., air carrier operators, private flying associations, and all other interested parties, to attend an informal conference to be held at the office of the Commission April 18th to discuss the proposed revision of the rules governing the aviation services.

The Radio Corporation of America plans to have its dealers equipped with television antennas by April 15th to aid them in demonstrating receivers which will go on sale May 1st.

Borough President James J. Lyons, of the Bronx urged the abolition of Station WNYC, New York, in a letter sent last week to the Board of Estimate. Mr. Lyons, who advocated selling the municipally owned station to private operators, charged that the Fusion administration was using it for "publicity" purposes and that financially the station was an "absolute waste and luxury".

A series of 24 transcriptions of the "Americans All - Immigrants All" series, now having its premiere over 104 stations of the Columbia Broadcasting System, has been prepared by the U. S. Office of Education.

Commissioner Studebaker said that he had decided to record this series because teachers and school officials are looking for aids of this type which they can use in adapting the school curriculum to strengthen democracy - a fast-growing movement in education.

Many New York City schools are planning to use recordings as part of the instructional program. The New York City Board of Education recently authorized instruction to promote tolerance of racial and religious differences.

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With first advertising of the new television sets scheduled to appear on April 30th, preparatory to introduction of the devices on the following day, the question has arisen as to whether copy should be placed cooperatively with dealers or sponsored entirely by the manufacturer, according to the New York Times. Arguments against cooperative ads include the claim that in introducing a new product the brand name must be strongly emphasized at the beginning and that this is only possible through factory ads. In dealer copy, it was pointed out, the make of the set usually must share attention with the dealer's name. It is expected that initial television ads will be sponsored by the manufacturers.

A television table model receiver equipped with an automobile background lighting control, "enabling the reproduction of the exact degree of brightness as transmitted at the original scene", has been developed by the Pilot Radio Corporation. The images are reproduced in black and white on a "direct viewing" screen nine inches square.

A television kit, which, according to its sponsors, may be made into a television receiver was advertised in the New York Times last week by Bloomingdale's department store. The Andrea kit sells for \$79.50 with tubes listed at \$55.00.

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ZENITH DECLARES DIVIDEND OF \$1 A SHARE

The Directors of the Zenith Radio Corporation have declared a dividend of one dollar per share to stockholders of record on April 10th. The dividend will be paid April 24th.

Commander Eugene F. McDonald, Jr., President, announced at the Directors' meeting this week that the total figures for the fiscal year would show an increase of 50 percent in unit sales. In spite of the industry being considerably off in dollar volume, Zenith will again this year show an increase in dollar volume also, he said.

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EIGHT DISPLAYS IN RCA "HALL OF TELEVISION"

Providing much greater scope, effectiveness and audience capacity in the presentation of television, new and revised plans for the Radio Corporation of America's exhibit at the New York World's Fair 1939 were announced recently by Ralph R. Beal, RCA Director of Research.

The new plans, upon which radio engineers and architects have been at work since early January, call for eight separate and distinct sections of a television exhibition and demonstration. These displays are: (1) Hall of Television; (2) Television Laboratory; (3) Radio Living Room of Tomorrow; (4) Radio Living Room of Today; (5) "Telemobile" Unit; (6) Television camera set-up and model television transmitter; (7) "flask" type television receiver (laboratory model); and (8) Television receiver (stock model) in a clear glass cabinet.

The RCA exhibit building is shaped like a huge radio tube attached to a base and the whole lying on its side. The base forms the front section of the building. The tube proper, or rear section, is where the television hall has been located. Approximately square in shape, the hall will accommodate, in addition to its equipment, more than 150 persons at a time. It will be luxuriously appointed, and will have special air-conditioning, lighting effects and acoustical treatment.

The equipment to be installed consists of thirteen of RCA's newest stock model television receivers and a projection-type receiver which is still in the laboratory stage of development. The projection receiver will be set up to focus on a 6 x 10 foot screen across one corner of the room. The stock model receivers will be arranged in three tiered semi-circular rows behind the projection unit. This arrangement will permit spectators to view the images on the stock receivers and compare them with the projected images on the screen.

The television laboratory, located at one side of the building and just in front of the hall entrances, is an exhibit which will vary in content from time to time during the Fair. Among the devices to be shown are apparatus for extracting rare metals used in vacuum tube manufacture, originals of several tubes which have been built during the development of the iconoscope and the kinescope, the huge Maloff tube, largest television receiving tube ever built (its viewing screen is 18 x 24 inches) and a cathode ray oscillograph set-up which is used for measurement purposes in receiver designing. These and many other devices will actually be demonstrated by attendants from the regular RCA television laboratories.

Directly across from the laboratory exhibit will be a regulation size television camera unit and a 12-foot model of the RCA-NBC television transmitter atop the Empire State Building in New York City.

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Ten hours of television programs daily will be picked up on the receivers in the RCA exhibit, starting at 11:00 A.M. and running continuously until 9:00 P.M. The programs will consist of presentations from the NBC studios in Radio City, broadcast via the Empire State Building transmitter; outside pickups by the "telemobile" unit on the RCA exhibit grounds, on the Fair grounds and in New York City, and motion pictures picked up locally by means of a special television film scanning device in the exhibit building.

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BROADCASTERS ON N.Y. NAVAL RECEPTION GROUP

Leaders in the radio industry are represented on Mayor LaGuardia's Naval Committee for the reception of the U. S. Fleet when it visits New York April 29 to May 17th during the first weeks of the World's Fair.

Among the radio representatives are:

Mr. M. H. Aylesworth, former President of the National Broadcasting Company, now with the Scripps-Howard Co.; Donald Flamm, Station WMCA, New York City; Gen. James G. Harbord, Chairman of the Board, Radio Corporation of America; Maj. Lenox R. Lohr, President, NBC; A. J. McCosker, Station WOR, Newark and New York; William S. Paley, President, Columbia Broadcasting System, and David Sarnoff, President, RCA, and Gerard Swope, President, General Electric Co.

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CBS PROFIT \$3,541,741 FOR 1938

The Columbia Broadcasting System, Inc., and its subsidiaries had a net profit of \$3,541,741, for 1938 after depreciation, interest, Federal income taxes and other charges, it was announced this week. This was equivalent to \$2.07 each on the 1,708,147 shares of combined Class A and Class B capital stock outstanding at the close of the year, excluding shares held in the treasury.

Net profit for 1937 was \$4,297,567, or \$2.52 each on 1,707,950 combined shares of stock.

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