

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

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NATIONAL BROADCASTING COMPANY, INC.  
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No. 1454

August 11, 1942.

## WHY MR. FLY? PRINTERS ASK HIM FOR OPPOSING RADIO TAX

Singled out for a little special attention in a letter, John B. Haggerty, President of the International Allied Printing Trades Association, has just sent to his members is James Lawrence Fly. "Why Mr. Fly?" the labor leader asks the Chairman of the Federal Communications Commission, because the latter last year opposed the proposal of the House to tax the broadcasting stations \$12,500,000.

Mr. Haggerty's letter was to notify the members that the printers have now demanded of the Senate Finance Committee that that amount be doubled and the broadcasting stations taxed \$25,000,000. Furthermore the Allied Printing Trades members (the letterhead says there are 190,000 of them) are urged to get busy and not only write to the Senators from their own States but to the members of the Senate Finance Committee. Mr. Haggerty's letter follows:

"Dear Sir and Brother:

"Are you interested in protecting your own job?

"Printing Trades workers are dependent, for the most part, on the production of publications, Newspapers, Magazines and Periodicals for their livelihood. These publications are dependent on their securing of sufficient advertising to meet the payrolls.

"We know that the diversion of advertising from printed publications to Radio broadcasting has already deprived more than 25,000 skilled printing trades workers of their job opportunities. We know that the constant threat of the possible loss of advertising, because the Publishers seemingly fear to increase rates, has prevented many additional thousands of printing trades workers from securing better wages and working conditions.

"The employers in the Publications industry, so far as we know, have yet to indicate a willingness to assist in our fight to deprive the Radio Monopoly of the many unfair competitive advantages which they have over printed publications. We have been told that Publishers are fearful the Advertising Agencies which are said to control the great bulk of National Advertising, which Agencies secure fabulous profits through placing advertising with the Radio Monopoly, would deprive the Publishers of the National Advertising the Publishers now secure if they indicated any hostility to the Radio Monopoly.

"Is it any wonder that Advertising Agencies advise the placing of advertising on radio stations when they pay the radio

stations only 20% -- 30% -- or 37% of the Advertising dollar? Has anyone ever heard of a legitimate publication paying from 63% to as high as 80% in the form of commissions, discounts and rebates to secure national advertising? The local advertiser pays the full rates.

"In view of the exorbitant net yearly profits which we have brought to light is any Congressman or U. S. Senator justified in levying taxes on the workers if the Radio Moguls, with net profits of from 100% to as high as 680% on their investments, are to continue to escape their payment of their proper share of the tax burden?

"The Federal Trade Commission Law was enacted and the Commission created to eliminate this type of unfair competition - the paying of commissions and rebates of from 63% to 80% when competitive concerns were paying only 15%. Why does the Commission condone this vicious practice?

"You will note also the deliberate effort of the Treasury Department and the Federal Communications Commission to deceive the Congress by submitting incorrect figures which we challenged. Incidentally, last year, after the House of Representatives had levied a tax of some \$12,500,000 on the radio networks and highly profitable broadcast stations the Chairman of the Federal Communications Commission, James L. Fly, appeared before the Senate Finance Committee in opposition to this tax. Why?

"The Senate Finance Committee will soon act on this question. We have asked that the Radio broadcasting industry pay taxes of not less than \$25,000,000 yearly. Based on the findings of the Treasury Department last year, with figures presented to back up their findings, the radio broadcasters would retain for themselves after the payment of all taxes, including excise or franchise taxes of \$25,000,000, more than 20% yearly net profits on their investments.

"We urge you, your union, your family and your friends to petition the individual U. S. Senators from your State, and those Senators who are members of the Senate Finance Committee, insisting that Excise or Franchise Taxes be levied on the net time sales of radio networks and commercial radio broadcast stations to insure that Radio Broadcasting will be forced to pay its proper share of the tax burden.

"Such action now on the part of yourself, your union, and your friends, if successful in prevailing upon the Congress to levy Excise or Franchise taxes of some \$25,000,000, will protect and better the job opportunities of many thousands of printing trades workers. Immediate action is necessary. Can we count on you?"

There is a note at the bottom of the letter in bold-face type which reads:

"Illustrating the need for such legislation is the fact that one large radio station with net yearly profits of \$250,000, pays local and State taxes of \$8,000, while competing publications in same city pay \$400,000."



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## WRITTEN CONFIRMATIONS OF RADIOGRAMS OR CABLES OUT

A statement clarifying the procedure of the Office of Censorship regarding radiogram or cable confirmations has been issued by Director Byron Price.

"Censorship regulations prohibit the sending through the international mails of confirmation copies or any direct quotations from cablegrams, radio, radiotelephone, or land wire messages sent between any point in the continental United States and any point outside the United States", Mr. Price pointed out. "This prohibition is designed entirely to restrict possible use of these communications facilities by enemy agents to transmit information harmful to the war effort."

Messages to and from Canada are exempted. The restrictions, Mr. Price explained, apply to "word for word confirmation copy" and to direct quotations in whole or in part from messages. Any quotation from or reference to a cablegram in telegraphic language or code is banned. However, reference may be made to cablegrams by name, date, number or subject matter if ordinary language is used. Rulings now in effect apply both to incoming and to outgoing messages, but do not apply to messages sent from anyone within the continental United States to anyone else within that area, or to messages between two points outside the continental United States.

"We have no intent to hamper legitimate business", Mr. Price said, "and our enforcement of these rulings has as the sole purpose the crippling of communications between agents of foreign powers or inadvertent betrayal to the enemy of vital war information."

The prohibitions, he added, apply equally to confirmations or quotations from messages when these are sent by anyone other than the original sender or are sent to a person or firm other than the original addressee.

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In its crusade to weed out "sentimental slush", the British Broadcasting Corporation has banned the following British and American songs from the air: "Miss You", which placed third this week in a compilation of the 10 most popular tunes on the networks. "Singing Sands of Alamosa", "Homecoming", "I'll Just Close My Eyes", "Moonlight Cocktail", "You Walk By", "Autumn Nocture", "If You Haven't Got Dreams You've Got Nothing At All", "Mandy Is Two", "Goodnight Daddy".

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## U.S. CHARGES NEW RADIO MANUFACTURING MONOPOLY

In Philadelphia last week Thurman Arnold, head of the Anti-trust Division of the Justice Department, declared in Federal Court that the Radio Corporation of America, the American Telephone and Telegraph Company and other big radio corporations "are now engaged in a new monopoly covering the whole radio field".

Mr. Arnold's charges came during argument on a Government petition to dismiss a 10-year-old consent decree against nine radio and electrical manufacturing firms which the Government charged had violated anti-trust statutes.

Declaring that the old consent decree had become an "unholy vehicle for the enforcement of the law in this case", Mr. Arnold told Judge Albert B. Maris that Attorney General Francis Biddle believes the decree now is ineffective.

The decree divorced the RCA from General Electric Co. and Westinghouse and prohibited the firms involved from claiming exclusive rights to certain radio patents.

Other companies affected were International General Electric, National Broadcasting Co., Inc., R. J. A. Communications, Inc., RCA Photophone, Inc., RCA Radiotron Company, Inc., and RCA-Victor Co., Inc.

Mr. Arnold declared "the course of events since then (1932 when consent decree was entered) indicated that the decree has not removed the unlawful restraints of trade and prohibited the monopolies."

He added that the original 14 defendants in the case "together with new parties are now engaged in a new monopoly covering the whole radio field, including television and frequency modulation".

Bruce Bromley, New York attorney for the Westinghouse Electric & Manufacturing Co., strenuously objected to vacating the 1932 decree, asserting Mr. Arnold's motion was a "typically ingenious device to get rid of . . . the defense we could enter to a new suit which he plainly contemplates bringing against us".

Counsel for the other corporations also objected to dismissal of the decree. They contended that the defendants had made new license agreements with their customers on the strength of the decree and that the firms would lose millions of dollars if it were vacated.

The decree was entered in the United States District Court at Wilmington, Del. Judge Maris, a member of the Third Circuit Court of Appeals, was especially assigned as a district judge to consider Mr. Arnold's motion. His decision will be handed down in Wilmington.

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## WAR WILL BRING MANY POLICE RADIO DEVELOPMENTS

Vast developments being made in the radio industry as a result of the tremendous task which the industry has in equipping American and Allied armed forces with radio equipment "better than the enemy's" will make available many new electronic products for the police communication officer in the post-war period, Herbert DuVal, Jr., General Electric radio engineer, told the 9th Annual Conference of the Associated Police Communication Officers in St. Louis.

Among such developments is a circular-type antenna which gives a higher field strength for a given transmitter power, both for station and mobile use, Mr. DuVal said. Another development is a resonant inverter to replace dynamotors and vibrators. "Present vibrators have to break the full-load current of the apparatus whereas the new resonant inverter has electrical and mechanical resonant circuits such that vibrator contacts break only during periods when the current through the contacts is zero", Mr. DuVal explained. "Such a unit requires very little maintenance and should give service longer than dynamotors or present vibrators, the latter being unsatisfactory for high-current interruption."

The most important job of the police communication operator at this time, Mr. DuVal pointed out, is in the care and maintenance of his apparatus. Now also is the time for police communication officers to help the radio industry and the F.C.C. by formulating plans to use super-high frequencies in the post-war period to relieve congestion now existing on police radio and other frequencies.

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## STRIKE-BOUND NEWSPAPERS ISSUE "AIR STATIONS"

The pressmen's walkout which prevented publication last Wednesday of all three of Cincinnati's newspapers did not keep the people from getting the news because of the fact that each one of the papers had a regular tie-in with a broadcasting station.

Station WCPO, owned by Scripps-Howard Radio, presented several editions of an "Air Post". A microphone was moved to the Post's newsroom and news was presented in full. The Post's comics were presented in a special broadcast.

The Times-Star operated similarly with WKRC, which it owns. Many of the Times-Star features were read in full and the comics were presented by radio.

The Enquirer, which has a working arrangement with Crosley-owned WSAI, presented its department editors Wednesday night in a special feature, "First Edition". Jack LaRue, Managing Editor, presented local news. The feature was repeated in the "morning edition", Thursday.

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## FLY CALLS HUGE TAX "TRAGIC"; DENIES SHUTDOWN RUMORS

Evidently hitting back at John B. Haggerty, President of the International Allied Printing Trades Association, James L. Fly, Chairman of the Federal Communications Commission decried the proposed \$25,000,000 tax on broadcast time demanded by the printers. He also called rumors of forced shutdowns of stations on account of scarcity of materials "eye-wash". At his press conference Monday, Mr. Fly said:

"It seems that most everybody is trying to jump on the broadcasting industry these days. I am reminded of a couple of those instances, with which you gentlemen are probably already familiar. One is some rather extravagant demands from adverse competitive sources that a heavy tax be laid upon the industry. Of course we have been through that problem time and time again, and I think it is obvious to everybody that a tax of 25 or 30 million dollars on the industry as has been suggested from some quarters would not merely be unfortunate but it would be tragic from the standpoint of the industry. The broadcast industry just simply couldn't carry any such burden. "I doubt if serious consideration would be given to those extravagant demands, but it's just as well if we all stand up and be counted on that question.

"There's another thing that has given me a little concern and that is the stories that have been spreading in certain competing advertising circles that radio stations may have to go off the air for lack of materials. Now that's a lot of eye-wash. It is true that we have problems in the broadcasting industry just as there are in many industries and as there must be in competing industries. But I have talked this matter over with the War Production Board representatives and others concerned with it and I find no reasonable justification for any such rumors. We not only plan to have the broadcasting industry continue to do its job but that is quite essential from the standpoint of general morale, war information, and other essential purposes. It is not merely true that every effort be made to keep broadcasting going but we see no basis for any suggestions that there be any demolition of the service. I think it very unfortunate that these adverse interests display themselves in these forms at a time like this. Broadcasting industry is doing a big job in the war effort. It is rendering a great deal of public service and is carrying on very splendidly. When it is moving along successfully with this burden it should not be bothered with this bunch of pups snipping at its heels all the way.

"In connection with that tax situation, would you care to say who is suggesting this tax of 25 or 30 million dollars. No one has appeared before the Finance Committee?" Mr. Fly was asked.

"Yes, I think the records would show that", he replied.

"What sort of tax is this, an excise profit tax?" a question was put in.



"I wouldn't know exaxtly", was the answer. "The Treasury submitted one which was worked out in conference with our people. It would appear to be a feasible form of taxation. I think the total tax problem covered there was on a gross figure of about 8 million, but in light of the excise profit taxes the amount would be very much less. I don't know what to call this tax."

"I think he called it a franchise tax", Edgar Jones, FCC Press Relations head, volunteered.

"Yes, I think he did, but I am not sure what the provisions in the tax bill call it", the Chairman replied.

"That 25 million was suggested to the Senate Committee?" a correspondent asked.

"Yes", the FCC Chairman answered.

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#### PETRILLO DENIES ONE TIME BROADCAST RECORDING AGREEMENT

There was a speedy denial by James C. Petrillo, President of the American Federation of Musicians that he had agreed to allow his members to make recordings which would be broken up after broadcasting them a single time.

George S. McMillan, Secretary of the Association of National Advertisers, announced in New York the Union had assured him it would permit its members to make transcriptions for commercial broadcasts provided the recordings were played only once over a station and then destroyed.

"Mr. McMillan is misinformed", Petrillo said in Chicago. "I gave no such permission nor did any other officer of the Federation. Any recording company wishing to make such an agreement would have to apply to us in writing and none has."

Mr. Petrillo continued on the warpath in threatening to blacklist the Springfield, Mass., Municipal Auditorium if the non-Union Boston Symphony Orchestra, which he has been fighting for years, is allowed to play there.

One report that was heard in connection with Petrillo's fight with the broadcasters was that it might be compromised if the National Association of Broadcasters found a way of getting rid of its president, Neville Miller, who holds a long-time contract with the Association.

The Government suit against Mr. Petrillo and his Union will start in Chicago September 16 when the defendants will be asked to show cause why an injunction should not be issued. Thurman Arnold, "Trust Buster No. 1" will personally prosecute the case.

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For Release Thursday, August 13

HYGRADE CHANGES NAME TO SYLVANIA PRODUCTS COMPANY

Hygrade Sylvania Corporation, third largest manufacturer of incandescent lamps, second largest manufacturer of radio tubes and one of three largest producers in the fluorescent lighting field, Thursday will officially become Sylvania Electric Products Inc.

The change in name was voted by stockholders at a special meeting held on July 30, and becomes official Thursday with the fulfillment of the necessary legal steps incident to the move.

Walter E. Poor, Executive Vice-President of the Company, described the step as "going deeper than a mere change in corporate name". While the policies and products remain the same, he said, various current trade relations hips are effected, and the "modernized" name will help prepare the company for an even larger role in the post-war electronics and lighting industries.

"It is a necessary step in the program of development and expansion that has been under way since the merger of the Hygrade Lamp Company and the Sylvania Products Company and Nilco Lamp Works, Inc., in 1931", Mr. Poor said. "The company has achieved a high rating in the fields in which it has operated, and has potentialities for even greater development in the future. Even in these uncertain war times the company's management must prepare to meet the opportunities peace will bring."

The company's present position in its own trade circles and its relations with the public will be clarified by the change, he explained. Nothing in the former name indicated the nature of the company's operations, Mr. Poor said, citing the fact that one large-city telephone directory lists ninety-three companies doing business in everything from belts to upholstery under the name of Hygrade or some minor variation.

The company's operating divisions have used separate trademarks and brand names. The Lamp Division specialized in Hygrade lamps, the Tube Division was known for its production of Sylvania radio and other tubes, while in the fluorescent field, in addition to Hygrade fluorescent lamps, the company manufactured Miralume fluorescent lighting units. Hence the company was known variously as the Hygrade company, the Sylvania company and the Miralume company to many of its customers, depending on the field of electronics concerned. The over-all activities of the company on several fronts have been relatively unknown to the public.

Eventually, it was stated, all products of the company will be issued under the single Sylvania brand.

The company is filling large orders for the military services, including the manufacture of many new developments in electronics. Net sales for the first six months were \$14,540,010, as compared with \$8,992,878, for the same period last year. The company's eight plants are located in Massachusetts and Pennsylvania.

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: : : TRADE NOTES : : :  
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Commander E. F. McDonald has coined the phrase "1917 War Run by Telephone - 1942 War Run by Radio". It is now stamped on the front of all Zenith correspondence envelopes.

The new list in which OPA has defined the essential occupations, the following eligible individual is specified:

"A person engaged in, and requiring a bicycle for delivery of messages, materials, goods and products essential to the public welfare or the war effort, including wholesale delivery and delivery to the ultimate user. Such messages, materials, goods and products include but are not limited to foods, drugs and medical supplies, radiograms, cables, telegrams, newspapers, magazines, periodicals, etc."

With letters still coming in, more than 10,000 applications have been received for membership in "Plug Shrinkers" as a result of the protest made by Reader's Digest against certain types of radio advertising. (See our release of July 31).

At the request of Senator Wheeler of Montana, Senator Truman had an editorial from the New York Times of July 29 on the subject of "International Communications" and a letter from David Sarnoff, President of the Radio Corporation of America to the Editor of the Times on August 1 commenting upon the editorial inserted in the Congressional Record.

The War Manpower Commission is classifying technicians in the broadcasting industry. It was said that the Commission was "active on it and that it is getting active consideration".

Though Dame Fashion is now on limited rations, and has more priorities than anything else for style suggestions, beauty is still her accent of design, as W6XAO lookers saw when Thomas S. Lee's television program in Los Angeles recently presented a review of wartime "ersatz fashions". Under the supervision of Harry R. Lubcke, Don Lee Television Director, Nancy Dixon, KHJ-Don Lee fashion authority, presented the review with models showing the replacements for wool, silk, rubber and other clothing materials now in demand for war production.

Reflecting the increase in radio listening since the beginning of the year, WOR's mail volume has hit a four-year high. 675,000 pieces have been received during the first seven months of 1942, as compared with 610,000 letters for the same period in 1941, and 495,032 in 1940. Corresponding figures in 1939 were 620,503, and in 1938, the total soared to 824,575.

New orders and extensions of current contracts at WOR during the first week in August reflected the same upward trend in business which was set during the biggest July in the history of the station, according to a statement from that station.



It was reported at the FCC that the foreign language radio stations had made a lot of progress in policing themselves in connection with the war effort. "It is receiving continuing attention from the Commission and the other interested Government departments. It's always a serious problem. It's one of those things that is always with us", Chairman Fly said.

"Would you care to say whether you feel that the representations of the Society of Loyal Americans of German Descent were justified?" he was asked.

"No, I would not want to say whether or not it is justified. I don't know. We are looking into the facts and will have some judgment on that later."

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It is expected that the song-writers will resort to the courts in an effort to combat the censorship by the British Broadcasting Corporation of certain songs, item about which appears on another page in this issue.

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"As a startling innovation, how about producing some radio program whose commercial plug asks the public to use the product because they will like it, instead of because it will build morale to help win the war?" - Washington Star.

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German-hating residents of Europe's occupied countries are risking their lives daily to listen to short-wave programs from the U.S. - and the assurance of eventual liberation from the Nazis, broadcast continually by radio, is enabling the conquered people to endure privations and continue underground warfare against the enemy.

This is revealed in letters, smuggled out of the continent, which are trickling into WGEA, General Electric's international broadcasting station in Schenectady.

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An analysis of what has happened to radio listening in England and Canada in wartime was presented by British and Canadian experts in New York meeting of the American Marketing Association's discussion group on radio listening habits. W.B.B. Ferguson, Managing Director of the London office of Lord & Thomas, and Walter Elliott, President of Elliott-Haynes, Ltd., Toronto, research organization, were the speakers.

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Word has been received of the death of Valdemar Poulsen, 63 years old, Danish co-inventor of a wireless telephony system and discoverer of the Poulsen arcs and waves upon which his method of radio-telegraphy was based.

With the late Professor Reginald Aubrey Fessenden, American physicist and engineer, Dr. Poulsen was credited with being the inventor of the wireless telephone, but world-wide notice came to him in 1899, when he invented the telegraphone, an ingenious apparatus for recording telephone conversations on a steel wire electromagnetically for repetition at will.

With the aid of his colleague, Professor P. O. Pedersen, Dr. Poulsen was credited with breaking the Marconi monopoly in the British Empire. It is said that many admitted that his claim to recognition as an inventor and developer of wireless communication was as strong as that of the noted Italian.

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## MULLEN ANNOUNCES PLANS FOR "FALL PARADE OF STARS"

Using special recordings of top-ranking artists of commercial network features as the nucleus of its plan, the National Broadcasting Company, early in September, will launch a novel campaign to promote locally, through affiliated stations, a Fall Parade of NBC stars. The campaign will be accompanied by an intensive exploitation program to tie up the transcription series with newspaper cooperation, window displays, community events and all other effective promotion means that may be at the disposal of the individual outlets. According to Frank Mullen, NBC Vice President and General Manager, more than two-thirds of the affiliated stations already have expressed definite intentions to utilize the unusual exploitation scheme, with more enthusiastic acceptances arriving daily. Similar approval has been registered by advertising agencies and advertisers who have had a chance to study the previews.

The Fall Parade plan, according to Mr. Mullen, is six-pointed. It aims, 1) to create interest in approaching Fall features and build up listening audiences for them; 2) to strengthen good-will ties between advertisers and stations; 3) to strengthen ties between advertising agencies and stations; 4) to build prestige for stations by identifying each outlet with the network's most popular program features and their stars; 5) to build up an inventory of human interest material from which popular local programs may be constructed and, 6) to create newspaper good-will by supplying topical newsworthy stories, photos and mats of celebrated radio personalities.

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## FEARS MEXICAN STATIONS MAY HAVE TO SHUT DOWN

Emilio Azcarraga, head of the 43-station Mexican network led by Mexico City's Station XEW, and affiliated with the NBC Pan American Network, arrived in New York from Mexico City last week where he was greeted by Niles Trammell, President of the National Broadcasting Company.

During his stay here, Mr. Azcarraga is expected to consult with broadcasting officials regarding the serious shortage of replacement parts and tubes for Latin American transmitters.

"Six months more and we may have to do a fadeout", said Mr. Azcarraga, in commenting on the rapidly diminishing supply of tubes and other parts.

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