

HEINL RADIO BUSINESS LETTER

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No. 1381

November 18, 1941

PRINTERS STILL ON BROADCASTERS' NECKS ABOUT TAX

That the printers have not forgotten the Senate eliminating the \$12,000,000 defense tax on broadcasting time and that they are vigorously continuing the fight, was evident from a speech John B. Haggerty, Chairman of the International Allied Printing Trades made at the annual convention of the United Typothetae of America in Chicago last week.

"Even after the payment of these excise taxes the radio networks and commercial stations would have retained yearly net profits of more than 50% on their investments", Mr. Haggerty declared.

"For reasons best known to members of the Senate this provision was rejected, and, in lieu thereof millions of wage workers and their families, those least able to pay, will have to suffer many privations to make up the twelve millions of dollars yearly which the government must have.

"Many members of the House of Representatives, mindful of the exorbitant yearly net profits of these radio networks, and, realizing the injustice of levying high taxes on those least able to pay, in order that radio networks should escape payment of proper excise taxes, may support the recently presented Vinson Bill which, if enacted, would place almost impossible to bear burdens on printed publications. One of the provisions of this Vinson Bill makes illegal the deduction of payments for advertising as operating costs.

"The International Allied Printing Trades Association, through their Governing Board, fully realize the need of printed publications securing advertising and the benefits which such advertising renders to producers who advertise in printed publications. We believe that such advertising is a proper charge against operating costs and we will do our part in opposing that provision of the Vinson Bill or any other legislation which places printed publications on a par with War Profiteers. We will oppose the contention of Thurman Arnold and those he speaks for that advertising in printed publications is not essential and should be curtailed. We will also continue our campaign to deprive radio networks of the unfair and illegal advantages they now have through their virtual monopoly of radio broadcasting, and, their illegal granting of rebates and volume discounts which has promoted radio advertising at the expense of printed publications."

Leading up to this, Mr. Haggerty had said:

"National advertising is the life blood of printed publications. During the past ten years most of the employing interests have set idly by while a governmental beneficiary, namely radio

under the guise of providing free amusement, have yearly diverted millions of dollars from printed publications to radio broadcasting.

"Operating, as we believe, wholly contrary to our Federal laws, much of this radio advertising has been secured through the granting of rebates and volume discounts to large advertisers and advertising agencies. Because of the granting of these illegal rebates and volume discounts radio networks have increasingly diverted advertising from a total of two cents of the national advertising dollar spent on radio in 1930 to more than thirty-five cents of the advertising dollar in 1940.

"Radio time sales for 1940 exceed 150 millions of dollars while the current issue of Variety shows that in addition there was spent, in 1940, some 200 millions of dollars in talent, prizes, etc., to attract the attention of the listener.

"Realizing the loss to printing trades workers of many thousands of job opportunities, and, after a careful survey we initiated a campaign to at least lessen the unfair advantages which these radio networks possess over printed publications. Bear in mind that despite their own reports showing yearly net profits of 100% and 200%, secured wholly through their holding a governmental franchise which they secured without cost from the government, these governmental beneficiaries pay little local taxes, not state taxes, and in view of their exorbitant yearly net profits they pay relatively small taxes to maintain the government which made these yearly net profits possible.

"We prevailed upon the House of Representatives to levy taxes which would have cost the radio networks and commercial radio stations some twelve millions of dollars yearly. In addition, the language of the tax provisions definitely out-lawed the continuance of these illegal rebates and volume discounts."

Concluding, Chairman Haggerty said:

"We respectfully suggest that the employing printers, especially those who produce printed publications, instead of being influenced by those who have helped to divert hundreds of millions of dollars away from printed publications to radio networks, for which they receive revenues of from 30% to as high as 50%, instead of the 15% paid by printed publications, do a little thinking for themselves and join with us in helping to protect and expand the field for printed publications with additional and better jobs for those dependent for a livelihood on the printing industry."

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FOREIGN MONITORING SERVICE STRENGTHENS STAFF

The Foreign Monitoring Service of the Federal Communications Commission has been made considerably stronger by the addition of three new officials - Peter C. Rhodes, former war correspondent, newly appointed head of the Monitoring Service's London branch office; Dr. Goodwin Watson, of Columbia University, Chief Analyst of the Service, and Thomas B. Grandin, CBS war correspondent, who will be Chief Editor of the Monitoring Report Section.

Mr. Rhodes joined the Paris staff of the U.P. in 1936, and as a war correspondent covered the early stages of fighting in France, the invasion of Norway, the Russian occupation of the Baltic countries, and crossed Siberia in preparing a report on Soviet preparations for war. Rhodes was at Narvik before the Germans occupied this Norwegian town in the Spring of 1940, and then stayed with the Norwegian and Allied troops to cover the entire campaign in the Far North. Upon his return to this country he became Press Publicity Director for the United China Relief campaign. Mr. Rhodes' present assignment will return him to familiar ground, since he was a student at Oxford University in England for two years and previously had graduated from and received a post-graduate degree from Columbia University.

Dr. Watson, a social psychologist, is an editor of the Journal of Social Psychology and of the Yearbook of the Society for the Psychological Study of Social Issues. He is 42 years old, and for the past 16 years has been a member of the faculty of Teachers College of Columbia University, where he was Professor of Education. He is a graduate of the University of Wisconsin and received his doctorate from Columbia University. Dr. Watson has pursued graduate studies in education and psychology at the universities of Berlin and Vienna. As Chief Analyst, it is announced that Dr. Watson will head a section of psychologists in the Monitoring Service which interprets and evaluates foreign broadcasts originating all over the world, with particular attention to those directed to the Western Hemisphere.

Thomas B. Grandin, a native of Cleveland, Ohio, was head of the Paris office of the Columbia Broadcasting System. A veteran CBS correspondent, he reported the Munich crisis and other events leading up to the present war. He was at the microphone when the Blitzkrieg against France began in May 1940. Grandin talked for the Columbia network from such places as England, Belgium, Italy, Yugoslavia, Rumania and Turkey. Under the auspices of the Geneva Research Center, he organized a radio listening center in Europe and had occasion to study at close range monitoring already being done by European governments. He is the author of "The Political Use of the Radio", published by Columbia University Press which volume was among the first to describe psychological warfare by shortwave radio.

For the Council of Foreign Relations, Grandin turned out reports on Latin America. Before that, he was a specialist on world transportation problems for the International Chamber of Commerce.

Mr. Grandin was educated at Kent School in Connecticut, and at Yale University. Upon graduation, he worked his way to Europe on a freighter, and pursued post-graduate studies at the Ecole des Sciences Politiques in France and at the University of Berlin. He was frequently at the Reich thereafter and made it his business to study Nazi propaganda methods.

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PRIVATE BROADCAST TAKES PRESS PARTY TO PRESIDENT

If the average person were taken down with a heavy cold on the evening of a dinner he expected to attend, he would just be out of luck. It was different with President Roosevelt who had expected to attend the National Press Club banquet last Saturday night, and was floored by a cold in the last minute. Thanks to quick thinking on the part of Carleton D. Smith, Assistant Manager of the National Broadcasting Company in Washington, who conceived the idea of piping the Press Club show into the White House, the President didn't miss a thing.

The NBC has a circuit permanently installed in the Executive Mansion to broadcast speeches from there, and it occurred to Mr. Smith, who for many years has also served as presidential announcer, to simply reverse the process. Instead of the broadcast being fed out on this occasion, it was fed in. A loud speaker was installed in the President's study.

Even then it was thought the President's listening might be just perfunctory but he surprised everyone by listening to the program to the end. Furthermore, he proved it by sending written messages in to Melbourne Christerson, of the Associated Press, who as head of the Press Club presided at the dinner. The first one came in just after William E. Coyle, NBC announcer, had sung a toast to the President written by Phelps Adams, head of the New York Sun Bureau, and Howard Acton. It read:

"I am deeply appreciative of Bill Coyle's toast. Did the members ever play the game of forfeits? Here is my forfeit for not getting there tonight:

"I will sing a song at the next dinner. I may get expelled from the club, but it might be a popular hit. For that reason it will be copyrighted by me - not by the club.

"Your fellow member.

"F. D. R."

A presidential dinner without the President, as could well be imagined, might be pretty much of a flop, but between President Roosevelt's quips and the NBC establishing a liaison

between the White House and the Press Club, the evening was saved.

Gene Buck, President of the American Society of Composers, who supplied the out-of-town talent, while addressing the President, laughingly mentioned something about the boys having "snuk in a few BMI numbers on their program". Also referring to the late ASCAP-Broadcasters unpleasantness, Mr. Buck made a humorous analogy which would not have gotten by on a regular network but which Mr. Roosevelt probably enjoyed and which proved that Buck was a good loser.

Among those present at the dinner from the radio industry were:

Louis Caldwell, Counsel for Station WGN; Raymond Clapper, NBC commentator; Earl Godwin, NBC commentator; F. P. Guthrie, R.C.A. Communications, Inc., representative in Washington; L. M. Lamm, National Association of Broadcasters; Frank E. Mullen, Vice-President, NBC, New York; William R. Neel, National Broadcasting Company; Paul A. Porter, Counsel, CBS, Washington; Louis Ruppel, head of CBS Public Relations, New York; Oswald F. Schuette, Radio Corporation of America; George O. Sutton, radio counsel; Sol J. Taishoff, Broadcasting Magazine; Eugene S. Thomas, Sales Manager, WOR, New York; and Albert L. Warner, Commentator, CBS.

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BMI APPARENTLY LIKE JOHNNIE WALKER

Though BMI reportedly has been "killed off" dozens of times during the ASCAP fight and thereafter, actually it seems to be going stronger than ever. Not only was a \$1,000,000 annual budget approved for its continuance another year when its Directors met in New York, but provisions were made for long term contracts for performance of BMI music, overlapping the terms of the eight-year ASCAP agreements. The budget for the present year was \$1,200,000.

The term of the new contract, covering blanket licenses, will be from March 12, 1942, until March 11, 1950. ASCAP contracts signed with the networks and with individual stations run until January 1, 1950. Current BMI contracts expire next March 12.

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A cartoon "Side Glances" by Galbraith shows the head of an advertising agency rejecting a copy-writer's manuscript and saying to him:

"Sorry, old man, but your radio script that we enthused about six months ago is out! The sponsor's first wife liked it, but his new one won't have any part of it!"

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FLY MUM ON WHITE HOUSE CONFAB

When Chairman J. L. Fly was asked about his visit with President Roosevelt last week, he put on one of his best "cat-ate-the-canary" smiles and said he had no comment to make other than that they discussed matters in general. This, he said, included policy matters of course and then added that the conference had been very pleasant.

It was such a mysterious meeting, however, that four days afterwards, one of the Commissioners himself didn't even know it had been held.

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CALDWELL AND CLEMENTS GOBBLE "RADIO RETAILING"

Successful in the publishing business from the start, O. H. Caldwell, a member of the original Federal Radio Commission, and M. Clements, his partner, in addition to making a go of a then brand-new publication, "Radio Today", had the satisfaction of purchasing the well-known McGraw-Hill magazine "Radio Retailing", which Messrs. Caldwell and Clements themselves started sixteen years ago.

"Unprecedented as this step may appear, it was inevitable if the interests of the trade are to be held paramount. It not only gives the reader the benefit of two great magazines in one, but will give him more actual help in half the reading time", the publishers state.

"That 'Radio Retailing' again comes under the direction of the two men who originally launched it in 1925, and who during its first ten years supervised its editorial and publishing operations, gives assurance that the best traditions of both publications will be continued in the new 'Radio Retailing' combined with 'Radio Today'.

"In December, Caldwell-Clements will publish 'Radio Retailing' in its present form as an interim issue for subscribers to both magazines. In January, however, the first issue of the new consolidated magazine will make its appearance, greatly stepped up in service and attractiveness."

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NBC ANNIVERSARY CELEBRATION GOES OVER BIG

Everybody from President Roosevelt down joined in congratulating the National Broadcasting Company on its 15th birthday last Saturday night. "Simultaneously and at the same time", as our old Hoosier friend Joe Cook used to say, there was a three hour gala broadcast which went not only to the hundreds of NBC stations but was specially rebroadcast to our naval vessels around the world and to our soldiers in Iceland, the Canal Zone or wherever they happened to be.

Secretary of the Navy Frank Knox and Under Secretary of War Robert P. Patterson spoke in behalf of the armed forces. David Sarnoff, President of the Radio Corporation of America, was heard from mid-Pacific, returning from Hawaii. Niles Trammell, President of NBC, acted as M. C. in New York, and James L. Fly spoke for the Federal Communications Commission.

"Our generation has witnessed so many scientific achievements - such as the incandescent lamp; the automobile; the airplane; the radio - that we are inclined to take them for granted, and seldom pause to pay tribute to the scientists who have made them possible", Chairman Fly said. "The radio receiver is not merely something you got at the store. It is the product of the human mind working at its best. May we not in this brief moment recall the role of the men behind your radio.

"First came the abstract scientists who laid the theoretical groundwork - Faraday, Clark Maxwell, and Hertz; then Marconi who first put radio waves to practical use; after that such men as Alexanderson, Fessenden, Zworykin, Pupin, de Forest, Armstrong; and the whole battalion of less known but important men of science. Working anonymously in telephone, radio, and electrical laboratories everywhere, each has contributed a share in making radio possible. They are not all public figures. Yet, it is men of this caliber who form the shock troops of our modern civilization.

"Nor should the practical men who built upon these scientific achievements be forgotten; the men of the Bell System who first linked stations into a chain by telephone wires for simultaneous broadcasts; The Radio Corporation of America, born of a national emergency and growing, better to serve in this another period of great national stress; The National Broadcasting Company who just fifteen years ago demonstrated the vision and the initiative to inaugurate the first nation-wide network.

"Marked ability was theirs, and a perseverance born of faith. Today broadcasting is both nation and world wide; and its great impact falls upon us - in peace and in war.

"An invention is in itself neither good nor evil. It is to be appraised in the light of its effect upon people. In the world today, we see radio used to spread the greatest evil and the highest good.

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"To the National Broadcasting Company, its officers and staff, a well earned 'Happy Birthday'. And may we not, here in America, seize this significant moment again to resolve that the achievement of all these men in radio shall be bent to serve the common good. Thus can we realize the benefits implicit in radio, and thus can we repay in some measure our debt to the men who have made broadcasts like this possible."

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FCC CHEERED BY NBC COLOR TELEVISION REPORT

The Federal Communications Commission has received a letter from Dr. C. B. Jolliffe of the Radio Corporation of America on National Broadcasting Company color television indicating considerable advancement and inviting the members of the Commission to New York to take a look. Chairman Fly said he was very happy to get the news and thinks the Commission may be able to view this development soon. ✓

When the Chairman was asked how television was coming along, he replied that what Dr. Jolliffe reported sounded like progress.

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RADIO WAR PROPAGANDA PROBE STILL FAR OFF

Apparently the Senate is no nearer to the radio phase of the investigation of the alleged movie-radio war propaganda than it was a month ago.

Nor has the report yet been received which the Senate asked the Federal Communications Commission for as to whether or not broadcasting stations were whooping it up too much for war.

Chairman James L. Fly said that the survey included many thousands of programs and the Commission's staff had been at work on it ever since the report had been called for.

Mr. Fly said that he had seen enough of the station replies to know that no complaint concerning the general treatment of war news by the radio industry is involved. However this is something he said he would not want to speculate on with any degree of finality, since the survey is not completed. This may take several more weeks as many programs of each station are concerned and many detailed questions are involved.

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::: TRADE NOTES :::

Stating that 1941 New Deal publicity was costing the people \$27,770,000 annually, Congressman Earl C. Michenor, of Michigan, inserted a newspaper article into the Record which stated that \$435,000 was spent in 1941 on radio and \$600,000 in motion pictures.

Edward R. Murrow, Chief of the Columbia Broadcasting System's European staff of war correspondents will be the guest at a dinner given to him by William S. Paley, CBS President, in the grand ballroom of the Waldorf-Astoria Tuesday, December 2nd, on the occasion of his return to the United States for an extended vacation.

The first live-talent variety show from the new \$250,000 W6XAO Don Lee television plant in Hollywood was shown last night (Nov. 17), Thomas S. Lee, owner of the only licensed operating transmitter west of Chicago, reports.

Next month W6XAO will celebrate its tenth anniversary. The new W6XAO station has not yet been completed but a basic film and remote schedule has been put into effect, anyway, since the building was opened a few months ago.

The first issue (July) of "The WOR News", a semi-monthly publication issued by WOR's Promotion Department for listeners, had a circulation of 5,000. The most recent edition hit the 12,000 mark. That figure, it was explained, doesn't include special issues put out for a particular sponsor, such as the R. & H. Brewing Co., issue which reached 45,000.

All persons attending WOR broadcasts receive copies of "The WOR News". Every letter going out of the WOR offices carries the paper. Each reception desk has a special box filled with copies. WOR sponsors and staff members also receive the publication regularly.

John Dyer, CBS television engineer, addresses a meeting of the Baltimore section of the Institute of Radio Engineers on television in natural colors Friday, November 28 at 8:15 P.M. in Maryland Hall, Johns Hopkins University, Baltimore.

For the last few months, under the technical supervision of Dr. Peter Goldmark and Mr. Dyer, CBS has been on the air with color television transmissions, now totalling more than 125 hours.

NOTE - DUE TO THE THANKSGIVING HOLIDAYS BEING OBSERVED IN WASHINGTON AND THE FACT THAT THE GOVERNMENT OFFICES WILL BE CLOSED ON NOVEMBER 20, THERE WILL BE NO ISSUE OF THIS SERVICE ON FRIDAY, NOVEMBER 21.

R. D. H.

To further improve the world-wide service of short-wave station WLSO, James D. Shouse, Vice-President in Charge of Broadcasting, The Crosley Corporation, Cincinnati, has announced that the station's European Transmissions of news and features in German, Spanish, French and English is being supplemented by similar programs in Swedish, Finnish and Italian.

Wilfred Guenther, General Manager of WLWO, was recently appointed as a consultant to the office of the Coordinator of Information in Washington headed by Col. William Donovan, and has been assisting the short-wave industry in improving broadcasting schedules to Europe.

A reproduction of the office of the nation's first bank is on display at the Atwater Kent Museum in Philadelphia. Desks, safes, ledgers, strong-boxes and a cashier's cage taken from the Bank of North America, founded by Robert Morris in 1781, have been presented to the museum by William Fulton Kurtz, President of the Philadelphia Company, "lineal descendant" of Morris' bank.

With important results for defense and civilian industry indicated by preliminary studies of heavy armor plate and various carbon steels, RCA Laboratories has announced development of a new technique that permits heretofore impossible microscopic examination of the grain structure of metals.

Using the new process in connection with the RCA Electron Microscope, designed to accommodate only very thin transparent objects, laboratory technicians obtain detail in metal surfaces that is at least 15 times finer than results with the best metallographic microscope.

Columbia's decision to turn three "Church of Air" broadcasts over to Army chaplains, led Secretary of War Henry L. Stimson to express his appreciation to CBS President William S. Paley in a message which read:

"I wish to express my appreciation of your part in arranging for addresses of Army chaplains during the Church of the Air broadcasts.

"The participation of Catholic, Jewish, and Protestant chaplains reflects the fact that in our Army, as throughout our democracy, the form of a man's faith is a matter of his own free choosing."

Harry Miller, Manager of the newly-titled Mutual Radio Theater No. 1, is a New Jersey commuter via Weehawken ferryboat. He also knows the ferryboat captains - and said to the skipper on the bridge the other night:

"Do you mind going downriver a few blocks to 39th Street so I can take a look at my new sign from the river."

The skipper went downriver. Miller took a good look.

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RCA LABORATORIES' CORNERSTONE LAID

Predicting the defeat of war-mongering dictators, Maj. Gen. J. G. Harbord, Chairman of the Board of the Radio Corporation of America, officiated last Saturday at Princeton, N.J., in laying the cornerstone of RCA Laboratories, designed to be the foremost center of radio research in the world. General Harbord emphasized the importance of scientific research to national defense and warned of dangers ahead.

David Sarnoff, President of RCA, spoke by radio from the S.S. MATSONIA enroute from Honolulu to San Francisco. Gano Dunn, member of the RCA Board of Directors, discussed the significance of the Laboratories in opening new frontiers for industrial activity. Otto S. Schairer, Vice-President in charge of RCA Laboratories, presided.

As the cornerstone was put into place, General Harbord said: "Exactly 23 years ago, as head of our Services of Supply in France, I was faced, immediately following the Armistice, with some part of the task of throwing a huge war production machine into reverse, without stripping the gears. Knowing something from personal experience of the battle area, too, I can assure you that the sudden switch from a war economy to a peace economy has perils for a modern nation scarcely less dangerous in their own way than the perils of a division fighting in the front line.

"The problems of a quick economic about-face are even more difficult now than they were then. In 1918 we had a reservoir of prosperity, built up through practically uninterrupted decades, ready to be tapped. In 1918 we had practically no social and economic unrest. We had indulged in no experimental departures from our tested and trusted principles of government. In 1941 we have only recently emerged from an economic depression, and have not yet emerged from the social, economic and political uncertainties that followed in its wake."

"We meet today", said Mr. Sarnoff in his radio-telephone message from the Pacific, "with the solemn resolve that the cornerstone we lay at Princeton shall help support the great cornerstone which went into the building of our nation: the freedom of the men and women of America."

Calling attention to the fact that the cornerstone of RCA Laboratories was being laid on the same day that the National Broadcasting Co. was celebrating the conclusion of fifteen years of network broadcasting, Mr. Sarnoff declared: "Both research and broadcasting are dedicated to public service. The research laboratory serves the public through the power of the human mind to translate the laws of nature in terms of useful services and products. The broadcasting network serves the people through the ability of men and women to express ideas and emotions in terms of human understanding. * * * * "If the RCA Laboratories were being built in a world free from voices of hate and threats of aggression, they would have but a single purpose: to improve existing services and products and create new ones, in the peaceful pursuits of communications, industry and science. That purpose holds good, and will be a constant objective of RCA Laboratories."