

HEINL RADIO BUSINESS LETTER

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No. 1387

NO TAKING OVER OF PRIVATE RADIO SEEN IN U.S. CONTROL

Chairman James L. Fly was quick to reassure private radio interests that the Government taking control was just an automatic wartime procedure and not a thing that should alarm the industry.

"The Executive Order signed by the President", the Chairman explains, "means simply that the Chief Executive is delegating to the Defense Communications Board certain authority which is already given him under Section 606 of the Federal Communications Act. It does not mean that any general taking over or operation of private radio by the Government is contemplated. There is no change in policy or in plans. The step is a procedural one. It has long been known that the military may require certain communications facilities in connection with the national defense.

"Many of these needs have already been arranged for by agreement. Under today's Executive Order, the Army or the Navy will now, where necessary, arrange to take over or close radio facilities through the Defense Communications Board, thus relieving the President of this extra responsibility. The Defense Communications Board, which has made coordinated plans for utilizing wire and radio services in the present emergency, is not undertaking censorship."

The Executive Order signed by President Roosevelt at the White House last Wednesday prescribing regulations governing the use, control and closing of radio stations and the preference or priority of communications, reads:

"WHEREAS the Senate and House of Representatives of the United States of America in Congress assembled have declared that a state of war exists between the United States and the Imperial Japanese Government;

"And WHEREAS Section 606 of the Communications Act of 1934 (48 Stat. 1104; U.S.C., title 47, sec. 606) authorizes the President under such circumstances to cause the closing of any radio station and the removal therefrom of its apparatus and equipment, and to authorize the use or control of any such station and/or its apparatus and equipment by any agency of the Government under such regulations as the President may prescribe upon just compensation to the owners, and further authorizes him to direct that communications essential to the national defense and security shall have preference or priority;

"AND WHEREAS It is necessary to insure the national defense and the successful conduct of the war that the Government of the United States shall take over, operate, and have use or

possession of certain radio stations or parts thereof within the jurisdiction of the United States, and shall inspect, supervise, control or close other radio stations or parts thereof within the jurisdiction of the United States, and that there should be priority with respect to the transmission of certain communications by wire or radio;

"NOW, THEREFORE, by virtue of authority vested in me under the Constitution of the United States and under the aforementioned joint resolution of Congress dated December 8, 1941, and under the provisions of the aforementioned Section 606 of the Communications Act of 1934, I hereby prescribe that from and after this date the Defense Communications Board created by the Executive Order of September 24, 1940 (hereinafter referred to as the Board) shall exercise the power and authority vested in me by Section 606 of the Communications Act of 1934 pursuant to and under the following regulations:

"1. The Board shall determine and prepare plans for the allocation of such portions of governmental and non-governmental radio facilities as may be required to meet the needs of the armed forces, due consideration being given to the needs of other governmental agencies, of industry, and of other civilian activities.

"2. The Board shall, if the national security and defense and the successful conduct of the war so demand, designate specific radio stations and facilities or portions thereof for the use, control, supervision, inspection or closure by the Department of War, Department of Navy or other agency of the United States Government.

"3. The Board shall, if the national security and defense and the successful conduct of the war so demand, prescribe classes and types of radio stations and facilities or portions thereof which shall be subject to use, control, supervision, inspection or closure, in accordance with such prescription, by the Department of War, Department of Navy or other agency of the United States Government designated by the Board.

"4. Every department and independent agency of the government shall submit to the Defense Communications Board, at such time and in such manner as the Board may prescribe, full information with respect to all use made or proposed to be made of any radio station or facility and of any supervision, control, inspection or closure which has been or is proposed to be effected pursuant to paragraph 3 hereof.

"5. No radio station or facility shall be taken over and operated in whole or in part or subjected to governmental supervision, control or closure unless such action is essential to national defense and security and the successful conduct of the war. So far as possible, action taken pursuant to this Order shall not interfere with the procurement needs of civilian governmental agencies, the normal functioning of industry or the maintenance of civilian morale.

"6. Until and except so far as said Board shall otherwise provide, the owners, managers, boards of directors, receivers, officers and employees of the radio stations shall continue the operation thereof in the usual and ordinary course of business, in the names of their respective companies, associations, organizations, owners or managers, as the case may be.

"7. The head of any department or agency which uses or controls any radio station pursuant to the terms of this Order shall ascertain the just compensation for the use or control of such radio station and recommend such just compensation in each such case to the President for approval and action by him in accordance with the provisions of subsection (4) of Section 606 of the Communications Act of 1934 (U.S.C., title 47, sec. 606(d)).

"8. By subsequent order of the Board, the use, control, or supervision of any radio station or facility or class or type thereof assumed under the provisions of this Order may be relinquished in whole or in part to the owners thereof and any restrictions placed on any radio station or facility pursuant hereto may be removed in whole or in part.

"9. The Board is hereby designated, in accordance with the provisions of Section 606(a) of the Communications Act of 1934, to make such arrangements as may be necessary in order to insure that communications essential to the national defense and security shall have preference or priority with any carrier subject to the Communications Act of 1934. The Board may issue any regulations which may be necessary to accomplish this purpose.

"10. All terms herein used shall have the meanings ascribed to such terms in Section 3, as amended, of the Communications Act of 1934.

"11. All regulations of general applicability issued by the Secretary of War, the Secretary of the Navy, or any other governmental agency under these presidential regulations shall be published in the Federal Register."

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BUCK ISSUES CALL TO WAR SONG WRITERS

Gene Buck, President of the American Society of Composers, followed the U. S. declaration of war with this message:

"Every member of the American Society of Composers, Authors and Publishers is urged immediately to make America's war effort his first concern. The songs of ASCAP members played a major role in cementing national unity in 1917. Men in uniform and the folks at home joined in singing ASCAP songs throughout our land. These same songs echoed over seas and on Flanders' fields.

"The nation needs fighting songs today. America's citizen armies have always been singing armies. They have sung the melodies written by free men and free women. They have shouted the words of marching songs which have flung a challenge to oppressors of liberty. The writer members of ASCAP have the genius to create such songs for America today. The publisher members have the ability and will to make these songs quickly available. Let us then go 'all out' for America in war as we have in peace."

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TEETH PUT INTO SUBVERSIVE SHIP RADIO OPERATOR BILL

The House last Wednesday strengthened the bill to oust subversive radio operators from ships of the American Merchant Marine by adopting this amendment, recently inserted by the Senate:

"That during the national emergency declared by the President on May 27, 1941, to exist, but not after July 1, 1943, or the date upon which the President proclaims the existing national-defense emergency terminated, whichever occurs first, for the purpose of strengthening the national defense by providing additional safeguards, it shall be unlawful to employ any person or to permit any person or to permit any person to serve as radio operator aboard any vessel (other than a vessel of foreign registry) if the Secretary of the Navy -

"(1) has disapproved such employment for any specified voyage, route, or area of operation, and

"(2) has notified the master of the vessel of such disapproval prior to the departure thereof.

"No such vessel shall be granted clearance, depart or attempt to depart from any port or place in the United States, its Territories or possessions, or the Canal Zone, while having on board a person serving as radio operator in violation of this Act. For any violation of this Act, the master and the owner shall be severally subject to a penalty of not more than \$1,000 for which penalties the vessel shall be liable. Such penalties on application may be mitigated or remitted by the Secretary of Commerce."

"The House bill defines a subversive individual as one who teaches, advocates, or believes in, the duty, necessity, or propriety of overthrowing the Government of the United States, or is, or at any time has been, a member of the Communist Party, the German-American Bund, the Young Communists League, or any organization which teaches, advocates, or believes in, the duty, necessity, or propriety of controlling, conducting, influencing, seizing, or overthrowing the Government of the United States by force", Representative Bland, of Virginia, explained. "The bill further provided the machinery by which such individuals might be eliminated immediately, with the right of appeal afterward, and also provided for general investigations as to the general situation in the marine radio service. The evidence that was brought before the committee, as well as the evidence generally, was that there were about 200 radio operators who were under very considerable suspicion. That list was supplied by the Navy. The Senate amendment, which is submitted now, is an emergency bill, while the House bill was both emergency, and permanent legislation."

"Will the gentleman also tell the House whether it is the intention of the Navy to immediately declare that these 200 people who have subversive connections will be discharged?" Representative Thomas, of New Jersey, asked.

"I could not say they would be discharged", Mr. Bland replied, "but I can say that that list was made up by the Navy and I am sure that the Navy will say that they cannot serve and that the Navy will say to any employer that these men cannot be employed on a particular ship or a particular voyage or to go into certain specified zones, areas, or services, if it thinks such action is necessary."

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SYSTEM OF ARMY'S SILENCING STATIONS EXPLAINED

The Federal Communications Commission at the request of the Army, has assigned field inspectors to perform liaison duties between the Interceptor Command and the commercial radio stations in each area where radio silence may be required. When the inspector directs a station to maintain radio silence, it should be understood that the order originated with the Interceptor Command of the Army and carries with it the authority of the Federal Communications Commission.

Radio stations will be advised as promptly as possible when radio silence is no longer required so that they may resume normal operations. In this connection, plans are being made to effect a more rapid system of communication between the Commission's inspectors and the radio stations which may be required to go off the air.

At the present time radio inspectors may be reached through the First Interceptor Command Headquarters, Mitchell Field, New York, the Second Interceptor Command Headquarters, City-County Building, Seattle, the Third Interceptor Command Headquarters, Drew Field, Tampa, Florida, and the Fourth Interceptor Command Headquarters, Riverside, California. Later, it is expected that additional inspectors will be placed on duty at information centers in 19 other cities, thereby affording more efficient and convenient communication service to all concerned.

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DENY THAT WARTIME HIGH POWER CUT IS CONTEMPLATED

It was denied at the Federal Communications Commission that a study was being made of a plan to close down high-powered stations on the coasts and possibly the interior of the country to conserve electric power. Under this plan, according to rumor, the country was to be served by 1000 watt and 500 watt stations with possibly only a 50 KW strategically located here and there. A reason given for desiring to cut down the higher powered stations was that bombers could hear them at a greater distance.

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FINDINGS OF TREASURY DEPARTMENT ON RADIO

As a further justification of a franchise tax on the broadcasting stations, John B. Haggerty, President of the International and Allied Printing Trades Association quotes a report the Research Division of the Treasury Department made to the House. Although the report was submitted sometime ago, it was said to have had little or no publicity. It follows in part:

"The case for a special tax on the (radio) broadcasting industry is supported by several considerations. Broadcasters possess a profitable public franchise awarded to them free of charge. The principal operators in commercial broadcasting earn high rates of return on investments and possess a profitable public franchise awarded to them free of charge. The principal operators in commercial broadcasting earn high rates of return on investments and possess unusual tax-paying ability. Radio broadcasting requires regulation at public expense."

"The Treasury Department proposed a formula which would alone have taxed the highly profitable radio networks and stations some \$10,000,000 yearly, and, the Treasury Department found, 'after the imposition of these rates the (radio) broadcasting industry would have been left with a very high rate of return on investment even if it absorbed all of the tax. On the average (238 stations and two networks) all taxable stations would have been left with a net income equal to 43.8 per cent of invested capital. The corresponding figure for networks would have been 33.3 per cent.'

"The Treasury Department, continuing, reported 'The case for a special tax on radio broadcasting distinct from a tax on advertising, one medium of which is radio, is supported by several considerations. Radio broadcasters are the possessors of a public franchise, awarded to them free of charge, on the condition that they operate in the public interest. Because of the technical limitations of the broadcasting band, the number of commercial broadcasters at any one time is for all practical purposes limited. In consequence, a franchise to operate a broadcasting station in particular areas carries with it a measure of monopolistic privilege and the opportunity for an extremely profitable investment. Through the exercise of that privilege and the exploitation of that opportunity, many broadcasters make substantial profits and virtually all broadcasters derive less tangible benefits in the form of publicity and good will. The principal operators in commercial broadcasting earn high rates of return on relatively small investments. They possess unusual tax-paying ability which, in view of the Government's present requirements, could properly be subject to special taxation. Radio broadcasting requires public regulation. Such regulation is provided at public expense, with great benefits to the industry but without any special costs to that industry.'

"Total (radio) broadcast revenues increased from \$103 millions in 1937 to \$111 millions in 1938, \$124 millions in 1939, and \$147 millions in 1940. The Broadcast Income (net profits

before payment of Federal Income Taxes) was \$21,313,723 in 1937, \$18,854,784 in 1938, \$23,837,944 in 1939 and \$33,296,703 in 1940. A large portion of the broadcasting profits accrue to a relatively small number of operators. The principal operators who conduct a large part of the business and earn a large part of the profits operate in the densely populated areas under conditions approaching monopoly', reported the Treasury Department.

"The Treasury Department, in this report, did not add to the net time sales of radio networks and commercial radio stations the additional costs of entertainment, etc., which, for 1940, Variety estimates was something more than 200 millions of dollars alone. Without the expenditure of these additional millions radio advertising just would not happen."

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SABOTAGE SUSPECTED IN CROSLEY STATION TAMPERING

James D. Shouse, Vice President of the Crosley Corporation in Charge of Broadcasting, revealed the fact that all company engineers on duty at the two company transmitter locations at Mason, Ohio, and Mt. Healthy are being deputized as civil officers following an alarm set off mysteriously Sunday evening at the former WSAI transmitter in Clifton. The Clifton equipment has not been used for broadcasting purposes since the completion of a new WSAI transmitter in Mt. Healthy several months ago.

Investigation revealed that wires had been short-circuited, and other damage done which could have been perpetrated only by persons with some knowledge of precision equipment.

Late Sunday, Mr. Shouse announced that the number of armed guards at the gigantic Mason property, including what he described as the world's most powerful short-wave transmitter currently engaged in broadcasting to Europe and Latin America, had been quadrupled. The experimental 500,000 watt transmitter W8XO, subsidiary station of WLW, also is located at Mason. It is said to be the most powerful standard wave broadcast transmitter ever built and has been operating at full signal strength only one hour nightly, from midnight to 1 A.M. With the advent of war with Japan, however, the hours of operation have been extended to 6 A.M., to serve those communities where no network-affiliated stations exist and where signal from 50,000 watt stations is not strong enough for good service.

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All widely recognized warning noises, such as the blowing of sirens and the clanging of alarm gongs, have been banned from dramatic programs on the networks of the National Broadcasting Co. as a precautionary measure so that radio listeners will not confuse radio sound effects for official air raid warning signals.

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ACTION TAKEN BY FCC

Applications Granted: KPAS, Pacific Coast Broadcasting Co., Pasadena, Calif., granted authority to operate with power of 5 kilowatts employing a directional antenna system for use both day and night for the period ending May 1, 1942, subject to submitting proof of performance; WQAM, Miami Broadcasting Co., Miami, Fla., granted construction permit to install new transmitter and increase daytime power from 1 to 5 KW subject to selection and approval of new site; K31LA, Columbia Broadcasting System, Inc., Hollywood, Calif., granted petition to modify condition in July 16, 1941 grant of construction permit for new FM station on Mount Wilson, Pasadena, Cal., to operate on 43100 kilocycles so as to change coverage from not less than 38,000 square miles to not less than 28,000 square miles on a temporary basis, providing that within one year the permittee prepare to render service over 34,000 square miles.

Also, K37LA, Earle C. Anthony, Inc., Los Angeles, Calif., granted petition to modify condition in September 16, 1941 grant of construction permit for new FM station at Los Angeles, Calif., to operate on 43,700 kilocycles so as to change coverage from not less than 38,000 square miles to not less than 28,000 square miles on a temporary basis, providing that within one year the permittee prepare to render service over 34,000 square miles.

Application Denied: KVI, Puget Sound Broadcasting Co., Inc., Tacoma, Wash., denied petition for rehearing directed against the Commission's grant on August 22, of construction permit to West-coast Broadcasting Co. (KPQ), Wenatchee, Wash., to change frequency to 560 kc., and increase power from 250 watts to 500 watts night and 1 kilowatt day.

Designated for Hearing: Broadcasters, Inc., San Jose, Calif., San Jose Broadcasting Co., San Jose, Calif., and Luther E. Gibson, Vallejo, Calif., - applications for constructions permits for new station to operate on 1490 kilocycles, 250 watts, unlimited time.

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WOULD CONTINUE FOREIGN LANGUAGE BROADCASTS

The National Association of Broadcasters advised broadcasting stations to keep on with their foreign language broadcasts.

The Association told all stations, in a Special Bulletin that to discontinue foreign language broadcasts would "tend to demoralize large segments of our population".

"We believe it is of greatest importance that these people, who can best be reached in languages other than English, be kept reliably informed of developments as well as entertained, less they turn to shortwave propaganda of the enemy", the bulletin stated.

"A Government committee is investigating the subject. We expect the policy of the Government will be to continue foreign language broadcasts. Stations will be immediately informed of any developments."

The Association urged all broadcasters to exercise extraordinary precautions in airing foreign language broadcasts. These precautions include verification that the writers and announcers of foreign language broadcasts are persons of unquestionable integrity and loyalty; a double check in advance of all translations; and careful preservation of either script or recording of each broadcast. It has been estimated that 15,000,000 persons can be reached most effectively by foreign language broadcasts. About 200 stations scattered throughout the United States broadcast some foreign language programs.

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NU-TONE DENIES MISREPRESENTATION CHARGE

Nu-Tone Laboratories, Inc., 115 South Market St., Chicago, has filed an answer to a complaint issued by the Federal Trade Commission charging it with misrepresentation in the sale of devices designed to be attached to radio receiving sets and described as "aerial eliminators" and "line noise eliminators".

The answer denies that the respondent has represented, directly or through implication, that the device improves the tone and selectivity of the radio to which it is attached or that noises due to static or other causes will be reduced; that the radio will be enabled to receive broadcasts from stations more distant than would otherwise be the case; and that the use of an outside aerial or any aerial may be dispensed with without impairment to the performance of the radio, but admits that the device is represented as constituting an indoor aerial for radio reception.

The answer denies allegations of the complaint that the respondent represented on labels attached to the devices "greater distance", "perfect selectivity", "less static", "eliminates all outside wires" and "reduces static and noise".

The answer asserts that the use of statements alleged to be misleading and exaggerated has been abandoned by the respondent for more than three years and that the labels now in use contain only the simple statement of the purpose for which the device is intended. It denies that the use of the statements now admitted to be used either directly or through implication imply that the device, when attached to a radio, eliminates noises entering through the power line, improves the tone of the instrument, or removes noises due to static or electrical interference.

Hearings will be held in due course.

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 ::: TRADE NOTES :::
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The "I. T. & T. Good Neighbor News", news gathered and assembled by the United Press from the American Republics is broadcast by the United Press from the American Republics, is broadcast by the International Telephone and Telegraph Corporation over CBS stations every week-day evening at 6:15 P.M., EST (except Tuesday). On Tuesday it will be heard at 6:10 P.M.

 The "R.C.A." sign on the Radio Corporation of America building in Rockefeller Center has been blacked out for the duration of the war.

 Shortwave news, measured in number of programs and total hours of broadcasting, zoomed more than 400 per cent over normal in the first 64 hours of war - according to a statistical report charted by the Columbia Broadcasting System.

 The Commission en banc last Tuesday took the following action:

To preclude further complaints alleging that certain manufacturers are operating experimental radio stations for demonstration of equipment in connection with prospective sales, the Commission amended Sections 5.2, 5.3, 5.51 and 5.53 of its Rules and Regulations Government Experimental Radio Services, effective immediately. The amendments are designed to provide the Commission with a more effective control of such stations, both for the purpose of insuring compliance with intent of such regulations and enabling the Commission to pass on the propriety of the particular operation. Accordingly, Class 1 and Class 2 experimental stations are redefined, and licensees are required to file certain pertinent information with the Commission.

 Declaration of a $31\frac{1}{2}$ cent dividend on the common stock of the Hygrade Sylvania Corporation brings payments in 1941 to \$2.18 $\frac{3}{4}$ against \$2.50 last year.

 The Federal Communications Commission has announced that it had granted the application of the long Lines Department of the American Telephone and Telegraph Co. for permission to increase the communication facilities between the West Coast and Honolulu. The company was granted authority to erect a new radio transmitter at Dixon, Calif. and was given permission to use three additional radio frequencies for the transmission of telephone conversations between the continent and the Hawaiian capital.

 First of a series of events presented especially to commemorate Don Lee's Tenth Anniversary in Television was a two hour W6XAO film show last Tuesday night, aired from the new \$250,000 Don Lee transmitter atop Mount Lee, overlooking Hollywood. Whether or not the war interfered with this presentation has not been learned.

12/12/41

Next Tuesday, Don Lee Telecameras will go to the Olympic Auditorium ringside where they will pick up the featherweight championship bout between Pittsburgh Jackie Wilson and Richie Lemos. A series of other events throughout December will bring Don Lee's Tenth Anniversary to a brilliant conclusion, W6XAO went on the air December 23, 1931.

The Federal Communications Commission supplemented the "National Defense" section of its General Rules and Regulations with a new wartime rule dealing with "Naval instructions regarding ship radio services" which reads as follows:

"No provision of the Commission's Rules and Regulations shall, in time of war, prevent the master of any vessel of the United States from taking any action whatsoever in regard to the radio installation, the operators, the transmission and receipt of messages, and the radio service of the ship whenever in his discretion such action is necessary to carry out the instructions of United States Naval control officers and other instructions issued by the Navy Department."

Sale of portable radios and newspapers skyrocketed on Monday, first weekday of the war between the United States and Japan, the Columbia Broadcasting System discovered in a check-up of department stores and newspaper business offices, in New York City.

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CONRAD, FAMOUS FOUNDER OF KDKA, DEAD

Dr. Frank Conrad, founder of KDKA, Assistant Chief Engineer of the Westinghouse Company at Pittsburgh, died at Miami last Friday as the result of a heart attack while driving down to Florida a month or so ago. Dr. Conrad was 67 years old and leaves a widow and two sons.

His connection with radio dates back to 1912, when he put together a crude receiving set which picked up time signals sent out at regular intervals by the Naval radio station in Washington.

After the war, Dr. Conrad returned to his garage radio station and started broadcasting two-hour phonograph recordings twice a week. These programs gave the late Dr. Harry P. Davis the idea that regular broadcasts would be the means of creating a new field for radio development. They joined and created Pittsburgh's radio station KDKA.

One day a department store advertised sets on which you could hear the Conrad programs. This advertisement gave the inventor an idea. He in turn gave the idea to the Westinghouse Publicity Department. Westinghouse got a license for Station KDKA from the Federal radio authorities, a new station was built at East Pittsburgh, and commercial radio was launched.

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