

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

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## INDEX TO ISSUE OF JULY 24, 1942

1942 Radio Manufacturing Taxes Jump To \$19,144,408.....	2
Jimmy Tells Workers Their Radios Helped Bomb Tokyo.....	3
Biddle's Move To Block Petrillo Heartens Broadcasters.....	4
FTC Cites "United Short-Wave Diathermy".....	6
Parts And Transmitting Tubes Committees Hard At It.....	7
Material Scarcity Cancels Television And FM Permits.....	7
Petrillo Inviting Probe Says 66% Members Out Of Work.....	8
Not Purpose To Aid BMI, Arnold Tells ASCAP.....	8
A Million Radios "Deep In The Heart Of Texas".....	9
Claims Broadcaster Winchell Is Shorn Of Uniform.....	10
Trade Notes.....	11

No. 1449

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## 1942 RADIO MANUFACTURING TAXES JUMP TO \$19,144,408

Treasury collections of Federal radio excise taxes during the fiscal year ended June 30, 1942, broke all records with total collections of \$19,144,408.18, the Radio Manufacturers' Association reports. Heavily increased sales, the increase in the radio tax rate, effective October 1, 1941, from 5-1/2 to 10 per cent, and also inclusion at the much higher rate of automobile radio sales, were factors. Radio taxes collected during the last six months, from January to June, 1942, totaled \$13,052,325.00, more than double the collections in the previous July-December 1941 half-year period, despite the general suspension on April 22 of civilian radio production.

Radio taxes collected last June totaled \$1,621,145.47, compared with \$534,872.56 in June 1941 (at the 5-1/2 per cent rate), and, of course, the June collections were largely on sales in May. June taxes on phonograph records totaled \$74,554.03 against \$229,413.70 in the previous month of May. June taxes on refrigerators, air conditioners, etc. also declined sharply, amounting last June to \$828,074.37 against \$1,014,684.27 in May, and compared with taxes on refrigerators alone in June, 1941, of \$2,021,732.61.

As compiled by RMA, figures on the 1941-42 radio tax collections, compared with those of the previous fiscal year and including monthly percentages, are given below, but it should be noted that the comparative tax rates are different; also higher automotive radio rates and sales were included in the figures from October 1, 1941:

### Radio Tax Collections

#### Fiscal Year 1941-42 (Tax Rate 5-1/2% to 10/1/41, 10% Balance of Year)

July to December - Total Six Months	\$6,092,083.18	31.8%
January to June - Total Six Months	13,052,325.00	68.2%
Total Fiscal Year	19,144,408.18	100.0%

#### Fiscal Year 1940-41 (Tax Rate 5½%)

July to December - Total Six Months	\$ 3,852,641.73	55.6%
January to June - Total Six Months	3,082,541.30	44.4%
Total Fiscal Yr.	\$ 6,935,182.03	100.0%

Radio factory workers shared in wage increases reported by many manufacturing industries last May, according to the current May report just issued by the U. S. Bureau of Labor Statistics. Although there was a slight decline during May in radio employment and total payrolls, the government reported increases, from March

through May, in the average weekly earnings of radio factory employees and also in their average hourly earnings. The Government report stated that difficulties in converting the radio and other industries to war production in May, with shortages of materials and layoffs, was the cause of some employment reductions in the radio and other durable goods industries, although the national factory employment had a contra-seasonal increase between April and May.

With detailed figures on radio and other factory employment and payrolls now omitted from the monthly Government reports, the May index figure on radio factory employment was 191.6 compared with an April index of 208.9. The index figure on total radio factory payrolls last May was 276.8, compared with 292.2. The comparative May 1941 index on radio employment was 173.7, while the May, 1941, index on total radio factory payrolls was 191.5.

Average weekly earnings last May of radio factory employees were reported at \$35.33, increased from \$34.31 last April, and from \$33.88 in March, 1942.

Average hours worked per week last May by radio factory employees were 45 hours, compared with 44.6 hours in the previous month of April, and 44.8 hours last March.

Average hourly earnings last May of radio factory employees were 78.5 cents, compared with 77 cents in April, and with 75.7 cents last March. These average hourly earnings compared with the national manufacturing average of 75.4 cents per hour last May.

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### JIMMY TELLS WORKERS THEIR RADIOS HELPED BOMB TOKYO

Showing a picture of aviators using microphones designed by the Bell Laboratories and made by Western Electric, the Bell Laboratories Record for July printed the following telegram sent by Brig. Gen. "Jimmy" Doolittle to the employees of the Western Electric Company at Chicago:

"Now it can be told officially. Radios you helped to build aided us to bomb Tokyo and half a dozen other Japanese cities. Through those radios we issued commands between ships that sent our bombers on their marks; through those radios we cheered each other on as our bombs crashed into vital Japanese Naval and military installations. And, perhaps best of all, through those radios, we heard the hysterical Japanese broadcasters, too excited to lie, screaming about the damage we had done. We who made the flight deeply appreciate the assistance given by you who made the radios."

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## BIDDLE'S MOVE TO BLOCK PETRILLO HEARTENS BROADCASTERS

The authorization by Attorney General Francis Biddle of an injunction suit under the anti-trust laws to prevent James C. Petrillo, President of the American Federation of Musicians from prohibiting Union members from making recordings for radio was joyful news for the broadcasters, especially the operators of the smaller stations.

Neville Miller, President of the National Association of Broadcasters, declared that the Attorney General deserved the thanks of the entire nation for authorizing legal action to prevent the American Federation of Musicians from closing up the musical recording business on August 1.

"Every music lover in America should congratulate Attorney General Biddle for his far sighted action today", Mr. Miller said.

"Every musician, as well, should congratulate Mr. Biddle because musicians, professional and amateur alike, would suffer by Mr. Petrillo's edict.

"Needless to say, the radio industry will give Mr. Biddle its whole-hearted cooperation. Radio spends between \$10,000,000 and \$15,000,000 a year for the services of members of the American Federation of Musicians. Radio wants to present the best musical programs at its command to the listening public. It cannot do this without the use of some recorded music."

The broadcasters were likewise considerably heartened at the interest the Federal Communications Commission seemed to be taking in the case. The Commission has directed Chairman James L. Fly to address identical letters to James C. Petrillo, President of the American Federation of Musicians, and Niles Trammell, President of the National Broadcasting Company. At the same time the staff of the Commission was told to advise it on procedure for a broader study into other musical problems as they affect radio broadcasting.

Mr. Fly stated in each letter the following:

"We have received a letter from Senator Arthur H. Vandenberg of Michigan suggesting that the Commission obtain information concerning the recent cancellation by the National Broadcasting Company of a broadcast by the National High School Orchestra from Interlochen, Michigan.

"The Commission would appreciate it if you would, at your earliest convenience, send us a full statement of the facts relating to the cancellation of the program."

The National Broadcasting Company said that its General Counsel, Judge A. L. Ashby, was preparing a report on Mr.



Petrillo's cancellation of the Interlochen broadcasts as requested by the Federal Communications Commission.

In its decision to go into musical problems affecting radio broadcasting, one observer is of the opinion that the FCC apparently relied on a decision by the Circuit Court of Appeals for the District of Columbia several months ago in connection with its investigation of joint newspaper-radio operation.

The Court of Appeals held that the Commission had "full authority and power" to inquire into questions arising under the provisions of the Communications Act or relating to its enforcement.

"This", the Court said, "we think includes authority to obtain the information necessary to discharge its proper functions, which would embrace an investigation aimed at the prevention or disclosure of practices contrary to the public interest".

In connection with Attorney General Biddle's move, the Justice Department said that the A.F.M. sought to create more work for its members, in an industry where mechanical improvement had reduced the need for hiring "live" talent.

"In the opinion of the Department", the Justice Department statement said, "such a policy is unjust both to labor and the public since, by keeping costs high, demand is limited, and since it places a severe burden on the public through unnecessarily increased cost."

The Department said that the "made work" program had "two marked advantages in promoting the selfish interest of the Union - in times of unemployment, it forces employers and the consuming public to pay for a primate system of unemployment relief, and in times of rising employment, it relieves members of the Union from the competitive necessity of learning how to do a different kind of job."

The Department said that the A.F.M. policy would adversely affect these businesses:

1. Small radio stations would be forced out of business, "since many of them are located in towns too small to provide an adequate supply of musical talent even if they could hire all the musicians needed to provide the normal proportion of music on the station schedule, which none are able to do."
2. Restaurants, hotels and small dance halls, which depend upon radio records used in so-called "juke boxes" for music, and which are unable to hire live talent.
3. Advertising agencies using musical transcriptions for their clients.
4. Musical motion pictures.

5. Electrical transcriptions manufacturers.

6. Radio networks and large radio stations which depend upon electrical transcriptions for a substantial portion of both commercial and sustaining network programs.

The Department said it was its contention that if the small radio stations serving small towns and rural areas lost recordings as a source of music, they would be unable to handle various "sustaining war programs essential to maintenance of civilian morale". Such programs are broadcast without charge.

The Department declared further that the A.F.M. policy would place under control of a single union official determination of what music may be played at patriotic gatherings where such music is put on the air.

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FTC CITES "UNITED SHORT-WAVE DIATHERMY"

United Diathermy, Inc., 100 West 42nd St., New York City, engaged in the sale and distribution of an electrical device designated "United Short Wave Diathermy", has been ordered by the Federal Trade Commission to cease and desist from false advertising and misrepresentation of its product.

The respondent's device is essentially a portable cabinet containing means for the generation of electrical short waves and their application to parts of the human body by means of insulated electrodes. The device, according to the Commission's findings, is sold to members of the public for use in giving self-administered applications of diathermy in their homes.

The Commission finds the respondent disseminated advertisements representing that the device, when used in the treatment of self-diagnosed diseases and ailments of the body by individual self-application in the home, is a safe, harmless, and effective method for the treatment of rheumatism in its various forms in all parts of the body, arthritis, neuritis, bursitis, lumbago, sciatica, neuralgia, sinus trouble, and colds, and for the alleviation of pain resulting from such conditions.

In December, 1940, upon application of the Commission, the respondent corporation was restrained by the United States District Court for the Southern District of New York from further dissemination of certain advertisements concerning the device pending issuance of a Commission complaint and its final disposition under Commission procedure.

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## PARTS AND TRANSMITTING TUBES COMMITTEES HARD AT IT

Recommendations and data regarding radio replacement parts and transmitting tube replacement requirements during the next twelve months, for civilian use, have been requested by the War Production Board of both the Radio Replacement Parts Industry Advisory Committee, the members of which were named in our issue of July 21st, and the Transmitting Tube Industry Advisory Committee whose members are:

Rex L. Taylor, Taylor Tubes, Inc., Chicago, Ill.; H. C. Bonfig, RCA Manufacturing Company, Inc., Camden, N. J.; St. George Lafitte, Federal Telegraph Company, Newark, N. J.; S. Norris, Amperex Electronic Products Corp., Brooklyn, N. Y.; H. E. Wilson, Western Electric Company, Kearny, N. J.; W. R. G. Baker, General Electric Co., Bridgeport, Conn., and Roy Burlew, Ken-Rad Tubes & Lamp Corporation, Owensboro, Kentucky.

The Radio Manufacturers' Association advises that the Parts Replacement Committee will hold another meeting in Washington Thursday, August 13th, to submit data and recommendations. Simplifications and substitutions in various radio parts and also transmitting tubes are proposed. Provisions for specific allocations of materials from WPB for the future replacement parts, replacement tubes and also the transmitting tube programs continue in process of development. The civilian replacement tube order is in the drafting stage, and its early issuance is expected. Following receipt of data from the Parts Committee at its August 13 meeting, a similar allocation order providing materials for the future production program of replacement parts also is to be developed.

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## MATERIAL SCARCITY CANCELS TELEVISION AND FM PERMITS

The Federal Communications Commission has cancelled construction permits for two television stations and four high-frequency broadcast stations because the construction involved the use of strategic materials. At the same time the Commission dismissed applications for three new standard broadcast stations, and several applications for changes in existing facilities.

The television construction permits cancelled were held by the National Broadcasting Company for stations in Washington and Philadelphia. The cancelled high-frequency construction permits included: National Broadcasting Company, Chicago; the Baltimore Radio Show, Baltimore; King-Trendle Broadcasting Corporation, Detroit, and Grand Rapids, Mich.

The dismissed standard broadcast applications included the Jayhawker Broadcasting Company, Topeka, Kans.; The Gazette Company, Cedar Rapids, Ia.; Fred Jones, Broadcasting Company, Tulsa, Okla.

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## PETRILLO INVITING PROBE SAYS 66% MEMBERS OUT OF WORK

James C. Petrillo, President of the American Federation of Musicians (AFL), said in New York he would welcome any impartial investigation of his recent actions against the use of "amateur" and recorded music on the networks, which he termed an effort to obtain more work for Union musicians.

Mr. Petrillo said about 60 per cent of the Union's 138,000 members were out of work and that the use of "canned music" on the radio and in juke boxes contributed to this unemployment

This statement was made prior to Attorney General Biddle's action and before the formal letter sent to Mr. Petrillo by the Federal Communications Commission asking for his side of the case. Chairman Fly, however, had previously criticized the music union head's action in blocking the Interlochen broadcasts and said Mr. Petrillo's ban on recorded music would drive the great majority of small and independent stations out of business.

Mr. Petrillo said of the Interlochen dispute:

"Too many people are talking about it. Too many people know more about it than we do. So we'll let them settle it. It's all right to be patriotic, but when a man has played his violin for 30 years and cannot make a dollar it is time to fight."

Mr. Petrillo said that "the \$3,000,000 which a small number of musicians earn annually in making records cost our members \$100,000,000 a year in wages."

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## NOT PURPOSE TO AID BMI, ARNOLD TELLS ASCAP

Thurman Arnold, Assistant Attorney General, in charge of the Department's Anti-trust Division outlined ASCAP's authority in the consent decree which the Government granted the Society early in 1941 in a letter last week to Milton Diamond, who represented the Society in the negotiations for the consent decree. "The decree", Mr. Arnold wrote, "permits a member of ASCAP to issue a gratuitous license to a user. However, such arrangement must be made between the member and user without the aid or inducement from any third party. Any attempt by BMI to induce an ASCAP member to issue such a license, by whatever means, would violate the express terms of the decree."

"It was not the purpose of the decree", Mr. Arnold's letter continues, "to enlarge the BMI catalog at the expense of ASCAP. The purpose was to foster competition between the two organizations for the benefit of users."

7/24/42

The question of gratuitous licensing was brought some-time ago when ASCAP's complaint committee undertook to discipline several writers for giving away their performing rights without the Society's consent. Mr. Arnold wrote John G. Paine, ASCAP General Manager, that the Society's action was considered by the Department as in violation of the decree. The letter from Mr. Arnold was in answer to one he had received from Mr. Diamond.

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# A MILLION RADIOS "DEEP IN THE HEART OF TEXAS"

That over a million radios are in Texas homes was revealed by the U. S. Census report:

## 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>Texas</u>	Total	With Radio	No Radio	Not Reporting Radio
Total Dwelling Units (including urban)	1,678,396	1,090,206	540,595	47,595
Rural-nonfarm dwelling units	359,745	229,426	119,929	10,390
Rural-farm dwelling units	516,050	248,063	253,809	14,178
Abilene	7,450	6,148	921	361
Amarillo	14,479	12,914	1,139	426
Austin	22,519	17,374	4,637	508
Beaumont	16,199	12,023	3,474	702
Corpus Christi	15,608	11,063	4,170	375
Dallas	84,091	71,117	10,562	2,412
El Paso	24,831	18,918	5,493	420
Fort Worth	51,620	42,750	7,278	1,592
Galveston	16,474	18,751	2,467	256
Houston	107,530	77,782	14,800	3,948
Laredo	8,523	3,800	4,479	244
Lubbock	8,674	7,145	1,271	258
Port Arthur	12,401	10,129	1,891	381
San Angelo	7,233	5,653	1,427	153
San Antonio	65,745	49,753	15,012	981
Tyler	8,037	6,373	1,391	273
Waco	15,870	12,033	3,287	550
Wichita Falls	13,057	10,644	1,936	477

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## CLAIMS BROADCASTER WINCHELL IS SHORN OF UNIFORM

It might be worth the time of those following the fortunes of Lieut. Commander Walter Winchell, U.S.N.R.F. to tune in on his broadcast next Sunday night, July 26th, to hear what he has to say, if anything, in response to two recent newspaper articles attacking him. One was a full-page spread in last Sunday's Washington Times-Herald (July 19) which refers to him as "The Popgun Patriot" and signed by "Georgiana X. Preston". This is supposed to be a fictitious name as nobody has ever heard of such a person. The Times-Herald, however, is owned by Mrs. "Sissie" Patterson, brother of Joseph Patterson, publisher of the New York News and cousin of Col. Robert R. McCormick, owner of the Chicago Tribune. The second article is another brick evidently heaved at Winchell by Westbrook Pegler, and is captioned, "Navy Specialist".

"Georgiana X. Preston" writes in part as follows about Winchell:

"Amassing a new fortune didn't prove too difficult, because he was now making \$1,200 a week from the Mirror, plus 50 per cent of the money from the syndication of his column, amounting to another \$750 a week. His weekly radio talk gave him \$5,000 more. After paying State and Federal income taxes he had a net income of about \$185,000 a year. He seldom misses an opportunity on the air or in print, to extol his generosity. Several times he has made a great to-do in announcing that 'the entire proceeds of this broadcast' will go to the Navy Relief - or Red Cross - or some other worthy cause.

"Walter is very generous", remarked one of his closest intimates. "The only point he neglects to mention is that he never makes a contribution that he can't deduct from his income tax."

"We are indebted to Marcia Winn, of the Chicago Tribune for bringing us up to date on Winchell. Miss Winn discovered Winchell out of uniform and wanted to know how come. She inquired at the Navy offices, 90 Church St., New York, and was informed as follows:

"Winchell no longer wears his uniform. As a matter of fact he is no longer entitled to use his title as he has been turned back to the inactive reserve."

"Now that Winchell's fighting patriotism has been exposed as being as completely phoney as everything else he has ever done, where does he move on to from here?"

The Winchell article in the Times-Herald is one of an anti-New Deal series captioned "Having A Wonderful Time" and has already taken several others for quite a ride, including Archibald MacLeish, Henry Luce, Ralph Ingersoll and Dorothy Schiff Backer, publisher of the New York Post.

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::: TRADE NOTES :::  
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With the expansion of its war services, including standardization of military radio equipment and also in the transmitting apparatus field, membership in the Radio Manufacturers' Association is continuing to increase. New RMA members are the Westinghouse Electric & Manufacturing Company; Remington Rand, Inc., (Electronics Division), of New York, with a plant also at Middletown, Conn.; Radio Engineering Laboratories, Inc., of Long Island City, N.Y., and Technical Radio, Inc., of San Francisco. A revised RMA trade directory and membership list is now in preparation.

Call letters of General Electric's frequency modulation station in Schenectady are now W95A instead of W2XOY. W2XOY was an experimental designation. The station will operate on 48.5 megacycles.

All manufacturers who are required to obtain priority assistance under the Production Requirements Plan must file the revised Form PD-25A with the War Production Board not later than August 10 in order to obtain such assistance for the fourth quarter, Amory Houghton, Director General for Operations announced Thursday in releasing the new forms.

The leading article in this week's Saturday Evening Post (July 25) is "He Bombs Tokyo Every Day" about E. T. Buck Harris in charge of G.E.'s station KGEI at San Francisco. Described as once a rolling stone in newspaper offices but who now plays a crucial role in the Pacific War, Mr. Harris is credited with having developed an orphan short-wave station into one of the United States' most potent war weapons".

Larus and Brother Co., Inc., Richmond, Va., owners of Station WLAB have applied for modification of construction permit which authorized construction of new relay broadcast station requesting changes in transmitting equipment and decrease in operating power from 100 watts to 31.4 watts.

Donald M. Lawton has resigned as head of the NBC-KPO Sales Promotion Department to head up the Advertising Division for the new A. E. Nelson Company, San Francisco, California.

The kind of quartz crystal used to control the length of radio waves and radio frequency oscillations is found in commercial quantity only in Brazil, according to Henry W. Nichols, Chief Curator of Geology at Field Museum of Natural History in Chicago.

First film to dramatize the short-wave radio propaganda aces who are attacking the Axis on the air, is in preparation under the title "Fourth Front". Sam Marx, who will produce the picture for Metro-Goldwyn-Mayer states that some of the actual short wave experts now blasting Europe with American truths, will appear in the film.

Station KFAC, Los Angeles Broadcasting Co., Los Angeles, Calif., has amended its application to include changes in direction antenna.

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The British Broadcasting Corp. has banned songs of "slushy sentiment" and all suggestive ones and those based on melodies lifted from the classics. In a letter to song publishers and dance band leaders, BBC also disclosed a ban on "any form of anemic or debilitated vocal performances by male singers and any insincere or oversentimental style of performance by women singers". A BBC official said "this is emphatically not a ban on crooning . . . but we feel the public does not want any more of the sugary sentiment that has become prevalent - far too prevalent."

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Three regional meetings at which wholesalers and retailers in the Middle Atlantic and New England States, and in the West, will have the opportunity to present their views on the current inventory situation, and on the question of governmental inventory regulation, were announced this week by Eaton V. W. Read, Chairman of the Wholesale and Retail Inventory Policy Committee of the War Production Board's Office of Civilian Supply.

Present plans called for informal conferences of merchants and committee members in New York City this week; in Chicago on July 27 and 28 and in Pittsburgh on July 29.

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So extensive were his interests that few even in the radio industry knew that Moe Annenberg, publisher of the Philadelphia Inquirer, who died earlier in the week after serving a prison term for tax evasion, was also the publisher of Radio Guide.

He made his big money, however, in his race track information service and, according to the New York Times, became the fifth largest customer of the American Telephone and Telegraph Company, exceeded only in his annual bills by three nation-wide news services furnishing world news to all newspapers and by the Radio Corporation.

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OPA announced drastic revision of truck tire rationing regulations which will deny new or recapped tires after July 28 to radio distributors, dealers and servicemen. Upon recommendations, because of the rubber shortage, from the Office of Defense Transportation, the new tire rationing regulations prohibit allocation of tires to all privately operated trucks carrying radios, phonographs, musical instruments, soft drinks, etc. and "other luxury goods". Also dropped from eligibility for tires are private carriers furnishing transportation for incidental maintenance services, including the repair of "any portable household effects". It is understood that the latter will preclude tires for radio and other similar service operating trucks.

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War Production Drive Headquarters encourages labor-management committees in war plants to conduct slogan contests. Prize winning slogans are usually forwarded to War Production Drive Headquarters. They are selected as the best by committees of plant workers and not by any government agency. A number of recent prize winners are released among them being one from the General Radio Company at Cambridge, Mass., which read: "U-most S-speed A-head."

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