

HEINL RADIO BUSINESS LETTER

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No. 1437

BROADCASTING "SALACIOUSNESS" CHARGED BY SOLON

Representative Donald L. O'Toole of Brooklyn on the floor of the House declared that though the American standards of broadcasting were far beyond the wildest dreams of any European network, lately there has been a reduction of quality, "a tendency on the part of the so-called comedians to engage in salaciousness at the expense of humor".

"Anyone who knows the theater in America is well aware that its decline was brought about by the introduction of lewdness, obscenity, and salaciousness", Representative O'Toole said. "The introduction of these factors made it almost impossible at certain times for people who respected each other to attend a theatrical performance jointly. A few of the old-time managers and producers, such as the great George M. Cohan, endeavored to carry on for a clean stage, but they were not very successful. Now if radio intends to turn the same corner that led the stage to destruction, I think we must protest.

"Broadcasting is not a natural right. It is a licensed privilege, and as a privilege it should be treated with respect by those who have been given this license and who have made fortunes for themselves, their sponsors, and their writers. While I do not desire censorship of the radio, being too great a believer in the privilege of free speech, I cannot fail to take cognizance of the fact that no man, no matter how strong the guaranty of free speech, can walk the streets of our cities and towns and call out indecent and salacious statements. Neither have these companies or sponsors the right to pump into our homes that which is not clean. We, who buy the products, are assembled fathers and mothers, boys and girls, young and old, and we insist that the sanctity of our homes be preserved. Can it be that these funny men have such a limited intellect that they have already exhausted all fun-making possibilities, and must now go back to the filth of their burlesque-house beginnings?

"I know what their response will be. They will say that they are good, patriotic Americans. That at the present time they are traveling from camp to camp giving entertainment to the men in service. Do not be misled by this hiding behind the flag, for these sponsored programs given in the various camps are the best form of advertising for both the sponsors and the performers. They are not receiving exactly the same salaries that they received when the programs emanated from commercial studios. If these performances did not have the additional advertising value, they would not be made.

6/12/42

"If the broadcasting industry does not attempt to clean its stables, I can assure them that the effort will be made from other sources. I do not promise them this, I pledge it."

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PHILCO SECURES CONTROL OF NATIONAL UNION

That Philco is now in control of the voting power of the National Union Radio Corporation, of Newark, was made known in the following letter which James T. Buckley, President of Philco, addressed to holders of common stock of National Union:

"Philco Corporation has recently purchas^{ed} more than 100,000 shares of National Union Common Stock from several of the larger holders at $67\frac{1}{2}$ ¢ a share. This price was offered on the basis of a report to Philco by George S. Armstrong & Co., Inc., Industrial Engineers, to the effect that this price, which is substantially the same as book value at December 31, 1941, represented in its opinion the value of the Common Stock at that date on a going concern basis.

"At the date of this letter Philco owns all of the 250,000 outstanding shares of National Union's Convertible Preferred Stock and 859,822 of the 1,347,286-1/8 outstanding shares of its Common Stock. These holdings give Philco 69% of the voting power of National Union. If Philco converted its Preferred Stock into Common Stock, its percentage of voting power would be increased to 72%.

"Philco has decided to give all holders of National Union Common Stock the opportunity to sell their shares at the same price as it has paid to large holders. Accordingly, Philco will pay $67\frac{1}{2}$ ¢ a share, less transfer taxes, for all shares of National Union Common Stock which may be tendered on or prior to July 31st, 1942. Those of you who desire to sell may do so by delivering certificates to Philco at the office of Fidelity Union Trust Company, 755 Broad Street, Newark, N. J. on or before July 31, 1942. The purchase price, less transfer taxes, will be paid within a few days after delivery of your certificates endorsed in blank for transfer, with signatures properly guaranteed and otherwise in acceptable transferable form."

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Station KFAC, Los Angeles Broadcasting Co., Inc., Los Angeles, Calif., has asked the FCC for a construction permit to increase power from 1 to 5 kilowatts, install new transmitter, install directional antenna for night use and move transmitter (1330 kc.)

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COMMUNICATIONS INVENTORIES MODIFIED

Restrictions on inventories in the radio and wire communications industries have been modified so that material for specific Army, Navy and other war projects may be stocked without interference with normal operating inventories.

Order P-129 makes an A-3 rating available to an operator or his supplier for deliveries of materials essential for maintenance, and repair and protection of service in connection with radio and wire communication operations. Order P-130 makes the same rating available for deliveries of materials going into normal operating construction of telephone companies.

Both orders prohibit operators from accepting deliveries of materials, whether rated or not, until the dollar value of their inventory has been reduced to a practicable working minimum interpreted as 27½ percent of the dollar value of materials used by them for all purposes during 1940.

WPB's Communications Branch has found that these inventory restrictions have worked a hardship on some operators, who have been forced to acquire large inventories of material for specific projects authorized by the Director of Industry Operations. The restrictions have prevented these operators from acquiring normal inventory for current operations.

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FURTHER ELECTRIC BULB MATERIALS CURTAILMENT

The use of critical materials in the manufacture of electric light bulbs will be curtailed without curtailing the production of the light bulbs themselves, by an amendment to Limitation Order effective July 1.

This will be made possible through the use of substitutes that will not affect the efficiency of the light bulbs. The base, formerly made of solid brass, will be made of steel plated with brass. Lamp leads, formerly made of a 50-50 combination of nickel and copper will be made of iron wire plated with nickel and copper. Filament supports, formerly made of nickel and molybdenum, will be made of iron wire plated with nickel. The filament itself will continue to be made of tungsten, since no satisfactory substitute has been found. The plating process will require only about a tenth as much of the critical metals as was used before.

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TOMMY THOMPSON, ZENITH VICE-PRESIDENT, DIES

Sylvester Thomas Thompson, Vice-President in Charge of Production and Export of Zenith Radio Corporation, Chicago, and Vice Chairman of the Priorities Committee of the Radio Manufacturers' Association, died last Monday morning in Oak Park, Ill., after a month's illness.

Mr. Thompson, for the past twenty years, has been one of the radio industry's best known and most important figures. His activities at Zenith have included direct supervision of the corporation's extensive production projects in peace and wartime, as well as direction and development of the company's foreign trade.

Paying tribute to Mr. Thompson, Commander E. F. McDonald said:

"The condensation required by the newspapers and other publications always makes an obituary look like a cold, hard and glittering record of a man's personal achievements, and it is rarely possible to place into an obituary written for the general public eye, the things we would really like to say about a man like Tommy.

"I'll say here, to our fellow members of the trade, what I cannot say in any mere matter of fact record of Tommy's life. We may have lost a fine, efficient and capable officer. Naturally we feel this loss deeply in an organization sense.

"But what is more important, in living life Tommy was a fine human being, who was beloved by all in our organization for his sympathy, understanding, sincerity and honesty of purpose. He had many friends who were real, not superficial friends. Everybody here, including the night watchmen and the doormen, shares acutely in the deep grief at his passing.

"Business executives are many. But business executives with a real understanding of human relations are indeed few. Tommy was one of these latter and he never failed to practice the simplest and noblest of all human formulae, 'Do unto others as you would have them do unto you.'"

Some time previous to associating himself with Zenith, Mr. Thompson was Executive Vice President and Director of the manufacturing subsidiary of Kolster Radio, Inc., and Manager of Federal Telegraph Company, which at the time were owned by the International Telephone and Telegraph Company. Subsequently, he became Vice President and General Manager of Pilot Radio Corporation, Long Island City, New York.

Always an ardent exponent of fair trade practices, Mr. Thompson's activities for the advancement of export industry in general and of the radio industry in particular were numerous and diversified. As a member of The Executive Council of the South African Reciprocal Trade Committee, Mr. Thompson represented the

radio industry in its fight against propaganda detrimental to the importation of American merchandise into South Africa.

He was Special Adviser to the Export Committee, Vice Chairman of the Priorities Committee, a member of the Executive Committee and a Director of the Radio Manufacturers' Association.

Mr. Thompson was born in Suffern, N. Y. in December, 1892. He is survived by his widow, Mildred Eloise Thompson. Services were conducted in Oak Park last Tuesday night.

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VICTORY, RMA CONVENTION KEYNOTE - GALVIN RE-ELECTED

Every resource of the industry was pledged and victory was the keynote of the annual gathering of the Radio Manufacturers' Association last Tuesday in Chicago. Usually this convention lasts about a week but on account of the war, it was cut down to one day. Nevertheless about 400 manufacturers attended from all parts of the United States.

The RMA officers named for the forthcoming year were:

President - Paul V. Galvin, of Chicago, reelected; Vice-President - Ray H. Manson, of Rochester, N.Y., reelected; Vice-President - M. F. Balcom, of Emporium, Pa., newly elected; Vice-President Ray F. Sparrow, of Indianapolis, Ind., newly elected; Vice-President - James P. Quam, of Chicago, reelected; Vice-President G. W. Henyon, of Schenectady, N. Y., newly elected; Treasurer - Leslie F. Muter, of Chicago, reelected; Executive Vice President - Bond Geddes, of Washington, reelected; General Counsel - John W. Van Allen, of Buffalo, N. Y., reappointed.

The newly elected RMA Directors were: M. F. Balcom, of Emporium, Pennsylvania; W. P. Hilliard, of Baltimore, Maryland; L. L. Kelsey, of Chicago, Illinois; J. J. Nance, of Chicago, Illinois.

Praising the radio industry for its war contribution, William L. Batt, Chairman of the WPB Requirements Committee, stated that "the job of the radio industry in this war is staggering in its dimensions. The firms that turned out \$250 millions worth of home sets last year are now confronted with present war contracts for the Army and Navy of \$400 million". Stating that the "radio industry has gone to war and is now in uniform", Mr. Batt cited the \$50,000 worth of complex radio devices in a heavy bomber and \$5,000 worth of radio in a tank in the industry's crucial part in modern warfare.

"And in this task of going forward to a better world", said Mr. Batt, "you of the converted radio industry can have a significant part. The responsibility of the American industry to the American

society is the real, the true uniform you have put on. I am happy today to be marching with you."

Among the new projects for the war period which were established by the RMA Board of Directors at the Chicago convention were: provision for standardization of military radio equipment; organization of a new Transmitter Division to include manufacturers of all transmitting and also electronic apparatus; plans for providing sufficient radio service men to maintain radio sets in the hands of the public, including possible recruiting of Boy Scouts for servicing; conservation and substitution of scarce materials, and a bureau to assist parts manufacturers in the exchange and utilization of surplus materials. The governing board also suspended for the emergency, several civilian activities, such as its Advertising Committee, but created a new "War Production Committee" to have general charge of manufacturers' all-out war problems.

The following are the RMA Chairmen for 1942-43: Set Division, Ray H. Manson of Rochester, New York, reelected; Tube Division, M. F. Balcom, of Emporium, Pa., elected to succeed Roy Burlew of Owensboro, Ky.; Parts and Accessory Division, Ray F. Sparrow, of Indianapolis, Ind., elected to succeed H. E. Osmun, of Milwaukee, Wis., and the Amplifier and Sound Equipment Division, James P. Quam, of Chicago, reelected. George W. Henyon, of Schenectady, N. Y., was elected Chairman of the new Transmitter Division.

Preceding the RMA convention, a "victory" dinner, attended by several hundred radio distributors, dealers and servicemen, was held by the National Radio Parts Distributors' Association, the Sales Managers Clubs, and "The Representatives". The Chairman was J. J. Kahn, of Chicago, Chairman of the RMA Replacement and Repair Parts Committee, and addresses outlining the industry's war efforts were made by Chief Frank H. McIntosh, of the WPB Radio Section, Ray C. Ellis, also of WPB and others.

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COUNSEL CONTENDS KILLING FCC RULES MEANS TRADE RESTRAINT

As shown by the so-called anti-monopoly regulations made by the Federal Communications Commission, Louis Caldwell, counsel with Hon. Frank D. Scott for the Mutual Broadcasting System, told the House Interstate Commerce Committee holding hearings on the Sanders Bill to revamp the FCC that the technical needs of network broadcasting can still be met "for a reasonable amount of clearance against local obstacles without yielding to the importunity of those who could control it all".

"If you nullify these FCC regulations, you will be putting the Congressional seal of approval on one of the clearest possible cases of unreasonable restraint of trade, a restraint of trade that is vastly more harmful to the public interest than most restraints

because it has to do with an agency of the mass-communication of intelligence", Mr. Caldwell declared.

"It seems inconceivable to me that Congress would want a statute which would require its radio licensing authority to be an accessory before the fact to building up an unlawful monopoly or a restraint of trade, leaving it to some other agency of the Government, such as the Department of Justice, to tear down the structure. I think this is just what you will do if you amend the law so as to forbid the Commission to take the fostering of competition into account in applying the standard of public interest, convenience, or necessity."

Mr. Caldwell went on to say that actually the Communications Act which the Sanders bill seeks to amend is one of the best drafted and "most finely" conceived of the many statutes which serve as charters for Federal administrative agencies.

"It has withstood the test of time remarkably well, particularly when you consider that it deals with one of the most rapidly-advancing scientific arts", Mr. Caldwell said. "Those who claim that it is antiquated have, I think, a heavy burden to point out in what respects this is so, and I have not heard anyone do this. Have you heard anyone say that this statute has proved defective in any particular in the regulation of the many new kinds of radio communications and radio services that have developed since 1927? * * *

"The real complaint, I think, is that the sponsors of the statute foresaw not too little but too much, and specifically provided for the regulation of stations engaged in chain broadcasting because they were concerned not merely with the technical aspects but were anxious to do everything possible to prevent monopoly and unreasonable restraints on competition in broadcasting. It is to their everlasting credit that they foresaw advances in the art and provided both the basic principles and the flexibility indispensable to deal with them as they arose."

Mr. Caldwell expressed the belief that the FCC lacked power to make newspaper owners ineligible for broadcasting station licenses but added:

"Whatever you may think of the Commission's network regulations, or of its pending investigation of newspaper ownership of broadcasting stations, or of its television or frequency-modulation regulations, it has for the past two or three years endeavored increasingly to bring its policies out into the open in the form of regulations, after full and fair hearing, where their actions can be examined and criticized as they have in this very hearing. This was instead of the old hit or miss method which largely prevailed in the earlier days, where exactly the same subjects were dealt with but were buried in its written decisions in particular cases or, what is worse, were talked about only behind closed doors and in chambers, and did not achieve written or published form. This has required industry, patience and an infinite amount of study, and it has also required courage."

Commenting upon a thought suggested by counsel for the Columbia Broadcasting System who in answer to a question from a member of the Committee stated that the relationship between a broadcasting station and a network was exactly like that between a newspaper and a press association, such as the Associated Press, Mr. Caldwell said:

"Let us examine that thought. At present the Washington Post has an Associated Press franchise. It also receives the United Press service, the New York Times service, and perhaps others. There is nothing in its arrangements with any of them preventing it from taking the service of another service, or which requires it to use any news furnished by any one of them, or to assign any particularly important space in the newspaper to its material.

"Then let us apply an analogy drawn from the situation in broadcasting. I suggest it would be something like this: At the top of the front page would be 'The Associated Press' in large type, and underneath, in small type, would be 'The Washington Post'. No other news from any other agency would be permitted. All but one or one-and-a-half columns on the front page would have to be devoted to the Associated Press material, with 'Associated Press' printed in large type over and over again, and the better positions in the rest of the paper would have to be treated likewise. In addition, the Associated Press would secure most of the national advertising using the Washington Post and insist that the advertising be placed immediately adjacent to its news.

"Of course, the analogy can be carried to the point of being absurd, and I do not mean to do so. The real point is that, instead of some 1800 or 1900 vigorous independent and competitive newspapers of this country, you would have three organizations in New York, controlling all of them and, through them, controlling most of what the public reads. They would have the power to kill off a competitor at birth. The economic prosperity or failure of every newspaper in the country would be for them to determine. Every advertiser would be at their mercy.

"Fortunately, as shown by the Commission's regulations, we can still meet the technical needs of network broadcasting for a reasonable amount of clearance against local obstacles without yielding to the importunity of those who would control it all. The way has been shown by the Commission's regulations."

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Baukhage, NBC commentator in Washington, said after calling Hitler a dog that he had received letters saying he should apologize for this. "All right", Mr. Baukhage replied over the air, "I apologize to every dog in Washington. Furthermore I apologize to my own dog."

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RCA PROVIDES ALL THE ANSWERS

Putting itself on the spot by giving the "answers to questions that are often asked", the Radio Corporation has just published a handsomely illustrated 48-page booklet "RCA - What It Is - What It Does."

Among the hundreds of questions about the RCA itself and its subsidiaries in this novel presentation the following are typical:

(Q) What led to the formation of RCA?

(A) Prior to and during the first World War, the United States depended largely upon British cables and foreign-owned wireless stations for communication with many important parts of the world. Great Britain was the communication center of the world. The war revealed to Americans that radio offered a new and competitive system; a startling opportunity for dissemination of intelligence. Development of radio would give the United States preeminence in radio communication, independent of other countries.

To accomplish this, RCA was formed by the General Electric Company, as a result of suggestions by officials of the United States Navy. Arrangements were made to acquire the assets of the Marconi Wireless Telegraph Company of America. A charter was granted RCA under the corporation laws of the State of Delaware on October 17, 1919. The business and property of the American Marconi Company were acquired by RCA on November 21, 1919. On December 1, 1919, RCA began business as an all-American organization.

The first Chairman of the Board of RCA was Owen D. Young; the first President, Edward J. Nally; David Sarnoff was Commercial Manager.

(Q) How many people are employed by RCA and its subsidiaries?

(A) At the opening of 1942, RCA and associated companies had 30,461 employees, of whom 18,915, or 62% are men, and 11,546 or 38 % are women.

(Q) What are RCA's wage and labor policies?

(A) The management recognizes that the loyal cooperation of employees is of basic importance to the success and progress of RCA. It is the company's policy to pay as high wages, under as favorable hours and working conditions in similar classes of work, as those prevailing in the areas in which the company's plants are located or operations are carried on. The most modern working conditions conducive to health, safety and comfort are maintained, together with a wide variety of educational, social and recreational facilities.

(A) (Continued) In instances where employees choose to bargain collectively, the employing company deals willingly and frankly with their authorized representatives. At present there are in force a number of contracts between the various companies and the unions, of which several are affiliated with A. F. of L., several with C.I.O., and one is independent.

Edward F. McGrady, who for four years had been Assistant Secretary of Labor, in 1937 became RCA's Vice President in charge of Labor Relations and a member of the Board of Directors.

(Q) Who owns the Radio Corporation of America?

(A) Ownership of RCA is widely distributed among approximately 240,000 stockholders, in every state of the Union. No individual owner of record holds as much as one-half of 1% of the stock. Less than 6% of the stock is held by foreign stockholders.

(Q) Does RCA make its inventions and patents available to other manufacturers?

(A) RCA has more than 150 patent licensees, competitive manufacturers in radio and other fields. Under the company's license policy numerous sources of supply are open to the Government and to the public. To assist its licensees, RCA Laboratories maintains an Industrial Service Section through which licensees are kept informed of new technical developments and are advised how best to apply them.

(Q) How many stations are affiliated with the NBC network?

(A) 137 stations are affiliated with NBC. Six stations are owned by NBC. They are: WAAF, New York; WRC, Washington; WTAM, Cleveland; WMAQ, Chicago; KOA, Denver; KPO, San Francisco.

(Q) How many stations are on the Blue Network?

(A) 127 stations are affiliated with the Blue Network Company. It owns three stations: WJZ, New York; WENR, Chicago; KGO, San Francisco.

(Q) Are all NBC and Blue Network overseas commentators American citizens?

(A) Yes.

(Q) What is R.C.A. Communications, Inc.?

(A) Following its organization in 1919, the Radio Corporation of America promptly undertook the task of establishing an all-American, world-wide radiotelegraph system. RCA's international communication service, therefore, was one of its first activities. By 1929 the system had become so extensive that on January 3, R.C.A. Communications, Inc., became a separate company with William A. Winterbottom as Vice-President and General Manager instead of a department of RCA. It is, however, wholly-owned by the Radio Corporation of America and is engaged primarily in international and inter-city message (radiogram) communication as a service to the public.

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TRADE NOTES

An additional 600 enemy-owned patents were taken over Wednesday by Leo T. Crowley, Alien Property Custodian. The patents seized included more than 200 owned by Telefunken, relating primarily to radio and television equipment.

An offer of one million dollars by the General Electric Co. and the Westinghouse Electric & Manufacturing Co. to the Radio Corporation of America in settlement of an RCA stockholders' accounting suit was approved by the Supreme Court of New York Wednesday. The stockholders had charged that RCA had suffered losses through a series of financial transactions in the period before 1932, when General Electric and Westinghouse held large blocks of RCA stock.

The FCC has approved the sale of WWDC in Washington, D.C. from Stanley H. Horner, Dyke Collum and Edwin M. Spence to Joseph Katz, G. Bennett Larson and Charles M. Harrison, for \$110,000.

WWDC, which was started about 2 years ago has 250 watts power on 1450 kc. Mr. Spence was formerly Secretary of the National Association of Broadcasters and Joseph Katz is a prominent advertising man of Baltimore.

Chairman James L. Fly conferred at the White House with President Roosevelt earlier in the week. One guess was that it had to do with the reappointment of Mr. Fly whose term is about to expire. Another was a revival of the old rumor that Fly was to be transferred to another position.

The application of Earle C. Anthony, Inc., Los Angeles, Calif., Station KSEE for modification of construction permit which authorized a new television broadcast station has been dismissed at request of the applicant. It called for changes in aural equipment, changes in antenna system and extension of completion dates.

The Federal Trade Commission ordered Maurice L. Myers, trading as Charles B. Joyce Co., 2425 North Halstead St., Chicago, to cease and desist from selling or otherwise disposing of merchandise by means of a game of chance, gift enterprise or lottery scheme. Commission findings are that the respondent, dealing in radios, clocks, flashlights and other novelty merchandise, sold assortments of articles so packed and assembled as to involve the use of a lottery scheme when the merchandise was distributed to consumers. One assortment, according to findings, consisted of a radio together with a punch board device.

Station KEVR, Evergreen Broadcasting Corp., Seattle, Wash., granted license to cover special service authorization which authorized operation on 1090 kc., 250 watts, unlimited time at present site. This authorization is granted upon definite assurance heretofore given that licensee will apply for authority to increase stations' power to 5 KW as soon as practicable to do so; and licensee should surrender its present license to operate on 1400 kc.

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