

## COX HEARINGS BEGIN

NAB has been notified that the Cox hearings on the investigation of the FCC begin today (July 2) in the caucus room of the old house office building. It has been reported from reliable sources that Dr. Robert Lee, of the FCC Foreign Broadcast Intelligence Service, will appear at the opening session.

## NEW RADIO LEGISLATION URGED BY AFA

The Advertising Federation of America at its War Advertising Conference at the Waldorf-Astoria, New York City, Tuesday, June 29, passed the following resolution expressing "profound concern" over the Supreme Court-FCC Decision of May 10th and urging Congress to consider new legislation.

"The Advertising Federation of America notes with profound concern the recent supreme judicial interpretation that the Communications Act not only confers upon the Federal Communications Commission the power to supervise the traffic of radio broadcasting but also 'puts upon the Commission the burden of determining the composition of that traffic.'

"The serious implications of the legislation thus interpreted go far beyond the field of radio. Freedom of the press, and in fact, freedom of all forms of communication are apparently placed in jeopardy. All advertising media and the content of advertising itself could be embraced in this line of reasoning.

"We respectfully urge the members of Congress to weigh the need for new legislation to clarify and make secure the freedom of communications against the necessity of capricious regulation."

## OUTSTANDING WAR PROGRAM

Chester La Roche, Chairman of the War Advertising Council, advises that the Council in cooperation with the Office of War Information has made tentative plans for a nationwide network broadcast to the business men over the facilities and through the courtesy of the National Broadcasting Company. One Hundred thirty-eight stations will carry the program.

As presently planned the broadcast will, according to Mr. La Roche, take place on July 14 at 1:30 p.m. Eastern War Time. The broadcast will tell the story of the part all citizens can play in total war, with particular emphasis on the leading role that business men can take through their advertising. This broadcast will make clear that business through its advertising can do much more to organize and unify our people.

The goal, according to the Council, is two-fold: One-third of all advertising devoted to public war information; and, a war message in every ad.

NBC will notify the broadcasting industry of the proposed program on July 6 at 1:15-1:30 p.m. EWT in a "closed circuit" broadcast. It is highly desirable that NBC station managers invite other broadcasters in the community to listen in to this closed circuit talk in order that complete coordination of the July 14 program may be achieved.

## STATEMENT OF NEVILLE MILLER ON H. R. 2968 BEFORE SENATE COMMITTEE

### OWI Is Supported

My name is Neville Miller. I am President of the National Association of Broadcasters, which is the trade association of the broadcasting industry, with offices in Washington, D. C. The Association is a non-profit membership corporation, organized twenty years ago, with approximately 540 members representing all classes of stations and networks.

I have communicated with our Board of Directors, and, based on their replies and other information, I can state that broadcasters are practically unanimously of the opinion that the Radio Bureau of the Office of War Information has done an exceedingly good job in program coordination and clearance activities and has produced a condition which is vastly superior to the chaotic condition which existed prior to the commencement of these activities.

Broadcasters and advertisers early offered their cooperation to the government and over the last several years have contributed radio time valued at millions of dollars to assist in campaigns and other activities in connection with the war program. It early became evident that to make the most effective use of the radio time available it was necessary that some agency be empowered to coordinate the requests and needs of the various government agencies and to determine the relative importance of the various campaigns and other activities.

The Radio Bureau of the Office of War Information assumed that task and by the creation of the Program Allocation Plan and in other ways has rendered a service of the greatest value to the government, to advertising sponsors, to broadcasters and to the listening audience. We have worked in close cooperation with the Radio Bureau, and I am glad to state that in our opinion this work of coordination and program clearance has been carried on in an able, intelligent and satisfactory manner.

Broadcasters are unanimously of the opinion that this work has been very helpful and express the hope that funds for its continuation will be provided. They believe that failure to continue this work would produce a chaotic

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Neville Miller, President C. E. Arney, Jr., Secretary-Treasurer

Lewis H. Avery, Director of Broadcast Advertising; Walter L. Dennis, Chief, News Bureau; Willard D. Egolf, Assistant to the President; Howard S. Frazier, Director of Engineering; Joseph L. Miller, Director of Labor Relations; Paul F. Peter, Director of Research; Russell P. Place, Counsel; Arthur C. Stringer, Director of Promotion.

# STATEMENT OF NEVILLE MILLER ON H. R. 2968 BEFORE SENATE COMMITTEE

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condition similar to the one which existed prior to the creation of the Radio Bureau, and the result would be very detrimental to the war program.

## BROADCASTING INDUSTRY HONORED BY U. S. FLAG ASSOCIATION

The Cross of Honor of the United States Flag Association and an accompanying scroll were presented to the American Broadcasting Industry at a luncheon meeting at the National Press Club, June 28, 1943, Washington, D. C., by Walter D. Fuller, president, Curtis Publishing Co., and executive chairman of the association.

Neville Miller, NAB president, received the awards on behalf of the industry.

*(A reproduction of the scroll, which bears a picture of the medal on it, is being reproduced in form suitable for framing and will be sent to all stations next week.)*

The awards were made in recognition of "distinguished service" during the observance of Flag Week during which 100 million dollars worth of war bonds were sold.

Citation accompanying the awards reads:

"In recognition of distinguished service by this agency of public information, education and entertainment whose high ethical standards and conduct give to the American people further reason to be proud of the efficacy of our Constitutional guarantee of freedom of speech as exercised by a private industry under our democratic system of free enterprise. The contribution of America's radio broadcasting stations to the success of the Flag Week War Bond Campaign of 1943 is an additional compliment to their magnificent record of unselfish service to the ideals and institutions symbolized by the Flag of the United States."

## PAYNE NOMINATION WITHDRAWN

President Roosevelt on Wednesday nominated George Henry Payne to succeed himself on the Federal Communications Commission, for a period of 7 years, effective June 30. On Thursday, the President withdrew that nomination and no explanation is made for its withdrawal.

## NAB FILES BRIEF IN TECHNICIAN CASE

(Released by NAB News Bureau)

NAB has urged the San Francisco regional War Labor Board to reject an arbiter's award which stated that the job of a radio technician was the same no matter where he worked.

Award was made by George Cheney of the U. S. Conciliation Service, sitting as an arbiter in a wage dispute between station KPAS, Pasadena, California, and the International Brotherhood of Electrical Workers, local 40. It was subject to review under executive orders 9250 and 9328 by the War Labor Board.

The NAB brief was filed at a board hearing in Los Angeles. The text follows:

In the Matter of Arbitration  
 between

Pacific Coast Broadcasting Company  
 of Pasadena, California,

Case No. 10-3726

and

Studio Electricians, Sound and Broadcast  
 Technicians Local No. 40, of  
 Hollywood, California, affiliated with  
 the International Brotherhood of  
 Electrical Workers

## BRIEF of

The National Association of Broadcasters

1. The National Association of Broadcasters is a trade association representing 500 of the country's 900 radio broadcasting stations. Its membership comprises a cross section of the industry, including networks, large stations, medium sized stations, and small stations. Station KPAS is not a member of the Association. The NAB's interest in the proceeding is due to principles important to all smaller radio broadcasting stations. The NAB is interested in any wage adjustment at station KPAS only as it might affect these principles.

2. The arbiter apparently based his award on the difference between the salaries paid at Station KPAS and those paid at the larger stations in the Los Angeles area, claiming that this difference constituted an inequality and/or gross inequity under the terms of Executive Order 9250. Although Executive Order 9328 eliminated inequalities and/or gross inequities as a basis for wage or salary increases (6, Wage and Hour Reporter, 353), the NAB maintains that even under Executive Order 9250 a differential between the wages paid at a smaller station and those paid at larger stations did not and does not constitute an inequality and/or gross inequity.

3. Latest available statistics from the Federal Communications Commission (for the week of October 12, 1941) show that the average compensation of operating technicians throughout the United States in 67 clear channel stations was \$61.06; in 315 regional stations, \$43.31; in 435 local stations, \$29.13. These differentials between large and medium, and medium and small stations have been a part of radio broadcasting's wage structure since the industry's birth. They are in some measure due to the differences in ability to pay on the part of the employer (the larger stations, by and large, being the more prosperous). But they are mainly due to the differences in the services rendered by the technicians and by the differences in requirements.

When the arbiter said that, "evidence discloses that the work of regular technicians is substantially the same in all stations", and that, "these intra-industry differentials cannot be rationalized on any basis whatever," he displayed only a superficial knowledge of the work of the craft. Saying that the work of a technician in a small



station was the same as that of a technician in a large station would be the same as saying that the work of a streetcar motorman was the same as that of the engineer on the Pennsylvania's electrified "Congressional Limited" because both operated an electrically driven conveyance.

For many years it has been the practice of larger stations to recruit their technical personnel from smaller stations. Smaller stations have served as training schools for the larger. The usual radio technician, after a brief study course, gets a job in a smaller station to gain the experience he knows is necessary for work in a larger station. While at the smaller station he frequently continues outside study to supplement this experience. In many larger stations a degree in electrical engineering, as well as experience in a smaller station, is frequently required. The work in a smaller station is not so exacting. Frequency deviations, or even brief shut-downs, owing to technical failures, are not regarded as of nearly the same importance in a smaller station as in a larger one. In a smaller station technicians ordinarily are not required to be able to meet any technical problem which may arise, while in larger stations each technician on the staff is ordinarily supposed to be able to meet any emergency. In other words, although "radio technician" is used to describe certain duties in both large and small stations, the jobs are usually different and usually require different classification when salaries are fixed. For these and other similar reasons, the differentials between the salaries of technicians in various sizes of stations have grown up. They are part of the wage structure of the radio broadcasting industry.

The NAB is of the opinion that your Board would be exceeding its authority even under Executive Order 9250 if it should adopt the principles stated by the arbiter that, "to grant continued existence will most certainly injure morale and militate against the effective prosecution of the war by a most important industry." To the contrary a great many smaller stations are now operating at a deficit, while many others are on the verge of writing their balance with red ink.

Local advertising is off in many places. The Federal Communications Commission and the Office of War Information are concerned lest the end of this year finds a great many smaller stations, vital to the war effort, off the air because of financial difficulty. Establishing the principle that all technicians should be paid the same salary no matter where they work would hasten the financial collapse of many smaller stations.

4. It may be assumed that your Board in considering this award will now see whether it is in line with the wage bracket policy enunciated by the Director of Economic Stabilization under Executive Order 9328 (6, Wage and Hour Reporter, 441). If your Board does consider whether the salaries fixed by the arbiter are in line with this policy, the NAB is of the opinion that the salaries of technicians only in stations of similar size and condition\* in the Los Angeles area should be considered in determining the brackets. The reasons for this are the same as those stated in paragraph 3 above. Otherwise the so-called "bracket policy", if loosely applied, might be used to destroy the principles enunciated above. Figures for proper brackets could be obtained through the National Association of Broadcasters, the Southern California Broadcasters Association, or the Federal Communications Commission.

5. In his discussion of the case, the arbiter hinted that there might be some justification for basing the salaries of radio broadcast technicians on the wages of ordinary electricians. Although the arbiter discarded this principle in his "decision", the NAB wishes to point out that this principle is wholly fallacious. One of the principal factors in determining the hourly wages of journeyman electricians was the irregularity of employment. By and large, there is no irregularity of employment in radio broadcasting. The vast majority of technicians are employed on a weekly basis and work the year around. There

is also little or no comparability between the work of a radio technician and an ordinary journeyman electrician.

JOSEPH L. MILLER,  
Director of Labor Relations,  
National Association of Broadcasters.

Washington, D. C.  
June 28, 1943.

## TEST AIR RAID CONFUSION IN PHILADELPHIA'S 6 STATIONS AGAINST GIVING "ALL-CLEAR"

Recent discrepancies between the radio "all-clear" and the audible sirens, said to be the result of errors in the offices of the authorities, charged with furnishing the information to radio stations, have caused six Philadelphia stations to discontinue the "all-clear" signal.

Stations KYW, WCAU, WFIL, WIBG, WIP and WPEN are the stations involved. They issued the following joint statement:

"In order to eliminate confusion to the public caused by the failure of the military and the civilian defense authorities to furnish the radio stations with prompt and dependable contemporaneous advices for giving the "all-clear" signal at the termination of test blackouts in this area, the Philadelphia radio stations have notified the Army Service Commands and the Philadelphia Office of Civilian Defense that from now on the radio stations will not attempt to give the "all-clear" signal, but are willing to report the occurrence of the signal as a news item as soon as practicable after it has been heard."

The radio stations believe it is unfair both to themselves and to the public for the present unsatisfactory method to be continued. The stations believe that the public should, therefore, concentrate on the audible sirens for the "all-clear" instead of looking to the radio for it until the Army and Civilian Defense can get together and work out a plan that is practicable.

### Statement by Director Landis

Regarding the Philadelphia situation OCD Director Landis stated to NAB yesterday:

"The authority for issuance of the "all-clear" signal and the timing of such signals rests entirely with the Army Service Command under Air Raid Protection Regulation No. 1, issued by Lieutenant General Hugh A. Drum, Commanding General, Eastern Defense Command and First Army. The Third Service Command, with headquarters in Baltimore, Maryland, has full jurisdiction over all air raid signals in tests conducted in Pennsylvania. New Jersey is under jurisdiction of the Second Service Command, with headquarters in New York. This is because only the military can determine with authority when a raid is imminent and when all danger has passed.

"Since this is true, Civilian Defense cannot accept responsibility for any failure to synchronize the various radio stations in connection with the announcement of an "all-clear." The problem the Army has in this connection is in some respects technically difficult, but I do not believe it would help matters for Civilian Defense to inject itself into the matter."

### More Information from Broadcasters

Following receipt of the Landis statement, NAB located a Philadelphia station manager who has maintained an accurate and complete file on the long series of unfortunate incidents in connection with practice air raids. It develops that the June 23 series of incidents were the straws that broke the camel's back.

\* Such as network affiliation, power, volume of business and card rate.

As an example of what happened during the last blackout, the Philadelphia informant said that two of the six stations that issued the joint statement, printed above, were not included in the 10:51 p. m. conference call. The four other stations were advised by call from the office of Major Elderdice that they should broadcast the all clear at 10:55 p. m. This was done by some stations. As it turned out these announcements were four minutes ahead of the downtown audible. Others, because of past experience, played safe and waited until the siren was heard in the downtown section at 10:59. Accordingly these signals coincided with the audible in the downtown section.

Adding to the confusion was the fact that the audible "all-clear" was given in the suburbs at 11:03, eight minutes after some radio listeners heard the "all-clear" on their radios at 10:55.

Such people acted in good faith, turned on their lights and immediately had arguments with block wardens, who, of course, did not hear the "all-clear" until 11:03. Accuracy of the broadcast "all-clear" was brought into question.

One station received a call from the Army at 11:00 p. m. stating that the "all-clear" was to be given at 10:55.

Adding more fuel to the fire, the Philadelphia broadcaster said, was a statement by the local OCD to Philadelphia papers that radio stations had sounded the "all-clear" too soon.

### Confusion Must End

The Philadelphia story is only one of other similar stories.

But there need be no divided authority. Responsibility is indicated in FCC Restricted Order No. 2 now in the hands of broadcasters. However, if those in authority fail to make workable plans and then implement them properly, broadcasters are correct in attempting a remedy with vigorous protests. Such a serious condition should not be permitted to continue, because it is contrary to the public safety and to the winning of the war.

It is reported that a number of Philadelphia conferences with the Army, OCD and broadcasters have failed to produce a solution up to the present time.

## PUBLIC RELATIONS COMMITTEE CHICAGO MEETING REPORT

(Released by NAB News Bureau)

"The public relations work of the radio industry is largely a responsibility of local stations in local communities," stated Edgar Bill, of WMBD, Peoria, Illinois, chairman of the NAB public relations committee, following a two-day meeting in Chicago at which the committee adopted a "grassroots" policy and outlined a complete field of operation to be incorporated into a working plan.

Acting in an advisory capacity to the industry, the committee adopted a resolution outlining the importance of news and requesting the NAB board of directors to appoint a radio news committee, consisting of station managers and news editors whose objective shall be the advancement of radio as a medium of news transmission.

The appointment of district public relations chairmen in the seventeen NAB districts, now under way by the board of directors, was discussed and applauded. Local station management will also be requested to place someone in charge of public relations for the station, if this has not already been done. All will cooperate with national headquarters.

It was pointed out that a co-ordinated unit of this type will enable headquarters to speak more readily for the industry as a whole on national issues and will be of great mutual benefit in shaping local activities.

Discussion of the Supreme Court decision of May 10th and new legislation brought up the matter of radio's editorial silence. The committee decided that the best policy, in its opinion, was the aggressive promotion of public forums and individual speakers offering the right of reply. "This," said Bill, "while conforming to the Code, will still accomplish as much as a declared editorial policy, perhaps even more."

Members of the public relations committee attending the two day session, in addition to Bill, were: Lawrence W. McDowell, KFOX; Craig Lawrence, KSO; Leslie W. Joy, KYW; John Patt, WGAR; Edgar H. Twamley, WBEN; Dr. Frank Stanton, CBS; and Judith Waller, NBC, Chicago, appearing for Frank M. Russell, NBC, Washington. Representatives of NAB in attendance were C. E. Arney, Jr., secretary-treasurer; Willard D. Egolf, assistant to the president, and Walt Dennis, chief of the NAB news bureau. Kern Tips, KPRC, was unable to attend.

Another meeting of the committee was voted for early fall.

## Broadcast Advertising

### NEVILLE MILLER ADDRESSES AFA WAR ADVERTISING CONFERENCE

#### Egolf Re-elected Vice-President

With station men, Neville Miller and staff personnel present, NAB was well represented at the Advertising Federation of America War Advertising Conference, New York City, June 28-30.

Miller addressed delegates on the subject of the powers now residing with the FCC as result of the Supreme Court decision of May 10, 1943. (Full text of this address will be sent to members as a special bulletin within a few days.) Temper of the federation was expressed in a resolution indicating "profound concern" over the line of reasoning revealed in the decision and urging Congress to consider new legislation. Full text of the resolution appears elsewhere in this issue of the "Reports."

Willard D. Egolf, assistant to the president, NAB, was re-elected vice-president of the Federation Tuesday afternoon. Egolf presided over the Advertising Club Conference on War Activities, presenting Chester LaRoche, chairman of the War Advertising Council; Herman Wolf, War Production Drive; E. A. Sheridan, special OCD representative, and Paul Bolton, former ODT campaign sections chief.

Lewis H. Avery, director of the department of broadcast advertising, NAB, presided over the Wednesday session addressed by Miller. Avery also presented Fred H. Kenkel, C. E. Hooper, Inc., vice-president, who used charts and statistics gathered by his organization in showing "How We Listen to Radio in Wartime." 1943 reveals an all-time audience high. Avery closed the session by giving comparative figures on the distribution of the national advertiser's dollar in all media, showing radio's tremendous gains in the last ten years.

#### NAB Display

The NAB display at the AFA Conference, was devoted to "Radio in the War."

WGAR, Cleveland, WTAD, Quincy, WSYR, Syracuse, and WBAL, Baltimore, took advantage of the invitation, printed in NAB REPORTS of June 11, to display promotion pieces which tied in with the central theme of the display.



## COLUMBIA PICTURES LAUDS RADIO ADVERTISING RESULTS

An eight-week radio campaign for Columbia Pictures' production of "The More the Merrier" on a budget of \$100,000 was considered a prime factor by the picture company for the picture's rolling up of larger first week grosses than any other photoplay produced by that studio. Variety reported the above in its June 30 issue.

## CBS AFFILIATES KNOCK 'HITCH-HIKE' ANNOUNCEMENTS

The following resolution was adopted at the First District CBS Affiliates' Meeting at the Hotel Statler, Boston, June 23, 1943:

WHEREAS the so-called hitch-hike and cow-catcher announcements presently used on network programs tend to lower the standards of good broadcasting, and,

WHEREAS, such announcements are considered to be a violation of the responsibility placed upon radio station licensees to operate in the "public interest, convenience and necessity," and,

WHEREAS, the use of such announcements was permitted without consent of their affiliates,

Now, therefore, be it resolved, that Franklin Doolittle, 1st District Representative of the CBS Advisory Committee, is instructed to convey to the proper officials of the Columbia Broadcasting System a request that immediate steps be taken to eliminate from network programs the use of hitch-hike, cow-catcher or other similar announcements as soon as may be practicable.

## KFXJ RENDERS NOTABLE PUBLIC SERVICE

(Released by NAB News Bureau)

*(The following account of the part Radio Station KFXJ and its manager, Rex Howell, played in the recent Grand Junction, Colorado, explosion story is passed on for your information and use as you see fit.)*

At 2:00 A.M. Monday, June 28, two carloads of munitions caught fire in the Grand Junction, Colorado, railroad yards, touching off a series of explosions lasting more than two hours.

Shrapnel and shells rained over a wide area. City residents, unaware of the cause and taking fire equipment sirens as an air-raid alarm, were thrown into state of near panic. Police and the Offices of Civilian Defense headquarters were swamped with telephone calls and the telephone company reported a hopeless jam within a few minutes.

Rex Howell, manager of the city's radio station, KFXJ, warmed up his transmitter, contacted the military authorities and obtained permission to broadcast complete story of explosion and to afford facilities to police to explain the situation to the people.

Repeated explanations and bulletins were broadcast urging the people to remain under shelter and not to telephone unnecessarily. Within a few minutes after the first broadcasts the telephone company reported a 75 per cent drop in traffic.

Throughout the day and evening the station continued to air bulletins warning people to stay away from danger areas and cautioned people against picking up unexploded shells for souvenirs, and advised listeners to report locations of all shells they found.

Military authorities and police in the area have publicly cited Howell and his station for outstanding public service. A note of interest is that United Press scored a clean beat on the story—KFXJ is a UP client.

## NLRB ANSWERS QUESTIONS ON INDIVIDUAL PAY RAISES

The National War Labor Board this week answered some of the questions that have arisen about individual pay increases under General Order 31 (NAB REPORTS, p. 282).

The text of the clarifying order:

In order to dispose of any doubts with respect to the intent of General Order No. 31, the National War Labor Board states as follows:

(1) Job classification rates or rate ranges presuppose more than mere descriptive titles of positions. The job classification must be clearly defined and described as to content. When different skills and responsibilities are necessary, there must be different job classifications bearing their own rates or rate ranges. A mere descriptive job title and a poorly defined or extremely wide rate range is not a job classification rate range.

(2) Job classification rates of rate ranges must have been in existence properly on May 31, 1943. They must be those which were in existence prior to October 3, 1942, or those resulting from permitted adjustments subsequent to that date, or rates set for new jobs under either the former or the revised General Order No. 6. Improper adjustments of rates for job classifications or for individual employees are not a basis for determining a job classification rate or rate range.

(3) Where proper job classification rate ranges existed on May 31, 1943, but no plan, as defined in Subparagraphs 1, 2, or 3 of Section I-A-1-b, individual adjustments may be made within and between the job classification rate ranges in accordance with Subparagraph 4 without Board approval. But an employer may not substitute for an existing plan (as defined in subparagraphs 1, 2, or 3 of Section I-A-1-b) any new plan (including a plan embodying the methods set forth in Subparagraph 4 of Section I-A-1-b) without first obtaining Board approval.

(4) In adopting a plan of making individual adjustment in accordance with the criteria set forth in Subparagraph 4 of Section I-A-1-b, an employer may not use both merit increases and automatic length-of-service increases for individual adjustments with respect to a given job classification. This does not preclude Board approval of any plan which provides for both merit and automatic length-of-service adjustments.

(5) Modifications of existing plans of making individual adjustments (including apprentice or trainee programs) require Board approval.

(6) Where no proper job classification rates or rate ranges existed on May 31, 1943, individual adjustments may not be made without Board approval until a schedule, as defined, is approved by the Board.

## OVERCHARGING ON BATTERIES BELIEVED NOT TOO WIDESPREAD

An AP story dated June 29, quotes OPA as reporting the receipt of "complaints that farmers in various sections are being charged \$10 to \$14 for farm radio battery packs which normally retailed for \$5 to \$7."

OPA asked farmers to report any overcharge to their nearest rationing board.

Because most farm radio battery packs are sold by well established dealers, well known throughout their community, or are obtained from the mail order houses, NAB believes that the "black market" instances are not numerous.

However, OPA is probably justified in issuing such a statement to guard purchasers against the possibility of overcharge. Any buyers who are asked to pay more than the ceiling price should certainly follow OPA's advice and report the fact to their nearest rationing board.

## WBT GRADUATES 20 WOMEN

Grant Carey, WBT engineer-instructor, reports that more than twenty women have graduated from his classes

in Radio Operations and Maintenance. The streamlined course is of two and one-half hours' duration, three nights per week, for thirteen weeks.

## **RADIO TECHNICAL PLANNING AGENCY**

Authorized representatives of the Radio Manufacturers' Association and The Institute of Radio Engineers met on June 25, 1943, in Washington, to consider the organization of the proposed Radio Technical Planning Agency.

Encouraging progress was made and agreement was reached on the general principles underlying the plan.

It is expected that final agreement on the details of the proposed plan will shortly result, as indicated in the statement issued by Haraden Pratt, chairman of the I. R. E. Committee on the Radio Technical Planning Agency.

## **WCAU ENGINEER IS NAVY LIEUT.**

Charles W. Robinson, WCAU master control engineer for the last seven years, has been commissioned a lieutenant in the U. S. Navy and has reported for indoctrination in the middle-west. Lieutenant Robinson is 38 years old, married and the father of two children. He is a graduate of the University of Pennsylvania and has served several "hitches" as a ship-going radio officer.

## **FEDERAL COMMUNICATIONS COMMISSION**

### **FLY SAYS FCC HAS 'NO DESIRE' TO SUCCEED OWI**

Domestic operations of OWI is doing a very essential job and doing it in a very splendid manner, FCC Chairman James Lawrence Fly told a news conference early this week.

He made this remark in connection with rumors to the effect that the FCC might take over some of these operations in connection with radio. Fly said that insofar as he knows the FCC does not have the slightest desire to enter into this work in any way. He said that it is his opinion that it would be an inappropriate line of work for the Commission.

Chairman Fly told the conference that this would be a particularly bad time for the FCC to enter into the picture when there are so many false and malicious rumors and statements about the Commission's undertaking to run the programs of the radio stations and he said he thinks that it should be made doubly clear that it has not done anything of that sort and does not plan anything of that sort, in view of the importance of not merely keeping radio free, but also of having everybody understand that it is completely free so far as the licensing power is concerned. Fly said he felt that such suggestions came from those who want to make trouble for the Commission and perhaps for the OWI. The Chairman said that he thinks that the suggestions came from somebody in the radio industry and "some of those parasites."

## **PAYNE RENOMINATED**

President Roosevelt on Wednesday sent the name of George Henry Payne to the Senate to succeed himself as

a member of the Federal Communications Commission. His name has been referred to the Senate Committee on Interstate Commerce. The reappointment is for a seven year term as of June 30.

## **DODD CHARGES DROPPED**

The FCC held a full hearing on the administrative charges made against William E. Dodd, Jr. on May 19, 1943 and May 24, 1943, to the effect that he had made false, misleading or conflicting statements to government officials in the course of recent inquiries. On the basis of all of the pertinent documents, the records of other hearings and upon the testimony given in the hearing, the Commission found that none of the charges is substantiated. It accordingly directs that the said charges be dismissed.

## **FCC TO PERMIT OCD TO OPERATE WERS AS NEEDED**

To provide for the rapid mobilization of the nation's protective facilities in meeting "emergencies endangering life, public safety, or important property," the FCC has amended Part 15 of its Rules, effective immediately, to permit Civilian Defense stations in the War Emergency Radio Service to operate in any emergency which might adversely affect the war effort.

Under the amended rules, Civilian Defense licensees in the WERS may now use their stations to provide essential communications over limited distances in the event of emergencies such as floods, explosions in munitions plants, hurricanes, fire and other emergency situations affecting the nation's security. Prior to this amendment, these stations were authorized to be on the air only "for essential communication relating to civilian defense and only during or immediately following actual air raids, impending air raids," and other enemy operations, or for purposes of testing and drill.

To implement the "mutual aid" program inaugurated by the Office of Civilian Defense, the amended rules also provide for the designation of one or more of the licensed WERS stations as "control units." So that fire-fighting and other facilities to be used in "mutual aid" programs may always be in readiness, Civilian Defense licensees in this service may use their station units, under the supervision of such "control units," during the first 15 minutes of each hour, for the exclusive purpose of handling essential communications preparatory to any anticipated emergency.

The use of Civilian Defense Stations in connection with "mutual aid" programs is under the jurisdiction of the station licensee and radio aide for the purpose of providing emergency communication relating directly to the activities of the United States Citizens Defense Corps or other officially recognized organizations.

It is anticipated that this change in the Rules will provide increased opportunities for amateur radio operators as well as other qualified radio operators, technical men, and engineers to contribute their time, energy and talent to the war effort. At the present time, there are in the War Emergency Radio Service 192 Civilian Defense, eight State Guard, and two Civil Air Patrol station licensees, as well as many more licensed operators. Each station licensee may use from two to 100 or more radio station units, whose operation is coordinated to form a comprehensive local communications system.



## FEDERAL COMMUNICATIONS COMMISSION DOCKET

### HEARINGS

The following broadcast hearing is scheduled to be heard before the Commission during the week beginning Monday, July 5th. It is subject to change.

Wednesday, July 7

KMTR—KMTR Radio Corp., Los Angeles, Calif.—Renewal of license, 570 kc., 1 KW, unlimited.

## FEDERAL COMMUNICATIONS COMMISSION ACTION

### APPLICATIONS GRANTED

WGRC—North Side Broadcasting Corp., New Albany, Ind.—Granted construction permit (B4-P-3522) to move main studio and transmitter from New Albany, Ind., to Louisville, Ky.

WDAK—L. J. Duncan, Leila A. Duncan, Josephine A. Keith, Effie H. Allen, Aubrey Gay, d/b as Valley Broadcasting Co., West Point, Ga.—Granted construction permit (B3-P-3529) to move transmitter and studio from West Point, Ga., to Columbus, Ga.

WWDC—Capital Broadcasting Co., Washington, D. C.—Granted petition for waiver of Sections 2.53 and 13.61 of the Commission's Rules so as to permit operation of WWDC's synchronous amplifier by remote control from the main transmitter location for the duration of the war emergency.

WBNX—WBNX Broadcasting Co., Inc., New York, N. Y.—Granted renewal of license for regular period.

KSJB—Jamestown Broadcasting Co., Inc., Jamestown, N. Dak.—Adopted an Order granting petition for postponement of effective date of the Commission's Order of June 23, 1943, cancelling, effective June 26, the special service authorization issued on June 1 to Jamestown Broadcasting Co., Inc., to operate Station KSJB on 600 kc.; changed effective date of the Order of cancellation from June 26 to July 7, 1943. (Docket No. 6519)

### DOCKET CASE ACTION

The Commission has announced adoption of an Order granting the application of Port Arthur College (KPAC), Port Arthur, Texas (B-179), to increase power on 1250 kilocycles from 500 watts using directional antenna at night, to 1 kilowatt unlimited time, and to make changes in the directional antenna for nighttime operation, subject to the condition that no interference will be caused in contravention of the terms of the North American Regional Broadcasting Agreement.

### MISCELLANEOUS

WOKO—WOKO, Inc., Albany, N. Y.—Denied petition to continue from July 1, 1943, hearing on application for renewal of license of Station WOKO. (Docket No. 6486)

KSJB—Jamestown Broadcasting Co., Inc., Jamestown, N. Dak.—Adopted Order, effective 12:01 a. m., June 26, 1943, cancelling the special service authorization issued KSJB on June 1, 1943. The special service authorization granted authority to KSJB to operate on 600 kc. for the period pending hearing on and until determination by the Commission of application of KSJB for modification of license to decrease nighttime power and change frequency from 1400 kc. to 600 kc. It now appears that Station KSJB has retained in its possession the crystals for operation on 1400

kc. and that, therefore, the grounds given by the Commission as to why in its opinion public interest, convenience or necessity would be served by a grant of the special service authorization no longer exist. (B4-ML-1115)

WINS—Hearst Radio, Inc., New York, N. Y.—Granted modification of construction permit which authorized increase in power, change in hours of operation, installation of new transmitter and directional antenna for day and night use, and move of transmitter, for extension of completion date from June 6 to December 6, 1943. (B1-MP-1714)

WINS—Hearst Radio, Inc., New York, N. Y.—Granted modification of construction permit which authorized increase in power, change in hours of operation, installation of new transmitter and directional antenna for day and night use, and move of transmitter, for extension of completion date from June 6 to December 6, 1943. (B1-MP-1715)

KGBK—Helen Townsley, area of Great Bend, Kans.—Granted further extension of license upon a temporary basis only, pending determination upon application for renewal of relay broadcast station license, in no event later than August 1, 1943. (B4-SRY-240)

WAEA—W. A. Patterson, area of Chattanooga, Tenn.—Granted further extension of license upon a temporary basis only, pending determination upon application for renewal of relay broadcast station license, in no event later than August 1, 1943. (B3-SRY-132)

Beauford H. Jester, Individually and as Trustee for W. W. Callan, DeWitt T. Hicks, Hilton W. Howell, Wilford W. Naman, Robert E. Levy, Ross M. Sams, and Davis Stribling.—Adopted an order granting petition for a continuance of the oral argument on the application for construction permit for new standard broadcast station; continued oral argument until October 6, 1943. (Docket No. 6218)

### APPLICATIONS FILED AT FCC

#### 810 Kilocycles

KOAM—The Pittsburg Broadcasting Co., Inc., Pittsburg, Kans.—Special service authorization to operate unlimited time, with power of 500 watts night, 1 KW day, for period ending 2-1-44.

#### 930 Kilocycles

KTKN—Edwin A. Kraft, Ketchikan, Alaska.—Authority to install new automatic frequency control.

#### 990 Kilocycles

WNOX—Scripps-Howard Radio, Inc., Knoxville, Tenn.—Construction permit to make changes in equipment.

#### 1090 Kilocycles

KEVR—Evergreen Broadcasting Corp., Seattle, Wash.—Special service authorization to install new transmitter and operate with power of 1 KW, for period ending 4-1-44.

#### 1240 Kilocycles

KFXM—J. C. Lee & E. W. Lee (Lee Bros. Broadcasting Co.), San Bernardino, Calif.—Authority to determine operating power by direct measurement of antenna power.

#### 1490 Kilocycles

KYOS—Merced Broadcasting Co., Merced, Calif.—Authority to determine operating power by direct measurement of antenna power.

### FM APPLICATION

W43B—The Yankee Network, Inc., Boston, Mass.—License to cover construction permit (B1-PH-51) for new high frequency (FM) broadcast station, *in part*.

### TELEVISION APPLICATION

W6XYZ—Television Productions, Inc., Los Angeles, Calif.—License to cover construction permit (B5-PVB-33) as modified for new experimental television broadcast station.

# FEDERAL TRADE COMMISSION DOCKET

Any NAB member wishing to have the full text of any of the FTC releases, printed in part below, should write to the NAB, referring to the number in parentheses at the end of each item.

## COMPLAINTS

The Federal Trade Commission has alleged unfair competition against the following firms. The respondents will be given an opportunity to show cause why cease and desist orders should not be issued against them.

**Hillyard Optical Company.**—Misrepresentation in the sale of eye glasses, lenses and frames is alleged in a complaint issued against Francis R. Hillyard, Sr., Bernard B. Hillyard, Francis R. Hillyard, Jr., and Frederick C. Hillyard, who operate optical stores in Washington, D. C., under the firm names Hillyard Optical Co., Hillyard's Optical Service, Dr. F. Hillyard & Son, and F. R. Hillyard & Son. John Giddings, who was an employee of the Hillyards prior to February 1, 1943, also is named a respondent in the complaint. (4984)

**Preferred Havana Tobacco Co.,** which has its principal office at 257 Fourth Ave., New York, is charged in a complaint with falsely representing that the cigars it manufactures at its Tampa, Florida, factory are made in Cuba and imported into the United States. The respondent company trades under the names Bustillo Bros. & Diaz, Inc., Calixto Lopez & Co., Lopez Hermanos and Bances Y. Lopez. (4983)

**H. D. Shipp Co., Inc.,** 12 S. Capitol Ave., Indianapolis, and its president, H. D. Shipp, are charged in a complaint with misrepresentation in the sale of a drinking glass designated "Sneaker," which is designed to eliminate the objectionable tastes of liquids drunk from it. (4986)

**United Art Studios,** 1615 G St., S. E., Washington, D. C., and Benjamin Kadet and Ada Kadet, trading as Kadet Art and Frame Company, 909 Fifth Avenue, Pittsburgh, have been ordered to cease and desist from the use of false and deceptive practices in the sale and distribution of photographic enlargements and frames produced by the Kadet Company and sold by the respondent Klein. (4924)

**United States Forwarding System,** Prudential Building, Buffalo, and Samuel Rosenthal, manager of the business, are charged in a complaint with misrepresentation in connection with the sale of postal card questionnaires used in obtaining information concerning alleged debtors of the firms and individuals who purchase the cards from the respondents. (4985)

## STIPULATIONS

During the past week the Commission has announced the following stipulations:

**Clear Springs Hatchery,** McAlisterville, Pa., entered into a stipulation to cease and desist from the use in advertising matter of any statement or representation which tends to convey the belief that the chicks he sells are hatched from eggs produced at his hatchery when actually they are hatched from eggs obtained from supplying farmers or poultry raisers, or which tends to create the impression that breeder stock of the Hanson or any other U.S.R.O.P. strain has been placed in the flocks of all supplying farmers; that all chicks sold by his hatchery reflect the strain of U.S.R.O.P. poultry; or that chicks sold under any specific trade designation as, for example, "Clear Spring Hanson Strain Leghorn Big Type," are procured from J. A. Hanson or any other U.S.R.O.P. breeder. (3674)

**National Academic Publications,** 22 South St., Catherine Place, Atlantic City, N. J., engaged in the sale of yearbooks and school annuals, stipulated that he will discontinue representing that he operates a printing, engraving, lithographing or binding business or that he owns and operates or directly controls an establishment in which yearbooks or other publications are printed or produced. (3673)

## CEASE AND DESIST ORDERS

The Commission issued the following cease and desist orders last week:

**Empire Peat Soil Sponge Company,** 1781 Riverside Drive, New York, has stipulated to cease and desist from using the words "peat moss" or "moss peat" to designate any peat not derived from Sphagnum moss, or otherwise representing that any of the peat he sells is moss peat when it is not derived from Sphagnum moss. (4641)

**Motion Picture Advertising Service Co., Inc., et al.**—Five corporations engaged in the production and distribution of commercial motion picture films used by national advertisers, and two booking agencies and a trade association they organized, have been ordered to cease and desist from entering into, carrying out or continuing any planned common course of action or conspiracy which has the effect of unduly restraining trade or creating in the respondents a monopoly in the sale, lease, rental and distribution of such films.

Respondent distributors named in the order, who are said to control more than 90 percent of the business done in their industry, are Motion Picture Advertising Service Co., Inc., 1032 Carondelet St., New Orleans; United Film Ad Service, Inc., 2449 Charlotte St., Kansas City, Mo.; Ray-Bell Films, Inc., 2269 Ford Parkway, St. Paul; Alexander Film Co., Colorado Springs, Colo.; and A. V. Cauer Service, Inc., 109 Winner Rd., Independence, Mo. Their trade association is the respondent Association of Advertising Film Companies. (4736)

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# The National Association of Broadcasters

1760 N STREET, N. W. \* \* \* \* \* WASHINGTON 6, D. C.

No. 4

SPECIAL INFORMATION BULLETIN

July 2, 1943

## Public Relations of the Radio Industry

By JAMES W. IRWIN

*Assistant to the President, Monsanto Chemical Co., St. Louis, Mo.*

Address delivered to the Public Relations Committee of NAB, managers of Chicago radio stations and representatives of Chicago NAB Associate Members at the Palmer House, June 23, 1943.

(Additional copies available upon request.)

It is with a feeling of apology that I come before this NAB group today to discuss with you the matter of public relations for the broadcasting industry, because I am in the position of a listener and know very little about the inner workings of present-day radio.

When Mr. Egolf reached me in Milwaukee a week ago to ask me to join with you today he said that an address I had made before a group of industrial executives last March in Edgewater Park, Mississippi, had aroused some interest and it was the desire of your group that I express to you some of my philosophy as it might apply to the radio industry. I assumed, therefore, when I was gathering my notes, that you wanted a frank expression of the way I view the things that affect the operation of your industry, plus whatever constructive suggestions I might be able to toss into the hopper.

It happens that I was one of the original station managers of radio because back in 1922 I handled what little administrative duties there were for Station WGAY, at that time owned and operated by the Wisconsin State Journal at Madison. When I was tendered an opportunity to go on the rim of the Journal's copy desk at \$15 a week instead of the \$12.50 I was getting as a radio station manager, I decided that radio was only a fad anyway and that there was a greater opportunity in newspaper work. That was my last official contact with the management side of radio, although I have had considerable contact with sponsorship of programs over some of the networks.

Ever since the old crystal-set-earphone days, however, and up until a year or two years ago I had been an avid listener. I organized my social life to make certain that I would not miss such programs as Jack Benny and Bing Crosby. Then a year-or two ago I began to become fed up with the pap that the networks and the individual stations were feeding over the air lanes to the listening public.

I have radios in my cars, on my sleeping porch, in my bedroom, in my study and in my office. It used to be that wherever I was a radio always was playing. I have noticed in the last ten to twelve months that I seldom turn on the car radio, my office radio is turned on only in event of something of great importance, and the house radios seldom come on now except for a purely comedy or escape entertainment program.

I cite all of these things because I think possibly I come as near to being an average radio listener as a great many other people with whom you might consult and because I have heard my associates on my staff and my acquaintances out in the various fields of industry express somewhat the same thoughts.

And if I as an individual with purchasing power and the members of my staff as individuals with purchasing power are becoming fed up with listening to the radio then your industry is approaching a point where it is being weakened as a means of selling institutional good will and product acceptance.

I have the positive feeling in my own mind, and



have had this feeling for the last several years, that radio has compromised with its conscience and has not fought back against the efforts of the bureaucrats and the 'do-gooders' to regiment and rule the industry for fear of reprisal in the revocation of station licenses.

I have not admired this attitude on the part of radio. Without referring to any name, I sincerely believe that a certain newspaper, the owners of which I know, supported the third term campaign in return for increased power and fulltime operation.

Over a period of years your industry has lived in fear and trembling of the Federal Communications Commission and the commissioners making it up. I know of one instance, although I cannot recall the date, when Mr. Fly desired to go on the network with some type of a statement, lines were cleared and he was permitted to run over the scheduled time so that the following programs were delayed—a courtesy you would not accord anyone else in the United States other than the President, or a visiting Prime Minister, or someone of equal rank. All of which gives me—and others like me—the feeling that you were afraid of Mr. Fly.

For example, I know that you are worried over the Frankfurter decision, because it so happens that my good friend Merle S. Jones, General Manager of KMOX, had mailed a copy of it to me on June 15, which I found on my return to St. Louis.

I believe that the fact that all three networks give Elmer Davis clear channels once a week impugns the confidence of the public in other commentators who have freedom of action uninfluenced by any apology from a badly run administration. I don't disagree with the policy that the air should be available at any time to give top officials the opportunity to disseminate to the public facts about the war, which the people are paying for. Still, it appears to me that we are getting entirely too near the Goebbels Nazi technique when we have an ordained minister of propaganda who takes every station in the country once a week and shoos every other program off the air; saying, in effect, "You will listen to me or else."

A broadcasting station or network, in my humble opinion, should insist upon the same freedom as newspapers to interpret the news to the public. Davis and the OWI and other departments should be placed in the position of giving a memorandum to the press and radio on a particular subject that they want to put across and leave the treatment

or interpretation of such memoranda to the experienced editors and commentators who are on your private payrolls and not on the government payrolls.

I sincerely feel that the radio industry is approaching the point that has been reached by labor, namely, that you turned to government and surrendered some of your prerogative of freedom of action and now find that you have put handicaps on yourselves. Just as labor turned to the administration and obtained organizing support and one-sided legislation and regulations, it now finds the dictatorial attitude of the administration becoming troublesome because the pendulum is swinging the other way, and the public has become so fed up that the administration knows it has to do something to survive.

You might be interested in the reaction of another businessman who long has been a follower of radio, although having no connection with the industry.

His views are expressed in "The Spirit of Enterprise" which is being brought out by Charles Scribner's Sons on July 12. In this book Edgar M. Queeny, who is the Chairman of the Board of the company with which I am associated, said:

"We Americans pay for radio broadcasting by hearing how little tubules secreted under our arm-pits may frustrate an otherwise promising combination for winning friends and influencing people, or by listening to advice about our kidneys, our hair or our diet. Advertising pays for our broadcasts.

"As each advertiser wants his message to reach the largest number of people, his program of entertainment is designed to please. Elaborate systems of sampling of audiences gauge popularity. Programs with wide audiences remain on the air—others do not pay and are dropped. Hence public acceptance is the only criterion. The American public now gets the kind of broadcasting it wants, good or bad.

"Without advertising revenue, broadcasting stations would fall into the lap of the state. Competition between chains and stations would cease. A bureaucrat would provide the music he thought the people ought to hear and place before the microphone personalities whose views he thought would be good for the people, which, incidentally, would also serve his own vested interest. The American mind would lose its freedom of determining its own music and entertainment, and of choosing its political, economic and spiritual

thought. We would lose one of our organs of freedom of speech.

"We would also cease to be the best-informed nation in the world. The cost of producing our magazines and newspapers is met in most part by advertising revenue. With advertising eliminated, much higher prices would have to be charged to maintain present standards. This in turn would force drops in circulation; again prices would have to be increased, which would be followed by another drop in circulation. This descending spiral would finally end in a new balance between a lower standard, a lower circulation and a higher price."

I don't think, however, that your cause is entirely lost, although I think you've got a pretty tough battle ahead.

If I were a radio property owner or an administrative executive of one of the networks I think I would cease compromising with my conscience, buckle on my armor and, at the risk of losing that job and/or my properties, give the administration and the Federal Communications Commission the damndest fight it's ever had. In organizing for that fight I would take some very positive steps because I believe most emphatically that if the radio listening public is given the true facts about the hamstringing and censorship and regulation of the radio industry by the administration for selfish gain, it will get up on its hind legs and scream to the high heavens. Certainly that has happened on a great many occasions when there have been attempts to throttle the free action of the press and silence editors.

It is my studied opinion that the radio industry and the press of the nation have so much in common, and are in such a dangerous position, that now is the time to forget all petty disagreements between the two great industries. Both need to recognize that they are the only two major channels for the dissemination of information to the people that make up this nation and that, therefore, they should bury whatever little hatchets they still use and form a united front.

I know that each of the major networks and a great many of the larger and better-financed stations have qualified public relations executives on their staffs, and I would like to stress here that I mean public relations and not publicity executives engaged in program promotion. It is the duty of these men, one of whom—Frank Mason—happens to be a very good friend of mine, to watch the broad trends of the industry they serve, and the national trend as well, and help guide policy and

operating management in the making of decisions that will be to the best interests of the country and the industry.

I do believe, however, that each of the networks or the industry as a whole should also retain outside public relations counsel to give it a broader and more objective viewpoint. I believe that each of the networks should select for election to its board of directors a man who is chief public relations officer of some American industrial organization and pay him a salary as a working director. Then, the man so retained on each network board should serve on an advisory committee on public relations to the National Association of Broadcasters, thus bringing into your picture additional minds who can think a little bit more independently than can those who are so close to your operating problems. On this line some of the more successful railroads have gone to outside directors and, of course, the American Telephone and Telegraph Company has pursued that policy for years and found it very successful, so it is not a new departure.

I think that NAB and its advisory group and its outside public relations counsel should carry on a continuing listener opinion research program under the direction of some able poller of opinion, such as Dr. Claude Robinson, so that its activities in developing public support could be guided by reactions of the listening public.

I believe that radio should very seriously consider a national advertising campaign in which it would use radio as a media and also use daily and weekly newspapers and national magazines, telling the listener public its story and reasons why it must not be throttled. Thus, the public will get the story not only orally but visually. Some members of NAB probably will throw up their hands in horror at the expense involved, but if I am not mistaken, your industry as a whole is decidedly on the profit side and since you are not one-track minded bureaucrats it would pay you well to use all available media in a battle for survival.

Based on a very enjoyable experience I had for several years as a member of the educational advisory group of KMOX in St. Louis I believe that you should develop a grass roots activity by forming in each locality in which there is one or more stations a joint advisory board, the members of which have no formal contact with the radio industry. Such a board would sit with the members of the local radio stations regularly at luncheon or dinner to discuss problems of public relations



affecting radio. Such groups should be made up of representative citizens who are leaders in the formation or influence of public opinion and should represent not only the business mind, but the labor mind, the educational mind and the civic activity mind. Granted you would have on such groups all shades of political completion and thinking, still you would have a working group that could go out carrying your spear. It would be an invaluable aid in helping to combat bureaucratic regimentation and development of bureaucratic control by obtaining for you the support of a great many influential groups of whom the 'dogooders' and long-haired boys and short-haired girls down east live in fear and trembling.

It has been my experience in the last 23 years to have been editor of several rather important newspapers and to have dealt with industrial workers in the capacity of industrial relations officer. That experience leads me to think that many times we underestimate the intelligent thinking of our public. Often, we can be very pleasantly surprised if we take the trouble to carry to that public our problems and the reasons why we should not be subjected to certain types of legislation or regulation.

Your American industrial worker, your American farmer, your American business or professional man still prides himself in the fact that he can tell his boss to go to hell. He can tell the politicians to go to hell by voting against them at the polls at his next opportunity, and instinctively he holds to the belief he has a right to speak his mind as long as his speaking is not subversive.

He will even support an editor he does not like or a paper he hates if an attempt is made by the politicians or some pressure group or other to gag that editor or suppress that publication. He is not so well acquainted with radio, although it probably occupies a stronger position in his household than his newspaper. As a matter of fact, it is well known there are millions of people who have radios who never see a newspaper.

I don't believe your industry alone is being taken for a ride by the apologists for the New Deal and the Fourth Term planners, because I have become completely fed up also with the movies and I know that a great many of my friends and associates feel as I do. Hollywood has sold out to the administration and the propaganda that is being foisted on the American public which has paid its good money to the motion picture theaters is absolutely shameful.

I think that of the three great avenues for information, namely, radio, press and movies, that the press has held on the longest to freedom of action and has not prostituted itself to anywhere near the extent the other two have. I have read a great many newspapers for years and I now read daily not only the three newspapers in St. Louis but also the Chicago Tribune and the Chicago Sun and the New York Times. While I disagree with some of the things each of these papers does, at least there is some semblance of honesty to subscribers in attempting to tell a true story in an independent and free thinking way. Some national magazines, however, have gone down the river and I now do not find much of interest because of the propaganda.

Therefore, I submit these suggestions for whatever help they may be to you. I don't mind saying that I was willing to accept your kind invitation to join with you today on such short notice and to devote a week-end to putting these remarks into tellable form, for a very definite reason. I, as an American, as an officer of an American corporation charged with the responsibility of representing our employes in our policy thinking so that they will be fairly treated and fairly paid, believe strongly that something must be done to halt the bureaucrats from suppressing what little freedom of action there is left in radio, and then obtaining control of the press by ruling out brand names, discouraging advertising, and many other ways that already are visible. I am only too happy to devote some time and what little talent I have in an attempt to arrive with you at a solution of your problem, because I feel that I and the workmen I associate with have just as much at stake in this matter as you have as radio operators.

I realize thoroughly that some of these remarks may bring attempts at reprisal against me by some of the bureaucrats in Washington. But I have always felt that I would rather be purged for fighting for what I believe to be right than taking the easy way, compromising with my conscience and letting the social planners get away with murder by feathering their own nests at the expense of the American people as a whole.

Mr. Egolf did not make it clear to me when we talked this over as to whether there would be time for discussion, but I hope that there is because in discussion we probably can bring out a little bit more clearly my thinking on some of these points.

# TAX BULLETIN

JULY 2, 1943

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★ ★

No. 2

1760 N St., N.W. NATIONAL ASSOCIATION OF BROADCASTERS Wash. 6, D. C.

## Pay-As-You-Go Tax

The pay-as-you-go tax is not a new or additional tax. It is merely a method for collecting existing taxes currently rather than after the close of the year. This is accomplished by requiring employers to withhold and pay to the Government a portion of all wage payments. This portion is roughly equal to the Victory Tax, normal tax, and first-bracket surtax applicable to such wage payment.

Withholding applies only to wages. "Wages" include all forms of remuneration—cash, property, or some other medium of payment—for services performed by an employee for his employer. Generally, the rules for determining whether an individual is an employee under the Victory Tax and Social Security Act will also apply for purposes of withholding under the pay-as-you-go tax. However, since the pay-as-you-go plan merely alters the form of collection of existing taxes, and does not impose an additional tax, the tendency is likely to be to resolve all doubts in favor of the employer-employee relationship in a given case.

### When Tax Goes Into Effect

The new withholding provisions (20%) are applicable to all wage payments made for established payroll periods beginning on or after July 1st, 1943. The old Victory Tax withholding provisions (5%) are applicable to payments made for payroll periods beginning prior to July 1st, 1943, even though they may end after June 30th, 1943.

So-called supplemental wages, *i.e.*, commissions, bonuses, etc., are also subject to withholding. If they are paid in respect of the same payroll periods as have been established for the recipient's ordinary wage payments, they are subject to the 20% withholding, if the payroll period began on or after July 1st. But if they are payable with respect to a different pay period or with respect to no pay period, they are subject to the new provisions if *paid* on or after July 1st, regardless of when earned. Any other wage payment made for other than an established pay period is subject to the same rule.

### Computation of Amount to be Withheld

There are two methods for figuring the amount to be withheld. The employer may use either method.

Under the "wage bracket withholding" method, the amount of the tax to be withheld can be determined directly from a series of tables set forth in the statute. These tables appear on pages 6 through 10 of the attached Circular WT. This method of withholding is simple, and should be used except where the employees insist on an exact computation.

It will be found convenient to administer withholding on the wage bracket method by numbering the columns in each table from 1 to 10. On the basis of the information

submitted by each employee on Form W-4, a corresponding number may be associated with his name on the payroll list. In computing the amount to be withheld in the case of each employee, it will then be possible merely to refer to the column in the table bearing the same number as that associated with the particular employee's name.

Under the "exact computation" method, the employer withholds whichever of the following is the greater:

- (1) 20% of the excess of the wage payment over the family status withholding exemption, or
- (2) 3% of the excess of the wage payment over the Victory Tax withholding exemption.

These exemption tables appear on page 2 of the attached Circular WT. On page 11 of such Circular there also appears a table indicating the levels at which the 20% computation will exceed the 3% computation.

In fixing both the withholding exemptions and the amounts shown on the wage bracket tables, some account has been taken of what are considered average deductions. Actual deductions will be allowable on the taxpayer's return after the close of the year and appropriate adjustments will then be made.

### Credit for Taxes Withheld

The employee must still file a tax return on March 15th, showing his true tax liability for the preceding year. Against this tax liability he is entitled to a credit for the taxes which have been withheld. If such credit exceeds the amount of his true tax liability (because of deductions, etc.), he will receive a cash refund of the difference or it will be applied against the tax for the succeeding year.

### Community Property States

The withholding provisions are applied in a community property state as though the wages were entirely those of the person who earns them. However, this does not affect the right of spouses to file separate returns for the purpose of dividing the income between them as heretofore. In making out such returns, each spouse is allowed as a credit one-half of the tax which has been withheld on the community income.

### Form to be Filled Out by Employee

In order to inform his employer of his marital and dependency status, each employee is required to fill out and submit to his employer, Form W-4. On this form a married person is entitled to designate how he wishes the personal exemption to be divided. He has three choices: (1) to claim none of the personal exemption, (2) to claim half the personal exemption, and (3) to claim all of the personal exemption. This, however, does not deprive the spouses of the right to decide whether to file separate or joint returns at a later date. Nor, if separate returns are filed, will the spouses be barred from dividing the marital



exemption in any way they may agree upon, even though different from the method chosen for determining their status for purposes of the withholding provisions.

Form W-4 is to be supplied by the employer, who may, in turn, obtain them from his local Collector of Internal Revenue. *If no Form W-4 is filed by the employee, he is entitled to no withholding exemption and will be treated, for purposes of the tables, as a married person having no dependents and claiming no part of the withholding exemption.*

### ***Effect on Wage Contracts and Union Agreements***

The obligation to withhold a portion of each wage payment for tax purposes is not affected by and has no effect upon the terms of any wage contract or union agreement. In other words, if a wage contract or union agreement calls for the payment of \$45 a week, the fact that a portion of this is required to be withheld does not mean that the employer has to make up the difference, in order that the employee will continue to receive \$45 a week after taxes. In contemplation of the law, the employer is still paying the employee \$45 a week and is merely collecting the tax on such amount on the Government's behalf.

### ***Payments Made to Employees for Expenses***

Amounts paid in advance, or reimbursements made, to employees specifically for traveling or other expenses incurred in the business of the employer are not subject to withholding. Any reasonable segregation of such expenses from the wages paid will be acceptable, as for example, where an employer issues one check indicating thereon the amount thereof which represents wages and the amount which represents expenses, or issues a separate check for the expenses.

### ***Determination of Withholding Exemption in Special Cases***

Special problems arise in cases where supplemental wage payments, such as bonuses, commissions, overtime pay, etc., are made. Such payments may be made for the same payroll period as the recipient's ordinary compensation, or they may be made for a different period, or without regard to any particular period. In all these cases the employer may elect to determine the tax in accordance with either of the following rules:

(1) Aggregate the supplemental wage with a regular wage payment, considering them as one payment for the payroll period covered by the regular wage. If the supplemental wage is paid at the same time as a regular wage, it is these two amounts which may be aggregated. If the supplemental wage is not paid at the same time as a regular wage, it is to be aggregated with the regular wage payment for the current or last preceding pay period. The only exception to these rules is that, if the regular wage payment is not subject to the new 20% withholding provision, but the supplemental wage payment is, they may not be aggregated. The supplemental wage payment may, however, be aggregated with the regular wage payment for the first succeeding pay period subject to the new provision.

(2) Treat the supplemental wages as separate, computing the tax without the benefit of any withholding exemptions under the exact computation method, or as

though the recipient were a married person having no dependents and claiming none of the personal exemption, under the wage table method.

The withholding exemption for employees working for less than a full week is on a daily basis, except where the employee submits a verified written statement to his employer that he works for wages only for him and that if he obtains additional employment for wages he will within 10 days thereafter give notice of such fact. If such a statement is obtained, the employer may compute the employee's withholding tax on a weekly basis. In the case of employees working for several employers, their status with respect to each employer is separately determined without regard to their other employment, except as noted above. For example, if an employee works for one employer mornings and for another employer afternoons, but is paid by both on a weekly basis, each employer is entitled to compute the withholding tax on the basis of an established weekly payroll period without regard to the fact that the employee is also elsewhere employed.

### ***Pay Periods***

The regulations take the position that an employee can have only one established pay period with respect to any one employer. This pay period is that for which his ordinary compensation is paid. Therefore, if he is paid a weekly salary, plus a monthly bonus or commission, the bonus or commission is not considered to be paid for an established pay period. Many of the distinctions relative to ordinary pay and supplemental pay flow from this factor.

### ***When Withheld Tax Paid Over by Employer***

If the total amount withheld by the employer for all employees is more than \$100 per month, it is the duty of the employer to pay such amount monthly into a depository designated by the Secretary of the Treasury. All banks insured by the Federal Deposit Insurance Corporation are *eligible* to qualify as depositories and financial agents. It is possible, however, that not all such banks may choose to qualify. The employer should make certain that his bank has qualified. If it has not, he should obtain from it the name of some other bank which has. If the monthly amount withheld is \$100 or less, the amounts withheld must be paid quarterly to the Collector of Internal Revenue.

Quarterly returns must be made by employers to the Collector for the quarters ending March 31, June 30, September 30 and December 31, on Form W-1. This return must be made before the end of the month following the close of the quarter. The return, when forwarded, shall be accompanied either by payment or by receipts of the depository. Duplicates of such returns on Form W-2, together with a reconciliation on Form W-3 must be filed with the quarterly return for the fourth quarter of the calendar year. In addition, the employer must furnish to each employee, not later than January 31st of the succeeding calendar year, a statement (Form W-2) showing total wages paid and the amount of tax withheld.

All forms may be obtained from the Collector of Internal Revenue for the employer's district.