

HEINL RADIO BUSINESS LETTER

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November 19, 1940

DUTCH RADIO COMPANY SEEKING AMERICANIZATION

Although general sympathy is expressed for the plight of Holland, the efforts which the Philips Company of The Netherlands, probably the greatest exporter of radio apparatus in the world, is said to be making to establish itself as an American concern are reported to be coolly received here. This is attributed to the sharp competition the Philips Company has given U. S. radio manufacturers in foreign countries. Despite this, the great Dutch company having been obliged to leave Holland almost overnight, is now seeking recognition as an American concern and is making representations to the State and Treasury Departments to this end. By way of officially establishing themselves in this country, the Philips people are reported to have put the assets of all their property outside of Europe and the British and French empires or colonies in trust in the Hartford National Bank and Trust Company in Hartford. Furthermore they have taken an entire floor in one wing of a large New York hotel as their American headquarters.

Three American companies are understood to be manufacturing receiving sets for the Philips Company and two American concerns supply tubes. The sets, however, are being made according to Philips' specifications and with the proviso that they will be offered in the export market only. Nevertheless, it is argued that all of the above mentioned products are to be used in competition to American exporters.

At least one Government official, a man apparently thoroughly aware of the charges made against Philips of unfair competition to American radio manufacturers in the past, seemed unimpressed by the Philips' Americanization claim.

"The question is, does putting assets in a Hartford bank or establishing headquarters in New York necessarily make them an American firm?" he said. "Probably it would be necessary that 51% of the stock be owned by Americans. No doubt the situation is being studied and the answer will be forthcoming before long."

With regard to the alleged unfair competition angle, a large radio manufacturer expressed himself in no uncertain terms.

"In the export of American radios the United States radio industry has had practically no competition from foreign countries with the exception of the Dutch Philips Company", this radio manufacturer said. "Philips, by the most questionable methods, has consistently taken business away from American manufacturers all over the world. For years this has been particularly true in the European area where, through alleged patents, many of which are

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reported to have originated in the United States, they have kept American manufacturers out of most European markets. It has not been clean competition, what with interlocking directorate between their own and American corporations. They are, likewise, building up a patent situation in Argentina and other South American markets which we may expect them to use against American manufacturers.

"The record indicates that they entered into contracts with various European manufacturers stipulating that one of the considerations of the contract would be that the said manufacturer not purchase American tubes. Their legal representative is reported to have stated 'Our fight is against America'.

"They are reported to have put in over a million dollars in the Argentine to gain control of that market, and to have endeavored, through improperly stated information, to influence government officials to limit the importation of American-made tubes.

"The credits they extend are almost unheard of. Believe me when I tell you that it has been the most vicious competition that it has ever been my misfortune to encounter.

"And no longer being able to manufacture their products in the Netherlands, seeking any port in a storm, and in spite of everything they have done to us, they set up headquarters here and have now made a deal, or a series of deals, in this country whereby three American companies here are now all manufacturing Philips' radios for Philips and these are to be used in competition to American manufacturers.

"When we find an overseas competitor endeavoring to come to our shores with a record like that, it would appear that the Government should be in a position to take adequate steps to protect American manufacturers and American labor against the apparent lack of an ordinary knowledge of common ethics."

According to the latest reports, the Philips Company is still operating a manufacturing plant and assembly branches in England, Dutch East Indies, Argentina, Australia, New Zealand, Uruguay and Brazil. They are said to have given up any hope of getting back their big plant at Eindhoven, which is now being run full blast by the Germans. No matter how this may work out, the representation of the Philips people to our Government is that they desire to be permanently established as an American concern.

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TO SPEND \$8,000,000 TO SPUR TELEVISION

Development of television to a workable unified system is being speeded by an aggregate of \$8,000,000 which has been budgeted for that purpose by some two score individuals and firms which, to date, have been authorized by the Federal Communications Commission to engage in such practical research and experimentation on a nation-wide basis.

Expenditure of more than \$3,000,000 is proposed by 10 television projects which received Commission approval last week. Two of these grants are to the Hughes Productions Division of the Hughes Tool Co., which has \$2,000,000 available for stations in Los Angeles and San Francisco. The establishment of Howard R. Hughes, noted aviator, capitalist and movie producer, proposes to experiment in program production development in cooperation with Hughes Productions of Hollywood; study studio lighting effects; seek improvement of television transmitters, cameras, and synchronizing generators; test transmission of various numbers of lines between 421 and 525; compare different types of synchronizing signals, and try FM (frequency modulation) for the sound accompanying the pictures. In both cities the Hughes concern will operate on Television Channel No. 2 (60,000-66,000 kilocycles) with 10 kilowatts aural and visual power.

At the same time the Commission authorized like experimental operation for five other Los Angeles applicants:

Columbia Broadcasting System, Inc., to operate on Channel No. 8 (162,000-168,000 kilocycles), 100 watts aural and visual power; for the purpose of transmitting programs to ascertain public reaction and otherwise conducting a program of research in Los Angeles in conjunction with that of its New York television station.

Earle C. Anthony, Inc., to operate on Channel No. 6 (96,000-102,000 kilocycles), 1000 watts aural and visual power; to study the relative merits of horizontal and vertical polarization in the Los Angeles area, with particular study of the effect of ignition and diathermy interference, and transmission over salt water, to Catalina Island.

Leroy's Jewelers, to operate on Channel No. 10 (186,000-192,000), 1000 watts aural and visual power; "to further improve the quality of pictures transmitter by television from the standpoint of reception quality and to determine the system of television transmission which will produce the best results for widespread use from a visual and optical standpoint."

May Department Stores Co., to operate on Channel No. 12 (210,000-216,000 kilocycles), with 1 kilowatt aural and visual power, for general research and experimentation in the Los Angeles area.

Television Productions, Inc., a subsidiary of Paramount Pictures, to operate a television relay station on Channels Nos. 13 and 14 (234,000-240,000; 240,000-246,000 kilocycles), 250 watts visual power, to supplement television broadcast station W6XYZ, also in Los Angeles, for which the applicant has a construction permit. The latter, using Channel No. 4 (78,000-84,000 kilocycles), proposes experimentation with the "DuMont standards".

In addition, the Commission granted stations to New York, Chicago, and Manhattan, Kans., as follows:

Metropolitan Television, Inc., New York, to operate on Channel No. 8 (162,000-168,000 kilocycles), 1 kilowatt aural and visual power; to develop program techniques for determining public tastes, including the use of two television theaters where daily programs will be projected for free public viewing. This applicant is associated with two department stores, Bloomingdale Bros. and Abraham & Straus.

Columbia Broadcasting System, Inc., Chicago, to operate on Channel No. 4 (78,000-84,000 kilocycles), 1 kilowatt aural and visual power; to participate in CBS television research by developing data on Chicago conditions that may assist in the ultimate determination of polarization and synchronization for a national television service.

Kansas State College of Agriculture and Applied Science, Manhattan, Kans., to use Channel No. 1 (50,000-56,000 kilocycles), 100 watts aural and visual power; to determine propagation characteristics, study horizontal and vertical polarization, and experiment with various synchronizing systems using various numbers of lines and frames.

These contemplated programs of research and experimentation are pursuant to Commission requirements looking to development of television to a point that will enable the industry to agree on a uniform transmission system of acceptable technical quality.

Cooperation of the industry is further reflected in the comprehensive survey of the television situation now being conducted by the National Television Systems Committee. Organized last July through the joint efforts of the Radio Manufacturers' Association and the Commission, this Committee represents the pooled engineering experience of the industry. Its various panels have been making a detailed study of many phases of television.

The Commission yesterday designated Monday, January 27, as the time to receive a formal over-all progress report from the full Committee. Members of the Commission plan to visit the New York area on January 24 to see late television developments first-hand prior to this conference with the National Television Systems Committee.

An investment of \$5,000,000 is represented in previous television authorizations by the Commission. This list, which shows wide distribution of facilities, includes Balaban & Katz Corp., Chicago; Bamberger Broadcasting Service, Inc., New York; Columbia Broadcasting System, New York; Crosley Corporation, Cincinnati; Allen B. DuMont Laboratories, New York, Washington and Passaic, N. J.; Don Lee Broadcasting System, Los Angeles, Hollywood and San Francisco; First National Television, Inc., Kansas City, Mo.; General Electric Co., Schenectady; General Television Corporation, Boston; National Broadcasting Co., New York, Philadelphia and Washington; RCA Manufacturing Co., Camden, N.J.; Philco Radio & Television Corporation, Philadelphia; Purdue University, West Lafayette, Ind.; Radio Pictures, Long Island City, N.Y.; State University of Iowa, Iowa City; WCAU Broadcasting Co., Philadelphia; Zenith Radio Corporation, Chicago, and The Journal Co., Milwaukee, Wis.

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ASCAP VS. NAB: LAST INNING SCORE

With unrenewed contracts in the broadcast music deadlock expiring December 31st, it won't be long now until definite results are known.

Edwin C. Mills, Chairman of the Administrative Committee of the American Society of Composers, and Neville Miller, President of the National Association of Broadcasters, present the eleventh hour positions of these two strong organizations in the November issue of Advertising and Selling.

Mr. Miller leads off as follows:

"The position which I set forth in your columns in the issues of December 1939 and January 1940 remains unchanged. Since that date, however, Broadcast Music, Inc., has made extraordinary progress and has gained the loyal adherence not only of the broadcasting industry but of radio advertisers, who endorse its principles.

"Broadcast Music, Inc., has already published under its own imprint approximately 300 selections and has, by contract with other publishers, acquired performing rights in over 150,000 compositions. A number of BMI compositions have been on the 'Hit Parade' and trade lists of most frequently performed compositions, and sheet music and record best sellers are studded with the names of BMI numbers. Over 85% of the dollar volume of the broadcasting industry is now represented among BMI subscribers, and the list grows steadily. A majority of the stations in the country are enrolled with BMI, - 40% of the 100 and 250 watt stations, 55% of the 500 and 1000 watt stations, 70% of the 1 kilowatt to 5 kilowatt stations, and 90% of the stations having over 5 kilowatt power are on the BMI roster. This is a representative cross-section of the entire industry, and networks own only 23 percent of the BMI stock.

"The volume of ASCAP music on programs has already been drastically reduced, and the use of ASCAP music is daily decreasing. Advertisers are changing from theme songs owned by ASCAP to theme songs owned by advertisers. The entire industry is preparing itself for the withdrawal by ASCAP of its music, and broadcasting will go on with undiminished interest and success after January 1st. What has caused the almost universal support of BMI and the fine unity of its adherence is a principle which is not open to successful challenge.

"The broadcasters will no longer tolerate a system under which they pay a percentage of the revenue derived from programs which use no note of ASCAP music. This is a vice with respect to programs which use no music at all. It is an equal, if not greater, vice with respect to programs using non-ASCAP writers. So long as ASCAP demands the same pay from programs which do not use ASCAP music as for programs which do use ASCAP music, they discourage the payment of non-ASCAP writers and thus perpetuate their monopoly. The industry will consider no proposition from ASCAP which perpetuates this vicious practice.

"Moreover, an examination of ASCAP's internal structure tends more and more to tear the mask from its avowed philanthropic aims. Of the \$6,000,000 which ASCAP collected in 1938, less than \$60,000 was divided among more than 700 of ASCAP's thousand writer members. In other words, one cent out of every dollar that ASCAP collected went to the bulk of its writer membership. The broadcasting industry faces January 1st with calm, confident determination that it will not enter any compromise which perpetuates organized monopoly."

Mr. Mills replies:

"The reply of NAB in behalf of the networks to ASCAP's demand for reasonable payment for its license was the formation of Broadcast Music, Inc. The publicity branch of that organization has issued glowing success stories of its operation. But they have somehow omitted to state that orchestra leaders are compelled to play B.M.I. numbers 'or else'. Naturally, these numbers become 'most played', but this fact is irrelevant to the issues.

"Under compulsion of their employers, the musicians and artists are required to play B.M.I. tunes whether they or the public like them or not. In fact, they have been notified that the ratio of B.M.I. to ASCAP compositions must be increased.

"Another misimpression which the broadcasters publicize comes from their insistence that they will refuse to pay a share of the revenue from programs on which ASCAP music is not played. Of course, this is simply a pose for propaganda purposes that goes to becloud the real issues. ASCAP's license makes its entire repertoire available under a blanket license for use at will on all programs. ASCAP sells 'readiness to serve' all programs - sells the true and real support which makes possible 'spot announcements' - 'soap operas' - and the hodge-podge of non-musical commercial programs which, of themselves and without the support of intervening musical programs would never hold or build radio audiences. It is most interesting to observe that B.M.I. licenses its repertoire upon exactly the same 'vicious' basis - a blanket fee for a blanket

use - regardless of the content of individual programs. They criticize and condemn our method - but, unable to find a better, they copy it.

"Two themes are played endlessly in the broadcasters' publicity: the charge that ASCAP is monopolistic and that division of its revenue is unfair.

"On the point of monopoly: Who is it that calls ASCAP - (a voluntary unincorporated, non-profit association of song writers and their publishers) - monopolistic? And, after the broadcasters' publicity has boasted that B.M.I. has such a sufficient repertoire of music as to prove the reverse!

"But perhaps on this point the Federal Communications Commission should be heard. Read the press release (#41550) dated June twelfth, of the Commission entitled "CHAIN BROADCASTING ABUSES CITED" - 'During the past ten years networks have so developed that today programs are broadcast to the general public, not by the stations whose owners * * * received licenses for such a privilege, but through the network organizations. The record shows that network organizations today are utilizing about 48% of the broadcast time of more than 50% of the commercial stations * * *.' Never forget that the issue in this controversy is between the networks (not the 'industry') and ASCAP. Never forget that the networks as such have never paid a single cent to ASCAP - that is the issue.

"And what's this about the division of ASCAP's income: This is a problem which concerns our own members exclusively. For a quarter of a century they have seemed fairly satisfied with their own manner of dividing their own money. They ask no questions about how the broadcasters divide their revenues - though they know that of 44 million dollars collected by Columbia and NBC in 1938 for network broadcasts only 12 million was paid out to 235 connected stations, and of this about 6 million or half was paid to 23 of them, the other half to 212. But that's none of our business - and - vice versa."

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DILL APPARENTLY BEATEN FOR GOVERNORSHIP

Even now the fate of former Senator Clarence C. Dill in his race for Governor of the State of Washington seems uncertain. According to the latest news dispatch from Seattle, Mayor Arthur Langlie, Seattle Republican, captured the absentee ballot count in the Pierce County stronghold of Senator Dill, and the Post-Intelligencer said Mr. Langlie had been elected Governor. Mayor Langlie's lead increased hourly as the counting continued. He had a lead of 3,400 over his Democratic opponent with more than half of the State's absentee ballots counted.

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NOTE: DUE TO THE FACT THAT THE GOVERNMENT OFFICES WILL BE CLOSED ON THURSDAY, NOVEMBER 21, THERE WILL BE NO ISSUE OF THIS SERVICE ON FRIDAY, NOVEMBER 22.

R. D. Heinl

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TO OFFER RADIO PRIZES LIKE PULITZER

With the idea of making annual radio awards on much the same basis as Pulitzer Prizes are given to outstanding newspaper and literary accomplishment, the University of Georgia at Athens has named the following to the George Foster Peabody Radio Awards Advisory Board:

Dr. S. V. Sanford, Chancellor, University System of Georgia; Bruce Barton, President, Batten, Barton, Durstine & Osborn, advertising, New York City; John H. Benson, President, American Association of Advertising Agencies, New York City; Virginius Dabney, editor, Richmond (Va.) Times-Dispatch; Jonathan Daniels, editor, Raleigh (N.C.) News and Observer; Mark F. Etheridge, General Manager, Louisville (Ky.) Courier-Journal and Times; Waldemar Kaempffert, Science Editor, The New York Times; Alfred A. Knopf, publisher, New York City; Dr. John W. Studebaker, United States Commissioner of Education; Mrs. Marjorie Peabody Waite, daughter of George Foster Peabody, of Saratoga Springs, N. Y.; and Edward Weeks, editor, The Atlantic Monthly, Boston, Mass.

The prizes will be awarded beginning next year.

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McDONALD URGES GLIDER TRAINING FOR YOUTH

In a leading article, "Silent Wings" in the November 30th issue of Collier's, advocating the use of gliders for experimentation purposes, Commander E. F. McDonald, Jr., of Chicago, will advance the idea that the youth of the country, if given a chance, can do for aviation what they have done for radio. He tells what marvelous training the glider is for pilots. It is his theory that if we can let the young people of the country have these motorless planes to experiment with at a cost to fit their pocket-books, a thing he says we have just got to do, that they will do the rest.

It is hoped that Commander McDonald in the forthcoming article will tell his own experience with a glider. In a moment of enthusiasm at a recent test, he volunteered to go up. Before he hardly knew it, the Chicagoan found himself a hundred feet in the air with not the slightest idea of how he could get back to earth without breaking his neck.

Commander McDonald's article in Collier's will be on the news-stands November 22nd.

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FCC QUIZZES 227 STATIONS ON MONOPOLY BRIEF

All 227 member stations of Independent Radio Network Affiliates, Inc., have been asked by the Monopoly Committee of the Federal Communications Commission whether they agree with a brief filed in the radio monopoly investigation on behalf of the Association.

The brief, which severely attacked conclusions and recommendations of the Committee, was filed for the Association by its counsel, Paul M. Segal.

Four questions are asked station operators in the telegram: First, whether the brief was authorized by them; second, whether they approved the brief; third, if they did not approve the brief, whether they subscribed to its views, and, fourth, whether the brief represented the position of the station.

The brief of the affiliates was one of three which criticized the FCC Committee. The others were from the Columbia Broadcasting System and the National Broadcasting Co., which serve the affiliates. Another brief, filed by the Mutual Broadcasting System, rather supports the Committee. Mutual's complaint that it was unable to get satisfactory outlets in various communities because of the alleged dominance of the two major chains was a factor in prompting the Committee's investigation. The tenor of the briefs filed presages a bitter fight against the Committee report, which now is before the Commission for action.

The Columbia brief charged the Committee report is based on bias and a zeal for reform unrelated to the actual operation of radio, the adoption of which by the Commission would result in a breakdown of the high-class programs made possible by the chain systems.

Counsel for NBC said the report misconceives the nature of the broadcasting business, and adds that it proposes that the Commission exercise its powers in the licensing of stations in order to accomplish, indirectly and unlawfully, a result which it could not accomplish either directly or lawfully. It said that the Committee's proposals are neither novel nor sound.

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CAPITAL TO CELEBRATE RADIO'S BIRTHDAY

Topping off a series of dinners around the country in celebration of radio's twentieth anniversary, local Washington radio stations, the Radio Manufacturers' Association and the NAB will co-sponsor a dinner to be held Tuesday evening, November 26. The President, members of his Cabinet, members of Congress, the FCC and high government, Army and Navy officials, as well as outstanding figures in all walks of public life will be invited.

While other network programs may be scheduled, Mutual has already cleared 9:30 to 10:00 P.M., EST, for a special broadcast of the American Forum of the Air, to be broadcast direct from the banquet hall, presided over by its founder, Theodore Grannik.

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TRADE NOTES

Telegraph service between the United States and Alsace Lorraine has been restored, according to the Mackay Radio and Telegraph Company, which is now handling messages for this territory, including such important points as Strasbourg and Metz. The service is operated by direct radiotelegraph between New York and Vienna and by telegraph to Alsace Lorraine. Rates are the same as to Germany.

International Station WRUW, of the International Broadcasting Company, Boston, partially endowed by the Rockefeller Foundation, has been authorized to increase its power from 20 to 50 KW.

Harry MacFayden, a production director for the National Broadcasting Company for the last eight years and an actor and director who had been associated with the American stage for almost forty years, died last Wednesday in New York City after a brief illness. He was 59 years old.

Station KFUD, Evangelical Luthern Synod of Missouri, Ohio and other States, at Clayton, Missouri, has been granted a construction permit to install new transmitter and increase its power from 1 KW to 5 KW, on 830 kilocycles, operating from local sunrise to sunset at Denver, Colo.

The Fort Industry Company operators of Station WSPD, Toledo, Ohio, announces the removal of its executive offices from the Commodore Perry Hotel in Toledo to the second floor of its own Broadcast Building, 136 Huron Street, Toledo.

Frequency modulation broadcasting, commonly called FM high-fidelity, staticless radio, will be inaugurated by the General Electric Company, Wednesday evening, November 20, when its experimental station, W2XOY, located in the Helderbergs 12 miles from Schenectady, will begin a regular schedule of seven hours daily. Short talks will be given by Charles E. Wilson, President of General Electric, and Dr. W. R. G. Baker, Manager of the company's radio and television department and Chairman of the National Television Systems Committee.

WOR is now rebroadcasting important programs at the conclusion of the usual night's operations. This began on Armistice Day when President Roosevelt's address at Arlington was rebroadcast at 9:30 P.M. and again at 2 A.M.; and when Wendell Willkie's speech was rebroadcast at 2:10 A.M.

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CBS'S COMPENSATION & RE-EMPLOYMENT PLAN FOR THOSE IN U.S. SERVICE

Salary and insurance payments for employees of the Columbia Broadcasting System who are called into active military service, together with a company policy for their subsequent re-employment, were announced last week. The CBS plan provides for the payment of from one month's to six month's salary for all regular full-time employees, based upon the term of their employment by the company prior to the date of entering the armed services of the United States, according to the following scale:

Less than 1 year's employment - 1 month's salary; more than 1 year and less than 3 years' employment - 2 months' salary; more than 3 years and less than 4 years' employment - 3 months' salary; more than 4 years and less than 5 years' employment - 4 months' salary; more than 5 years and less than 6 years' employment - 5 months' salary; and more than 6 years' employment - 6 months' salary.

In addition to these salary payments, the company will assume the cost of premiums payable by employees under its cooperative insurance program during the required year of military training.

The CBS plan for re-employment of staff members after the termination of their military service provides that it will be the policy of the company, except in unforeseen circumstances, to reinstate employees in the positions which they previously occupied.

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NAZIS SWITCH STATIONS IN RAIDS

In connection with the Royal Air Force's raids on German and Italian objectives, it is pointed out in a newspaper dispatch from London, that German wireless stations which formerly went off the air when British planes were overhead are now using a new technique permitting them to continue broadcasting during raids.

The technique is the simple one of switching broadcasts from one sending station to another unaffected by the raids. Thus the fact that these stations continue broadcasting nightly does not hoodwink those manning "listening posts" in London into thinking R.A.F. bombers are inactive over Germany.

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