

HEINL RADIO BUSINESS LETTER

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SENATE TOLD OF RADIO DEALERS' PLIGHT

What the radio dealers were up against in endeavoring to adjust themselves to war conditions was told to the Senate Small Business Committee by Harold Stoll, President of the Colony Radio Company, of Washington, D. C. J. S. Bartlett, Managing Director of the Electric Institute of Washington, presented the problems not only of the radio retailers but all electric appliance dealers and servicing organizations. It was during these Senate hearings to find a way to assist the merchants to withstand the shock of the new war economy that the prediction was made that unless drastic action were taken, 300,000 small business men would be forced to close in 1943.

Mr. Stoll painted a very gloomy picture. He said that the volume of his business had dropped from between \$15,000 and \$20,000 a month to \$8,000. He declared that concerns that now had 4 and 5 stores would be lucky if they could keep one. Mr. Stoll pointed to the problems of increased cost of labor, the hidden cost, such as poor workmanship, the wartime attitude of labor and continued turnover and lack of profit due to increase in sales and higher salaries, necessity for suspension of outside service, adjustment of lease obligations, and orderly voluntary liquidation (as differentiated from a poor bankrupt condition).

Mr. Stoll said that without realizing it, the overhead was shifting from sales to servicing but that with the present difficulty in securing help that service could not carry it. Where he had 17 service men employed, Mr. Stoll said that now he had only one who had been with him more than a year. He said he received 100 calls for service a day but that he would be fortunate if he could handle 40 a month. He had long ceased to accept any more orders. He told of an effort Washington radio dealers made in connection with one of the large vocational high schools of the city. A lot of money was spent advertising the offering of a free course in servicing part-time work while the student was going to school but with all these inducements only 4 men responded.

According to Mr. Stoll the attitude of the men whom the radio dealer is able to hire these days is "If you don't like what I'm doing or don't want me, there are plenty of others who do." "They never heard of doing 9 hours a day work", Mr. Stoll added.

Asked if any of the big radio manufacturers had tried to come to the rescue of the dealers, Mr. Stoll replied: "Not a one of them has been near me."

Speaking for the electric appliance industry as a whole, Mr. Bartlett told the Senators:

"Because of the opportunity to perform an essential service in the war economy, it was felt that small business in the electrical industry was in an exceptionally favorable position, but unless prompt relief is made available, which would make it possible for repair and maintenance work to be done at a profit, it is estimated that 50% of the servicing agencies which have been repairing electric appliances will be forced out of business by the end of 1943.

"Former sources of profits to the servicing and repair business have been eliminated because no more electric appliances are available for sale, and a major part of other electrical apparatus and equipment has been put under strict priority regulations. During former days, much of the repair and maintenance work was carried as a service incidental to the sale of new devices. Appliances and equipment, after serving for a few years, were traded in for new devices which were more modern and efficient. Owners of appliances have been accustomed to paying repair charges more nearly in proportion to the cost of new equipment than based upon the actual cost of the work to the repair agency. In the past, it would have seemed quite unjust to charge \$6.00 for the repair of a \$9.95 radio, and yet in many cases, repairs to a small radio actually cost the repair agency as much as repairs to a larger, more expensive set.

"While the electrical industry is very definitely not in favor of price subsidies, as such, it was admitted that a subsidy would appear to be the only alternative to relief under existing price ceilings, if this important servicing and repair work is to continue.

"A request was made by Mr. Bartlett that present regulations covering inventory control of electrical supplies be amended to exclude merchandise frozen as a result of Government regulation or now under strict priorities from the maximum permissible inventories, so that stocks of other lines could be replenished to provide a satisfactory working inventory and thus permit an equitable distribution of electrical supplies to those wholesalers carrying a sizable investment in frozen equipment.

"It was stated that no control of new entries into the electrical business would be necessary, inasmuch as available supplies and equipment were now so limited and that such control would be inadvisable if it prevented new entries of responsible agencies into the repair and maintenance field.

"Full utilization of every unit of all existing facilities in the repair and maintenance field must be maintained to assure adequate functioning of this important factor in our war economy."

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CRITICAL COMMUNICATIONS MANPOWER LIST SUBMITTED

The Board of War Communications has transmitted to the War Manpower Commission lists of critical occupations and definitions of such positions in the standard and the international broadcasting industries and the radio communications and wire telephone industries.

This material was prepared by various technical committees of the Board of War Communications at the request of the War Manpower Commission. The committees are composed of representatives of government, labor, and industry. They are furnished to the War Manpower Commission for that agency's consideration and appropriate action in connection with the establishment of a standard list of critical occupations. It is presumed that these lists will also be used by draft boards in considering Selective Service policies in drafting key personnel from the communications industry.

Similar lists are in preparation by various other committees of the Board of War Communications covering the telegraph and cable, aviation communications, and state and municipal emergency fields. They will be transmitted to the Board of War Communications upon completion.

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FCC, WPB, TACKLE PROBLEM OF PROVIDING STATION TUBES

Solution of the problem of an impending shortage of radio tubes used by broadcasting stations is being sought by the Federal Communications Commission in conjunction with the War Production Board.

"Small tubes used in the home receivers present no problem at present", William J. Wheatley writes. "Earlier proposals that radio stations pool their spare tubes has not proved popular with the industry."

It was pointed out that a station with a spare tube might surrender it to a neighbor station whose equipment failed and then perhaps a few hours later be forced off the air because of tube failure.

It was this situation, it was indicated, that prevented the industry from entering whole-heartedly into the agreement. Furthermore, the Government realizes the importance of keeping stations on the air as the only means of immediate mass communication.

Unless something is settled on to provide for manufacture of new tubes, it was indicated that it will not be very long before some stations will cease broadcasting. In normal times, to prevent even a moment's stoppage in broadcasting, FCC rules have required

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stations to keep on hand at all times a certain number of spares, but since the emergency defense period and the war these rules have been relaxed.

The massive tubes, costing hundreds of dollars, used in the broadcast stations are precision equipment and much of the work on them is by hand. However, the manufacturers who formerly produced these tubes have converted their plants to war work, producing substantially the same kind of equipment for the armed forces.

While the question of material allocation is involved, it was said that the prime consideration is the plant facilities, and one solution suggested is that some plants not engaged in war work and are equipped with machines which can produce parts of the new tubes might manufacture them.

The materials needed could be solved to some extent, it was asserted, by having stations turn in their old tubes when getting new ones.

Because of the urgency, the agencies studying the matter are expected to reach an early decision, to the end that no stations might be forced off the air.

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CANADIAN MINISTER QUIPS ABOUT NBC SWING

In a speech by Hon. Leighton McCarthy, Canadian Minister to the United States before the Institute of Inter-American Affairs, sponsored by Columbia University and the NBC Inter-American University of the Air in New York, he said:

"I admit that it is often hard for others to distinguish a Canadian - unless he speaks French - from an American. Our physical environment and social customs are, on the whole, similar. We read American newspapers and American magazines. We play American games, and we won't drink anything that hasn't ice in it. American singers, actors, and lecturers are continually amongst us, while Hollywood has, of course, enveloped us. Then there is the radio, which knows no international boundary.

"The Canadian listener is, I suspect, often found searching for swing music from the NBC Studios in New York when he should be listening to an educational broadcast from the Government Broadcasting Corporation in Ottawa."

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COURT THROWS OUT PETRILLO CASE; A.F.L. ATTACKS ARNOLD

There was a sweeping defeat for the Government, represented by Thurman Arnold in person, and the broadcasters when Federal Judge John P. Barnes refused the Government's petition for an injunction to restrain James C. Petrillo from enforcing an order prohibiting members of his musicians union from making records for public purposes. In doing so, Judge Barnes cut Arnold's argument short and didn't even wait to hear the Petrillo side of the case by Joseph A. Padway, General Counsel of the American Federation of Labor.

To add further to Mr. Arnold's troubles, and almost at the same time of the Chicago court reversal, the American Federation of Labor in convention at Toronto, appealed to President Roosevelt, Attorney General Biddle and to Congress to investigate Arnold. Nevertheless, the Assistant Attorney General said that he would appeal the Chicago decision and was prepared to go all the way to the Supreme Court.

Naturally, the action of Judge Barnes at Chicago was a cause of great jubilation on the part of Mr. Petrillo, who lost no time in issuing the following statement:

"This case demonstrates that abuse of a high labor official who is merely protecting his members cannot triumph over law and justice.

"The National Association of Broadcasters spent thousands of dollars to malign me, but I stood on the ground that what I was doing was right and I did not reply in kind.

"The combination of press, juke box owners, broadcasters and makers of records to inflame the public against me was the strongest combination ever used to arouse the public against a union official.

"The next move is up to the companies. The ban still stands."

Judge Barnes, in reaching his finding, had previously said:

"I have read the papers in this case over the week end. Mr. Arnold's argument has been interesting, instructive and at times persuasive. I think there is a labor dispute involved here.

"There are certain demands from the public for music and the musicians work for hire. Then there are their masters, those for whom musicians work - manufacturers of records, transcriptions and such.

"There is a controversy as to whether the union should be permitted to furnish all music. The musicians insist they furnish all of it. Their masters say this must not be. They insist upon using amateurs and part-time use of records and transcriptions.

"For this reason the court grants the motion of the defendants for dismissal of the petition."

Judge Barnes cited the Hutcheson case - in which the Supreme Court ruled that the anti-trust law did not apply to labor unions under certain conditions - and said:

"I can't see any way around the Hutcheson case."

Mr. Arnold, in argument, had painted a dark picture of what the music ban means and can mean. It would destroy small businesses and radio stations, he said, conceivably prevent home-owners from playing phonographic music and compel them to hire live musicians. It can force radio networks to deny their facilities to little stations dependent upon transcriptions.

The Chicago decision was also a slap in the face at James L. Fly, Chairman of the Federal Communications Commission, and Elmer Davis, of the Office of War Information, who had gone all out for the broadcasters.

The demand by the American Federation of Labor at Toronto that Mr. Arnold be investigated was precipitated by the brief he compiled in the Chicago A. F. or M. suit in which there appears this statement:

"In summary, we submit that the phrase 'terms or conditions of employment' assumes that there is a master who directs the work and a servant who obeys those directions. The function of the master is to determine what work he wants done, what machines he will use, what goods or services he will furnish, and the customers to whom he will sell those goods and services. In so far as the servant demands the power to determine any of these questions, he is no longer a servant. He has become the master. He is an entrepreneur in business. A union cannot, under the pretext of improving terms or conditions of employment, use organized coercion to destroy the right of the employer to conduct his business in an efficient way and to use his best judgment as to the goods he will sell, the customers to whom he will sell them, and his relationship with other independent organizations . . ."

Other charges were made against the Assistant Attorney General with the conclusion:

"It is all too apparent that the gyrations of Mr. Thurman Arnold constitute one of the most unique and most disquieting phenomena in the history of the American Government."

Appointment of a committee to present a full outline of the accusations against Mr. Arnold to President Roosevelt was authorized by the convention.

In New York City, Attorney General Biddle was quoted by the Associated Press as saying:

"I don't see why they want to investigate Mr. Arnold, who is simply doing his duty. However, I'd be glad to hold an investigation - it would show what an efficient public official Mr. Arnold is. He hits them on both sides of the table."

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COMMENTATOR SEEN AS KEY TO NEBRASKA SENATORIAL RACE

Gould Lincoln, of the Washington Star, one of the best political writers in the country, believes Foster May, Station WOW's 37 year old commentator may jeopardize the re-election of the veteran Senator Norris of Nebraska. Mr. Lincoln writes from Omaha:

"To the surprise of every one, Mr. May won the Democratic senatorial nomination in a field including several widely known Democrats - one of them Representative Coffee. Early in the primary campaign few people took Mr. May seriously. Some dubbed him 'the little man with a big voice'.

"Mr. May hasn't been on the air for nothing. He can give as well as take. So he countered, 'I didn't have very much to do with the size of my body nor of the strength of my voice, but that voice, you may be sure, will always be raised in defense of the underprivileged, in the protection of true democracy, and it will always be raised against those forces which would destroy our democratic institutions or our form of Government.'

"Mr. May is still the unknown quantity - so far as actual political voting strength is concerned - in a three-cornered senatorial race in which the veteran Senator Norris is running as an Independent, and Kenneth S. Wherry, former Republican State Chairman, the GOP candidate.

"There has been a feeling in Washington and some other quarters that Mr. May, on the entrance of Senator Norris into the senatorial contest at the eleventh hour as an independent candidate, with the tacit and probably later vocal blessing of the Roosevelt administration, would fold up. He says emphatically that he is not going to quit and voices his confidence that he can win.

"Despite the State pride in Senator Norris, who has been in Congress for 40 years, and his large personal following, the 81-year-old Senator is declared by neutral observers to be in greater jeopardy in this election than he has been for years. In the first place, the State went Republican in 1940 by 75,000 for Wendell Willkie, elected a Republican Governor, a Republican Senator and threw out five of the House delegation.

"There is the same measure of discontent with Washington in Nebraska at this time as in other Midwestern States.

"With Foster May running as a Democrat, the Republicans figure that their opposition will be divided largely between Senator Norris and Mr. May and that their candidate should squeeze through to victory. Indeed, they are saying now they are glad that Senator Norris entered the race - for they were beginning to be worried by the strength of the radio man.

"The campaign is just beginning to warm up. Senator Norris, kept in Washington by his duties in the Senate, has not planned to return to the State, but will make some radio addresses. His friends are working hard for him. He is strong with the labor vote, but it must be remembered that Nebraska is overwhelmingly a farm vote State.

"With thousands of men away in the military service, the woman vote is expected to cut more of a figure in the coming election than ever. The women, it is said, fall for the 'voice on the radio' like nobody's business. Mr. May's name is a household word. He has talked to the people of Nebraska during the noon hour for 10 years.

"Mr. May is a native of Missouri, coming to Nebraska with his father, a Congregational minister. Before he entered the radio business as a commentator, he had studied law, worked as a salesman for a biscuit company, and been a reporter on the Denver Post, Omaha Bee, St. Louis Times and Minneapolis Star.

"It was in 1933 that he started out with his radio program which he has carried all over the State. He gave up a \$12,000 job to make the senatorial race. Four years ago he sought the Democratic nomination for the House in his district and was defeated by Representative McLaughlin by only 3,000 votes.

"He makes two radio speeches a week in the present campaign, and is traveling more and more about the State. Whatever the outcome of the race, he will have made himself felt on election day."

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HOUSE PASSES TERRITORIES CENSORSHIP BILL

The House last week passed a bill to amend the War Powers Act by extending the authority to censor communications to include those between the continental United States and any territory or possession.

"This bill is a bill requested by the Government and is based on the fact, so those in executive responsibility state to the Committee on the Judiciary, that they have a great deal of difficulty in those situations where communications are had to and from places like Puerto Rico, Alaska, and the Hawaiian Islands", Representative Sumner of Texas said. "This legislation is desired for the purpose of enabling them better to safeguard the communications that come from those territories."

"Have there been some violations that would prompt this?" Representative Martin of Massachusetts asked.

"Yes", Mr. Sumner replied. "I understand they have had very considerable difficulty in that situation."

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DEMOCRATS POINT TO COMMUNICATIONS LEGISLATION

In a pre-election statement, "We Have Kept the Faith", a resume of legislation which has been enacted by Congress not dealing with war, Senator Alben W. Barkley, of Kentucky, Democratic leader, included these paragraphs on communications:

Communications Act of 1934: Created the Federal Communications Commission, and provided regulatory steps over wire and radio operation, and of interstate and foreign communication.

Telephone Inquiry Act of 1935: Provided for more effective rate regulations as result of inquiry.

Communications Act of 1937: Promoted the safety of life at sea through the use of wire and radio communications.

Communications: (1) Air; (2) rail; (3) auto; (4) wire; (5) ship inspection: In the interests of public safety and regulation of interstate commerce the Federal Government provides inspection and supervision of the major means of communication (Interstate Commerce Commission, Federal Trade Commission, Federal Communications Commission, Federal Power Commission, Bureau of Marine Inspection and Navigation, Department of Commerce).

Senator Barkley said that he is in process of preparing a resume of Congressional legislation dealing with the war which will be published a little later.

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COMMITTEE TO FURTHER GOVERNMENT PUBLICITY CUT

Appointment of a five-man Inter-Agency Publications Committee to recommend by November 1 further discontinuances and curtailments in Government publications was announced yesterday (Monday) by Elmer Davis, Director of the Office of War Information.

It was set up under OWI Regulation Number Three, issued September 25, which eliminated 239 Federal publications and curtailed 284.

Named to the Committee were: John R. Fleming, Chief of the Bureau of Publications and Graphics, OWI, who will act as Chairman; Charles Schwarz, Director of Information, Treasury Department; Morse Salisbury, Director of Information, Department of Agriculture; James W. Bryan, Chairman of Publications Committee, Department of Commerce; Stephen Fitzgerald, Director of Information, War Production Board.

As yet, however, Mr. Davis has made no attempt to cut down personnel.

"There are just as many publicity agents as before; the only difference is that they do less work. Apparently Mr. Davis has the authority to curtail production but not the producers", Frank R. Kent well-known syndicate writer, commented.

"That will never be done until the order comes from the top - to wit, from the President. Until and unless he grasps the fact that the swollen size of his governmental organization prevents it from working and takes the step to reduce, no one else can do much about it, and no one else really will try."

"There are too many people employed now by the Government to operate effectively. The number of civilians on the Federal payroll August make a grand total of 2,500,000. It just does not make sense."

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ACTIONS BY FCC

Applications Granted: KRLD, KRLD Radio Corp., Dallas, Tex., granted license to cover construction permit which authorized changes in directional antenna system; also authority to determine operating power by direct measurement of antenna power; WAGA, Liberty Broadcasting Corp., Atlanta, Ga., granted license to cover construction permit for change in frequency to 590 kc., increase in power to 5 KW, installation of new transmitter and directional antenna for night use, and move transmitter; also authority to determine operating power by direct measurement of antenna power; WDAB, Charleston Broadcasting Co., Portable-Mobile, area of Charleston, W. Va., modification of construction permit for new relay station, for extension of commencement and completion dates to 10/19/42 and 4/19/43 respectively; The Associated Broadcasters, Inc., Portable-Mobile, area of San Francisco, Cal., license for new special relay broadcast station using already licensed equipment (of Station KBSF); frequencies 1622, 2058, 2150, 2790 kc., 50 watts, to be operated as a special relay broadcast station with applicant's international broadcast station KWID.

Also, WINS, Hearst Radio, Inc., New York City, modification of construction permit for extension of completion date to Nov. 3, 1944; also construction permit to increase power from 1 to 5 KW, change hours of operation to unlimited time and install a new transmitter and directional antenna for day and night use and move transmitter; and granted construction permit to increase power to 10 KW, change hours of operation to unlimited time and install a new transmitter and directional antenna for day and night use, and move transmitter; request the use of directional antenna authorized; the station has agreed to surrender its 50 KW transmitter to the Government for urgent war needs; WKZO, WKZO, Inc., Kalamazoo, Mich., license to cover construction permit for increase in power to 5 KW, changes in directional antenna for night use and authority to determine operating power by direct measurement of antenna power.

Also, American Telephone and Telegraph Co. (Long Line Dept.), Dixon, Calif., granted special temporary authority to communicate with the Telephone Administration of the U.S.S.R. at Khabarovsk, U.S.S.R., for the purpose of conducting radiotelephone tests, for a period of three months.

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Also, KXO, Valradio, Inc., ElCentro, Calif., granted motion for continuance of hearing set for Oct. 1, 1942, on application for modification of license to change frequency from 1490 kc. to 1230 kc. and continued said hearing until Nov. 2, 1942; WSAI, The Crosley Corp., Cincinnati, Ohio, license to cover construction permit as modified, for installation of directional antenna for night use, increase in power, and move of transmitter; granted authority to determine operating power by direct measurement of antenna power; granted license to cover construction permit as modified for 100 watt synchronous amplifier for daytime use; granted authority to determine operating power by direct measurement of antenna power; KWKW, Southern California Broadcasting Co., Pasadena, Calif., granted license to cover construction permit as modified, for new broadcast station; granted authority to determine operating power by direct measurement of antenna power; W6XDU, Don Lee Broadcasting System, Portable Mobile, area of Los Angeles, Calif., granted modification of construction permit which authorized the addition of aural equipment using special emission, for extension of completion date to December 1, 1942.

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TRADE NOTES

The Supreme Court on Monday refused to reconsider its April 27 decision holding that the use by Government agents of a mechanical device for overhearing telephone conversations was legal.

The Blue Network announced it received 1,034 replies to a commentator's suggestion that the listening public express its view as to whether secrecy surrounding the trip had endangered free press and radio. Of the replies, it was stated, 970 approved secrecy and 60 did not.

Electric and Musical Industries, Ltd. (England) - Year to Sept. 30: Preliminary statement shows profit after taxation; contingencies arising out of the war and other charges, £153,560, compared with £126,581 in previous fiscal year.

A rise of 5½ cents an hour was authorized by the Board of Economic Stabilization for 12,000 employees of the RCA Manufacturing Company of Camden, N. J. It will take effect immediately.

Charles M. Bracelen, 64, Vice President and General Counsel of the American Telephone & Telegraph Co., died last week at his home in New York. Mr. Bracelen, who had headed the company's Legal Department for 16 years, was born in Humboldt, Nebr., and was graduated from the University of Nebraska in 1902.

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