

HEINL RADIO BUSINESS LETTER

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JUL 16 1942
FRANK E. MULLEN

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No. 1444

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July 7, 1942

CANADA QUESTIONS PRESS-OWNED STATIONS AND SUNDAY ADS

It will not bring any peace of mind to the operators of newspaper-owned stations in this country, now under scrutiny of the Federal Communications Commission, to learn that press-owned stations are also under questioning in Canada. Also the possibility of a reduction in Sunday radio advertising through cooperation of privately-owned stations was suggested by Maj. Gladstone Murray, Canadian Broadcasting Corporation General Manager, to the House of Commons Radio Committee at Ottawa.

Being told by Dr. Augustin Frigon, Assistant General Manager of the Canadian Broadcasting System, that newspapers now own or control 26 broadcasting stations, M. J. Coldwell, C.C.F. leader declared that these stations are approaching "a monopoly of public opinion" which "would be a very unhealthy thing".

E. G. Hansell declared that he stood "absolutely with Mr. Coldwell against private monopoly. At the same time, a Government monopoly could be just as bad", Hansell added.

In a statement to the Editor & Publisher, Gladstone Murray, General Manager of the Canadian Broadcasting Corporation, said "Newspaper control of radio stations is criticized on the assumption that there is inherent competition between radio and the press and that therefore newspaper control of radio might be expected to be disadvantageous to radio; also that combination of the two media might tend to confer unhealthy power over public opinion by relatively few vested interests.

"My personal view is that under democracy it is impracticable to prevent newspapers from gaining control of radio stations. Moreover I do not recognize any natural or inherent antagonism between these media. Properly conceived the printed and spoken word are complementary to each other. As to the submergence of the radio side by the newspaper side of such amalgamations the competition of independent radio and particularly of national network radio provides a powerful corrective in terms of efficiency of operation and listener appeal. To my mind the only real danger is the possible existence of secret control either of radio by the press or of the press by radio. Given full publicity of all such interlocking arrangements the functioning of an enlightened and free democracy can be safely trusted to prevent abuse of power or damage to the public interest."

Speaking of news broadcasts, Brooke Claxton (Lib., Montreal-St. Lawrence-St. George) said there is a feeling some newscasts are "shaded". He had received complaints of the news

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broadcasts in reference to the House of Commons speech of Resources Minister Crerar. Mr. Murray told the committee he would obtain the script and its source.

With regard to Sunday advertising, Mr. Murray said the Canadian Broadcasting Corporation is anxious to reduce Sunday advertising and is enlisting the support of privately-owned stations which have already indicated a readiness to cooperate.

Sunday radio advertising was brought before the committee by Mr. Coldwell, C.C.F. Leader, who suggested it be reduced.

Mr. Murray said advertising had been eliminated on Christmas Day and the corporation would like to take similar action every Sunday but the popularity of commercially-sponsored United States programs which had a large following was a serious difficulty. An appeal had been made to private stations, which Mr. Coldwell said were chiefly concerned, and these stations had indicated a highly cooperative reaction.

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NELSON PROMOTES REED, FORMER G-E HEAD, TO LONDON

War Production Board Chairman Donald M. Nelson has named as his London representative, Philip D. Reed, present head of the WPB Bureau of Industry Branches and former Chairman of the General Electric Company. Mr. Reed will serve as a member of the Anglo-American Production and Resources Board. This appointment is considered to be an aftermath of and Mr. Nelson's answer to the charges of Robert R. Guthrie, formerly of the WPB that higher War Production Board officials, including Mr. Reed and J. S. Knowlson, former President of the Radio Manufacturers' Association, had unduly delayed conversion of the radio and other other industries.

In addition to giving Mr. Reed the British assignment, which is regarded as a distinct promotion, being a far more important post than Reed's present assignment, Mr. Nelson also named Mr. Knowlson as his Deputy on the newly created Board. Mr. Knowlson, regarded as No. 2 of the WPB, will, however, remain in Washington to work with Sir Robert J. Sinclair, Director-General of the Army requirements of the British War Office, who will come to Washington. Mr. Reed will leave for London at an early date.

The following, as set forth in an RMA Bulletin, is the section of the Truman Senate Committee's report on the radio industry:

"Mr. Guthrie charged that curtailment of civilian radio production had not been sufficiently expedited and thus factories engaged in assembling civilian radio sets were not brought into war production with sufficient speed. He contended that in January and February of 1942 enough aluminum was allocated to the civilian radio

industry to produce three bomber planes. On January 23 an order was issued by the WPB limiting production of home radios by large manufacturers to 55 per cent of their rate of production in the first 9 months of 1941. Small manufacturers were limited to 65 per cent. A final order was issued setting April 22 as the shut-down date.

"In connection with the radio industry the Committee believes that the WPB have acted commendably in establishing a curtailment and conservation program. Their efforts have been in accord with the principles expressed by the Under Secretary of War, Robert Patterson, who stated:

"At the present time it is essential that all existing radio manufacturing facilities of the United States be kept going on commercial production to and only to the extent necessary to hold together their operative forces until such time as the load of national defense requirements can be placed on these facilities.

"In order to attain this end and thereby prevent the loss of skilled labor and disruption of facilities, I suggest that commercial production be curtailed at once but gradually that suitable quantities of materials for radio production be allotted to this industry to keep it going until it can assume its share of national defense orders. Action has been initiated in the War Department to place war production orders as rapidly as possible with the presumption that continued operation for commercial sales shall not delay or displace such orders."

"In view of the above facts, the committee (the Truman Senate Committee) is of the opinion that Mr. Guthrie's charges in this particular instance were not well founded."

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MACKAY RADIO SEES LOSS IN CLOSING DOMESTIC CIRCUITS

Operations of Commercial Mackay Corporation and subsidiaries for the three months ended March 31, 1942, resulted in a consolidated net loss of \$286,522, after deducting interest accrued on the outstanding 4% Income Debentures, as compared with a consolidated net loss of \$149,988 for the similar period of 1941.

"Revenues of the cable and radiotelegraph operating subsidiaries continue to be drastically curtailed as a result of the war", John L. Merrill, Chairman of the American Cable & Radio Corp. reports. "New direct radiotelegraph circuits have been established during 1942 between the United States and Russia, Australia, New Zealand, Egypt, China, Bolivia and Paraguay. However, the Mackay Radio and Telegraph companies will be further adversely affected by the closure of all point-to-point domestic radiotelegraph circuits within the continental United States pursuant to an order of the Defense Communications Board. This will result in a substantial reduction in revenues."

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SANDERS BILL REPORT MAY GO OVER UNTIL FALL

No immediate report will be submitted by the House Interstate and Foreign Commerce Committee on the Sanders Bill to reorganize the Federal Communications Commission hearings on which dragged along for almost three months. They were concluded last week when Edward Hidalgo, attorney for the Radio Corporation of America and its subsidiaries, put in the record a statement of Mark Woods, President of the Blue Net in answer to testimony of Mutual witnesses.

Mr. Woods stated that the "very existence of network broadcasting is dependent upon the ability of a network to operate as a cohesive unit and he said that ability is based upon option time.

Mr. Woods' statement alluded to the Blue's expansion since its separation from NBC early this year. It had 116 stations then, and has added 18 since, including several former MBS affiliates. There are about 40 additional stations seeking affiliation, he said. In February, 1939, the number of network station hours of commercial time was 932; at the same time this year it was 2068, an increase of more than 100%. In 1940 the average number of stations per commercial program was 38, and is now 75.

It is common knowledge, said Mr. Woods that RCA has agreed to dispose of the Blue to outside interests, if a fair price for RCA's investment can be obtained and when buyers can be found who will operate it in the public interest. Mr. Woods said the dominant thought in formulating any legislative pattern for radio should be "to permit its normal growth and expansion as a free enterprise".

A report on the Sanders Bill may be as far away as next Fall - anyway not until after the Congressional recess due to election year. It may be as long as that before Chairman Lea of the House Interstate Commerce Committee even appoints a subcommittee to redraft the Bill.

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SEVERAL RADIO TRADES ELIGIBLE FOR DEFERMENT

Among the 138 occupations essential to war production in which workers are eligible for, although not guaranteed, draft preferment by Paul W. McNutt, Chairman of the War Man Power Commission are the following having to do with radio: chassis assembler, radio; electrical tester, radio; and radio equipment assembler.

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U.S. AND BRITISH COMMUNICATIONS HEADS CONFER

Sir Campbell Stuart, Chairman of the British Imperial Advisory Committee for Communications is in Washington conferring with James L. Fly, Chairman of the Federal Communications Commission "on various matters of mutual concern". Sir Campbell was reported to have come direct from London and it is not known how long he will remain in Washington.

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PROFESSOR EXPLAINS HOW RADIO NEWS HELPS PAPERS

A study of radio and the newspapers has been made by Clifford W. Weigle of the Journalism Department of Stanford University which explains how, in his opinion, the broadcasting of news has helped the newspapers.

"Radio newscasts were aimed at the lowest level of mentality - those who never before read the newspapers", Professor Weigle states. "This created an interest in news and helped boost the sales of newspapers", he explained, adding the warning that "the solution of the radio problem will help determine the future prosperity of the press."

Highlights of Professor Weigle's report are:

"Printed advertising has certain definite advantages over audible advertising but this must be sold aggressively", Mr. Weigle said. "All the newspapers want is a half hour of the reader's time, but we have to keep fighting to get that half hour."

"Radio has several hours of the reader's time, and children, who will be the newspaper readers of tomorrow, are great followers of radio."

While newspapers obtained \$545,000,000 for advertising in 1940 to \$200,000,000 which went to radio, the networks showed a gain of 21.5% to a newspaper increase of 1.8%, Mr. Weigle said. A survey of principal accounts showed radio taking \$26,000,000 for drugs and toilet goods advertising to \$20,500,000 which goes to the press, and \$26,750,000 for groceries, including soap, to \$33,000,000 going to newspaper accounts.

Newspapers have \$26,500,000 in auto industry and petroleum product account advertising to radio's \$8,000,000, Mr. Weigle noted, yet the radio advertising of clothing, confectioneries, soft drinks and financial and insurance accounts increased over 100% in 1940.

News and commentators comprised 10 to 12% of the total radio time in 1940, Mr. Weigle reported, for an increase from about 7% before the war. He estimated the radio audience for news programs has increased 50% since the war. "Radio has not succeeded in competing with newspapers on local news", Mr. Weigle said. "Also it has no editorial leadership."

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OTHER WORK SEEN FOR MEN IN CLOSED DOMESTIC CIRCUITS

The Board of War Communications had a conference yesterday (Monday) to study the problem of placement of personnel which has been thrown out of work by the closed domestic radio-telegraph circuits. The session was attended by representatives of the Army, Navy, Coast Guard, the FCC Engineering Department and various representatives of the labor union groups as well as the management heads.

"Domestic radiotelegraph, at least in the main, closed down on order of the Board of War Communications June 30", Chairman James L. Fly said, "and this has left substantial number of personnel available for other services. I will say it that way rather than in terms of their being out of a job because I don't think they are. There is considerable demand for radio operators and for engineers - people that are generally skilled in this field. I know we need some of them in our own monitoring service and I am sure the Army, Navy, and Coast Guard need people of this capacity, and it will be our endeavor to make a study - ask this cooperative group to make a survey of the problem and then ways and means of solving it to the best interests of all concerned."

Informed that about 80 stations were affected by the closure, Mr. Fly said:

"Some of them were more important stations, and of course one of the purposes of this conference is to get an accurate survey of the situation from the standpoint of personnel and their availability for necessary work either with the Government or otherwise."

"Some of the personnel of these 80 stations were retained by the companies to operate the wire circuits that we permitted later on", Edgar Jones, in charge of FCC Public Relations, remarked.

"I am sure that has happened", Chairman Fly said. "They are not all out of a job."

"Will this have any relationship to the work of the Man Power Commission?" Mr. Fly was asked.

"Well", the FCC Chairman replied, "in that its only tendency - of course it is our effort to do something with our own people and our own industry. I assume, of course, that whatever is done will be consistent with the general policies of the Man Power Commission. I don't think there will be any general significance in that connection. We do have some general studies with the War Man Power people that are current now."

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RMA WARTIME COMMITTEE CHAIRMEN NAMED

All committee work of the Radio Manufacturers' Association is largely centered on the large military production program of the industry, except for providing replacement and repair components for receiving sets in public use. For the latter functions, a special Committee on Replacement and Repair Parts, headed by Director J. J. Kahn of Chicago as Chairman, is being continued.

The industry's war effort will be largely under the direction of the RMA Executive Committee, acting in the interim between meetings of the Board of Directors and the new War Production Committee. The Executive Committee, of which President Paul V. Galvin is Chairman, includes Directors Ben Abrams, W.R.G. Baker, M. F. Balcom, H. C. Bonfig, J. T. Buckley, Ray H. Manson, J. J. Nance, James P. Quam, Ray F. Sparrow and Treasurer Leslie Muter. It also constitutes the Association's Finance Committee.

RMA Committee Chairmen, which have been appointed by President Galvin for the ensuing year, follow:

Replacement & Repair Parts Committee - Director J.J. Kahn, Chicago
Engineering Department - Director W.R.G. Baker, Bridgeport,
Conn., Director Virgil M. Graham, Emporium, Pa., Assistant
Director
Export Committee - W. A. Coogan, New York City
Membership Committee - Ernest Searing, Philadelphia
Traffic Committee - O. J. Davies, Camden, N. J.
Service Committee - M. J. Schinke, Chicago, Ill.
Legislative Committee - A. H. Gardner, Buffalo, N. Y.
Credit Committee - J. J. Kahn, Chicago, Ill.
By-Laws and Organization Committee - Leslie F. Muter, Chicago.

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CALIFORNIA CONGRESSMAN BLASTS COMMENTATOR

Addressing the House of Representatives last Monday, Congressman Leland M. Ford paid his respects to commentator Cal Tinney thus:

"I would like to draw the attention of the House and the country to what I would term the mouthpieces of the red purge. I would like to call particular attention to one Cal Tinney. This man is a commentator on the radio. He is either in business as a politician representing the red group or as a legitimate advertiser for business. I think he represents the red group. He is carrying on a program against Congress. He simply lies when he says that Congress is going to adjourn. Every Member on this floor knows that is not true.

"I suggest to every American in the United States that they not buy any Phillie cigars or anything that has Phillie tobacco in it, in view of the fact that they are subsidizing this mouthpiece of the red and communistic group as represented by one Cal Tinney. I say that anybody who would buy one single item from a group that is subsidized by the red purge is making a mistake. I suggest that the Americans get on one side and let these reds get on the other."

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BATT AND KNOWLSON REPORTED ADVANCED IN WPB REVAMP

A realignment of the War Production Board was expected to be announced today (Tuesday). According to the New York Times, which seems to have advance information on the subject:

"The reorganization involves the absorption by the WPB of the Army and Navy Munitions Board and apparently will also mean the appointment of Ferdinand Eberstadt as Deputy Chairman of WPB in Charge of Operations. Mr. Eberstadt has been head of the Army and Navy Munitions Board.

"William L. Batt and J. S. Knowlson will be appointed Deputy Chairmen with more general authority than Mr. Eberstadt will have. Mr. Batt is to receive a 'roving commission' to represent Donald Nelson and will probably have many of Mr. Nelson's powers delegated to him. In Mr. Nelson's absence he will apparently be in charge of WPB.

"Mr. Knowlson, who is at present Director of Industry Operations, will have specific duties. He is President of the Stewart-Warner Corporation and was elected President of the Radio Manufacturers' Association this year. As Director of the Division of Industry Operations he has authority to operate the priorities system and to administer regulations under requisitioning acts. His new duties as Deputy will apparently include the important functions of programming and scheduling. He will allocate between different industries and between different concerns within those industries the raw materials which they will need to expedite production programs. Production plans will be made in close touch with the Joint Strategy Board through the Combined Production and Resources Board.

"The appointment of Mr. Knowlson as Mr. Nelson's Deputy on the Combined Production and Resources Board has already been announced. It is understood he will also succeed Mr. Batt as Chairman of the Materials Requirements Committee.

"Actual operations will be in charge of Mr. Eberstadt who, until his appointment to the Army and Navy Munitions Board within the last year, was President of the New York brokerage firm of E. Eberstadt & Co.

"The reorganization will free Mr. Nelson of much of the heavy load he has been carrying. It will also make it possible for him to lift his sights on occasion from the national to the international industrial picture, for instance for his projected trip to London in August.

"The new setup represents the defeat of ambitions the armed services are reported to have entertained to get control of the flow of war materials into industry. Reports that the purchase of finished war materials was to be turned over to them caused alarm in some Congressional circles."

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HOME RADIOS IN MISSOURI AND WASHINGTON STATE

A large percentage of the homes in Missouri and its principal cities are equipped with sets as shown by the U. S. Census reports. The State of Washington also follows:

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 - <u>Missouri</u> The State	Total	With Radio	No Radio	Not Reporting Radio
Total Dwelling Units (including urban)	1,048,642	832,590	209,873	26,179
Rural-nonfarm dwelling units	204,507	153,707	46,461	4,339
Rural-farm dwelling units	290,788	171,489	111,860	7,419
Joplin	11,395	9,317	1,786	292
Kansas City	122,103	109,042	8,842	4,219
St. Joseph	21,716	18,746	2,677	293
St. Louis	234,872	213,392	16,034	5,446
Springfield	18,645	15,950	2,242	453
University City	9,007	8,806	111	90
Area - <u>Washington State</u>				
Total Dwelling Units (including urban)	537,337	472,553	49,224	15,560
Rural-nonfarm dwelling units	141,673	122,923	14,931	3,819
Rural-farm dwelling units	93,456	78,238	12,934	2,184
Bellingham	9,529	8,699	595	235
Everett	9,661	8,761	682	218
Seattle	126,354	111,729	9,718	4,907
Spokane	38,918	35,339	2,644	935
Tacoma	36,086	33,079	2,166	841
Yakima	8,535	7,579	621	335

The Census Bureau will issue a United States summary of home radios in about two weeks. The summary will be issued in advance of availability of detailed information for about three large States.

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Costa Rican authorities announced Monday the arrest of a Costa Rican and seizure of a clandestine radio transmitter which was understood to have been used to communicate with Axis agents, an Associated Press reports. The seizure of the radio transmitter followed an Axis submarine attack on a ship in Puerto Limon harbor, July 2 in which 23 Costa Rican stevedores were killed.

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 ::: TRADE NOTES :::
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In a statement submitted to Congress of allocations as of May 31, 1942, under funds appropriated to the President, in military and naval appropriations \$149,875 was allocated to the Federal Communications Commission for expenses to analyze incoming short-wave propaganda. Up to May 31 \$144,935 of this amount had been spent.

For the suppression of subversive radio activities \$1,598,523 was allocated, of which \$1,580,626 has been spent.

 The Blue Network has just published a brochure on "Where Will Your Markets Be After The War?"

 Mrs. Ruth Moodie, formerly with Crossley, Inc., research specialists, has joined the Columbia Broadcasting System as an assistant to Charles H. Smith in the Research Department.

 To keep Americans abreast of the country's war progress, the National Broadcasting Company devoted 197 hours and 38 minutes to 508 network broadcasts from Dec. 7 - date of the raid on Pearl Harbor - to June 1st.

 It is reported that the FBI has rounded up 1687 short-wave transmitters and receivers that have been in alien hands.

 Reporting on the Institute of Radio Engineers convention at Cleveland, T. R. Kennedy, Jr., of the New York Times, writes:

"New facts were brought out by engineers working with systems over which television views some day may leap half-way across the country by radio. The system is now being operated experimentally from New York to Schenectady, a distance of about 150 miles. Only one radio relay point is needed for that distance.

"The report concerned chiefly the reliability of the operation of the channel. The transmitter is atop the Empire State Building. The receiver, near Schenectady, is a mile below the horizon line from the top of the world's tallest building."

 The New Zealand Broadcasting Board is one of five new subscribers to NBC Radio-Recording Syndicated programs. The New Zealand Board will broadcast the NBC's division's new "Flying for Freedom" series over Government stations.

 The latest "Code of Wartime Practices for American Broadcasters" (Edition of June 15) by the Office of Censorship, is now being issued in printed form. Extra copies may be secured from the Censorship Office or the Government Printing Office in Washington.

 The Commencement Address, "Broadcasting for Victory and Peace" delivered at De Pauw University, Greencastle, Indiana, May 31, 1942, by Niles Trammell, President of the National Broadcasting Company, and on which occasion he received the honorary degree of Doctor of Laws, has now been printed in the form of a booklet.

Station KARM, of Fresno, Calif., has applied for special service authorization to change frequency from 1430 kilocycles to 1030 kilocycles employing directional antenna,

In special ceremonies Saturday, July 11, at 2:30 P.M., EWT, the National Broadcasting Company will honor its employees who have died in action or are now in the armed forces. The ceremonies will be conducted in each of the NBC operated stations from coast-to-coast. In New York, dedication of the service flag, with two gold stars for men lost in action, will be broadcast by WEAJ from 2:30 to 2:45 P.M. The six other NBC-operated stations also will broadcast their own program.

There will be 224 blue stars, in addition to the two gold stars, in the NBC New York flag. The dedication address will be made by Maj. Gen. Sandeford Jarman, second in command of the First Army and Commanding General, Anti-Aircraft Defenses, Eastern Theater of Operations.

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CHANGES IN SYLVANIA RADIO TUBE ORGANIZATION

H. Ward Zimmer, General Manufacturing Manager has been appointed General Manager of Operations of the Hygrade Sylvania Corporation Receiving Tube Division, which includes three plants in Pennsylvania and one in New England. In continuing his general manufacturing managership, he will be in charge of equipment design and production, and general division purchasing.

Mr. Zimmer has been with the company for twenty-two years. In 1937 Mr. Zimmer became Assistant Manufacturing Manager, and in 1939 he was made General Manufacturing Manager of the Radio Tube Division.

R. M. Wise, Chief Radio Tube Engineer, is named General Manager of Operations, Special and Large Tube Division of Sylvania, which includes three other Pennsylvania plants. Continuing his general engineering responsibility as General Engineering Manager, Mr. Wise will be responsible for radio tube research and development engineering, commercial engineering and production development.

Mr. Wise, native Hoosier, attended the University of California. He joined the Hygrade Sylvania Corporation in 1929 and since that time important tube developments have come out of the Hygrade Sylvania Research and Development Laboratories, such as the 6.3 volt, the 1.4 volt, the Lock-In and the 14 and 35 volt AC-DC radio tubes.

The 6.3 volt tube, according to a Hygrade Sylvania news letter, has made possible the rapid expansion of auto radios, the 1.4 volt ushered in portable radios, and the 14 and 35 volt series widened the household radio market and aircraft receiver applications. Most recent and revolutionary development is the Sylvania Lock-In glass header tube which eliminates the old style Bakelite and prong base.

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