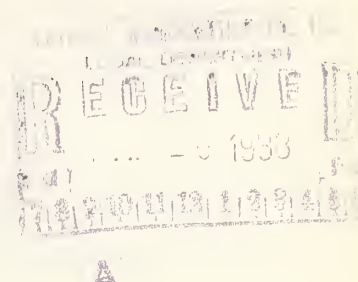


HEINL RADIO BUSINESS LETTER

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March 15, 1938.

CONGRESSMAN RAPS RADIO TAX; BILL MAY BE SHELVED

The 75th Congress will not vote a tax on broadcasting stations, according to present indications, and even hearings on the Boylan-Payne wattage tax bill may not be held this session.

Sentiment against the tax appears to be growing, and even Chairman Doughton, of the House Ways and Means Committee, has indicated his belief that the matter should be dropped at least until the Federal Communications Commission recommends a form of license tax.

Representative Thompson (D.), of Illinois, who earlier stated he would hold hearings on the Boylan bill, said this week he would talk with Representative Boylan (D.), of New York, about postponing action. Afterwards he will issue a public statement.

An example of the sentiment of some members of Congress regarding a tax on radio stations is the attitude of Representative Fred H. Hildebrandt (D.), of South Dakota, who extended his remarks on the subject in the Congressional Record.

Citing the public services of radio stations, Representative Hildebrandt said he is opposed emphatically to any form of special tax on broadcasting. His remarks were occasioned by the House's rejection of the gross receipt tax proposed by Representative McFarlane (D.), of Texas, as an amendment to the 1939 revenue bill.

"I rise to express my opposition to any scheme which would undertake to single out radio stations for special treatment for the purpose of taxation", he said. My opposition to imposing peculiar burdens upon this industry is based primarily upon my concern for the economic welfare of the hundreds of small radio stations in this country which are rendering a necessary local service to their communities. Particularly do I have in mind the radio stations in my State and their importance to the development of rural life.

"In South Dakota there is licensed a total of 11 radio stations. Three of these stations are licensed to and operated by educational institutions. The remaining stations are under commercial management, but likewise render a distinctive public service.

"It is doubtful if those who reside in metropolitan areas fully appreciate the importance of radio broadcasting service in the more sparsely settled rural areas. Radio has developed from a hobby or a plaything into an essential instrument in the daily lives of our rural people. In the State of South Dakota, with a total population of 692,000, representing a total of 160,900 families, surveys made by competent authorities show that of the total of 160,900 families in South Dakota there are 114,600 families with radios in the home. In other words, radios are in the homes of more than 71 percent of the families of South Dakota.

"In the different agricultural areas of this country radio has become an almost indispensable incident to farming. With the cooperation of State and Federal agricultural agencies, radio is progressively improving its technique as an aid to farmers. The broadcasting of market news, of crop and live-stock reports, and weather information is an important service to the farmers of my State as well as the farmers everywhere. In addition, there is disseminated by means of radio invaluable technical and other information to farmers that enables them to obtain in a practical way important scientific developments in the field of agriculture. Thus it is clear that the utility of radio in agriculture has become an established fact, and its future development should not be encumbered by onerous taxation which will in any manner impair the opportunity to continue to perform this needed public service.

"I am certain that the conditions with respect to radio in my State are similar to those in the other great agricultural regions of the country. Through the medium of radio there is brought to the 114,600 families of my State great music which otherwise they would never have the opportunity to hear. Also, the other programs originating from the stations in metropolitan areas bring a type and character of entertainment which is a great boon to those who would otherwise have no chance to receive such entertainment. Through the radio the world is brought to the homes of these people and because of this fact, people of South Dakota and all other agricultural States have the opportunity to be as well informed about national and international affairs as do those citizens of our great cities where the other facilities for distributing information are available in greater abundance.

"It is my understanding that radio stations devote on the average about 50 percent of their time to programs from which they receive no revenue. These programs include speeches by the President of the United States and other public officials, broadcasts of great symphony orchestras, and interesting special events of various types. Radio stations, by virtue of the license which they receive from the Federal Government, assume an obligation to perform this public service. The performance of this service is possible only because of the fact that they receive revenue from commercial sponsors. To impose a special tax upon

the broadcasting stations which would result in diminishing their revenue would certainly mean that expenditures for the sustaining type of program would necessarily be reduced and the service which radio stations are now performing would suffer. Moreover, any proposal to tax advertising is an unsound economic principle. Advertising is 'an attempt to sell' and taxing this essential function in the production and distribution of goods would place an additional obstacle in the way of efforts that are being made to revive and stimulate the processes of production. Therefore, I submit that there is no justifiable reason to subject this great mass communication industry to what amounts to punitive treatment.

"Radio has a definite function to perform in its service to the people. It has been my observation that the responsibility to the people which broadcasters have assumed has been well met. Because of the importance of the continuous service which radio is performing for the people of my State, I desire to record emphatically my opposition to any measure to place an unjustifiable burden upon broadcasters and thus tend to destroy or curtail their service to the people."

Representative McFarlane, in an extension of his remarks in the Record, defended his tax proposal.

"It provides an excise tax of 10 percent of the gross receipts of all radio broadcasters. Measures providing for taxes of this type have been pending before the Committee on Ways and Means at various intervals since 1927. It is costing the Government each year in excess of \$2,000,000 to maintain the Federal Communications Commission, and no part of this sum is provided by the industry supposed to be regulated. It is estimated this tax will not work a hardship upon the industry, since the industry is taking from the smaller and the larger newspapers of this country, which are not favored by a free license and a radio broadcasting station, more than \$140,000,000 each year in legitimate advertising. They are not contributing one red cent toward the maintenance of the Federal Communications Commission, which last year cost more than \$2,250,000 to operate.

"These radio stations receive a free license to operate by the Government, and these licenses, through trafficking by the owner, we find to be very valuable; and since these radio stations own little property and collect enormous fees for advertising, it seems they should pay a reasonable tax to the Government. Certainly under this tax bill we need the revenue, and the small newspapers of this country that do not own radio stations and need relief will appreciate your vote."

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RADIO MAKER'S AVERAGE WAGE HIGH; EMPLOYMENT DROPS

The average wage for workmen in the radio manufacturing industry compares favorably with other industries, Bond Geddes, Executive Vice-President of the Radio Manufacturers' Association, declared this week in commenting on preliminary figures from a U. S. Bureau of Labor Statistics survey.

"The preliminary figures reported an industry average last August of 60.9 cents an hour (since increased) for workers in receiving set manufacture, both male and female, and 47.9 cents hourly for employees of parts and accessory factories", he said. "The present all-manufacturing national average is 66.6 cents. Wages in tube factories were not carried in the preliminary figures but will be included in the final report. This also will contain breakdowns on various geographical manufacturing districts except for the tube statistics which will be on a national basis.

"The industry average of male workers in receiving set factories was 69.6 cents per hour, and 50.4 cents hourly for female workers. Among employees of parts and accessory manufacturers the average hourly earnings for male employees was 54.5 cents and 41.8 cents for female workers. The industry average, however, for all workers in the radio industry, according to the latest official report, for December, 1937, was 63 cents per hour.

"Radio workers' wages compare most favorably with those of other comparable industries. Following are the last December average hourly earnings in other industries: jewelry, 61.3 cents; clocks and watches, 58.5 cents; stamped and enameled ware, 61.8 cents; cutlery, 61.2 cents; lighting equipment, 67.5 cents; electrical machinery and apparatus, 74.8 cents, and the highly paid automobile industry average of 9.5 cents."

Simultaneously, the Bureau of Labor Statistics report a sharp seasonal decline, 20.9 percent, in the number of workers in radio factories during December, 1937. Decreased employment was reported in seventy-nine of eighty-nine various manufacturing industries reporting to the Department of Labor.

The radio factory employment decrease of 20.9 percent last December followed a decrease of 21.9 percent last November. The December, 1937, employment in radio factories was 38.8 percent below that during December, 1936. The December, 1937, index figure was 124.0, compared with the November index figures of 156.7.

Radio factory payrolls last December declined 19.7 percent from the previous month, and were 41.0 below December, 1936, payrolls. The December index figure on payrolls was 98.7 percent, against 123 percent in the previous month, and 165.5 percent in October.

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CROSLEY TAKES OUT FINCH FACSIMILE LICENSE

Powel Crosley, Jr., President of the Crosley Radio Corporation, Cincinnati, has taken out a license under the Finch facsimile patents for all of his stations and has placed an order for facsimile equipment for WLW, 500,000 watts, the nation's most powerful broadcaster. Later, similar Finch equipment will be installed for WSAI, 5,000 watts, as well as equipment for the three Crosley short wave stations, W8XNU, W8XAL and W8XIR.

WLW intends to place facsimile recorders in different localities during the testing period which will begin from 1 A.M. and last through until 6 A.M. in the morning.

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EGYPT TO EQUIP POLICE CARS WITH RADIOS

The State Police of Egypt will shortly inaugurate an automobile radio service for scout cars similar to that used in this country and Europe, according to a report to the Department of Commerce from the office of the American Commercial Attache at Cairo.

Under the present plan the six American-made automobiles which are at present operated by the Cairo city police will be equipped with radio receiving sets of a standard 5-tube type, the report stated. The necessary apparatus for a central broadcasting station for the police cars will be located at police headquarters in Cairo.

Although it is believed that the necessary equipment for this new service would be purchased in the United Kingdom, there is a possibility that the order may be placed with an American firm, it was reported.

It was expected locally that should the radio police car system in Cairo prove successful, the service would be extended to the city of Alexandria in the near future.

Inasmuch as there seems to exist a possible opportunity for the sale of American equipment, interested American firms and individuals should address detailed offers direct to the Inspector General of the Egyptian State Railways, Telegraphs and Telephones at Cairo, Egypt, the Commerce Department stated. However, in the event that any interested American firm is represented in that country, they should request their local representatives to approach the Radio Telegraph Section of the Administration.

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PROSPECTIVE NAB PRESIDENTS REDUCED TO DOZEN

The Executive Committee of the National Association of Broadcasters has reduced the list of prospects for the job of paid president of the NAB to a dozen, it was learned this week, as the Association's Directors prepared to meet in Washington next Monday.

An announcement of the choice is expected to be made following the Directors' meeting. The Executive Committee, however, has refused to disclose the narrowed-down eligibility list until a report is made to the Board.

Some of the names still being mentioned as possibilities in broadcasting circles, however, are: John G. Winant, former Governor of New Hampshire; Robert M. Hutchins, President of the University of Chicago; former Senator C. C. Dill; Stewart McDonald, Federal Housing Administrator; M. H. Aylesworth, former President of the National Broadcasting Company, and Harless Branch, Second Assistant Postmaster General.

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UNION MUSICIAN LICENSES LOOM FOR INDEPENDENTS

Several hundred independent broadcasting stations may have to enter into negotiations with the American Federation of Musicians and obtain AFM licenses, as did their colleagues, the network-affiliated outlets, it was learned this week.

Following a conference between Philip G. Loucks, Special Counsel of the National Association of Broadcasters, and Joseph N. Weber, President of AFM, a truce was declared until after a meeting of the NAB Board of Directors in Washington March 21st.

So far no direct demands have been made on the independent stations, but AFM demands on the makers of transcriptions and phonograph records have induced the latter to make an appeal to the broadcasters still unlicensed by the musicians.

At a meeting in New York last week the transcription and recording company representatives drafted a letter to be sent to all independent stations pointing out that the AFM objects to sending recordings to stations as yet unlicensed on the ground that they are on the "unfair" list.

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SIX HEARST STATIONS ON MARKET; OTHERS ARE BID FOR

Confirming earlier reports, Broadcasting magazine this week stated that six of the ten radio stations operated by William Randolph Hearst are in the process of being sold and that bids have been made for other Hearst radio properties.

The deal, which must be approved by the Federal Communications Commission, will be the largest in radio history, surpassing the hitherto record sale of KNX, Hollywood, to the Columbia Broadcasting System for \$1,300,000.

If all of Hearst's radio properties are disposed of, as it now appears they will be, Elliott Roosevelt, son of the President, will find his job as President of Hearst Radio, Inc., which he assumed January 1st, dissolved with the discontinuance of the Hearst subsidiary.

FCC officials stated that they have had no official word of the Hearst negotiations, but applications for approval are expected as soon as the deals are consummated.

As previously reported, KEHE Los Angeles, has already been sold to Earle C. Anthony, owner of Stations KFI and KECA, for \$400,000, subject to FCC approval.

Other deals said to be under negotiation are:

Sale of four Southwest Hearst stations (KOMA, Oklahoma City; KTSA, San Antonio; WCAO, Waco, Tex.; and KNOW, Austin, Tex.) and the International Radio Sales and International Radio Productions to a group of unnamed business men for approximately \$900,000. The option is said to expire March 20th.

Sale of WINS, New York, to Col. Arthur O'Brien, Seattle attorney and former Democratic National Committeeman, for \$250,000.

A bid also is reported to have been made for WBAL, Baltimore. WCAE, Pittsburgh, the most profitable Hearst station, is said not to be for sale, whereas WISN, Milwaukee, and KYA, San Francisco, may be disposed of if an adequate offer is made for them.

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MRS. JENCKES AIRS VIEWS ON BOAKE CARTER IN RECORD

Representative Virginia E. Jenckes (D.), of Indiana, who some weeks ago started a controversy with Boake Carter, radio commentator, aired the feud at some length in an extension of remarks in the Congressional Record this week.

Her blast also took in the Philco Radio & Television Corporation, of Philadelphia, which was sponsoring Carter at the time, and the Columbia Broadcasting System, which carried his comments. She said she was filing official charges against all three with the Federal Communications Commission.

The attack had its origin in the remarks of Boake Carter regarding Mrs. Jenckes' suggestion to uproot the Japanese cherry trees in Washington and substitute American cherry trees. The suggestion was made during a patriotic address in Washington.

Mr. Carter in his radio commentary poked fun at the idea and expressed the hope that other members of Congress would not concern themselves with such trivialities.

Mrs. Jenckes in her extension of remarks inserts correspondence she had with the Labor Department regarding Boake Carter's citizenship, the list of stations which carried his remarks, a published column on the subject by Mr. Carter, and other data.

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GERMANY TO BUILD NET OF OUTDOOR RADIO LOUDSPEAKERS

A network of 6,000 outdoor loudspeakers is to be established in large German cities in the course of the next six years, according to a report by the American Consulate General at Berlin made public by the Department of Commerce.

These loudspeakers, which are designed for the broadcasting of addresses by Government officials and other events of national interest will be erected on large hexagonal columns on the six sides of which advertising space will be rented, the report stated.

A similar network of such loudspeakers, though smaller and without advertising space, will be established in the smaller municipalities and villages, according to the report.

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 :::: TRADE NOTES ::::
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American radio exports declined for January, 1938, the U. S. Bureau of Foreign and Domestic Commerce, reporting a decrease of 37.2 percent compared with January, 1937. Total January exports were \$1,624,032, compared with \$2,584,207 in January, 1937. Principal set export decreases reported were with France, United Kingdom, Canada, Argentine, Peru, Mexico, and other Latin American countries, British India, and New Zealand, although an increase in set exports to the Union of South Africa was reported. The larger decline in tube exports were on sales to France, Belgium, Canada, Australia, Argentine, and Peru, but tube exports to Mexico increased. Material decreases in parts and accessory exports occurred in sales to the Netherlands, Norway and Sweden, United Kingdom, Canada, and Latin American countries, while substantial increase of parts exports were made to Malta and Cyprus, Switzerland, New Zealand, and the Union of South Africa.

Station WALA, Mobile, Ala., on June 1st will become affiliated with NBC's Southern Group. WALA will serve as an optional station on either the NBC-Red or NBC-Blue Networks. The station, owned and operated by W. O. Pape, is on the air with a day power of 1,000 watts and a night power of 500 watts. It operates on a frequency of 1380 kilocycles and is the only station in Mobile.

WOR, Newark, has renewed its contract with Transradio Press Service for a three year period, according to Alfred J. McCosker, President of the Bamberger Broadcasting Service. This new agreement, Mr. McCosker stated, was prompted by increased public demand to receive latest up-to-the-minute bulletins on the progress of world affairs at more frequent intervals. The new contract includes the right of WOR to use Transradio news in facsimile work.

Tentative plans for the fourteenth annual RMA convention and membership meetings at the Stevens Hotel, Chicago, June 7-8, in conjunction with the National Radio Parts Trade Show will be made at a meeting in April of the RMA Board of Directors.

New radio police communication systems are proposed in appropriation bills introduced in the New Jersey and Virginia Legislatures. The New Jersey bill contemplates an expenditure of \$465,000, and the Virginia system \$150,000, including broadcast stations.

The General Electric Company plaque, awarded annually for the best "on the air" record among stations owned and managed by the National Broadcasting Company, has been presented to the transmitter staff of Station WEAJ, 1937 winners, at Bellmore, Long Island. The trophy, presented by Chester Lang, General Electric Company executive, was accepted by Gerald Gray, station engineer at WEAJ. The silver plaque is awarded on the basis of the least time off the air due to equipment failures or errors of station operating personnel. The record of WEAJ, key station of the NBC-Red Network, for 1937 was 3 minutes and 29 seconds, of which only 10 seconds were chargeable to personnel errors. WEAJ's total time on the air during the year was 6,380 hours and 24 minutes.

Following vigorous opposition by the Radio Manufacturers' Association, a "luxury" tax bill introduced in the Kansas State Senate, which included a proposed 2 percent sales tax on radio receiving sets selling for more than \$50, has been killed. The proposed legislation died with the adjournment of the special session of the Kansas Legislature, according to advices to RMA and follows similar results with similar legislation which RMA has opposed in other States.

Frank Braucher, Vice-President in Charge of Sales at WOR, has announced the appointment of Eugene S. Thomas as Sales Manager of the station. Mr. Thomas has been Assistant Sales Manager for the past two years and prior to that was Manager of the Sales Promotion Department. He joined WOR in 1934.

An increase in power for Station KVOL, Lafayette, La., from 100 watts to 250 watts daytime on 1310 kc. was recommended to the Federal Communications Commission this week by Examiner George H. Hill.

Clifford P. Hougland, Oscar Katz, and Fred Mahlstedt have recently joined the Columbia Broadcasting System as members of the Research Department. All three are working under the direct supervision of Dr. Frank N. Stanton, Manager of the Department. Mr. Hougland came to Columbia from the American Mutual Liability Insurance Company; Mr. Katz was formerly with National Markets Analysis, Inc., and Mr. Mahlstedt with Arthur Kudner, Inc.

A power increase of from 500 watts to 1 KW-5KW on 1400 kc. was recommended to the Federal Communications Commission this week for Station KLO, Ogden, Utah, by Examiner Tyler Berry.

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