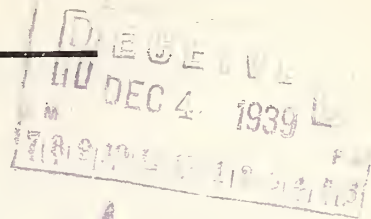


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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Hall

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No. 1179

FLY AGAINST COMMERCIALIZATION OF TELEVISION

Chairman James L. Fly this week told newspaper men that he thought television has not developed to a stage where it can be placed on an outright commercial basis as the Federal Communications Commission discussed the Craven report at several conferences.

Indicating that the full Commission will approve the major recommendations of the Special Committee, Chairman Fly said:

"We will act expeditiously. There are no sharp issues involved, and we have no desire to retard development or keep the industry guessing."

Mr. Fly said he thought there are "serious dangers" to "barging ahead" in the commercial field of television, but he expressed no objections to the experimental program sponsorship suggested by the Committee as an aid to experimenters.

"There is still ample room for development in television", he commented. "Those of you who saw examples of television at the New York World's Fair will agree with me that it still has some way to go."

The FCC Chairman cautioned the reporters, however, against pessimism regarding the new industry.

"Great progress has been made", he said, "and progress will continue to be made. But to put television on a broad commercial scale at this time is to ignore the facts."

Chairman Fly then proceeded to explain that any substantial change in television transmission would make obsolete all present receivers at a loss to the public. He said a television set cannot be compared to an old automobile or an old radio receiver. They can be used until they wear out, but a television set might be made useless overnight by technical developments in transmission.

Public hearings doubtless will be held before any final regulations governing television are adopted by the Commission, Mr. Fly said. Ample opportunity will be given all interested parties to state their case.

Asked whether the FCC had considered proposing any cross-licensing of television patents in order to spur the industry forward, Mr. Fly said such a matter is bound to come up in a consideration of the broad problems involved. He did not amplify this statement.

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Mr. Fly also disclosed that the Commission is not through with its examination of the ownership and management of stations, some of which already have led to revocation of licenses.

"I think the Commission can afford to give more attention to ownership of stations", he said. "We have the duty of seeing to it that responsible people are protecting public interests in broadcasting."

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NEW YORK STATION GIVEN THREE-LETTER CALL

On request of the New York Broadcasting Corporation, the Federal Communications Commission this week assigned call letters WOV to the new broadcast station to be constructed by that corporation in New York City, to operate on the frequency of 1100 kilocycles, with power of 5 kilowatts, unlimited time.

The new station will supplant three existing broadcast stations, namely, WOV and WBIL, New York City, and WPG, Atlantic City.

It has been the practice of the Commission not to assign three-letter calls to broadcast stations except in cases where "good will" has attached to the use of such existing call letters, as in the case of WOV. This is because conservation of three-letter calls for land stations, such as communicate with ships and planes, is implied in International Telecommunications Convention of Madrid, 1932. This convention makes no provision for assignments of call letters to broadcast stations. As a result, some foreign stations do not use call letters. There is no provision in the Communications Act relating to assignment of call letters in this country apart from blanket authority to the Commission to do so.

While the Commission issues four-letter calls to new broadcast stations as a general rule, it has not yet been necessary to replace three-letter calls previously assigned broadcast stations in order to make these calls available to land stations. Consequently, the good-will value of existing three-letter broadcast calls is considered as cases present.

Eighty-four broadcast stations still retain three-letter identification calls.

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FTC DENIES RMA REQUEST ON TUBE RULE

The Federal Trade Commission announced to the industry this week that it has denied the request presented by the Radio Manufacturers' Association for modification of the provisions of paragraph (k) of Rule 3, Group I, of the Trade Practice Rules promulgated July 22, 1939, for the Radio Receiving Set Manufacturing Industry.

In a letter to the RMA, the FTC said:

"Reference is made to your letters of October 19 and 23, 1939, and to the request presented by your Association for modification of the provisions of paragraph (k) of Rule 3, Group I, of the Trade Practice Rules promulgated by the Commission on July 22, 1939, in respect to radio receiving sets, parts and accessories.

"Representatives of your Association conferred in the matter with Commission representatives on November 2, at which conference they requested specifically that such provisions of the rules be modified by striking out the following words from the first sentence of such paragraph (k), namely, 'in the detection, amplification and reception of radio signals', also that the last sentence of the note appended to such paragraph be deleted, such sentence being as follows:

"References to rectifier tubes, and to tubes, devices or accessories which do not serve as signal amplifying or detecting tubes or heterodyne oscillator tubes, should be such as to clearly avoid misunderstanding or deception of purchasers.'

"Careful attention has been given to the matter, and you are advised that upon full consideration the Commission has denied such request for modification of the rule.

"In this connection it is stated that the provisions of the rule relate to matters involving the sale and distribution of commodities in interstate commerce and are directed toward protection of the purchasing public and fair competition from deception and misrepresentation in respect to tubes.

"The Federal Trade Commission Act, administered by the Commission, prohibits as illegal such methods of competition and acts or practices in interstate commerce which are unfair or deceptive, and directs the Commission to proceed, where necessary in the public interest, against persons, partnerships or corporations using such unfair or deceptive methods, acts or practices. These provisions of law are of general applicability and it is an essential requirement that the rule shall in no wise appear to sanction practices or advertising methods which may be found to fall within such statutory inhibitions. It does not appear that the rule if modified as requested would be in harmony with such legal principles."

In respect to the matters involved, the provisions of paragraph (k) of Rule 3, Group I, read as follows:

"RULE 3 - Specific Types of Advertisements or Representations among Those Prohibited:

It is an unfair trade practice for any member of the industry to use, or cause to be used, any of the following described types of advertisements or representations:

* * * * *

(k) Advertisements or representations stating, purporting or implying that any radio receiving set so advertised or represented contains a certain number of tubes or is of a certain tube capacity when one or more of such tubes in the set are dummy or fake tubes, or are tubes which perform no useful function, or are tubes which do not perform or were not placed in the set to perform the recognized and customary function of a radio receiving set tube in the detection, amplification and reception of radio signals.

(NOTE: In order to avoid and prevent deceptive or misleading tendencies or results, so-called "ballast tubes", dial or other lamps used for illumination, so-called plug-in resistors, and other accessories or devices not serving the recognized and customary function of a radio receiving set tube, are not to be included as tubes in advertisements or representations of a radio receiving set which describe or refer to the set as having a certain number of tubes or as being of a specified tube capacity. References to rectifier tubes, and to tubes, devices or accessories which do not serve as signal amplifying or detecting tubes or heterodyne oscillator tubes, should be such as to clearly avoid misunderstanding or deception of purchasers.)"

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WIRE MERGER BILL BEING PREPARED BY FCC

The Federal Communications Commission is preparing the draft of a proposed bill for merger of the Western Union and Postal Telegraph Cos., Chairman James L. Fly of the FCC said this week at a press conference. The measure will be sent in about ten days to Chairman Wheeler of the Senate Interstate Commerce Subcommittee, which is to investigate the merger problem.

A Commission group, headed by Mr. Fly, has been working for some weeks in collecting data on the telegraph companies, and this information, together with the proposed bill, will be ready for submission to the Wheeler Committee within 10 days.

The proposed measure is expected to be one which has the endorsement of the administration, as Senator Wheeler has indicated he would consider only a measure which has been approved by the executive branch of the Government.

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NINE MILLION SET SALES FORECAST FOR 1939

The year 1939 will set a new record in the production and sale of radio receiving sets, in the opinion of O. H. Caldwell, editor of Radio Today and former Federal Radio Commissioner. Answering an inquiry from Victor M. Ratner, of Columbia Broadcasting System, Mr. Caldwell wrote:

"Answering your inquiry, this year, 1939, will see the largest unit production of radio sets in all the history of radio.

"Nine million new radios will be sold by American manufacturers during 1939.

"This will bring up to 45,200,000 the number of radios in use by American listeners.

"From the beginning of broadcasting I have annually compiled the production statistics of radio, and base the above advance estimate on the fact that all reports so far this year show sales to be up 26 percent ahead of 1938 when total set sales were 7,100,000 ($7,100,000 \times 126\% = 9,000,000$ sets for 1939).

"Since our dealer reports show that only 50 percent of any year's sales are replacements, the remaining one-half of 1939 domestic sales (8,400,000) can be assigned as becoming new "listening posts", making 45,200,000 total such listening posts (homes, autos, portables, business places, etc.) in use as 1940 opens.

"It is even more significant that the unit value of the radios sold this year is steadily going up. The dollar value of the radios sold this year (1939) is running 30 percent to 35 percent ahead of a year ago, showing that the purchasing public is again demanding quality receivers to listen adequately to the magnificent musical and dramatic broadcasts now on the air."

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N.Y.C. POLICE MAY CARRY HIDDEN "MIKE"

New York City's Police Department is conducting extensive experiments on the possibility of having policemen carrying an undetectable portable radio transmitter that can be used in gathering evidence, Commissioner Lewis J. Valentine has disclosed. He declared that there now were two such portable transmitters in use for experimental purposes. He said that with the microphone hidden under a person's vest, the instrument could pick up and broadcast an ordinarily spoken message 200 feet.

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RCA SHOWS FCC PORTABLE TELEVISION PICK-UP

The first demonstration of a new type of portable outdoor television pickup equipment was to be made for Federal Communications Commission officials today (Friday).

The Radio Corporation of America laboratories sent the new equipment to Washington. The transmitting apparatus was set up on the south side of Pennsylvania Avenue at Thirteenth Street, N.W., and the receiver in one of the offices of the FCC.

The new equipment replaces the old 10-ton trucks which heretofore were necessary to transport the heavy mechanism. According to RCA officials in Washington for the demonstration, the new type is one-tenth of the weight of the material formerly used and is one-sixth as costly.

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"SSSS" HASN'T DISPLACED "SOS", SAYS FCC

News dispatches from the war zone report that "SSSS" is rivaling "SOS" as the marine radio operators call of distress. If this is fact, the former is not internationally recognized as is the "SOS" signal in the International Morse Code, according to the Federal Communications Commission.

In any event the "SSSS" does not officially mean "Submarine Sighted" or any other particular words beginning with "S". The explanation is that the dot-dot-dot four times repeated (... ..), representing these letters, has a characteristic swing and through common understanding and usage identifies the nature of the distress case.

"SOS" does not mean literally "Save Our Souls", or "Save Our Ship" as is sometimes claimed, any more than the previous international distress call "CQD" meant "Come Quick Danger", the FCC pointed out. All such calls are based on the speed and clarity with which they can be transmitted.

There was no special wireless call for sea emergency prior to the turn of the century, according to Federal Communications Commission records. About that time the Marconi International Marine Communication Company, Ltd., began equipping ships for radiotelegraph communication. In doing so it adopted "CQ", which had been in use in wire telegraph as a "general call" for many years, as a precedence signal for any ship desiring to communicate with another ship or shore station.

The need for a common distress call was recognized at the preliminary International Radio Conference held at Berlin in 1903. Here the Italian delegation suggested that in emergency a ship should send at intervals the signal "SSSDDD". No action was taken at this conference.

In 1904 the British Marconi Company instructed its ship radio stations to substitute "CD" for "CQ". Subsequently, the "D" was inserted in the old "CQ" call. At the 1906 International Radio Conference at Berlin, however, "SOS" was formally adopted. This combination was the outgrowth of "SOE"(...---.) which had been used by German ships but which was somewhat unsatisfactory because the final dot was easily obliterated by interference.

Even so, "CQD" was so firmly established with some operators that its use was continued for some years thereafter. A notable example was its employment in summoning aid for the steamship "Republic" in 1909. "CQD" finally passed from the sea calls when the international radio conferences continued to approve "SOS".

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LISTENER BOOKLETS AID EDUCATIONAL BROADCASTS

Pioneering along a new frontier, the U. S. Office of Education announces the inauguration of a plan to combine the advantages of radio and print for the advancement of education.

The program which takes at least 3,000,000 listeners to the Smithsonian Institution every Sunday afternoon now provides a handbook to help radio visitors remember what they have "seen" and heard by radio. "THE WORLD IS YOURS" radio series will be paralleled by "THE WORLD IS YOURS" weekly illustrated bulletins.

U. S. Commissioner of Education J. W. Studebaker today announced the beginning of the publication plan by the U. S. Office of Education, Smithsonian Institution, the National Broadcasting Company, and Columbia University Press. "THE WORLD IS YOURS" is heard every Sunday afternoon from 4:30 to 5:00 P.M., EST, over nearly 80 stations of the National Broadcasting Company's Red Network.

Inauguration of the new radio-print plan has been prompted by the persistent demand from listeners, more than 400,000 of whom have requested supplementary material to the radio programs; and by recent research findings which indicate that the learning rate of radio plus print can be greater than the learning rate obtainable by using either radio or print alone.

The new booklets, designed to promote the self-education of radio listeners, contain popularly written scientific articles prepared under the direction of the Smithsonian curators, explanatory charts, graphs, and other illustrations, reprints from the scripts, as well as suggestions for additional reading. W. P. True, Editor of the Smithsonian Institution, supervises the preparation of the aids.

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BRITISH INDUSTRY CAUGHT WITH TELEVISION STOCK

With the cessation of television transmission in London at the outbreak of the European war, British retail dealers have been caught with an unsaleable stock of television receivers valued at approximately £250,000 or \$1,250,000, according to the Wireless & Electrical Trader.

The trade organ stated that Sir Noel Ashbridge had cited three reasons for discontinuance of the visual broadcasting service. They were: (a) interests of national security, (b) to relieve engineers needed to maintain a 24-hour sound service, and (c) the high cost of the service in relation to the comparatively small number of viewers.

Setting forth the results of a survey conducted among retailers, the Trader commented:

"(1) Dealers were asked to indicate the retail value of television sets they had in stock at the time of filling up the form (that is, early in October). The lowest return was £20, and the highest £716 17s. (from a radio dealer and not a departmental store, it may be remarked). In total, the 113 dealers who gave information had stocks amounting to £14,364 14s.

"There is no reason to suppose that the figures in The Trader's possession do not strike a fair average, and if that is so it follows that the 2,000 dealers who have been handling television had on their hands immediately after the outbreak of war some £254,230 worth of television sets - dead stock until the service is re-started. It is likely that stocks in the hands of manufacturers are still greater.

"(2) Dealers were next asked to state the retail value of sets they already had out on uncompleted hire purchase. The total for 113 dealers was £10,690 7s.

"This would make the total for 2,000 dealers something in the neighborhood of £189,200.

"(4) The fourth point was an equally difficult one to answer: number of general complaints about lack of television service. In this case the figures quoted varied enormously; many left blanks; and others indicated 'Numerous', 'Lots', 'Dozens', 'Very many', 'From all', and so on. Several dealers added foot-notes to their questionnaire forms to say definitely that they could sell television sets if a service were available, and a number specially emphasized the fact that the black-out made such a home entertainment as television more desirable than ever.

"(5) In dealing with the fifth point, it was possible to be more definite with figures, for dealers were asked to estimate the number of sets they would have sold between September 1, 1939, and August 31, 1940, if war had not broken out. The total

indicated by 113 dealers was 3,577, so that 2,000 dealers in the television service area might have sold 63,310 televisions in the current year.

"In other words, the retail side of the industry alone has at this momend a dead stock of some £250,000 worth (at retail prices) of television sets, and is losing the sale of a possible 60,000 televisors during the current season."

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TRADE	NOTES
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The Federal Communications Commission granted the application of M. C. Reece for a construction permit to erect a new station in Phoenix, Ariz., to operate on the frequency 1200 kc., with power of 100 watts night, 250 watts until local sunset, unlimited time.

Benson K. Pratt, who has been publicizing the Blue Network, has resigned from the Press Department of the National Broadcasting Company, as of Dec. 2, to become Publicity Director for District Attorney Thomas E. Dewey's campaign for the Republican nomination for the presidency. Art Donegan, who has been handling trade news for NBC, succeeds him.

A new company has applied for a construction permit for a new radio station at Salisbury, Md., the Federal Communications Commission has announced. The company, Delmarva Broadcasting, seeks to operate on 1,500 kilocycles, with power of 250 watts, unlimited time. Paul E. Watson, Salisbury banker, is president of the company; William H. Morton, vice president, and Robert N. Rogers, secretary-treasurer.

The FCC recently instituted a license revocation proceeding against Station WSAL at Salisbury, alleging that Frank M. Stearns, the licensee, made false statements concerning the ownership, management and control of the station.

Station WOLS, at Florence, S. C., will become affiliated with the National Broadcasting Company on December 25, according to Niles Trammell, NBC Executive Vice-President, and will be available as a bonus outlet to advertisers using Station WIS in the NBC southeastern group. WOLS is operated by O. Lee Stone on a frequency of 1200 kilocycles, daytime, and 100 watts power. It will be NBC's 181st affiliate.

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RCA TESTS SALES OF PRICE-CUT TELEVISION SETS

In a test to determine whether sharply reduced prices on television sets will bring in sufficient business to assure quantity production and lower costs, the RCA Manufacturing Company has just completed a two-months' campaign in Newburgh, Poughkeepsie and Middletown, in which more than 100 sets were sold, according to the New York Times.

"In discussing the campaign, officials of the company emphasized the point that no decision as yet has been reached on whether prices will be reduced", the Times said. "The results of the drive will be thoroughly analyzed and discussed with metropolitan distributors and dealers before any final decision is made. Trade discounts and various other practices have to come under scrutiny before the company reaches any decision on prices, it was said.

"Newspapers were used to advertise the sets, although copy carried no prices. The \$600 sets were reduced to \$395, the \$450 sets to \$295 and similar reductions were made in the cheaper models. The public showed a particularly good response to the cheaper models, particularly around the \$200 range.

"While the company made no official comment on the test, it is regarded by others in the field as showing that the public will purchase sets if they are priced at levels considered by consumers to be reasonable. The area covered, Newburgh, Middletown, Poughkeepsie and surrounding territory, represents about one-thirtieth of the population of the metropolitan district.

"The fact that the Newburgh public in two months bought 100 sets as against sales of only 1,000 in the entire New York area since May indicates very graphically that prices have been one of the chief factors in the slow sales, according to observers.

"Another reason is the quality and quantity of the programs. National Broadcasting Company has been striving to improve the quality of its telecasts and Columbia Broadcasting System is now expected to get under way with programs around Feb. 1.

"Although no assurance of lower prices on television sets has been given yet, the general impression in the trade is that sets will be reduced for 1940. The industry is still conservative about sharp sales gains next year but expects that volume will be substantially larger than it was this year."

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WESTINGHOUSE ADDS TO BALTIMORE RADIO PLANT

Construction work has begun on an \$80,000 addition to the manufacturing plant of the Radio Division of the Westinghouse Electric and Manufacturing Company, Baltimore, it was announced this week, by Walter Evans, Manager of the division. The structure will add 42,000 square feet, doubling the manufacturing space and providing additional receiving and shipping facilities. It is expected to be ready for use by January 1st.

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