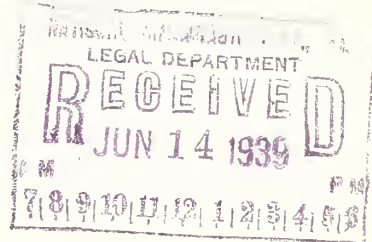


# HEINL RADIO BUSINESS LETTER

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June 13, 1939.

"DON'T KILL THE GOOSE", WARNS CRAVEN IN RMA TALK

Warning the radio industry to proceed slowly in stabilizing television developments, Commdr. T.A.M. Craven, Chairman of the Television Committee of the Federal Communications Commission, on Tuesday advised the Radio Manufacturers' Association not to demand standardization and thereby "kill the goose which we hope will lay the golden egg".

Commissioner Craven addressed the radio manufacturers at its fifteenth annual convention in Chicago at the opening session today (Tuesday).

Commissioner Craven's address to the convention follows, in part:

"This is a very happy occasion. It is the first time that there has been a joint conference between representatives of the Radio Manufacturers' Association, the National Association of Broadcasters and the Federal Communications Commission. I hope this occasion augurs well for the future stabilization of a great industry.

"Not at any time in all my 26 years of close association with the practical development of radio has there been such tangible evidence of a bright future as exists today for radio. This statement is made with the full knowledge that at this moment the paths to future success appear to be confusing.

"Radio has always been characterized by rapid change. Radio business has always been a business which is successful only when organized to accommodate and foster a fast changing technical base. The radio industry should be the acme of modern business in an era of technology. It is a business which can thrive on a rapidly changing but progressive scientific development - a new and young industry which can explore advantageously the modern frontiers of the nation.

"In spite of all this, the industry is now confronted with the necessity of making what some have termed a fateful decision. If we peer through darkened glass, this decision is fraught with all the aspects of a huge gamble. On the other hand, if we are unabashed and are possessed with the ability to analyze with fortitude, the chances do not appear to be so nebulous.

"It is well to admit, however, that the radio industry is now confronted with a serious problem, the solution of which requires courageous and logical planning. We cannot indulge our-

selves in the wishful hope that this rapidly developing technical art of radio will become stabilized forthwith. Nor can we delude ourselves into the belief that it is already stable. Neither should we be shocked to find that inventive genius is continuing to change the very base upon which this industry is founded.

"This new industry, as the creator of an economic problem which is at least worrying industries other than radio, finds itself confronted today with the potential economic effects of new technological changes in our own industry. Thus, all concerned are groping for methods to readjust a critical situation. However, this situation was created by ourselves and not by someone else. In other words, being a product of modern technological progress and having been injected into the modern social and economic fabric of the nation, the radio industry now finds itself confronted with some of the aspects of the social and economic effects of the very progress it has fostered. The opportunity is now given to this new industry to cope with a problem of its own creation.

"May I suggest that the solution of this problem is not insurmountable. It appears that the best general method of attack in the solution of these modern radio problems is to accept the fact that the base upon which we stand is a rapidly changing one. Having accepted this fact rather than wishing for some other kind of a foundation, we can proceed forthwith.

"We should also recognize the necessity for maintaining an existing business as well as for providing progressive increases in the employment of labor. Finally, we should avoid premature standardization of thoughts, methods and apparatus. We should avoid the pitfall of accepting the status quo.

"The industry should realize that immediately before us is the development of ultra high frequencies for high fidelity broadcasting, utilizing frequency modulation or some other method equally as efficient. Facsimile broadcasting is also on the horizon. Perhaps more fascinating to some of us, television is at our threshold. Of these various developments, television has apparently created the most difficult problem confronting the business enterprise in which we all have a part.

"In this connection I desire to invite your attention to a report made by the Television Committee of the Federal Communications Commission which has recently been released to the public.

"It is surprising that the Radio Manufacturers' Association should request the Commission to approve standards at such an early stage of development. Personally, I have always felt that in this country private enterprise should be given the utmost freedom consistent with the interest of the public as a whole.

"Standardization at any time has a tendency to thwart progress and throttle inventive genius. Certainly premature standardization in television would kill the goose which we hope



will lay the golden egg. It would prevent technical and economic processes to transpire logically. However, voluntary standardization in television along broad lines, in an attempt to secure orderly progress in the development of an industry, has distinct advantages provided the industry itself will continue intensive research for new, better and cheaper methods for producing television and will make the fruits of this research available to the public.

"I shall not go into the details of the report of the Television Committee of the Federal Communications Commission because if you have not already seen the report you have the opportunity of reading it. This Committee suggested some of the broad lines of development which, from the standpoint of the Commission, seemed to be necessary. Above all, we suggested the necessity for clear, logical thinking by each of the various elements of the industry, included in which, I hope, is the Federal Communications Commission. It appeared to our Committee that at least an exchange of information along broad lines from time to time and the frank discussion of the various problems would be beneficial in the interest of the public.

"It appears that the spectre of television, remote as it may be, has already begun to affect the economic stabilization of not only the existing radio manufacturing industry but also the existing industry involved in the broadcasting of regular voice and music programs to the public. There is no need for an adverse effect. If the effect is adverse it must be the result of a lack of logical thinking and coordinated planning. Jobbers and others who sell broadcast receivers to the public should know that while television is here in the early stages of practical technical development, it is not here and cannot be here for several years from the standpoint of stabilized operation of a real service on a nation-wide scale.

"Thus, television is still in the experimental phase of development and while it is necessary for the public to participate in this phase to a limited degree, it would be fool-hardy for the industry to lead the public into the belief that television is here as a practical reality as a stable service to the public on a national or even on a regional scale. The very fact that television has developed so rapidly in the past very few years should indicate that with the same intensive research in the future as in the past the public can expect greater improvements both in quality, simplicity, and cost. However, credit should be given for the wonderful strides in technical development achieved by the industry to date. The fact that you have already developed the technical phases of television to such an extent is a marvelous achievement. For this, the industry deserves the meritorious acclaim of every thinking person.

"The further development of television requires not only courage on the part of this industry but also the will to proceed. It is necessary for this industry to foster the development of television. Unless they do this they will be in no posi-



tion to cry for protection when someone else undertakes the job. The public, having tasted the fruits of the inventions of modern genius, organized and financed by your industry, will not be denied the promise of the service which transmits over a distance not only the voice but also vision, in the form of culture, news, and entertainment.

"Therefore, I strongly urge all of the representatives of the industry, who are here today, to continue your active steps. I hope you will continue to couple your action with some constructive thinking and coordinated planning for the future. Above all it is important that active research be carried forward.

"I do not mean that the industry should abandon a wholesome spirit of competition either in business or in technical development. It is entirely practicable as well as proper to maintain competition among individuals and at the same time to plan sensibly for the welfare of an entire industry. In so doing you are serving the interest of the public, promoting the successful sale of your equipment, as well as creating a satisfied audience for your programs."

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#### SPECIAL RADIO DESIGNED FOR MOTOR CARAVAN

The four mobile motor units in the Lawrence Thaw trans-Asiatic expedition will be able to maintain contact with each other even when separated by distances as great as 200 miles, it was found by General Electric engineers in making final tests of the equipment as the caravan headed east from Detroit.

The radio equipment, designed and built by the General Electric Company, will permit short-distance transmission and reception between each of the two trucks, trailer and cruiser sedan by the use of four ultra-high frequency transmitters and communication type receivers. The system is similar to that used in two-way police radio.

Two medium-high frequency transmitters and receivers have also been installed in the cruiser sedan and trailer. During the tests conducted while the caravan was enroute to Schenectady, clear reception was obtained as far away as Buffalo, a distance of more than 200 miles from Schenectady.

The equipment is powered by standard car batteries. Antennas for the ultra-high frequency sets, those that will be used for communication between the four cars while in transit, are of the one-quarter wave fishpole type, while a 128-foot span of wire strung from the transmitter to a collapsible 30-foot pole will act as antenna for each of the two medium-high frequency.

The expedition will leave New York on June 21st and will start from Paris on the 14,000-mile tour that will take it to Budapest, Istanbul, Damascus, Baghdad, Herat, through the Khyber Pass, Delhi, Calcutta and into Bombay, India, sometime next Spring.

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## WELLS OPENS RMA CONVENTION

Business and labor both are victims of crushing taxation and Government regulation, according to A. S. Wells, Chicago manufacturer and President of the Radio Manufacturers' Association, in an address opening the radio industry's annual convention today (Tuesday, June 13) at the Stevens Hotel, Chicago.

President Neville Miller, of the National Association of Broadcasters also spoke of cooperative promotion with the manufacturing industry. Another official guest at the radio convention was John H. Payne, Chief of the Electrical and Radio Division, U. S. Bureau of Foreign and Domestic Commerce, Washington.

Tomorrow (Wednesday) the annual trade show of radio parts and accessories, with nearly 200 exhibitors, which is expected to attract 10,000 trade visitors, will open in the Stevens Hotel Exhibition Hall. The annual industry banquet will be held tomorrow night in the Hotel Morrison "Terrace Casino".

In deploring excessive tax burdens and government regulations, President Wells of RMA declared business men should proclaim the truth concerning business "and its proper relation to our political and business life", stating that "fundamental economic laws ... cannot be changed by wishful and illogical thinking, and when serious attempts to alter or disregard them are made, only confusion and chaos and finally irreparable damage will result.

"As soon as these false doctrines are recognized and adopted as political ballyhoo", he said, "the real threat to our whole industrial existence becomes apparent.

"Such ideas as continuously higher taxes on industry, confiscatory rates on large incomes and inheritances, and undistributed profits taxes, are ideas which are not promulgated with the fundamental thought of tax for revenue purposes, but are taxes to readjust the social and financial scale and are thoroughly wrong in principle, and destructive to business and, therefore, harmful to labor.

"Both business and labor are injured rather than helped by this type of Government regulation as well as other types of unsound Government regulation of business, the objects of which are to reconstruct and restrict, from a socialistic standpoint the individuality, freedom, and enterprise which have developed this country of ours.

"When theoretical economics attempt to remove the axioms from our economic textbooks, and substitute false theories therefor, we as business men must, by our constant repetition of the facts, put back into the consciousness of everybody the fundamental truth.



"We must use our energies to make the average citizen understand the positive statement of this principle - that if Government will tax equitably and only for revenue, and will not confiscate wealth in the name of taxation, that money will be invested in fixed assets in factories and will provide the necessary capital and employment to permit all those who wish to work to have the opportunity to do so.

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## REVOLUTIONARY CHANGES IN RADIO INDUSTRY ARE FORECAST

Technical developments now largely perfected promise to bring about greater changes in radio during the next few years than have occurred since broadcasting for the general public began, according to a comprehensive survey in the June-July issue of Education by Radio.

"While television is the most widely discussed of the new developments in broadcasting, two others, facsimile and frequency modulation, may prove to be just as important. Indeed both of these developments are further advanced than television", it states. "Frequency modulation is completely perfected and ready for immediate use. The strictly radio aspects of facsimile have been perfected, but the machines for translating pictures into electrical impulses and back into print are not quite satisfactory. In television nothing seems to be final and the prospect is that very considerable changes may take place before the new art achieves stability. . .

"Why is the American brand of television so highly tentative? In the first place, there is the patent situation. Several different systems of sending images are now in existence. Perhaps others will be perfected. The Federal Communications Commission is trying to protect the future purchasers of television receiving sets by waiting until it knows what the performance of the various systems may prove to be. Ultimately, the Commission through its licensing power will dictate the kind of television to be done. To make such an important decision too early might discriminate against some new inventor or encourage the public to buy the present receiving sets only to have them scrapped by technical developments which even now may be in the laboratory stages of development.

"In the second place, important economic problems remain to be solved. How is television to be paid for? Probably by advertising. But the answer is not as simple as that. Television is expensive, so expensive in fact that advertisers in the smaller cities cannot afford it. And there is no such secondary coverage in television as exists in regular radio broadcasting to enable distant listeners to enjoy programs put on by advertisers over big city stations.



"The financial problem is not that of giving television to the great metropolitan areas, but of making it available to the Nation. Not only do individual stations serve a smaller area, but also they can be connected into chain broadcasting systems only with much more difficulty and much greater expense. At this writing there seems to be no visible means of giving anything like a complete national coverage with television.

"The third complicating factor is that of politics. A majority of members of Congress represent districts which are predominantly rural. Most of them will want television for their constituents. Many can be expected to attack any system of licensing adopted by the Federal Communications Commission which does not make provision for reaching a large part of the nation with the outstanding programs which can originate only in such talent centers as New York, Chicago, and Hollywood.

"In the fourth and fifth places there are two vitally interested rivals, the press and motion pictures. Television is a real threat to the advertising revenues of the press. What department store would be interested in using cold black type to picture its new fashions if there was a large enough television audience to make it worth while to send the images of living models into milady's parlor!

"The motion picture situation is not so clear. Television may be a vast new market for the use of films because at present they seem to be the best available source of supply for programs. Likewise, it may be installed by theaters and may prove to be a valuable new stimulus to attendance. On the other hand, neither of these possibilities may materialize. Use of films for television may be discouraged in the same way that recordings were discouraged in radio broadcasting. And the public may rush to buy home receiving sets which will compete so successfully with the theaters that box office attendance will diminish and perhaps disappear. . . .

"The story of facsimile is less exciting although in some ways just as important as television. It can be operated on all radio frequencies with the result that, by attaching special equipment, any kind of receiving set may be transformed into a facsimile receiver. Experimental work with this device is now being done on the West Coast, in the Middle West, and in the East. Facsimile receivers are being offered for sale more widely than are television sets and at prices of less than \$100. In appearance facsimile is very much like the wireless and wire-photo pictures which are seen regularly in many daily newspapers. The best facsimile is fully as good as the best of these rapidly transmitter pictures which appear in newspapers. . . .

"Both facsimile and television have been discussed in the public press and over the air for some time and so are rather well known. Frequency modulation, which is a new system of transmitting regular radio broadcast signals, is almost unknown. And yet it may prove to be the most significant of all new develop-

ments. It may open the way for a much greater degree of freedom of the air than has been enjoyed or has seemed possible up to now.

"Frequency modulation is very different in both methods and results from the kind of radio transmission used with regular receiving sets. Regular broadcasting uses a narrow band of frequencies which under certain circumstances can be broken up or interfered with to such an extent that static and various other bothersome noises are often reproduced on listeners' receiving sets. Frequency modulation uses a broad band of frequencies, so broad in fact that it seems to smother all interference noises and to give the listener a program reception so perfect as to be almost unbelievable. . . .

"Receiving sets, easy to tune and equipped with a loud speaker of much higher quality than those used on ordinary receiving sets, will be on the market soon at a price expected to be about \$100.

"Whereas television and facsimile were threats to other media of mass communication, frequency modulation is a threat to radio itself. It seems certain to lessen the value of more than seven hundred transmitting stations in the regular broadcasting band and of the millions of receiving sets now owned by listeners throughout the nation. This does not mean that the kind of broadcasting now being done will become entirely obsolete. It simply means that a better type of broadcasting service will soon be available and that in order to enjoy the new service entirely different receiving sets must be secured.

"Frequency modulation seems to lend itself particularly to local broadcasting as distinguished from regional and national service. So far as coverage is concerned, it cannot compete with clear channel stations. However, stations using it can be joined into networks and thus can be enabled to render a national service.

"Frequency modulation on the ultra-high frequencies does not create interference beyond the range of good program reception. It is possible, therefore, to place on a single frequency a number of stations, each serving a different community. Where the services of two such stations overlap, it is possible for listeners to use a directional antennae and pick up either program without interference from the other. This phenomenon seems to promise that every city in the United States may be able to have as many stations as its citizens may desire. While each station will still be subject to a Federal license, the possibility of existence for so many of them must be hailed as a great step toward freedom of the air.

"What new radio wonders will be perfected and what they will do for the world in the next few years are beyond comprehension. To emphasize in conclusion that still other developments are on the way, it is only necessary to note that Major Armstrong publicly predicted in 1935 that by his method of transmission it would be possible to broadcast simultaneously over a single station multiplex signals such as those of television, telegraphy, telephony, and facsimile. Certainly it is no fantastic dream to envisage the well-equipped home of 1950 with a single master receiving set producing sight, sound, or print."



## TELECAST OF KING AND QUEEN TRAVELS 130 MILES

In a little shack atop Pinnacle Point, a 1,600-foot elevation in the Helderberg hills about 12 miles from Schenectady, a group of 20 farmers from New Scotland and Altamont saw the King and Queen as they inspected the New York World's Fair better than 99 percent of the million or more people who were actually present at the Fair. The images of both Their Majesties were flashed instantly and clearly by television over the 130-mile airline space between New York and the television receiving equipment installed by General Electric engineers on top of this hill.

Contrary to the theory that television can be picked up but 40 or 50 miles from the point of origin and at no spot beyond the horizon as seen from the transmitter antenna, General Electric engineers received the complete two and one-quarter hour program of the King and Queen's visit to the Fair as telecast from atop the Empire State Building. Even though the telecast originated at about 1,300 feet elevation in New York and was received atop a 1,600-foot hill, the "line of sight" was still 8,000 feet above the receiving antenna, according to C. A. Priest, General Electric's Chief Radio Engineer.

"We feel there was nothing accidental about this reception even though it seems to be contrary to the rules of television," Mr. Priest explained. "In two preliminary tests, we picked up the complete program as telecast by NBC in New York, and both picture and voice were received very clearly. I really don't believe we will have any trouble in receiving television programs sent from New York, even when the airline distance is 130 miles and we are a mile and a half below the line of sight."

The receiver, of standard G.E. type, was set up in a small shack hurriedly erected atop the hill. Power to operate it was supplied by a small gas-driven generator hauled to the spot. A special directive antenna was erected, diamond in shape, on four poles 40 feet above the ground. This covered in all a space of about 300 by 600 feet. The spot is located about two miles from the new high-power television station that General Electric is building, which is expected to be in operation early in November.

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## RADIO NOTABLES AT ROYAL PERYLON RECEPTION

Among those in the radio industry who had the privilege of attending the reception which followed the luncheon to King George VI and Queen Elizabeth at Perylon Hall at the New York World's Fair last Saturday were:

Mr. and Mrs. Merlin H. Aylesworth, Mr. and Mrs. Alfred J. McCosker, Mr. and Mrs. William S. Paley, and Mr. and Mrs. David Sarnoff.

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## CULBERTSON, FORMERLY OF RCA, DIES

Owen Culbertson, formerly with the Radio Corporation of America, and at one time private secretary to Gen. James G. Harbord, died last Tuesday of a stroke at Bellevue Hospital in New York City. Because of lack of identification papers, it was not until four days later that the police succeeded in establishing his identity.

Mr. Culbertson, who at one time was in Washington for the RCA, was a member of a prominent Texas family and a Lieutenant in the United States Army Reserve.

Mr. Culbertson was born in Austin, Texas, on November 27, 1899, a great-grandson of the Superior Judge of the Independent Republic of Texas. A member of the Reserve Remount Service, he was well known as an equestrian, and frequently rode to hounds in the Virginia foxhunts.

An expert with the rawhide whipe, he was called upon in 1933 by Otis Skinner to teach Thomas Chalmers, another actor in "Uncle Tom's Cabin", a revival by the players, how to wield a nine-foot last as Simon Legree. Mr. Skinner played Uncle Tom. Mr. Culbertson had been a member of The Players for many years. He had been invited to go down the bay last Saturday by the British Colony Reception Committee for a reception to King George VI and Queen Elizabeth.

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## BENGAL IN MARKET FOR SCHOOL RADIO SETS

The American Trade Commissioner at Calcutta reports that the Bengal Board of Education plans to start equipping most of the schools in Bengal with a small inexpensive receiving set within the next few months as a means of radio in education. One well-known importer and his retail agents have submitted samples of American equipment and quoted the price of 50 rupees each.

"There were several objections to the American set raised by one member of the committee, and the importer has taken steps to correct the alleged deficiency", the report stated. "It is understood that the revised set now overcomes all the objections but the technical adviser of the committee has not yet given his approval and remains completely non-committal. It is also understood that another American set, one Philips, one English and a German set have been submitted. It is not expected that the Board will purchase the sets in large quantities but will spread the entire lot over a period of 12 to 18 months."

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## NBC EXPLAINS POLICIES, SERVICES IN BOOKLET

"Broadcasting in the Public Interest", a brochure, was released this week by the National Broadcasting Company. It outlines the history and growth of the network, restating its general policies and program standards and describing its public services.

The booklet includes a concise description of NBC's development, outlines some of the problems which it originally faced and explains its network structure and method of operation.

A section is devoted to the social nature of NBC which discusses its relationship to the public, the responsibilities imposed on it by law and the responsibilities which it has imposed upon itself through the formation of an Advisory Council. This portion of the booklet also contains the latest statement by the Council regarding policies which it has worked out concerning religious, political and controversial programs.

The brochure also gives a detailed analysis of other policies adopted by NBC and deals specifically and at length with such subjects as medical accounts, contests, children's programs, news commentaries and various types of material which are unacceptable for broadcasting. It also explains the purpose and scope of NBC's International Division and discusses some of the problems of radio which may be expected to arise in the near future.

"Broadcasting in the Public Interest" also contains lists of the officers, directors and Advisory Council members of the National Broadcasting Company and a six page compilation of some of NBC's outstanding programs.

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## NEW BRAZILIAN STATION TO BOOST RADIO MARKET

An organization known as the "Radio Educadora de Natal" (REN), founded on January 22, 1939, has announced that it will undertake the construction of a radio broadcasting station in Natal, Brazil, capable of transmitting long wave programs over a radius sufficient to include the entire state of Rio Grande do Norte, which has an estimated area of 52,411 square kilometers and a population of 818, 612, according to the American Consulate, Pernambuco.

"It is understood that an American firm has been awarded the contract for the necessary equipment", the report stated. "Details pertaining to frequency, call letters and power are not yet known, but will be reported when available. The establishment and operation of a broadcasting station in Natal should have a stimulating influence upon the sale of inexpensive long wave American radio sets. This feature is called to the attention of American radio manufacturers."

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