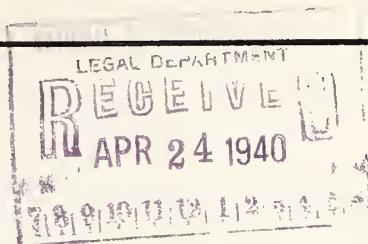


HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



INDEX TO ISSUE OF APRIL 23, 1940

Labor Drive On Radio Ads Brings Press Protest.....	2
Radio Excise Tax Collections Up 26.4%.....	4
Sees 25,000 Television Sales In N.Y.C.....	4
An Ex-Commissioner Comments On FCC Chairman.....	5
"What Is ASCAP?"; ASCAP Has The Answer.....	6
FCC Sees No X-Ray Dangers From Television.....	7
"Listen Before You Vote", Promotion Slogan.....	7
A.P. Votes To Broaden Radio News Policy.....	8
Radio Exports Increase This Year.....	8
Trade Notes.....	9
RCA Exhibits Electron Microscope To Scientists.....	10
Peare Succeeds Lang At General Electric.....	10
Almonte NBC Host "After Hours".....	11
Chicago Police Find F.M. Superior To A.M.....	11
Consumers Found Cool Toward Television.....	12

No. 1228

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April 23, 1940

LABOR DRIVE ON RADIO ADS BRINGS PRESS PROTEST

A mail campaign by the International Allied Printing Trades Association to unite publishers and other interested parties in a fight to curb radio advertising brought a reproof this week from Editor & Publisher, the newspaper publishers' organ.

The campaign is being directed from the Washington headquarters of the Printing Trades Association, which represents 150,000 tradesmen in 900 cities of the United States and Canada. Its chief interest, it was explained, is protection of jobs of its members.

Over the signature of John B. Hagerty, President, the Association last week sent letters to all newspaper and magazine publishers in the United States.

"For the year 1939, the gross sales of radio time amounted to \$171,113,813, while the gross volume of national magazine advertising was \$151,484,530", the letter stated. "The radio advertisers not only paid this sum of \$171,113,813 to the radio stations but, in addition thereto, they paid many additional millions of dollars for music, entertainers, royalties, etc. While newspaper advertising in 1939 increased 1.5% over 1938, magazine advertising increased 9.1% over 1938, national farm publications advertising increased 2.6% over 1938, radio station and radio chain advertising increased 15.9% over 1938.

"Magazines and newspaper plants represent large and substantial investments and provide employment for many thousands of organized workers while radio stations, in most cases, represent but a small investment for physical equipment and provide employment for a relatively small number of persons.

"While radio broadcasting licenses are issued by our government, without cost to the holders thereof, through the reports of the Federal Communications Commission we note that the present value of these licenses represent vast money."

The letters to publishers asked "what plans, if any, have been considered or what plans may be considered to correct this situation which has already proven most harmful to the best interests of printing trades workers and their employers".

Although no mention is made of the Association's own plans, it is reliably reported that new restrictions on radio broadcasting are considered by the labor group to offer the solution. Breakdown of the chains, restoring stations to local

ownership, has been suggested. With newspapers owning or controlling about one-third of the licensed facilities, the printing trades believe the advertising reduction program might "begin at home", in the interest of protecting the more costly investment -- the publishing plant.

Under the heading "Off on the Wrong Foot", Editor & Publisher said:

"Editor & Publisher is wholeheartedly in favor of any plan which will bring advertising back to newspapers, but it does not believe that that result can be accomplished by turning back the clock. Breaking up the radio chains by Commission or Congressional action will not reduce the number of radio stations now competing for the advertiser's dollar. Neither will an attempt to restrict stations to local ownership be made. The logical result of either step will be substitution of cooperative selling for joint ownership. The basic problem will still be unsolved.

"Printed media can only prosper by aggressive promotion of their own merits, by demonstrating that they can do a better job for the advertiser at a cost no higher than that of their competitors. We firmly believe that such a case can be made, especially for and by the newspapers which represent the bulk of investment and employment in the printing trades. The daily newspapers have already undertaken a positive, forward-looking, campaign, under the auspices of the Bureau of Advertising, and it is already producing results. They have avoided the negative, and futile, attempt to legislate radio competition out of their way.

"If the Printing Trade Association is off on the wrong foot, and we believe it is, if our information on its plans is correct, the same observation can be fairly made about many newspapers. Approximately one-third of the nation's radio facilities are now owned by or closely related to daily newspapers. The bulk of the promotion of radio as an advertising medium is now appearing over the signatures of these newspaper-radio combinations. And we can say with authority that the promotion directed to advertisers by these combination interests has recently been, in total bulk, more heavily concentrated on the radio than on the newspaper story.

"We suggest that the proprietors and workers in the printed media do indeed have a common interest, and that a common strategy against broadcast competition is quite in order. They might begin on the basic principle all they can't hope for legislation which will cripple broadcasting as a communications medium, and that if they could, it would do them little good. That program is totally lacking in realism. We want none of that, and we need none of it; the printed word is every bit as effective as it ever was, and it will prosper best by impressing that fact upon the consciousness of all America.

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RADIO EXCISE TAX COLLECTIONS UP 26.4%

An increase of 26.4 percent in March, 1940, of radio excise tax collections brought the total payments of the 5 percent Federal excise tax for the first quarter this year to a point 31.8 percent higher than the similar quarter ended March, 1939. The latter were 52 percent above the collections during the first three months of 1938.

The current Bureau of Internal Revenue report on tax collections reported collections in March, 1940, of the 5 percent Federal excise tax on radio were \$445,871.21, an increase of 26.4 percent over the March, 1939, radio taxes of \$352,648.84, although the collections last month were below the February, 1940, radio collections of \$632,977.54. March collections of excise taxes on refrigerators decreased, being \$933,517.15 last month compared with \$954,436.34 in March, 1939.

The radio tax collections for the first three months ended March 31, 1940, totaled \$1,756,911.52, compared with radio taxes in the first quarter of 1939 totaling \$1,332,993.99, an increase of \$423,917.53, or 31.8 percent over the first quarter of 1939.

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SEES 25,000 TELEVISION SALES IN N.Y.C.

Within a year after the Federal Communications Commission permits commercial television programs, more than 25,000 television receivers will be sold in the New York area alone, according to Thomas F. Joyce, Vice President and Advertising Director of the RCA Manufacturing Company, Camden.

Mr. Joyce made his predication at the Spring convention of the Society of Motion Picture Engineers at Atlantic City, according to the New York Times. He said television was a potentially gigantic industry that eventually would employ hundreds of thousands of workers. Thirty stations in eighteen cities had applied to the FCC for television licenses, he declared.

"Six of these have already been granted", Mr. Joyce declared, "and if the others are granted, up to 10,000,000 families will be within range of home television service. If these stations begin sending out television programs, at least 1,000,000 television receivers will be purchased by the American public in five years."

He said he did not believe television would hurt good movies and urged the motion-picture industry to assist in the development. Condensed previews of the picture could be presented by television to the home audiences, he said, and potential stars would be able to get their test in television.

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AN EX-COMMISSIONER COMMENTS ON FCC CHAIRMAN

One of the most severe criticisms to be published of James L. Fly, Chairman of the Federal Communications Commission, since the reopening of the television inquiry, is carried this month in the current issue of Radio and Television Today, by Orestes H. Caldwell, editor and former member of the Federal Radio Commission.

"Every man in the radio business will be stunned at the full implications of the new government policy by which the FCC Chairman presumes to dictate how and when radio merchandise shall be sold - and even addresses the public with advice not to buy radio products which lack his approval!" said Mr. Caldwell in an editorial.

"Of course, as everyone knows, there is today a patent struggle involved at Washington. At this time, the radio industry's engineers cannot agree on uniform recommendations for future operations. With the radio industry thus divided, government officials have seized the opportunity for an outrageous assumption of authority to meddle into merchandising - an attack that concerns the future of every manufacturer, every distributor, every dealer and every serviceman.

"If such a policy is persisted in, we may see the FCC demanding further air-time from its helpless broadcast licensees, to publicly interfere with the merchandising of radio receiving sets, combination-phonographs, and other associated products.

"Servicemen may hear a Washington voice coming over sets they have just fixed, advising Mrs. Jones against purchasing the very tubes they have just installed.

"Dealers making receiver demonstrations may suddenly hear bureaucrats counselling their customers to buy no push-button sets or no FM sets, because 'still newer things are ahead' in the bright future of radio. Or, the capricious and political-minded Commission, today officially approving FM, may 30 days later be cautioning the public against the new system because it will obsolete 45 million existing receivers!

"The FCC was created to serve as traffic cop of the wavelengths only. There it is needed and is unquestionably boss! But when its autocratic arm reaches over into the homes and stores and service-benches of America and attempts to order or advise what shall be purchased and what shall not, it is time the whole radio industry and trade united to shut bureaucracy out of our end of radio!

"Every dealer and every distributor should clearly understand that the issue now involved is no longer television alone, but the sale of radio sets and supplies - your business! The trade must realize that government through this approach, is

creeping in on the \$400,000,000 radio business itself, from which 200,000 families derive their support.

"So the whole radio industry, whatever its temporary internal differences of opinion, must keep alert to the greater danger that besets each individual business through government meddling. It is time for all radio interests to unite in demanding that in the merchandising of radio the government keep

"Hands Off!"

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"WHAT IS ASCAP?"; ASCAP HAS THE ANSWER

The American Society of Composers, Authors, and Publishers has sent out from its New York headquarters folders titled "What is ASCAP" and answering the query in the following five pages.

Pointing out that ASCAP is a "non-profit" association, the folder adds:

"It is dedicated to the principal that 'no man or woman in the United States who writes successful music, or anyone dependent upon them, shall ever want.'

"Membership in the Society is available to every citizen of the U.S.A. who is a qualified composer, author or publisher of musical works. Membership is not available to mere aspirants in these fields, but only to persons who have proven their right to recognition by having created actually published successful works of a type such as are performed in establishments licensed by the Society.

"The American Society of Composers, Authors and Publishers bespeaks the good will of the millions of people in our country who are daily entertained, amused and moved by the musical compositions created by our members."

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Radio appears destined to play an important role in Argentina's educational curriculum, according to U. S. Vice Consul Joe D. Walstrom, Buenos Aires. For the past few months the Government "School of the Air" has been making experimental transmissions from the official station in Buenos Aires and recently broadcast its first primary educational course. In addition to daily transmissions for the primary grades, it is planned to have three different types of evening programs arranged for parents, teachers, and adults desiring elementary education. The "School of the Air" is under the joint supervision of Argentine educational authorities and the Department of Posts and Telegraphs. The project still is in a preliminary stage, since only a few of the local schools are equipped as yet with satisfactory radio receiving sets. However, plans now are under consideration whereby each school will acquire complete reception facilities.

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FCC SEES NO X-RAY DANGERS FROM TELEVISION

A timid radio listener has written to the Federal Communications Commission to suggest "the danger from X-Rays to which the public will be subject in the use of television receiving sets.

"According to the best available information", the FCC states in reply, "the efficiency of X-Ray generation at the voltages employed in cathode-ray television systems is extremely low, and any X-Rays so produced are of such low penetrating power as to be completely absorbed by the glass walls of the tube. Not only is this true of cathode-ray tubes in television receiving sets, but also of the tubes used in transmitters. In neither case do engineers consider there is any danger from X-radiation."

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"LISTEN BEFORE YOU VOTE", PROMOTION SLOGAN

A national campaign for general radio promotion of the National Association of Broadcasters and the Radio Manufacturers' Association was approved and provision made for its continuance by the RMA Board of Directors at its meeting last Thursday, April 18, at the Hotel Roosevelt, New York City. Toward the NAB-RMA campaign, designed to promote sales of the manufacturing industry, as well as the interests of broadcasting, the RMA Board matched a substantial appropriation recently made by NAB. "Listen Before You Vote" will be a prominent feature during the presidential election campaign of the joint promotion project, and it will include factors for sales promotion of tubes, parts and accessories, as well as receiving sets.

No action relating to television or frequency modulation problems was taken by the RMA Board of Directors, and there was no discussion of either except for factual reports of recent official action in Washington.

Further steps toward clarification of tube advertising rules in the Fair Trade Practice Rules promulgated by the Federal Trade Commission were taken by the RMA Board.

Tentative plans for the Sixteenth Annual RMA Convention and Radio Parts National Trade Show at the Stevens Hotel in Chicago, June 11-14, were approved by the RMA Board.

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A.P. VOTES TO BROADEN RADIO NEWS POLICY

Members of The Associated Press moved at their fortieth annual meeting in New York City this week to broaden the organization's policy covering use of its news services for sponsored radio programs.

Kent Cooper, General Manager, in his annual report of the Directors, said:

"Early this year, the Board directed that the members be polled to obtain an expression of views as the result of the increased use of news in broadcasting. The following are the results: 939 members replied; 302 members failed to reply. Of those replying, 674 unconditionally favored liberalization, 231 unconditionally opposed liberalization; thirty-four conditioned their replies or left it to the judgment of the Board.

"The Board feels that this is a clear expression of the wishes of the membership to make every effort to develop the advances of this field. The Board calls attention to the fact, however, that the field has been intensively developed already by the news agencies and only experience can determine the addition to revenues which may result."

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RADIO EXPORTS INCREASE THIS YEAR

Radio exports last February continued to show the increase begun in January, according to the current February report of the U.S. Bureau of Foreign and Domestic Commerce. Radio exports last February totaled \$1,772,464, a substantial increase over the February 1939 exports of \$1,372,572.

Receiving sets exported last February numbered 45,056 valued at \$732,041, compared with February 1939 exports of 32,419 valued at \$704,409.

Radio tubes exported last February totaled 654,968 valued at \$240,894, compared with February, 1939, exports of 402,859 tubes valued at \$173,947.

Parts and accessory exports total \$558,511 this February as compared with \$329,748 in February, 1939.

Loud speaker exports numbered 27,667 valued at \$36,067 this February as against 17,621 speakers valued at \$29,104 in February, 1939.

Transmitting apparatus exported last February was valued at \$206,575, against \$135,364 in February, 1939.

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 ::: TRADE NOTES :::
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The entire thirty-ninth floor of 521 Fifth Avenue, New York, has been leased for a long term of years to Transradio Press Service, Inc., now located at 342 Madison Avenue, where it began its existence in one small office room in 1934. Occupancy will be taken May 1.

James J. Walker, former Mayor of New York City, has leased space in the International Building, Rockefeller Center, New York City, for headquarters of the National Association of Performing Artists, of which he is President. The purpose of the body is to protect radio, television and recording artists from unauthorized use of their recordings. It numbers among its officers Fred Waring, Paul Whiteman, Meyer Davis, Al Jolson, Frank Crumit and Don Voorhees.

A New York has asked the Federal Communications Commission about "regulations relative to rates which may be charged by standard broadcast stations for the use of their facilities". The Communications Act stipulates that stations engaged in program broadcasting are not common carriers. They are not subject to rate regulation as are common carriers such as the telephone and telegraph. Hence, the matter of charges is one resting between the stations and the sponsors.

Bills in the Kentucky and Virginia legislatures to prohibit radios in automobiles capable of receiving police signals have failed of enactment, according to information to RMA headquarters. Both died with the adjournment of the two State Legislatures, although the Kentucky bill had been favorably reported and reached second reading. Another Kentucky bill, to establish a State Electrical Administrative Board, died in the House, but the Virginia Legislature passed a bill to establish an "Electrical Administrative Board" to regulate and control the installation and alteration of electrical wiring, fixtures, appliances and equipment, the latter excepting automotive equipment.

The Federal Communications Commission still receives inquiries as to a "license for the operation of radio receivers". The answer, of course, is that no such Federal license is required.

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RCA EXHIBITS ELECTRON MICROSCOPE TO SCIENTISTS

The Radio Corporation of America last Saturday demonstrated a new and powerful electron microscope before the American Philosophical Society in Philadelphia.

The microscope was said to have a "useful magnification" of 100,000 diameters or more and was hailed as a new "eye" in the fields of biology and medicine.

Biologists present suggested that the instrument, ten feet high and weighing about 700 pounds, might open up new worlds now invisible to light and possibly bring into view for observation hitherto unseen filtrable viruses responsible for many human illnesses.

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PEARE SUCCEEDS LANG AT GENERAL ELECTRIC

Robert S. Peare, President and General Manager of the Maqua Company, a large printing and engraving concern affiliated with General Electric in Schenectady, has been named Manager of the Publicity Department of the General Electric Company. He will assume his new duties at once, succeeding Chester H. Lang, who becomes Manager of Apparatus Sales for the company.

In his new position Mr. Peare will also serve as Manager of Broadcasting for the company with responsibility for operation of its stations, WGY, Schenectady; KGO, Oakland and KOA, Denver, as well as international broadcasting stations WGEO, WGEA, and KGEI; frequency-modulation station W2XOY, and television station W2XB.

Mr. Peare, a native of Bellmore, Indiana, entered the employ of the General Electric Company as a student in the Accounting Department two months after graduating from the University of Michigan in 1922. The following May he was transferred to the Advertising Department where he remained until September 1, 1923, when he returned to the Statistical Section of the Accounting Department and a year later became Assistant to the Chief Statistician. In October, 1926, he was elected Secretary-Treasurer of the Maqua Company and three years later became General Manager. On January 1, 1934, he was elected President and has continued to fill these positions to the present time.

Mr. Lang joined General Electric in 1919 as a traveling auditor and has been Assistant Manager of the Publicity Department and Comptroller of the Budget. He organized the Company's Market Research Bureau in 1932.

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ALMONTE NBC HOST "AFTER HOURS"

Sponsors and advertising executives have been invited to visit NBC after hours and meet NBC's "official host" - Juan de Jara (John) Almonte, who is the major domo of nighttime operations at Radio City.

The invitation was extended by Roy C. Witmer, NBC Vice President, in a letter which accompanies a folder called "After Hours". In his letter, Mr. Witmer explains that it would be a swell idea if all regular NBC contacts could be on the job at all times, but that being impossible, that is where John Almonte fits into the picture.

"After hours", Mr. Witmer writes, "he's practically the National Broadcasting Company, as far as your needs and desires are concerned. Considering his experience, his years in the business and his close, daily touch with sales and program activities, you'll find his help a definite convenience. You ought to take every advantage of it."

The folder, illustrated with a picture of Mr. Almonte, gives his background and says:

"Perhaps if it were possible for a large organization such as NBC to capture and crystallize its personality in a single human being, John Almonte might reasonably assume that role."

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CHICAGO POLICE FIND F.M. SUPERIOR TO A.M.

Recent tests by the Chicago Police Department of the frequency modulation type of broadcasting developed by Maj. Edwin H. Armstrong of Columbia University have proved it superior to the amplitude modulation method and the department plans to install the new system for the 200 radios of its squad cars, according to a Chicago correspondent of the New York Times.

The tests were made under the supervision of Fred H. Schnell, radio engineer of the Chicago department, using a hand-constructed set built for the purpose by a radio concern of New York City.

The Federal Communications Commission has authorized experimental use of frequency modulation in police radio. The Chicago police force, so far as is known, is the first to avail itself of this method.

Mr. Schnell, with Police Commissioner James P. Allman's approval, decided upon the Chicago tests after F-M's adaptability to police squad car use was demonstrated by the General Electric Company in Schenectady, N.Y.

Two squad car tests of the F-M set were made on succeeding days last month. The first was on March 15, when a squad car carrying an Armstrong instrument broadcast from various parts of the city to the police receiving station on the roof of the forty-six-story Field Building.

The experiment showed static elimination surpassing all expectations, according to Mr. Schnell and Frank A. Gunther, chief engineer for the New York radio concern, who assisted in the test. This was true at "dead spots" from which reception is impossible with the amplitude modulation system now in use, they said.

F-M's superiority over A-M was again demonstrated in tests the next day when two squad cars, one carrying the new and the other the old type of instruments, were used, Mr. Schnell declared.

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CONSUMERS FOUND COOL TOWARD TELEVISION

An indication of consumer opinion with regard to television receiving equipment was provided by a study completed last week under the direction of Samuel E. Gill, market research analyst.

In interviews with several hundred families, all of whom have an income of \$5000 or more, Mr. Gill said he found that price of equipment was the largest single deterrent to immediate purchase for more than 55 percent indicated that they were not considering immediate purchase because of the expense involved or because they believed the price of receivers would drop in the near future. An interesting sidelight was developed when over 30 percent of this group indicated that they had no idea as to television prices, comparing the cost with the purchase of an automobile, a grand piano, etc.

One-third of those interviewed believed that television was not yet perfected enough to warrant an investment in a receiver. Sample comments of this group were:

Will buy when television is more widely used; Believe receivers will be changed; Not far enough advanced; Still in the experimental stage; Won't invest in an experiment; Will buy when large scale production only; When they are simplified enough for amateur use; Won't purchase until they are universally accepted.

A number of interesting comments were obtained from a group who gave miscellaneous reasons for postponement of purchase, such as:

Performance not up to expectation (had one); Not enough hours of broadcast; Can only get local programs; Don't want one now; Just bought a new radio.

The effect of the recent FCC ruling on consumer attitudes was slight, the survey showed inasmuch as less than 5 percent indicated that they would purchase sets if the Commission gave the receivers their O.K., Mr. Gill said.

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