

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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

Deherty
O'Brien
OK

INDEX TO ISSUE OF AUGUST 15, 1941

FCC Asks \$209,000 More To Perfect Foreign Work.....	2
Ireland Listeners Rent Sets For War News.....	3
New Hollywood and Chicago Television Stations.....	4
Defense Communications Board Suggests Frequency Change.....	4
Philips Activities Noted In Argentina.....	5
FCC Head Will Oppose Broadcast Tax.....	7
FCC Action.....	7
FCC Gets Close-Up Of Alert Receiver.....	8
Court Orders Newspaper Witness To Testify.....	9
Army Wants Still More Radio Operators.....	10
Trade Notes.....	10
Crosley Reports New Steel Process.....	12
National Interest Inventions Bill Amended.....	12

No. 1355

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

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

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

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

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

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

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

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

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

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

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

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

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

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

X X X X X X X X X X

IRELAND LISTENERS RENT SETS FOR WAR NEWS

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

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

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

X X X X X X X X

NEW HOLLYWOOD AND CHICAGO TELEVISION STATIONS

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

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

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

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

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

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

X X X X X X X X X X X

DEFENSE COMMUNICATIONS BOARD SUGGESTS FREQUENCY CHANGE

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

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

X X X X X X X X X

PHILIPS ACTIVITIES NOTED IN ARGENTINA

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

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

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

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

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

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

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

8/15/41

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

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

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

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

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

X X X X X X X X

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

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

X X X X X X X X X X

FCC HEAD WILL OPPOSE BROADCAST TAX

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

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

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

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

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

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

X X X X X X X X X X

FCC ACTION

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

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

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

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

X X X X X X X X

FCC GETS CLOSE-UP OF ALERT RECEIVER

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

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

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

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

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

X X X X X X X X

COURT ORDERS NEWSPAPER WITNESS TO TESTIFY

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

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

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

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

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

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

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

X X X X X X X X

ARMY WANTS STILL MORE RADIO OPERATORS

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

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

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

X X X X X X X X

::: _____ :::
 ::: TRADE NOTES :::
 ::: _____ :::

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

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

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

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

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

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

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

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

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

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

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

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

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

X X X X X X X X X X

8/15/41

CROSLEY REPORTS NEW STEEL PROCESS

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

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

X X X X X X X X

NATIONAL INTEREST INVENTIONS BILL AMENDED

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

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

X X X X X X X X X X

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

X X X X X X X X X X