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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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NATIONAL BROADCASTING COMPANY,  
LIBRARY  
NEW YORK, N. Y.

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No. 1351

### B U L L E T I N S

ASCAP BOARD TONIGHT (FRIDAY) APPROVED TERMS OF PROPOSED CONTRACT WITH NBC. IT IS EXPECTED THAT THE PACT WILL BE SIGNED BY MONDAY.

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THE NEWSPAPER-RADIO HEARINGS RECESSED UNTIL SEPTEMBER 17.

## CRUCIAL SENATE TAX HEARINGS ABOUT AUG. 11

With a mighty roar of protest from the radio industry - both the broadcasters and the manufacturers - the public hearings on the mammoth 1941 Defense Revenue Bill will be begun by the Senate Finance Committee probably on Monday, August 11th. The hearings, during which the radio people will voice their grievances, are expected to last two or three weeks.

In the meantime, the House, which is now considering the Bill, has been debating it daily with a vote expected about the first of next week (Monday, August 4). It is reported that network heads and others high in industry councils have already personally visited various Senators laying the groundwork for a strong plea for a reduction of the levy on radio broadcasting: 5 to 15 percent tax on net time sales, with \$100,000 exemption; exceeding \$100,000 but not exceeding \$500,000, 5 percent; exceeding \$500,000 but not exceeding \$1,000,000, 10 percent; in excess of \$1,000,000, 15 percent. This schedule is expected to yield \$12,500,000, whereas a doubled boost in the radio receiving set rate is counted on for \$9,400,000 additional.

Evidently the tax on broadcasting, as differentiated from the tax on advertising, one medium of which is radio, was intended to compensate the Government for the free use of the public domain. The House Ways and Means Committee report argued:

"Radio broadcasters are the possessors of a valuable privilege awarded to them free of charge, on the condition that they operate in the public interest. Because of the technical limitations of the broadcasting band, the number of commercial broadcasters at any one time is for all practical purposes limited. In consequence, the right to operate a broadcasting station in particular areas carries with it a measure of monopolistic privilege and the opportunity for an extremely profitable investment. Through the exercise of that privilege and the exploitation of that opportunity, many broadcasters make substantial profits and virtually all broadcasters derive less tangible benefits in the form of publicity and goodwill.

"The principal operators in commercial broadcasting earn high rates of return on relatively small investments. They possess unusual taxpaying ability which, in view of the Government's present revenue requirements, can properly be subjected to special taxation.

"Radio broadcasting requires public regulation. Such regulation is provided at public expense, with great benefit to the industry but without any special costs to that industry.

"The tax imposed is to be equal to a given percentage of net time sales made during the year. A net time sale is in effect defined as the gross amount received or accrued from the sale of radio time, not including the amount of any commission (not to exceed 15% of the gross amount) paid to or deducted by an advertising agency, and minus any amount paid by the taxpayer, pursuant to the sale by him, for broadcasting time to other persons operating radio stations or engaged in network broadcasting."

Assisting the National Association of Broadcasters are Alvord & Alvord, noted tax experts, but not much can be done until the legislation reaches the Senate as the revenue bill is going through the House under a gag rule which allows only amendments sponsored by members of the Ways and Means Committee. In the House debate, Representative Knutson, of Minnesota, said that the Defense Tax Bill raises more money than we raised in taxes during the first World War. Representative Treadway, of Massachusetts, intimating that more and heavier taxes were yet to come, declared that already the defense program involves total appropriations, authorizations and new supplemented requests aggregating \$50,000,000,000 - twice the direct cost of our country's participation in the first World War.

It was made known that radio stations would be exempted from excise taxes proposed in the new tax bill on leased wires and long distance telephone calls provided they use these facilities either for the collection or the dissemination of news.

The new tax on telephone toll calls, telegraph, cable or radio messages would be levied on those for which the charge is more than 24 cents. The tax would be levied at the rate of 5 cents for each 50 cents or fraction thereof. Treasury experts said the press, radio and similar businesses would continue to be exempt from these taxes as well as from the leased wire taxes.

Newspapers and radio stations will be subject, however, to the proposed tax of 5 percent on their local telephone bills, Congressional attaches said.

The exemption from the leased wire and toll call taxes would apply specifically to news circuits or services "utilized in the collection of news for the public press or radio broadcasting or in the dissemination of news through the public press or by broadcasting."

The tax on radio sets and parts, originally scheduled to expire June 30, 1945, is made permanent in the pending bill, the Radio Manufacturers' Association explains, and is estimated to raise \$9,400,000 during the present fiscal year. The House Committee comment, in the majority report, noted that under the previous law the tax had applied only to certain radio components and accessories but will now be "expanded to include completed radio sets, phonographs, phonograph records, automobile radios and musical instruments". Under the present law, automobile sets were taxable

only at the automotive accessory rate of 2½ percent and, therefore, the proposed new law would substantially increase the tax burden on auto radio. Also, the 10 percent tax will apply to the principal set components when sold separately but apparently will exempt parts, components and accessories (when sold separately) not specifically named in the new legislation. This also restores the tax on phonograph records, at a rate of 10 percent.

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### INDEPENDENT STATIONS QUICKLY JOIN IN TAX PROTEST

Declaring that the owners of the independent broadcasting stations though not as yet directly affected, are also greatly disturbed over the "discriminatory tax on gross receipts from sales of radio time to the great detriment of broadcast stations in comparison with the other advertising media such as newspapers, magazines and billboards", there was an immediate plea by the National Independent Broadcasters to Senator George, Chairman of the Senate Finance Committee for reconsideration.

"There is no intention of broadcasters to seek to evade their just and proportionate share of tax increases necessitated by the present emergency", the Independent Broadcasters declared. "On the contrary, broadcasters have given and are continuing to give every assistance to the Federal Government and its various branches in defense matters for which no charge has been made or asked. The requests for additional time by the various Federal defense agencies are multiplying rapidly, all of which not only deprives stations of time which might be sold for advertising purposes but adds to the operating cost. This is a service which radio is rendering gladly, though I am informed the other advertising media receive their regular rates for Government announcements appearing in the form of advertisements.

"We respectfully call to your attention the fact that the American system of broadcasting is made possible solely by the revenue which a station is able to derive from its advertising. When broadcasters are subjected to taxation which is not imposed upon other advertising media, they are placed in a position which may result in driving many radio advertisers to newspapers, magazines and other forms of advertising. This loss of revenue cannot but seriously affect the service which is rendered to the public and may result in destroying many of the stations which are collaborating with the Government in this time of need. The last available tabulations compiled by the Federal Communications Commission show that over two hundred and fifty of the broadcast stations in the United States operated at a loss. In this connection, we would like to point out that the tax contemplated by the Ways and Means Committee's new revenue bill is not based on profits but is based on gross income - it is in addition to all other taxes."

Representative Hook, of Michigan, made public the following telegram received from N. C. Ruddell, Vice-President of Upper Michigan-Wisconsin Broadcasting Co.:

"In behalf our two radio stations, WATW, Ashland, Wis., and WJMS, Ironwood, Mich., we protest as unfair, confiscatory, and discriminatory, the proposed taxing of radio and outdoor advertising revenue in occupational tax provision of general tax bill. Urgently request you consider carefully all points brought to your attention by National Association of Broadcasters and proceed to drastic modification or elimination of advertising taxation feature of the bill. Certainly due consideration should be given to great demands made by Government Department and defense program for free radio and billboard publicity.

"We have always complied with each request and propose to continue to do so, but such discriminating taxes, omitting newspapers, magazines, direct mail, etc., will make our costs much higher. Though applying to large stations now, the step will affect small stations as well."

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#### ASCAP-NBC PEACE NOT YET BUT SOON?

Just when a settlement between the American Society of Composers and the National Broadcasting Company seemed to be all over but the shouting, word came from New York that though the ASCAP Board had put in a long hard day on Thursday, they had failed to ratify the proposed pact. The stumbling block this time were the laws of Nebraska and Florida, now operating against ASCAP.

Another session of the Composers Board in New York is scheduled for today (Friday) and hopes are still held out that an agreement may be reached. It was admitted that much progress had been made.

ASCAP said the agreement thus far arrived at represented concessions on both sides under which NBC would pay  $2\frac{3}{4}$  percent of network commercial receipts, compared with 5 percent previously paid by local stations to ASCAP on their respective share of network receipts.

The new agreement, ASCAP said, would specify payment of  $2\frac{1}{4}$  percent by individual stations on their local receipts.

ASCAP said that the settlement would probably reduce its radio revenue from these sources by about 40 percent. The organization originally demanded that networks pay  $7\frac{1}{2}$  percent. The contract which expired last December 31 provided 5 percent.

Under the settlement it is estimated that ASCAP's revenue from the whole industry would be somewhere between \$3,500,000 to \$4,000,000 annual, where in the year before the fight started, it was \$4,750,000. Negotiations with Columbia will follow those of NBC.

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## FCC GRANTS NUMEROUS APPLICATIONS

Despite the famous Washington heat, the Federal Communications Commission has granted the following applications:

WFAM, Inc., Lafayette, Ind., construction permit for a new station to operate on 1230 kilocycles, 100 watts, unlimited time; Howard H. Wilson, Oshkosh, Wis., construction permit for new station to operate on 1490 kilocycles, 250 watts, unlimited time; Trent Broadcast Corp., Trenton, N. J., construction permit conditioned upon certain interference precautions, for a new station to operate on 920 kilocycles, 1 kilowatt power, unlimited time, using directional antenna day and night; KUTA, Utah Broadcasting Co., Salt Lake City, Utah, modification of construction permit to increase day power to 5 kilowatts, make changes in equipment, changes in directional antenna and move transmitter locally; WAGA, Liberty Broadcasting Corp., Atlanta, Ga., construction permit to change frequency from 1480 to 590 kc., increase power from 500 watts night, 1 kilowatt day, to 5 kilowatts day and night; install new equipment and directional antenna for night use, and move transmitter locally.

Also, KVOD, Colorado Radio Corp., Denver, Colo., construction permit to install a new transmitter, increase power from 1 to 5 kilowatts and make changes in directional antenna for day and night use, 630 kilocycles; KMYR, F. W. Meyer, Denver, Colo., modification of license to increase night power from 100 to 250 watts; 1340 kilocycles, 250 watts day, unlimited time; WGES, Oak Leaves Broadcasting Station, Inc., Chicago, Ill., modification of license to increase time of operation to unlimited; 1390 kilocycles, 500 watts night, 1 kilowatt-LS, unlimited time.

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## CHICAGO SCHOOLS GET ONE OF FEW FM LICENSES

The Chicago Board of Education was granted a construction permit for a new non-commercial educational broadcast station to serve the elementary, high school, junior college, and adult educational classes in that city's public school system. The station, which will use FM (frequency modulation) omission, is authorized to operate on 42,500 kilocycles with power of 1000 watts.

The Board of Education which now broadcasts approximately 25 programs each week over local standard broadcast stations, proposes to use the non-commercial service to transmit scholastic programs during school hours, and for perhaps one hour in the evening on five days a week. Subjects will embrace music, art, science, literature, news, social studies, safety, national defense, and Pan Americanism. The board has appropriated \$10,750 for this purpose. The transmitter will be at 228 North LaSalle St. This is the seventh station of its kind which the FCC has authorized to date

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## PRESS RADIO STATION DATA CHALLENGED

Quite a commotion was stirred up at the Federal Communications Commission inquiry into newspaper ownership of radio stations which was resumed last Wednesday when DeQuincy Sutton of the FCC research staff presented a table showing that 282 radio stations owned by newspapers represented an investment of \$20,288,993 in broadcasting property. With depreciation figured, this total shrank to \$12,014,497. The table showed 482 other stations, not affiliated with newspapers, had radio property worth \$27,744,819 - or \$15,986,159 with depreciation deducted from the original investment.

In response to questions by Louis G. Caldwell, attorney for WGN, the Chicago Tribune station, Mr. Sutton admitted that the location of a station in a "highly developed" area of merchandising markets would affect its revenues.

The witness, Mr. Caldwell suggested, surely would not attempt to reach any conclusions regarding the revenues of newspaper owned stations with "a set of determining factors".

Mr. Sutton agreed he would not.

"Then you wouldn't attempt to reach any conclusions on the basis of present exhibits as to newspaper ownership of radio stations?" Mr. Caldwell asked.

"No, I would not", Mr. Sutton said.

Mr. Sutton denied that Commission statisticians had left out non-newspaper stations having the largest revenues in its tables comparing investments and profits of stations owned by newspapers and those not so affiliated.

Some highly profitable non-newspaper stations had been included, the witness said.

Sidney M. Kaye, counsel for the Newspaper Radio Committee, also challenged the Sutton table, asserting that at least 17 of these stations had been sold. Nevertheless, Chairman J. L. Fly declined to reject the tabulation.

A newspaper-radio situation in Charleston, S. C., was discussed during the Thursday session.

"I understand", said Mr. Cotsworth P. Means, a South Carolina State Senator, "that the News and Courier and the Evening Post control all news service appearing in the newspapers, or heard over the radio in Charleston except one service."

He referred to a commercial news service which a competing radio station carried.

J. M. Rivers, President and Manager of the competing station, WCSC, testified that the two Charleston papers did not carry the log of programs on his stations, but "played up" their own station and news concerning it.

Asked by Thomas E. Harris, Assistant General Counsel of the FCC, if he thought there had been abuse of the power concentrated in this management, Mr. Means said:

"I don't think there have been any commercial abuses", He explained that in seeking to curb such power by legislation he had been more concerned with "the inherent danger" of such a situation.

Mr. Means conceded, under cross-examination, that his quarrel with the Charleston papers was 75 percent because of their editorial policies.

Ben S. Fisher, attorney for WTMA, the station owned by the Charleston News and Courier and the Evening Post, asked: "You have spoken over WTMA?"

"Once", said the witness.

"You never have been denied time on that station?"

"No, sir."

Mr. Means admitted, under further questions, that the news columns of both papers were "essentially fair".

Dr. L. D. H. Weld, Director of Research for the McCann-Erickson Co., an advertising agency, and President of the American Marketing Association, told the Commission that advertisers "have been using radio much more than formerly".

Resolutions urging speedy and favorable action by the Federal Communications Commission on qualified applications for permits to operate FM radio stations, without prejudice to newspaper interests, were presented by John R. Latham of New York, Executive Vice President of the American Network, Inc., and by John Shepard, 3d of Boston, President of FM Broadcasters, Inc. Both executives have applications pending.

They protested against any policy of exclusion of newspapers from this field as disadvantageous alike to the development of frequency modulation and to the public interest, which, they insisted, newspaper publishers and organizations were best fitted to serve.

It was expected that today (Friday), or if not then very soon, the hearings which are now believed to be drawing to a close, might take a long recess to meet the needs of the parties concerned and would not move continuously through.

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## CALLS RADIO'S PUBLIC RELATIONS A FLOP

Voicing the opinion expressed in these columns, Variety, the amusement trade paper, credits the radio being smacked by a \$12,500,000 tax on broadcast time to poor public relations. An editorial in Variety reads, in part, as follows:

"The Ways and Means Committee of the House of Representatives last week reminded the broadcasting industry - again - of its (radio's) greatest failure - public relations. . . .

"It is a stupendous oversight by broadcasting to have blindly allowed men of influence to build up in their imaginations a completely untruthful picture of how radio stations and networks survive. Radio did not, like Topsy, just grow. It was built. . .

"Broadcasting was painfully achieved, not miraculously produced, full grown like an Olympian god. The only trouble is that radio forgot to tell the world and forgot to tell Congress and forgot to sell its audience as smartly and as resourcefully as it sold its customers. The flop of radio's public relations consists in this: that it fought for the means and the right to survive without making adequate provision to picture to outsiders the walls of opposition and obstruction it had to get around. . .

"Other advertising media seem about to escape substantial taxation although not one of them is expected, as is radio, to plow back millions of dollars in public service, in experiment, in such Government pets as shortwave radio and such far-off, unknown quantities as television and frequency modulation. The justification for the new tax sock against radio is the hobgoblin of the 'free license'. And because this something-for-nothing connotation has been allowed to flourish, unchallenged and unweeded, it now becomes necessary for radio to organize a panic-inspired last-minute counterdrive.

"The radio share of the total advertising expenditures in the United States is approximately \$200,000,000 out of a 1940 estimate for all advertising of \$1,600,000,000. . . . .

"Congress seems prepared to penalize radio in the hard fight for revenue on the fallacious assumption that getting business is easy for radio, hard for others. That such a fantastic and cockeyed notion is apparently so widely held is, however, basically nobody's fault but radio's. Its public relations couldn't qualify for a Major Bowes unit.

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 ::: TRADE NOTES :::  
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Special posters were sent out this week to the more than 800 taverns and restaurants in the Metropolitan Area that have television sets, advertising the fact that the Izzy Jannazzo-Cocoa Kid fight at Ebbets Field next Tuesday evening, August 5, will be televised by NBC's television transmitter WNBT.

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Earle C. Anthony, Inc., of Los Angeles, Calif., has applied for a construction permit for a new high frequency station to be operated on 43500 kilocycles; coverage: 21,071 square miles; Population: 3,311,399.

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Plans are being made by WLW and Cadena Radio Inter Americana, Crosley's shortwave network, for extensive coverage of the war maneuvers in September. The war games between the 1st, 2nd, and 3rd Armies of the United States will be held next month over a 20,000 square mile area in Louisiana.

WLW will send a crew of five men, along with its newest and largest mobile unit, to work in cooperation with the radio publicity division of the War Department.

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Eugene H. Price has been appointed Commercial Manager of the Mackay Radio and Telegraph Company at New York. Mr. Price served for ten years as radio officer in the United States Navy and has been with Mackay Radio for nineteen years during which he has been District Manager at Los Angeles, San Diego, and Portland, Oregon, and Commercial Manager at San Francisco.

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Pacific Coast Broadcasting Co., Pasadena, Calif., is seeking authority for a new broadcast station to be operated on 1110 kilocycles, 10 kilowatts, unlimited time, using directional antenna day and night.

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Applications to practice before the FCC were approved by the Commission for the following: Leo J. Bartoline, Chicago, Ill.; Herman Jervis, New York, N. Y.; Camden, R. McAtee, Morris Miller, and Frank M. Schap, Washington, D. C.

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Station KTKC, Visalia, Calif., has been granted a construction permit to change frequency from 920 to 940 kc., increase power from 1 to 5 kilowatts day and night, make changes in directional antenna system for day and night use and install new transmitter.

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The Milwaukee Journal, Milwaukee, Wis., has applied for a new commercial television broadcast station (formerly W9XMJ) to be operated on Channel #3, 66000-72000 kilocycles, A5 and special emission for frequency modulation, unlimited time.

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### NEW TELEVISION ANTENNA CAN BE HEATED

A novel antenna, encased completely in a big wooden box which can be heated electrically, has been built atop a 128-foot tower in Schenectady as a part of General Electric's expanding television facilities.

The antenna, when completed, will relay the picture part of programs from the company's new television studio to the main transmitting station in the Helderberg Mountains 12 miles south of Schenectady. The accompanying FM sound will be relayed by a separate antenna located on top of the box. From the Helderbergs, the relayed programs will be telecast for reception in the Schenectady, Troy, Albany district within an estimated 50 mile area.

The wooden box, 13 feet high and four feet square, is the answer of General Electric's television engineers to the problems created by weather changes. Comfortably housed inside the box, the picture-wave antenna is protected against rain, snow or sleet that might affect transmission unfavorably. An electric heater inside the box will prevent any seeping moisture from freezing on the antenna in cold weather and interfering with the normal path of high frequency current flow. The box is of wooden rather than metal construction to avoid any field distortion. General Electric engineers believe that this is the first instance of a wooden housing of such a size being used to shield an antenna from the elements.

The picture-wave antenna has been placed on the tower to provide a clear path for the waves to travel to the main transmitting station. The high-frequency waves, like light rays, travel in a straight line and would be deflected by intervening hills or buildings.

As the function of the antenna is to relay the picture waves to the main transmitting station, it was desired to beam the waves as directly as possible to the station in the Helderbergs. To accomplish this, a four-unit system with the units stacked vertically was built. The vertical stacking assists in controlling the wave direction and the degree of beaming improves with an increase in the number of units.

Each unit consists of two parallel dipole antennas connected at their feed points by a quarter-wave coupling line that gives the unit the shape of the letter H. The proper phase relations for the currents in the dipoles are provided by the coupling line.

A transmission feed line is connected to the feed points of one of the dipoles of each unit. This dipole acts as an antenna and the other dipole of the unit serves as a director. Reactance and resistance variations caused by the antennas are compensated for by similar variations caused by the antennas are compensated by the directors. Characteristics of the system are uniform over a band wider than that required for high quality television. The system is designed to operate on a band of 162 to 168 megacycles.

8/1/41

## CBS TO FACILITATE TELEVISION CHANGE-OVERS

The black-and-white television test pattern of the Columbia Broadcasting System is transmitted an extra hour daily from 3:30 to 4:30 P.M. to facilitate testing of the change-overs required by existing television receivers to pick up Channel #2 on which WCBW, the CBS television station, is operating.

In addition, the test pattern continues to be transmitted each afternoon from 2:00 to 2:30 and each evening from 7:30 to 8:00. Program transmissions continue under authorization of the Federal Communications Commission, which has granted WCBW a 30-day extension of the original 30-day program test period.

CBS plans to continue daily experimental color transmissions from 4:45 to 5:45 P.M.

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## PLAYS BOTH RECORD SIDES WITHOUT TURNING OVER

The "Magic Brain" with the Tandem Tone Arm, a new type of automatic record changer which plays both sides of phonograph records without turning them over, has been perfected in the RCA Research Laboratories and is being introduced in the new series of 1942 RCA Victrola Phonograph radios. The new instrument provides two hours of uninterrupted music at the touch of a button.

Further, the "Magic Brain" mechanisms eliminate the use of old-fashioned needles, extend record life indefinitely, and set a new standard in tone quality for home entertainment instruments, according to Allan B. Mills, RCA Victrola Sales Manager. One of the Magic Brain Changers, equipped with the Tandem Tone Arm, makes it possible to play both sides of a record without removing it from the turntable.

"The 'Magic Brain' is really a combination of several important developments perfected by RCA research engineers after many years of study and experiment", Mr. Mills said. "That it represents one of the major advances in the 43-year history of the RCA Victrola is evident. As a matter of fact, I think the only development of comparable importance in that time was the introduction of electric recording and reproducing methods a number of years ago."

Mr. Mills said that among the other new features of the device are the Magic Tone Cell (the pickup cartridge), the Flexible Tone Bridge and the Jewel-Lite Scanner. The new RCA Victrola equipped with these innovations and the Tandem Tone Arm will play both sides of 15 records without attention once a starter button has been pressed.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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No. 1352

August 5, 1941

## CONGRESSMEN THEMSELVES LAMBAST RADIO TAX

A heartening thing to the industry is the alacrity with which members of Congress have begun to attack the \$12,000,000 tax on broadcasting time in the Defense Revenue Bill. It is predicted that this is only a beginning and that many Senators will back the broadcasters when the bill reaches the upper House.

"Let me raise a warning finger", declared Representative Luther Patrick, (D.), of Birmingham, Ala. "The United States of America has no child who is more loyal, who is more cooperative than her radio industry. She has not one who renders such magnificent service; no, not one. The sale of defense bonds and the search for skilled mechanics in the defense industry was aided very materially by free time given through her agencies, her radio stations.

"The Civil Service Commission has credited the efforts of the radio chains with producing 500,000 skilled workers in the year ending July, 1941.

"This part of the tax levy is expected to produce only about \$5,000,000 revenue if sustained. This means that many men will be thrown out of employment, because the radio stations must do something tremendous to equalize themselves with this tax and still compete with the untaxed newspapers if they are not going to be put out of business. . . . If this tax is maintained, the newspapers ought also to have to meet it.

"The radio broadcasting companies report to me they would suffer in many instances a reduction of 50 percent or more in their net income, even after allowing for savings and excess-profits taxes. . . . Here is a business kept short of breath by us, because we only license a station a year at the time. This ties them down to short contracts. It just cannot be worth the candle.

"There is not in the United States an organization or a band of people who has come forward with more full-hearted support of the Nation and who have given more time than the radio stations. Radio is a fine art that as a matter of public good should be encouraged and supported. If you wish to sell bonds, or if any need arises in the land, the radio stations respond not only willingly but valiantly, because they are the one great voice that can be heard in the far corners of the earth when a cry is heard in the land. They cheerfully and gloriously give of their time. It is an exceedingly patriotic group, these radio people, providing an effective medium for inter-association and all-out service communication among the people of this great country. Whenever a thing

like this comes up, they should be given consideration, because they are part of the pulse and responsive chords of the Nation today."

Another vigorous protest was voiced on the floor of the House by Representative Charles H. Leavy, (D.), of Spokane, who said:

"This, apparently, is the first time that this type of tax has ever been written into a tax bill. You will find that the two groups whose business and property is being vitally affected had little, if any, opportunity to present their side of the case.... The Tax provisions seem extremely discriminatory... The fact remains that billboards and radio, when used as advertising media, are being subjected to a burden not placed on other business.

"There are three great mediums of advertising, the newspapers, magazines and kindred publications, the billboard and the radio. The tax is levied here on the last two named, and the first. The printed page, is entirely omitted. I am not here to say that it is wise to tax any of the three, but if you do tax any one, they ought all to be taxed, otherwise the power to tax, whether intentionally or unintentionally, has become the power to destroy."

Also packing a punch for the radio industry was Representative Bertram W. Gearhart (R.), of Fresno, Calif., who declared the special penalty on radio advertising will unquestionably drive many advertisers from radio to other competing media. The resultant loss of revenue would undoubtedly impair the ability of radio stations to serve the public.

Mr. Gearhart pointed to the fact in connection with the proposed advertising campaign in behalf of the Navy Department that the broadcasters offered their facilities at no cost.

"In the light of the broadcasters' generous offer, it is also interesting to recall that the Navy Department advertising campaign is a test campaign using only newspapers, which will be paid \$1,000,000 for their defense efforts in this connection", Representative Gearhart said. "This serves only to heighten the discrimination against radio inherent in the proposed tax."

Representative Overton Brooks, (D.), of Shreveport, La., told the House that he had been deluged with telegrams.

"The burden of these protests is that they have not been heard and, in fairness to these people, I think they should have an opportunity to present their views, their facts, and their arguments in support of the proposition that they should not be included in the tax bill", Mr. Brooks insisted.

One of the telegrams was from P. K. Ewing, General Manager of Station WDSU, New Orleans, which read:

"Sincerely hope that you will do all you possibly can to either kill discriminatory tax on radio advertising or have newspapers included. Remember that when Huey wanted to tax newspaper

advertising in Louisiana they yelled 'bloody murder'. They said it was discriminatory. Now the shoe is on the other foot and we are perfectly willing to pay any tax the Governments wants to impose on radio stations for defense purposes provided it not only applies to radio and billboard but to newspaper advertising as well. To omit newspaper and magazine advertising seems a little out of reason, and we do not see how they could object to being taxed same as other advertising media. Please understand that we here at WDSU are not complaining about paying our just share of defense taxes but we don't think it fair to let the alleged free press get by with only a laugh."

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#### U.P. CLAIMS HAD LISTENING POST 12 YEARS

The United Press revealed last week that for the past eight years it has maintained a wireless receiving station and short wave listening post in Valhalla, Westchester County, N. Y.

The post, according to the Editor & Publisher is manned 24 hours daily, seven days weekly, by 12 operators and monitors. It is equipped with nine specially selective radio receivers and various types of recording equipment. The station has been built up gradually, starting with one operator, one receiving set and one small aerial in 1933.

The post, located in a farm house, receives scores of special U.P. broadcasts daily from six European capitals. In addition, the operators monitor dozens of short-wave voice and code propaganda broadcasts. A high speed printer circuit connects the post with New York headquarters of U.P.

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#### PALEY ONLY RADIO EXEC IN \$200,000 BRACKET

William S. Paley, President of the Columbia Broadcasting System, was the single radio head listed in the \$200,000 a year salary class in the list given out by Secretary of the Treasury Morgenthau. Mr. Paley's annual compensation was \$204,270, and Edward Klauber, Vice-President, \$94,484.

Other salaries of those in the radio industry, or in some way identified with it, released by the Government were:

American Telephone and Telegraph Company: C. P. Cooper, \$102,199; W. S. Gifford, \$209,550; General Electric Company: Gerard Swope, \$164,987; Charles E. Wilson, \$97,484; Owen D. Young, \$164,987; Radio Corporation of America: David Sarnoff, \$100,240; W. E. Macfarlane, President, Mutual Broadcasting System, \$111,419.



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Also, Philadelphia Storage Battery Company: James T. Buckley, \$75,432; Westinghouse Electric & Manufacturing Company: George H. Bucher, \$97,771; A. W. Robertson, \$137,431.

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### HAMS' HEARING ON GIVING UP BAND TO DEFENSE

A hearing has been called for Monday, August 18th, to determine whether the Federal Communications Commission shall temporarily restrict amateur radio operation on the frequencies from 3650 to 3590 kc. for use in the Army's pilot-training program.

There is under way a vast plan for the training of many thousands of additional military aircraft pilots at a large number of new air fields located throughout the United States. An essential part of their training involves a large-scale use of radio communication. Amateurs are well aware of the congestion existing throughout the frequency spectrum and those who are students of the problems of frequency allocation know that in the medium-high frequencies the congestion has been acute for years. It is the desire of the Federal Communications Commission to cause the least inconvenience to existing services and to divert for any defense requirements the minimum number of channels possible. The Commission is also aware that the amateurs maintain some of their most important services in the band 3500-4000 kilocycles, but the new pilot training program is a vital component of the defense plans of the country, and from the considerations of the equipment available for it and the number of frequencies required, no other portion of the spectrum is capable of accommodating this need.

Dr. Lawrence J. Dunn, a dental surgeon of Brooklyn, has been appointed Chief Civilian Representative of Maj. Gen. J. O. Mauborgne, head of the U. S. Signal Corps. As such, Dr. Dunn will supervise the entire Army Amateur Radio System composed of 2,400 amateur operators.

After graduation from Pennsylvania University in 1916, he joined the Army Dental Corps. Upon resigning, and radio being his hobby, he became a Reserve Captain in the Signal Corps. He later became head of the Army Amateur Radio System, and attained the rank of Major.

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A station asks whether its customary use of the Morse Code "V" before and after news broadcasts is complicated by the fact that this symbol has become a victory signal by Great Britain in her war efforts. The Commission replies it has no reason to believe that continued use of this symbol by the station in question violates any law or is contrary to the public interest.

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## FCC COOL TO WHITE BILL

The bill introduced by Senator Wallace White, of Maine, overhauling the Federal Communications Commission, wasn't greeted with any enthusiasm at the Commission. Apparently Chairman James L. Fly hadn't even read the bill. At least that was what he said at his press conference last Monday morning, though he added that he had a rough notion as to its scope.

When an inquirer expressed the view that the new White Bill followed Committee on Administrative Procedure recommendations, the Chairman replied that he didn't really know.

Senator White expressed the hope that there might soon be hearings on the bill (S. 1806). Considerable doubt, however, was expressed as to its chances for passage at the present session of Congress, which is so badly clogged up with defense matters. Nevertheless, Senator White has made a thorough and scholarly job of it and the bill is conceded to be an important step in the effort to curb the FCC in the alleged abuse of its powers. Also there was an indication that further legislation was contemplated by Senator White, who said when he introduced his present bill:

"I should like to say that this bill does not attempt to deal in any respect with the question of chain broadcasting, or the regulations of the Federal Communications Commission recently issued on that subject, which have been a matter of a hearing before the Committee on Interstate Commerce of the Senate. I thought, that subject matter already being under consideration by the committee, I might with appropriateness await the conclusions of the committee before attempting to deal with it in the proposed legislation."

The bill of Senator White, who is the outstanding radio authority in Congress and co-author of the present Radio Act, would:

Set up a separate three-man, fully autonomous division within the FCC, having its own Chairman, as a Division of Public Communications to handle all broadcast, television, FM and related matters.

Create a parallel statutory division of Private Communications to handle public-utility common carrier pursuits.

Make the Chairman the executive officer and coordinator, but with no regular functions on either division, except as a pinch-hitter for a sick commissioner or in case of a vacancy.

Clearly define broadcasting as not subject to common carrier concepts, and prevent the Commission from usurping authority over business aspects, programs, rates, or other fields upon which it recently has impinged.

Block repetition of the current newspaper-divorcement proceedings by preventing the Commission from throwing any class of

applicant into the suspense files, as it has done with new newspaper applications.

Clearly delineate the Commission's functions as to hearings, transfers of licensees and appellate procedure by eliminating loopholes and making mandatory full hearings.

Broaden provisions on use of facilities by candidates for public office, and require identification of speakers on controversial issues, with equal time for all sides.

Authorize the issuance of stay orders against Commission decisions by the courts, and allow reviews on the facts, as well as the law, with additional time in which to seek rehearings or appeal.

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#### HUGE RADIO TAX REMAINS IN HOUSE BILL

As had been expected, the \$12,500,000 tax on broadcasting time and the \$9,400,000 tax on receiving sets, remained intact when the House passed the 3-billion dollar defense tax bill by a 369 to 40 vote yesterday (Monday). Although individual members protested, no attempt was made to amend those clauses having to do with radio, or anything else, in fact, except the mandatory joint return provision which was knocked out.

President and Mrs. Roosevelt were among the married couples benefitting from the House refusal to approve joint returns on husbands and wives.

Current estimates, according to the Washington Post, were that the House saved the White House couple between \$15,000 and \$16,000 in income taxes by striking out the proposal.

Combined income of Mr. and Mrs. Roosevelt was variously estimated at between \$250,000 and \$275,000, a year at a recent executive meeting of the Ways and Means Committee", the Post stated.

"Possible effects of joint returns on Mr. and Mrs. Roosevelt were fully aired at the Committee meeting, which followed receipt of the President's letter asking modification of the tax.

"No member of the Committee alleged personal interest.

"During last Saturday's Committee tete-a-tete, it was mentioned that Mrs. Roosevelt, through radio broadcasts, columns and lectures, must be earning about \$200,000 against her husband's \$75,000."

The big effort of the radio industry to be heard is now being concentrated upon the Senate, where the Defense Revenue Bill went immediately after its passage by the House. Public hearings will be conducted by the Senate Finance Committee but the time of these hearings had not been set at this writing.

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## STOHLMAN ORDERED TO APPEAR AUG. 11

An order has been issued by Federal Judge James W. Morris, of the U. S. District Court for the District of Columbia, for James G. Stohlman, publisher of the Nashville Banner, and former President of the Newspaper Publishers' Association, to appear before the Court Monday, August 11th, to show cause why an order should not be issued requiring him to appear before the Federal Communications Commission to testify as to the newspaper ownership of radio stations.

Chairman Fly appealed to the District Court after Elisha Hanson, counsel for the American Newspaper Publishers' Association had told the Commission for the second time that it was conducting an unlawful and illegal inquiry into newspaper affairs, and that the Commission did not have the power to issue such a summons, and accordingly had advised Mr. Stohlman to ignore it. Mr. Hanson reiterated that he didn't believe the Commission had the authority to investigate the newspaper business.

Whether the Commission had the right to make an inquiry into the newspaper business seemed to be an open question but those talked with at the Commission seemed to feel there was not doubt that it had the power to subpoena such a witness as Mr. Stohlman, hence the appeal of Chairman Fly to the District Court.

In connection with the Stohlman case, Mr. Fly said that the Court action would go ahead without impeding the press-radio hearing which last week was adjourned to Wednesday, September 17th.

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## INDUSTRY SLUMBERS AS FCC APPOINTMENT LAGS

With the President away from Washington for an indefinite period, the impression prevails that the Federal Communications Commission may wag along for wometime without a seventh member to take the place of Frederick I. Thompson, whose term expired a month or so ago.

As usual, a half a dozen names are being mentioned as possibilities for the new commissionership, and as usual, the National Association of Broadcasters, whose members are so vitally concerned, is either indifferent to the situation or feels that it is too weak at the White House to do anything about it.

Can you imagine the American Federation of Labor, or the CIO, similarly standing idly by where an important Government labor appointment is involved? Though they might not always get away with it, it would be a good deal easier to imagine them telling the President exactly who to appoint and why.

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As a result of the NAB's present weak leadership, when, as recently, the FCC cracked down upon it with its regulations or when Congress smacked a \$12,500,000 tax on it, the leaders of the industry themselves were required to rush down to Washington to help close the barn doors after the horse had been completely stolen.

In the present commissionership vacancy, there is still time to work on but when the President finally makes the appointment, the prediction is made here that unless the industry performs a miracle, the appointee, as usual, will likely be some politically deserving gentleman the industry has never heard of.

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#### ASCAP AND NBC PACT BRINGS MUSIC PEACE NEARER

It was believed that with the National Broadcasting Company and the American Society of Composers having come to terms, that the Columbia Broadcasting System would soon secure a similar settlement bringing the seven months' music war to a speedy ending. NBC is now seeking approval of its station affiliates of the deal made with ASCAP.

The principal terms agreed upon, Niles Trammell, President of NBC, said, were:

1. NBC will pay ASCAP at the source  $2\frac{3}{4}$  percent on network commercial business, while NBC's managed and operated stations will pay  $2\frac{1}{4}$  percent on local and national spot business.

2. NBC will pay at the source \$200 a year for each managed, operated or affiliated station on its networks for ASCAP music on all network sustaining and public service programs.

3. NBC's managed and operated stations will pay ASCAP these fees on local sustaining programs: If net receipts from local business exceed \$150,000, 12 times the station's half-hour rate; if between \$500,000 and \$150,000, 12 times the quarter-hour rate; a nominal sustaining license fee of \$12 a year to stations earning less than \$50,000.

4. NBC's new frequency modulation and international short-wave broadcasting will pay on the same basis.

Originally ASCAP demanded that networks pay a flat fee of  $7\frac{1}{2}$  percent. The contract which expired provided for 5 percent, but was collected from individual stations.

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: : :  
: : : TRADE NOTES : : :  
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Harry R. Booth, Chief of the Telephone Rate Section of the Law Department of the Federal Communications Commission, has resigned to join the legal staff of the Office of Price Administration and Civilian Supply.

During his connection with the Commission, Mr. Booth prepared the legal framework for the Commission's proceeding involving long lines telephone rates. He was formerly counsel of the Illinois Commerce Commission and Assistant Attorney General of that State.

Mutual will enter Florida through Stations WJHP, Jacksonville, and WSTP, St. Petersburg-Tampa, this week. The move will establish the network's first outlets in the southern States.

"Radio's Listening Groups", a book dealing with a survey of educational radio experiments of the United States and Great Britain, has just been published by the Columbia University Press.

More than 340,300 copies of William L. Shirer's book, "Berlin Diary", are now in print. It is largely the story of Shirer's experiences inside Nazi Germany while Berlin correspondent for the Columbia Broadcasting System.

The National Broadcasting Company last week added its fifth sponsored television program when a contract was signed with the Frank H. Lee Co., 358 Fifth Avenue, for "Sports Interviews and the Lee Hat Parade".

Amateur Stations W7GNE, W7HSC, W7GVH, and W7CRJ, all of Seattle, Washington, were granted permission to communicate with Station WTED on board the EXPLORER of the U.S. Coast and Geodetic Survey and with Station KVD, an associated shore station.

The National Broadcasting Co. last week asked the Federal Communications Commission to extend the completion date of its proposed television broadcast station in Washington, D. C. to March 1, 1942. Its original application called for completion of the station on July 28th, 1941.

Stewart-Warner Corporation and Subsidiaries - Six months to June 30: Surplus net profit was \$770,272, after provision of \$2,112,607 for present and contemplated Federal and other income taxes, equal to 61 cents a share on 1,273,063 common shares. This compares with net of \$612,245 in the first half of 1940.

Two National Broadcasting Company network stations are now operating with increased power. KDYL, Salt Lake City, Utah, on 5000 watts Sunday, and WAPO, Chattanooga, Tenn., now operates with 5000 watts days and 1000 watts nights.

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## ARGENTINE SURVEY SHOWS U.S. PROGRAM PREFERENCE

Short-wave radio programs from the United States are more popular in Argentina than those of any other country, according to a listener survey financed by the Columbia Broadcasting System, Crosley, General Electric, National Broadcasting Company, Westinghouse, and World Wide Radio Foundation. A total of 1518 persons of selected ages and incomes were interviewed in forty areas of the South American republic in April and May of this year.

Of the owners of short-wave sets interviewed, 23.3 percent said that they listened oftenest to the stations of the United States. Germany was next with 19.5 percent and Great Britain third with 17.4 percent of the audience. Italy had 11.3 percent. Spain and others were favored by still fewer listeners.

The survey also revealed signal strength of U.S. shortwave stations as stronger than that of European stations during April and May, autumn months in Argentina. Fifty percent of the listeners reported U.S. signals "very good", 36.3 percent listed them as "good", and 13.2 percent said they were "ordinary". There were no "bad" reports.

German signals were listed as "very good" in strength by 46.1 percent, and "good" by 34.8 percent, "ordinary" by 16.5 percent and "bad" by 2.6 percent of the listeners.

British stations were reported "very good" by 37.3 percent, "good" by 36.3 percent, "ordinary" by 24.5 percent, and "bad" by 1.9 percent.

The average set of persons interviewed was found to be two to three years old, 47.7 percent were equipped to receive shortwave programs, and 16.72 percent said they were short-wave listeners.

News programs were the most popular with both short- and long-wave listeners. Next in order in the short-wave choice came dance music, classical music, light music, sports, comedy and variety.

Next to news on the long waves, Argentine listeners preferred tango and "caracteristica" programs. The latter is the Argentine equivalent of "hill-billy" music in the United States.

Listeners said that short-wave reception from the United States was best from 9 P.M. to midnight and most preferred to listen at that period especially during the 10 to 11 P.M. hour.

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## RCA INCREASES HALF YEAR INCOME

The consolidated statement of income of the Radio Corporation of America and subsidiaries for the second quarter of 1941 and the first six months of the year shows, for the first half of the current year, a consolidated net profit of \$5,306,494. This result was after taxes and all other charges, and compares with \$3,185,222 net profit in the six months to June 30, last year, or an increase of \$2,121,272.

The profit for the first six months of 1941 is after providing \$4,740,000 for Federal income and excess profits taxes, compared with \$1,579,900 for the corresponding period in 1940.

Total gross income from all sources amounted to \$72,583,659 in the first half of 1941, compared with \$56,854,182 in the same period in 1940, an increase of \$15,729,477.

After payment of Preferred dividends, earnings applicable to the Common stock were equivalent to 26.6 cents per share, compared with 11.3 cents per share in the first half of 1940.

Quarterly dividends of 87½ cents per share on the Radio Corporation of America First Preferred stock, and \$1.25 per share on the "B" Preferred stock, were declared by the Board of Directors. These dividends are for the period of July 1, 1941, to September 30, 1941, and will be paid October 1, 1941, to stockholders of record at the close of business September 5, 1941.

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## FIRST INDEPENDENT COMMERCIAL FM STATION HAS 36 SPONSORS

W47A, claimed by General Electric Company to be the first independent commercial FM station in the United States, went on the air for the first time on July 17, with 36 sponsored programs weekly, not including station-break commercials. Most of the equipment for W47A, which is located in the Helderberg mountains, 12 miles outside of Schenectady, N.Y., was manufactured by G.E. The station is owned and operated by the Capitol Broadcasting Co.

The outstanding item of the new station's equipment is the high-fidelity one-kilowatt G-E FM broadcast transmitter of the latest design. The 250-watt exciter - the basic unit - and the 1000-watt radio-frequency power amplifier form a single streamlined cabinet. The low noise level of this transmitter permits a wide dynamic range of volume, the lowest and highest volume passages being carried equally well. The maximum audio distortion of the unit is about one-half of one percent; the transmitter covers the full audible range of from 30 to 16,000 cycles, and has an extremely low phase-shift. The transmitter circuit operates by the G-E simplified method of frequency modulation and frequency control.

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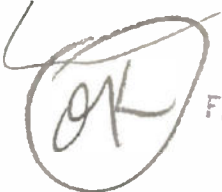
# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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RECEIVED  
AUG 11 1941  
FRANK E. MULLEN



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## RADIO PREPARES FOR TITANIC TAX BATTLE

No argument is being overlooked in the preparation of the arguments against the proposed \$12,500,000 tax on broadcasting time when the public hearings on the Defense Revenue Bill begin before the Senate Finance Committee, of which Senator George, of Georgia, is Chairman, next Monday (Aug. 11). In the meantime, a heavy barrage is being laid in advance of the hearings by certain members of Congress, who themselves oppose the tax, and by high broadcasting and advertising officials.

An unexpected development is the fact that if the broadcast tax is not eliminated, or even if it is substantially reduced, it may result in a similar proposal to tax newspaper advertising.

In a warning directed to Representative Doughton, Chairman of the Ways and Means Committee, John Benson, of New York, President of the American Association of Advertising Agencies, said:

"When you tax advertising or any medium of advertising, whether outdoor, radio, or printed space, you slow down the movement of goods upon which wages and profits depend and from which taxes can be derived. It is so much more economic to tax wealth and net income than the means of producing them. To do the latter is like consuming seed corn instead of planting it and producing abundant crops for consumption."

"If the manufacturer's selling depends upon creating goodwill or a conviction about his product in the minds of millions of consumers", Mr. Benson continued, "he will find it cheaper to put an advertisement costing several thousand dollars in a publication, on billboards or over the air, reaching several million consumers, than to hire an army of salesmen to call on these consumers and tell them his story personally, or even write them a letter about it."

"When you increase the cost of distribution by burdening it with taxes, you at the same time do one or more of the four following things injurious to national defense and to public welfare:

"1. You slow down civilian production and non-defense employment - a bad thing for labor. Printing labor is not benefited by a discriminatory tax like this one.

"2. Or, you deprive business of volume and reduce net profit on which taxes are paid at an upward moving rate.

"3. Or, you reduce the margin between selling price and cost of distributing goods which might or could be used in increasing wages to labor, or improving the product.

"4. Or, when you raise the cost of selling, you add to the upward spiral of prices with its dangerous trend toward inflation and public discontent."

Also protesting to Congress was Charles E. Murphy, General Counsel of the Advertising Federation of America.

"Business uses advertising to maintain and increase its outlets for goods", Mr. Murphy states. "Unless such outlets are maintained and increased during the coming years, the expanded income on which taxes are based will not be forthcoming. Nothing should be done, therefore, to cripple the merchandising machine that produces income, and a tax on advertising will bring that very result. Income must be taxed, but to tax the process which creates income is an economic fallacy."

Calling attention to the fact that no newspaper advertising tax had been proposed, Representative Thomas F. Ford (D.), of Los Angeles, Calif., said:

"The idea of taxing radio and billboard advertising and exempting magazines and newspapers, both of which already enjoy a substantial subsidy amounting to some \$129,000,000 per year in the way of postage, rates, seems to me unjust.

"If I may, I would like to ask the Committee if a tax on newspapers and magazines was proposed; on what ground it was eliminated; and just what argument was presented to justify the exemption?

"This was partially answered by one member of the committee, who stated that newspapers and magazines, as a source of revenue, had not been reached."

Another echo of this came from Representative Milton H. West (D.), of Brownsville, Texas:

"The radio broadcasters did not receive such reasonable consideration. The Committee proposes and recommends what in effect is a gross sales tax on this industry. If the proposal becomes a law, a broadcaster may operate at a heavy loss and yet be compelled to pay an enormous tax. Not only that, while we seek to collect this unfair and discriminatory tax from broadcasters, some of their competitors are not taxed, and are in fact subsidized by the Government in the amount of nearly \$80,000,000 per year."

Pointing a finger at the Allied Printing Trades Representative Bertrand W. Gearhart (R.), of Fresno, Calif., said:

"The first to agitate for a special, punitive tax on radio broadcasting was the International Allied Printing Trades Council, allegedly seeking to promote more jobs for the printing trades by means of penalizing radio advertising. It has been noised about that this tax has the support of the American Federation of Labor. In contradiction of this let me point out that just last week William Green, President of the A. F. of L., wrote the Chairman of the Ways

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and Means Committee stating that the A. F. of L. had taken no position on the measure.

"To show that all labor unions do not share the ideas of the printers, it is only fair to point out that three large A. F. of L. unions, the International Brotherhood of Electrical Workers, the American Federation of Musicians, and the American Federation of Radio Artists, have registered their opposition to this discriminatory tax."

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### STATION OWNERSHIP LIMITATION PROPOSAL HEARING OCT. 6

Ban on more than one standard broadcast station under the same ownership serving a substantial portion of the same area is proposed by the Federal Communications Commission, which has drafted a proposed rule to that effect and has scheduled oral argument on it for Monday, October 6 next.

In an order issued this week, which was drafted upon instructions of the Commission en banc at its previous meeting, the Commission expresses the opinion that public interest, convenience and necessity may be served by prohibiting such multiple operation. Accordingly, it proposes a new section (Section 3.35) to the Rules Governing Standard Broadcast Stations to become effective immediately upon adoption. However, with respect to existing stations the effective date would be six months from the date on which the rule might be adopted, with provision for extension of time where orderly disposition of properties may be necessary.

The ban would apply to persons under common control, as well as to individuals. The word "control" in this connection would not be limited to majority stock ownership but would include "actual working control in whatever manner exercised".

The contemplated rule has a basis in certain restrictions now applicable to multiple operation of FM (frequency modulation) and television stations. However, it differs in that it imposes no limitation on the total number of standard broadcast stations which may be owned or controlled by the same person so long as they serve different areas.

All interested persons are afforded opportunity to file briefs and to appear before the Commission en banc on the October date and argue orally for or against adoption of the proposed rule. The briefs may be filed up to within two weeks of the oral argument.

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## OPM ALLOCATES NICKEL FOR PM SPEAKERS

Beginning with a July quota, the OPM Priorities Division is making special allocations of nickel, extending through December, for permanent magnet speakers to match the previous OPM aluminum allocations for magnets.

Special nickel allocations for alnico magnet material were announced on Thursday by Nickel Administrator David A. Uebelacker and, like the aluminum allocations for the radio industry, result from the past several months of effort by the Radio Manufacturers' Association's Priorities Committee of which Paul V. Galvin, of Chicago is Chairman. RMA negotiations for additional nickel, largely needed for tubes and also volume controls, are proceeding, and an industry nickel conference with OPM is scheduled in about a fortnight.

For July OPM allocated 18,340 pounds of nickel, including 25 percent prime nickel and 75 percent secondary scrap, for permanent magnets. This is about 50 percent of the monthly average of permanent magnet manufacturers during 1940. The August nickel allocations are 16,822 pounds, and the tentative program proposes gradual allocation decreases until December, when the December allocation would be one-half of the July quota. However, there is a possibility of increases in each future monthly allotment if more nickel becomes available.

1940 sales, respectively, of the permanent magnet manufacturers and also of the loud speaker manufacturers and their proportionate delivery of PM speakers to set manufacturers, are the basis of the nickel distribution ordered by OPM. Magnet manufacturers will receive their quotas on the basis of their respective sales last year, and from them the loud speaker manufacturers will receive their respective and proportionate quotas of magnets on a comparative basis of their 1940 magnet purchases in pounds. They, in turn, will take care of their set manufacturer customers on the same respective 1940 quota PM speaker purchasing basis. Monthly reports of all magnet distributions are required from the magnet manufacturers to OPM, and they must use all of the special nickel allocations only for radio speaker magnets.

Details of the special nickel allocation for magnets were made at a Washington conference on July 31, following previous months' negotiations by Chairman Galvin and the RMA Priorities Committee with Nickel Administrator Uebelacker and his staff. At the Washington conference, presided over by Mr. H. Leroy Whitney, Chief of the OPM Iron and Steel Section, and with Administrator Uebelacker and Deputy Aluminum Administrator Gordon W. Reed attending, the radio manufacturers were represented by Chairman James P. Quam of the Speaker Division and Bond Geddes, Executive Vice President, together with all magnet manufacturers.

That the special nickel allocations were not a definite guarantee but the most available under present conditions was stated by Mr. Uebelacker. He said the six months' program, from July to

December, was "the best we can see at this time". He personally instructed the magnet manufacturers that they would be required to distribute their magnets to their customers on the basis of their 1940 respective magnet sales, and that the distribution should be worked out directly by the manufacturers without further mandatory control of OPM.

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#### DON LEE OPENS WEST COAST'S FIRST COMMERCIAL FM STATION

The first commercial FM station on the Pacific Coast will begin regular operation next Monday (August 11) when K45LA of the Don Lee Broadcasting System goes on the air.

Located on the 1700-foot summit of Mount Lee, overlooking Hollywood, California, the newest and 13th FM station in the country on a commercial basis will be heard 12 hours daily, from 10 A.M. to 10 P.M.

K45LA, licensed by the Federal Communications Commission to serve an area of 7,000 square miles surrounding the Los Angeles district, will begin operation with a 1000-watt transmitter, prior to installation of a 50,000-watt plant expected to be ready for service later in the year.

Three other FM stations for Los Angeles have also been authorized by the FCC, to be constructed by Metro-Goldwyn-Mayer studios, the Columbia Broadcasting System and the Standard Broadcasting Company. The CBS transmitter, atop Mount Wilson, will have a coverage area of 38,000 square miles.

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#### NETWORK CONFERENCES REPORTED NEAR FAVORABLE ENDING

The network regulations conferences participated in by chain representatives and Chairman James L. Fly and officials of the Federal Communications Commission, are said to be progressing so favorably that the sessions may soon end with a definite announcement as to progress made. Whether this will be sufficient to make further hearings by the Senate Interstate Commerce Committee, which has been investigating the matter, unnecessary is not known. Nevertheless an optimistic tone prevails on the part of the FCC and good results are therefore expected when the exact work of the conference is made known.

It was said that option time had taken up most of the discussion but that this was now pretty well ironed out.

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## A SECOND BILL INTRODUCED TO REVAMP FCC

Despite the fact that Capitol Hill is paying little attention to anything else but defense matters, a second bill was introduced within a week in Congress which would provide for a complete reorganization of the Federal Communications Commission. The latest proposal (H.R. 5497) was sponsored by Representative Jared Y. Sanders, Jr., (D.), of Louisiana, and referred to the House Committee on Interstate and Foreign Commerce, of which Mr. Sanders is himself a member, for further consideration.

Representative Sanders' bill is somewhat similar to the measure introduced last week by Senator White, (R.), of Maine. However, the Sanders bill does not contain any amendments to the present Communications Act, but would leave such changes for recommendation by the reorganized Commission after the latter has made an inquiry into the following proposals.

"1. Whether and upon what terms and conditions Congress shall by statute confer upon the Commission the power to regulate the contractual or other relations between the licensees of radio broadcast stations and networks or other organizations which supply program material to such licensees.

"2. Whether and upon what terms and conditions the Congress shall provide by statute for the licensing of networks.

"3. Whether and in what terms the Congress shall by statute redefine and fix the qualifications of the licensee of any radio station which is intended to and does communicate with the public.

"4. Whether and upon what terms and conditions the Congress shall by statute limit the number of services which may be conducted by any network organization and the number of stations of any class which may be licensed to any network organization."

The bill would authorize the reorganized body to make the study and to report to Congress by next January 1.

Mr. Sanders said the whole question of communication regulation and radio legislation should be looked into by Congress. Where Senator White's bill provides for a three-man Commission, Mr. Sanders would retain seven Commissioners as at present.

The members of the Commission other than the Chairman would, by the Sanders bill, be organized into two divisions of three members each, said divisions to be known and designated as the Division of Public Communications and the Division of Private Communications and no member designated or appointed to serve on one division shall have or exercise any duty or authority with respect to the work or functions of the other division, except as hereinafter provided.

The Division of Public Communications would have jurisdiction over all cases and controversies arising under the provisions of this Act and the rules and regulations of the Commission enacted pursuant to this Act relating to wire and radio communications intended to be received by the public directly.

The Division of Private Communications would have jurisdiction over all cases and controversies arising under the provisions of this Act relating to wire and radio communications by a common carrier or carriers, or which are intended to be received by a designated addressee or addressees.

The whole Commission would have jurisdiction over the adoption and promulgation of all rules and regulations of general application, including procedural rules and regulations for the Commission and the divisions thereof; over the assignment of bands of frequencies to the various radio services, over the qualification and licensing of all radio operators; over the selection and appointment of all officers and other employees of the Commission and the divisions thereof.

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#### HOUSE ALSO SEEKS TO INVESTIGATE WAR PROPAGANDA

Closely following the adoption of a similar resolution in the Senate, Representative William B. Barry (D.), of St. Albans, N. Y., introduced a resolution in the House authorizing an investigation "of propaganda disseminated by the motion picture and radio industries, tending to influence participation of the United States in the present European war".

The Senate investigation was asked by Senators Nye, (R.), of North Dakota, and Clark (D.), of Missouri.

Senator Clark (D.), of Idaho, appointed Chairman of the Subcommittee of the Interstate Commerce Committee by Senator Burton K. Wheeler, said the group would hold public hearings "to get at the bottom of these complaints about war paopaganda in the movies and radio".

Others, also mostly isolationists, named to the Subcommittee were Senators Bone (D.), of Washington; MacFarland (D.), of Arizona; Tobey (Re.), of New Hampshire, and Brooks (R.), of Illinois.

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A certain West Coast amateur sent the Federal Communications Commission a routine application for modification of license to permit change of address. The amateur became impatient that he did not receive instant action and sent a follow-up "letter" transcribed on a phonograph record. After playing it to see what it was all about, the Commission attached the disk to the "ham's" application papers.

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## DCB PLANS AIR RAID AND EMERGENCY BROADCASTING

Nation-wide plans to use standard broadcasting stations for air raid warnings and other announcements in the event of emergency were outlined by the Defense Communications Board today through James Lawrence Fly, Chairman.

The Chairman emphasized that broadcasting would remain in private hands and that all utilization of broadcast facilities will be on a cooperative basis except for possible areas of actual combat. The DCB finds the broadcasting structure well adapted to air raid warnings.

Plans now under consideration by the DCB and the Office of Civilian Defense, are concerned with ways of linking of broadcast stations to local civilian defense centers for instantaneous receipt of local and regional warnings. A potential nation-wide supernetwork is available for messages of national scope.

Of approximately 880 standard broadcast stations in operation, nearly 500 are already connected to the potential supernetwork carried on telephone lines. An additional 132 have studios in cities now served by the supernetwork, so that only local links need be secured; and 240 are located along the lines of the supernetwork and so can be tapped in. Only 12 stations in the country are located away from the regular program lines; and these can be hooked in for emergency, by means of telephone. Thus substantially every broadcasting station in the country can be promptly utilized for military broadcasts. The program transmission network is also available for instantaneous warnings to a particular station that it is in danger of becoming a beacon for enemy aircraft.

Even with every station in the country tied in for emergency broadcasts, certain rural areas would be without reliable reception, especially during daylight hours and during Summer months in the Southern States. Various plans for providing reliable broadcast service to such areas are now under consideration.

Successful use of broadcasting for military or civilian defense under private ownership and operation, the DCB notes, depends upon the reliability of transmission and its freedom from accidental or deliberate interruptions. Preliminary reports that a high degree of freedom from program interruptions can be attained. Thus 20 selected stations were found to be losing an average of less than a minute and a half per week from program interruptions of all kinds. Reliability of these stations was calculated at 99.982%.

Electric power failure, it was found, is the most frequent cause of interruptions, accounting for about 50% of all program breaks. At present 10% of all broadcast stations are equipped with emergency generators which will enable them to continue operations under any conditions except actual demolition of the transmitters.

Reports indicate that the 45,000 miles of program transmission circuits provide alternate routes to all but two of the 310 cities now served. If all network stations were mobilized for a nation-wide broadcast, any particular circuit interruption could be compensated by rerouting over alternative transmission lines. Alternative power supplies for these program transmissions are provided by storage battery reserves in 4,000 relay centers, by two or more independent public power supplies in 800 centers, and by stationary engine-driven generators at 50 centers now, with 350 more on order. To provide for emergencies, 200 small and 25 large portable engine-driven generators are available at key points throughout the country.

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### FCC ACTION

Greensboro Broadcasting Co., Inc., Greensboro, N. C., granted construction permit for a new station to operate on 980 kilocycles, 1 kilowatt, daytime only; Findlay Radio Company, Findlay, Ohio, granted construction permit for a new station to operate on 1330 kilocycles, 1 kilowatt, daytime only; Frank T. Nied & Perry H. Stevens, Warren, Ohio, granted construction permit for new station to operate on 1400 kilocycles, 250 watts, unlimited time.

WMC, Memphis Publishing Company, Memphis, Tenn., granted construction permit to increase night power from 1 to 5 kilowatt, and install a new directional antenna for night use; 790 kilocycles, 5 kilowatts day, unlimited time; WWVA, West Virginia Broadcasting Corp., Wheeling, W. Va., granted construction permit to increase power from 5 to 50 kilowatts night and day; increase hours to unlimited; install new transmitter and directional antenna for day and night use, 1170 kilocycles; KVOO, Southwestern Sales Corp., Tulsa, Okla., granted construction permit to increase power from 25 to 50 kilowatts day and night; increase hours of operation to unlimited; install new equipment and new directional antenna for night use, 1170 kilocycles.

The FCC granted the application of the Broadcasting Corporation of America, of Riverside, Calif., for a new station on 1440 kc., 1 kilowatt, unlimited time, but denied the petition for a new station by the Riverside Broadcasting Co., also of Riverside Calif.

Earle C. Anthony, Inc., of Los Angeles has asked to have construction permit for a new high frequency station to be operated on 44900 kc., recently applied for amended to change frequency to 43,500 kc.

The application for a construction permit for Hugh McClung of Fresno, Calif., has been designated for a hearing. This is for a new broadcast station to operate on 1590 kc., 5 kilowatts, unlimited time.

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 ::: TRADE NOTES :::  
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June collections of \$534,872.56 of radio excise taxes brought the total for the fiscal year ended June 30 to \$6,935,182.03. This was a percentage increase over the 1939-40 fiscal year of 14.1 percent, the Radio Manufacturers' Association explains, but during the last fiscal year a tax rate of 5-1/2 percent was in effect, while in 1939-40, the old rate was 5 percent.

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Chairman James L. Fly will be the principal speaker at the Chicago Convention of the National Independent Broadcasters, September 22nd.

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A country-wide network of weather-reporting telegraph stations is being extended under authorization of the Federal Communications Commission and will be used by the Civil Aeronautics Administration. The network now being installed, will be used to relay weather information to printer connections at 175 airfield stations throughout the country. Denver and Louisville, Ky., will serve as clearing houses.

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The Radiobroadcasting Research Project has published the third of a series of six small volumes each of which is a study in the control of radio. The third book is devoted to "An Analysis of the Radiobroadcasting Activities of the Federal Agencies" and its price is 50¢. The publication of the book is sponsored by the Rockefeller Foundation.

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R.C.A. Communications, Inc. - Six months to June 30: Net income, after charges, \$788,382, compared with \$780,103 in the first half of 1940.

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The practice of clients switching from one NBC network to another, or from one group of stations to another in the same coverage area and to do this at any time, irrespective of cancellation dates, "will not be countenanced hereafter", according to orders issued by Roy C. Witmer and Edgar Kobak, Vice Presidents in charge of sales for the Red and Blue Networks respectively.

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Harry T. Burleigh, noted Negro composer, has been nominated for the Board of Directors of the American Society of Composers, Authors and Publishers. Mr. Burleigh is one of eight candidates named for three vacancies on the ASCAP board to be filled by Standard composers. Others nominated are Deems Taylor and Oley Speaks, present Board members, and Clara Edwards, Horace Johnson, Geoffrey O'Hara, John Tasker Howard and Harvey Enders.

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Mrs. Stanford C. Hooper, wife of Admiral Hooper, Navy radio expert, has been designated sponsor for the submarine U.S.S. Grunion. The Grunion is scheduled to be launched at the plant of the Electric Boat Co., Groton, Conn., in December.

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## SEES ASCAP BADLY WORSTED IN MUSIC DEAL

ASCAP publisher affiliates make no bones about admitting that they have emerged from the row with radio in a "badly dented condition", according to Variety, which continues:

"Not only will they be collecting less from radio but it will take many of them from six to nine months to recover the losses suffered in their business since the first of the year. It is estimated that some of the large firms have been hit for as much as \$40,000 a month, while not a few small ones, with no standard catalogs to fall back on, had reached the point where they had exhausted their reserves and were going along on borrowed money. Some pubs estimate that actual losses plus potential profits during this period might easily total \$2,000,000 for the industry.

"Decision of the ASCAP Board to take less than the Mutual deal from NBC, which also meant from CBS, resulted from a gruelling fight put on by Bernstein and a combination of disturbing circumstances which had developed on the West Coast.

"Hollywood writers were getting restive over ASCAP's failure to make a deal with NBC and Columbia, and that unless ASCAP acted soon the disaffection from this quarter might become serious and strengthen the position of the two older networks."

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## MILLION OFFERED TO SETTLE RCA DAMAGE SUIT

An offer by the General Electric Company and the Westinghouse Electric and Manufacturing Company to pay \$1,000,000 in cash to the Radio Corporation of America, in full settlement of all claims involved in several pending suits by RCA stockholders, was presented to Supreme Court Justice Aaron J. Levy in New York last week in connection with the trial of one of the actions, instituted in Supreme Court by Rose Druckerman and eleven other RCA stockholders.

The two companies made the offer "with the distinct understanding that no liability is admitted". They explained that final adjudication could only come after long and expensive litigation that would seriously interrupt the work of executives and other personnel and would impede the production of equipment vital to the national defense program.

The Druckerman suit originally charged waste of RCA assets in transactions involving \$500,000,000, beginning in the period before 1932 when General Electric and Westinghouse were large RCA stockholders. Justice Bernard L. Shientag dismissed last year causes of action involving losses of more than \$262,000,000.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

*(Handwritten signature)*  
*(Circular stamp: OK)*  
NATIONAL BROADCASTING COMPANY  
50 ROCKEFELLER PLAZA, NEW YORK, N. Y.  
GENERAL LIBRARY

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No. 1354

August 12, 1941

## TO PRINT U.S. SHORTWAVE PROGRAMS IN 3 LANGUAGES

One of the most important things which the Rockefeller Committee on the Council of National Defense has undertaken will be, beginning within the next month or so, the distribution of the short-wave programs of the United States broadcasting stations to South America in three languages. They will be printed in English, Spanish and Portuguese in six editions which will aggregate 50,000 copies a week.

The short-wave stations whose programs will be included in this hemisphere distribution to the Southern Hemisphere are: .

Columbia Broadcasting System - WCBX, New York City; Crosley Corporation - WLW), Cincinnati, Ohio; General Electric Company - WGEA-WGEO, Schenectady, N. Y.; KGEI, San Francisco, California; National Broadcasting Company - WNBI-WRCA, New York City; WCAU Broadcasting Company - WCAB, Philadelphia, Pa.; Westinghouse Radio Stations, Inc., - WBOS, Boston, Mass.; World Wide Broadcasting Foundation - WRUL, Boston, Mass.

The Rockefeller Committee will avail itself of a \$50,000 appropriation from Congress for the project. Primarily the new programs gotten up in a convenient pocket size are intended for publication in South American newspapers, but they will go to Embassies, Consulates, American exporters, banks, Chambers of Commerce and every other possible distributing point. It was originally hoped to air-mail them down, but that has been found to be impractical. Instead, printing schedule will be arranged so that the deadline immediately precedes sailing date of boats, which take about 2½ weeks to reach Buenos Aires.

Don Francisco, Chief of the Communications Division of the Council of National Defense, said last week that a plan is afoot to rotate the privilege among the short-wavers of slipping an insert into the pamphlets each week to announce new programs or special broadcasts. Otherwise the logs will be limited to listings.

For sometime the Commerce Department, under the direction of John H. Payne, now with the Rockefeller Committee, has been distributing the U.S. short-wave programs to newspapers throughout the world but the weak spot has been that they were not translated into the language of the countries to which they were sent. Even so, a remarkably large number of papers reprinted them.

The present Rockefeller undertaking is the outgrowth of a suggestion several years ago of Commander E. F. McDonald, Jr., of Chicago, who noticed that though the programs of other nations were being printed abroad that those of the United States were not. There

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was a theory at that time that this was because of a prejudice of foreign editors against us. Commander McDonald discounted this theory, saying he believed it was simply because other countries sent their programs to the editors and we did not.

This proved to be the case. A consolidated program compiled by the Radio Manufacturers' Association, and at the suggestion of Mr. McDonald, sent throughout the world by the Commerce and State Departments was widely printed abroad and no doubt will be even more so now that the programs are to be sent to the countries in their own languages. The Commerce Department and the RMA will, however, discontinue participation, and from this time on the work will be done entirely by the Rockefeller group.

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#### WOULD STUDY SENATE ACOUSTICS

Primarily to remedy bad acoustical conditions in the United States Senate, where in the Press Gallery, for instance, it is at times almost impossible to hear what the Senators are saying, Senator Charles O. Andrews (D), of Orlando, Fla., has introduced the following resolution (S. Res. 150):

"Resolved, That the Senate Committee on Public Buildings and Grounds be, and it is hereby authorized and instructed to make a study of (a) better lighting system for the Senate Chamber and the Senate Office Building; (b) plans for redecorating; and (c) better acoustics in the Senate Chamber; and report to the Senate, within 3 months after the date of approval of this resolution, the results of its study, together with its recommendations and suggested improvements and their approximate costs.

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#### COAST GUARD RADIO CLASSES NEXT MONTH

A call has been issued for applicants from Coast Guard enlisted personnel who desire training as student radiomen. All applicants will be given a preliminary examination prepared by headquarters to determine their fitness for training.

The classes for the student radiomen will begin in September and will be held at the radio school in New London, Conn., and at the Coast Guard Yard, Curtis Bay, Md. Accommodations for 50 students will be available at New London, while the Coast Guard yard will be able to train 80 students.

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## WAR RADIO PROPAGANDA HEARING SEPT. 3

Because of the pressure of other defense matters at the Capitol, the hearing on the resolution introduced by Senators Champ Clark (D), of Missouri, and Nye (R), of North Dakota, will not be held until after Labor Day. The date set is Wednesday, Sept. 3.

It promises to be a field day for the isolationists. Although Senator D. Worth Clark (D), of Idaho, Chairman of the Interstate Commerce Subcommittee, will preside, Senator Burton K. Wheeler, of Montana, Chairman of the Interstate Commerce Committee, will no doubt be a prominent figure at the hearings - the main "prosecutor" very likely because of numerous changes he has made of both radio and the movies fostering war. Senators Champ Clark, of Missouri, and Tobey (R), of New Hampshire, having practically the same views on the subject as Senator Wheeler, will no doubt leave no stone unturned to make it as warm as possible for the witnesses. Both Clark of Missouri and Tobey are members of the inquiring subcommittee.

The resolution outlining the scope and purpose of the hearing follows:

"Whereas the motion-picture screen and the radio are the most potent instruments of communication of ideas; and

"Whereas numerous charges have been made that the motion picture and the radio have been extensively used for propaganda purposes designed to influence the public mind in the direction of participation in the European war; and

"Whereas all of this propaganda has been directed to one side of the important debate now being held, not only in Congress but throughout the country; and

"Whereas this propaganda reaches weekly the eyes and ears of a hundred million people and is in the hands of groups interested in involving the United States in war: Therefore be it

"Resolved, That the Committee on Interstate Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make, and to report to the Senate the results of, a thorough and complete investigation of any propaganda disseminated by motion pictures and radio or any other activity of the motion-picture industry to influence public sentiment in the direction of participation by the United States in the present European war."

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The Civil Service Commission advises that the National Defense Program still needs men with experience in radio and other electrical equipment, supplies and apparatus. Salaries range from \$2,600 to \$5,600 in the various grades. No written examination is given.

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## NEMA ALLOY SECTION ON FTC GRILL

The Electrical Alloy Section of the National Electrical Manufacturers' Association, New York City; George B. Cumming, and William J. Donald, its Executive Secretary and Managing Director, respectively; Alloy Metal Wire Co., Inc., Prospect Park, Pa.; Hoskins Manufacturing Co., Detroit, Wilbur B. Driver Co., Newark, N.J.; C. O. Jelliff Manufacturing Corp., Southport, Conn., and Driver-Harris Co., Harrison, N. J., are charged in a complaint issued by the Federal Trade Commission, with entering into and carrying out an agreement having the effect of restricting and hindering price competition.

The respondent Electrical Alloy Section of the National Electrical Manufacturers' Association is an unincorporated trade association the membership of which, the complaint charges, is composed of the five respondent corporations, all engaged in the manufacture and sale of copper and nickel alloy wire. The respondent association and its executives are not engaged in commerce but are charged in the complaint with having aided, abetted and cooperated in the performance of some or all of the acts and practices charged in the complaint.

Pursuant to an agreement and combination, the complaint charges, the respondents have fixed and maintained identical prices at which alloy wire is to be sold by the respondent manufacturers and fixed and maintained uniform discounts and other conditions for the sale of alloy wire by the respondent manufacturers; the respondent manufacturers have filed with the respondent association their price lists for alloy wire and have adhered to filed prices until new and different prices have been filed by them; the respondent association has disseminated the price information so filed to all of its members and price and discount information has otherwise been exchanged between and among the respondent manufacturers, and the respondent manufacturers have submitted uniform bids in connection with the sale of the alloy wire manufactured and used other means and methods designed to suppress and prevent price competition and to accomplish uniform prices and a monopoly on the part of the respondent manufacturers in the sale of alloy wire in commerce.

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## DUFF COOPERS GUESTS OF PALEY

While the Right Honorable Alfred Duff Cooper, newly appointed Coordinator of British activities in the Far East visited Washington this week, his wife, the former Lady Diana Manners and their son John Julius Duff Cooper, 11 years old, were the guests of William S. Paley at Manhasset, Long Island.

Mr. Duff Cooper, former British Minister of Information, will confer with Secretaries Hull, Knox and Stimson in Washington. Returning to New York, he will later take a plane for his new headquarters at Singapore.

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## COURT WEIGHS FCC POWERS OF SUBPOENA

Just how much power the Federal Communications Commission has in requiring witnesses to appear before that body will soon be decided by Justice James W. Morris of the District Supreme Court following court proceedings on the issue on Monday. It was said the decision of Mr. Justice Morris might be forthcoming by Saturday.

Although the case argued before the Justice in the District Court Monday involved only one subpoena - directed to James G. Stahlman, Nashville publisher - counsel for both Stahlman and the FCC drew the basic issue of the powers of the Commission.

Accordingly the decision will have broad effects on the FCC's future policy. The case is the first in which FCC power to require testimony has been questioned in the courts.

Commissioner Ray C. Wakefield subpoenaed Stahlman on July 29 to appear August 1 at a hearing on the FCC's future policy toward applications of newspaper owners for licenses for frequency modulation (FM) or standard broadcasting stations.

Elisha Hanson, General Counsel of the American Newspaper Publishers' Association, forced the issue after he had been denied permission to argue the subject orally at the outset of the newspaper-radio hearings which began July 23rd and are now in recess until September 16. Following a heated flurry with Chairman J. L. Fly, Mr. Hanson retorted: "You have had newspaper witnesses subpoenaed but upon my advice they will not appear. That will give us the opportunity of having this issue decided with propriety."

Thomas E. Harris, FCC Assistant General Counsel told Justice Morris that the Commissioners wanted to ask Stahlman about the attitude of organized press groups toward radio a few years ago.

Mr. Hanson appeared for Mr. Stahlman and said he had advised the Nashville man not to appear because the FCC has no right to call him. The FCC then asked the District Court to compel Stahlman to testify.

Mr. Harris told the court Monday that the FCC had power to hold hearings about any subject in its field of regulation.

Mr. Hanson replied that any FCC policy singling out newspaper owners from other applicants for radio licenses, whether favorably or unfavorably, would be invalid because of the discrimination. And if the policy being considered was invalid, said Mr. Hanson, hearings on the subject would be without authority and witnesses could not be compelled to appear at them.

A brief on behalf of the Commission presented by Mr. Harris stated:

Section 403 of the Communications Act provides in part as follows:

"Sec. 403. The Commission shall have full authority and power at any time to institute an inquiry, on its own motion, in any case and as to any matter or thing concerning which complaint is authorized to be made, to or before the Commission by any provision of this Act, or concerning which any question may arise under any of the provisions of this Act, or relating to the enforcement of any of the provisions of this Act." (Emphasis supplied)

"For the purposes of this case the significant words in this section are those giving to the Commission authority to conduct an investigation into "any matter or thing \* \* \* concerning which any question may arise under any of the provisions" of the Act. The meaning of these words would hardly seem open to doubt: Any question which might reasonably be expected to arise under any provision of the Act may be inquired into by the Commission. \* \* \*"

"Consideration of the basic theory underlying the creation of administrative agencies reinforces the conclusion reached from the clear wording of the statute. One of the principal reasons for the establishment of administrative agencies is to be found in the expectation that such agencies will develop expertness in the administration of difficult specialized matters. If the problems in the regulation of an industry are complex enough to warrant the establishment of an administrative agency to deal with them, it would seem unlikely that Congress would limit its usefulness by withholding from it the power to conduct general hearings for the purpose of better acquainting itself with the industry which it must regulate. Such an intention is not to be imputed to Congress unless the basic law creating the agency explicitly so provides. No color of such provision is to be found in the Communications Act."

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#### FCC LOOKS UPON NETWORK PARLEYS AS ABOUT COMPLETE

Insofar as the Commission is concerned, Chairman J. L. Fly believes the conferences on the network-monopoly rules are about at an end. At least he doesn't plan any further long conferences. This does not imply, however, that they may not be held if the occasion arises.

The main discussion centers around option time. Apparently other points are not giving so much concern. At least there has been no prolonged discussion on other points. The broadcasters are getting up a list of the number of cities served by a given number of stations. There seems to be some difference of opinion here among the broadcasters and the difficulty is on getting an agreed list. The FCC may have to adjust a few differences in such a list itself.

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Lengths of contracts were taken up and two year licenses discussed. The Commission may do something about that.

It was said the results of the network conferences may be clarified at an early date, in fact an announcement may be expected within the week.

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### RADIO TO HAVE ITS TAX SAY NEXT WEEK

After an intensive month's preparation, the radio industry will make the fight of its life to have the \$12,500,000 tax on broadcasting time in the Defense Revenue Bill reduced or eliminated when the industry has its day in court with the Senate Finance Committee beginning next Monday, August 18th. Doubling the previous rate, the bill also places a tax on the manufacture of receiving sets which will amount to \$9,400,000.

In addition to outstanding witnesses, representatives of the National Association of Broadcasters, National Independent Broadcasters, Radio Manufacturers' Association, Association of National Advertisers, Advertising Federation of America, American Federation of Radio Artists and other organizations will be heard. The NAB arguments will be directed by Ellsworth C. Alvord, nationally prominent tax attorney.

Although the newspapers have joined in condemning the taxing of broadcasting time, they may have to show why newspaper advertising should not also be taxed. Opponents of the levy on radio and billboard advertising argued that the tax discriminated in favor of newspapers and magazines. That contention was met by Representative Jerre Cooper of the Ways and Means Committee, with the statement that, while newspapers and magazines do not pay a specific tax on advertising, they are subject to other levies.

Nevertheless other members of Congress have been hammering away at the newspapers and magazines.

"It is patently unfair and discriminatory that the House Revenue Bill proposes to tax only a portion of outdoor advertising and radio advertising and levies no tax whatever on the other national advertising mediums, such as newspapers, magazines, and direct-mail advertising", Representative Joseph A. McArdle, of Pennsylvania argued.

"If one national medium of advertising is to be taxed by the Federal Government, then certainly all should be taxed, but I do not believe in excise taxes upon any of them, because they all produce sales and profits and we should tax profits instead of the source of profit."

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: : : : TRADE NOTES : : : :  
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Station K45LA Don Lee Broadcasting System, Los Angeles, Calif., has been granted extension of special temporary authority to operate frequency modulation station commercially on 44500 kilocycles, 1000 watts power, with transmitter located on top of Mt. Lee, Los Angeles, power 1000 wats and using a 4-bay turnstile antenna, for the period September 5 to November 3.

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Guy Hutcheson, CBS engineer, left last week-end on a six-month, 20,000 mile tour of inspection of all the stations in Columbia's new Latin American network. He will survey reception conditions and technical facilities of the 67 CBS outlets in all 20 neighbor Republics.

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Alfred J. McCosker, President of WOR and Chairman of the Board of the Mutual Broadcasting System, sailed last Saturday with Mrs. McCosker on the Swedish American line's "Kungsholm" for a twelve-day cruise to Central America. Mr. and Mrs. McCosker's daughter and son-in-law, Mr. and Mrs. Sheldon Van Dolen, accompanied them. After their return to New York, Mr. and Mrs. McCosker will spend some time at the Manoir Richelieu in Murray Bay, Quebed.

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Because of the city's central location and because of other advantages which made it the popular choice of the membership, the 1942 convention next May of the National Association of Broadcasters will be held in Cleveland.

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Scripps-Howard Radio, Inc., was denied its motion for postponement of hearing indefinitely, now scheduled for September 15th, on the applications of itself, the Texas Star Broadcasting Co., and Greater Houston Broadcasting Co., Inc., for new stations at Houston, Tex., with leave to petitioner to file within 5 days a petition to delete issue No. 6 in the notice of hearing. On Commission's own motion, continued hearing to September 29, 1941.

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The stockholders of Columbia Broadcasting System approved contracts made by the corporation for the sale of its interest in its artist management subsidiaries, Columbia Concerts Corporation and Columbia Artists, Inc. The Concerts Corporation stock is to be sold to the Concert Corporation itself and the Columbia Artists' stock is to be sold to an affiliate of Music Corporation of America.

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Bids have been received for the construction of a new Coast Guard radio station to be located at East Moriches, N.Y. The low bidder was Robert P. Vignola, Harrison, N.Y., in the amount of \$113,909.

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The current FM schedule of NBC in New York Mondays through Fridays, from 3 P.M. to 11:00 P.M., EDST, over Station W2XWG will be continued through September 5. The station will not be on the air from September 6 to September 9. On September 10, W2XWG will return to its original schedule broadcasting Wednesdays through Sundays.

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A leading newspaper of El Salvador has opened a broadcasting station dedicated to the defense of the democracies. No advertising by totalitarian firms is accepted.

Closely following this the Minister of Interior of Chile issued an order banning all types of propoganda by radio broadcasting stations in favor of any of the belligerent countries. The stations are forbidden to broadcast any news except that already published in the press or furnished them directly by news agencies.

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The total volume of radio sets used Sunday evenings during the past Winter far outnumbered those of any week day, according to a report issued by the Cooperative Analysis of Broadcasting. Thursday evening, based on 7 to 11 P.M. Eastern time, ranked second with Monday a close third.

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The Weather Bureau reported that it had let a contract for 31,200 radiosondes to be made in part of plastic, thus saving six tons of aluminum, and the little devices to cost \$10.10 each. The radiosondes are carrieed aloft by rubber balloons, and float to earth with parachutes when the balloon reaches its maximum height and bursts. The high altitude weather observations are essential to operation of high-flying planes.

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The typical listener to an all-night program is a Defense or service worker, and if he is listening to WOR's all night program, he is likely to come from New York but may be tuning in from as far away as Texas. That is the conclusion of an analysis of 738 typical letters and other communications received on WOR's all-night program during its first six weeks on the air - June 17th to July 25th.

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Thousands of businessmen in Latin America depend on short-wave radio for New York stock market quotations, according to mail received by WGEO, General Electric station in Schenectady. WGEO recently indicated that the comprehensive list carried week days at 6:00 P.M., E. S. T., by the station for the past twelve years would be discontinued unless a definite listener interest were manifested. Hundreds of letters immediately began to arrive, many by air mail, from every country in South and Central America and also from Curacao, Puerto Rico, Cuba, Barbados and other islands of the West Indies.

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Frank E. Mason, Vice President of the National Broadcasting Company, and now on leave as Radio Advisor to Secretary of the Navy Frank Knox, addressed the Kiwanis Club of Salt Lake City, Utah, on "Air Defense", returning from the West Coast.

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## GROUND BROKEN FOR RCA LABORATORIES

Ground was broken last week at Princeton, New Jersey, for the Research Laboratories of the Radio Corporation of America. When completed, the buildings to be erected on a site of more than 250 acres, it is said, will constitute the world's outstanding center for radio and electronic research.

The first spadeful of earth was turned by Otto S. Schairer, RCA Vice-President in charge of the Laboratories. The ceremony was attended by a group of 40 RCA directors and executives, including David Sarnoff, President, and Gen. James G. Harbord, Chairman of the RCA Board of Directors.

Mr. Schairer called attention to the fact that the most immediate requirement of the new RCA Laboratories will be to increase the usefulness of radio to national defense.

"We stand on historic ground", Mr. Schairer said, "where 165 years ago Colonial soldiers under George Washington fought and gave their lives to defend the freedom of the American people. It is a solemn thought that the most pressing and immediate task of the Laboratories to be erected here will be again to defend that freedom, by applying the resources of radio and electronic science to the urgent problems of national defense."

Pointing out, however, that the greatest usefulness of radio is in the realm of peace, not of war, Mr. Schairer continued: "The inventions and accomplishments of the past are but omens and forerunners of those to come. Great and marvelous as they have been, they represent but a small part of the progress which science and invention promise to make in the future."

The designer and builder of the new RCA Laboratories is the H. K. Ferguson Company of New York and Cleveland. It is expected that the main building will be completed and occupied by the RCA research organization early next Spring.

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CBS CLEARED \$2,418,087 IN HALF YEAR

The semi-annual statement of the Columbia Broadcasting System, Inc., and subsidiary companies, mailed to stockholders, disclosed that gross income for the six months ended on June 28, amounted to \$29,134,776 compared with \$24,952,294 for the corresponding period last year. Profit before provision for Federal income and excess profits taxes was \$4,471,550, against \$3,793,655.

After deducting \$2,053,463 provision for Federal income and excess profits taxes and supplemental provision for estimated additional Federal income and excess profits taxes, calculated under

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the Revenue Bill of 1941, the net profit for this year's period amounted to \$2,418,087, equal to \$1.40 a share on 1,716,277 shares of \$2.50 par stock outstanding on June 28, or to be outstanding upon completion of exchange for the old \$5 par value stock.

The net profit for the six months ended on June 29, 1940, after taxes totaling \$1,299,936, amounted to \$2,493,719, or \$1.45 a share.

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### SURVEY SHOWS MANY ALL NIGHT LISTENERS AVAILABLE

A vast new all-night bonus radio audience has been created during the past months by defense activities, according to a WOR Trade News Release. Eighty-nine percent of all industrial and non-industrial workers interviewed in New York were found to be available to listen to the radio between the hours of 2 A.M. and 6 A.M. Figures for the towns of Dover, N.J., Bridgeport, Conn., and Bethlehem, Pa., are approximately the same.

These facts are revealed in a survey "A Tale of Four Cities" just released by Station WOR and prepared by Joseph Creamer, Director of Sales Promotion for the station.

The survey set out to determine (1) what kind of people make up all-night audience, (2) what they can buy, (3) do they listen, (4) where do they listen. The survey was made in connection with WOR's 24-hour-operations in effect since June 17, 1941, when the station first started its new all-night program "Moonlight Saving Time", conducted by Jerry Lawrence.

That a boom is in full effect is revealed by the figures that 66% of 452 industrial and non-industrial workers interviewed stated that they had received substantial increases in salaries compared to a year ago.

A survey of cars used by night workers in the four cities investigated (Dover, Bridgeport, Bethlehem and the industrial and non-industrial sections of New York) revealed that 55% of cars in use by night workers were equipped with radios - that is based on the 840 cars examined. All of the cars carried 3 to 5 occupants to and from work.

An analysis of the mail received since the program first went on the air June 17th showed that it came from 25 States and 291 towns and cities in the United States and Canada and numbered 889 pieces, 153 of which came from women.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY, INC.  
1941

*L. H. ...*  
*O. Rosen*  
*OK*

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No. 1355

## FCC ASKS \$209,000 MORE TO PERFECT FOREIGN WORK

An additional appropriation of \$209,000 will likely be included in the Senate supplemental defense appropriation bill to aid the Federal Communications Commission's Foreign Broadcast Monitoring Service in checking up on propaganda being broadcast by other nations. Previously the Monitoring Service had been allotted \$600,000 which, with the forthcoming money, would provide close to a million dollars for the propaganda listening service.

"We are now coming up with a further request for \$209,000 based on a reorganization plan and an augmentation of our first service", Lloyd A. Free, Director of the Monitoring Service told the Senate Appropriations Committee. "This reorganization plan is based essentially on what we find to be, in the face of a deepening emergency, a very urgent need for speedup in our operation....."

"Primarily our job is to give a picture to the Government of the propaganda lines being taken by other powers, so that we will be in a position to take counter-measures, if necessary, in terms of that propaganda. The situation is that the short-wave broadcasts give a model of the propaganda lines through all other media - and give it first.

"Almost invariably we find that the propaganda in terms of print, word of mouth, meetings, pamphlets, and so on, follows the line given originally in the short-wave broadcasts from abroad. It is our function, primarily, to report immediately on that line so that counter-measures can be taken by our Government before those ideas sent out, first, by short-wave and, later, by other forms, become implanted in the minds of people in Latin America, for example, or in the United States or other parts of the world.

"Unless we are able to give our reports literally within a few hours or minutes of the time a given campaign is started, our own people run into the difficulty of having to blast out those notions in the minds of the people affected by this foreign propaganda before we can carry out our own affirmative propaganda."

The bill also contains provision for stationing in the British Broadcasting Corporation's London headquarters two Americans to listen in on Russian, German, Italian and other continental "domestic" broadcasts and telephone a daily report on these to Washington.

The British outpost will be addition to four listening posts already established, including one at Guilford, near Laurel, Md.

Had the proposed new instantaneous communications facilities between Washington and the listening posts been in operation, Mr. Free testified, "we would have been able to report on that (Japanese) situation four days before we were able to under the present plan."

Mr. Free told the Senate Committee that the Portland, Ore. listening post is now recording broadcasts assigned to recording "broadcasts from the Far East, including Japan, China, Saigon, Australia, the new station in the East Indies and Delhi, India."

The Kingsville station in Texas listens in on broadcasts "from South and Central America" and in Puerto Rico "we get the broadcasts to Latin America on the Latin-American beams that we are not able to receive on the Continent."

"And", Mr. Free said, "at Guilford, near Laurel, Md., we get all the rest, amounting chiefly to European and North African transmissions to North America."

"Under the present plan of operation", he said, "we have been sending these recordings into Washington so that all the work is centralized here. It was not until four or five days after the Axis started the campaign in connection with Latin America to the effect that the dispute between Ecuador and Peru was instigated by the United States that we were able to inform the State Department and the Nelson Rockefeller organization of that fact."

"The same thing happened in connection with the Bolivian affair. Once again the Axis started a campaign to the effect that the United States instigated it. We should have been in position in connection with both of those instance to inform the State Department and the Nelson Rockefeller organization, as well as the others, immediately or at least within a few hours after these campaigns had begun."

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#### IRELAND LISTENERS RENT SETS FOR WAR NEWS

Renting radio sets is becoming popular in Ireland so that listeners may hear the war news.

The number of receiving sets in use in Eire as of Dec. 31, 1940, is estimated by the U. S. Commerce Department at 180,000, or about one set for every 16 people. No accurate information is available as to the number of sets sold annually, but it is estimated that, up to 1940, 30,000 sets were sold each year, consisting largely of replacements. Exports of receiving sets from Great Britain to Eire have been banned since May, 1941, as most of the British radio manufacturers are engaged on work for the Government. Thus Eire must depend upon the United States for imports of radio sets and accessories.

Private users have been forbidden to use transmission equipment since the outbreak of war in Europe.

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## NEW HOLLYWOOD AND CHICAGO TELEVISION STATIONS

The television situation showed further signs of life this week when the Federal Communications Commission granted construction permits for two new commercial television broadcast stations, one for Chicago and the other for Hollywood, Calif.

The Zenith Radio Corporation, in the first named city, is authorized to operate unlimited time on Channel No. 1 (50,000-56,000 kilocycles), using special emission for FM (frequency modulation). The applicant proposes to use the facilities of its present experimental station W9XZV for the purpose.

Don Lee Broadcasting System, Hollywood, will use the same channel. It, too, contemplates utilizing the equipment of its experimental television station, W6XAO.

Station W9XBT, Balaban & Katz Corp., Portable-Mobile, Chicago, was granted reinstatement of construction permit for a new relay television station to operate on frequencies: Channel #11, 204000-210000 and Channel #12, 210000-216000 kilocycles. Emission: A5, 40 watts night and day.

The Commission also granted consent to transfer control of experimental television Stations W3XE and W3XP, Philadelphia, from stockholders of Philco Radio and Television Corp. to Philco Corporation. The transferers agreed to exchange all the issued and outstanding capital stock of the licensee (13,826 shares, common, par value \$100 per share) for an equal number of shares of the common voting stock of the transferee (par value \$100 per share).

The Philco Radio & Television Corp., Philadelphia, was likewise granted renewal of experimental television licenses; W3XP to operate on frequencies 230,000-242,000 kilocycles 15 watts, portable-mobile relay. W3XE 66,000-72,000 kilocycles, 10000 watts visual and aural.

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## DEFENSE COMMUNICATIONS BOARD SUGGESTS FREQUENCY CHANGE

On recommendation of the Defense Communications Board, the Federal Communications Commission has withdrawn the frequency 3105 kilocycles from use by scheduled aircraft and substituted the frequency 3117.5 for such use. This action, prompted by congestion on 3105 kilocycles and communication needs for off route flights of aircraft in connection with defense, necessitates the withdrawal of the frequency 3120 kilocycles from availability for assignment to aircraft. However, the latter is little used at the present time and the private flyer will benefit materially by now having exclusive use of 3105 kilocycles.

Section 9.72 of the Commission's Aviation Rules and Appendix B of Part 2 of the General Rules are amended accordingly. The change does not involve modification of existing aircraft licenses.

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## PHILIPS ACTIVITIES NOTED IN ARGENTINA

The great increase in shipments of radio sets and accessories from Argentina in 1940 is believed, according to the Industrial Reference Service of the U. S. Department of Commerce, to be due largely to the activities of the Philips Company (the Netherlands), which is now reported to be supplying South American markets from its Argentine plant.

Radio tubes are not classified separately in Argentine export shipments; therefore it is difficult to estimate the number of tubes exported to Brazil and other markets which receive a large proportion of Argentina's exports of radio sets. The local trade believes that a large part of the reported exports comprise radio sets, including the necessary tubes; although separate shipments of tubes have also been made.

The exports of the leading countries of radio receiving sets from Argentina were:

	<u>1939</u>	<u>1940</u>
Brazil	\$10,509	\$288,690
Chile	226	159,480
Uruguay	2,302	30,879
Peru	164	28,113
Bolivia	3,437	21,906
Paraguay	5,339	14,627
Netherlands West Indies	447	11,662
Other	3,753	10,428
The total radio set exports were	\$26,207	\$565,785

Argentina is one of the leading foreign markets for United States radio materials. While the value of such exports decreased in 1939 from those of 1938, the figures for 1940 are slightly higher, with a combined value of \$1,306,827.

Competition is active in all phases of the Argentine radio market. The Argentine industry is now well established, and the majority of the receiving sets, chassis, cabinets, loudspeakers, transmitting equipment and various other components and accessories are now made within the country. A large number of receiving sets are still sold under their original United States brands, but most of them now rely on the domestic industry for at least a part of their components and accessories, and few are still assembled from 100 percent United States parts.

Another feature of the radio market is the large number of sets which are assembled and sold by amateurs (including those assembled in small factories as well as in homes) and dealers. It has been estimated that this non-factory output in past years amounted to almost half of the total number of sets sold annually. Aside

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from the Philips Company and a branch of a well-known United States company, 10 or 12 companies account for the remaining production of radio sets by local factories. The Philips Company is the principal competitor of United States radio manufacturers.

Price cutting is so prevalent in the tube business that Argentina is a relatively unprofitable market. There is seldom more than a 15-percent margin between retail prices and the importer's (or local manufacturer's) set quotations. It is said that, in their effort to lead the Argentine radio market, the local branch of the Philips Company has granted exceedingly long credits to numerous retail outlets. This practice has had an unsettling effect on the industry as a whole, and has tended to place reliable independent importers and distributors at a disadvantage.

Estimates place the number of sets sold annually at 200,000. The number of sets in use is estimated roughly by the trade at 1,050,000. Over two-thirds of all receiving sets sold are believed to be home receivers of the standard socket-power types. Most of these operate on both alternating and direct current.

The largest seller is the five-tube medium-and-short-wave model, with 6-inch speaker of popular design and style manufactured in the United States. Band-spreaders for short-wave tuning are now offered on a wider range of sets, and it is expected that this feature will be extended to low-priced models during the coming year. One or two local laboratories have developed their own band-spreader devices independently of American designs.

During the last 4 months of 1940, permits were denied on most radio materials from the United States. Current regulations provide that importers may bring in radio materials from the United States up to 50 percent of their corresponding imports during the first quarter of 1940. This applies to tubes and most radio accessories and components, but does not cover complete receiving sets, permits on which have not been available since the beginning of 1939. A former provision allowing each importer to bring in a small annual quota of merchandise outside the scope of the exchange-control lists (a privilege used by some firms to import radio receiving sets) has been rescinded.

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This interesting item appears in the August issue of Relay, the family magazine of R.C.A. Communications, Inc.:

"A historic event took place in Room 404 of the Main Office between 10:08 and 10:21 A.M. on July 8. During those thirteen minutes, Technician Matty Rehm received the first radiophoto ever sent from Russia. Transmitting station RYG, in Moscow, is 4,614 miles away. To equal our delivery time, an airplane would have had to fly at a rate of 21,300 miles per hour.

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## FCC HEAD WILL OPPOSE BROADCAST TAX

Heading the list of witnesses who will oppose the proposed \$12,500,000 tax in the Revenue Defense Bill on broadcast time before the Senate Finance Committee Monday, August 18, will be Chairman, J. L. Fly, of the Federal Communications Commission. Commissioner Fly has expressed himself as being against such a high tax. Others who will testify at the hearing will be Ellsworth C. Alvord, Jr., nationally known tax expert in behalf of the National Association of Broadcasters, Harold A. Lafount, President of the Independent Broadcasters' Association, Maurice Lynch, Station WCFL, Chicago Federation of Labor, Miss Emily Holt, American Federation of Radio Artists, and Lawson Wimberly, International Brotherhood of Electrical Workers.

Charles E. Murphy of New York City, General Counsel of the Advertising Federation of America, told the Senate Committee last Thursday that "any tax on advertising, regardless of the media affected, is harmful to the economy of our Nation and detrimental to our well-established system of distributing consumer goods."

Senator Danaher, Republican, of Connecticut, asked whether, if radio and outdoor advertising were to be taxed, levies should not also be placed on newspaper and magazine advertising.

"We hope you won't tax any advertising", Mr. Murphy replied.

Adoption of a general manufacturers' sales tax as a substitute for the list of special excises in present law and the pending tax bill, and as a means for adding several hundred million dollars to the yield of the latter, was urged repeatedly before the Senate Finance Committee.

Despite these recommendations, and the feeling expressed by Senator Barkley, of Kentucky, Senate majority leader, that Congress might have to come to it sooner or later, Senator George of Georgia, Chairman, said the majority sentiment of the committee appeared to be against a sales tax, even if levied on manufacturers alone. Even Senator Barkley indicated that he did not believe it necessary at this time.

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## FCC ACTION

WMBG, Havens & Martin, Inc., granted construction permit to make changes in directional antenna system for night use only. Present assignment: 1380 kilocycles, 1 kilowatt night, 5 kilowatts day, unlimited time. DA night and day (Under ML granted subject to installation of DA for night use only, using 5 kilowatts night and day; Western Radio Corporation, Pendleton, Oregon, granted construction permit for a new station to operate on 1240 kilocycles, 250 watts, unlimited time.

Also, W67NT, Columbia Broadcasting System, Inc., New York, N.Y., has applied for modification of C.P. for new H.F.B. station for extension of completion date to 3/28/42; W67C, CBS, Chicago, Ill., has applied for modification of construction permit for new HFB station, for extension of completion date to 3/14/42; WKAL, Inc. applied for construction permit for a new station to be operated on 1080 kc., 1 kw, daytime hours of operation; James F. Hopkins, Inc. Ann Arbor, Mich., construction permit for a new station to be operated on 1050 kilocycles, 1 kilowatt power, daytime hours of operation; Etowah Broadcasting Co., construction permit for a new station to be operated on 860 kilocycles, 250 watts power, unlimited time; Kennebec Broadcasting Co., Augusta, Maine, construction permit for a new broadcast station to be operated on 1400 kc., 250 watts, unlimited time, requesting facilities of WDRO.

Also, WGAR, The WGAR Broadcasting Co., Cleveland, Ohio, has asked that its application for construction permit to make changes in equipment and directional antenna for day and night use, change frequency from 1480 to 1220 kc., and change power from 1 KW night and 5 KW day to 50 KW day and night; amended: redirection of antenna and move of transmitter from Cuyahoga Heights to Broadview Heights Village, Ohio.

Also B. S. Sadler, New Bern, N. C., has applied for construction permit for a new broadcast station to be operated on 1340 kc., 250 watts, unlimited time; The Continental Broadcasting Co., Salt Lake City, Utah, has applied for construction permit for a new broadcast station to be operated on 610 kilocycles, 1 kilowatt, directional antenna, unlimited time.

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#### FCC GETS CLOSE-UP OF ALERT RECEIVER

The Radio Corporation of America demonstrated its new "Alert Receiver" to members of the Defense Communications Board, Federal Communications Commissioners and staff at the FCC offices in Washington yesterday (Thursday), the brass hats at 10:30 and the staff, plus newsmen, at noon.

This is a type of receiver that is turned on automatically by subaudible frequencies, and can be used to signal fire wardens and others on call in the civilian defense program. It had a thrilling debut last month when David Sarnoff, President of the Radio Corporation of America, and Mayor LaGuardia, National Director of Civilian Defense gave it a try-out in a two-way short-wave conversation from New York with Major F.W. Jackson of the London Fire Brigade and W. B. Breet of the London Civil Defense in London.

Finally the British were allowed to hear exactly how the new radio air raid warning sounded, first with the bell only and then as Mayor LaGuardia said: "With the bell, the siren and all of the works." The noise almost took the roof off the place. Mayor



LaGuardia seemed to be as excited and pleased over the new device as the proverbial little boy with his first pair of red-topped boots. LaGuardia went so far as to say the "alert" might replace all other air raid warnings. Mr. Sarnoff called it the modern "Paul Revere".

The low frequency of the Alert Receiver, sent out simultaneously with the regular broadcast, will not be heard on ordinary receivers but will ring a bell, siren, or light a light in the special set and so have the defense worker on the alert. Any spoken message would have to come via regular broadcast. The set is very simple, being made up of parts from a \$9 set, but with a special relay system.

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#### COURT ORDERS NEWSPAPER WITNESS TO TESTIFY

Deciding that the Federal Communications Commission had the power to require a witness to appear before it, Judge James W. Morris of the District Supreme Court last Friday ordered James G. Stahlman, publisher of the Nashville Banner to accept a subpoena issued by the Commission. The case had been argued earlier in the week.

The court test came in the Commission's inquiry into newspaper ownership of radio stations. Elisha Hanson, Counsel for the American Newspaper Publishers' Association, expressing the belief that the Commission was conducting an unlawful and illegal investigation, ordered Mr. Stahlman and several other newspaper witnesses not to appear. Whereupon Chairman Fly took legal steps.

The other witnesses summoned were Edwin S. Friendly, Business Manager of the New York Sun, Arthur T. Robb, editor of the Editor & Publisher, and William Thomson, Director of the Bureau of Advertising of the American Newspaper Publishers' Association. It is assumed that now they will all appear to testify at the continuation of the FCC radio newspaper inquiry September 17th.

Mr. Hanson asserted that a possible purpose of the investigators was to bar persons or firms engaged in the newspaper publishing business from taking part in the radio broadcasting business, which, he maintained, would be an unlawful enlargement of the Commission's powers.

In a three-page typewritten memorandum opinion, Justice Morris said:

"The act (creating the FCC) authorizes the Commission to make recommendations for proposed legislation germane to the field which the Act gives it the power to regulate. Certainly such recommendations should not be made without diligently undertaking to secure relevant data and the informed thought of those likely to be affected.

"The surest safeguard against uninformed and arbitrary action is to be found in securing information from those best qualified to know the results of any governmental action. Certainly, until such action, if any, be taken, its constitutionality cannot be weighed and determined by a court and, indeed, no presumption is to be indulged in that any action will be taken that is unconstitutional; nor is it to be presumed that the respondent will be required to give testimony of an irrelevant or privileged nature. The inquiry should be conducted fairly and reasonably and it must be presumed that it will be."

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### ARMY WANTS STILL MORE RADIO OPERATORS

The Army's demand for more radio men is still urgent. There is an opportunity for commissions as Second Lieutenants for 500 civilians and soldiers who can qualify as operators of the Army's new radio beam devices for detecting enemy bombers.

It was said the opportunity to win commissions quickly might not be offered again and that it was a good time for properly qualified applicants to enter military service.

Any unmarried male citizen between the ages of 21 and 36 who meets the requirements is eligible for the appointments, whether he is a civilian, a member of the organized reserve on active or inactive status, an enlisted man of the Regular Army or National Guard or a trainee taken into the Army under the provisions of the Selective Service Act.

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 ::: TRADE NOTES :::  
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Still another major city will soon be able to enjoy FM reception when Station W47P of the Walker-Downing Radio Corporation (WWSW) in Pittsburgh begins daily operation on August 28.

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Two new programs will be beamed to England by NBC short-wave stations WRCA and WNBI, powered by the two new 50,000-watt transmitters and augmented by directional beam antennas.

One of these, on Fridays at 12:45 P.M. EST, "Resistance in Europe" will be devoted to the factual details of resistance in currently conquered countries and occupied territories.

The other, "Comments on Current Events", on Mondays at 10:45 A.M. EST, will feature an objective and factual script.

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Applications of attorneys Randolph E. Bell, Miami, Fla., David W. Louisell and Ernest L. Wilkinson, of Washington, D.C., and J. D. Merrill, Safford, Arizona, were approved to practice before the Federal Communications Commission.

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Philco Corp. reported net income for the first half of 1941 of \$919,108, or 67 cents a common share, compared with \$519,394 or 38 cents a share, in the like period 1940.

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William Dow Boutwell, Chief of the Division of Radio, Publications and Exhibits in the U. S. Office of Education, has written, in collaboration with five other authors, a 612-page compendium entitled, "America Prepares for Tomorrow: The Story of Our Total Defense Effort." It will be published by Harper & Brothers.

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Out of the 22 men killed in a flying accident last Sunday in Britain, the Royal Air Force Ferry Command announced that 10 of the fatalities were radio officers.

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Harry A. Woodman has been appointed Traffic Manager of the National Broadcasting Company, according to an order issued by Frank E. Mullen, Executive Vice President of NBC. Mr. Woodman, who has been in Station Relations, succeeds B. F. McClancy, who resigned to join the Eaton Manufacturing Company, Cleveland.

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"This is a radio war, and the winner may well be the one making the best use of radio", Fred D. Wilson, of Camden, N.J., RCA Manufacturing Co. field sales manager, told the 14th annual Radio & Appliance dinner in San Francisco.

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Princeton University, long the Ivy League's last stronghold against radio broadcasting, will air its football games commercially this season over WOR.

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FCC Chairman Fly, accompanied by Commissioners Walker and Wakefield will attend the convention of National Railroad Utilities Commission in St. Paul, Sept. 26.

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Decca Records, Inc., and Subsidiaries - Six months to June 30: Consolidated net income before provision for Federal excess profits tax \$383,591, equal to \$1.02 a share on stock outstanding, compared with \$170,571, or 45 cents a share, last year. Earnings for 1940 were \$433,713, or \$1.15 a share.

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CROSLY REPORTS NEW STEEL PROCESS

The Crosley Corporation of Cincinnati has announced development of a process whereby ordinary steel may be substituted for aluminum and special alloy steel in certain airplane parts with no added weight and in some cases a slight saving.

Lewis M. Clement, engineering director, said the process was being used on Army Air Corps contract work. Essentially, he said, it is a method of joining pieces of shaped steel so that they have the same strength as aluminum die castings or chrome molybdenum steel forgings in certain bearing assemblies. The weight saving results from the smaller size of the steel pieces needed as compared with the aluminum or chrome molybdenum.

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NATIONAL INTEREST INVENTIONS BILL AMENDED

The following amendment was added to the Bill (H.R. 4784) to amend the act relating to preventing the publication of inventions in the national interest:

"Sec. 5. Whoever, during the period or periods of time an invention has been ordered to be kept secret and the grant of a patent thereon withheld pursuant to the act approved July 1, 1940, (Public No. 700, 76th Cong. 3d sess., ch. 501), shall, with knowledge of such order and without due authorization, willfully publish or disclose or authorize or cause to be published or disclosed such invention, or any material information with respect thereto, or whoever in violation of the provisions of section 3 hereof, shall file or cause or authorize to be filed in any foreign country an application for patent or for the registration of a utility model, industrial design, or model in respect of any invention made in the United States, shall, upon conviction, be fined not more than \$10,000 or imprisoned for not more than 2 years, or both."

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The Commission is unable to help a New Yorker who claims his invention "for the development of music" has been suppressed by certain business interests. And the only thing the Commission can do with a sample of corn remover sent to it is to turn it over to the Federal Trade Commission, to which it should have been addressed.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

*NATIONAL BROADCASTING COMPANY, INC.*  
*GENERAL LIBRARY*  
*80 ROCKEFELLER PLAZA NEW YORK, N. Y.*  
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No. 1356 ✓

## INDUSTRY REGISTERS STRONG PROTEST AGAINST BROADCAST TAX

Led by James L. Fly, Chairman of the Federal Communications Commission, the broadcasting industry solidly voiced its disapproval of the proposed tax on broadcasting time at the hearing on the Defense Revenue bill before the Senate Finance Committee last Monday morning. In the absence of Senator Walter George (D) of Georgia, Chairman, Senator Josiah Bailey (D) of North Carolina presided.

Among the other senators present were Champ Clark (D) of Missouri, Peter Gerry (D) of Rhode Island, Edwin C. Johnson (D) of Kansas, Arthur H. Vandenberg (R) of Michigan, James J. Davis (R) of Pennsylvania, John A. Donaher (R) of Connecticut, and Robert A. Taft (R) of Ohio.

There were indications that some of the Senate committee members were themselves far from being satisfied with the proposed tax on broadcasting time. At one stage of the proceedings the acting chairman, Senator Bailey, said, "I don't like this tax but we have to do some thing to raise the money." Senator Vandenberg, a former Michigan newspaper publisher, declared the tax was unfair, discriminatory and indefensible." There were those among the observers at the hearing who thought the proposed tax on time sales might be dropped in favor of some sort of a franchise tax to raise enough revenue - say \$2,000,000 annually - to pay for the operating expenses of the Federal Communications Commission. Mr. Fly had said it now took about two million a year to run the Commission.

Chairman Fly seemed to favor a franchise tax but believed it should also be borne by the other branches of the communications industry - telephone, telegraph and cable. He explained that only a portion of the Commission's time was taken up by radio. Mr. Fly said it might be difficult to know how much to charge for a radio station franchise but that this might better be on a basis of coverage rather than power. Senator Bailey remarked that the broadcasting industry "enjoying the franchise given to it to operate in the public domain" should be willing to pay well for it. Mr. Fly said he thought that might be true.

Ellsworth C. Alvord, tax expert, speaking in behalf of the National Association of Broadcasters, said he assumed the radio industry wouldn't object to a non-discriminatory franchise tax. Mr. Alvord however suggested if the government is to embark on a policy of making industries pay for their own regulation that radio should not be the first industry picked out for the experiment. Mentioning railroads and some others, he said radio should really be the last.

Remarking that a franchise to broadcast in the public domain must be a very valuable thing, Senator Bailey asked what the NBC franchise was probably worth.

"Probably depends upon who tried to buy it" Senator Clark broke in. "In the case of Noble it was probably less," Senator Clark referred to the sale of Station WJCA of N.Y. not long ago to Edward J. Noble, former Under Secretary of Commerce who was reported to have grabbed it off on account of his political influence at a bargain price. Chairman Fly explained that Mr. Noble had two options, one for \$875,000 for the station with Don Flamm, the latter agreeing not to go into the broadcasting industry for a period years, or \$850,000 without any restrictions. The witness said Noble accepted the latter proposition and that there was therefore adequate ground for him going this.

When asked by Senator Vandenberg if he was opposed to the proposed tax on radio time sales, Chairman Fly replied, "I think it is a pretty dubious tax." Senator Johnson wanted to know if it really wasn't a tax on the freedom of expression. The witness seemed to be of this opinion. Mr. Fly called attention to the amount of time devoted to public service and to carrying the speeches of senators and congressmen. Mr. Alvord later went so far as to say that the government takes two-thirds of the radio time leaving the industry only one-third of the time for commercials.

"When you spoke of the free time which radio gives to the government you omitted any mention of the President's 'Fireside Chats'." Senator Bailey said, bringing a laugh. Senator Vandenberg asked Harold A. Lafount, President of the Independent Broadcasters Association if he had ever figured up what one of these Fireside broadcasts would cost if the President had to pay for it.

"Several thousand dollars" was the reply. Evidently not satisfied with the answer, Senator Vandenberg got at it a different way when he later asked Mr. Alvord how much a half an hour's time would cost on every station in the United States.

"If that is related to the question you asked Mr. LaFount", Mr. Alvord replied, "I should say \$50,000."

I hear the government has set up a station for broadcasting its own praises," Senator Clark remarked. "No sir," Mr. Fly answered, "but they have the nicest little broadcasting studio you ever saw at the Interior Department." Mr. Fly said the additional expense and burden would be placed on the broadcasting industry by national defense. He explained that stations might have to keep on the air long hours for air raid warnings. Also that they would have to go to the extra expense of putting in emergency transmitters in case the regular power was bombed. The witness also pointed out the possibility of loss of revenue by the stations from clients as the oil, aluminum, automobile and silk industries ceased advertising. Broadcasting, he added, would have to go on whether these advertising returns came in or not.

Mr. Fly said the industry felt that this tax on advertising might be a burden on distribution and that conceivably might be important in a time of business recovery. The witness also pointed to the fact that newspapers and magazines - competing media - were not taxed.

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In addition he said the latter media were favored by the heavy second class mail subsidiary privilege.

The FCC chairman said some of the smaller stations would be hard hit. "Take the Don Lee system", he went on, "this is an extensive and important regional network on the West Coast. Yet it is not composed entirely of big and profitable stations. The proposed tax in the Defense revenue bill might cause the abandonment of some of the stations in this network." Mr. Lafont asserted that 300 broadcasters already operated at a loss in which case the new levy would have the effect of taxing a loss. Maurice Lynch, of the Chicago Federation of Labor, opposing the tax, told the Senators that his station WCFL in Chicago was operating at a loss.

Senator Davis inquired into the charges of the long-lines telephone service for connecting the broadcasting stations. Mr. Fly said this varied with the location of the studios and the distance covered. Mr. Alvord said he had had to advocate all sorts of taxes in his long experience, but that he hoped the state of the treasury would never be so low that he would have to favor a tax such as this on gross receipts. "That sort of a tax is unsound because it is based solely on dollars received and has nothing to do with profit and loss" the tax expert argued. "Also there is no justification in taxing one important advertising medium without taxing all of them." This again referred to the advertising in newspapers and magazines for which no tax is provided in the Defense Revenue bill. "An advertising tax is nothing but a tax on the dissemination of news and on a free press," Alvord declared.

Testimony was given the committee to the effect that the gross yield of the new tax would be more than \$12,000,000, but that its net addition to Federal receipts would not exceed \$5,000,000.

Mr. Fly said that is not a large amount, but would have a substantial effect on the broadcasting industry. He said it is not a big industry "in a money sense."

Senator Clark pointed out that in a Louisiana case the Supreme Court held a tax on newspaper advertising of doubtful constitutionality. He said he understood the contention of the radio industry is that, since radio and newspapers are competing media, radio ought not to face this tax.

Others appearing in opposition to the tax were Mrs. Emily Holt of New York, for the American Federation of Radio Artists, and by Lawson Wimberly of the International Brotherhood of Electrical Workers.

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## PUBLISHERS TAKE FIGHT TO HIGHER COURT

Continuing the fight despite the adverse ruling of Justice James W. Morris of the U. S. District Court of the District of Columbia, Elisha Hanson, counsel for the American Newspaper Publishers Association, will go up to the District Court of Appeals in an effort to keep James G. Stahlman, publisher of the Nashville Banner, from testifying in the radio station newspaper ownership hearings which reconvene before the Federal Communications Commission, September 17. Judge Morris had backed up the Communications Commission by ordering Mr. Stahlman to appear.

Mr. Hanson said the appeal would contain about the same arguments as he used with Judge Morris maintaining that the Commission has no authority to discriminate in favor of or against newspaper ownership of broadcasting.

"There is nothing before the court on the question of power to make recommendations to Congress," Mr. Hanson emphasized in his argument before Judge Morris. "If the Commission has the power to disqualify newspaper interests from obtaining radio facilities it has the power to conduct these hearings; if it hasn't the power it has no right to inquire."

The statute enumerates with preciseness the classes to whom radio facilities may be denied, and because newspapers are not in the prescribed class, the Commission has no power to take an action the effect of which would be to expand the act, the publisher's counsel continued.

Mr. Hanson cited local and Supreme Court decisions delimiting the power of the Federal Communications Commission. One of these was the Sanders Brothers Radio Corporation case in which the FCC was instructed to confine its inquiry to questions of equipment, competence, financial ability, and interference with the transmission of existing stations.

To lay down a policy that "newspaper interests" were to be denied licenses would violate the due process guarantee of the United States Constitution, the lawyer argued.

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## CHARLES TRAVIS, RADIO ENGINEER, DIES

Charles Travis, geologist and radio engineer, died of a heart ailment last Saturday night in Germantown Hospital in Philadelphia after an illness of three months. He was 58 years old.

Mr. Travis had been a consultant for the Philco Corporation since 1935 and was the inventor of many radio devices, including an automatic frequency control radio. He had served at various times as consultant for the A. Atwater Kent Manufacturing Co., RCA Manufacturing Co., and the Tacony Steel Company, and the arsenal at Rock Island, Ill.

Mr. Travis was the author of many papers on geology and radio engineering.

## MAUBORGNE MENTIONED FOR COMMISSION

Spoken of as a possibility in the selection of a new Federal Communications Commissioner to succeed Frederick I. Thompson is Major General Joseph O. Mauborgne, chief of the U.S. Army Signal Corps, who is to retire the latter part of September.

Gen. Mauborgne is an old timer in radio, holding many patents of his own. He joined the Army in 1903 and serving from 1917 to 1921 as chief of engineering and research of the Signal Corps under Gen. Squier, the inventor of wired wireless. During that time he served in Paris with the American delegation to the International Radio Conference. Subsequently he was commanding officer of the Signal Corps Laboratory at the Bureau of Standards, director of the Aircraft Radio Laboratory at Wright Field, O., and radio expert with the War Claims Commission.

Others in the service who have been named commissioners are Commander T. A. M. Craven, Major General Charles Saltzman and the late Admiral Bullard. Admiral S. C. Hooper also once served the Commission in an advisory capacity.

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LET MRS. R. TRY IT UNDER ANOTHER NAME, WRITER SUGGESTS

Considerable comment has been occasioned in the Capitol by an article written by Frank Kent, whose column "The Great Game of Politics" is printed in the Baltimore Sun, the Washington Star and other leading newspapers, taking Mrs. Roosevelt to task for her forthcoming series of commercial broadcasts.

"It is a strange thing that Mrs. Roosevelt has never been able to appreciate the basic argument against her money-making activities - to wit, that the important thing is not what she does with the money, but how she gets it," Mr. Kent writes. "She gets it solely because she is the wife of the President. That is why her publishers, sponsors and managers pay her prices. If she wants to be convinced of this she might try selling an article or a column or a broadcast under an assumed name, or anonymous, sometime.

"Mrs. Roosevelt does not sell her services cheaply. She gets top prices. For example, last year, when she radioed for the Little Sweetheart Toilet Soap Co., it was stated that she received \$2,500 for each broadcast. That, as General Johnson would say, is not hay. In her new role, Mrs. Roosevelt undoubtedly will exude the same sort of sweetness and light, interspersed with cunning little eulogies of her special proteges, projects and policies, which mark her lectures, syndicated columns and magazine articles. There will be nothing remotely offensive in what she says. There never is. She is the most consistent and articulate advocate of the true, the good and the beautiful in the country today.

"Nevertheless, her broadcasts will not promote national unity because the unfortunate truth is that while Mrs. Roosevelt has a very large following which thinks she is perfectly splendid and

regards her as the embodiment of all virtue and wisdom, it is equally true that there are several million men and women whom she irritates very much and who think she is unpleasantly self-satisfied. And, whether the money is given to charity or not, they always will resent the use of her White House connection to extract large sums from commercial enterprises. To them, it is a revolting thought that any concern can bid high enough to buy the services of the wife of the President of the United States."

"A great proportion of these people are patriotic Americans who have been strongly anti-New Deal but are now in favor of the President's foreign policy, anxious to support him in international affairs and to aid in the defense job. These will not be pleased with Mrs. Roosevelt's new venture. They will not like having her interpreting the news and instructing them as to the facts. It is true she has her millions who cannot get enough of her, and will welcome her back on the air, but there are these other millions who already have had too much. Another weekly dose for a three-month period will not go down with them very well.

"It will revive their resentment about the whole White House commercial capitalization business. It will recall to them other activities of Mrs. Roosevelt, such, for example, as her recent encouragement of strikes, her former coddling of young Communists at the White House and her membership in the Communistic Newspaper Guild. Of course, it will not change their feeling about the President's foreign policy, nor cause them to withdraw their support. That would be silly. But it is bound to dampen their enthusiasm. It will chill the spirit with which they would like to support the President at a time like this. It will make them think of things they would rather forget. It will not promote good feeling."

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#### NEW WEST COAST TELEVISION STATION SOUGHT

Earle C. Anthony, Inc., of Los Angeles, Calif., has applied for a construction permit for a new commercial television broadcast station (formerly W6XEA) to be operated on Channel #6 - 96000-102000 kilocycles; A5 and special emission for frequency modulation; unlimited time; Coverage: 2215 square miles; Population: 2,645,521.

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#### FTC CITES KTSA FOR OVERSTATING POWER

Sunshine Broadcasting Co., San Antonio, Texas, engaged in interstate commerce in communication by radio and dissemination of such communications, including commercial and other programs, by and through its broadcasting station designated by the call letters "KTSA", has entered into a stipulation with the Federal Trade Commission in which it agrees that in selling the facilities and services of its station, it will cease and desist from using the slogan or words "KTSA San Antonio, Texas, 5,000 WATTS, DOING A 50,000 WATT JOB." According to the stipulation, Station KTSA operates on 5,000 watts in the daytime and on 1,000 watts at night.

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## WARTIME CENSORSHIP PLAN DISAPPROVED

President Roosevelt has disapproved an Army-Navy proposal for a war-time censorship, Stephen T. Early, White House secretary, told a press conference today. The disapproval, Mr. Early said, was expressed some time ago to a plan which would not require legislative sanction and which would be invoked only if this country became actually involved in war.

At the same time, the secretary said he had never heard of the reported draft of censorship legislation which is supposed to be before the Chief Executive on recommendation of the War and Navy Departments.

"I don't know the source of that report," Mr. Early said, "but I don't believe it. I never heard of any bill presented for approval of the President.

"I know that some time ago he disapproved an Army-Navy plan, but that was one that did not call for legislation and was for use in war time only."

Plans for Navy censorship on all outgoing communications from the United States, to be imposed as soon as the necessary legislation is enacted, were disclosed sometime ago in a House Appropriations Committee report.

The Navy sought \$796,500 to establish the necessary offices, the largest of which would be in New York, but the committee rejected the item pending the passage of enabling legislation which a Navy spokesman said the Justice Department was preparing with President Roosevelt's approval.

The proposed censorship presumably would cover commercial wireless messages as well as cables. Although the testimony did not refer specifically to wireless messages, reference was made to an "international censorship on outgoing communications."

At the time Mr. Early said: "I can't imagine that it is anything more than a precautionary move to apply the censorship that the Army and Navy do and always use when certain eventualities take place."

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James F. Buckley, president of Philco, is one of fifteen executives of industries with large plants chosen by O.P.M. to consult with fifteen leaders of labor for a conference on common problems, the first of which will be the diversion of idle silk workers into other industries.

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:::: TRADE NOTES ::::  
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The Mackay Radio and Telegraph Company has compiled current rate information in a folder helpful at this time in sending business communications. The rates are included for Europe, and other parts of the world, ships at sea, and also the lower per word radiotelegraph rates between New York, Chicago, Washington, Boston, Philadelphia, Baltimore, Detroit, New Orleans, San Francisco, Los Angeles, Portland, and Seattle.

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Among the 135 leaders from many sections of American life who will serve as sponsors of the Williamstown, Mass. Institute of Human Relations which opens at Williams College, August 24, will be David Sarnoff, president of the Radio Corporation of America.

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Bice Clemow, president of Hartford (Conn.) Newsdailies, Inc., and editor of the former Hartford Newsdaily, offset tabloid, announced that all physical assets of the paper had been sold to the Hemisphere Publishing Company headed by Herbert Moore, president of Transradio Press Service, New York. Mr. Moore made it clear that the purchase was a personal venture and not connected with Transradio.

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Farnsworth Television and Radio Corporation -- Year to April 30: Net loss, after depreciation and amortization of \$194,322, \$181,858, compared with \$749,741 loss in preceding fiscal year after depreciation and amortization charges of \$118,795.

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Nathan H. David has resigned from the Law Department of the Federal Communications Commission to join the staff of Coordinator of Information William J. Donovan. Mr. Davis, who is 28 years old and a native of Massachusetts, joined the Commission in 1939 as Assistant to the Chairman. Subsequently transferring to the legal staff, his most recent assignment has been as Chief of the Litigation Section.

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Silent or supersonic sounds so powerful that they can scorch wood, kill germs, scrape soot from the inside of chimneys or make oil and water mix will be discussed by Dr. Orestes H. Caldwell during his "Radio Magic" program over the NBC-Blue Network, Friday, Aug. 22, at 7:15 p.m., EDT.

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The National Broadcasting Company is making special arrangements to carry daily by William Hillman and Earl Godwin direct from the annual convention of the National Wholesale Druggists Convention at White Sulphur Springs, West Virginia, September 29 to October 2.

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WAGA, Blue Atlanta Outlet of the National Broadcasting Company, has been granted a construction permit to change its frequency to 590 kc and to increase day power to 5000 watts.

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I. S. Becker, vice president of Columbia Artists, Inc., will join the Columbia Broadcasting System's operating department as general assistant to Lawrence W. Lowman, CBS vice president in charge of operations.

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James Bell Company, Inc., 36 Green St., Newark, N.J., engaged in the sale and distribution of aluminum ware, enamel ware, radios and other articles of merchandise, is charged, in a complaint issued by the Federal Trade Commission, with using lottery methods in the sale and distribution of its products.

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FCC ACTION

WBEA, Inc., Buffalo, N.Y., granted license to cover construction permit for increase in power to 5 kilowatts day and night, installation of new transmitter, directional antenna for night use and move of transmitter.

General Electric Company, Schenectady, N.Y., granted license to cover construction permit which authorized increase in power, new equipment and additional frequencies in international broadcast station; frequencies 6190, 9559, 15330, 21500 and 21590 kilocycles; 50 kilowatts.

Edwin H. Armstrong, Alpine, N.J., granted special temporary authority to operate an additional transmitter on 43 megacycles with power not in excess of 40 kilowatts, using FM for a period ending no later than September 8, in order to conduct further experiments on adjacent channel operation of FM broadcast stations and demonstrate such operation to certain engineering committees of the RMA.

Columbia Broadcasting System, Inc., New York City, granted extension of special temporary authority to Sept. 17, to use a 25-watt test transmitter on 330.4, 333.4 and 336.4 megacycles in order to conduct tests.

National Broadcasting Co., Inc., New York City, granted extension of special temporary authority to operate on 9670 kilocycles, with effective power of 100 kilowatts using separate power amplifiers feeding separate directional antennas, to Sept. 17.

Edwin A. Kraft, Kodiak, Alaska, has applied for construction permit for a new broadcast station to be operated on 1230 kilocycles, 250 watts, unlimited time.

B. S. Sadler, New Bern, N.C., has applied for construction permit for a new broadcast station to be operated on 1340 kilocycles, 250 watts, unlimited time.

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## OUR SOUTH AMERICAN PROGRAMS RAPPED

States Quite a whack is taken by Variety in the programs which the United/short-wave stations are beaming to Latin-America.

"One annoyed New York listener has recently said of an international 'good will' program he heard on the U.S. radio that it sounded like a 1904 Edison disc," the entertainment trade journal states. "This was picturesque imagery suggesting that a lot of time-wasting, piffle-saturated radio nonsense is being passed off from north to south and from south to north. It just isn't creating, and it just won't create, good will. Because this kind of radio program is too often dull and phoney and so unnaturally polite, it hurts to hear.

"What Latin American good will relations apparently needs is not a sudden burst of serenading, but some patient study of the history of the U.S.A. as taught in, and believed by, the Latin republics. Charm has definite limitations and showmanship provides no magic in overcoming generations of teaching. Big Stick Uncle Sam is not runner-up to Santa Claus in the minds of Latins. So why kid ourselves? And why not stop thinking that miracles are going to be achieved in weeks or months? Any genuine, deep-rooted improvement in good feeling may take a decade or more. In particular, the Latins are not going to be convinced until the good will stuff is a normal feature of Yankee policy in normal times. These are not normal times and the serenading is tuned in with that reservation in mind.

"There seems too little blunt speaking about this good-neighbor business. Until the resentments on both sides are talked out in the open they cannot be answered and neutralized. It takes a lot more than a change of heart and personnel at the State Department; it also takes a change of attitude among the run-of-mill Yankees.

"An occasional Chilean, Brazilian or Argentinian has also been heard speaking the language of sensible men, not of fatuous Alphonses and Gastons. Excessive bowing may be good for the waistline, but not for much else. Let's have some good healthy, frank talk on the radio. Our radio first.

"Let's face the facts! A lot of South Americans don't like us on any basis; a lot more don't trust our recent protestations. Against this a lot of Yanks are underestimating the culture, the memories and the shrewdness at the other end."

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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AUG 25 1941

FRANK E. MULLEN

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GENERAL LIBRARY  
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## SENATE URGED TO DOUBLE BROADCASTING TAX

Far from backing down John B. Haggerty, Chairman of the International Allied Printing Trades association, held by many to be responsible for the proposed levy on broadcasting urged the Senate Finance Committee to double the House tax of \$12,500,000.

The indications at this writing were that the controversial paragraphs in the Defence Revenue Bill would not be voted upon for a week or more and that the bill would not be reported to the Senate until after Labor Day, probably Tuesday, September 2.

Mr. Haggerty's recommendations to the Senate Finance Committee were, in part:

"This presentation, in behalf of the International Allied Printing Trades Association, comprising the five international unions in the printing industry, representing almost 200,000 skilled workers, favors the doubling of the taxes voted by the House on net time sales of radio broadcasters. It is our understanding that this Revenue Bill is to be based ON THE ABILITY OF THE TAXPAYER TO PAY. The presentation of the opposition carefully avoids this question of the ability to pay. The Printing Trades Association advocated the levying on the net time sales of radio broadcasters with two purposes in mind. First, the ability of the broadcasters, based upon their own reports to the Federal Communications Commission, to pay, and, secondly, to protect the job opportunities of printing trades workers.

"The opposition to the levying of this tax presented no figures to disprove the contention we made of the ability to pay. They raise the cry that this is a tax on advertising. No one has advocated a tax on advertising. The first question is the ability to pay. It is worthy of note that the two major networks, with a combined total investment of \$4,614,000 had net profits of \$59,509,549 for the ten year period 1931-1940 inclusive. Also, the net profits for the years 1931-1935 inclusive, were \$19,017,615, while the net profits for the five year period following, 1936-1940 inclusive, were \$40,491,736, an increase in net profits of some 213 per cent. These net profits are after stated deductions for depreciation of some \$10,182,021 (1931-1940) inclusive, and the payment of taxes, including Federal Income and all other operating costs.

"In addition to these unusually high net profits, mainly in depression years, the networks principally and the larger radio stations allowed to be deducted, by advertising agencies, in the form of rebates and discounts, an additional twenty millions of dollars yearly. These figures do not show in the financial reports of the networks or the radio broadcast stations, as the deduction is allowed before the presentation of the bills. Whether the broadcasters' attorney was fearful that your committee might seek to tax such rebates

or discounts or possibly having in mind that the Treasury or Federal Trade Commission might see the wisdom of questioning such practices I do not know. However, you will note he sought to justify the continuance of these rebates and discounts of taxation. We are opposed to the lowering of the income tax base until such time as those with proven ability to pay are properly taxed. The taxes which the Printing Trades have advocated will collect more net revenue than the total amount which the Treasury will receive from taxes received through the lowering of the income tax base. We understand that through the lowering of the income tax base it is expected that the Treasury will collect some nineteen millions of dollars and the cost of collecting will be some fifteen millions of dollars.

"The taxes which we suggest will raise at least twenty-five millions of dollars. Of this amount some twenty millions of dollars could accrue through the elimination of these rebates and discounts, which do not show in the receipts of the radio broadcasting companies and the networks, and the payment of this money into the Treasury as taxes. The networks, with their increased net profits of 213 per cent for the period 1936-1940, inclusive, alone can pay an additional five million dollars yearly. They would still have according to the Federal Communications Commission, for 1939 and for 1940 some four millions of dollars yearly as net profits, after all taxes, on their investment of \$4,614,000. In addition, there are a number of other stations, the net profits of which range from 63 per cent to 133 per cent.

"The net profits of the entire industry as shown by the reports of the Federal Communications Commission, 1939, was some \$24,000,000 on a declared value of properties worth \$28,000,000. Radio broadcasters would have you believe the proposed tax on radio broadcasting stations is a tax on advertising. That they do not believe such themselves is best evidenced in the brief of the National Association of Broadcasters. You will find on page 18 they say 'radio broadcasting is the principal source of entertainment in America.'" On the same page they emphasize their insistence that radio broadcasting is an amusement and entertainment enterprise as you will note they say that radio broadcasting "enjoys the favor of half again as many people as its closest competitor, the motion picture."

"Surely, no one will contend that the motion pictures, radio broadcasting's closest competitor, is advertising. During the Finance Committee Hearings, in response to a query as to placing a tax on advertising, Senator Bennett Clark said: 'You cannot conceivably tax newspaper advertising under the Supreme Court decision in the Louisiana case.'

"Reference was made before the committee that the Executive Council of the American Federation of Labor had voted to oppose this tax. The A. F. of L. was not consulted by the Printing Trades Unions as to whether or not such tax should be levied."

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## FCC MOVES TO IMPROVE OUR FOREIGN BROADCASTS

In an effort to make our foreign short-wave service second to none in the world the Federal Communications Commission has relaxed one of its stringent rules governing the shortwave broadcasts of stations in the United States to Central and South America, to Europe and the Far East.

The shortwave stations of other countries such as Great Britain, Italy or Germany are either government-owned or controlled whereas the shortwave stations of this country are privately owned. They are: WCBX, Columbia Broadcasting System, New York City; WNBI and WRCA, National Broadcasting Company, New York City; WGEA and WGEO, Schnectady, and KGEB, San Francisco, all owned by the General Electric Company; WBOS, Westinghouse Company, Boston; WCAB, Columbia Broadcasting System; Philadelphia, WLWO, Crosley Radio Corporation, Cincinnati; and WRUL, World Wide Broadcasting Company, Boston.

As a short-cut to improving reception abroad of shortwave broadcasts emanating from this country, the Communications Commission modified a section of its rules governing international broadcast stations to permit greater flexibility in the choice of operating frequencies available for this purpose.

"International broadcasting has passed through its experimental stage and has developed into a service of the utmost importance," the Commission states. "Existing world conditions demonstrate the necessity of the United States being well represented in the international broadcast band, and of maintaining an adequate service to the people of foreign nations. At the present time the expansion of international broadcast facilities in other countries has resulted in considerable and increased interference to the transmissions of United States stations engaged in international broadcasting."

The changes made in the rule will make it possible to assign more than one frequency in the international broadcast band to a single domestic licensee. This will enable the licensee, should interference be experienced on one frequency, to shift operations to another frequency not subject to the same degree of interference. In addition, due to the time differential in foreign lands served by our international broadcast stations it is possible to assign the same frequency to two or more stations broadcasting to different portions of the world without confusion.

The Commission's requirement of a minimum power of 50 kilowatts insures transmissions of reasonable strength reaching the countries for which they are intended. Technically, the new order of the Commission reads:

"The revision of Rule 4.44(a) brings the frequencies listed in this sub-section up to date with current assignments and notifications to the Bureau of the International Telecommunications Union. Included therein are the so-called "Pan American" frequencies which have been in the past authorized for use subject to a number of restrictions.

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"Revision of present sub-sections (b) and (c) provides for a greater flexibility in the choice of operating frequencies, permitting more efficient use of the limited number of frequencies available, making it possible to assign more than one frequency in any band to a single licensee, and should interference be experienced, that licensee may shift operations to another frequency not subject to the same degree of interference. In addition, due to the time differential of various foreign countries served by our international broadcast stations, it is possible to assign the same frequency to two or more stations without conflict or interference."

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### ST. LOUIS GETS A NEW FM STATION

The Columbia Broadcasting System, Inc., has been granted a construction permit by the Federal Communications Commission for a new high frequency (FM) station at St. Louis, Mo., to serve 13,000 square miles with more than 1,800,000 population. The proposed site of the transmitter is the Mart Building, 12th and Spruce Streets. The station will operate on 45,900 kilocycles. Its assigned channel is 45.9 megacycles.

CBS now holds construction permits for FM outlets in New York, Chicago, Los Angeles and St. Louis. A fifth station is planned at Boston, although permission has not yet been given. Several months ago the FCC also approved construction of another FM station for St. Louis, to be operated by St. Louis University. This makes a total of 54 commercial FM transmitters now granted throughout the country. Some 55 applications still await FCC approval at Washington.

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### ELLIOTT RECEIVES \$25,486 FROM HIS RADIO

Captain Elliott Roosevelt, second son of the President, received \$25,486 out of 63,715 distributed to Class A stockholders in settling the affairs of the Transcontinental Broadcasting System, it was disclosed by the report of Daniel F. Wolcott and Harry H. Stehman, receivers, filed last Wednesday in the Court of Chancery in Wilmington, according to an Associated Press dispatch.

Fees, payments to stockholders and other claims amounted to \$70,345, leaving \$24,528 now held by the receivers out of cash assets of 94,874.

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## FTC RAPS RADIO SERVICING COURSE

The Federal Trade Commission accepted from Morris N. Beitman, trading as Supreme Publications, 3727 West 13th St., Chicago, a stipulation to cease certain representations in the sale of a book entitled "Complete Authorized Radio Servicing Course."

Under his stipulation the respondent agrees to cease advertising that publication of his book as authorized or approved by any competent authority, or accepted or backed by the radio industry; that the book is a complete course, or a course of study, instruction, education or training in radio service, electricity, or television, and that it is an exact reprint of a course of lessons sold by the Radio Technical Institute for \$59 or any other price.

The respondent further agrees to cease representing that the quantity of the books is limited; or that the price is an amazing or unusual bargain. The respondent agrees to cease disseminating any advertisement containing a testimonial written and signed by himself, which advertisement fails to disclose that he is an interested party in the sale of the book.

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## ACCESS TO COMMUNICATION PLANTS AND STATIONS RESTRICTED

Chairman James Lawrence Fly of the Defense Communications Board has addressed notices to all persons engaged in the wire or radiocommunications industry, including manufacturing, directing attention to a resolution adopted by the Defense Communications Board restricting access to communication plants and stations, to employees, federal, state or local government officers acting in their official capacity, and other persons considered necessary by the management in the conduct of its business.

Also that the industry be requested to exclude representatives of any foreign government, persons, associations or corporations, from access to the premises containing communications equipment or facilities except only upon express permission granted by the Defense Communications Board.

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## TELEVISION AT ONCE FOR PHILADELPHIA

To enable the Philadelphia area to have scheduled television program broadcasts as soon as possible, the Commission has given the Philco Radio and Television Corporation special authorization to so operate its present experimental television station W3XE for a period of 60 days on television Channel No. 3 (66,000-72,000 kilocycles) pending the furnishing of additional engineering data required by the Commission to pass on that company's pending application for a construction permit for a full-fledged commercial television station in Philadelphia.

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## FIRST DEAF, DUMB AND BLIND AMATEUR IS NEW YORKER

The enthusiastic interest which radio holds for the amateur equals, if not transcends, that of any other hobby. Unlike some pursuits, there is no pecuniary motive for the radio amateur; he functions solely for his own entertainment and enlightenment. His ardor has built up an exemplary fraternal spirit which has contributed much to the advancement of radio in general. In flood, hurricane, or other localized emergency the "ham" can be depended upon to establish communication when wire service is temporarily disrupted. And from the patriotic amateur ranks Uncle Sam is now obtaining many operators and other technicians urgently needed for the national defense. In the theatrical profession the term "ham" is more or less derogatory, but among radio amateurs it is a coveted honor. Amateur licenses are eagerly sought, and proudly cherished. It is a personal distinction to be a "ham"!

Therefore, there was nothing singular that Leo Sadousky, a Brooklyn youth living at 482 Ashford Street, was among the many who of late applied to the Commission for an amateur radio operator's license. But remarkable is the fact that this particular applicant is deaf, dumb, and blind! Despite his handicaps, Leo took the prescribed written examination at the Commission's nearest field office. To 10 pages of questions and problems, he submitted 30 pages of answers written by himself on a Eraille typewriter. In the practical tests the candidate demonstrated that he could "hear" radiotelegraph signals through vibrations produced by special devices. The result is that this aspiring 21-year-old is, according to Commission records, the first deaf, dumb and blind licensed amateur radio operator.

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## JAP WAS PIONEER SPONSOR

In his book, "Men of Great Wealth", John T. Flynn writes describing Mitsui the great Japanese merchant back in 1673:

"On rainy days he would lend customers umbrellas flaunting on their roofs the name of Mitsui. He used billboards printing the name of Mitsui in large black letters. He subsidized producers and actors to work the name of Mitsui into the lines of dramas so popular in that day thus becoming a sponsor and by 250 years anticipating the radio commercial of today."

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"The Treasury Hour" for selling Defense Bonds will make its debut over a 100 station hookup on the Blue Network of the National Broadcasting Company on Tuesday, September 30, at 8:00 p.m. EST. for 13 weeks under the sponsorship of the Bendix Aviation Corporation.

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PHILCO ELECTS GUBB CHAIRMAN

Larry E. Gubb, well-known to the industry, was elected chairman of the board of the Philco Corporation in Philadelphia last Thursday. Mr. Gubb has been connected with Philco since 1920. He was elected president of the Philco Radio and Television Corporation in July, 1934. Mr. Gubb has been executive vice president of the Philco Corporation since April, 1940, when Philco Radio and Television became a subsidiary.

Other Philco elections include that of John Ballantyne, who was raised from treasurer to vice president in charge of operations, Thomas A. Kennally from general sales manager to vice president in charge of sales, W. R. Wilson from controller to treasurer, and James H. Carmine, former general sales manager, to general sales manager. James T. Buckley, president since 1939, continues in that office.

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APPROVE MRS. ROOSEVELT'S CONTRACT

This letter was written to the editor of the Washington Star by a reader F.G.S. from Kitty Hawk, N.C.:

"I read Frank Kent's column on Mrs. Roosevelt's new radio program. After thinking about it, I decided that Mr. Kent and the "several million men and women" whom he says Mrs. Roosevelt "irritates very much" should have pointed out to them the main point of the broadcasts, which they evidently missed -- namely, to encourage better and more extensive economic relations with our neighbors, which she, as the President's wife, can certainly do.

"Of course, Mr. Kent had no thought of bringing about disunity by rekindling for and against Eleanor Roosevelt factions by enumerating past criticisms of her, but in suggesting that she "try selling an article or a column or a broadcast under an assumed name, or anonymous", he did bring up an interesting question. I wonder just how many columnists could sell an article or a column under an assumed or anonymous name."

Mrs. Roosevelt's new series of weekly 15 minute broadcasts will begin over 122 NBC-Blue Network stations at 6:45 p.m. EST under the sponsorship of the Pan-American Coffee Bureau composed of the coffee growers in seven South and Central American countries.

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More than twenty advertisers in as many cities already have contracted for the second annual edition of Touchdown Tips with Sam Hayes, recorded football series syndicated by the NBC Radio-Recording Division and to be ready for the air.

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### WWDC DISSOLUTION ASKED FOR

A petition for dissolution of the Capital Broadcasting Co., which operates Station WWDC, Washington, D. C.'s newest outlet, was filed at District Court by Dyke Cullum of Silver Spring, Md., vice president and one of the three trustees of the firm.

On May 2 Mr. Cullum filed a complaint for accounting and for appointment of a receiver for the firm. Stanley H. Horner and Edwin H. Spence, the company's two other trustees, are president and secretary-treasurer, respectively.

In his petition filed yesterday Mr. Cullum told the court that the property and effects of the company have been "so far reduced by wasteful expenditures, losses or otherwise, that it will not be able to pay all just demands against it or offer a reasonable security to those who deal with it."

The plaintiff said he thought it would be "beneficial" to the interests of the stockholders if the firm were dissolved.

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### ADVERTISERS APPARENTLY PLEASED WITH TELEVISION

One of the most important commercial television broadcasting contracts ever entered into was made this week by Adam Hat Stores, Inc., with the National Broadcasting Company for exclusive rights to sponsor all sporting events televised by NBC.

The agreement also calls for broadcasting of sports events to be televised by NBC's new television station in Washington, D.C., which is scheduled to begin operation, and from the NBC television station in Philadelphia, Penna., due to take the air on July 1, 1942. Adam Hat Stores, Inc., is already sponsoring boxing bouts staged by "Chick" Meehan at Ebbets Field, Brooklyn.

It was the success of the televising of the Ebbets Field fights and the audience response that led to the present agreement, according to Alfred H. Morton, Vice President in charge of television for the National Broadcasting Company.

John David, Inc., retailers of men's wear, also signed a contract with the National Broadcasting Company for a half hour weekly television program, on Wednesday nights at 9:00, EDST. The program will be called "Men's Wear Highlights of Television."

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FOREIGN LANGUAGE PROGRAMS OLD STUFF FOR NBC

We are indebted to Bill Neel, of the Press Department of the National Broadcasting Company in Washington for the following correction:

"I noticed in your August 12 Letter a note on United States shortwave programs being printed in three languages for distribution outside the United States.

"I thought you might be interested in the enclosed - NBC has been printing short-wave programs in foreign languages for some years, and mailing them all over the world."

The enclosure Mr. Neel sent was a copy of the "Short Wave News" containing the programs of NBC-RCA short-wave stations WRCA and WNBI for the month of July. These programs were printed in English, French, Spanish, Portuguese, and German. Furthermore, as Mr. Neel correctly states, and this writer in his lucid moments well knows, these programs have been sent out by NBC for several years.

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AMATEURS COOPERATE IN WAR GAMES

The Army is trying for the first time, apparently with success, the voluntary mobilization of amateur radio operators for defensive aid in the current West Coast war maneuvers of 100,000 men.

Two hundred operators are cooperating in a secret radio espionage network by which the defending forces learn of troop, mechanized and motorized movements long before they could be ascertained by normal channels. The radio plan was developed by Maj. Gen. Kenyon A. Joyce, commander of the 9th Corps Army, and has proved particularly valuable in the wild Olympic peninsula forest area. The civilian operators include farmers, forest rangers, State patrolmen, water patrolmen, fishermen, Coast Guardsmen and others.

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FOURTH ANNIVERSARY OF BROADCASTS TO EUROPE OBSERVED

The fourth anniversary of regularly scheduled daily programs in German, French and Italian, heard by European Short-Wave listeners over stations WRCA and WNBI, was observed last Wednesday by NBC's International Division, which recently celebrated its tenth birthday.

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: : : : TRADE NOTES : : : :  
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The Westinghouse Radio Stations, Inc., Hull, Mass., have been granted a construction permit for a new developmental broadcast station to operate on frequency 9570 kilocycles, with power of 700 watts, for the purpose of furnishing a signal for the National Bureau of Standards in Washington, in connection with radio wave propagation studios made by the Bureau.

K45LA, the FM outlet of the Don Lee network on the West Coast which began operations August 11, now lists 18 different sponsors, some of them national accounts, FM Broadcasters, Inc., report. W55M in Milwaukee has eight accounts, while W51R, Rochester, airs two commercial half-hour programs daily. W47A of Schenectady, at last report, had 26 sponsors.

Programs of music will be exchanged once a month by a network of Brazilian stations and WOR-Mutual, according to an arrangement completed by Dr. Julio Barata, director of the radio division of the Departamento De Imprensa E Propaganda of Brazil, and Adolph Opfinger, program manager of Mutual.

The Farnsworth Television and Radio Corporation reported from San Francisco a net loss of \$181,857 for the fiscal year ended on April 30, against one of \$749,741 in the preceding year. Sales rose to \$5,165,905 from \$2,922,576, while orders on file increased about \$7,000,000 from \$550,469. Almost a third of the company's current production is going to defense equipment.

The applications of the following attorneys were approved to practice before the Federal Communications Commission: Edward H. Degroot, Washington; Fred Felty, San Antonio; Harry Ossen, Torrington, Conn.; N. L. Schoenfeld, Hot Springs, Ark.; Joseph C. Suraci, Washington; and Kenneth L. Yourd, Washington.

An Asheville resident requests copies of Commission "regulations" requiring written scripts of programs to be submitted to broadcast stations 24 hours in advance of their presentation. The Commission has adopted no such regulations; it is within the discretion of the individual broadcast station whether or not to require submission of written scripts in advance so long as the license retains full control over programs.

A Boston broadcast listener has written the Commission suggesting that an arrangement be made whereby dramas be transmitted over one network, symphonic music over another, and that varied programs be carried over a third network. But the Commission has no authority to direct this or other programming.

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## TWENTY-ONE MEXICAN STATIONS JOIN NBS NETWORK

Mexico's largest network - 21 radio stations - Thursday became affiliated with the Pan-American Network of the National Broadcasting Company, as another major step in the development of a unified inter-continental broadcasting service, Frank E. Mullen, NBC vice president and general manager announced.

Mr. Mullen made this known following a radiophone conversation with John F. Royal, vice president of NBC's International Relations Department. Mr. Royal is on a 20,000 mile air tour of Pan-American republics, visiting many of the South American stations affiliated with the National Broadcasting Company and arranging to expand NBC's broadcasting activities throughout the Americas. Mr. Royal telephoned Mr. Mullen from Colon, Panama, where Charles W. Horn, assistant vice president of the department, joined him after completing details of the contracts in Mexico City.

In his announcement Mr. Mullen said that arrangements for the Mexican Network affiliation had been made with Don Emilio Azcarraga, president of XEW, Mexico's largest broadcasting station. XEW now operates with 100,000 watts, but its power will soon be increased to 200,000 watts, making it the most powerful radio station in the Western Hemisphere.

"This is another step," Mr. Mullen said, "on the part of the National Broadcasting Company to cooperate with our government in its 'Good Neighbor' policy to promote further understanding, friendship and cultural relations between the people of the United States and its neighbors - the people of the Pan-American Republics.

"We are pleased to have this great Mexican Network join us in another forward step in the extension of our Pan-American Network, which the National Broadcasting Company has been developing for more than ten years.

"In serving the vast Mexican audience, the National Broadcasting Company will pursue its policy of providing unbiased information and the best of entertainment over its two international short wave stations, WRCA and WNBI, under the direction of Mr. John Elwood. In addition, many of the popular entertainment and public service programs regularly broadcast in this country over both NBC's Red and Blue networks will be made available. A series of exchange programs is included in the plans."

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

*OK*

NATIONAL BROADCASTING COMPANY, INC.  
GENERAL LIBRARY  
37 ROCKEFELLER PLAZA  
NEW YORK, N. Y.

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## SAY RADIO SET SALES UNHURT BY INSTALLMENT CURB

The new regulations requiring down payments of 20% on radio sets on installment sales and balance payment required in 18 months are not expected to affect radio receiving set sales, the Radio Manufacturers Association advises, explaining that few installment contracts for radio extend beyond 15 months. The maximum amount of the purchase price which may be paid in installments is 80 percent. The same terms that apply to radio sets hold good for mechanical refrigerators and musical instruments.

Present installment contracts will not be affected, nor would credit extensions to wholesalers or retailers to finance the purchase of such articles. More rigorous credit terms on automobile sales, with one-third down payment, and slightly more lenient restrictions of 15% down payments in the case of oil burners, air conditioning, plumbing and sanitary supplies would be required under the tentative Federal regulations, announced August 15th.

Restrictions on future consumer purchasing of durable goods using "critical" defense metals are the principal objectives of the new installment sales restrictions promulgated by the Federal Reserve Board under President Roosevelt's Order based on his World War powers. The regulations are now scheduled to become effective September 15.

For the radio industry, the principal effect would be upon dealers and particularly smaller concerns. The radio interests involved have been discussed with Federal Reserve officials by Bond Geddes, RMA Executive Vice Pres., under directions of Chairman Paul Galvin of Chicago of the Association's Set Division. The officials were advised of the sharp reduction in radio manufacture and the industry's curtailed use of defense materials voluntarily and also already ordered by OPM. Interests of radio dealers in the new installment credit restrictions were especially detailed to officials, but the 20% down payment requirements on radios and the other consumer goods covered in the official order will be general. It has not yet been determined when the credit restrictions will become effective.

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Calculating the 20% down payment on radio sets, refrigerators and other household articles, the down payment will be calculated on a "basis" price. This is defined as the "bonafide cash purchase price of such article, minus the amount of any allowance made by the seller for any article traded in by the purchaser (including as such a trade-in anything which the seller buys from the purchaser at about the time of the purchase of the listed article)."

The proposed credit regulations apply to sales under \$1,000 and do not affect open or outstanding accounts nor the present credit arrangements of department and furniture stores. The proposed regulations also would exempt "any extension of credit to a dealer in any listed article, whether wholesaler or retailer, to finance the purchase of any such article (including radio sets) for resale." Registration and licensing of installment credit organizations is proposed, to enforce the Federal Reserve Board's future regulations.

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#### AMATEURS GIVE UP BAND FOR MILITARY TRAINING

Showing the proper spirit in cooperating with the War Department in national defense the radio amateurs have agreed to temporary cessation of amateur activities in the 3800-3900 kilocycle band, as ordered by the Federal Communications Commission to make those frequencies available for the training of many thousands of additional aircraft pilots in the large number of new airfields throughout the United States. An essential part of such training involves a large-scale use of radio communications.

The order was entered subsequent to a hearing from which it appeared that the amateurs recognized the necessity of the withdrawal for defense purposes and refrained from entering any protest against such military use. At this hearing it was indicated that there was objection to the elimination of the exclusive Class A privileges for amateurs and the order has been modified to retain such privileges.

The War Department has carefully studied the progress of the pilot training program, which will eventually require exclusive use on a temporary basis of the 3650-3950 kilocycle portion of the amateur band, with a view to determining the extent to which it may be possible to defer cessation of amateur operations in various portions of this band. As a result of this study it appears that it will be necessary to initiate partial use of the band 3800-3900 kilocycles about October 1, 1941, but that it may be possible to use this band jointly with the amateurs until about December 20, 1941.

"The importance of listening-in on foreign transmissions is attested in the fact that all propaganda instigated abroad almost invariably follows the example set in short-wave broadcasts, but follows it with a lag. Consequently, it is necessary for our Government to have knowledge of the short wave "model". Speed here is the essence, in order that counter-measures may be taken.

"At the same time, a considerable amount of news and intelligence information comes over the short-wave which is not available from other sources, and which must be transmitted immediately to the proper Government officials.

"Today almost every move is presaged by shifts in propaganda treatment. Consequently, through study of propaganda trends it is often possible to predict such moves. A new course in policy can be reflected in broadcasts long before it is announced officially, or rumored in the press. Indeed, the altered tone of certain foreign broadcasts gave the first indication that Germany was about to invade Russia, and that Japan intended to occupy Indo-China.

"With foreign censorship becoming sterner and ordinary news sources abroad drying up to an alarming degree, it is pertinent that the Monitoring Service probe the great volume of recorded foreign radio pronouncements for clues to transpiring events.

"The Foreign Broadcast Service operates in a sort of "belt line" process, which can be described in the following steps:

"Four 'listening posts' of the FCC's National Defense Operations Section are exclusively attuned to foreign broadcasts. They are so located that each may hear transmissions from a particular region of the world. Thus, a listening post at Portland, Oregon, concerns itself with Far Eastern broadcasts; another at Kingsville, Texas, has to do with Latin American events; the third, at Santurce, Puerto Rico, watches Eastern European trends, while the fourth, at Guilford, Maryland, covers the rest of Europe and all of Africa and the Near East.

"Monitors listen to all of the major broadcasts, and information about content significant either from the intelligence or propaganda point of view is flashed immediately to appropriate Government officials. In the case of the field offices, such items are transmitted first to the Washington office, from whence they are relayed to other Federal units. In the case of the adjacent listening post, telephonic lines can 'pipe' a short-wave broadcast as received there direct to the Washington office, where the same is scanned for significant developments to flash various Government offices by teletypewriter.

"Concurrently, broadcasts are recorded in the field offices. As each cylinder is finished, if it is in a foreign language, it is turned over to the Translation Section. When the translators have made a rough draft, such transcript is typed and duplicated. If the broadcast is in English, the cylinder goes to transcribers who similarly prepare verbatim copy on duplicating sheets.

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## MORE COMMISSIONERSHIP NAMES

Two more names were mentioned in connection with the FCC Commissionership vacancy Clifford Durr, assistant general consul of the Reconstruction Finance Committee and former Representative Charles West of Ohio. Both are active New Dealers but Durr, who hails from Alabama and is a brother-in-law of Supreme Court Justice Hugo Black, is said to have turned down a previous offer to the FCC, stating at that time that he preferred to remain with the RFC. Mr. Durr is 42 years old and has strong political backing.

President Roosevelt has been trying to find a place for ex-Congressman West, who for a time served as a White House secretary incognito, but didn't make a success of it. Later Mr. Roosevelt named him for a railroad inquiry commission, but withdrew the nomination in the face of Senate opposition.

A story that the President will hold off naming the new FCC Commissioner until he can revamp the entire Commission has been heard on Capitol Hill.

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## FCC LISTENS TO FOREIGN PROPAGANDA IN EARNEST

For the first time in history the United States Government, through special national defense units of the Federal Communications Commission, is officially "listening in" and dissecting foreign short-wave broadcasts. The Commission has just given out a detailed explanation of this work.

The Foreign Broadcast Monitoring Service is now actively translating, transcribing, analyzing, and reporting on from 600,000 to 900,000 words transmitted daily by foreign broadcast stations throughout the entire world as recorded by the Commission's National Defense Operations Sections.

Working in three shifts of eight hours each, a special force of technicians, translators, analysts, and other experts is keeping abreast of all international broadcasts which emanate outside of this country, 24 hours of the day, 7 days a week. Speeches, newscasts, and entertainment to the inclusion of some musical programs, are carefully watched for intelligence and trends, which are reported immediately to Government officials responsible for counter-propaganda or other action, if necessary. The FCC statement continues, in part:

"For obvious reasons, the reports of the Foreign Broadcast Monitoring Service are confidential.



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23,000 pounds of aluminum for such purposes until November 30th. This supplements the recent OPM detailed allocation of aluminum for electrolytic and fixed paper condensers in the program beginning with 40,000 pounds of prime aluminum in July, reduced gradually but extending through December.

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### CALLS RADIO SERVICING GYPPERY

Lashing out at radio repairmen the Reader's Digest for August says:

"When the average American takes his radio set into a repair shop, his profound ignorance of the set's workings will be fully rewarded, for he will be cheated 64 out of every 100 times by repair men who will sell him tubes, batteries and service which his set doesn't need, or charge him for new parts they didn't put in. In some cases they will even remove good parts and add them to the supply on their shelves, substituting inferior equipment.

"Such is the conclusive evidence produced by The Readers Digest investigation which tested 304 radio repair shops of every type, in 48 states from coast to coast, from the Great Lakes to the Gulf.

"The investigators (the same two, John Patric and Miss Lloy May, who conducted the automobile inquiry) started out with brand-new portable radios of two nationally known makes, in flawless condition. A few minutes before each shop was entered, the radio had been playing perfectly, but was deliberately put out of order by the investigators, sometimes by disconnecting a snap-on wire, usually by loosening a tube. When the backs of the sets were taken off - which could be done with the fingers - even a layman would not fail to notice either the dangling wire or the wobbly, projecting tube. A repair man who didn't see them, and speak up, was taking the first step toward petty thievery.

"That the test was fair is proved by the 76 repair men who spotted the trouble as soon as they opened the back of the set, and made no charge; 33 others made a charge so trifling as to class them also as honest. But these 109 honest men were in a sad minority.

"Of the 304 shops tested, 195 tried by one dodge or another to take advantage of the customer. That's a score of 64 per cent in favor of gyppery."

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Consequently, today's order is issued with the understanding that it may become necessary to advance the date specified, and it is recognized that in the interim, a certain amount of interference may result from the joint use of the frequencies within this band by the War Department and the amateurs.

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#### MANUFACTURERS AGAIN IN JAM ON PRIORITIES

New OPM priority troubles for radio manufacturers are being faced in connection with recent mandatory controls ordered over copper, steel and plastics. The Radio Manufacturers Association Priorities Committee, which recently secured special allocations of aluminum and nickel for reduced civilian radio production, is advising members in connection with the procedure now necessary to secure copper and other materials. Steel priority control becomes effective September 1 and will involve further procedure by the RMA Priorities Committee, of which Paul V. Galvin, of Chicago, is chairman. Difficulties in securing copper have already been encountered by radio manufacturers. The copper supply situation is becoming as difficult as that of aluminum, with only about 20% of normal capacity production reported available for civilian industries.

An OPM order just issued prohibits delivery of plastics for radio cabinets, escutcheons and also many other plastic products. This serious situation for the industry has immediate attention of the Priorities Committee, which has arranged for a conference today (Tuesday, August 26) with the OPM Chemical Priorities Committee. An effort then will be made to secure a preferential rating and exemption for plastic cabinets and other plastic radio parts.

OPM also has issued a general order for priority of maintenance and repair parts in a few essential industries, including utilities, transportation, mining, fire and police, and similar services. This will be extended to radio transmission service in the near future, and its application to repair parts for receiving sets in general public ownership is being urged by industry interests in behalf of parts manufacturers.

Specific allocations of metals for manufacture of replacement tubes and also of aluminum for replacement electrolytic condensers were announced yesterday by Administrator Leon Henderson of OPACS. The allocations for tube replacements, in substantial quantity, follow the series of recent conferences with OPACS officials by RMA. The metals allocated for tube replacements apply for a period ending November 30th. The OPACS order relating to electrolytic condenser replacements provides for allocation of

"Decentralization of the Foreign Broadcast Monitoring Service force makes each listening post, in effect, a complete unit in itself, with engineers, translators, transcribers, stenographers, and persons who prepare reports. Thus, each can tackle an overseas broadcast as quickly as it is recorded. From the far-flung listening posts, master reports are speeded by air mail to Washington, where all analysis work is done.

"In Washington, as the master sheets covering each broadcast are finished, they go to another section, which prepares copies of the transcript on duplicating machines.

The transcripts then go to the Report Section, which is able, by noon, to get out a daily summary covering broadcasts over the whole world the night previous. This report describes the content of foreign broadcasts, and analyzes them from the viewpoint of propaganda strategy.

"At the same time, copies of transcripts go to the Analysis Section, which is charged with the work of long-range 'scientific' analysis. This task is also performed on a highly current basis, so that it is possible to study daily trends, and so deduce the intention of foreign propagandists and the probable effect of such propaganda on various audiences throughout the world.

"To take the utmost advantage of such advance information, interested Government officials must have flashes and reports within the shortest time possible. Even an hour's delay may mean the difference between 'tip' and fact. Therefore, the four foreign broadcast monitoring units have almost instantaneous communications by means of radio, telephone, teletype, and telefax with the Washington central office.

"Clearing through the Washington office of the Foreign Broadcast Monitoring Service, pertinent information is dispatched to a selected list of military and other Government officials in the form of spot bulletins, daily reports with over-all content and analysis, weekly summaries of propaganda methods on the long-range basis, and special reports and analyses in particular matters.

"Continuous listening is necessitated by the difference in time throughout the world. What might be the best listening period in one country may be early morning in another. Also, programs which come over different frequencies at the same time must be recorded separately.

"The volume of international broadcasts is tremendous. The German radio bombards the United States alone with nearly 11 hours of emissions daily, the British send us about 6½ hours, Japan 4½ hours, and Italy more than 4 hours, and a score of other nations in lesser proportions. Significant to our Foreign Broadcast Monitoring Service are the different treatments accorded the same news by a country in broadcasting to various nations."

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 : : : : TRADE NOTES : : : :  
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Virtually full control of radio exports, both of receiving and transmitting equipment, has been ordered by the Administrator of Export Control. It becomes effective August 29. A similar order this month covered radio transmitting apparatus. The new radio and other export control orders were published in the "Federal Register", but are not available in quantity.

The Crosley Corp. of Cincinnati seeks to make changes in equipment and increase power of its station WBXO from 100,000 and 500,000 watts to 100,000 and 750,000 watts.

Station WRNL, Richmond Radio Corp., Richmond, Va., has been granted a construction permit to install a new transmitter, make changes in directional antenna for night use, only, and increase power to 5 kilowatts.

Life Savers Corporation, Port Chester, N. Y., the president of which is E. J. Noble, president of Station WJCA, New York, is charged in a Federal Trade Commission complaint, with violation of the Robinson-Pitman Act through price discrimination and through allowances made to some of its retailer customers for services and facilities furnished by them in the sale of the respondent's confection product "Life Savers."

"Give Me Your Answer," the Mills number whose title sheet shows the name of "Hollywood" McCosker as lyricist, topped all songs played on the Mutual network last week and definitely entered the hit class. Oddity about the song - which was written by Alfred J. McCosker, president of WOR - is that its success now entitles him to be a writing member of ASCAP as an active songwriter, should he so desire.

The American nations may some day become bilingual as a result of extended use of "Columbia's School of the Air of the Americas," Dr. Luis Sanchez Ponton, Mexican Minister of Education, predicted recently at the air school conference in Mexico City closed.

On Wednesday, September 17, the Colony Opera Guild will put on a television presentation of the second act of "Faust" over station WNBT of the National Broadcasting Company.

WICC, Bridgeport-New Haven, 600 kilocycles, with 1,000 watts day and 500 night, a member of the Yankee and Colonial networks, will become a full-time Mutual network outlet next June.

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R. C. A. COMMUNICATIONS ALSO ON THE JOB

This letter was received from F. P. Guthrie, of Washington, District Communications Manager of R.C.A. Communications, Inc.:

"I was interested to read in your letter of August 19 about the MacKay Radio and Telegraph Company compiling some current rate information.

"In order that you may be further informed on such matters, I take pleasure in sending you herewith an R.C.A. Folder giving the rates to all parts of the world as well as a booklet covering restrictions of service, a couple of maps, and a card which will enable you to tell what time it is on the other side of the world."

One of the maps which Mr. Guthrie so kindly sent showed the R.C.A. radio telegraph circuits to foreign countries and different parts of the U.S.A. Another was of the Western Hemisphere also showing R.C.A. telegraph circuits captioned "The Good Neighbor Route to the Americas via the R.C.A.," and a sub-caption "The Shortest Distance Between Two Points is a Straight Line."

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\$2,400,000 EXPANSION OF G-E RADIO  
FACILITIES

Construction of a new \$1,275,000 building for the assembly and testing of radio equipment for the Army and Navy has been started here according to an announcement by Charles E. Wilson, president of the General Electric Company.

The building, to be equipped at an additional cost of \$1,000,000, is part of a \$2,400,000 project of the Defense Plant Corporation for expansion of radio manufacturing facilities at the General Electric Plant in Schenectady. The program includes purchase and renovation of the old Weber Electric Company plant. It will provide employment for approximately 2000 workers.

The new building, a single-story wooden structure 1000 feet long and 200 feet wide with 200,000 square feet of floor space, is expected to be finished by Oct. 1 and all equipment installed by next June. The Weber plant renovations, which will provide approximately 60,000 additional square feet of floor space, are expected to be completed by the first of next month. Production is already under way in part of this space.

The buildings and equipment financed by the Defense Plant Corporation will be operated by the General Electric Company but title will remain with the government.

Last week it was announced that construction will be started soon on another new building to be erected by the General Electric Company in Schenectady for the manufacture of industrial and radio tubes to be ready for operation in February. A single-story manufacturing section will contain 120,000 square feet of floor space while 15,000 square feet of floor space will be available in a two-story office section.

The new facilities will provide greater capacity for the manufacture of the company's lines of vacuum tubes which include air-and water-cooled radio transmitting tubes, ignitrons, hot cathode mercury vapor rectifiers, thyratrons, high vacuum rectifiers, phototubes, cathode ray tubes, special receiver tubes, vacuum capacitors, measurement tubes, vacuum switches, vacuum and ionization gages, ballast tubes, vacuum flasks and similar products.

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#### NEW FM MONITOR LOUDSPEAKER

A new high-fidelity loudspeaker and high-fidelity amplifier for use in FM broadcast stations is offered by the General Electric Company at Schenectady. The speaker, of single-unit construction, provides high-quality reproduction for the station operating staff and for parts of the station where true high-fidelity reproduction is desirable, such as in audience and sponsor rooms.

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#### FCC ACTION

Southern Calif. Broadcasting Co., Pasadena, Cal., granted construction permit for a new station to operate on 1430 kilocycles, 1 kilowatt, daytime.

Washington Broadcasting Co., Washington, Pa., granted petition for reconsideration and grant without hearing the application for a new station.

Seaboard Radio Broadcasting Corp., Philadelphia, Pa., granted construction permit for a new (FM) station to operate on frequency 48,100 kilocycles for commercial FM broadcasts; coverage 9,300 square miles; population 3,900,000.

Wescoast Broadcasting Co., Wenatchee, Wash., granted construction permit to install a new transmitter and antenna, increase power to 500 watts night, 1 kilowatt day, and change frequency to 560 kilocycles.

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WGN, Inc., Chicago, Ill., granted modification of special temporary authority to operate frequency modulation (FM) station commercially on 45,900 kilocycles, with power of 3 kilowatts, on a temporary basis only for a period of 60 days.

J. E. Rodman, Fresno, Calif., has applied for construction permit for a new broadcast station to be operated on 1340 kilocycles, 250 watts and unlimited hours. (Requests facilities KARM).

WKZO, Inc., Kalamazoo, Mich., has applied for construction permit for increase in nighttime power from 1 to 5 kilowatts.

B3-Z-1210, Wendell Hayes, Joe N  
Hossier Broadcasting Co., Indianapolis, Ind., has applied for construction permit for a new broadcast station to be operated on 810 kilocycles, 250 watts daytime.

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# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

OK

NATIONAL BROADCASTING COMPANY  
GENERAL LIBRARY  
30 ROCKEFELLER PLAZA, NEW YORK, N. Y.

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No. 1359



## FRANCHISE SUGGESTION BECLOUDS TAX VICTORY

The belief that there will be some kind of a working agreement between the Senate Finance Committee and the Federal Communications Committee in an effort to levy a franchise tax on radio stations somewhat dampens the sweeping victory of the elimination from the defense revenue bill of the proposed \$12,500,000 tax on broadcast time. The theory that the broadcasters were still in for something was strengthened by Senator George of Georgia, Chairman of the Senate Committee, saying that the senators had not given up the idea of taxing radio stations and the Treasury Department and the Joint Sub-Committee on Revenue taxation had been requested to study some sort of a franchise tax. The idea of such a tax would be to raise approximately \$2,000,000, enough to pay for the operating expenses of the Federal Communications Commission.

In addition to eliminating the tax on broadcast time the Senate Committee also threw out the proposed tax in billboard advertising. Approved without change was the House schedule which doubled the excise tax on radio sets. On long-distance telephone calls, telegrams, radiograms and cables, the Senate Committee levied a flat 10 per cent tax. The House bill provided a 5-cent tax on messages and conversations costing between 24 and 50 cents, and 5 cents per 50-cents charge above 50 cents. The Senate committee approved the House tax of 5 per cent on all telephone bills. It voted a tax of 10 per cent on leased wire talking circuits; and it voted to exempt leased wires and general ticker circuits and burglar alarm systems from the tax on communications.

It was very apparent to those who attended the Senate Finance Committee hearing the day the radio industry presented its case, that some senators were not enthusiastic about the broadcast time-sales tax. Although it is believed there must have been some previous discussion between the Senate Committee and the FCC of the matter, as it is known their experts had been conferring, the first public discussion of a franchise tax was when Chairman James L. Fly, of the Communications Commission, appeared before the Senate Committee as a witness. Senator Vandenberg asked Mr. Fly if he was opposed to the tax on radio time sales.

"I think it is a pretty dubious tax," Chairman Fly replied.

It was then that Mr. Fly expressed a preference for a franchise tax, but said he believed it should be borne by the other branches of the communications industry - telephone, telegraph and cable.

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He explained that only a portion of the Commission's time was taken up by radio, and mentioned the telephone people as those who should carry a considerable portion of the burden. Mr. Fly said it might be difficult to know how much to charge for a radio station franchise but that this might better be on a basis of coverage rather than power. Senator Bailey remarked that the broadcasting industry "enjoying the franchise given to it to operate in the public domain should be willing to pay well for it." Mr. Fly said he thought that might be true.

Ellsworth C. Alvord, tax expert, speaking in behalf of the National Association of Broadcasters, suggested if the government is to embark on a policy of making industries pay for their own regulation that radio should be one of the first industries picked out for the experiment. Mentioning railroads and some others, he said radio should really be the last. It is almost certain that the broadcasting industry will take this as its cue and put up the hardest kind of a fight to keep from being an initial group for such an action.

Unquestionably the big factors in the defeat of the proposal to tax broadcast time were (a) that it would have set a precedent in the taxing of advertising, inasmuch as a broadcast station revenue is derived from the sale of advertising, and (b) that it would have been a tax on gross income which it was argued would have caused a deterioration in the quality of the service the radio stations are now giving.

Just how soon the Senate sub-committee and the Treasury Department, and as indicated above, the Federal Communications Commission may agree upon recommendations to the Senate Finance Committee with regard to a franchise tax is not known. Senator George remarked if the time were too short for the question of a radio broadcast tax to be considered in the pending bill, it would come up with a later revenue measure.

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#### A. F. OF L. LEGISLATIVE CHAIRMAN OPPOSED BROADCAST TAX

With the Senate Finance Committee dropping the proposed tax on broadcasting stations from the defense revenue bill attention is called to the fact that though the tax was advocated by John B. Haggerty, President of the Allied Printing Trades Association, whose organizations are affiliated with the American Federation of Labor, it was strongly opposed by another representative of the American Federation, W. C. Hushing, Chairman of the Legislative Committee of the A. F. of L.

Testifying before the Senate Committee, Mr. Hushing said:

"The American Federation of Labor, Executive Committee, in its meeting at Chicago this month, adopted the following motion:

"While labor believes that the United States Government

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should levy extra taxes on the people to pay for defense work we do not believe in punitive or discriminatory taxation as a special levy on radio advertising broadcasts."

Now this proposed tax is exactly the type of tax the American Federation of Labor, Executive Council, objects to in that statement. I had no intention of mentioning or in any way referring to in any way those arguments made for or the organizations who advocate this tax. Four of them are affiliates of the American Federation of Labor, and have joined with one organization not an affiliate of the American Federation in advocating this tax. None of the organizations advocating it has a single member employed by the radio stations. It is simply an attempt to deprive the radio industry, a new industry, of some of the work or some of their income and transfer it to an older industry where those who advocate the tax do have members employed.

"On the other hand, we have four organizations directly employed by the radio stations. The radio stations employ approximately 40,000 people. The total membership of the organizations advocating this tax is but 85,000, and it is an interesting thing to note the main point of their contention, which, as I get it, is that it will deprive them of work.

"Of course they do mention the exorbitant profits made by radio stations, but it is not my intent to go into that phase of the question, because I believe that should be and will be taken care of by the excess profits tax.

"Their main idea, apparently, is to transfer work that is secured now by the radio stations, to the newspaper business, and, they contend that their members will lose work as a result.

"Now then, according to official figures submitted by those who advocate the tax, to the American Federation of Labor, since radio stations have come into existence, in the last sixteen years, one of those organizations has increased its membership 11.7 per cent, another 9.25 per cent, still another 37.5 per cent; still another 45.8 per cent, and still another 23.5 per cent.

"This is not a new question to us by any means. In the mid-middle 1890's there was another new industry coming into existence and in one of the Central Labor Unions on the West Coast, which was located in the largest West Coast city, there was an organization which came in with a proposal that no member of the organization of organized labor, ride in an automobile, even to a funeral, and the motion was adopted. This proposal here is on all-fours with and is made for the same reason that that motion was passed through that central body over 45 years ago; and in the future you will probably look back on this proposal in the same manner that you do on the one I have just mentioned."

Here Senator Vandenberg of Michigan inquired:

"Isn't it true that these unions who are suggesting these punitive taxes at the present time may be opening the way for a tax on all advertising by suggesting such a dangerous precedent?"

"That is true," Mr. Hushing replied. "There is some advertising, outdoor advertising, being taxed, but I have left those organizations to speak about that. Now a new industry does make what may be called excess profits, because the pioneers in the field have things pretty much to themselves, but as others see that it is a good thing, they enter that field and competition becomes great with profits correspondingly decreased.

"That happened I think in the automobile industry. The proposal in this bill could well have been made against electric lights, because they put the manufacturers of oil lamps out of business, or could have been made by the candlemakers with the same force when the oil lamp came into use.

"Now that is our view in regard to this broadcast tax section, and we hope you will wipe it out of existence when you report the bill."

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#### RADIO SALES SOAR AFTER NEW RECORD LAST YEAR

As a news-hungry public grows more and more eager to follow latest war developments sales of radio receivers have been soaring to new highs, Dun and Bradstreet report. Retail sales, after setting an all-time record for unit volume in 1940, were running about 20 per cent ahead of last year during the first half of 1941. The expanding demand has outpaced production and dealers have been finding it increasingly difficult to secure merchandise as manufacturers have been forced to allot supplies to distributors on the basis of past orders. Delivery dates have been pushed further and further ahead while backlogs of unfilled orders have piled up at factories.

Producers have been seriously hampered by raw material shortages although no formal reduction in output has been introduced. As defense requirements have tightened supplies the industry has found it necessary to seek substitutes for aluminum, steel, tungsten, nickel, and other materials for civilian production.

Many manufacturers have been able to maintain operations at a high rate through work on defense contracts. It is estimated that Government orders accounted for about 15 per cent of output in August as the industry worked on over \$200,000,000 worth of defense contracts.

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Manufacturers have advanced prices from 5 to 10 per cent on many models and have moved to curb the price cutting which has been prevalent in retail channels. Profit margins have been widened by these policies, as well as by a general trading-up tendency on the part of consumers, and earnings of leading manufacturers were well above last year during the early months of 1941. These were some of the recent developments disclosed in a survey of the radio industry which has just been completed by Dun and Bradstreet, Inc.

Manufacturing activity, as evidenced by employment statistics, has continued at a good rate since last Fall although it has not reached the 1936-1937 peaks. Employment in radio factories advanced contra-seasonally during the early months of 1941 and in July was at the best level since October, 1937.

Sales have made an even better showing than production and unit volume has exceeded all past performances.

Retail sales of receivers in 1940 totalled 11,750,000 sets, 12 per cent above the 1939 peak of 10,538,000 (Radio Today). Dollar volume, reflecting lower unit prices, did not reach 1937 levels although it exceeded both 1938 and 1939.

Sales of all types of sets increased last year with the exception of console models. Auto radios and portables continued to gain wide consumer acceptance, accounting in part for the increase in total sets in use in this country from 45,200,000 in 1940 to 50,197,000 in 1941.

The broadcasting division of the industry continued its steady advance last year with radio advertising showing a faster rate of growth than any other major media. Gross time sales of stations and networks set another record in 1940, reaching \$207,956,000 which represented an increase of 22 per cent over a year ago. Time sales of national networks were running about 10 per cent ahead of last year during the first six months of 1941.

Broadcasters' profits have not kept pace with the marked sales expansion. During 1940 increases in operating costs, higher taxes, and expenditures for the development of frequency modulation, among other factors, were responsible for a 5 per cent decline from 1939 levels in the earnings of the three major networks.

The average retail price of radio receivers in 1940 held at the 1939 low of \$34, compared with \$35 in 1939.

Television has suffered a temporary setback due to the defense program despite the FCC order permitting commercialization this Summer. Priorities on metals, particularly aluminum, affect television receivers more seriously than other types.

In the first six months of this year exports totalled \$12,076,000 as against \$11,054,000 in 1940, a gain of 9 per cent (U.S. Bureau of Foreign and Domestic Commerce).

All branches of the radio industry showed an improvement in the failure record in 1940 and this trend was continued in the first seven months of 1941. Failures among manufacturers, wholesalers, and retailers totalled 76 last year as against 99 in the previous year, a decrease of 23 per cent.

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#### EXPECTS DEFENSE SUBSTITUTES TO IMPROVE SETS

Stating that he had visited more than 100 plants in 12 states, Lewis Winner expresses the opinion that changes in radio manufacture designed to release essential defense metals, will result in the improvement of 1942 radio sets.

"Variable condensers, which consumed over 50 per cent of the 2,000 tons of aluminum used by the radio industry last year, are being replaced with lead-coated steel condensers," he discloses in the September issue of Radio News. By treatment with special liquids, corrosion is entirely averted and there will be less drift and less microphonics, two difficulties that have previously stumped engineers.

Aluminum pieces will be absent from many other portions of the 1942 receiver, Winner adds. Shield cans will be of steel or powdered iron. Impregnated kraft paper, cardboard containers or plastic tubes will cover electrolytics.

"With the pronouncement that nickel was on the critical list, came the fear that tube production would be stopped," he reveals in the Radio News article. "Thus far, production has been reduced, but not sufficiently to cause shortages. Some substitutions that have been affected have to an extent eased the situation. Whether or not metal tube manufacture will be curtailed soon is problematical."

The chassis of 1942 will be of steel or iron, copper flashed or scrap metal sprayed, Winner reports, explaining that plastic chassis for fall production do not seem a probability because of die problems and present fragility of the structure.

Because of the shortage of chromium he says, the beautiful mirror-like finish found on many parts will not appear in 1942, but new designs will actually be an improvement.

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NOTE - Due to the fact that the Government offices will be closed Labor Day there will be no issue of this service Tuesday, September 2.

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HAGGERTY HITS DROPPING OF RADIO TAX

John B. Haggerty, chairman of the board of governors of the Allied Printing Trades Council, criticized the committee's elimination of the radio broadcasting time sales tax. He said:

"It is difficult to understand how the members of the Finance Committee can justify levying taxes on millions of wage workers earning less than \$1,000 yearly, those least able to pay, and exempt from excise taxes the privileged few who operate radio networks and who are yearly deriving millions in wage profits, which profits represent more than 200 per cent and 300 per cent yearly on their investment.

"We have every reason to believe that the Treasury Department and committee experts, as well as the subcommittee appointed by Senator George, will find that the radio networks after payment of rebates and discounts in addition to agency commissions have deprived 25,000 printing trades workers of their jobs and have received net profits of \$40,000,000 in the period 1931-40 inclusive, while the profits for the 1931-35 period were less than \$20,000,000. The printing trades are right and righteousness will prevail."

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PAN AMERICAN NET NOW 35 STATIONS

The National Broadcasting Company has added 14 stations in six Central American Republics to its Pan American network, Frank E. Mullen, vice president and general manager of the company announced.

Covering Costa Rica, Panama, El Salvador, Nicaragua, Guatemala, and Honduras, this new extension assures complete short-wave coverage by NBC's International Division of all the Central American countries and Mexico. Affiliation with Mexico's largest network, 21 stations, was announced by NBC last week, making a total now of thirty-five stations just added to the Pan-American network.

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OPM LIFTS BAN ON PLASTIC CABINETS

The OPM, following representations of the Radio Manufacturers Association last Thursday, modified its August 23 order prohibiting plastics for radio cabinets. Following a conference with OPM and OPACS officials, the OPM yesterday removed its complete prohibition of plastics for radio cabinets and authorized reduced quotas of 75% during September of receiving set manufacturers' orders for plastic cabinets. For October and future months, the OPM in mid-September will review the situation and make further orders.

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While the OPM relief ruling on plastics is temporary and is designed to reduce gradually the production of plastic cabinets, it is expected that plastics for the September 75% quotas of set manufacturers will be substantially available. Also the OPM order of August 23 does not freeze stocks on hand of plastics for radio cabinet production and their use for current orders was also authorized by Deputy Administrator Arthur E. Peterson of the OPM chemical section. The OPM withheld action regarding re-classification of phonographs, escutcheons and other radio parts, which also was urged by RMA. The prohibition of plastics for their manufacture still remains.

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#### FCC ATTORNEY MARRIES SENATOR WHEELER'S DAUGHTER

Allen Saylor, 31 years old, supervising investigator of the Inquiry Section of the Federal Communications Commission, was married August 15 to Miss Frances Wheeler, daughter of Senator and Mrs. Burton K. Wheeler of Montana. The marriage, just announced, took place while the bride's parents were out of town.

Mr. Saylor, an attorney from Illinois, was the FCC's chief witness in the recent press-radio hearing. Miss Wheeler had recently had a position with the National Labor Relations Board at St. Louis.

Senator Wheeler is chairman of the Senate Interstate Commerce Committee which passes upon all FCC matters in the upper House. The marriage of the daughter of another member of Interstate Commerce Committee took place when Miss Francelia Fobey was wed to Dr. Edward Ten Eyck Munson, a physician of Rochester, N.Y. The ceremony took place at the ancestral home of Senator and Mrs. Charles W. Tobey, built in 1789 in Temple, N.H.

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The Seaboard Broadcasting Corporation (WIBG) of Glenside, Pa. was granted a construction permit for an FM transmitter serving the Philadelphia area. Using the call letters WB1PH, the new station makes the fifth FM transmitter approved for Philadelphia,

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Station WWVA, Wheeling, West Virginia, an NBC Blue Network outlet, has been granted a construction permit to increase its power from 5000 to 50,000 watts, unlimited time.

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: : : : TRADE NOTES : : : :  
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Listeners in Latin America and throughout the Orient report greatly improved reception of KGEI, General Electric shortwave broadcasting station in San Francisco, since the recent increase in the station's power from 20 to 50 kilowatts.

"Better than local" read a cablegram from Shanghai. Trade Commissioner Williams in Tokio reported "Reception excellent." The Dutch East Indies gave the same report "Employees Royal Dutch Shell this city compliment you on initial broadcast. Reception excellent."

In Singapore KGEI comes in equally well.

A report on "Furniture Manufacturing Corporations" in the Federal Trade Commission's project for the collection of annual financial reports from a large number of industrial corporations operating in many of the principal industries of the United States was issued last Thursday. The fifteen manufacturers of furniture, whose financial reports are combined, represent fifteen of the more important concerns in this industry from the standpoint of investment and value of goods sold. The classification of "Furniture", refers to corporations primarily engaged in the manufacture of household furniture made of wood commonly used in dwellings, including cases and cabinets for radios and numerous other uses.

Roxie Thorson, trading as Thorson's Soap Lake Products Co., according to Federal Trade Commission findings, represented by circular matter and radio broadcasts that her packaged mineral salt preparations will prevent or cure or be beneficial in the treatment of some 30 ailments, when in fact the therapeutic benefits, if any, of the preparations, are limited to those resulting from their laxative, diuretic and cleansing properties and the products will not accomplish the results claimed.

The O.P.M. Fair Employment Practice Committee to eliminate colored discrimination against colored persons in government jobs, the chairman of which is Mark Ethridge, former President of the National Association of Broadcasters, and a member is David Sarnoff, President of the Radio Corporation of America, reported personally to President Roosevelt at the White House last Wednesday. Ethridge told the President that the committee thus far had received only scattered complaints.

More than 20,000 employees of the RCA Manufacturing Company, Inc., will inaugurate publicly at noon on Sept. 2 a campaign "to beat the promise" made several months ago to meet national defense production requirements.

Recommendations for civilian defense for Washington, D. C., include an emergency air raid precaution equipment \$17,550, and emergency radio for fire department \$13,625.

## FCC AGAIN DELAYS NEW RULES: CBS PREPARES TO SUE

Following notification from the Columbia Broadcasting System that it intended filing suit the Federal Communications Commission postponed indefinitely the effective date of its new chain-broadcasting regulations, which grew out of its two-year investigation of alleged monopolistic practices in radio broadcasting. The new regulations, the effective date of which had already been twice postponed, had been set for September 12.

It was expected at the Commission that the National Broadcasting Company would join CBS in the court appeal.

Through Commissioner T. A. M. Craven, who is himself a one-man commission, all other commissions being away over Labor Day, the FCC announced, in the following statement, that it would hold still another hearing in the bitterly contested matter:

"On August 14, Mutual Broadcasting System, filed with the Commission a petition requesting it to amend its regulations dealing with network option time and the term of affiliation contracts. This petition has been set for oral arguments before the Commission en banc on Friday, September 12, at 10 A.M. At that time the Commission will hear oral argument by Mutual Broadcasting System, and by any other licensees and network organizations who desire to be heard with respect to the chain broadcasting regulations as promulgated, the Mutual petition, or any other modification of any of the chain broadcasting regulations which those appearing desire to propose. All persons wishing to be heard are requested to file appearances with the Secretary of the Commission on or before September 10th. Written briefs may be filed on or before September 12th.

"Broadcast licensees will be afforded opportunity to adjust their operations to accord with rules with respect to chain broadcasting following the Commission's scheduled September 12th oral argument on petition of the Mutual Broadcasting System, Inc., to amend the same. Reasonable time will elapse after disposal of this, and any other petition offered on that occasion, before making such rules effective.

The chain broadcasting regulations will not be placed in effect with respect to existing affiliation contracts, or network organization station licenses, or the maintenance of more than one network by a single network organization, until after the disposition of the Mutual petition and of any other which may be filed."

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## FIDLER CBS ROW REACHES CONGRESS

The switching of Jimmie Fidler, Hollywood commentator, from Columbia to Mutual, who claimed that his radio talks had been censored has been brought to the attention of Congress by Senator Gerald P. Nye of North Dakota. CBS had previously issued the following statement

in connection with the affair:

"Columbia has often differed with Mr. Fidler as to what is legitimate motion picture criticism. If he has found a network which will wholly accept his views on this subject, we are pleased."

Senator Nye addressing the Senate, said:

"Those who are at all conversant with the radio know who is Jimmie Fidler, a radio commentator of wide renown, who, with his sponsors, has recently seen fit to transfer his program from one chain to another because of what appears very obviously to be a control in some manner over radio broadcasting by the moving-picture industry. Mr. Fidler issued a statement entitled 'Radio Censorship Unbearable.' I ask that it may be printed in its entirety in the Record."

Mr. Fidler's statement read, in part, as follows:

"Due to a policy of censorship of speech imposed by the Columbia Broadcasting Co. on me and which has proved oppressive to me, I have asked my radio sponsor (the Tayton Co., manufacturer and distributor of cosmetics) to cancel its contract, or obtain a release of its contract, with that network and permit me to carry on my program over another broadcasting system.

"Despite the fact that I am a recognized motion-picture authority and critic with 21 years' experience, the Columbia Broadcasting Co. insisted that I must give a 'favorable' notice (three or more bells) to all so-called 'big pictures' reviewed by me, and no less than two bells and favorable notice to any 'B' product reviewed by me.

"In other words, even though a picture was downright bad, I was not permitted to say so. If I reviewed it at all, I had to give it good bell ratings and praising reviews. In such cases I chose the only other path left open; I refused to review bad films.

"The only motion pictures the Columbia network would permit me to review honestly (if they deserved panning) were movies produced by independent or small companies, or in other countries.

"My Hollywood column is published in well over a hundred daily and Sunday papers from coast to coast. Certainly they are not going to jeopardize their good reputations by publishing editorial matter that is dishonest, malicious, or unfair.

"I am sending a copy of this statement to the Federal Communications Commission. It seems to me members of that Commission will be interested in Columbia's attitude concerning the rights of fair comment and free speech. Broadcasting systems are not a public utility, but they certainly must owe their public a reasonable responsibility."