

HEINL RADIO BUSINESS LETTER

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CHAIN-MONOPOLY REPORT NEARLY READY FOR FCC

Closely guarded from public examination, the Chain-Monopoly Report of the Federal Communications Commission is being put into shape for submission to the Special Commission Committee. FCC officials said that a corps of experts are now nearing completion of the first draft of the report and will be ready to submit it to the Committee within a month.

Final decision on all policy matters, however, will rest with the full Commission, which has changed somewhat in calibre and in its attitude toward the broadcasting industry since the chain-monopoly inquiry was held just a year ago.

The new Chairman, James L. Fly, doubtless will have much to say about the general policies to be adopted although he had no part in the investigation which his predecessor, Frank R. McNinch, launched.

The Commission probably will be divided when the time comes for adopting regulations governing network broadcasting, but broadcasters believe that the chains are apt to fare better now than they would had Mr. McNinch remained as Chairman.

The networks lost a friend on the Special Chain-Monopoly Committee, however, when Judge Eugene O. Sykes resigned last Spring to practice law. His place has been filled by Commissioner Frederick H. Thompson, a newspaper publisher, who has not shown as much sympathy toward the broadcasters' point-of-view as did his predecessor.

Other members of the Committee are Commissioners Thad Brown and Paul Walker.

Some members of the Commission favor rather rigid restrictions on the networks in their relations with independent affiliated stations. They also hold that the networks are earning too large a share of the profits from chain broadcasting.

The Commission also is divided on the question of whether or not chain programs should be limited on affiliated stations. Some hold that local programs should be emphasized more and complain that network broadcasting has resulted in too much sameness and standardization in radio entertainment.

Other Commissioners believe that the networks are furnishing a much higher type of radio program than most independent stations could afford and that consequently the listeners are benefitting.

The presence of Congress in Washington, if the extra session continues into the regular session, as many observers believe it will, doubtless will have an influence in the shaping of the FCC policies regarding network operations. Whatever the FCC does, however, is likely to arouse some protests from Capitol Hill.

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WARSAW STATION'S OPERATION UPSETS THEORIES

The continued operation of the Warsaw broadcasting station under heavy bombardment and shell-fire has upset many preconceived theories on the vulnerability of radio in time of war.

For several weeks the Warsaw station has been the only source of news from the besieged Polish capital. Occasionally, it has gone off the air temporarily, and German stations have tried to blanket its wavelength.

Prior to the war, military experts predicted that radio transmitters would be the easiest targets of an invader and thus might be of little value under heavy fire.

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PAYNE WORKING ON REPORT IN KVOB CASE

Several weeks may elapse before Commissioner George Henry Payne submits his report and recommendation to the Federal Communications Commission on the controversy which may cost Station KVOB, Bellingham, Wash., its broadcasting license.

Commissioner Payne conducted hearings at Bellingham last month to gather supplemental evidence to be considered in connection with an Examiner's report recommending that KVOB be taken off the air. At issue is whether the station is operating "in the public interest."

KVOB is the station which had been involved in litigation arising over the complaint of Associated Press that news was being "pirated" from Washington member newspapers and put on the air in news programs.

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NAB POLICY COMMITTEE NAMED BY MILLER

E. M. Kirby, Public Relations Director of the National Association of Broadcasters, has been named Secretary of that organization's Policy Committee, it was announced this week by Neville Miller, President. Edgar Bill of WMBD, Peoria, Ill., was named Chairman earlier. The code becomes operative October 1st.

Other Committee members are: Martin Campbell, WFAA, Dallas; Edward Cargill, WMAZ, Macon, Ga.; E. B. Craney, KGIR, Butte, Mont.; Walter J. Damm, WTMJ, Milwaukee, Wis; Earl J. Glade, KSL, Salt Lake City; Edward Klauber, Columbia Broadcasting System; Don Searle, KOIL, Omaha; Calvin J. Smith, KFAC, Los Angeles, and Theodore Streibert, Mutual Broadcasting System.

"Underlying every plank of the Code is a principle of public policy", Mr. Miller declared. "Radio reaches people of different creeds, races, educational and age levels simultaneously. Even though it sweeps to every nook and corner of the nation in a split second, its facilities are limited as to the number of channels available for use in this country, and as to the number of hours available per day for broadcasting. These are the factors we bore constantly in mind in framing our new Code", he said.

The Code requires that radio stations shall provide free time for the discussion of controversial public issues in such a way that conflicting viewpoints in public matters have a fair and equal opportunity to be heard. In no event will time be sold for such purpose, except for political broadcasts.

"The political broadcasts excepted are any broadcasts in connection with a political campaign in behalf of or against the candidacy of a legally qualified candidate for nomination or election to public office, or in behalf of or against a public proposal which is subject to ballot. This exception is made because at certain times the contending parties want to use and are entitled to use more time than broadcasters could possibly afford to give away."

This policy governing the discussion of controversial public issues through radio was adopted, Mr. Miller said, "because should time be sold for the discussion of controversial public issues and for the propagation of the views of individuals or groups, a powerful public forum would inevitably gravitate almost wholly into the hands of those with the greater means to buy it. The NAB policy insures that radio will remain a free and democratic forum for the fair and many-sided discussions of all public matters."

The Code further requires that news broadcasts be factual and presented with bias or editorial opinion. It also provides that children's programs be based upon "sound social concepts" and that radio stations continue to cooperate with educators in the further development of radio as an educational adjunct. The

While the full Code becomes effective October 1, the Board ruled that existing commercial contracts shall be respected for their duration, provided they do not run for more than one year after October 1, 1939. "New business, competitive with existing accounts, may be accepted with the same length of commercial copy as is permitted existing accounts."

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CENTRAL AMERICAN RADIO GAINS FROM PACT

President Roosevelt last week issued his proclamation of the Regional Radio Convention for Central America, Panama and the Canal Zone which was signed at the City of Guatemala on December 8, 1938, by plenipotentiaries of the United States of America in behalf of the Canal Zone, and by plenipoteniaries of Costa Rica, El Salvador, Guatemala, Honduras, with a reservation, Nicaragua and Panama. The Senate gave its consent to the ratification of the Regional Radio Convention on July 21, 1939, and the President ratified it on August 11, 1939.

The ratification of Guatemala was deposited with the Ministry of Foreign Relations of the Government of Guatemala, which is the depositary of the Convention and the ratifications, on May 10, 1939, and the ratification of the United States in behalf of the Canal Zone was deposited on September 8, 1939. Pursuant to a provision in the Convention, it will become effective, as between the ratifying Governments, thirty days after the deposit of ratifications by two Governments, that is on October 8, 1939.

The regional radio conference held at Guatemala City November 24-December 8, 1938, resulted from recommendations made at the International Radio Conference, Cairo, 1938, and the regional convention is designed to afford more effective broadcasting facilities for the countries of Central America, Panama and the Canal Zone.

The President also issued his proclamation of the Revision of the General Radio Regulations annexed to the International Telecommunications Convention signed at Madrid on December 9, 1932, and the Final Protocol to the Revision of the General Radio Regulations, embracing reservations made by several Governments, which were signed at the International Radio Conference held at Cairo, Egypt, February 1-April 9, 1938.

The Senate gave its consent to the ratification of the Revision of the General Radio Regulations and the Protocol on July 21, 1939, and the President ratified the instruments on August 11, 1939. In accordance with Article 7 of the Madrid International Telecommunications Convention of December 9, 1932, the Secretary of State notified the Bureau of the International

Telecommunication Union at Bern, Switzerland, of the ratification of the United States on August 24, 1939, which notice had the effect of bringing the revised regulations and the protocol into force with respect to the United States.

Prior to being brought into force with respect to the United States, the revised regulations, and, with certain exceptions as indicated below, the final protocol, were put into force with respect to the following countries by notices given by the Governments of those countries to the Bureau of the International Telecommunication Union at Bern: Argentina; Australia, Belgium, including Belgian Congo and Ruanda-Urundi (not including protocol); Bulgaria (not including protocol); Czecho-Slovakia (not including protocol); Danzig; Denmark (not including protocol); Estonia; Germany; Great Britain; Hungary, Italy, including Italian East Africa and Italian Islands in the Aegean; Japan, including Chosen, Taiwan, Karafuto, Kwantung, and South Sea Islands under mandate; Leganon; Libya; Morocco; Netherlands, including Netherlands Indies, Surinam and Curacao; Newfoundland; New Zealand (not including protocol); Poland; Portugal; Rumania; Spain, including Spanish colonies and possessions and Spanish Zone of Morocco; Switzerland (not including protocol); Syria; and Yugoslavia.

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RADIO SALES INCREASING; PRICE RISE STARTS

Radio dealers report a sudden upturn in radio sales, already high, because of the widespread interest in radio war news, according to Radio Today.

"Service men, too, were suddenly besieged by those who wanted repairs made in a hurry", the trade organ states. "Owners of all-wave sets demanded that these be tuned up to the peak of performance to get their news direct. Broadcast listeners needed new tubes and parts to restore disabled sets to operation.

"One manufacturer reports that orders on hand now, will keep his plant going full blast for the next 30 days, and the back orders continue to increase.

"Another prominent set manufacturer states that at the present rate of orders coming in, production won't catch up for several months.

"A leading parts manufacturer has been swamped with orders for replacement parts, and his normal production facilities cannot keep pace with the rising tide of demand.

"Such has been the immediate effect of the war on the radio business.

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"But there are other important echoes of the booming guns, too.

"Prices have begun to rise on raw materials, particularly non-ferrous metals, cotton, etc. Suppliers in many cases have withdrawn quotations on coils, wire, transformers, etc., working now on a day-to-day basis. Whether such price increases are speculative, and reflect the anticipation of future demand, or rise, it is probable that radio manufacturers' costs will go up, and may soon have to be reflected in higher retail prices for radio sets.

"Some leading radio manufacturers have already announced price increases on certain models, though most express the intention of absorbing present increased costs as far as they can, in the expectation that added volume will reduce other costs and so pick up some of the advances in raw materials.

"Increases in employment have taken place in radio and in other industries, beyond the normal seasonal increase, which in large part reflects the anticipation of broader demands resulting from the war."

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ARGENTINE MART FOR AERONAUTICAL RADIO EQUIPMENT

The Argentine air transport lines and the Army and Navy Air Corps offer a fairly good outlet for airways radio equipment, according to the Department of Commerce. There are in operation five foreign and one domestic airlines, with all but one employing direction finders on both aircraft and ground. A large number of American planes recently acquired by the Army and Navy are also equipped with direction finders, as well as radio compasses. Only the compasses were purchased from the United States, the remainder of the equipment being of German origin. All air transport planes and most of the recently acquired Army and Navy planes have fixed, training, or loop antennas, frequently a combination of all three types.

No radio range beacons have as yet been installed. It is generally recognized, however, that there is an urgent need for them, and the hope is held that the Army may definitely decide shortly to install a range beacon at Palomar Field, Buenos Aires.

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RADIO LEGISLATION DEFINITELY TABOO THIS SESSION

Under the present procedure of the extra session of Congress, radio legislation will not be considered before January 1st. The Senate this week adopted a resolution to limit its legislative activity to neutrality, and House leaders are attempting to do likewise while taking three-day recesses.

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GERMAN ELECTRICAL EQUIPMENT EXPORTS TABULATED BY U. S.

A detailed tabulation of exports of electrical equipment from Germany for the year 1938 which were valued at about \$134,395,000 has just been prepared and made available by John H. Payne, Chief, Electrical Equipment Division, Department of Commerce.

The information is designed to inform American manufacturers and exporters of electrical equipment of those countries which may seek new sources of supply should the present European conflict continue to restrict exports from Germany.

Two tables are included, one showing total German electrical equipment exports to all countries of the world and the second showing a detailed breakdown by commodities and countries. The latter tabulations is particularly valuable, according to Mr. Payne, in that it separates German electrical exports under specific items and shows the value of each such item sold to specific countries.

Commodities separately listed in the tabulation includes dynamos, electric motors, converters, transformers and choke coils classified by weight; storage batteries; electrical cable; various types of lamps; radio, telephone and telegraph apparatus; measuring, counting and recording instruments, and carbon products.

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Madame Galli-Curci thinks television will be a boon to the opera enthusiast. Televised for the first time at the General Electric exhibit at the New York World's Fair last week, Madame Galli-Curci said:

"It will be wonderful to be able to see and hear opera while sitting at home in an easy chair and not have to find a place to park your car -- or to get up and leave before the end of the last act!"

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: : : : TRADE NOTES : : : :
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World Radio Market reports on Australia and Syria were released this week by the U. S. Bureau of Foreign and Domestic Commerce.

The Canadian Press, cooperative News Association of Canada's daily newspapers, this week began providing the Canadian Broadcasting Corporation four 15-minute news bulletins daily for each of five regions across the Dominions. The bulletins are put on the air morning, noon, mid-evening and at night.

Vol. 1, No. 1 of "Results from Radio", first of a series of industry trade studies planned by the NAB Bureau of Radio Advertising has been sent to all member stations, according to an announcement by Samuel J. Henry, Jr., of the Bureau. The initial trade study, designed as a local sales and promotion aid, is on the subject of department stores and deals specifically with the success of the Rike-Kumler Company, Dayton, Ohio, in sponsoring a daily 15-minute shopping program over WHIO.

The Federal Trade Commission closed its case against Try-Mo Radio Company, Inc., 85 Cortlandt St., New York, in which the respondent was charged with misleading advertising of radio receiving sets and radio equipment. The respondent on July 24, 1939, agreed to discontinue the unfair practices charged in the Commission's complaint and agreed to accept and abide by the rules of fair trade practice for the radio receiving set industry promulgated by the Commission July 22, 1939. The case was ordered closed without prejudice to the right of the Commission to reopen it and resume prosecution, should future facts so warrant.

NAB has announced the appointment of William R. Cline, Commercial Manager of WLS Chicago, as Chairman of the Sales Managers' Committee, succeeding Craig Lawrence, KSO, Des Moines. An Executive Committee will be appointed from the Sales Managers' Division to meet regularly and work in cooperation with the Bureau of Radio Advertising and Headquarters' staff in developing a sales and promotion program on behalf of all member stations.

Radio Guide, Inc., Chicago company dissolved in 1935, has appealed to the U. S. Board of Tax Appeals from income and excess profits tax deficiency assessments totaling \$213,950.29. M. L. Annenberg, publisher of the Philadelphia Inquirer, who was indicted in Chicago last month on charges of income tax evasion, was named as President of Radio Guide. Other officers listed were A. W. Kruse, indicted with Annenberg in August, Secretary-Treasurer, and Joseph E. Hafner, Assistant Secretary.

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SEEBACH NAMED WOR VICE-PRESIDENT

Julius F. Seebach, Jr., Director of Program Operations for Station WOR since 1935, was appointed Vice-President in Charge of Programs last week, Alfred J. McCosker, President of WOR, has announced. Mr. Seebach's new appointment was voted at a regular meeting of the Board of Directors of WOR.

His career in the broadcasting world embraced a period of 14 years, beginning in 1925 when he assumed a post as announcer with WOR, rapidly advancing to manager of evening programs. In January, 1928, he joined the Columbia Broadcasting System as Program Production Manager, remaining with that network until 1935 when he resigned his position as director of all program operations to return to WOR in a similar capacity.

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CHRYSLER ADVANCES \$100,000 FOR MAJESTIC LOAN

Walter P. Chrysler, Jr. has made \$100,000 available to the Allied International Investing Corporation for simultaneous loan to the Majestic Radio and Television Corporation, for the purpose of increasing its working capital, according to an announcement at Mr. Chrysler's New York office this week.

Mr. Chrysler has received an option to notify the Majestic Company on or before Oct. 23, 1939, that he wishes to purchase 225,000 shares of its stock, in part payment for which the company will accept the note evidencing the \$100,000 loan to the Allied company, according to the New York Times. Contingent on the exercise of this option, Mr. Chrysler has a further option to purchase, on or before March 31, 1941, a total of 75,000 of Majestic's shares, in installments of 15,000 each.

Allied International has an option to purchase 75,000 shares of Majestic, and additional installments of 5,000 for a total of 30,000 shares, at the same price at which Mr. Chrysler may acquire the stock. Allied has conditionally agreed to have Mr. Chrysler substituted as one of the three proxies which presently control voting rights of 175,000 shares of capital stock of Majestic.

If Mr. Chrysler exercises his option to purchase the 225,000 shares, Majestic's Board of Directors will be increased from six to nine members to permit Mr. Chrysler's representation on the Board.

At present the company has 550,000 shares outstanding of an authorized issue of 1,000,000 shares of \$1-par common stock.

On May 19, 1939, Allied International and Singer & Freidlander, Ltd., of London (England), offered 375,000 shares of Majestic stock at the market, of which 175,000 shares were already outstanding and owned by the Davega Stores Corporation, which had optioned them to the underwriters.

Proceeds of the remaining 200,000 shares were used for payment of notes due the underwriters, reduction of bank loans, expenses of registration with the SEC, and for additional working capital, it was announced at the time.

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ZENITH QUARTERLY PROFIT, 1940 LINE ANNOUNCED

Zenith Radio Corporation reports a consolidated operating profit for the first quarter ended July 31, 1939, of its current fiscal year, amounting to \$29,321.27 after depreciation, excise taxes and liberal reserves, but before provision for Federal income taxes, as per the company's books, according to Commander E. F. McDonald, Jr., President.

The company announced its new 1940 advance line of receivers in June, for which it received large quantities of orders, some of which are still unfilled. In the past week the 1940 line of Zenith receivers was shown to distributors at meetings in Chicago and New York. The completed 1940 line now consists of regular radio and radio-phonograph combination models ranging in price from \$12.95 to \$750.00.

"The preponderance of our orders received at the convention last week for higher priced short wave receivers indicate that the advent of war has brought about a new realization of the importance of short-wave European reception", Commander McDonald said. "Through this medium it is possible for the listener to tune in London, Paris, Moscow, Berlin and Rome and obtain first hand information on developments. News and propaganda in English is being put out daily from 4:30 P.M. until 11:00 P.M. by these stations and even the actors themselves in the great war drama that is now being enacted are appearing before the microphones.

Zenith announced at its Chicago convention its intention to continue its policy, first announced last October, not to offer television sets to the public for sale until it is believed that television was ready for the public. As confirmation of the company's policy and predictions, it was announced at this convention that the sales of television sets of the industry, from distributors to dealers, as reported by the Radio Manufacturers' Association, for the eight weeks ended September 8th totaled only 22 television receivers.

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PATENTS SUGGEST WAR-TIME TELEVISION USES

What the role of television may be in the present war has already been indicated in Washington in a number of patents granted recently to various inventors. Devices based on television principles to detect enemy planes, dirigibles and submarines, which would permit airplane pilots to pick up images of the terrain while lurking behind clouds and which would even detect mines have been patented. Enemy guns hidden behind masonry and embankments would become visible on television receiving cameras, according to the patents. Television would pierce darkness, smoke screens and fog to reveal the lurking enemy.

As one example, John Hays Hammond, Jr., noted for his invention of radio-controlled torpedoes which turn around in case they miss the ship the first time to strike it from the opposite side, has patented a secret television system (No. 1,910,540). It telecasts distorted, or "scrambled", images, so that, should the enemy pick up the tele-signals, all it would see on the tele-receiver would be a distorted blur. With such a system, maps, photographs and other pictorial intelligence could be telecast without danger of informing the enemy.

The distortion is accomplished according to a certain law or code and any one not knowing the law would not receive a true tele-image, it is explained. Such a system might, for example, be used with the television navigation system for landing in fog, also patented (No. 2,062,003) by Mr. Hammond. In this system, to the pilot of a bomber, for instance, lost in the fog is telecast an image in relief of his home landing field. Picked up by the tele-receiver on the plane, the pilot has a clear picture of the landing field.

A dot of light which follows the course of the plane moves over the image and gives the pilot his exact position over the field until he lands. With secret television, the enemy television receivers, assuming they did not know the scrambling law, could not receive a true picture of the landing field.

Mr. Hammond states that this television navigation system could also be used in guiding submarines and boats by presenting on their television receivers a picture of the harbor.

Hans Hartman of Manaco, Manaco received a patent (No. 2,060,760) in 1936 for "submarine television". By lowering a television camera in a bathysphere down in the sea the crew on deck would see on a television receiver screen moving objects and sunken boats beneath the surface. With such an underwater television transmitter, it is conceivable that submarines and mines would also be made visible.

Spotting dirigibles and enemy airplanes hidden behind smoke screens and clouds or in fog is proposed in a patent (No. 2,075,808) issued to R. A. Fliess of New York City. His tele-detector involves shooting a piercing beam of extremely short radio waves into the sky. Planes and dirigibles reflect these rays back to earth, he asserts. Picked up by a television receiver they give a visible outline or image of the craft on the viewing screen. Similarly, metal objects, such as guns and tanks hidden behind embankments and masonry, which the rays penetrate, would also become visible by reflection of the waves.

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