

HEINL RADIO BUSINESS LETTER

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FCC PLANS FRANCHISE TAX ON ALL COMMUNICATIONS

That the Federal Communications Commission would expand the defense tax levy to the telephone and telegraph companies and not confine it to the broadcasting industry was stated by Chairman James L. Fly in discussing the proposed plan of a franchise tax now being worked out by the Commission in cooperation with the Treasury Department and the Joint Committee on Internal Revenue. The study was undertaken at the request of Senator George, of Georgia, Chairman of the Senate Finance Committee in lieu of the proposed tax on radio time sales which was thrown out of the first 1941 Defense Revenue Bill. With the franchise tax every branch of the communications service would be called upon to help pay the freight instead of the broadcasting alone being called upon to contribute.

Mr. Fly said that telephone and telegraph companies as well as point-to-point radio telegraph companies were to be made subject of the proposed tax when the plan is finally completed. In effect the chairman disclosed "the whole works" would be taxed. From one source came the report that the telephone and telegraph companies might have to pay about half of the new tax.

Mr. Fly said that the commission at this time did not have the tax plan in any concrete form but in view of the indications that Congress might not approve proposed tax on time sales of the radio broadcasting companies he would start work on the tax scheme within a short time. He said the broadcasters had indicated a sympathetic interest toward the proposed franchise tax but that he had not yet talked over the matter with the representatives of the telephone and telegraph companies. However, he didn't seem to anticipate any great difficulty.

The tax plan would include, he said, practically every phase of the radio branch of the industry except, perhaps, the amateur stations. Mr. Fly said that after the commission experts have worked out tentative formula for the proposed tax, that it is his plan to call in all of the representatives of the communications companies which would be affected by the tax for a round-table discussion.

Mr. Fly said that the franchise tax proposal has nothing comparable in revenue to the provision struck out of the Defense Bill

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which called for \$12,500,000. At the Senate hearing Mr. Fly said the annual operating expenses of the FCC were about \$2,000,000 a year and it is the belief that this is approximately the amount he had in mind raising by means of the franchise tax, with the broadcasters paying half or about \$1,000,000, since only about half of the Commission's time is taken up by radio. He seemed to think the stations tax should be based upon coverage instead of power. A subcommittee of the Senate Finance Committee - Senator Prentiss Brown of Michigan and Senator Donaher of Connecticut studying the radio question are said to be working on a proposition basing the tax on the time sales rate of the individual station.

Mr. Fly said that the study of the franchise tax was moving along without further loss of time. It is therefore expected that the House will approve the Senate's action in deleting the radio time sales tax when the differences in the House and Senate bills must be reconciled in conference. When the Senate itself took up the tax bill last Thursday it almost immediately approved the Senate Finance Committee's elimination of the taxes on radio time sales and billboards.

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SOUTHEAST PROBABLY IN DAYLIGHT TIME INDEFINITELY

Although other daylight saving zones will go back to standard time Sunday, September 28, it looks as if the Southeast portion of the United States will have to stay on daylight time indefinitely. Due to drouth the Federal Power Commission has declared a power emergency and has requested advanced time as an electric energy save. That area is a center of aluminum production requiring huge amounts of electricity and the Southeast has had a drought.

How long the Southeast stays on daylight time depends upon how much rain they have down there between now and Christmas. If there is sufficient water to fill up the hydro-power reservoirs then there is less danger of a power shortage. In that case the Power Commission would probably go off daylight time. It is apparent, however, that the FPC is not going to give up daylight time until dead sure that they will not need it later.

That this is a matter of apprehension to broadcasters is an inquiry from the head of an important radio station in that section who writes:

"I am sure that the South is rather unanimous in its opposition to remaining on daylight saving time if the balance of the country is to operate on standard time."

While the power situation in the Southeast has been improved by the summer rains it will have to await Fall showers before a decision as to changing time is reached.

Mr. Roosevelt has asked Congress for authority to blanket regions with daylight saving time whenever it becomes essential to conserve electric energy needed for defense purposes, and a bill to confer such power is now before Congress.

Under the bill introduced by Representative Clarence F. Lea, of California, the President could order clocks throughout the country, or in any part of the country, to be turned as much as two hours forward for the whole year. It was not expected, however, that Mr. Roosevelt at any time would order a blanket advance for the whole country.

The bill is now being considered by the House Interstate and Foreign Commerce Committee and is expected to be favorably reported at an early date.

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DCB PRIORITIES LIASISON COMMITTEE FORMED

A priorities Liaison Committee has been created by the Defense Communications Board to study material and equipment requirements for all types of wire and radio communications, and to make reports relative to priorities for these services. This action is primarily for the purpose of affording cooperation and assistance which may be required by the office of Production Management.

The Board has already planned for utilization of existing communication facilities in the coordinated interest of military industry, and civilian activities. The need of materials for extensions, interconnections, and alternate circuits constitutes an important related problem. The Board has been greatly concerned about the availability of such equipment. While it is gratified to know that a priority status has been assigned to repair and maintenance materials, it feels that it is equally, and in many cases more, important to provide a high order of priority for new materials and equipment. This is particularly true of new and supplementary facilities directly or indirectly related to national defense expansion.

Consequently, the new committee (which will be known as Committee XIII) has been assigned to this task. It will consist of a representative each to be appointed by the Telephone, Telegraph, Cable, Radiocommunications, Domestic Broadcasting, International

Broadcasting, Aviation Communications, Amateur Radio, and State and Municipal Facilities committees.

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WILLKIE APPEARANCE DELAYS RADIO PROPAGANDA HEARING

Wendell L. Willkie being called in by the motion picture people and asking for more time to prepare his case caused the inquiry into whether the motion picture and the radio industries have disseminated pro-war propaganda to be delayed until next Tuesday (Sept. 9). This means that it may be considerably longer before the radio representatives will be heard as the motion picture phase of the investigation comes first and nobody seems to know how long that will take.

It was said at the office of Senator Clark of Idaho, Chairman of the Subcommittee holding the hearing that as yet the radio witnesses had not yet been summoned and it was not known who they would be. One of the names mentioned was Walter Winchell. Also other commentators the isolationist senators have had their axes out for.

Unquestionably an enjoyable time will be had by all when Mr. Willkie faces such isolation senators as Wheeler of Montana, Tobey, of New Hampshire, and others. Senator Wheeler will no doubt particularly welcome putting Mr. Willkie on the grill as he had repeatedly jibed him not only for siding with the President in his war views, but as a representative of Wall Street. At a Senate radio hearing not long ago, evidently having Willkie in mind, Mr. Wheeler remarked: "We ought to get some of these Presidential candidates down here to see what they think about this radio situation."

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FCC WON'T UNDULY TRAMP ON BROADCASTERS' TOES

Although it was denied that the FCC was softening in its stand in the chain monopoly regulations, Chairman James L. Fly declared that every consideration would be given to the networks. Mr. Fly said that the Federal Communications Commission intends to move expeditiously, but will not unduly step on the toes of the broadcasters in so doing.

Mr. Fly reiterated that the broadcasters would be given a reasonable time to do what needs to be done. But first the Commission must dispose of the matter now pending and give due notice to the industry. The chairman said that may run into weeks. He concluded that it was not the Commission's inclination to have any unnecessary extension of time.

An editorial in the New York Times criticizing the action of the majority members of the FCC in the sweeping new rules read, in part, as follows:

"No abler analysis of the harm that the Commission's order may do to the radio industry has come from any source than from the minority report of two members of the Commission itself, T. A. M. Craven and Norman S. Case. Their analysis deserves considerably more attention than it has yet received. They declare, first, that the Commission is without jurisdiction to promulgate regulations which undertake indirectly to control the business arrangements of broadcasting licensees. And they contend that the proposals of the majority 'will result inevitably in impaired efficiency of the existing broadcast organization of the country.'

"While the minority does not condone any form of monopoly which concentrates power contrary to the public interest, it points out that the majority is apparently trying to force a sort of academic 'unlimited' competition in broadcasting which cannot in any case be wholly achieved because the number of air channels is physically limited.

"The undisputed fact, declares the minority, is that 'radio broadcasting has been utilized as an open forum.' 'No one has complained officially to the Commission of any abuses arising from' the existing network systems. But if there were monopoly or restraint of trade, then, declares the minority, the Commission would still have no jurisdiction under the law. It would be its duty either to ask the Department of Justice to investigate the matter, or to ask specifically for more power by referring the entire question to Congress.

"The subject of radio regulation is a very complex one. Apart from the question of the FCC's legal authority, some of the recommendations which the majority make may be in the direction of desirable changes. But there seems little doubt that if all the proposed new regulations are forced through in the present form, their main effect will be what the minority fears."

At the moment everything seems to remain in status quo pending the forthcoming oral arguments on the petition of the Mutual Broadcasting Company at the public hearing Friday, September 12.

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MRS. ROOSEVELT DEFENDS EARNINGS OF HERSELF
AND FAMILY

Mrs. Franklin D. Roosevelt, whose new series of commercial broadcasts for the Pan American Coffee Bureau, over NBC begin Sunday, September 28, was asked the following questions by a reader of her column "If You Ask Me" in the September issue of the Ladies Home Journal:

"We have read that you and your family have cleaned up a cool two and a half million out of writing, lecturing, broadcasting, fat insurance commissions, and so on, since Mr. Roosevelt was elected President. How can you defend this commercialization of the White House to those of us who have been taught to die for our country, not make money out of it?"

To which Mrs. Roosevelt replied:

"I have no idea on what information this statement which you have read is based. I know that as far as my husband is concerned, he has spent, in fulfilling the obligations of his office as President, somewhat more than his salary.

"Where I am concerned, I earned money by working for it before my husband was President and I have gone on doing so. I have made more money, but I haven't as much principal as I had before my husband went into office; and when I am not in the White House I live simply.

"The demands on anyone in the White House are very great. One could, of course, refuse them all. If one could not do anything to earn money and did not have a large personal fortune, the demands would have to be ignored.

"It wearies me a little to hear criticism of what the children do and make. They have to work in any case, or be supported by their families, and no good American who is able to earn a living desires to be supported by his or her family. Because their father happens to be in the White House, they are not commercializing the White House or their father's position. If their father were not in the White House, they would not have lacked opportunities or contacts.

"I personally do not think that earning a small or a large amount is commercializing the White House. When you make money and help to employ people, you make money for your country. The point in making money is to earn it honorably and always to feel an obligation to use your work and what you make out of it for the benefit of the community as a whole as well as for yourself.

"When it comes to being taught to die for your country, I doubt if that has been left out of the education of the children in any branch of the Roosevelt family."

Asked "What is your favorite radio program?" Mrs. Roosevelt answered:

"The news of the day, Information Please, and Raymond Gram Swing."

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RCA STARTS "BEAT THE PROMISE" DEFENSE CAMPAIGN

Inaugurating a "Beat the Promise" campaign aimed to give national defense orders a fast right of way throughout the entire organization of the Radio Corporation of America, David Sarnoff, President of RCA, tapped off the letter "B" in the radio code with a key on his desk in Radio City last Tuesday. It was a signal to the world that the men and women in the RCA plants, offices and communication centers are doing, and will continue to do, with intensified effort, all within their power to beat the promise of delivery of products needed for the nation's defense program.

While Mr. Sarnoff was sending the "B" - a dash and three dots - the same combination in reverse of the "V" for victory - three dots and a dash - the factory whistles at Camden, N.J., the home of the RCA Manufacturing Company, tooted the "B" in code. It was part of the ceremonies held in Johnson Park, at Camden, where the RCA Victor Band played "The Stars and Stripes Forever"; Barry Wood sang "Gonna Beat the Promise" and Lucy Monroe sang "The Star Spangled Banner." Similar ceremonies were held in the RCA plants at Harrison, N.J., Indianapolis and Bloomington, Indiana; and Hollywood, California.

Enthusiastically, the RCA Manufacturing Company's 19,000 workers patriotically have taken up the challenge "Beat the Promise". Most of them have signed pledges to avert waste of materials, gain the fullest productive use of every tool and machine, and through efficient operation rush the work in radio that is so vital to defense on land, sea, and in the air. To date, the RCA has met and beaten most of its delivery dates on equipment for the armed services. Now the all-out effort will be to surpass the records already established.

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DEFENSE BRINGS NEW WAR ON INTERFERENCE

Technical experts of the Department of Commerce, the Federal Communications Commission, the National Bureau of Standards, and other government agencies are uniting in a defense effort to eliminate man-made interference with international broadcast stations which have assumed a new importance in carrying messages abroad during the present emergency. The automobile or motor truck in ordinary operation is a rough-and-ready broadcasting station and interferes seriously with short wave radio communications, according to radio experts of the Department of Commerce.

"Most motorists are unaware of the annoyance they cause as they drive along city streets. However, radio broadcasting companies, radio manufacturers, government experts in the communications field and automotive engineers are fully alive to the problem," a communique from the Commerce Department states.

One leading broadcasting company has conducted a series of tests and made a large number of measurements to determine the extent of interference from different types of ignition systems installed in motor vehicles.

"A special committee set up by the American Standards Association is giving the problem close attention. A committee of engineers appointed by the Radio Manufacturers Association also is actively at work and a committee of automotive engineers is cooperating.

"One way to eliminate interference of this kind is to place a shield over the spark plugs and other exposed parts of motor vehicle ignition systems. Experiments along this line are understood to have eliminated the interference at least to a large extent. Other means have been devised.

"This type of interference is understood to be especially serious in television operations. Even frequency modulation, designed to eliminate much of the interference normally encountered in radio communications, is said to be affected under certain conditions.

"Technical experts of the Federal Communications Commission, the National Bureau of Standards and other interested government agencies are keeping in touch with developments.

"The automobile is by no means the only offender. Electrical paraphernalia used by the medical profession in the treatment of human ills creates similar interference. That is especially noticeable in a building where a considerable number of physicians have such equipment installed, although certain types of equipment in which bulbs are used are understood not to create this type of interference with short wave radio."

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 :::: TRADE NOTES ::::
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A new radio transmitting tube especially designed for high-frequency applications has been announced by the Vacuum Tube Department, General Electric Company, Schenectady, New York. Designated GL-8009, this water-cooled tube is similar to the GL-880, but has a six-pole terminal mount, and can be used as a Class B modulator, a radio frequency amplifier, and an oscillator.

Seventeen new accounts, taking the air in late summer and early fall, have started WABC on its best advertising season in history, Arthur Hull Hayes, manager of the CBS key station, reported today. He described increasing business on all fronts, with veteran WABC clients renewing -- and adding broadcast periods -- and a troop of advertisers using the station for the first time.

WABC records show a doubling in number of sponsors since September 1, 1940. At that time, WABC served seven clients, with nine more signed and ready to broadcast, making a total of 16; September 1 this year found WABC with 25 advertisers and nine about to start, for a total of 32.

Dr. John R. Brinkley, 56-year-old gland specialist and former radio celebrity of Del Rio, Tex., was reported in good condition after surgeons amputated his left leg because of a blood clot.

Dr. Brinkley has been confined to the hospital in Kansas City, Mo., since he suffered a heart attack last June. He suffers also from arterio sclerosis and the amputation became necessary when a blood clot formed in the main artery of his leg.

A new General Electric publication (GEA-3570) "FM Police and Utility Radio" tells how FM is succeeding in three typical installations, Douglas County, Neb., Watertown, Mass., and Riverside, Ill.

EMPC, "The Station of the Stars", Beverly Hills, Cal., has been granted a modification of construction permit to install transmitter, increase power to 10 kilowatts, for approval of directional antenna for day and night use, and for approval of transmitter site between Whitsett and Coldwater Canyon, Van Nuys, Cal.

The following stipulation (#02871) was issued by the Federal Trade Commission:

"Thomas Patrick, Inc., St. Louis, engaged in the radio broadcasting business and in preparing and disseminating advertisements for various commodities, disseminated advertisements over its Radio Station KWK for a good designated 'Colonial Bread' on behalf of Colonial Baking Company, St. Louis. The respondent stipulated with the Federal Trade Commission that in disseminating such advertising it will cease representing that Colonial Bread is not fattening or is necessary in a reducing diet; that it helps burn up body fat or helps to reduce safely, and that six slices of Colonial bread in a reducing diet will give one pep and energy and prevent one from becoming tired, fatigued, irritable or experiencing nervous strain."

RESPONSIBILITY GRANTING CONVICT LICENSE IS COMMISSION'S

"Has a person who has been convicted of a felony and has served the prison sentence imposed the right to make application for a radio operator's license?" a Californian asks. The Commission replies:

"Section 303(1) of the Communications Act of 1934, as amended, provides that the Commission shall 'have authority to prescribe the qualifications of station operators, to classify them according to the duties to be performed, to fix the forms of such licenses, and to issue them to such citizens of the United States as the Commission finds qualified.' The Act does not specifically prohibit the issuance of a radio operator's license to one convicted of a felony, unless, of course, loss of the individual's United States citizenship resulted from such conviction. The duty of determining the qualifications of any applicant for any operator's license is, however, imposed upon the Commission, and in the fulfillment of that duty all of the facts concerning any particular application must be weighed. In any event, there is no statutory bar to the filing of an application for license by such person."

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RADIO ISN'T THE ONLY ONE

That radio isn't the only industry hit by the national emergency is seen in Fanshawe Lindsley, editor and publisher of Golf magazine, announcing that due to impossible conditions existing in the golf field he had been forced to cease publication. Rubber and steel priorities have thrown the golf industry into confusion, he said, with the result that the 1942 advertising outlook is so bad that it would require at least \$75,000 in additional working capital to see Golf magazine through the crisis. Up to July the magazine showed a 78 per cent gain in advertising over last year.

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VICTORY SYMBOL HIS IDEA SAYS RADIO EVANGELIST

Elder Lightfoot Solomon Michaux, Washington's "Happy Am I" colored radio evangelist has staked claims to having originated the "V" symbol which now is giving hope to oppressed Europeans.

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Elder Michaux was discovered and first put on the radio by Harry C. Butcher, then manager of Station WJSV, now Washington vice-president of the Columbia Broadcasting System. Elder Michaux maintains that on September 18, 1938, the V was set into motion in his broadcast to the British Empire.

"We styled Jesus Christ as the Leader of the largest army the world has ever known, made up of men who had once been the enemies of His form of government. . . . We offered as the war cry the slogan 'W.J.S.V.', which means W for willingly, J for Jesus, S for suffered and V for victory.

"Through our broadcast, the 'V for victory' found its way into the minds of the British people and now is being used to a great advantage to arouse the spirit of the people of the occupied countries," the Elder said.

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TELLS HER TO GET WAVE TRAP

Radio interference is bothersome to a District of Columbia woman. The Commission advises:

"Ordinarily, a frequency separation of 50 kilocycles or more, such as is employed in Washington, is sufficient to prevent objectionable cross-talk interference even when the receiver is operated at a location in the immediate vicinity of the transmitter. Unfortunately, receivers of certain designs, when operated near the transmitter of one station, are not capable of separating the signals of that station from those of another station even when the latter is 50 kilocycles removed. The performance of such sets so located may be improved materially by employing a 'wave trap', a simple and inexpensive device which is easily installed and operated."

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FCC's Foreign Broadcast Monitoring Service has translators to dissect most foreign broadcasts. But when Berlin recently started to shortwave to Iceland in the latter's own lingo, Uncle Sam's propaganda analysts seemed momentarily stumped. The Monitoring Service was just about to SOS the State Department when one of the former's own translators, Miss Dema Westman, mentioned that she talked Icelandic to her parents in their own home. Result: German "bombcasts" in Icelandic are now also being thawed out.

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