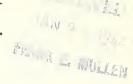
# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1596

January 25, 1944.

# KAROL SAYS 95% RADIOS STILL OK; RESEARCH PROGRESSES

In contrast to pessimistic estimates as to the number of sets now out of business, John J. Karol, Assistant Sales Manager and Market Research Counsel of the Columbia Broadcasting System, addressing the New England Chapter of the American Marketing Association in Boston said that 95% of all radios were in good working order. Furthermore, Mr. Karol declared that over 85% of the sets of the country were in use daily at one time or another for an average of  $4\frac{1}{2}$  hours.

The speaker told of the great strides made by radio in research and measurement of its listeners and how this had forced other media to adopt similar means to show the advertiser just what he was getting for his money. Mr. Karol explained research techniques currently in use to measure the listening audience. The CBS official described the size and penetration of radio in America as of 1944, together with statistics and case histories of users of network broadcasting among a number of different types of advertisers.

Methods now in use for measurement were outlined by Mr. Karol, who briefly explained among other items the Crossley and Hooper means of arriving at statistics and how these were used by radio to further improve the client's audience. Sometimes, Mr. Karol remarked, analyzing a program is like asking, "What makes a girl pretty."

There were in the Boston audience a number of professors from Harvard University and Massachusetts Institute of Technology, Mr. Karol himself being a Harvard graduate. Likewise present were advertisers and agency representatives.

The speaker stated that the 31,000,000 radio families were divided into economic classes, population groups and geographical sections, including urban and rural, all closely and constantly studied for the benefit of the client. However, Mr. Karol pointed out that the client alone was not the sole consideration, but rather research had been helpful in improving entertainment quality and equally helpful in formulating program policies.

Thus, through research, there came about the ban on offensive advertising and in the near future the banning of cow-catcher and hitch-hike advertising, which CBS affiliates agreed to discard shortly. Through research, full responsibility of the comparatively new medium was brought home.

Television, Mr. Karol believed, would be the great event that would reorient much of our thinking in radio broadcasting during the next decade. Television was costly, he said, and what service should be telecast in order to make people rush for a \$300 set, must

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make television so useful that it will pay for itself. CBS, he said, had been experimenting for several years before the war, with a modern station and engineering staff.

Many problems were in the offing, he indicated, not yet ironed out and many others were overcome. Sparsely settled districts nevertheless would be without television for the time being because of the prohibitive cost in such coverage.

Early television would of necessity be witnessed by a discriminating people because the cost of the sets would determine that factor. Hence television programs themselves will have to withstand sophisticated criticism from the start. Such shows, Mr. Karol opined, will need fine subtlety, be swiftly paced and since the eye is quicker than the ear, the obvious move or gag will be out. All these things will be of concern to the television advertiser.

Mr. Karol saw television as an addition but not as a replacement of radio for many years to come. Particularly in the rural sections of the country. He also saw FM developing in pretty much the same manner and as in the case of radio, all these accomplishments should give the advertiser a good share of the credit for the development.

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#### PATENT GRANTED ON "PHANTOM RADIO CONVOYS"

Andre Maris Embiricos of New York City and Frederick B. Woodworth of Hempstead, N.Y., jointly received Patent No. 2,339,257 for a complex system of convoying large amounts of goods, described in the Patent Office Gazette as a "system of transportation". The twenty claims of the patent cover a system including a number of barge-like boats which float in such a way they appear almost entirely submerged and have nothing appearing above water that in any way suggests an ordinary ship. They might look like huge rafts floating empty on the water.

In the escorting ship is a radio control for each of the barge-like vessels. In each "barge" is other radio apparatus controlled from the escort vessel to operate the steering and power mechanisms. Thus, a lone ship is able to operate a large convoy of vessels carrying cargo.

From a belligerent ship, the single ship would look relatively harmless and innocent. Actually the ship - and it could be a small one - could be escorting as many as ten vessels larger than itself loaded with cargo.

Such a radio-controlled system also, in times of peace, could be used to eliminate the necessity of a crew for each cargo-carrying "barge", since each barge is virtually a radio-operated ship in itself. The patent was assigned to Phantom Convoys, Inc.

# CONGRESS HIRES OWN COUNSEL IN BIG FCC BUREAUCRAT TEST

Attorney General Biddle, who usually handles such cases, having declared that he didn't think this one constitutional, Congress has begun hiring counsel to defend its action in ousting the bureaucrats, Goodwin B. Watson and William B. Dodd, Jr., of the Federal Communications Commission, and Dr. Robert M. Lovett, Executive Assistant to the Governor of the Virgin Islands. As Congress rolls up its sleeves and wades into it, the case promises to be one of the outstanding constitutional battles of our time and one of the rare instances where Congress has been obliged to engage its own lawyers to defend itself.

The first hard hitter to be signed up by the House Appropriations Sub-committee, of which Representative Kerr (D), of North Carolina, is Chairman, is John C. Gall, former Washington counsel for the National Association of Manufacturers. Others who are to make up the Congressional panel will be chosen soon, Mr. Kerr said.

Mr. Gall said that he already has been in conference with Attorney General Biddle regarding procedures to be followed in the trial in the Court of Claims. The Government must file its answer by the end of this month. Mr. Gall was to confer again soon with Mr. Biddle.

Mr. Gall, a native of North Carolina, attended The Citadel at Charleston and was graduated in 1922 from George Washington University Law School. He is 43 years old and lives near Upperville, Va., and has offices in the Southern Building in Washington. A critic of earlier Congresses, he charged in a speech before the Southern California Industrial Leadership Conference in 1940 that Congress would "spend between \$9,000,000,000 and \$10,000,000,000, increase the public debt to its limit and will do nothing for business."

Although there has been considerable blustering and threatening on both sides, this will be the first real test of whether or not Congress can slap down the ears of the bureaucrats. Congress last July voted to withhold after November 15th the salaries of Messrs. Watson, Dodd and Lovett because of their alleged subversive activities. With the consent of James L. Fly, Chairman of the FCC, and Harold Ickes, Secretary of the Interior - although it was charged to have violated the law - the trio in defiance of Congress remained at their desks until December 1st so as to establish the present claims for back pay and reinstatement. Throughout their fight with Congress, the men are said to have been backed and encouraged by both Fly and Ickes. Counsel for the ousted trio is Charles L. Horsky of the law firm of Covington, Burling, Rublee, Acheson & Shorb, of Washington.

# PUBLISHERS SIZE UP G.E. TELEVISION: HEAR COST SOLUTION

Radio relays necessary for the network of television stations after the war may also have important uses in the aviation and communications industry, thus justifying the installation expense, Dr. E. F. W. Alexanderson, radio consulting engineer of General Electric, told members of the New York State Publishers' Association in Schenectady last week for a special television demonstration by General Electric.

"There may be some doubt whether the television industry alone can support extensive television relay chains", Dr. Alexanderson said. "We must then keep in mind that such radio highways may be used for many other purposes.

"They may be used for a radio mail service so that a letter dropped in any post office will be flashed in facsimile and ready to deliver to any part of the country within a few minutes.

"The radio chains will constitute trunk lines of telephone and telegraph communication with greater capacity than all the wire lines in existence.

"The physical plant of the radio chains may serve as highways for the traffic in the air whereby all the information needed for safe public and private flying is given to the aviators.

"The all-around usefulness of radio relays is therefore apparent because they will serve the television industry. communication industry at the same time.

"When we once establish this radio service, it will no longer be a question of cost. We will not be able to get along without it any more than we can get along without the railroads. "

"A newspaper-television station combination might well make news for the paper and programs for the station at the same time", Robert L. Gibson, Assistant to the Manager of Broadcasting and Publicity, said. "Stations could be built adjacent to an arena or large area where sporting events such as football and baseball can be held, and lighting installed for night events. Later the arena could be enclosed for such winter sports as hockey and basketball,

"One of the television studios might be a small auditorium where civic organizations could meet, a little theater group could out on plays, and musical organizations could have concerts. "

As for present television programs, he mentioned boxing, plays, light opera, news commentators using war maps, puppet shows and quiz programs as among the most popular in the Schenectady-Albany-Troy area served by WRGB, the G-E television station. He also described programs relayed from New York in the nation's first television network.

More than 125 publishers attended the special two-hour television show and several participated in the program.

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# FCC ORDERS HOTELS TO HALT TELEPHONE CALL SURCHARGING

A Federal Communications Commission order requiring the filing of tariff schedules governing surcharges collected by hotels, apartment houses, and clubs in the District of Columbia, has resulted in arrangements whereby the American Telephone and Telegraph Company and the other Bell System companies will file tariffs with the Commission prohibiting the collection by hotels, apartment houses, and clubs throughout the United States of any charge for interstate and foreign long distance telephone calls in addition to the regular tariff charge of the telephone company.

The first tariff to prohibit the collection of these extra charges was filed with the Commission last Saturday by the American Telephone and Telegraph Company and the Chesapeake and Potomac Telephone Company to be effective February 15, 1944, to apply to long distance telephone calls originating in the District of Columbia, and like filings will be made effective the same date covering the rest of the country. It is estimated by the FCC that hotels throughout the country are currently collecting surcharges from their patrons in the amount of at least \$1,700,000 annually, so that the elimination of these surcharges will result in this amount of saving to the telephone-using public at hotels.

Beginning February 15, 1944, under the Bell Telephone System tariffs which are being filed, no surcharge may be collected on interstate and foreign long distance telephone calls at hotels, apartment houses, and clubs. Under these tariffs, the telephone user at these places will pay no more for such calls than at public pay stations.

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#### REGARDS FCC NEWSPAPER STATION POLICY AS SENSIBLE

Stating that an attempt to unscramble the press-broadcasting partnerships would have resulted in drastic dislocations and might have operated to the public disadvantage, the <u>Washington Post</u> states:

"As the issue has been finally resolved by the FCC, both Scylla and Charybdis are avoided. 'All the Commissioners', the FCC statement says, 'agree to the general principle that diversification of control of such media is desirable. The Commission does not desire to discourage legally qualified persons from applying for licenses, but does desire to encourage the maximum number of qualified persons to enter the field of mass communications and to permit them to use all modern inventions and improvements in the art to insure good public service.' Apparently this means that newspapers may be granted broadcasting licenses hereafter if that appears to coincide with the public interest, that each case will be considered on its merits, and that the Commission will be ever mindful of the democratic principle that sources of public information should be widely diffused.

"The decision is a skillful marriage of sound principle to flexible operation. It will throw a heavy administrative burden upon the FCC because intelligent pursuit of the public interest is always more difficult than adherence to an arbitrary rule of thumb. But the fact that this bipartisan body is able to adopt a sensible policy by unanimous action after long controversy will enhance its prestige and strengthen public confidence in its judgment on individual press-radio combinations."

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# WEISS SPEAKS AT SANTA BARBARA DON LEE DEDICATION

Addressing the Santa Barbara, California, Chamber of Commerce and Rotary Club, Lewis Allen Weiss, Vice President and General Manager of the Don Lee Broadcasting System was a speaker Monday at the dedication of the new studios of the Don Lee Santa Barbara station KDB.

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# NEW YORK PROBABLY BROADCASTERS' APRIL CONVENTION CITY

Apparently New York will be the city selected for the next annual meeting - this year called the "Victory-War Conference" - and the dates tentatively April 10-13. Chicago and Cincinnati have been making a strong bid for it but the Convention Committee, of which Ed Yocum of KGHL, Billings, Mont., is the Chairman, seemed to feel that New York would be selected if hotel accommodations could be secured.

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#### BRITISH-AMERICAN PATENT PACT SPURS PRODUCTION

The little-known British-American Patent Interchange Agreement, two years old on January 1, 1944, has spurred the battle of production, which has achieved such glowing results.

The United States Army and Navy have surveyed the results this Agreement has brought about, and found them of great value in the war effort. For under the arrangement, there has been a free flow of patent rights and scientific and technical information. Aircraft, radio and ordnance particularly have benefited by this united effort. Great savings have been made in time and money through having specialists in their particular fields contribute their talents and inventions in solving problems that demanded speedy solution in the stress of war. The Agreement, which works both ways and which runs for the war's duration, functions so that American manufacturers are making war goods licensed under British-owned U. S. patents, and British concerns are manufacturing war products under American-owned British patents.

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# RYAN SILENT ON REPORTED NAB PRESIDENTIAL NOMINATION

Those who have been trying to smoke President Roosevelt out on the fourth term had nothing on the inquiring reporters who tried to find out whether or not J. Harold Ryan, Assistant Director of Censorship, would be a candidate for the presidency of the National Association of Broadcasters to succeed Neville Miller if, as reported, Mr. Ryan's name is to be presented to the NAB Board of Directors in Chicago, Wednesday, February 2nd, by the Association's Nominating Committee. That Mr. Ryan might be available for head of NAB might be available for head of NAB was apparently a thing few had thought of. His name had heretofore not been mentioned in connection with the presidency and apparently it came as a complete surprise to the industry. How long the Committee has been mulling over the idea is not known but it is said that they came to a complete agreement that Mr. Ryan would be the man for the place — if the latter could be persuaded to accept.

That Mr. Ryan would prove acceptable to the Board and to the NAB members seemed to be a foregone conclusion. Based upon the fine record made by the Ohio broadcaster as radio censor, as tough a job as has ever been assigned to anyone in the industry, and previous to that his success in his own business, the Nominating Committee apparently felt they were taking no chances.

Having reportedly reached an unanimous conclusion, the Chairman of which committee was Don S. Elias, of WWNC, Asheville, N.C., and its members James D. Shouse, WLW, Cincinnati, Paul Morency, WTIC, Hartford, Conn., J. O. Mailand, WHO, Des Moines, Ia., John J. Gillin, Jr., WOW, Omaha, Nebr., and G. R. Shafto, Columbus, O., requested that a special meeting of the NAB Directors be called for Chicago the middle of next week.

Mr. Miller, whose contract expires July 1, successfully fought off an attempt to remove him a year ago and there are those who believe he may put up another fight this time. A factor against him in addition to certain dissatisfied members of the industry is the continued animosity of Chairman James L. Fly of the Federal Communications Commission. The only solution seems to be for one or the other to go and it doesn't look at this writing as if it would be Mr. Fly. Another handicap of Mr. Miller has been that he is not a practical broadcaster.

Mr. Ryan, on the other hand, virtually grew up with the business. Serving temporarily in Washington, as is his brother-in-law in Chicago, Lieut. Comdr. George B. Storer, U.S.N., President of the Company, Mr. Ryan is an owner and Vice-President and General Manager of the Fort Industry Company which now has stations in four States and will soon enter a fifth. That these stations are not affiliates of any one network is another thing in favor of Mr. Ryan should he be nominated for the NAB presidency. WSPD at Toledo, WLOK, Lima, and WHIZ, Zanesville, are NBC; WWVA, Wheeling, and WAGA, Atlanta, are Blue; WMMN at Fairmont, West Va., is CBS, and WFTL, at Fort Lauderdale, Fla., soon to be acquired, is Mutual. Furthermore

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the stations of which Mr. Ryan is General Manager, are in small as well as large cities so that he knows the problems of both, and has the interests of both at heart. If Mr. Ryan could do as good a job for NAB as he has done at censorship, the broadcasters would be lucky to get him. Just as the mention of the name of Elmer Davis of OWI so often gets the raspberry among the newspaper people, Byron Price at Censorship is invariably praised. No matter how well Price had handled the press, if Ryan hadn't done equally well with the radio stations, censorship would likewise have been getting the brickbats.

The NAB president is elected by the Board of Directors to which the Nominating Committee will report in Chicago on February 2nd, but whether or not the Board will act on the nomination at that time is not known. A two-thirds vote is required to elect.

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# RADIO PLANNING BOARD WILL GIVE IRE PEEP INTO FUTURE

It is anticipated that the Winter Technical Meeting of the Institute of Radio Engineers (IRE) on Friday and Saturday, January 28th and 29th, will bring to New York 2,000 members of the Institute who will be there to discuss the present and future of the art of electronics.

Many interesting papers will be presented, but the two meetings of universal interest, according to J. R. Poppele, Chairman of the Publicity Committee, will be the Symposium on "The Work of the Radio Technical Planning Board", presenting Dr. W.R.G. Baker, Chairman of the RTPB, and thirteen Chairmen of the various panels. The members of these panels will endeavor to take a long-range view of radio, and endeavor to chart the course of radio activity for many years to come.

Headed by E. K. Jett, Chief Engineer of the Federal Communications Commission, and Chief of several engineering divisions, the gathering of IRE engineers will listen to a discussion on "The Engineering Work of the Federal Communications Commission". Mr. Jett will be accompanied by G. P. Adair, Assistant Chief Engineer and Chief of the Broadcast Division of the FCC Engineering Department; W. N. Krebs, Chief of the Safety and Special Services Division of the FCC Engineering Department; and P. F. Siling, Chief of the International Division of the FCC Engineering Department.

The RTPB session Friday afternoon at 3 P.M., January 28th, will be as follows:

Symposium, Haraden Pratt, Chairman - "The Work of the Radio Technical Planning Board", W.R.G. Baker, Chairman of RTPB 'Alfred N. Goldsmith - Spectrum Utilization

C. G. Jolliffe - Frequency Allocation

R. M. Wise - High-Frequency Generation

- H. S. Frazier Standard Broadcasting
- C. M. Jansky, Jr. VHF Broadcasting D. B. Smith Television,

J. V. L. Hogan - Facsimile

Haraden Pratt - Radio Communication

E. W. Engstrom - Relay Systems

- W. P. Hilliard Radio Range, Direction, and Recognition
- D. W. Rentzel Aeronautical Radio
- C. V. Aggers Industrial, Scientific, and Medical Equipment
- D. E. Noble Portable, Mobile, and Emergency Service Communi-

The engineering meeting will be Saturday morning, January 29th. at 10:30 o'clock:

Symposium, Professor Turner, Chairman - "Engineering Work of the Federal Communications Commission"

- E. K. Jett, Chief Engineer of the Federal Communications Commission and Chief of Several Engineering Division - "Engineering Work of the FCC"
- G. P. Adair, Assistant Chief Engineer and Chief of the Broadcast Division of the Engineering Department - "Timely Broadcast Matters"
- W. N. Krebs, Chief of the Safety and Special Services Division of the Engineering Department - "Police, Aviation and Maritime Services"
- P. F. Siling, Chief of the International Division of the Engineering Department - "International Point-to-Point and Allocation Problems. "

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#### NBC TO MAKE FM AVAILABLE TO STANDARD BAND AFFILIATES

In order to stimulate the progress of Frequency Modulation broadcasting, the National Broadcasting Company will make all its network programs available to FM stations operated by its standard band affiliates.

"The objective sought by NBC is to make its programs available to every radio listener in America, regardless of whether a standard band or FM receiver is being used", Niles Trammell, President of the National Broadcasting Company said. "The availability of these NBC Network programs throughout the United States on both standard and FM transmitters, will assure present and future owners of FM receiving sets that they can continue to hear their favorite programs on an improved radio service. "

As soon as an adequate number of affiliates have established companion FM stations, Mr. Trammell said, the National Broadcasting Company will then put into operation either improved telephone circuits covering a broader range of frequencies than are now being used or an automatic relay system capable of transmitting FM programs from point to point with high fidelity when such facilities become available.

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Anticipating the post-war development of television, the National Broadcasting Company has inaugurated a 50-week comprehensive course of television instruction for its staff engineers. The course will be conducted by RCA Institutes with George Maedel, chief instructor of the Institute, in charge.

Radio Station WHBQ, 250 watts, in Memphis, Tenn., has signed an affiliation contract to become the fulltime Mutual outlet in Memphis, effective March 6th.

Gardner Cowles, Jr., publisher of the <u>Des Moines Register</u> and <u>Tribune</u>, and <u>President of the Iowa Broadcasting Co.</u>, was elected a <u>Director of United Air Lines Monday at a special meeting of the Board in Chicago. Mr. Cowles succeeds Joseph P. Ripley, resigned.</u>

The Federal Communications Commission has denied the application of Martin R. O'Brien (WMRO), Aurora, Ill., for modification of license to change hours of operation from daytime only on 1280 kilocycles, 250 watts, to unlimited time on 1280 kilocycles, 250 watts daytime, 100 watts nighttime, without prejudice to the right of applicant to file an application requesting unlimited time operation on 1490 kilocycles. No party to the proceedings has filed exceptions thereto, or requested oral argument thereon.

A clergyman speaking over WHAS, Louisville, between 7:30 and 8 o'clock last Saturday morning, said that an effort was being made to include a provision in the new Radio Law if a station accepts liquor advertising it should afford equal opportunity for the prohibitionists to advertise.

S. R. Olliphant has joined the legal staff of the National Broadcasting Company as attorney, A. L. Ashby, NBC Vice-President and General Counsel, has announced.

A graduate of Columbia University and Law School, Olliphant has been engaged for several years in private practice in New York, specializing in Aviation Law. Recently, he has been associated with his brother-in-law, Major Alexander P. de Seversky.

An item reprinted from Leonard Lyons column in our last issue should have read:

"Edward Klauber, the radio executive who became Elmer Davis' aide, has finished his survey of OWI's Overseas Branch, and has recommended a complete reorganization."

Increasing use of radio by motion picture companies and stage show producers as a medium to advertise their productions is evinced in current campaigns on WABC, CBS' key outlet in New York City.

Drew Pearson writes: "Demands for the <u>Des Moines Register's</u> penetrating editorials on isolationism are so great that <u>Cowles Brothers</u> have reprinted them in brochure form.

A review of the radio industry in 1943 has been prepared for the American Year Book by Dr. C. B. Jolliffe, Chief Engineer of the RCA Victor Division of Radio Corporation of America, Camden, N.J. Principal subjects discussed by Dr. Jolliffe include domestic broadcasting, international broadcasting, radio servicing, police and aviation radio and electronics.

Edgar Kobak, Executive Vice-President, will welcome approximately 75 new employees of the Blue Network at a dinner to be held Tuesday, Feb. 1, at the Town Hall Club. The dinner continues the series of gatherings at which Mr. Kobak has played host to employees in the various departments of the Blue.

A patent issued to Homer W. Dudley of Summit, N. J., covers a method by which one phonograph record can be played and at the same time be synchronized with another to produce as the single audible effect a strange combination of the two sounds.

The examiner at the Patent Office who handled the claims gave as an example: "One record could be a recording of the Gettysburg address and on the other might be a recording of the Eighth Avenue local coming into Times Square."

The patent No. 2,339,465, is assigned to the Bell Laboratories.

The Federal Communications Commission has amended Item 90(a) of Section 42.91 of its Rules and Regulations relating to Preservation of Records, so as to permit the destruction of "Receivers' record of messages filed" after a lapse of three months, instead of the present required period of one year. This section is applicable only to domestic wire-telegraph carriers.

The revenue of WENR, key station of the Blue Network in Chicago, during 1943 was the highest in the history of the station, it was reported. For the twelve month period, WENR showed a gain of 166.1% over the total 1942 sales figure.

A total of 1402 hours and 50 minutes was contributed to the war effort on the Blue Network in 1943, an increase of 64 per cent over 1942 when the total was 857 hours and eight minutes. Time contributed by sponsors on the Blue in 1943 was 296 hours and 43 minutes, compared with 136 hours and 27 minutes in 1942.

The contents of the <u>Bell Laboratories Record</u> for January include: "Substitute Materials in <u>Telephone Booths</u>", E. W. Niles; "Modernized 'Information' for Large PBX's", H. H. Abbott; "Historic Firsts: Airplane Radio Telephony"; "Disintegration of Face Brick by Dissolves Salts", J. M. Hardesty; "Development of the Electrical Director"; "Television Over Telephone Cable"; "Registering 'Busy Line' Frequency in the Crossbar System", R. E. Hersey.