

HEINL RADIO BUSINESS LETTER

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ONLY INSANE WOULD START NEW NET NOW, SAYS MCCOSKER

Free competition in network broadcasting is at stake if legislation is passed nullifying the Federal Communications Commission's network regulations, Alfred J. McCosker, Chairman of the Board of the Mutual Broadcasting System, warned the House Committee on Interstate and Foreign Commerce when it resumed hearings last Wednesday on the Sanders Bill to reorganize the FCC. The Commission's proposed network regulations are supported by the Mutual Broadcasting System.

"If the regulations or their substantial equivalent are not put into effect", Mr. McCosker testified, "and if for the first time in years free competition in network operation is not made possible, it is not reasonable to expect that any other group will attempt to project or operate a national network. If Mutual after a try of over seven years, cannot firmly establish itself, with all the advantages it offers, no one outside of an insane asylum would try it again. The man who would try it would need a guardian more than he would need a wave length."

The Mutual executive expressed the hope that no legislation will be passed which will unduly hamstring the FCC in its regulations of radio, impair its efficiency, or cause unnecessary delays.

"The complaint is that certain people don't like the Commission's decisions", Mr. McCosker pointed out, "and they are afraid that the courts will uphold what the Commission has done. That is the reason they have come to Congress to try to get the law changed, first to the Senate Committee on Interstate Commerce a year ago and, having failed there, they now come to this Committee. I do not think they are really very much interested in the technical procedural parts of this bill."

Mr. McCosker stated that "through all these hearings and arguments, the Commission's report of May 2, 1941, has not once been attacked for any inaccuracy in its findings of fact. None of the witnesses appearing before you has called attention to a single misstatement of fact in the entire document, however violently they may have attacked the Commission's conclusions and its regulations." Mr. McCosker urged the Committee to carefully read the FCC network report before passing judgment on the Commission's order.

The MBS official said he could not find in the Commission's order any tendencies toward government ownership of stations or that the Commission suffers from a common-carrier complex.

"If either charge has any foundation, I don't know what it is and have not observed any basis for it. If such persons are talking about the network regulations, and I am sure that they are, it seems to me that they are just about 100% wrong. The Commission has obviously acted to restore and increase competition and to prevent it from being unlawfully restrained - so that there will not be any need either for regulation of rates and other kinds of regulations of the common carrier variety, or for having the government take over industry."

Mr. McCosker insisted that Mutual's primary interest is in having the Commission's network regulations go into effect. "We oppose any legislation that would cause further delay and that would deprive the Commission of its power to adopt such regulations, or that would cast any doubt on that power." Mr. McCosker pointed out that three of the proposed amendments in the Sanders Bill apparently come within this description.

Mutual is opposed to any licensing of networks, Mr. McCosker continued. "It seems to us that to license networks is to invite the very sort of governmental interference that NBC and CBS profess to fear, control over programs and control over rates - in other words, censorship and common carrier regulation. There is nothing else to regulate, unless those who urge such an amendment entertain illusions that by a rigid licensing system they can keep down the number of competing networks."

Mr. McCosker insisted that Mutual's future, and the future of all networks, depends upon not being so restricted by government regulations that they cannot engage in sound, efficient, and profitable operations.

"We have never departed from that point of view, and I can assure you that no one in Mutual has had the attitude of wanting to see confusion or impairment of network broadcasting simply in the hope of being able to grab something out of the wreckage."

"While we are proud of Mutual's affiliates and its annual increases in revenue, particularly in view of the obstacles we have had to overcome, we trust you will not be misled by the figures and charts which have been presented by witnesses for NBC and Columbia at this hearing. They give a flattering but highly exaggerated notion of Mutual's growth and size. When you compare networks as they did, simply in terms of the number of affiliate stations each network has, and overlook mentioning the relative desirability of the stations as to power, coverage, location and other vital factors, it is very much as if you compared the wealth of four men according to the number of bills each has in his pocketbook without looking at the denomination of the bills.

"Similarly, when you compare the revenue of networks simply by percentage of increase over a certain period of years according to some arbitrary base, and leave out the figures for the actual revenue of each network in dollars and cents, you can make the network that started from scratch in the middle of the period look

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like a skyrocket when it is really nothing of the sort.

"You would never guess from Columbia's exhibit, or from anything you have heard from any witness that has yet appeared before you, that in 1940, for example, Mutual's total time sales were slightly over \$3,600,000 as against about \$41,700,000 for NBC and \$35,600,000 for Columbia, and that the profits of NBC and Columbia for that year were, in each case, very much greater than Mutual's total time sales - \$5,800,000 for NBC and \$7,400,000 for Columbia (before Federal income taxes)."

Mr. McCosker concluded his testimony with the hope that during the next two or three years, a more truly American system of broadcasting will develop, and that harmony will be restored in the industry.

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FCC LOOKS INTO FOREIGN LANGUAGE "TIME BROKERS"

The Federal Communications Commission has directed its staff to ascertain the activities of "time brokers" in foreign language broadcasts over domestic radio stations. A letter requesting full information in this respect is to be addressed to licensees using their facilities for broadcast programs in foreign tongues.

Approximately 210 standard broadcast stations in this country have foreign language programs, and it is estimated that nearly half of these sell time to "brokers". These "brokers" are not station employees, but rather are independent contractors, apparently independent of any one station for their livelihood. In general, they obtain blocks of time over a given station and arrange their foreign language programs, selling on their own account spot announcements for use during their allotted time. Many act as their own announcers and seem to enjoy large followings among foreign-born listeners.

The FCC seeks to learn which "brokers" operate over which stations; the precise relationship existing between the "brokers" and their respective stations; the titles of the programs aired; the nature of the programs; and whether in the opinion of the licensee there are objections to, or useful functions for, the broker system. Copies of contracts and agreements concerning the operations of the brokers and stations in connection with the foreign language programs are to be filed with the Commission.

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COPPER RELIEF FOR PARTS MANUFACTURERS

Relief from the Copper Conservation Order prohibiting virtually all civilian use of copper after May 31, is now being granted to July 1 in individual cases by the Copper Section of the War Production Board to radio parts manufacturers for immediate and limited production of replacement parts. Some individual appeals are now being approved for parts manufacturers from the copper order, following further conferences with officials of the Copper Section by Frank H. McIntosh, head of the WPB Radio Section and representatives of the Radio Manufacturers' Association.

Some parts manufacturers, according to the determination of the Copper Section in each individual case, are being granted extensions of thirty days or more for the immediate use of their copper inventories in the production of radio replacement parts. The restricted and limited relief for radio parts production follows similar relief granted to radio tube manufacturers, who also received individual 30-day extensions, to July 1, from the copper order. Extensions being granted to parts manufacturers for thirty days or more in the use of their inventories to produce replacement parts is based entirely, according to WPB officials, on the special circumstances in each individual parts manufacturer's inventory and other circumstances. Such relief from the copper order for radio replacement parts production was urged last week by the RMA. A conference with WPB Copper Section and also WPB Radio Section officials was held by the Association's representatives, including Chairman J. J. Kahn of the special RMA Committee on Replacement and Repair Parts.

The extensions to parts manufacturers for the use of their inventories under the order which is known as the M-9-c, are being granted while Chief McIntosh and the WPB Radio Section are working out a definite program for allocation of materials for a future replacement parts production schedule. A similar program, covering replacement tubes during the remainder of this year, is now being completed by the Radio Section. A limitation or "L" order is now being drafted in connection with the replacement tube program, and will provide for assignment of replacement tube production quotas to the various manufacturers.

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A unique radio situation, in which two stations will carry a half hour recorded program at the same time for the same sponsor has developed in Tulsa, Oklahoma, where the NBC-Radio-Recording Division's "Flying for Freedom" will take the air over stations KTUL and KOME at 8 P.M., starting June 11, and be heard over both stations for 26 weeks.

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LARGE SUM SOUGHT FOR NEW FCC INTELLIGENCE DIVISION

J. L. Fly, Chairman of the Federal Communications Commission appeared before the House Appropriations Committee last Thursday to request a supplemental national defense appropriation of \$2,149,876. This was for the extension of foreign broadcast monitoring in connection with the newly created Radio Intelligence Division of the National Defense Operations Section of the Engineering Department. The Intelligence Division is under George E. Sterling, who was recently appointed Assistant Chief Engineer and Chief of the Division.

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BBC 1942 HANDBOOK COMES THROUGH DESPITE WAR

Not even a World War has been sufficient to keep the BBC Handbook for 1942 from coming out on schedule time. The book is really the annual report of the British Broadcasting Corporation but is popularly written, handsomely illustrated and so interesting throughout that it is hard to put down. One might think that such a publication would necessarily command only the attention of a broadcaster or someone in that particular line of business but this British yearly report published as it was amidst bombings and terrible war, also furnishes the finest kind of reading matter for the listening public itself.

One chapter which catches the American eye is the "Brains Trust". This, it seems, is a popular British program which, if it were broadcast in the United States would be known as the "Brain Trust". It started out in January, 1941, with the BBC labeled "Any Questions?" Apparently it was on the order of our program, "Information Please". In the first year the "Brains Trust" received ninety thousand questions and answered four hundred of them. Nationwide arguments were started by questions like the one from a pilot in the Royal Air Force - "How does a fly land on the ceiling?" - and like that other question - "Why does a horse rise on its forelegs and a cow on its hindlegs?"

Other chapters in the 1942 BBC Handbook are devoted to a Survey of the Year's Work in Broadcasting; Overseas Networks; Empire Collaboration; Broadcasting to North America; Broadcasting to Latin America; Broadcasting to the Far East; Broadcasting to the Near East; Broadcasting to Europe; Home and Forces Programmes; Up and Down the British Isles; Music for Home and Overseas; Radio Documentary; Radio Drama; Variety; Talks for Home Listeners; The Sunday Postscript; Outside Broadcasting; Home News; News Reading; Talks in the News; Religious Broadcasting; The Week's Good Cause; Broadcasting to Schools; Group Listening; Allied Occasions; "Calling Forces Overseas"; Children's Hour; Parents and Children; Recording Service; Listener Research; Some Notable Broadcasts of 1941; Rebroadcasting and Exchange Broadcasting; Wartime Studios.

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In the Appendixes are chapters devoted to Control; Finance; Development of the BBC's Overseas Services; The Time Signal Service; Receiving the Home and Forces Programmes; Programme Contracts; Programme Copyright; The BBC's Advisory Councils and Committees; BBC Publications; BBC Addresses.

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MOST EVERYBODY IN NORTH DAKOTA HAS A RADIO

North Dakota Gets a high radio rating in the report of the 1940 census just made public:

OCCUPIED DWELLING UNITS WITH RADIO FOR STATE AND CITIES OF 25,000 OR MORE: 1940

(A dwelling unit was enumerated as "with radio" if it contained a usable radio set or one only temporarily out of repair)

Area - North Dakota The State	Total	With Radio	No Radio	Not Reporting Radio
Total Dwelling units (including urban	152,043	131,000	17,179	3,864
Rural-nonfarm dwelling units	47,024	39,396	6,585	1,043
Rural-farm dwelling units	70,950	60,230	8,819	1,901
Fargo	8,618	8,030	361	227

The number of homes having a radio is shown for this State in statistics from the 1940 Census of Housing announced by Director J. C. Capt of the Bureau of the Census, Department of Commerce. The announcement gives the preliminary figures for each county, for the rural-nonfarm and rural-farm parts of each county, and for each city of 25,000 inhabitants or more but only the State and city data is given above. These figures as well as similar data for urban places of 2,500 to 25,000 inhabitants and for the metropolitan districts will be presented in the Second Series Housing Bulletin for the State which will be published in the near future.

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WAR DEPARTMENT LEASES GLOBE WIRELESS

The Federal Communications Commission announced that it had granted permission to Globe Wireless, Limited, of San Francisco to furnish its commercial radio facilities to the War Department under lease arrangement beginning June 1.

As a result of this arrangement, Globe Wireless will be withdrawn temporarily from the business of handling public message traffic during the life of the contract.

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WEBER FOR MUTUAL ALSO BACKS FCC RULES

Going counter to the National Broadcasting Company and the Columbia Broadcasting System, Fred Weber, General Manager of the Mutual Broadcasting System, lined up squarely behind the Federal Communications Commission in testifying before the House Interstate Commerce Committee considering the Sanders Bill.

Chairman James L. Fly of the Federal Communications Commission had been expected to appear before the Committee Friday but he will be called next Wednesday, June 10 instead. FCC Commissioner T.A.M. Craven will present the minority views of that organization.

Mr. Weber told the House Committee that "evils and abuses on the part of the large radio networks made recently promulgated Federal Communications Commission regulations "eminently practical and reasonable".

The FCC regulations restricting the use of "option time", under which Mr. Weber said the NBC and CBS networks "secure right of way and priority rights over all or most of the best hours of nearly all the best stations in the country", is a center of the dispute over changes in the law.

Mr. Weber told the Committee that Mutual in 1941 negotiated with publishers of a magazine for a nationally known program and were given to understand that the system would be used for the next year.

Then, he said, NBC told the publishers that if Mutual were used NBC would exercise its option privilege in such a way that the program either would be eliminated from stations in a number of important markets "or would be forced to the disagreeable alternative of delayed broadcasts by transcription."

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READY TO HANDLE CUT-RATE SERVICE MESSAGES

Radio and cable companies of the International group - All America Cables and Radio, Commercial Cables, Commercial Pacific Cable Co., Mackay Radio and Telegraph Co. - are prepared to handle the large volume of 60 cent special text messages which are expected from American soldiers at outlying bases as a result of the announcement by the War Department of this new service. The service was established by the War Department at the proposal of the communication companies to enable the American boys at distant stations to telegraph home without too much strain on the pay. The announcement stated that a similar service, from family to soldier, will be ready in about ten days.

Arrangements for the service have already been made for the men in Great Britain, North Ireland, Newfoundland, Hawaii, Puerto Rico, Panama and other bases in the Caribbean region. Of the companies associated with I. T. & T., Commercial Cables serves the North Atlantic points and Great Britain. All America Cables and Mackay Radio serve the Western Hemisphere bases, and the Commercial Pacific Cable and Mackay Radio connect Hawaii with the mainland.

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DONATE TIME FOR NEW "VICTORY" BROADCASTS

The top-ranking programs of two major networks, featuring the nation's favorite radio personalities, will contribute to America's war effort this Summer with the presentation of two separate Victory series. One "Victory Parade" will be heard over stations of the National Broadcasting System, beginning Sunday, June 7; the other "Victory Theatre" over the Columbia Broadcasting System, starting Monday, July 20, it was announced by the Office of Facts and Figures today.

All stars, directors, and writers will donate their services as their contribution to the two series. Air time involved is the contribution of the two networks and their affiliated stations.

There will be no commercial sponsor identified with any of the broadcasts. Time ordinarily devoted to commercial announcements is to be given over to government messages of vital importance in the war effort.

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 ::: TRADE NOTES :::
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Because of the Japanese attacks on Dutch Harbor, all radio stations on the Pacific Coast were reported off the air last Wednesday and Thursday nights.

 Six hundred patents, most of recent date and many of immediate importance to the American war effort, were taken over Wednesday from their German and Italian owners by the Alien Property Custodian. Processes and equipment covered by the patents will be made available to American industry.

Patents owned by Robert Bosch and covering electrical equipment, particularly in the ignition field, were seized, as were many patents in the fields of radio, television, and aircraft instruments. Several of the seized patents related to the electron microscope, currently of great importance in scientific fields.

 Completion dates for the Baliban & Katz Chicago television stations W9XPR and W9XBB have been extended to May, 1943.

 Of the 33,291 homes in Nevada, 26,200 were reported by the Census Bureau to have radios. Out of 4,212, rural-farm homes, 2,906 are radio-equipped.

 Corporations with multiple plants have been especially enthusiastic about labor-management production committees, of which more than 800 have now been formed, it was pointed out yesterday at War Production Drive headquarters.

War Production Drives to bring the output of war material up to the victory level are now under way in more than three plants each of 16 companies. These companies include some of the largest industrial organizations in the United States. War Production Drives have been organized in 66 plants of the popularly termed du Pont group of corporations and 50 in the U. S. Steel group, comprising two of the largest industrial groups extant.

A list of the concerns in which labor-management committees are functioning includes the R.C.A. Manufacturing Company with 4 plants.

 Station KYA, Hearst Radio, Inc., San Francisco, Calif., has applied for assignment of license from Hearst Radio, Inc., to Palo Alto Radio Station, Inc.

 Philco Corporation - March quarter: Net income \$286,035, equal to 21 cents a common share, compared with \$269,772, or 20 cents a share, in the first quarter of last year, after adjusted taxes. Gross sales amounted to \$17,139,891, against \$16,476,996.

 Station KFEL of Denver, Colo. has applied for a construction permit for increase in power from 5 kilowatts to 5 kilowatts night, 10 kilowatts night, and make changes in transmitting equipment.

Bob Best, the American born newspaperman who refused to return to America, and, according to Leonard Lyons, columnist, "preferred in 'behalf of history' to broadcast for the Nazis, is married to a Viennese Countess 20 years his senior. The reporters who knew him describe him as a 'small time newspaperman who grew roots in the gutters ov Vienna'."

General Electric has expanded its training program to teach military men and its own employees how to maintain in the field the great variety of war devices, many of them new and highly technical, which the company is making in vast quantities.

"This is a war of science", Vice President Roy C. Muir, Chairman of the company's Education Committee, explains. "A new type of engineering is required. Electrical machines and circuits must be coordinated with highly complex mechanical mechanisms, optical systems, and radio. All that has been learned in the last 20 years about electronics, frequency modulation, television, and high frequency phenomena is now being applied to the airplane and warship."

Station WIBW, Topeka, Kans., has applied for a construction permit to make changes in transmitting equipment and increase power from 5 kw to 5 kw night, 10 kw day, using directional antenna day and night.

W6XLA, Television Productions, Inc., Los Angeles, Cal., has been granted construction permit for new television relay station (in lieu of permit which expired Oct. 15, 1941) to operate on frequencies 204,000-216,000 kilocycles (Channels 11 and 12), 800 watts peak visual power only, A-5 emission and time of operation in accordance with Section 4.4(a).

The RCA Review for April contains the following articles: Wartime Engineering, by Dr. Alfred N. Goldsmith; Low-Frequency Characteristics of the Coupling Circuits of Single and Multi-Stage Video Amplifiers, H. L. Donley and D. W. Epstein; An Improved Inter-Electrode Capacitance Meter, Allen A. Barco; Television Reception with Built-in Antennas for Horizontally and Vertically Polarized Waves, W. L. Carlson; Low Capacitance A-C Power Supplies, Garrard Mountjoy and Charles W. Finnigan; A Discussion of Several Factors Contributing to Good Recording, R. A. Lynn; Receiver Input Connections for U-H-F Measurements, John A. Rankin; Technical Articles by RCA Engineers.

The Plain Dealer Publishing Co. (Transferor), The Forest City Publishing Co., Transferee); WHK, United Broadcasting Co. (Licensee), Cleveland, Ohio, WHKC, Columbus, Ohio, WCLE, Cleveland, Ohio, have been granted consent to transfer control of United Broadcasting Company from the Plain Dealer Publishing Co. to the Forest City Publishing Co., on condition that no authority contained herein shall be construed as a finding with respect to, or as an approval of any future transfer of control of the licensee arising out of changes in the stockholdings of Forest City Publishing Co. or otherwise.

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HYGRADE SYLVANIA MARKET DEBENTURES

Public offering of a new issue of \$4,000,000 of $3\frac{1}{4}$ per cent sinking-fund debentures of the Hygrade Sylvania Corporation is reported by the New York Times as being made by a banking group headed by Jackson & Curtis. The debentures, due on June 1, 1957, are priced at $101\frac{1}{2}$ and accrued interest.

The debentures, dated June 1, 1942, will constitute the entire funded debt of the corporation, which manufactures electric light bulbs and radio tubes, with plants in Salem, Danvers and Ipswich, Mass. and in Emporium, St. Marys and Towanda, Pa. Of the proceeds of this issue approximately \$2,075,000 will be used to repay bank loans, of which \$968,000 were incurred for plant expansion and equipment. The balance will be added to the company's working capital.

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ZENITH NET PROFIT \$1,637,000

The profits for the fiscal year of the Zenith Radio Corporation, before provision for taxes, amounted to \$3,073,146.80 which, after deduction of \$1,436,097.55 for these taxes, left a net profit after all taxes of \$1,637,049.25, equal to \$3.32 per share on the 492,464 shares of outstanding stock. This includes adjustments of prior year operating items aggregating net \$242,788.21 and write-offs arising from the Government's order to discontinue manufacture of radio receivers for civilian use, after April 22, 1942.

"The company's progress during the year was again due, in a large measure, to radical new developments, advanced engineering, outstanding values and a broad aggressive sales program", Commander E. F. McDonald stated in his report to stockholders. "One of the new products was the sensational 'Trans-Oceanic Shortwave Portable Radio'. No other manufacturer had a comparable product or was able to claim so much for the performance of a radio of this type and no other radio enjoyed such popularity with the personnel of our armed forces.

"By Government order the manufacture of radio receivers for civilian use was discontinued on April 22nd. We welcomed this order as it permitted us to devote our entire energies toward the manufacture of Government radio.

"The company's manufacturing facilities are being devoted exclusively to the manufacture of radio and other electronic equipment for the War Effort and will, no doubt, be operated at maximum capacity for the duration. This means that our engineering facilities and our employees are continuing in radio and electronics - the field in which they are well schooled, and there is no diversification into fields with which they are unfamiliar. The factory is ahead of schedule on the apparatus which it is producing under direct contract with the Government.

"The company's wholly owned subsidiary, Wincharger Corporation, has become the world's largest manufacturer of wind driven electric machinery."

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