HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

NATIONAL BROADCASTING COMPANY, INC.

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INDEX TO ISSUE OF OCTOBER 1, 1940

Would Tax Radio Profits For National Defense
Coughlin Silencing, Station's Own Action
Army Enlisting - Old Style And New
ASCAP Charges Chain Muzzling In S.F6
To Celebrate Twenty Years Of Radio Progress
Radio Exports Of July
Trade Notes9
Apparent I.T. & T. Drop Caused By U.S. Dollar Decrease
Barred From Using Remington Name
NBC International Stations Boom.

No. 1270

October 1, 1940

WOULD TAX RADIO PROFITS FOR NATIONAL DEFENSE

Suggested by the need of the Government to secure additional and necessary revenues and to pay the cost of National Defense, Representative Lawrence J. Connery, (D.), of Massachusetts, suggested a tax on radio broadcasting profits.

"It is my belief that our tax experts might well compare the yearly profits which have accrued to this governmentally promoted radio monopoly", Representative Connery set forth in an extension of remarks in the <u>Congressional Record</u>, "considering the small amount of cash actually invested, with the meager profits of its advertising competitor, our free press, our newspapers, and magazines."

Mr. Connery included in his remarks the recent speech of John B. Haggerty, President of the International Allied Printing Trades Associations, which characterized radio advertising as the Frankenstein of the printed publications.

"It is well to bear in mind that licenses for radio broadcasting stations are issued wholly within the discretion of the Federal Communications Commission", the Congressman pointed out, "and are authorized by the Congress provided that the holders of such licenses presumably serve public interest. These licenses, or governmental franchises, are issued without the payment to the Government of even the proverbial penny even in these days when the need of Government revenue is greater than ever.

"Yet the <u>Congressional Record</u> is replete with citations, in the official reports of the Federal Communications Commission, wherein the holders of these licenses of governmental franchises have sold this governmental property for sums ranging into the millions of dollars.

"For years we managed to get along without radio broad-casting, while I doubt if our Nation and our people would be as well off today had we not had, since prior to the founding of our country, a free and militant press. In passing, I might add it is not my desire to in any way cripple or hinder the radio broad-casting industry. That industry, as does the theater, as well as the press, furnishes information and pleasure to many millions of our people."

Expressing the doubt that any newspapers or magazines could show profits averaging even 10 percent on the actual investment during the past 10 years, Representative Connery continued, in part, as follows:

"Recently, the Monopoly Investigating Committee of the Federal Communications Commission reported, after an exhaustive 2-year study, that these two radio monopolists during the past 12 years of their existence had received in net earnings, after the payment of taxes and all other necessary expenses, a total of some \$45,000,000 on total cash investments, at the most, of less than \$4,000,000, a yearly average, for each of the past 12 years, of almost 100 percent in net profits on their actual investments.

"For the information of those interested, I quote from the Summary and Conclusions of the Federal Communications Commission Committee Investigating Radio Monopoly the following excerpts:

"The net earnings of Columbia, during the 12-year period of its existence, have been \$22,522,471. Of this amount \$16,872,863 (more than 13 times all cash ever paid into the corporation) has been paid to its shareholders in dividends; the remainder is invested largely in current assets. The net earnings for Columbia for 1938 were in the amount of \$3,541,741.

"And, from another page, referring to the National Broad-casting Co., I quote:

"The total earnings (net) during the period of its existence (12 years) have been \$22,319,833. Since it began paying dividends in 1934 (6 years ago), it has paid to its parent company \$18,100,000 (cash dividends of \$14,900,000, lease negotiations fees of \$2,200,000, and research and development fees of \$1,000,000)......

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"The total capitalization of National Broadcasting Co., as shown by the report of the Federal Communications Commission, was never greater than \$3,300,000. This makes a total actual cash investment in both companies of \$3,784,307, on which net earnings during the past 12 years have amounted to some \$45,000,000."

"Newspapers and magazines provide profitable employment, I understand, for well over 100,000 highly skilled American workers, the weekly wages of which will probably average close to \$50 per week or some \$2,600 per year. On the other hand, it is my understanding that the radio broadcasting industry, as represented by some 705 radio stations officially reporting to the Federal Communications Commission, provides steady employment for some 11,000 workers, at an average weekly wage of less than \$30 per week, other than some 2,600 musicians and artists who receive an average of \$46 per week, plus an additional 1,000 workers, on part time, who average some \$15 per week and some 2,350 musicians and artists, on part time, who average some \$18 per week.

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COUGHLIN SILENCING, STATION'S OWN ACTION

According to a statement made by the National Association of Broadcasters, a portion of which follows, broadcasting stations throughout the country acted upon their own accord in silencing Father Coughlin:

"As you know, Father Coughlin announced last week that he would not conduct his weekly broadcasts this year because of his inability to secure an adequate number of radio stations. He accused men 'powerful in radio and in other fields' for his failure to line up the stations.

"The inability of Father Coughlin to line up stations, of course, was a result of the voluntary adherence to the NAB Code by the stations themselves. With the exception of the Code Committee statement by Edgar Bill relative to the status of his proposed political broadcasts, there has not been a single letter, phone call or contact made with any station by NAB headquarters about the matter. The action radio stations took was their own, and marks a real milestone in self-regulation."

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RICHMOND TIMES-DISPATCH CANCELS STATION APPLICATION

The following order has been issued by the Federal Communications Commission:

"At a session of the Federal Communications Commission held at its offices in Washington, D. C., on the 24th day of September, 1940, it appearing to the Commission that the Times-Dispatch Radio Corporation has surrendered for cancellation the license heretofore issued to it authorizing the operation of WRTD, Richmond, Virginia, and has requested dismissal of the above-described application:

"It is ordered, That said application for construction permit be, and it is hereby, dismissed."

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Now is the time to put up that new antenna system. Before the rains come and the roofs get covered with snow, people should think about putting up an aerial.

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ARMY ENLISTING - OLD STYLE AND NEW

It was a coincidence that on the same page of a newspaper last week there were stories telling how two men prominent in the radio industry had enlisted in the United States Army.

One of them was Elliott Roosevelt, a Texas radio station operator, who applied direct to General Arnold, Chief of Army Aviation, and whose commission as a Captain in non-flying, non-combatant branches of the air force has created such caustic comment.

In striking contrast to the way the President's son went about securing himself a commission, was the other newspaper article which told how Gen. James G. Harbord, Chairman of the Board of the Radio Corporation of America, had begun his Army career by enlisting as a private.

"That was a good many years ago", General Harbord was quoted as saying, "but if I had to do the thing over, I'd do it in exactly the same way." General Harbord, who was Chief of Staff to General Pershing in France and who commanded the Marine Brigade at Chateau Thierry strongly urged the young men of today to enlist as he did.

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FRANK RUSSELL AND MISS GALE WED

Stealing a march on their friends in the Capital, Frank M. Russell, Washington Vice-President of the National Broadcasting Company, and Miss Marian Phebe Gale, NBC Washington Publicity Director, were married last week in New York. The wedding took place at the home of Niles Trammell, President of NBC.

Mr. Trammell was best man and Mrs. Trammell the matron of honor. Others present included Frank Mullen, NBC Vice-President and General Manager, and Mrs. Mullen; Mr. and Mrs. M. H. Aylesworth; Mr. and Mrs. Edwin W. Craig (WSM, Nashville); Mark Woods, NBC Vice-President and Treasurer, and Mrs. Woods: Sid Strotz, NBC Chicago Vice-President, and Dr. Frank Black, NBC Vice-President and Musical Director, who played the organ.

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The Hawaiian Broadcasting System, Ltd., at Honolulu has applied for a new broadcast station, under the North American Regional Agreement, to be operated on 1340 kilocycles, 250 watts, unlimited time.

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ASCAP CHARGES CHAIN MUZZLING IN S. F.

Declaring that Carrie Jacobs Bond, Charles Wakefield Cadman, Deems Taylor, Irving Berling, George M. Cohan, Jerome Kern, Gene Buck, the San Francisco Symphony Orchestra, Tony Martin, Judy Garland, and about 50 other celebrities who participated in the Music Festival at the San Francisco World's Fair were barred from the air last week, the American Society of Composers declared that complaint would be made to the Federal Communications Commission in Washington.

"The action at San Francisco was the opening gun in the battle of the rain chains to drive members of the American Society of Composers, Authors and Publishers off the air starting New Year's Day", an ASCAP account stated. "Chain spokesmen hinted that the incident was just a mild sample of what ASCAP composers and authors may expect unless they accept the terms of the radio chains for the use of their music.

"The World's Fair Music Festival was staged for the purpose of presenting a cavalcade of American compositions devoted to American operatic, symphonic and other unforgettable music of the past and present, and to pay tribute to Victor Herbert, John Philip Sousa, George Gershwin and others. ASCAP was invited to present the festival. In response to this invitation, Gene Buck, President of the Society, assembled an imposing list of prominent composers in San Francisco."

"Ordinarily the radio chains would have fought for the privilege of broadcasting such a star-studded program especially since the services of all artists were offered gratis. In this case, however, the Columbia Broadcasting System, National Broadcasting Company and Mutual Broadcasting System each flatly refused the request of the Fair authorities to let the musical event go on the air. As a consequence the festival was heard only by those actually present at the Fair and was denied to radio listeners throughout the country.

"Station KFWB, Los Angeles, operated by Warner Bros. Pictures, volunteered to broadcast the Festival on the Pacific Coast, but were unable to secure the necessary physical facilities and cooperation from the chains.

"Astounded at the action of the chains in not only muzzling the composers and artists but also depriving the public of a rare musical treat, a committee of World's Fair officials and composers is understood to be planning a special trip to Washington to file a formal complaint with the Federal Communications Commission. It is charged that the chains, in boycotting the Musical Festival, have violated an important FCC regulation requiring broadcasters to operate 'in the public interest'."

Gene Buck said:

"The radio chains have usurped control of the air.
Today they have given the public a perfect illustration of their monopoly. We will challenge that monopoly by every legal means at our command."

John G. Paine, General Manager of ASCAP, stated:

"This is part of a carefully conceived campaign by the radio chains to dominate all phases of broadcasting. By ruthlessly boycotting the works of our composers and authors, they can force the use of music put out by their subsidized music firm, BMI, and thus make their monopoly of the air complete."

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TO CELEBRATE TWENTY YEARS OF RADIO PROGRESS

With November, 1940, radio completes 20 years of miraculous progress - 20 years that have changed the habits of the nation and put some 52 million radio sets into American homes and autos.

To mark this 20th Milestone of Radio, a group of leaders in the radio industry, led by O. H. Caldwell, Editor of Radio Today, has suggested that the entire month of November be devoted to a Radio Industry celebration, to be shared in by broadcasters, radio manufacturers, distributors, dealers and servicemen. They would have radio stores, radio stations and all radio centers take part in this great industry promotion, coming just before Christmas.

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RADIO SUGGESTED BY EDUCATORS IN DEFENSE

For schools which accept as their role in the present crisis not merely passive acceptance of this statement, but positive action, the Commission (Educational Policies Commission) suggests the following steps:

"Appoint a committee to engage all local educative and public opinion forming agencies in a unified program for the defense of democracy. Organize discussion groups to aid adults to reach sound conclusions on the urgent questions of national policy. Revitalize the citizenship teaching in the school. Secure the cooperation of the newspapers in advancing the whole program. Use the radio to dramatize the American struggle for self-determination."

RADIO EXPORTS OF JULY

Exports of American radio last July totaled \$1,498,310, according to the latest report of the U. S. Bureau of Foreign and Domestic Commerce. This was a decrease of 11.2 percent from the corresponding month of July, 1939, of \$1,686,714. Radio exports in July, 1940, were only slightly below the total of June of this year which were \$1,601,675.

The number of receiving sets exported in July numbered 32,367, valued at \$670,169, as against July, 1939, exports of 35,998, valued at \$618,890.

Tube exports in July numbered 409,934, valued at \$137,258, compared with July, 1939 exports of 607,160 tubes, valued at \$245,065.

Parts and accessory exports in July totaled \$391,670 as compared with July, 1939, exports of \$472,325.

The number of radio speakers exported in July numbered 29,535, valued at \$32,294 as compared with 44,219, valued at \$69,587 in July, 1939. Transmitting apparatus exported was valued at \$266,919 as against \$280,847 in July, 1939.

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CONTENDS RADIO INCREASES NEWSPAPER READING

Radio fosters reading of newspapers and as the educational, cultural, and economic level rises, the amount of radio listening declines.

That's the principal conclusion of a survey of radio's role in the communication of ideas, a survey conducted by the Office of Radio Research, Columbia University, and financed by the Rockefeller Foundation.

Other noteworthy points made by Paul F. Lazarsfeld, Director of the Office of Radio Research, in his new book "Radio and the Printed Page" (published by Duell, Sloan & Pearce, \$4) which details the findings of the survey are: That radio newscasting increases, instead of diminishing, interest in reading newspapers. That those who depend on the newspaper for their news are more interested in news than those who depend on the radio. That serious and educational programs are listened to primarily by those who have the least need for further education and information, shunned by those whom they are intended to educate and inform.

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			TRADE NOTES	:	:	:
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The Cleveland City Board of Education has been granted authority by the Federal Communications Commission to change that school system's non-commercial education radio service from amplitude modulation to frequency modulation.

The Government of Brazil is sponsoring a series of radio broadcasts to United States listeners, presenting Drew Pearson and Robert S. Allen, nationally known columnists and commentators, in a weekly radio edition of "Washington Merry-Go-Round". The program is patterned after the Pearson and Allen syndicated column with the addition of news and comment on Brazilian affairs. It is heard over an 8-station NBC Blue Network from 7:00 to 7:15 P.M., EST, Sunday nights.

Two more utilities have ordered FM emergency communications systems from the General Electric Co. - the San Antonio Public Service Company, San Antonio, Texas, and the San Diego Gas and Electric Company, San Diego, Calif.

Evansville on the Air, Inc., at Evansville, Ind., is operating a "walkie talkie" portable radio set used by the Indiana National Guard to transmit a recruiting program in connection with National Guard Week broadcast by Stations WEOA and WGBF, Evansville.

Station WIZE, Springfield, Ohio, becomes an affiliate of the National Broadcasting Company, effective November 1, or at such earlier date as the station commences regular operation, announces. WIZE becomes a bonus outlet to advertisers using the facilities of Station WING, Dayton, Ohio.

The No-Bel Radio Burglar Alarm Company of Oakland, Calif., will be given a further hearing by the Federal Communications Commission with regard to application for stations at Oakland and San Francisco.

The General Motors Research Division has been granted temporary authority by the Federal Communications Commission to install an aircraft radio station aboard NX-25463 with 10 watts power and 3105 kilocycles.

APPARENT I.T.& T. DROP CAUSED BY U.S. DOLLAR DECREASE

In his Fall report to stockholders, Sosthenes Behn, President of the International Telephone & Telegraph Corporation explains:

"The decrease of approximately \$900,000 in telephone and radio-telephone operating revenues, as compared with the similar period of 1939, was caused by the decrease in the U.S. dollar value of the foreign currencies realized from such operations. Actually, the revenues in local foreign currencies for the period in question were in every case in excess of those for the similar period of 1939."

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G.E. STEAMS UP FOR 50 KW FM STATION

Application has been made by the General Electric Company to the Federal Communications Commission for permission to extend the power of its FM station, W2XOY, from the present licensed powers of 2500 watts to 50,000 watts. Operating on 43.9 megacycles, W2XOY is located on the Helderberg Mts., 1200 feet above the valley floor. It overlooks Albany, Schenectady, and Troy and will serve an area of 16,030 square miles populated by 1,560,000 potential listeners.

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WINCHELL FREED ON RADIO CHARGE

Supreme Court Justice Peter Schmuck dismissed as against the Radio Corporation of America, the National Broadcasting Company and the Andrew Jergens Company, a \$1,000,000 libel suit brought by Joseph Curran as President of the National Maritime Union of America, because of remarks allegedly made by Walter Winchell in a broadcast on June 9. The court said the language used in the broadcast was not specified by the plaintiff. Justice Schmuck refused to dismiss the suit as against Mr. Winchell and The Daily Mirror, Inc., for statements made in Mr. Winchell's column on June 10.

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BARRED FROM USING REMINGTON NAME

The Federal Trade Commission has issued an order requiring Automatic Radio Manufacturing Company, Inc., Boston, Galvin Manufacturing Corporation, Chicago, and the Pep Boys - Manny, Moe and Jack, Inc., Philadelphia, to cease and desist from unauthorized use of the trade name "Remington" to designate radios, tubes and other radio parts.

Commission findings are that the Automatic and Galvin companies, manufacturers, sold radio sets and parts bearing the name Remington exclusively to the Pep Boys' organization, which operates a chain of 52 stores in various cities, and that the two manufacturing corporations have cooperated with the Pep Boys company in adopting and using the name Remington to identify and designate radios sold by them to the Pep Boys company for resale to the purchasing public.

The name Remington, according to findings, is the name or part of the name of a number of corporations well known and long established, some of which employ it as a trade name, mark or brand for the products they make and sell; and the respondents use of the name has been without the authority or consent of any of the corporations which have heretofore so used it.

The Commission order directs the Automatic Radio Manufacturing Company, Inc., Galvin Manufacturing Corporation, and the Pep Boys - Manny, Moe and Jack, Inc., in connection with the sale of radio sets, tubes and parts, to cease and desist from using the word "remington" or any simulation of it, whether spelled the same or not, as a brand or name to mark, designate, describe or refer to radios, radio tubes or other radio parts.

The Commission further ordered that its complaint in this proceeding be dismissed as to the Ferguson Radio and Television Company, Inc., New York, which was named as a respondent in the complaint, but which is no longer in business.

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ATTORNEYS' APPLICATIONS APPROVED

Applications for the following attorneys to practice before the Federal Communications Commission were approved by the Commission:

Raymond A. Bartlett, New York, N. Y.; Eugene Best, Riverside, Calif.; Clifton W. Brannon, Toccoa, Ga.; Delbridge L. Gibbs, Dallas, Tex.; Walter East Hempstead, Jr., Los Angeles, Calif.; Samuel Jacobs, Albany, N.Y.; George H. Leonard, Fort Wayne, Ind.; Henry Mayer, New York, N.Y.; Richard Arthur Ruppert, Cincinnati, Ohio, and Doyle Willis, Dallas, Texas.

NBC INTERNATIONAL STATIONS BOOM

With improved beam antennas, Stations WRCA and WNBI, broadcasting with 50,000 watt transmitters of the NBC will become two of the most powerful in the world.

At the same time, the International Division of NBC has just moved to larger quarters in Radio City and - from the pulsating nerve center - during sixteen hours of every twenty-four, an uncensored chronicle of world events is flashed across the seven seas to millions of eager listeners. The broadcasts are in Spanish, Portuguese, French, Italian, German and English.

The success and expansion of NBC's International Division is attributable to the superb collaboration of a staff of forty men and women directed by Guy C. Hickok who has spent fifteen years of his busy life in foreign countries in the collection and dissemination of news.

Before opening its world wide short-wave service, RCA-NBC engineers had made comprehensive field tests over several years and more than three-quarters of a million dollars had been spent to perfect transmission and reception of the radio programs throughout the world, according to an NBC statement, more of which follows:

"There are 3,500,000 radio sets in Latin America, of which it is estimated that 2,100,000 are equipped for short-wave reception For nine hours daily, the beams of WRCA and WNBI are directed to these listeners. Eight of these hours carry programs in Spanish and Portuguese. There is also an American Hour in English for Americans away from home. Broadcasts during the evening hours on directional beams range from the populous cities of the East Coast of South America, over the high Andes to the important cities in the West, and over Mexico and the Caribbean area, thereby providing the maximum of reception in the centers of population.

"But do Latin Americans tune in to NBC international programs? Conclusive proof may be found in the fact that nearly 24,000 letters were received from listeners South of the Rio Grande as a result of the Louis-Godoy boxing match, carried to Latin America in Spanish from the ringside in Madison Square Gardon on the night of February 8.

"NBC received 40,000 letters in 1939 from listeners in eighty-two countries, protectorates and territories, covering every corner of the globe, in response to its daily programs. This year's mail is running at a rate of over 60,000 letters. Not only do the NBC International stations broadcast their programs to a daily audience of 2,100,000 families in Latin America but also to many millions more throughout the world."