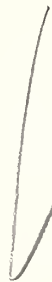


# HEINL RADIO BUSINESS LETTER

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WASHINGTON, D. C.



RECEIVED  
GENERAL INVESTIGATIVE  
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JAN 29 1942

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No. 1398

January 27, 1942

## NEW WAR BOARD SLASHES RADIO SET PRODUCTION

As had been expected, the War Production Board has acted to meet huge Army and Navy demands on the radio manufacturing industry and to conserve critical materials by ordering sharp cuts in production of receiving sets for civilian use.

Reductions also were ordered in output of phonographs and radio phonograph combinations.

Effective immediately, Limitation Order L-44, issued by Acting Priorities Director J. S. Knowlson, former President of the Radio Manufacturers' Association, in the first move in his big new job in the recently organized War Production Board, provides for an average monthly curtailment in production during the next 90 days of more than 40% below the monthly output during the nine months ended September 30, 1941. Similar cuts were ordered in the number of tube sockets in the sets produced, which will result in corresponding curtailment of the number of tubes used in new sets.

The order does not affect production for certain government defense agencies, besides the Army and Navy, nor for lend-lease requirements, police departments or similar agencies of public authority in the United States, and contracts covered by a Preference Rating of A-1-j or higher.

In addition to freeing facilities for vital war work, the order is designed to accomplish savings during the 90-day period of an estimated 750 tons of copper, 100 tons of aluminum, 25 tons of nickel, and 3,400 tons of steel.

Class A manufacturers those who sold more than \$1,000,000 worth of radio sets and phonographs for civilian requirements during the first nine months of 1941, were ordered to reduce output by 45%. Class B firms, whose sales were under \$1,000,000, must curtail production by 35%.

The radio manufacturing industry, which employs many thousands of skilled and semi-skilled workers, has been asked to undertake a \$2,000,000,000 military production program. Civilian output must be reduced drastically so that receiver and parts makers and allied branches of the industry can participate in this effort to the fullest possible capacity.

It is estimated that 60,000,000 radios are now distributed among 87% of the American homes. Permitted civilian production during the next 90 days, together with stocks now in manufacturers' and dealers' hands, will meet essential replacement requirements.

Class A companies already have received or soon will be awarded big war orders, and swift conversion of their plants to 100% military activity may be expected. Until a larger number of the small (Class B) firms receive more Army and Navy orders, the lighter curtailment ordered in their production will provide them with sufficient civilian operations to keep their skilled labor force intact.

The sales value of radios manufactured in 1940 was approximately \$177,000,000. In that year, the industry employed about 50,000 persons. The annual payroll was about \$75,000,000. Estimates for 1941 show substantial increases in these figures.

In choosing the first nine months of 1941 as the base period for the curtailment program, WPB selected a period in which the industry enjoyed an unusually high level of operations. Ten million receiving sets were produced during that period, as compared with an output of 11,800,000 sets during the entire year 1940.

The program was discussed at several meetings with industry representatives, and the place of radio in modern warfare, both from the military and civilian standpoint, was thoroughly surveyed. The conclusion was that substantial reductions could be made in civilian production without affecting public safety and morale. Emphasis will be placed on parts for repair and maintenance of existing equipment, and it is expected that supplies will be available to meet these requirements.

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The Chicago offices of the RCA Manufacturing Company, Inc., reported that about 75 percent of the company's operations are being devoted to military work. Executives of the company met wholesale distributors for the Middle West and discussed the effects of the demands of the war program and the curtailment of civilian production.

E. F. McDonald, Jr., President of the Zenith Radio Corp., said that the change-over by radio manufacturers to military production was being made smoothly because it did not require any serious change in process, personnel training or machinery.

It was declared, however, that there was no danger of a shortage of tubes for civilian radios.

"Radios are vital to the building of morale, and the government thus far has assured us that the public will be able to get replacement tubes", one manufacturer said.

Halting of the manufacture of receiving sets for civilian and home use will no doubt cause a considerable decline of advertising in newspapers and magazines by radio dealers and manufacturers. Also dealers who have been handling radio sets exclusively will find themselves facing a problem.



-- There were 56,000,000 radio sets in use in the United States last year, of which 30,600,000, or 86 percent, were in homes, according to the National Association of Broadcasters. There were 16,400,000 sets in use in institutions, places of business and additional sets in homes, and 9,000,000 sets in automobiles.

The Research Division of the National Broadcasting Company cooperated with the NAB in making the survey. There have been no census figures on radio sets in several years.

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#### FCC ON 44-HOUR WEEK FOR WAR

In order to cope with its increased wartime duties, the Federal Communications Commission has ordered a 44-hour work week for its entire personnel, effective January 26. The new hours are from 9:15 A.M. to 5:45 P.M. The order affects 1750 employees - slightly more than 900 in Washington and nearly 800 in the field.

Particular units, such as the National Defense Operations Section and the Foreign Broadcast Monitoring Service, have maintained a round-the-clock schedule since the outbreak of war, resulting in the Washington offices of the Commission and its field stations being open 24 hours a day.

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#### SHORT WAVE SETS FOR LATIN-AMERICA AGAIN DISCUSSED

Conferences are reported to have been held in Chicago on the long-talked of proposition to make 750,000 low-cost receiving sets for Latin-American listeners.

The program for the distribution of these sets was developed by Nelson A. Rockefeller, Coordinator of Inter-American affairs, as a means of increasing radio outlets for short-wave broadcasts furthering the good-neighbor policy.

Conferences have been held between Mr. Rockefeller's office and the Export Committee of the Radio Manufacturers' Association, but negotiations have not reached a definite stage. Details of the plan have not been made public, but it was said that Mr. Rockefeller desired the industry to manufacture at no profit sets which would cost about \$12 each.

In the meantime, a not so rosy report on the South American short-wave comes from Ray Josephs, correspondent for Variety writing from Buenos Aires:



"The short-wave programs coming from the United States are better. The more glaring kind of ignorance of Latin custom is disappearing. But there remain grave dangers of boomeranging. Heavy-handed efforts to make a good impression, especially as regards export and import trade, which is delicately controversial, remain dangerous. Particularly for the Argentine and Peru.

"News is the best short-wave contribution of the Yanquis, but it must not be forgotten that the very AP and UP material that is broadcast by DX from the United States is now available, almost verbatim, through South American newspapers and stations.

"Re-transmitted programs, assuming Latin stations are willing to take them, and further assuming that they're especially slanted for special listening groups, constitute the only answer to the problem of getting mass listeners in Latin-America's it's generally felt here. The more dreamy-eyed estimate the number of receivers of all kinds in Latin-America as under 5,000,000. If there are 2,000,000 capable of getting short-wave, it's a lot. Stacked up, therefore, against Latin-America's 100,000,000 population, it's obvious that DX, in itself, can never, no matter how good it becomes, directly affect any great number of South American minds.

"Argentine stations - and there are more radios in the pampa republic than in all the rest of Latin-America put together - found that listeners in the gaucho territory simply don't listen to DX and that those who do are mainly foreigners or a certain percentage of the wealthier class who like to tune specific programs."

The Columbia Broadcasting System has announced the affiliation of the two most powerful stations in Valencia, Venezuela, with its new Latin American network. These stations, added to the CBS chain "which extends from the United States border to the tip of Argentina", constitute the 75th and 76th links in the Latin American network.

Three more stations have been added to NBC's Pan American network, which NBC, not to be outdone by Columbia, says extends from the Rio Grande to the Straits of Magellan".

The Network now has a total of 120 stations with outlets in every one of the 20 Latin American Republics.

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Listening audiences to evening network commercials have gained at least 13 per cent as a result of the Pearl Harbor attack, according to a special analysis by the NEC Research Division.

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## WOULD MAKE NIB REAL NAB COMPETITOR

The immediate strengthening of the National Independent Broadcasters so that it might compete on an equal footing with the National Association of Broadcasters, has been recommended by George B. Storer, NIB President and station magnate of Toledo, in a letter sent to stations by him and L. B. Wilson, of WCKY, Cincinnati, Vice-President. The huge NAB budget is blasted by Mr. Storer who says:

"It is the writer's opinion that it is unnecessary for a comprehensive radio trade association to spend upwards of \$300,000 per year, as does another association. A budget of approximately 25% of that amount should be ample."

Mr. Storer would cut down expenses by having a paid Managing Director as NAB did in the old days instead of a high salaried president as at present. Also he suggests better relations with the Federal Communications Commission, another slap at the NAB:

"A spirit of harmony between executives of Government and officers of broadcast trade associations should exist at all times, so that broadcasters may be queried on the advisability of impending regulations, rather than be advised after the means of implementing same have been executed."

Also the name of NIB would be changed to National Institute of Broadcasters. Networks would be excluded

Regarding network membership, Mr. Storer said that since a comprehensive trade association must consist of both non-members and members of networks, and since network contractual relationships can take several different forms varying from complete ownership to a mutual basis of operation, he believed "it is in the best long term interest of broadcasters and networks, that the association should be independent of network influence."

Recognition should be given, however, to the "great service" performed by chains and the association should "deplore any adverse action which might actually impair the maintenance of successful operation of network service at its present high standard," he said.

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Frederick Wolff Ogilvie, Director General of the British Broadcasting Corporation, has resigned and his duties have been taken over during the war by two Director-Generals jointly, Sir Cecil George Graves and Robert Foot. No reason was given for the resignation of Mr. Ogilvie.

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## FLY STILL DEFENDS ALLEGED RED DESPITE SALARY REBUFF

Notwithstanding the rider in the House Appropriations Bill prohibiting the payment of the salary of Dr. Goodwin Watson, Chief Analyst of the Foreign Broadcast Monitoring Service because of the allegation that he was a Communist, Chairman James L. Fly of the Federal Communications Commission continued to defend him. According to Mr. Fly, the Commission also gave Dr. Watson a coat of whitewash. The Chairman said:

"The Commission didn't know of any plans of the House Appropriations sub-committee to restrict appropriations as far as Dr. Watson was concerned. That particular problem was not considered with the House Committee. The Commission met with Dr. Watson and had a very extensive discussion with him and we feel convinced that he is doing a very splendid job, is thoroughly undeviatingly loyal, has never advocated overthrowing the Government by force or otherwise. All his notions as to Government and that sort of thing appear to have been presented within the framework of our basic democratic system, since he was never charged with being a member of the Communist Party. In fact, I am not just sure what he is being charged with."

One of Mr. Fly's questioners interjected:

"Being a member of the Communist Party would not be so bad in view of the fact that we are with Russia in the war."

Mr. Fly did not reply to this but when asked if he was going to ask for a hearing in the Senate, which still has to pass on the Watson case, the Chairman said:

"Yes, I imagine so. I don't know the formalities. Commissioner Durr has been designated to handle the matter actively on behalf of the Commission and he will undoubtedly be in touch with some of the Senators and they may have conferences with Dr. Watson. Of course, that is up to the Senate Committee and individual members of the Senate."

Asked if Dr. Watson's salary cut would become effective July 1, Mr. Fly answered in the affirmative.

"If the Senate upholds the position of the House, he can still be employed until July, can he not?"

"Legally, yes", the Chairman concluded.

In the debate on the House measure, Representative Wigglesworth (R.), of Massachusetts, said he wished all House members would read the record of the sub-committee's hearing on Dr. Watson.

Representative Wigglesworth referred to matter introduced by Representative Starnes, (D.), of Alabama, a member of the Dies Committee, which he said "leaves absolutely no doubt that Dr. Watson is toally unfitted for the position."



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The controversy over Dr. Watson began on November 19, when Representative Dies attacked the former Columbia University psychology professor in a speech on the House floor.

Mr. Dies said that the appointee was "a propagandist for Communism and the Soviet Union for many years". He listed 13 alleged Communist organizations with which he said Dr. Watson had been associated.

Mr. Fly, replying in a letter to Representative Dies, denied that Dr. Watson was a radical. He pointed out that he had been carefully investigated by trained Civil Service operatives before his appointment. Mr. Fly said that he had studied the evidence cited by Representative Dies against the appointee and had satisfied himself that it was not valid.

Of the 13 organizations which Representative Dies charged Dr. Watson was associated with. Mr. Fly said he learned that the appointee belonged to only one - the Consumers' Union, which he declared was not a "Communist front" organization. Mr. Fly said that Dr. Watson was "one of the outstanding social psychologists of the country."

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#### TELEVISION TO BE USED IN CIVILIAN DEFENSE TRAINING

Three companies manufacturing television sets have agreed to install receivers in 100 police stations to aid instruction of classes in Civilian Defense. They are General Electric, Dumont, and RCA Manufacturing Company.

For four Monday evenings at eight o'clock, the NBC television station, WNBT, will telecast thirty-minute instruction periods on duties of air-raid wardens, fire watchers, light rescue squads, messengers and drivers, and actual demonstrations of approved methods and equipment will supplement oral instruction by experts on the staff of the Coordinator for Police Department Civilian Defense.

The Philco station, WPTZ, in Philadelphia, and the General Electric Company station near Schenectady, also will hook up with the programs for benefit of defense workers in their locales. Although the courses are intended primarily for defense workers, the general public is invited to participate.

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## COURT UPHOLDS FCC POWER OF SUBPENA

The right of the Federal Communications Commission to investigate newspaper ownership of radio stations within certain limitations was upheld by the Court of Appeals, but the agency was warned that it had no legal right to engage in a "fishing expedition" in its inquiry.

Certain very definite limitations on the scope of the FCC investigation were established by the court, in rendering its decision on an appeal made by James G. Stahlman, publisher of the Nashville (Tenn.) Banner, and former President of the American Newspaper Publishers' Association.

Mr. Stahlman had been ordered by the FCC to appear before that group in connection with the inquiry into joint newspaper-radio ownership. He had refused and the Commission appealed to the District Court to force his appearance. That court held that he had to appear.

The Appellate Court yesterday upheld the decision of the District Court, on the grounds that the act which established the Commission gave it the right to make inquiry into certain aspects of the ownership and operation of radio stations.

However, the Court of Appeals clearly warned that the decision did not mean that the Commission was authorized to force witnesses "to bare their records, relevant or irrelevant, in the hope that something will turn up, or to invade the privacy protected by the fourth amendment."

The Commission may "seek through an investigation of its own making information property applicable to the legislative standards set up in the act", the Court held, but added; "We should not assume that the investigation will be conducted for any other purpose or in disregard of the constitutional limits which govern such procedure."

The Court expressed the opinion that the FCC has the right to obtain information on these questions:

"Whether the joint association of newspaper and radio stations is prejudicing the free and fair presentation of public issues and information over the air, whether it tends to restrict or distort the broadcasting of news, whether it restricts freedom of access to the radio for discussion of public issues or unduly limits access of news gathering agencies."

Furthermore, the Court held, the FCC may inquire as to whether the newspaper-radio association will result in improving broadcast facilities and the dissemination of news and in insuring greater financial stability and technological advances.

The Court indicated that there was some question as to the Commission's right to inquire into "what considerations influence newspaper interests to acquire broadcast stations."

The hearings in connection with newspaper-owned radio stations are scheduled to be resumed tomorrow (Wednesday, January 28) and if not concluded by Friday will adjourn until the following Wednesday and so until their conclusion.

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#### WEISS SEES NO WARTIME FM SETBACK

Despite wartime demands, Lewis Allen Weiss, Vice-President and General Manager of the Don Lee network, West Coast affiliate of the Mutual Broadcasting System, sees no serious setback in 1942 for Frequency Modulation broadcasting. Mr. Weiss believes that manufacturers will use their limited quotas of materials for manufacture of quality FM-AM combination sets, to make up for volume production of cheap AM midget receivers stopped by material shortages.

Indication of the truth of Mr. Weiss' FM prediction can be found in the latest figures on Frequency Modulation set sales, released by FM Broadcasters, Inc. FMBI has stated that more than 40,000 FM receivers were sold during the month of November. This, with incomplete distribution figures of 60,000 during December, brings the national total on January 1, 1942, to approximately 240,000 units.

WOR has an outlet in this field with its FM station, W71NY.

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#### FOUNDER OF PHILIPS RADIO AND ELECTRIC CORP. DIES

Dr. Gerard Leonard Frederick Philips, founder of the internationally known Philips Radio and Electric Corporation, died yesterday (January 26) in The Hague, the Netherlands Aneta news agency reported. His age was 83.

Dr. Philips founded the Philips Glowlamp Co., which became one of the largest radio and electrical appliance companies in the world, in 1891. He introduced the metal-thread electric light bulb in 1907 and four years later introduced the tungsten-thread bulb. In 1915, he established a glass manufacturing plant from which he resigned as the Director in 1922.

The main Philips plant at Eindhoven, the Netherlands, fell into German hands after the Nazi invasion. The company's independent factories continued operations in Central and South America, and there are business offices in New York and Curacao.

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 ::: TRADE NOTES :::  
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The "Code of Wartime Practices for American Broadcasters" recently issued by the Office of Censorship has now been printed in convenient pamphlet form by the Government Printing Office.

The honor of Fellow Grade in the Australian Institute of Radio Engineers has just been conferred upon Virgil M. Graham, Director of the Radio Tube Application Engineering Department, Hygrade Sylvania Corporation, Emporium, Penna.

Included in the staff of the Office of Facts and Figures headed by Archibald MacLeish, Librarian of Congress, are the following identified with radio: Assistant Director, Bureau of Operations, William B. Lewis, former Vice-President of the Columbia Broadcasting System; Consultant, Frank Stanton, Director of Research for Columbia Broadcasting System; Bureau of Operations, Douglas Meservey, former Assistant to the Vice-President, National Broadcasting Company. Exactly what the functions of OFF were has had Washingtonians guessing for sometime but it is now revealed as "the policy making agency of the Government regarding information particularly of the progress of the war program which is to be given to the American people".

Restriction on sugar deliveries to industrial users is responsible for withdrawal of the Spur program, "Michael and Kitty", by Canada Dry Ginger Ale, Inc. Aired Friday evenings over 96 stations of the Blue Network, the program will be dropped after the Feb. 6 broadcast.

Dan Russell, shortwave production supervisor has been named field representative for the CBS Latin American network. His new duties will take him to the twenty neighbor republics where CBS has a total of 76 station affiliates.

"Parade", Marshall Field's syndicated Sunday newspaper supplement had a double page spread with pictures captioned "American Radio Networks Eavesdrop - Short Wave Monitors Cull out News from Air Waves Seven Days a Week", a story of the inside workings of NBC and CBS listening posts.

Clifford G. Fick has been appointed Assistant Designing Engineer of the Transmitter Division of General Electric's Radio and Television Department, it has been announced by J. M. Howell, Manager of the Company's Schenectady Works.

Another war casualty is Major Bowes' Chrysler program which has been cut to half an hour.

Standard Red Cross courses in first aid are in full swing at the Columbia Broadcasting System in New York, with three courses being given 100 CBS employees of all types from page boys to executives.

Sidney N. Strotz, Vice-President of the National Broadcasting Company in charge of the Western Division has announced several changes. Al Nelson, Assistant Vice-President of NBC, formerly manager of KGO and KPO, will be Manager of KPO and handle network business originating in San Francisco.

William B. Ryan will be manager of KGO and handle network business for the Blue Network Company, originating in San Francisco.

Sydney Dorais moves to Hollywood to become auditor for Blue Network Company in the Western Division.

Don E. Gilman, Hollywood, is Vice-President of the Blue Network Company for the Western Division.

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WABC is now offering 100-word and on-eminute spot announcements to advertisers on the new daily 1-6 AM program schedule. Since Pearl Harbor, the New York CBS outlet has been on almost 24 hours a day schedule, but this is the first time commercial announcements have been available every day for these hours.

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When Station KQW of San Jose, Calif., became an affiliate of CBS, it announced it through an advertising campaign in Northern California estimated by the Editor & Publisher to have cost \$50,000.

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Radio Goes To War: The "Fourth Front", is the title of a new book by Charles J. Rolo with an introduction by Johannes Stell. It is 293 pp. and is published by G. P. Putnam's Sons, the price being \$2.75.

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#### APPLICATIONS RECEIVED BY FCC

The Constitution Publishing Co., Atlanta, Ga., construction permit for a new high frequency broadcast station to be operated on 45,300 kc., coverage 7,358 sq. miles; population: 826,864; K37LA, Earle C. Anthony, Inc., Los Angeles, Calif., modification of construction permit for a new high frequency broadcast station, requesting approval of directional antenna system for a coverage of 34,960 sq. miles and approval of transmitter; population: 3,597,000; WMAL, M. A. Leese Radio Corp., Washington, D. C., modification of license to change name to The Evening Star Broadcasting Co. (630 kc.) WHIS, Daily Telegraph Printing Co., Bluefield, W. Va., construction permit to increase power from 500 watts night, 1 KW day to 5 KW, installation of directional antenna for night use, install new transmitter and move transmitter (1440 kc.)

Also, KFAR, Midnight Sun Broadcasting Co., Fairbanks, Alaska, construction permit to change frequency from 610 to 660 kc., increase power from 1 to 10 KW and install new transmitter (660 kc.); KSDS, San Diego Unified School District, San Diego, Calif., modification of construction permit for a new non-commercial educational broadcast station, requesting extension of completion date to 7/1/43.

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