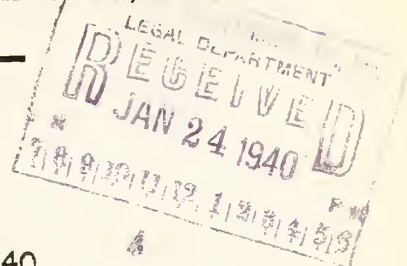


HEINL RADIO BUSINESS LETTER

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No. 1202

BULLETIN

The television hearings were concluded at 6:30 P.M. tonight (Tuesday) with Chairman James L. Fly announcing that a suggestion had been made that a Committee of Manufacturers be formed to recommend to the Federal Communications Commission any changes in standards which would seem desirable as a result of the testimony at the hearings. The companies mentioned were RCA, General Electric, Zenith, Dumont, Stromberg-Carlson, Philco and Farnsworth.

Major Edwin H. Armstrong, one of the last witnesses, urged the Commission to make no television allocations until after the frequency modulation hearings February 28. "Frequency modulation is ready", Major Armstrong declared, "television is not. If television is going to amount to anything, it will have to use the upper channels."

January 23, 1940

RCA DEFENDS PROPOSED FCC RULES ON TELEVISION

Presenting the first full defense of the proposed television rules of the Federal Communications Commission, the Radio Corporation of America urged that they be put into effect immediately and answered some of the criticisms voiced by other radio manufacturers.

RCA pointed out that its testimony was based on twelve years of development at a cost of \$10,000,000, eight months of regular television service in New York, and a test campaign for the sale of television receivers in that territory.

Witnesses under the direction of Frank W. Wozencraft, RCA counsel, described the work done by the various branches of the RCA research organization.

They testified that a regular service of television programs has been on the air in New York City since April 30, 1939, and that not less than 2,000 set owners, representing a daily audience of at least 10,000 persons, are enjoying these programs, and the number is rapidly growing.

The Commission was told that important improvements in studio and transmitting technique have been achieved since television became a public service, and all owners of television receivers have been benefitted by these. None of these improvements, however, called for changes in existing basic standards of transmission. According to the RCA witnesses, continued improvements are to be expected, but the standards recommended by the radio industry are sufficiently flexible to accommodate them, without rendering obsolete the television receivers now in the hands of the public.

Alfred H. Morton, Vice President of the NBC in Charge of Television, advised the Commission that the NBC records indicated there were 2,000 home television sets currently receiving the regular program service from the NBC television transmitter on top of the Empire State Building in New York City, with a total audience of 10,000 persons.

Mr. Morton reported that this television audience is asked each week its opinions of the program schedule.

"Forty percent of those to whom the weekly program schedules are mailed each Thursday", said Mr. Morton, "return replies grading each program as Poor, Fair, Good or Excellent. After eight months of regular programs from 10 to 12 hours a week, the average rating given the programs by the audience, is between

'Good' and 'Excellent'. The technical quality of the reception is also reported by the audience to be 'Good'."

"The present program schedule includes a weekly presentation of a television version of fine plays with distinguished actors and actresses, many of them repeating the parts they played in the original Broadway production. A program of educational and instructional interest to the audience is included in the weekly program schedule. Vaudeville programs including acts famous in vaudeville houses and music halls are also a weekly feature, as well as boxing and wrestling bouts picked up directly from the ringside. News events are transmitted to the audience by means of mobile equipment.

"The interest of the television audience is exceedingly high. One hundred percent of the audience used their sets at least two hours a week, thirty-seven percent between five and six hours and twenty-one percent viewed the entire week's schedule.

"Sixty-seven outstanding firms, representing sixteen major industries have presented 148 different experimental programs, thus demonstrating the efficiency of the new service as an advertising medium.

"I am therefore convinced that the adoption of the proposed rules, particularly those permitting limited commercial use of television as an advertising medium, will lead to an immediate improvement in program service."

"Twenty-five thousand television receivers may be purchased by the American public within the next twelve months, provided the FCC gives the amber light to television", testified Thomas F. Joyce, Vice President of RCA Manufacturing Co., in charge of television sales.

Mr. Joyce revealed that after eight months of merchandising experience, his Company has facts that indicate that television is "all set to go" if limited commercialization of television broadcasting is authorized by the Commission. This commercialization, he said, would result in improved television program service and would encourage more broadcasters to go into the television broadcasting business.

He said a test sales program has been carried on in Newburgh, Poughkeepsie and Middletown, New York. Prices of television receivers were substantially reduced in these tests. The largest receiver, he said, was priced at \$395 compared to the \$600 price in effect in the New York metropolitan market. Corresponding price reductions were made on other models.

"The sales results of these tests", said Mr. Joyce, "would indicate an immediate sale of 500 television receivers per week in the New York market if the reduced price scale were put into effect there. Add to New York the buying power of Albany, Schenectady, Philadelphia, Chicago and Los Angeles, where television service is now available, and it is conceivable that sales

would reach 1,000 sets per week by the Fall of 1940."

He predicted the same phenomenal growth for television that occurred in the radio industry in the 1920's, and eventually new employment opportunities for thousands of the people.

Asked if the Newburgh test prices would be put into effect in other markets, Mr. Joyce said:

"That depends on events that develop within the next few weeks. Our Company is prepared to give the public what it has been asking for at a price it can afford to pay. A practical fool-proof television service is no longer around the corner. It is here."

When Mr. Joyce testified, he was asked how many television receiving sets were in use by the public.

"Of those manufactured by our company (RCA) I would say approximately 750."

"How many have you sold?" Chairman Fly inquired.

"We have sold 1500 to our wholesalers in both New York and Los Angeles."

"How many of the 750 have you sold?"

"I would say about 650. I think we have about a hundred sets out on loan."

Mr. Joyce said there were two television sets in Hyde Park, one in the President's home, and added: "We tried to sell a set to Father Divine's crowd but couldn't get into the temple."

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AVERAGE PAY IN STATIONS DROPS, FCC SAYS

The Federal Communications Commission reports that the average pay of all full-time employees, executives excluded, in broadcasting stations for the week of December 11, 1938, was \$35.84. Executives received an average of \$78.51. The average for the entire full-time personnel was \$21.17, compared with \$45.12 for the week of March 6, 1938.

For the week of December 11, 1938, the average pay for operating technicians (research excluded) was \$39.07; for production men, \$38.17; for writers, \$32.39; for announcers, \$32.19; for staff musicians, \$45.07; and for outside salesmen, \$48.41.

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FCC PREPARING FOR BROADCAST REALLOCATIONS

The Federal Communications Commission is considering the tentative reallocation of broadcast bands in the United States to conform to the provisions of the North American Regional Broadcast Agreement, now ratified by Canada, Cuba, Haiti and Mexico as well as by this country.

The treaty provides one year in which to make the prescribed changes in station assignments. By agreement, this time may be reduced. However, it does not appear possible to effect such changes within the three-month period suggested by the Mexican Association of Broadcasters, the FCC stated. The exact time when allocations will become effective will be determined by the Commission survey now under way, and to meet the convenience of all the North American countries involved so far as may be possible.

Until such time as the work is completed, the Commission cannot undertake to consider applications of changes in individual cases under the reallocation, it was said. The Commission will give due notice to all licensees when the general plan is determined.

The treaty, in substance, provides for allocation of the broadcast facilities from 550 to 1600 kilocycles between the North American countries involved. Some 730 stations in this country, particularly including those above 720 kilocycles, may be affected. The main objective is to set up a sound technical plan whereby mutual interference will be materially reduced, thus improving the service to listeners of the contracting nations.

At the present time no channels are made available specifically for Mexican and Cuban stations. The operation of high-powered stations in those countries has been a source of serious interference to stations in the United States.

While the treaty definitely specifies the assignments to be used in many States, the new assignments are not determined definitely nor are any individual stations mentioned. Also, since the treaty was originally signed in 1937, there have been additional stations licensed in all countries, as well as other changes in facilities. The treaty provides a flexibility with respect to some 32 channels on which the majority of the high-powered and medium-powered stations in the United States operate.

It is not possible, the FCC explained, to determine definitely any individual assignments on these channels until the entire plan is worked out with respect to stations in the United States as well as the other countries. A shift in any one assignment may affect materially the entire plan. Accordingly all assignments must be worked out in relation to the entire pattern and can be announced only concurrently.

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TELEVISION IMPROVEMENTS WILL NOT MAKE RECEIVERS OBSOLETE

Asked by Frank W. Wozencraft, counsel for RCA, for his opinion of the quality of television now being offered to the public, E. W. Engstrom, Research Director of the Victor Division of RCA Laboratories, testifying before the Federal Communications Commission, replied:

"I would say that today's television is moderately good and I expect it to get better."

"Can these improvements be made without making receivers obsolete?" Mr. Wozencraft asked.

"Yes", Mr. Engstrom answered, "I am sure they can."

It was the opinion of the witness that the pictures will be improved in brightness. He told of pictures for use in theatres $4\frac{1}{2}$ by 6 feet and said the next step would be to produce a picture 9 by 12 feet. Asked if the home owners had had any difficulty with sets built with the RMA standards, the adoption of which the FCC is now considering, Mr. Engstrom said they had not. He said these standards, in his opinion, were the best which had been arrived at as yet.

Mr. Engstrom declared that adoption of the new television rules by the Commission will promote speedy television development and result in improved television service to the public. Recognition of existing television standards will remove uncertainties in the minds of manufacturerers and the public, Mr. Engstrom said, and the partial commercialization of television will provide revenue needed for further research and progress in the art.

"This research", he said, "is needed to realize the full possibilities of the seven television wave bands already allocated by the FCC to broadcasters. No changes in existing standards employed by the industry are necessary to achieve these improvements. Research now under way in the RCA Laboratories indicates that brighter and larger pictures may be obtained with better definition, sharper contrast, and improved gradations in shading. At the pick-up end, television tubes of greater sensitivity are being developed requiring less light on the subject televised, hence making possible pick-ups at many locations not now feasible for television.

"We are at work on still further research to make available for television the frequencies above 150,000 kilocycles, so that the number of stations in a single locality can be greatly increased without interference. The utilization of still higher frequencies will make possible a quality of television far surpassing anything yet dreamed of, and permit pictures in full color and with three-dimensional perspective."

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FCC TO SEE WHAT TELEVISION PUBLIC GETTING

Following the television hearings which have been going on in Washington, the members of the Federal Communications Commission will go on a four-day trip about February 1st to visit television laboratories in the East. This trip, however, will be different than the one some of the Commissioners made sometime ago. They were then accompanied by engineers and investigating the technical side of television. The forthcoming trip will be non-technical and the Commissioners will concern themselves primarily with seeing just what the public is now getting in the way of television - the regular daily offerings.

Plans for the trip have not yet been completed but it is expected that the Commission will visit the RCA laboratories at Riverhead. If so, they will be shown the set-up there for the broadcasting of the inaugural ceremonies in Washington next year. Here experiments are now being made of relaying television signals by ultra high frequency for use instead of coaxial cable in the inaugural broadcast.

One of the Commissioners at the hearing asked if this broadcast would be over a number of stations throughout the country. E. W. Engstrom, RCA-Victor engineer, said he didn't know. Whereupon Chairman James L. Fly commented, "There are still a good many uncertainties in the forthcoming inaugural."

Thomas F. Joyce, Vice-President, RCA Manufacturing Company, said, when testifying the day before, that in the Fall of this year it was his belief that more people will see by television the presidential candidates of the U.S. than heard the presidential election in 1920.

"Right now our engineers and the NBC engineers are working on the problem of transmitting and televising the inauguration of the President in January, 1941, so that the people in New York City, Pawling, Monticello and Philadelphia and the other areas where we have sold television sets will not only be able to hear this significant event, but also to see it", Mr. Joyce said.

Due to the fact that only a few days will be allowed by the FCC members for the inspection trip, it is not expected that they will be able to get beyond the General Electric Company plant at Schenectady.

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What is claimed to be the first short-wave automobile radio, capable of receiving Europe direct and widening the horizon in domestic short wave reception for motorists traveling in spots not reached by the usual medium wave broadcasting stations, was announced at Palm Beach last week at the annual mid-winter convention of the Philco Radio & Television Corporation.

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INTER-AMERICAN PARLEY OPENS AT SANTIAGO

The second inter-American radio conference with a delegation from the United States started work this week at Santiago, Chile, after the third South American radio conference closed following five days' work by delegations from ten countries.

The conference approved resolutions for modernization of broadcasting to serve the interests of closer friendship, culture and understanding; for the adoption of uniform practices, for the protection of rights of authors in broadcasts, for the establishment of short-wave news transmission and for the adoption of uniform frequencies for air services.

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PALEY HEADS LIST OF SALARIES IN RADIO INDUSTRY

William S. Paley, President of the Columbia Broadcasting System, was the highest paid corporation executive in the radio industry in 1938, the Treasury Department disclosed this week. His compensation was \$171,849.

Next in line was David Sarnoff, President of the Radio Corporation of America, at \$100,220. Edward Klauber, Vice President of CBS, was listed at \$78,304.

In the communications field, W. S. Gifford, President of the American Telephone & Telegraph Co., was listed at \$209,350. Owen D. Young, of General Electric, was paid \$245,447, and Gerard Swope, the same amount.

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ALFALFA DINERS INCLUDE RADIO LEADERS

Some of the top-flight radio people were among the guests at the Alfalfa Club Dinner in Washington last Saturday night, having as its guest of honor this year President Roosevelt. Gene Buck, President of the American Society of Composers, as usual was in charge of the show. Those from the industry present were:

Thad H. Brown, FCC Commissioner; Harry C. Butcher, Vice-President, CBS, Washington; Commissioner Norman S. Case, FCC; Ewin L. Davis, Chairman, FTC; Donald Flamm, President, WMCA, New York; Chairman, James L. Fly, FCC; Maj. Gen. James G. Harbord, Chairman of the Board, RCA; Philip J. Hennessey, President, FCC Bar Association; Thomas P. Littlepage, past President of Alfalfa Club, James H. Littlepage, John M. Littlepage, radio counselors; Edgar Morris, Zenith distributor, Washington; Frank C. Page, Vice-President, I.T.&T.; Duke M. Patrick, radio counselor; G. B. Porter, Ass't General Counsel, FCC; John B. Reynolds, FCC; Kurt G. Sell, representative of German Broadcasting Co.; Paul D.P. Spearman, radio counselor; Eugene O. Sykes, former FCC Commissioner; Senator Wallace H. White, Jr.; Frank W. Wozencraft, RCA counsel.

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BRITISH PONDER TELEVISION VIA TELEPHONE WIRES

With television broadcasting "blackened out" for the duration of the war in Great Britain, the British are considering a suggestion of resuming television transmission by using telephone lines, according to "The Wireless & Electrical Trader", of London.

Reporting on the proposal in a recent issue, the periodical said:

"The wish for a resumption of some kind of television service being father to the thought that such a possibility exists may lead some dealers to become over-optimistic regarding a suggestion made last week-end that television over the ordinary Post Office television circuits is within the bounds of practical politics.

"Although it knows that the scheme is possible technically (it was, indeed, mooted by Post Office engineers a long time ago), The Trader feels that if all the existing economic and material difficulties are given careful consideration most people will come to the conclusion that the matter is not likely to come to anything yet awhile.

"The suggestion was made in the last issue of the Sunday Dispatch, which carried a story entitled 'Viewing by 'Phone Plan: Television - 5s. a Week.' It was stated that a 'plug-in-and view' television plan 'which will be available for homes and cinemas' has been completed by leaders of Britain's television and cinema industries. 'Home service will be "on tap" for those who have 'phones at an all-in cost of 5s. a week', the story continued.

"After these definite statements, the Sunday Dispatch went on to reveal that such plans 'will be' presented by experts to the Postmaster-General and Lord Cadman 'early in the new year'.

"If the consent of the PMG is quickly obtained the plan can be in operation by spring', went on the story. 'Not a penny of the taxpayers' money is necessary. It will provide an additional source of revenue for Sir John Simon.'

"But those who know anything at all about the cost of television production will, in The Trader's opinion, be skeptical whether 5s. a week for an 'all-in-service' would anything like cover the cost.

"The man behind the scheme, said the Sunday Dispatch, is S. Sagall, managing director of Scophony, who is said to have the support of Oscar Deutsch, chief of the 300 Odeon cinemas.

"The scheme being discussed would enable the television program to be superimposed on existing telephone circuits without interfering with ordinary AF speech. It is said that the main

purpose of the plan would be to enable Britain to maintain her lead in television technique.

"The Trader learns that the Radio Manufacturers' Association has no knowledge of the scheme at all."

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MUSICIANS DECIDE TO FOREGO STRIKE ON NETS

A threatened strike of radio musicians was delayed, temporarily at least, this week. The Executive Board of the American Federation of Musicians so decided at Miami, Fla., despite the failure of NBC and CBS representatives to renew the contract governing conditions of employment, signed in December, 1937, and expiring on January 17th.

The Board decided to forego any strike pending developments in line with suggestions made by Mark Woods, Vice-President of CBS.

The networks, as far as the key stations and managed and operated stations are concerned, have agreed to maintain the same level of employment as exists at the present time. However, the affiliated stations are to be free to do as they see fit, according to their best interests, dealing with the union individually.

The expiring contract, which is not being renewed, is a "national overall" one, covering affiliates as well as key and managed and operated stations.

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Five more States - Virginia, Missouri, Florida, North Carolina and Connecticut - have announced official adoption of Columbia's American School of the Air as a regular part of their educational curriculum. These additions bring to eleven the number of States which officially use air school programs in their schools. The others are Texas, first to adopt the broadcasts last August, Illinois, West Virginia, Oklahoma, New Mexico and Utah.

Sterling Fisher, CBS Director of Education, also reports that New Orleans has been added to the numerous cities which regularly use the broadcasts for classroom work.

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BRITISH RADIO TRADE OFF AT HOME; EXPORTS PROMISING

The following article, taken from "Trade and Engineering", London publication, was released this week by the U. S. Department of Commerce:

"Conditions in the radio industry have become difficult in some respects as a result of the war, but manufacturers are not dismayed. It was not to be expected that the exceptional demand of the early days of September would continue, and, in fact, it has fallen below the normal standard of the pre-war period, particularly for higher-priced receiving sets. It is probable that most of the future demand will be for cheap sets on which manufacturers are now concentrating.

"These remarks refer to trade as a whole. If one turns to exports a much happier situation is found. War-time conditions have substantially improved British prospects in the Empire, owing to the preference of the Dominions for dealing with countries on a sterling basis: some of them, indeed, have imposed an import licensing system on foreign goods. The extent of demand from all parts of the Empire for British radio apparatus is several times greater than formerly in India, Malaya, South Africa, Trinidad, the Bermudas, and other places. South America, too, which at one time bought many German sets, has turned to this country.

"New Zealand is still restricting British goods severely but the outlook for them there is not thought to be as hopeless as it recently seemed to be. The important sales of the Dominion's produce to the British Government are expected to increase its funds in London substantially, and thus may enable the import restrictions to be slightly relaxed. The Board of Trade has been asked by the Radio Manufacturers' Association to take this point up with the New Zealand Government.

"The industry has had to contend with certain difficulties concerned with raw materials, particularly timber, used in cabinets, and aluminum, of which condenser vanes and screening cans for valves are often made. The Government, of course, needs large quantities of these materials for war purposes, and there is reluctance to release the necessary supplies for radio factories. Radio manufacturers, therefore, are looking for substitutes. Plastic materials may be employed instead of timber, while for screening cans one firm has experimented with cardboard sprayed with zinc.

"A shortage of skilled engineers has also caused inconvenience, and there has been an effort in some quarters to have the age-limit for reservation of service engineers lowered; it is doubtful, however, whether the authorities will take any action.

"On the whole, manufacturers look hopefully to the future. A number of them are now devoting part of their factories to munitions, for the increase in the export trade has not counter-balanced the falling off in other departments, and it was necessary to seek new forms of activity; but every precaution is being taken to maintain the equipment for making radio apparatus in a state of readiness for the opportunities available when the war ends.

"There were record sales of receiving sets in Canada during the first half of 1939. The total was 92,962, compared with 63,795 in the same period of 1938. The previous half-yearly record was set up in 1937, when the sales numbered 82,765."

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WOR TO OPERATE FIRST OF NEW "F.M." TRANSMITTERS

On or about March 1, WOR will put into operation the first of a new line of frequency modulated transmitters, manufactured by Western Electric Company and hailed by radio engineers as a forward step in the technical end of the industry.

The new transmitters, according to F. E. Lack, Manager of Western Electric Company's Specialty Products Division, will be based on fundamental developments of Maj. E. H. Armstrong and will be designed to contribute to economy of operation and naturalness of transmitted sound.

In announcing that WOR would operate the first of these new transmitters, one of 1 kilowatt capacity, J. R. Poppele, Chief Engineer of WOR, explained that frequency modulation, to the listener, means amazingly fine reception, where tones appear clearer than ever before. Following March 1, WOR's programs will be given this kind of transmission over an experimental frequency allocation.

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Allyn Jay Marsh assumes the position of Assistant Sales Manager of the Columbia Broadcasting System, effective January 22. A member of the Columbia Network Sales Department for almost eleven years, Mr. Marsh in his new position will work with account representatives in a managerial capacity.

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