

HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.

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FRANK E. MULLEN

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SENATE URGED TO DOUBLE BROADCASTING TAX

Far from backing down John B. Haggerty, Chairman of the International Allied Printing Trades association, held by many to be responsible for the proposed levy on broadcasting urged the Senate Finance Committee to double the House tax of \$12,500,000.

The indications at this writing were that the controversial paragraphs in the Defence Revenue Bill would not be voted upon for a week or more and that the bill would not be reported to the Senate until after Labor Day, probably Tuesday, September 2.

Mr. Haggerty's recommendations to the Senate Finance Committee were, in part:

"This presentation, in behalf of the International Allied Printing Trades Association, comprising the five international unions in the printing industry, representing almost 200,000 skilled workers, favors the doubling of the taxes voted by the House on net time sales of radio broadcasters. It is our understanding that this Revenue Bill is to be based ON THE ABILITY OF THE TAXPAYER TO PAY. The presentation of the opposition carefully avoids this question of the ability to pay. The Printing Trades Association advocated the levying on the net time sales of radio broadcasters with two purposes in mind. First, the ability of the broadcasters, based upon their own reports to the Federal Communications Commission, to pay, and, secondly, to protect the job opportunities of printing trades workers.

"The opposition to the levying of this tax presented no figures to disprove the contention we made of the ability to pay. They raise the cry that this is a tax on advertising. No one has advocated a tax on advertising. The first question is the ability to pay. It is worthy of note that the two major networks, with a combined total investment of \$4,614,000 had net profits of \$59,509,549 for the ten year period 1931-1940 inclusive. Also, the net profits for the years 1931-1935 inclusive, were \$19,017,613, while the net profits for the five year period following, 1936-1940 inclusive, were \$40,491,736, an increase in net profits of some 213 per cent. These net profits are after stated deductions for depreciation of some \$10,182,021 (1931-1940) inclusive, and the payment of taxes, including Federal Income and all other operating costs.

"In addition to these unusually high net profits, mainly in depression years, the networks principally and the larger radio stations allowed to be deducted, by advertising agencies, in the form of rebates and discounts, an additional twenty millions of dollars yearly. These figures do not show in the financial reports of the networks or the radio broadcast stations, as the deduction is allowed before the presentation of the bills. Whether the broadcasters' attorney was fearful that your committee might seek to tax such rebates

or discounts or possibly having in mind that the Treasury or Federal Trade Commission might see the wisdom of questioning such practices I do not know. However, you will note he sought to justify the continuance of these rebates and discounts of taxation. We are opposed to the lowering of the income tax base until such time as those with proven ability to pay are properly taxed. The taxes which the Printing Trades have advocated will collect more net revenue than the total amount which the Treasury will receive from taxes received through the lowering of the income tax base. We understand that through the lowering of the income tax base it is expected that the Treasury will collect some nineteen millions of dollars and the cost of collecting will be some fifteen millions of dollars.

"The taxes which we suggest will raise at least twenty-five millions of dollars. Of this amount some twenty millions of dollars could accrue through the elimination of these rebates and discounts, which do not show in the receipts of the radio broadcasting companies and the networks, and the payment of this money into the Treasury as taxes. The networks, with their increased net profits of 213 per cent for the period 1936-1940, inclusive, alone can pay an additional five million dollars yearly. They would still have according to the Federal Communications Commission, for 1939 and for 1940 some four millions of dollars yearly as net profits, after all taxes, on their investment of \$4,614,000. In addition, there are a number of other stations, the net profits of which range from 63 per cent to 133 per cent.

"The net profits of the entire industry as shown by the reports of the Federal Communications Commission, 1939, was some \$24,000,000 on a declared value of properties worth \$28,000,000. Radio broadcasters would have you believe the proposed tax on radio broadcasting stations is a tax on advertising. That they do not believe such themselves is best evidenced in the brief of the National Association of Broadcasters. You will find on page 18 they say 'radio broadcasting is the principal source of entertainment in America'." On the same page they emphasize their insistence that radio broadcasting is an amusement and entertainment enterprise as you will note they say that radio broadcasting "enjoys the favor of half again as many people as its closest competitor, the motion picture."

"Surely, no one will contend that the motion pictures, radio broadcasting's closest competitor, is advertising. During the Finance Committee Hearings, in response to a query as to placing a tax on advertising, Senator Bennett Clark said: 'You cannot conceivably tax newspaper advertising under the Supreme Court decision in the Louisiana case.'

"Reference was made before the committee that the Executive Council of the American Federation of Labor had voted to oppose this tax. The A. F. of L. was not consulted by the Printing Trades Unions as to whether or not such tax should be levied."

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FCC MOVES TO IMPROVE OUR FOREIGN BROADCASTS

In an effort to make our foreign short-wave service second to none in the world the Federal Communications Commission has relaxed one of its stringent rules governing the shortwave broadcasts of stations in the United States to Central and South America, to Europe and the Far East.

The shortwave stations of other countries such as Great Britain, Italy or Germany are either government-owned or controlled whereas the shortwave stations of this country are privately owned. They are: WCBX, Columbia Broadcasting System, New York City; WNBI and WRCA, National Broadcasting Company, New York City; WGEA and WGEO, Schenectady, and KGLI, San Francisco, all owned by the General Electric Company; WBOS, Westinghouse Company, Boston; WCAB, Columbia Broadcasting System, Philadelphia, WLWO, Crosley Radio Corporation, Cincinnati; and WRUL, World Wide Broadcasting Company, Boston.

As a short-cut to improving reception abroad of shortwave broadcasts emanating from this country, the Communications Commission modified a section of its rules governing international broadcast stations to permit greater flexibility in the choice of operating frequencies available for this purpose.

"International broadcasting has passed through its experimental stage and has developed into a service of the utmost importance," the Commission states. "Existing world conditions demonstrate the necessity of the United States being well represented in the international broadcast band, and of maintaining an adequate service to the people of foreign nations. At the present time the expansion of international broadcast facilities in other countries has resulted in considerable and increased interference to the transmissions of United States stations engaged in international broadcasting."

The changes made in the rule will make it possible to assign more than one frequency in the international broadcast band to a single domestic licensee. This will enable the licensee, should interference be experienced on one frequency, to shift operations to another frequency not subject to the same degree of interference. In addition, due to the time differential in foreign lands served by our international broadcast stations it is possible to assign the same frequency to two or more stations broadcasting to different portions of the world without confusion.

The Commission's requirement of a minimum power of 50 kilowatts insures transmissions of reasonable strength reaching the countries for which they are intended. Technically, the new order of the Commission reads:

"The revision of Rule 4.44(a) brings the frequencies listed in this sub-section up to date with current assignments and notifications to the Bureau of the International Telecommunications Union. Included therein are the so-called "Pan American" frequencies which have been in the past authorized for use subject to a number of restrictions.

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"Revision of present sub-sections (b) and (c) provides for a greater flexibility in the choice of operating frequencies, permitting more efficient use of the limited number of frequencies available, making it possible to assign more than one frequency in any band to a single licensee, and should interference be experienced, that licensee may shift operations to another frequency not subject to the same degree of interference. In addition, due to the time differential of various foreign countries served by our international broadcast stations, it is possible to assign the same frequency to two or more stations without conflict or interference."

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ST. LOUIS GETS A NEW FM STATION

The Columbia Broadcasting System, Inc., has been granted a construction permit by the Federal Communications Commission for a new high frequency (FM) station at St. Louis, Mo., to serve 13,000 square miles with more than 1,800,000 population. The proposed site of the transmitter is the Mart Building, 12th and Spruce Streets. The station will operate on 45,900 kilocycles. Its assigned channel is 45.9 megacycles.

CBS now holds construction permits for FM outlets in New York, Chicago, Los Angeles and St. Louis. A fifth station is planned at Boston, although permission has not yet been given. Several months ago the FCC also approved construction of another FM station for St. Louis, to be operated by St. Louis University. This makes a total of 54 commercial FM transmitters now granted throughout the country. Some 55 applications still await FCC approval at Washington.

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ELLIOTT RECEIVES \$25,486 FROM HIS RADIO

Captain Elliott Roosevelt, second son of the President, received \$25,486 out of 63,715 distributed to Class A stockholders in settling the affairs of the Transcontinental Broadcasting System, it was disclosed by the report of Daniel F. Wolcott and Harry H. Stehman, receivers, filed last Wednesday in the Court of Chancery in Wilmington, according to an Associated Press dispatch.

Fees, payments to stockholders and other claims amounted to \$70,345, leaving \$24,528 now held by the receivers out of cash assets of 94,874.

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FTC RAPS RADIO SERVICING COURSE

The Federal Trade Commission accepted from Morris N. Beitman, trading as Supreme Publications, 3727 West 13th St., Chicago, a stipulation to cease certain representations in the sale of a book entitled "Complete Authorized Radio Servicing Course."

Under his stipulation the respondent agrees to cease advertising that publication of his book as authorized or approved by any competent authority, or accepted or backed by the radio industry; that the book is a complete course, or a course of study, instruction, education or training in radio service, electricity, or television, and that it is an exact reprint of a course of lessons sold by the Radio Technical Institute for \$39 or any other price.

The respondent further agrees to cease representing that the quantity of the books is limited; or that the price is an amazing or unusual bargain. The respondent agrees to cease disseminating any advertisement containing a testimonial written and signed by himself, which advertisement fails to disclose that he is an interested party in the sale of the book.

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ACCESS TO COMMUNICATION PLANTS AND STATIONS RESTRICTED

Chairman James Lawrence Fly of the Defense Communications Board has addressed notices to all persons engaged in the wire or radiocommunications industry, including manufacturing, directing attention to a resolution adopted by the Defense Communications Board restricting access to communication plants and stations, to employees, federal, state or local government officers acting in their official capacity, and other persons considered necessary by the management in the conduct of its business.

Also that the industry be requested to exclude representatives of any foreign government, persons, associations or corporations, from access to the premises containing communications equipment or facilities except only upon express permission granted by the Defense Communications Board.

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TELEVISION AT ONCE FOR PHILADELPHIA

To enable the Philadelphia area to have scheduled television program broadcasts as soon as possible, the Commission has given the Philco Radio and Television Corporation special authorization to so operate its present experimental television station W3XE for a period of 60 days on television Channel No. 3 (66,000-72,000 kilocycles) pending the furnishing of additional engineering data required by the Commission to pass on that company's pending application for a construction permit for a full-fledged commercial television station in Philadelphia.

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FIRST DEAF, DUMB AND BLIND AMATEUR IS NEW YORKER

The enthusiastic interest which radio holds for the amateur equals, if not transcends, that of any other hobby. Unlike some pursuits, there is no pecuniary motive for the radio amateur; he functions solely for his own entertainment and enlightenment. His ardor has built up an exemplary fraternal spirit which has contributed much to the advancement of radio in general. In flood, hurricane, or other localized emergency the "ham" can be depended upon to establish communication when wire service is temporarily disrupted. And from the patriotic amateur ranks Uncle Sam is now obtaining many operators and other technicians urgently needed for the national defense. In the theatrical profession the term "ham" is more or less derogatory, but among radio amateurs it is a coveted honor. Amateur licenses are eagerly sought, and proudly cherished. It is a personal distinction to be a "ham"!

Therefore, there was nothing singular that Leo Sadousky, a Brooklyn youth living at 482 Ashford Street, was among the many who of late applied to the Commission for an amateur radio operator's license. But remarkable is the fact that this particular applicant is deaf, dumb, and blind! Despite his handicaps, Leo took the prescribed written examination at the Commission's nearest field office. To 10 pages of questions and problems, he submitted 30 pages of answers written by himself on a Braille typewriter. In the practical tests the candidate demonstrated that he could "hear" radio-telegraph signals through vibrations produced by special devices. The result is that this aspiring 21-year-old is, according to Commission records, the first deaf, dumb and blind licensed amateur radio operator.

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JAP WAS PIONEER SPONSOR

In his book, "Men of Great Wealth", John T. Flynn writes describing Mitsui the great Japanese merchant back in 1673:

"On rainy days he would lend customers umbrellas flaunting on their roofs the name of Mitsui. He used billboards printing the name of Mitsui in large black letters. He subsidized producers and actors to work the name of Mitsui into the lines of dramas so popular in that day thus becoming a sponsor and by 250 years anticipating the radio commercial of today."

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"The Treasury Hour" for selling Defense Bonds will make its debut over a 100 station hookup on the Blue Network of the National Broadcasting Company on Tuesday, September 30, at 8:00 p.m. EST. for 13 weeks under the sponsorship of the Bendix Aviation Corporation.

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PHILCO ELECTS GUBB CHAIRMAN

Larry E. Gubb, well-known to the industry, was elected chairman of the board of the Philco Corporation in Philadelphia last Thursday. Mr. Gubb has been connected with Philco since 1920. He was elected president of the Philco Radio and Television Corporation in July, 1934. Mr. Gubb has been executive vice president of the Philco Corporation since April, 1940, when Philco Radio and Television became a subsidiary.

Other Philco elections include that of John Ballantyne, who was raised from treasurer to vice president in charge of operations, Thomas A. Kennally from general sales manager to vice president in charge of sales, W. R. Wilson from controller to treasurer, and James H. Carmine, former general sales manager, to general sales manager. James T. Buckley, president since 1939, continues in that office.

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APPROVE MRS. ROOSEVELT'S CONTRACT

This letter was written to the editor of the Washington Star by a reader F.G.S. from Kitty Hawk, N.C.:

"I read Frank Kent's column on Mrs. Roosevelt's new radio program. After thinking about it, I decided that Mr. Kent and the "several million men and women" whom he says Mrs. Roosevelt "irritates very much" should have pointed out to them the main point of the broadcasts, which they evidently missed -- namely, to encourage better and more extensive economic relations with our neighbors, which she, as the President's wife, can certainly do.

"Of course, Mr. Kent had no thought of bringing about disunity by rekindling for and against Eleanor Roosevelt factions by enumerating past criticisms of her, but in suggesting that she "try selling an article or a column or a broadcast under an assumed name, or anonymous", he did bring up an interesting question. I wonder just how many columnists could sell an article or a column under an assumed or anonymous name."

Mrs. Roosevelt's new series of weekly 15 minute broadcasts will begin over 122 NBC-Blue Network stations at 6:45 p.m. EST under the sponsorship of the Pan-American Coffee Bureau composed of the coffee growers in seven South and Central American countries.

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More than twenty advertisers in as many cities already have contracted for the second annual edition of Touchdown Tips with Sam Hayes, recorded football series syndicated by the NBC Radio-Recording Division and to be ready for the air.

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WWDC DISSOLUTION ASKED FOR

A petition for dissolution of the Capital Broadcasting Co., which operates Station WWDC, Washington, D. C.'s newest outlet, was filed at District Court by Dyke Cullum of Silver Spring, Md., vice president and one of the three trustees of the firm.

On May 2 Mr. Cullum filed a complaint for accounting and for appointment of a receiver for the firm. Stanley H. Horner and Edwin M. Spence, the company's two other trustees, are president and secretary-treasurer, respectively.

In his petition filed yesterday Mr. Cullum told the court that the property and effects of the company have been "so far reduced by wasteful expenditures, losses or otherwise, that it will not be able to pay all just demands against it or offer a reasonable security to those who deal with it."

The plaintiff said he thought it would be "beneficial" to the interests of the stockholders if the firm were dissolved.

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ADVERTISERS APPARENTLY PLEASED WITH TELEVISION

One of the most important commercial television broadcasting contracts ever entered into was made this week by Adam Hat Stores, Inc., with the National Broadcasting Company for exclusive rights to sponsor all sporting events televised by NBC.

The agreement also calls for broadcasting of sports events to be televised by NBC's new television station in Washington, D.C., which is scheduled to begin operation, and from the NBC television station in Philadelphia, Penna., due to take the air on July 1, 1942. Adam Hat Stores, Inc., is already sponsoring boxing bouts staged by "Chick" Meehan at Ebbets Field, Brooklyn.

It was the success of the televising of the Ebbets Field fights and the audience response that led to the present agreement, according to Alfred H. Morton, Vice President in charge of television for the National Broadcasting Company.

John David, Inc., retailers of men's wear, also signed a contract with the National Broadcasting Company for a half hour weekly television program, on Wednesday nights at 9:00, EDT. The program will be called "Men's Wear Highlights of Television."

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FOREIGN LANGUAGE PROGRAMS OLD STUFF FOR NBC

We are indebted to Bill Neel, of the Press Department of the National Broadcasting Company in Washington for the following correction:

"I noticed in your August 12 Letter a note on United States shortwave programs being printed in three languages for distribution outside the United States.

"I thought you might be interested in the enclosed - NBC has been printing short-wave programs in foreign languages for some years, and mailing them all over the world."

The enclosure Mr. Neel sent was a copy of the "Short Wave News" containing the programs of NBC-RCA short-wave stations WRCA and WNBI for the month of July. These programs were printed in English, French, Spanish, Portuguese, and German. Furthermore, as Mr. Neel correctly states, and this writer in his lucid moments well knows, these programs have been sent out by NBC for several years.

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AMATEURS COOPERATE IN WAR GAMES

The Army is trying for the first time, apparently with success, the voluntary mobilization of amateur radio operators for defensive aid in the current West Coast war maneuvers of 100,000 men.

Two hundred operators are cooperating in a secret radio espionage network by which the defending forces learn of troop, mechanized and motorized movements long before they could be ascertained by normal channels. The radio plan was developed by Maj. Gen. Kenyon A. Joyce, commander of the 9th Corps Army, and has proved particularly valuable in the wild Olympic peninsula forest area. The civilian operators include farmers, forest rangers, State patrolmen, water patrolmen, fishermen, Coast Guardsmen and others.

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FOURTH ANNIVERSARY OF BROADCASTS TO EUROPE OBSERVED

The fourth anniversary of regularly scheduled daily programs in German, French and Italian, heard by European Short-Wave listeners over stations WRCA and WNBI, was observed last Wednesday by NBC's International Division, which recently celebrated its tenth birthday.

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:::: TRADE NOTES ::::
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The Westinghouse Radio Stations, Inc., Hull, Mass., have been granted a construction permit for a new developmental broadcast station to operate on frequency 9570 kilocycles, with power of 700 watts, for the purpose of furnishing a signal for the National Bureau of Standards in Washington, in connection with radio wave propagation studios made by the Bureau.

K45LA, the FM outlet of the Don Lee network on the West Coast which began operations August 11, now lists 18 different sponsors, some of them national accounts, FM Broadcasters, Inc., report. W55M in Milwaukee has eight accounts, while W51R, Rochester, airs two commercial half-hour programs daily. W47A of Schenectady, at last report, had 26 sponsors.

Programs of music will be exchanged once a month by a network of Brazilian stations and WOR-Mutual, according to an arrangement completed by Dr. Julio Barata, director of the radio division of the Departamento De Imprensa E Propaganda of Brazil, and Adolph Opfinger, program manager of Mutual.

The Farnsworth Television and Radio Corporation reported from San Francisco a net loss of \$181,857 for the fiscal year ended on April 30, against one of \$749,741 in the preceding year. Sales rose to \$5,165,905 from \$2,922,576, while orders on file increased about \$7,000,000 from \$550,469. Almost a third of the company's current production is going to defense equipment.

The applications of the following attorneys were approved to practice before the Federal Communications Commission: Edward H. Degroot, Washington; Fred Felty, San Antonio; Harry Ossen, Torrington, Conn.; N. L. Schoenfeld, Hot Springs, Ark.; Joseph C. Suraci, Washington; and Kenneth L. Yourd, Washington.

An Asheville resident requests copies of Commission "regulations" requiring written scripts of programs to be submitted to broadcast stations 24 hours in advance of their presentation. The Commission has adopted no such regulations; it is within the discretion of the individual broadcast station whether or not to require submission of written scripts in advance so long as the license retains full control over programs.

A Boston broadcast listener has written the Commission suggesting that an arrangement be made whereby dramas be transmitted over one network, symphonic music over another, and that varied programs be carried over a third network. But the Commission has no authority to direct this or other programming.

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TWENTY-ONE MEXICAN STATIONS JOIN NBS NETWORK

Mexico's largest network - 21 radio stations - Thursday became affiliated with the Pan-American Network of the National Broadcasting Company, as another major step in the development of a unified inter-continental broadcasting service, Frank E. Mullen, NBC vice president and general manager announced.

Mr. Mullen made this known following a radiophone conversation with John F. Royal, vice president of NBC's International Relations Department. Mr. Royal is on a 20,000 mile air tour of Pan-American republics, visiting many of the South American stations affiliated with the National Broadcasting Company and arranging to expand NBC's broadcasting activities throughout the Americas. Mr. Royal telephoned Mr. Mullen from Colon, Panama, where Charles W. Horn, assistant vice president of the department, joined him after completing details of the contracts in Mexico City.

In his announcement Mr. Mullen said that arrangements for the Mexican Network affiliation had been made with Don Emilio Azcarraga, president of XEW, Mexico's largest broadcasting station. XEW now operates with 100,000 watts, but its power will soon be increased to 200,000 watts, making it the most powerful radio station in the Western Hemisphere.

"This is another step," Mr. Mullen said, "on the part of the National Broadcasting Company to cooperate with our government in its 'Good Neighbor' policy to promote further understanding, friendship and cultural relations between the people of the United States and its neighbors - the people of the Pan-American Republics.

"We are pleased to have this great Mexican Network join us in another forward step in the extension of our Pan-American Network, which the National Broadcasting Company has been developing for more than ten years.

"In serving the vast Mexican audience, the National Broadcasting Company will pursue its policy of providing unbiased information and the best of entertainment over its two international short wave stations, WRCA and WNBI, under the direction of Mr. John Elwood. In addition, many of the popular entertainment and public service programs regularly broadcast in this country over both NBC's Red and Blue networks will be made available. A series of exchange programs is included in the plans."

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