



FCC ASKS CONGRESSIONAL POLICY

The FCC has asked Congressional direction as to the policy it should follow in passing on the sale of radio stations where the sales prices are far in excess of the going-concern and physical property values of the stations and appear to involve considerable compensation for the radio frequencies themselves.

In identical letters to Senate Interstate Commerce Committee Chairman Burton K. Wheeler and to Representative Clarence Lea, Chairman of the House Interstate and Foreign Commerce Committee, FCC Chairman James Lawrence Fly suggested the "tremendously high prices" which radio stations command in the present market indicates the sellers may be profiting from their lien on a radio frequency which they have been authorized to use under the Communications Act of 1934, but whose ownership under the Act is reserved to the public.

Chairman Fly's letter which cites several such recent transfers of radio facilities, follows in part:

"The Congress has had before it proposals to limit the amount of consideration to the value of the physical properties (of radio stations) transferred but no provision of

this character has been adopted. The statute does make clear that the frequencies are not in any way the property of the licensees. The Commission has rejected and is prepared to reject any transfer which on its face involves a consideration for the frequency. The Commission, apparently consistent with Congressional policy, has approved transfers that involve going-concern values, good will, etc. There remains, however, a serious question of policy and one on which the law is not clear, as to whether the Commission should approve a transfer wherein the amount of the consideration is over and beyond any amount which can be reasonably allocated to physical values plus going-concern and good will, even though the written record does not itself show an allocation of a sum for the frequency. Our concern in this regard is heightened by the tremendously high prices which radio stations are commanding in the present state of the market. This is illustrated by the fact that one local station was sold for a half-million dollars and some regional stations are selling for a million or more.

"It is the Commission's policy to disapprove of transfers which obviously represent the activities of a promoter or broker, who is simply acquiring licenses and trafficking in them. Under the present state of the law, however, it is not clear that the Commission has either the duty or the power to disapprove of a transfer merely because the price is inordinately high—even though it may well be deduced that a substantial value is placed on the frequency. In the absence of a clear Congressional policy on this subject, we thought best to draw the matter to the attention of your own Committee and the House Committee on Interstate and Foreign Commerce."

A partial list of important transfers of control and voluntary assignments of licenses and construction permits, showing date of Commission approval, follows: (Since January 1, 1944)

KFOR, Lincoln, Nebr.; 1240 kc., 250 watts, unlimited time; 4/18/44; from Sidles Co., et al, transferor, to Chas. T. and James Stuart, transferee; \$100,000 for 100% of stock.

KID, Idaho Falls, Idaho; 1350 kc., 5 kw-LS, 500 watts-N; unlimited time; 6/6/44; from J. W. Duckworth, transferor, to Walter Bauchman et al; \$100,000 for 100% of stock.

KJBS, San Francisco, Calif.; 1100 kc., 500 watts, Limited—WTAM; 6/20/44; from Mott Q. Brunton et al, transferor, to KJBS Broadcasters, a partnership; \$200,000 for 100% of stock.

KLRA, Little Rock, Ark.; 1010 kc., 10 kw-LS, 5 kw-DA-N; unlimited; 5/30/44; from A. L. Chilton, transferor, to Gazette Publishing Co., transferee; \$275,000 for 64.5% of stock.

KOIL, Omaha, Nebr.; 1290 kc., 5 kw, unlimited, DA-N; 4/18/44; from Sidles Co. et al, transferor, to Chas. T. and James Stuart, transferee; \$250,000 for 100% of stock.

KSLM, Salem, Ore.; 1390 kc., 1 kw, unlimited; 2/29/44; from H. B. Read, transferor, to Paul V. McElwain and Glen E. McCormack, transferee; \$69,000 for 100% of stock.

KTAR, Phoenix, Ariz.; 620 kc., 5 kw, unlimited, DA-N; 7/18/44; from Arizona Publishing Co., transferor, to John J. Louis, transferee; \$375,000 for 77.3% of stock.

KWK, St. Louis, Mo.; 1380 kc., 5 kw-LS, 1 kw-N, un-

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THANKS FOR YOUR CO-OPERATION ON WAC ADVERTISING QUESTIONNAIRE

The letter addressed to all radio stations in the United States regarding paid WAC recruitment advertising has produced a welcome avalanche of replies. These are being sorted and tabulated as soon as received in order to maintain a continuing report of the answers to the three questions asked in the questionnaire.

DON'T FORGET TO RETURN YOUR QUESTIONNAIRE

If you have not already filled out and returned your questionnaire, please do so at once. If you failed to receive a copy, wire or write NAB headquarters and one will be sent to you by return mail.

89.6% FAVOR PAID WAC RECRUITMENT ADVERTISING

An analysis of 239 returns indicates that 89.6% of such stations are in favor of the acceptance of paid WAC recruitment advertising. Those opposed provide 9.6% of the returns, while .8% might be classed in the "maybe" category.

J. H. Ryan, *President* C. E. Arney, Jr., *Secretary-Treasurer*

Robert T. Bartley, *Director of War Activities*; Lewis H. Avery, *Director of Broadcast Advertising*; Willard D. Egolf, *Director of Public Relations*; Howard S. Frazier, *Director of Engineering*; Paul F. Peter, *Director of Research*; Arthur C. Stringer, *Director of Promotion*.

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limited; 3/21/44; from Grace C. Convey, transferor, to Robert T. Convey, transferee; \$105,950 for 52% of stock. KWTO, Springfield, Mo., 560 kc., 5 kw-LS, 1 kw-DA-N, unlimited; 2/29/44; from Springfield Newspapers, Inc., et al, transferor, to Lester E. Cox, et al; \$100,000 for 50% of stock.

WCOL, Columbus, Ohio; 1230 kc., 250 w, unlimited; 5/30/44; from Kenneth B. Johnston, transferor, to Lloyd Pixley, et al, transferee; \$250,000 for 100% of stock.

WELI, New Haven, Conn.; 960 kc, 1 kw-LS, 500 w, DA-N; 6/27/44; from Arde Bulova and Harold LaFount, transferor, to Harry C. Wielder et al, transferee; \$185,000 for 100% of stock.

WIBC, Indianapolis, Ind.; 1070 kc., 5 kw-LS, 1 kw-DA-N; 5/30/44; from H. G. Wall et al, transferor, to Indianapolis News Publishing Co., transferee; \$440,000 for 100% of stock.

WINX, Washington, D. C.; 1340 kc., 250 w, unlimited; 7/18/44; from Lawrence J. Heller et al, transferor, to Eugene Meyer & Co., a partnership; \$500,000 for 100% of stock.

WJJD, Chicago, Ill.; 1160 kc., 20 kw, Limited-KSL; 7/5/44; from H. Lester Atlas et al, transferor, to Marshall Field, transferee; \$696,000 for 96.6% of stock.

WLBZ, Bangor, Maine; 620 kc, 5 kw, unlimited, DA; 2/1/44; from Thompson L. Guernsey, transferor, to Eastland Broadcasting Co., transferee; \$150,000 for 100% of stock.

WMAZ, Macon, Ga.; 940 kc, 5 kw, unlimited, DA; 4/4/44; from E. K. Cargill, transferor, to George P. Rankin, Jr., transferee; \$120,000 for 41% of stock.

WPDQ, Jacksonville, Fla.; 1270 kc., 5 kw, unlimited, DA-N; 3/14/44; from Ernest D. Black, transferor, to L. D. Baggs, transferee; \$180,326 for 60% of stock.

WQXR, New York, N. Y.; 1560 kc., 10 kw, unlimited; 7/18/44; from John V. L. Hogan et al, transferor, to New York Times Co., transferee; \$987,500 for 100% of stock.

KECA, Los Angeles; 790 kc, 5 kw, unlimited, DA-N; 7/18/44; from Earle C. Anthony, Inc., assignor, to Blue Network Co., Inc., assignee; \$800,000.

KTOK, Oklahoma City, Okla.; 1400 kc., 250 w, unlimited; 4/18/44; from Oklahoma Broadcasting Co., Inc., assignor, to O. L. Taylor, assignee; \$150,000.

KBIR, Knoxville, Tenn.; 1240 kc., 250 w, unlimited; 1/11/44; from J. W. Birdwell, assignor, to American Broadcasting Co., Inc., assignee; \$135,000.

WJLD, Bessemer, Ala.; 1400 kc., 250 w, unlimited; 7/18/44; from J. Leslie Doss, assignor, to George Johnston, assignee; \$106,000.

WFTL, Ft. Lauderdale, Fla.; 710 kc., 10 kw, unlimited, DA-N; 2/29/44; from Ralph A. Horton, assignor, to Fort Industry Co., assignee; \$275,000.

DURR CLARIFIES DISSENT

FCC Commissioner Clifford J. Durr released a memorandum on Wednesday (26) setting forth his reasons for dissenting in the action of the Commission taken on July 18

approving without hearing the transfers of the licenses of Stations WJLD, WINX, WQXR and WQXQ. In the press release accompanying the memorandum, Mr. Durr stated that the July 25 letter of Chairman Fly to Senator Burton K. Wheeler and Congressman Clarence Lea, chairmen respectively of the Senate Committee on Interstate Commerce and the House Committee on Interstate and Foreign Commerce, calling their attention to the increasing price of radio stations indicated there was little disagreement between the other members of the FCC and himself with respect to the seriousness of this problem, the main point of difference being the present authority of the Commission to deal with the situation. Mr. Durr's memorandum follows:

"MEMORANDUM:

Re: J. Leslie Doss, Transferor
 George Johnston, Transferee
 Bessemer, Alabama (WJLD)
 Lawrence J. Heller, et al., Transferors
 Eugene Meyer and Agnes Meyer, d/b as
 The Washington Post, Transferees
 Washington, D. C. (WINX)
 John V. L. Hogan, Transferor
 New York Times Company, Transferee
 New York, N. Y. (WQXR and WQXQ)

"My reason for voting against approval of the above assignments of license was the same in all three cases. The prices being paid for the stations seemed to me to raise serious questions of law and public interest, and I therefore think that each application should have been set for hearing to ascertain:

"(a) Whether or not any part of the purchase price represents payment for a radio channel in violation of Sections 301 and 309(b) of the Communications Act of 1934, as amended, and,

"(b) Whether the amount being invested in the station by transferee will affect the operations of the station in the public interest.

"Station WJLD, Bessemer, Alabama, is a 250-watt station operating on a local channel. The replacement cost of all its physical properties, real and personal, is only \$12,269, and the original cost \$12,019. The net worth of all of its assets, tangible and intangible, according to its books, is \$14,236. For the year 1943, its net income before Federal taxes and without deduction of any salary for the proprietor was \$4,966. The purchase price being paid is \$106,000, which is more than seven times the net worth of the station and more than twenty-one times its net profits before Federal taxes.

"Station WINX, Washington, D. C., is likewise a 250-watt station operating on a local channel, but operates with a booster which serves to extend its coverage. The replacement cost of all its physical properties, real and personal, is only \$58,492, and the original cost \$56,966. The net worth of all of its assets, tangible and intangible, according to its books, is \$48,254. For the year 1943, its net income before Federal taxes was \$20,186. The purchase price being paid is \$500,000, which is more than ten times the net worth of the station and more than twenty-four times its net profits before taxes.

"Station WJLD was first licensed only a little more than two years ago and Station WINX less than four and one-half years ago. The purchase price being paid for WJLD represents a profit of nearly 800 per cent on the cost of its physical properties and over 650 per cent on its net worth. The purchase price being paid for WINX represents a profit of nearly 800 per cent on the cost of its physical properties and over 950 per cent on its net worth.

"Station WQXR, New York, N. Y., is a 10kw station and WQXQ is a frequency modulation (FM) station. No figures were before the Commission as to the replacement cost or the original cost of the physical properties involved in the transfer. However, the net worth of all of the assets of the present licensee corporation, both tangible and intangible, is \$227,037. For the year 1943, its net income before Federal taxes was \$30,320. The purchase price being paid is approximately \$1,000,000, which is ap-

If radio had gone to war around 1930 only a Paul Bunyan could have accomplished anything to compare with present day coverage. Paul Bunyan, the Giant of the Forests, might have strapped a radio tower on his back, hooked a ten-ton transmitter to his belt, plugged into an electric power system and broadcast in stentorian tones an account of the pigmy struggles of mankind a thousand feet below his bearded countenance—or buzzing in tiny planes like flies around his brow. Radio might have done it in some fashion in 1930, if radio's unwieldy and immobile equipment of that period could have been set up in flawless perfection at the scene of battle. In comparison, the pack transmitters, wire recorders and superlative equipment which accompanies radio correspondents into battle today resemble the tiny portable receivers alongside the huge pieces of furniture which were radio sets of a decade ago.

Radio, in every sense, grew up to its responsibility of covering this world war. Some years ago, the first attempts to use portable equipment in covering events that occurred beyond the reach of regular facilities were crude and experimental. Forward looking radio engineers built small short wave transmitters which broadcast over short distances to their home stations. What was received was then rebroadcast over standard facilities. Receiving antennae were built on the roofs of studios or at station transmitters. Some of the short wave transmitters were mounted on truck beds, their power generated by small gasoline motors. One short wave transmitter, a smaller, improved model, using a battery for energy, was installed in a baby buggy for the purpose of covering a championship golf match. Thus from America's peaceful fairways radio engineers, announcers and studio control operators learned the methods which someday would transmit the scream of shells, the roar of planes and mechanized equipment on the beachheads around the world.

The Magnetic Wire Recorder, one of radio's most valuable front line reporting mechanisms, is a wartime development. Light—an easy load for one man—this equipment permits recording on a spool of wire. No needles, no fragile records—this rugged recorder absorbs an accurate sound picture of the heaviest combat, explosions and all, as the reporter tells his running story of action at the front. Rushed back to transmission headquarters, the battle description is ready for broadcast immediately.

The forerunner of the Magnetic Wire Recorder, however, was the recording truck used by the radio station in your town to obtain interviews and descriptions of public events in that area, which were later broadcast. Extended practice over a period of years paved the way for the streamlined war model and trained the industry in the use of recording mechanism and recorded programs, so that their vital role in 1944 communications was supported all along the line by skill and experience. Some of the most vivid radio reports of this war owe their existence to the Magnetic Wire Recorder.

Then there are the thousands of words of news which come to the listeners in America every day by radio. These are spoken words. They cannot be the same words that are used on the printed page, although they tell the same stories. They must be addressed to the ear. They must follow the rules of oral delivery. This is what we call the style of radio news reporting. Early day radio news men were not born with the gift of a radio news reporting style. They had to develop it and then to teach it to others. The process required years and is still the subject of much planning and effort within the industry.

From a beginning marked by difficulties, restricted sources and even distrust of radio news, the industry has schooled an army of news reporters, achieved numerous world wide news sources and won for itself accredited correspondents wherever things are happening. It was this smooth working machine that maintained an unbroken flow of information on D-Day and continues to supply its listeners with stories and bulletins from every part of the globe.

Training of radio personnel is a broad topic which occupies an important place in the history of broadcasting. Putting all the elements together which make up a full day's broadcast schedule requires specialists in many departments, specialists who have learned by years of hard work how to be at ease and proficient in their jobs.

Tearing up and rebuilding a complete day's schedule, to accommodate emergency broadcasts and programs of great public interest, is no assignment to give newcomers in the radio field. When the managers and employees of stations and networks went home on the night of June 5th, their programs for the following day were all lined up in orderly fashion, as they had been for days, months and years before. But they were called from their beds to put stations on the air in the middle of the night and give invasion news precedence over everything else, revising and rebuilding their programs as they went. This was D-Day behind the scenes in radio and it made a new kind of veteran out of every experienced hand in the business of broadcasting, no matter how well he knew his job before. I hesitate to suggest what might have happened to the reports from abroad if these loyal people had not been trained to fill their posts capably and keep the show going here at home. But they could be depended upon and they had at their disposal the finest equipment that money could buy.

Inevitably we get down to the question, "Who paid for all this?" Who paid for this slow and methodical experimentation down through the years? Who bought equipment, used it, discarded it, then bought new and better equipment to do the same job all over again, only a little better? Who paid the salaries of station managers, program directors, continuity writers, announcers, salesmen, engineers, musicians, traffic managers, news men and hundreds of secretarial and clerical employees? Every one of them had to learn or be trained in the idiom of radio. All had to develop subconscious natures adapting them to their work. A radio employee was, and always has been, a considerable investment.

The mere granting of licenses by the government to operate radio stations is not like granting rights to mine government land, for example, where gold lays in abundant quantities. Radio held for its licensees only so much as they, by their ingenuity, money and devotion to public service, could make of it. That wasn't much in the early days of radio, and before it could really get started it was plunged into the depression which began in 1929. But its owners put up money and more money and sustained the industry until finally it became self-supporting.

And here we should say a word for the companies who invested their advertising dollars and their faith in an untried medium, testing this method and that method, receiving inevitable disappointments and yet coming back, again and again, until broadcasting as a medium for the sale and distribution of products was proved to their satisfaction. The record is full of instances in which advertisers started out with announcements or programs, guessed at the right kind of continuity, the right kind of program content, the right time of day or night, and were joined in this guessing game by radio people who were just as new to the business as the advertisers. Some advertisers guessed right, many guessed wrong, but they came back with determination. They continued to back up their judgment with their hard-earned American dollars and ultimately earned dividends on all that they had spent in proving the medium of radio. Radio's advertisers are part and parcel of the American system of broadcasting which they helped build.

Advertising money is responsible for the excellent system of networks which connect our stations and their millions of listeners on a national and international basis. The idea of radio networks originated in 1926. Stop and think how different would have been the story of D-Day without the network system which placed every radio home in America in instantaneous contact with foreign shores! There is a record of accomplishment which points up the whole story of radio achievement on D-Day.

Late in 1943, six months before the Day, with trained correspondents already at strategic points, the networks began preparations for coverage of the invasion which was sure to come. They had to correlate every step in secrecy with the military planners. They charted the possibilities of good radio coverage in the same manner as the armed forces calculated the success of the actual invasion. Equipment, transportation, manpower were involved. Familiarity with all branches of military service was a necessity, both allied and enemy. Largely untried,