

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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NATIONAL BROADCASTING COMPANY, INC.  
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*pages 4 + 9 interchanged*

## SAY RADIO SET SALES UNHURT BY INSTALLMENT CURB

The new regulations requiring down payments of 20% on radio sets on installment sales and balance payment required in 18 months are not expected to affect radio receiving set sales, the Radio Manufacturers Association advises, explaining that few installment contracts for radio extend beyond 15 months. The maximum amount of the purchase price which may be paid in installments is 80 percent. The same terms that apply to radio sets hold good for mechanical refrigerators and musical instruments.

Present installment contracts will not be affected, nor would credit extensions to wholesalers or retailers to finance the purchase of such articles. More rigorous credit terms on automobile sales, with one-third down payment, and slightly more lenient restrictions of 15% down payments in the case of oil burners, air conditioning, plumbing and sanitary supplies would be required under the tentative Federal regulations, announced August 15th.

Restrictions on future consumer purchasing of durable goods using "critical" defense metals are the principal objectives of the new installment sales restrictions promulgated by the Federal Reserve Board under President Roosevelt's Order based on his World War powers. The regulations are now scheduled to become effective September 15.

For the radio industry, the principal effect would be upon dealers and particularly smaller concerns. The radio interests involved have been discussed with Federal Reserve officials by Bond Geddes, RMA Executive Vice Pres., under directions of Chairman Paul Galvin of Chicago of the Association's Set Division. The officials were advised of the sharp reduction in radio manufacture and the industry's curtailed use of defense materials voluntarily and also already ordered by OPM. Interests of radio dealers in the new installment credit restrictions were especially detailed to officials, but the 20% down payment requirements on radios and the other consumer goods covered in the official order will be general. It has not yet been determined when the credit restrictions will become effective.

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Calculating the 20% down payment on radio sets, refrigerators and other household articles, the down payment will be calculated on a "basis" price. This is defined as the "bonafide cash purchase price of such article, minus the amount of any allowance made by the seller for any article traded in by the purchaser (including as such a trade-in anything which the seller buys from the purchaser at about the time of the purchase of the listed article)."

The proposed credit regulations apply to sales under \$1,000 and do not affect open or outstanding accounts nor the present credit arrangements of department and furniture stores. The proposed regulations also would exempt "any extension of credit to a dealer in any listed article, whether wholesaler or retailer, to finance the purchase of any such article (including radio sets) for resale." Registration and licensing of installment credit organizations is proposed, to enforce the Federal Reserve Board's future regulations.

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#### AMATEURS GIVE UP BAND FOR MILITARY TRAINING

Showing the proper spirit in cooperating with the War Department in national defense the radio amateurs have agreed to temporary cessation of amateur activities in the 3800-3900 kilocycle band, as ordered by the Federal Communications Commission to make those frequencies available for the training of many thousands of additional aircraft pilots in the large number of new airfields throughout the United States. An essential part of such training involves a large-scale use of radio communications.

The order was entered subsequent to a hearing from which it appeared that the amateurs recognized the necessity of the withdrawal for defense purposes and refrained from entering any protest against such military use. At this hearing it was indicated that there was objection to the elimination of the exclusive Class A privileges for amateurs and the order has been modified to retain such privileges.

The War Department has carefully studied the progress of the pilot training program, which will eventually require exclusive use on a temporary basis of the 3650-3950 kilocycle portion of the amateur band, with a view to determining the extent to which it may be possible to defer cessation of amateur operations in various portions of this band. As a result of this study it appears that it will be necessary to initiate partial use of the band 3800-3900 kilocycles about October 1, 1941, but that it may be possible to use this band jointly with the amateurs until about December 20, 1941.



"The importance of listening-in on foreign transmissions is attested in the fact that all propaganda instigated abroad almost invariably follows the example set in short-wave broadcasts, but follows it with a lag. Consequently, it is necessary for our Government to have knowledge of the short wave "model". Speed here is the essence, in order that counter-measures may be taken.

"At the same time, a considerable amount of news and intelligence information comes over the short-wave which is not available from other sources, and which must be transmitted immediately to the proper Government officials.

"Today almost every move is presaged by shifts in propaganda treatment. Consequently, through study of propaganda trends it is often possible to predict such moves. A new course in policy can be reflected in broadcasts long before it is announced officially, or rumored in the press. Indeed, the altered tone of certain foreign broadcasts gave the first indication that Germany was about to invade Russia, and that Japan intended to occupy Indo-China.

"With foreign censorship becoming sterner and ordinary news sources abroad drying up to an alarming degree, it is pertinent that the Monitoring Service probe the great volume of recorded foreign radio pronouncements for clues to transpiring events.

"The Foreign Broadcast Service operates in a sort of "belt line" process, which can be described in the following steps:

"Four 'listening posts' of the FCC's National Defense Operations Section are exclusively attuned to foreign broadcasts. They are so located that each may hear transmissions from a particular region of the world. Thus, a listening post at Portland, Oregon, concerns itself with Far Eastern broadcasts; another at Kingsville, Texas, has to do with Latin American events; the third, at Santurce, Puerto Rico, watches Eastern European trends, while the fourth, at Guilford, Maryland, covers the rest of Europe and all of Africa and the Near East.

"Monitors listen to all of the major broadcasts, and information about content significant either from the intelligence or propaganda point of view is flashed immediately to appropriate Government officials. In the case of the field offices, such items are transmitted first to the Washington office, from whence they are relayed to other Federal units. In the case of the adjacent listening post, telephonic lines can 'pipe' a short-wave broadcast as received there direct to the Washington office, where the same is scanned for significant developments to flash various Government offices by teletypewriter.

"Concurrently, broadcasts are recorded in the field offices. As each cylinder is finished, if it is in a foreign language, it is turned over to the Translation Section. When the translators have made a rough draft, such transcript is typed and duplicated. If the broadcast is in English, the cylinder goes to transcribers who similarly prepare verbatim copy on duplicating sheets.



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## MORE COMMISSIONERSHIP NAMES

Two more names were mentioned in connection with the FCC Commissionership vacancy Clifford Durr, assistant general consul of the Reconstruction Finance Committee and former Representative Charles West of Ohio. Both are active New Dealers but Durr, who hails from Alabama and is a brother-in-law of Supreme Court Justice Hugo Black, is said to have turned down a previous offer to the FCC, stating at that time that he preferred to remain with the RFC. Mr. Durr is 42 years old and has strong political backing.

President Roosevelt has been trying to find a place for ex-Congressman West, who for a time served as a White House secretary incognito, but didn't make a success of it. Later Mr. Roosevelt named him for a railroad inquiry commission, but withdrew the nomination in the face of Senate opposition.

A story that the President will hold off naming the new FCC Commissioner until he can revamp the entire Commission has been heard on Capitol Hill.

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## FCC LISTENS TO FOREIGN PROPAGANDA IN EARNEST

For the first time in history the United States Government, through special national defense units of the Federal Communications Commission, is officially "listening in" and dissecting foreign short-wave broadcasts. The Commission has just given out a detailed explanation of this work.

The Foreign Broadcast Monitoring Service is now actively translating, transcribing, analyzing, and reporting on from 600,000 to 900,000 words transmitted daily by foreign broadcast stations throughout the entire world as recorded by the Commission's National Defense Operations Sections.

Working in three shifts of eight hours each, a special force of technicians, translators, analysts, and other experts is keeping abreast of all international broadcasts which emanate outside of this country, 24 hours of the day, 7 days a week. Speeches, newscasts, and entertainment to the inclusion of some musical programs, are carefully watched for intelligence and trends, which are reported immediately to Government officials responsible for counter-propaganda or other action, if necessary. The FCC statement continues, in part:

"For obvious reasons, the reports of the Foreign Broadcast Monitoring Service are confidential.

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23,000 pounds of aluminum for such purposes until November 30th. This supplements the recent OPM detailed allocation of aluminum for electrolytic and fixed paper condensers in the program beginning with 40,000 pounds of prime aluminum in July, reduced gradually but extending through December.

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### CALLS RADIO SERVICING GYPPERY

Lashing out at radio repairmen the Reader's Digest for August says:

"When the average American takes his radio set into a repair shop, his profound ignorance of the set's workings will be fully rewarded, for he will be cheated 64 out of every 100 times by repair men who will sell him tubes, batteries and service which his set doesn't need, or charge him for new parts they didn't put in. In some cases they will even remove good parts and add them to the supply on their shelves, substituting inferior equipment.

"Such is the conclusive evidence produced by The Readers Digest investigation which tested 304 radio repair shops of every type, in 48 states from coast to coast, from the Great Lakes to the Gulf.

"The investigators (the same two, John Patric and Miss Lloy May, who conducted the automobile inquiry) started out with brand-new portable radios of two nationally known makes, in flawless condition. A few minutes before each shop was entered, the radio had been playing perfectly, but was deliberately put out of order by the investigators, sometimes by disconnecting a snap-on wire, usually by loosening a tube. When the backs of the sets were taken off - which could be done with the fingers - even a layman would not fail to notice either the dangling wire or the wobbly, projecting tube. A repair man who didn't see them, and speak up, was taking the first step toward petty thievery.

"That the test was fair is proved by the 76 repair men who spotted the trouble as soon as they opened the back of the set, and made no charge; 33 others made a charge so trifling as to class them also as honest. But these 109 honest men were in a sad minority.

"Of the 304 shops tested, 195 tried by one dodge or another to take advantage of the customer. That's a score of 64 per cent in favor of gyppery."

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Consequently, today's order is issued with the understanding that it may become necessary to advance the date specified, and it is recognized that in the interim, a certain amount of interference may result from the joint use of the frequencies within this band by the War Department and the amateurs.

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#### MANUFACTURERS AGAIN IN JAM ON PRIORITIES

New OPM priority troubles for radio manufacturers are being faced in connection with recent mandatory controls ordered over copper, steel and plastics. The Radio Manufacturers Association Priorities Committee, which recently secured special allocations of aluminum and nickel for reduced civilian radio production, is advising members in connection with the procedure now necessary to secure copper and other materials. Steel priority control becomes effective September 1 and will involve further procedure by the RMA Priorities Committee, of which Paul V. Galvin, of Chicago, is chairman. Difficulties in securing copper have already been encountered by radio manufacturers. The copper supply situation is becoming as difficult as that of aluminum, with only about 20% of normal capacity production reported available for civilian industries.

An OPM order just issued prohibits delivery of plastics for radio cabinets, escutcheons and also many other plastic products. This serious situation for the industry has immediate attention of the Priorities Committee, which has arranged for a conference today (Tuesday, August 26) with the OPM Chemical Priorities Committee. An effort then will be made to secure a preferential rating and exemption for plastic cabinets and other plastic radio parts.

OPM also has issued a general order for priority of maintenance and repair parts in a few essential industries, including utilities, transportation, mining, fire and police, and similar services. This will be extended to radio transmission service in the near future, and its application to repair parts for receiving sets in general public ownership is being urged by industry interests in behalf of parts manufacturers.

Specific allocations of metals for manufacture of replacement tubes and also of aluminum for replacement electrolytic condensers were announced yesterday by Administrator Leon Henderson of OPACS. The allocations for tube replacements, in substantial quantity, follow the series of recent conferences with OPACS officials by RMA. The metals allocated for tube replacements apply for a period ending November 30th. The OPACS order relating to electrolytic condenser replacements provides for allocation of



"Decentralization of the Foreign Broadcast Monitoring Service force makes each listening post, in effect, a complete unit in itself, with engineers, translators, transcribers, stenographers, and persons who prepare reports. Thus, each can tackle an overseas broadcast as quickly as it is recorded. From the far-flung listening posts, master reports are speeded by air mail to Washington, where all analysis work is done.

"In Washington, as the master sheets covering each broadcast are finished, they go to another section, which prepares copies of the transcript on duplicating machines.

The transcripts then go to the Report Section, which is able, by noon, to get out a daily summary covering broadcasts over the whole world the night previous. This report describes the content of foreign broadcasts, and analyzes them from the viewpoint of propaganda strategy.

"At the same time, copies of transcripts go to the Analysis Section, which is charged with the work of long-range 'scientific' analysis. This task is also performed on a highly current basis, so that it is possible to study daily trends, and so deduce the intention of foreign propagandists and the probable effect of such propaganda on various audiences throughout the world.

"To take the utmost advantage of such advance information, interested Government officials must have flashes and reports within the shortest time possible. Even an hour's delay may mean the difference between 'tip' and fact. Therefore, the four foreign broadcast monitoring units have almost instantaneous communications by means of radio, telephone, teletype, and telefax with the Washington central office.

"Clearing through the Washington office of the Foreign Broadcast Monitoring Service, pertinent information is dispatched to a selected list of military and other Government officials in the form of spot bulletins, daily reports with over-all content and analysis, weekly summaries of propaganda methods on the long-range basis, and special reports and analyses in particular matters.

"Continuous listening is necessitated by the difference in time throughout the world. What might be the best listening period in one country may be early morning in another. Also, programs which come over different frequencies at the same time must be recorded separately.

"The volume of international broadcasts is tremendous. The German radio bombards the United States alone with nearly 11 hours of emissions daily, the British send us about 6½ hours, Japan 4½ hours, and Italy more than 4 hours, and a score of other nations in lesser proportions. Significant to our Foreign Broadcast Monitoring Service are the different treatments accorded the same news by a country in broadcasting to various nations."

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 :::: TRADE NOTES ::::  
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Virtually full control of radio exports, both of receiving and transmitting equipment, has been ordered by the Administrator of Export Control. It becomes effective August 29. A similar order this month covered radio transmitting apparatus. The new radio and other export control orders were published in the "Federal Register", but are not available in quantity.

The Crosley Corp. of Cincinnati seeks to make changes in equipment and increase power of its station W8XO from 100,000 and 500,000 watts to 100,000 and 750,000 watts.

Station WRNL, Richmond Radio Corp., Richmond, Va., has been granted a construction permit to install a new transmitter, make changes in directional antenna for night use, only, and increase power to 5 kilowatts.

Life Savers Corporation, Port Chester, N. Y., the president of which is E. J. Noble, president of Station WJCA, New York, is charged in a Federal Trade Commission complaint, with violation of the Robinson-Pitman Act through price discrimination and through allowances made to some of its retailer customers for services and facilities furnished by them in the sale of the respondent's confection product "Life Savers."

"Give Me Your Answer," the Mills number whose title sheet shows the name of "Hollywood" McCosker as lyricist, topped all songs played on the Mutual network last week and definitely entered the hit class. Oddity about the song - which was written by Alfred J. McCosker, president of WOR - is that its success now entitles him to be a writing member of ASCAP as an active songwriter, should he so desire.

The American nations may some day become bilingual as a result of extended use of "Columbia's School of the Air of the Americas," Dr. Luis Sanchez Ponton, Mexican Minister of Education, predicted recently as the air school conference in Mexico City closed.

On Wednesday, September 17, the Colony Opera Guild will put on a television presentation of the second act of "Faust" over station WNBZ of the National Broadcasting Company.

WICC, Bridgeport-New Haven, 600 kilocycles, with 1,000 watts day and 500 night, a member of the Yankee and Colonial networks, will become a full-time Mutual network outlet next June.

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## R. C. A. COMMUNICATIONS ALSO ON THE JOB

This letter was received from F. P. Guthrie, of Washington, District Communications Manager of R.C.A. Communications, Inc.:

"I was interested to read in your letter of August 19 about the MacKay Radio and Telegraph Company compiling some current rate information.

"In order that you may be further informed on such matters, I take pleasure in sending you herewith an R.C.A. Folder giving the rates to all parts of the world as well as a booklet covering restrictions of service, a couple of maps, and a card which will enable you to tell what time it is on the other side of the world."

One of the maps which Mr. Guthrie so kindly sent showed the R.C.A. radio telegraph circuits to foreign countries and different parts of the U.S.A. Another was of the Western Hemisphere also showing R.C.A. telegraph circuits captioned "The Good Neighbor Route to the Americas via the R.C.A." and a sub-caption "The Shortest Distance Between Two Points is a Straight Line."

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### \$2,400,000 EXPANSION OF G-E RADIO FACILITIES

Construction of a new \$1,275,000 building for the assembly and testing of radio equipment for the Army and Navy has been started here according to an announcement by Charles E. Wilson, president of the General Electric Company.

The building, to be equipped at an additional cost of \$1,000,000, is part of a \$2,400,000 project of the Defense Plant Corporation for expansion of radio manufacturing facilities at the General Electric Plant in Schenectady. The program includes purchase and renovation of the old Weber Electric Company plant. It will provide employment for approximately 2000 workers.

The new building, a single-story wooden structure 1000 feet long and 200 feet wide with 200,000 square feet of floor space, is expected to be finished by Oct. 1 and all equipment installed by next June. The Weber plant renovations, which will provide approximately 60,000 additional square feet of floor space, are expected to be completed by the first of next month. Production is already under way in part of this space.

The buildings and equipment financed by the Defense Plant Corporation will be operated by the General Electric Company but title will remain with the government.



Last week it was announced that construction will be started soon on another new building to be erected by the General Electric Company in Schenectady for the manufacture of industrial and radio tubes to be ready for operation in February. A single-story manufacturing section will contain 120,000 square feet of floor space while 15,000 square feet of floor space will be available in a two-story office section.

The new facilities will provide greater capacity for the manufacture of the company's lines of vacuum tubes which include air-and water-cooled radio transmitting tubes, ignitrons, hot cathode mercury vapor rectifiers, thyratrons, high vacuum rectifiers, phototubes, cathode ray tubes, special receiver tubes, vacuum capacitors, measurement tubes, vacuum switches, vacuum and ionization gages, ballast tubes, vacuum flasks and similar products.

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#### NEW FM MONITOR LOUDSPEAKER

A new high-fidelity loudspeaker and high-fidelity amplifier for use in FM broadcast stations is offered by the General Electric Company at Schenectady. The speaker, of single-unit construction, provides high-quality reproduction for the station operating staff and for parts of the station where true high-fidelity reproduction is desirable, such as in audience and sponsor rooms.

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#### FCC ACTION

Southern Calif. Broadcasting Co., Pasadena, Cal., granted construction permit for a new station to operate on 1430 kilocycles, 1 kilowatt, daytime.

Washington Broadcasting Co., Washington, Pa., granted petition for reconsideration and grant without hearing the application for a new station.

Seaboard Radio Broadcasting Corp., Philadelphia, Pa., granted construction permit for a new (FM) station to operate on frequency 48,100 kilocycles for commercial FM broadcasts; coverage 9,300 square miles; population 3,900,000.

Wescoast Broadcasting Co., Wenatchee, Wash., granted construction permit to install a new transmitter and antenna, increase power to 500 watts night, 1 kilowatt day, and change frequency to 560 kilocycles.

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WGN, Inc., Chicago, Ill., granted modification of special temporary authority to operate frequency modulation (FM) station commercially on 45,900 kilocycles, with power of 3 kilowatts, on a temporary basis only for a period of 60 days.

J. E. Rodman, Fresno, Calif., has applied for construction permit for a new broadcast station to be operated on 1340 kilocycles, 250 watts and unlimited hours. (Requests facilities KARM).

WKZO, Inc., Kalamazoo, Mich., has applied for construction permit for increase in nighttime power from 1 to 5 kilowatts.

B3-Z-1210, Wendell Mayes, Joe N  
Hossier Broadcasting Co., Indianapolis, Ind., has applied for construction permit for a new broadcast station to be operated on 810 kilocycles, 250 watts daytime.

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