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(For additional trade news, see Trade Reports, pages 7-9)

RECORD TV OUTPUT WEEKS IN OCTOBER: Average of well over 200,000 TVs per week during 4-week October brought total production to 813,851 for month, just short of record 817,157 for 5-week September (Vol. 6:41). Weekly output rate reached new high in October: 183,031 first week, 203,436 second, 219,680 third (record), 207,704 fourth.

These are projected RTMA figures, covering entire industry's estimated output. They mean first 10 months of 1950 have accounted for 5,777,610 TVs, remaining 2 months are certain to bring this year's total to well over 7,000,000.

Radio output, too, continues at high pace -- 1,413,563 sets during October, produced at this weekly rate: 353,171 first week, 352,651 second, 340,065 third, 367,676 fourth (record). This brings total 1950 radios to date to 11,481,823.

\$2,000,000 AD CAMPAIGN TO 'SELL' TV: Not a word about prices, shortages or color -- but affirmatively-worded newspaper and radio advertisements designed simply to "sell television," keep receivers moving to public, offset possibility of trade slump.

That's idea behind cooperative institutional campaign launched Friday by combined chiefs of advertising of leading TV manufacturing companies. Ads will be full-page or 1000-line insertions in 1100 newspapers in TV areas, starting Monday, Nov. 13; plus spots on 250 radio stations in TV areas, starting Nov. 6.

Budgeted for \$2,000,000 at outset, running for indefinite period (as long as needed), copy will feature noted educators and editors emphasizing educational value of TV, its importance in life of children, its influence on family group.

Prime mover behind campaign, which will not carry individual manufacturer credits but will simply be "sponsored by leading TV manufacturers and dealers," is reported to be Motorola's Paul Galvin, whose agency Ruthrauff & Ryan is handling account out of New York. All underwriters aren't yet disclosed, but they include top producers, representing considerably more than half industry's output -- namely, Admiral, Motorola, Philco, RCA.

TRENDS AT END-OF-FREEZE HEARING: Allocation hearing is moving faster than expected, with first phase (general issues) likely to end in couple weeks. As third week of hearing concluded, number of factors stand out:

(1) FCC is bound to come up with new allocation plan -- for uhf certainly, if not for vhf too. Commissioners and staff have made it clear, during hearing, that new data on interference alone -- oscillator radiation, image, intermodulation -- make reallocation necessary. Question, of course, is whether next allocation will be proposed or final and whether there will be another general issues hearing. Commission isn't committing itself.

(2) Recommendations are so varied that FCC can come forth with almost any proposal and find sizable support for it. But all witnesses are agreed on one thing -- flexibility. They fear FCC may regard its allocation as ironclad pattern. FCC counsel Harry Plotkin tried to calm fears by indicating that it hasn't been difficult to change FM allocation upon proper showing.

(3) Sadly missing are non-engineering witnesses. The telecaster, present and prospective, just isn't there. His engineers are, and they're being asked the

vital economic, social and political questions -- which frequently mean more to allocations than engineering.

For example, intermixture of vhf and uhf in same city is regarded as primarily an economic question, yet DuMont is about only outfit presenting clearcut non-engineering testimony on it. Charles E. Denny, manager of WERC, Erie, came prepared to offer opinion on intermixing, but Chairman Coy objected to receiving non-engineering testimony on subject. Denny was finally permitted to comment, but was so nonplussed by Coy and Plotkin that he never even read his prepared statement.

No network president has appeared. Presumably, management will be brought in during next phase of hearing -- specific cities. Everyone is wondering, however, whether FCC will have already laid down basic policy in a general issues decision, rendering subsequent testimony academic.

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(4) "Don't trust manufacturers" seems to be a recurrent Commission theme, when question arises whether receivers of various characteristics will be built. Chairman Coy and counsel Plotkin got in several digs, alluding to manufacturers' attitude on color and/or brackets, when talking about receivers of good adjacent-channel selectivity, oscillator suppression, image rejection, standard IF, etc.

When adjacent-channel question was dismissed by consultant A. Earl Cullum, who said: "There are technical ways to overcome the problem," Coy commented:

"I'm very glad to have you, as a consulting engineer, point out this opportunity for improvement in TV receivers, because I'm afraid that if the Commission did it we might not get it done."

Plotkin has hammered away on question whether FCC, if it has the authority, should set a standard IF. In essence, answer generally received was: "You make the allocation; supply and demand will take care of set quality."

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(5) Big stations vs. small, or more coverage vs. more competition -- any allocation's basic question -- has developed plenty of argument.

Pitch for big stations and rural coverage came from Cullum, representing number of stations and applicants. He asked for 100 kw, 1000 ft. for Channels 2-6; 300 kw, 1000 ft. for Channels 7-13.

In lieu of FCC's proposed allocation priorities (Supplement No. 64), he recommended that aim be 3 services for entire country. This could be approached with the 12 vhf channels, he said, conceding it would mean deleting stations from cities now having more than 3.

He cited WCON-TV, Atlanta, as practical example of 1000-ft tower. Such towers, he said, could be erected in all cities he had studied, even though CAA officials were horrified at first thought. These included: Buffalo, Detroit, Indianapolis, Kansas City, Dallas, Shreveport, Jackson, Miss.

Extreme opposite in allocations was presented by Prof. R. G. Kloeffler, of Kansas State College. He asked that 1-kw stations be permitted in some areas, since few additional people would be served by considerable increases in power, but he thought room for later hikes should be allowed.

Between extremes, rather startling analysis came from Bernard C. O'Brien, WHEC, Rochester. The 150-mile co-channel spacing of Commission's May 1948 proposal (Supplement 58), he asserted, actually fulfills first 4 of FCC's priorities far better than currently proposed allocation. He analyzed vhf only, but claimed FCC should use vhf in most efficient manner, regardless of uhf. Also, he hadn't compared Grade C (fringe) service of the two plans, although he thought Grade C would be pretty good with old plan.

Plea for exception to power minimum of 10 kw came from consultant Robert Kennedy, of Kear & Kennedy, who stated that cities such as Holyoke, Mass. could get vhf channel without violating FCC's proposal to any perceptible degree.

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(6) Vhf-uhf intermingling remains as tough a question as ever. This week's testimony leaned largely towards mixing. Some witnesses even recommended adding uhf

in New York City, saying: "If it can't get going there, it won't work out anywhere."

Note: Hearing resumes Wednesday, Nov. 8, at 2 p.m. in FCC Room 6121.

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Progress on uhf receivers, the other end of the uhf picture, seeps out of laboratories from time to time. In addition to those of Admiral and Zenith, strip tuner has reportedly been developed by big tuner maker Standard Coil. Another of the big boys is known to have new continuous tuner which company officials claim is "terrific" in matter of oscillator suppression, image rejection, etc. Only catch, they fear, is cost; it runs about \$75, as against the few dollars the turret tuner strips are supposed to cost.

Also, GE added useful "building block" for uhf sets this week when it announced a "miniature magnetron," first application of wartime radar tube to home receivers. It's claimed to be good for vhf and uhf, will cost about \$1, including magnet. Tube is now being turned out in experimental quantities at Owensboro, Ky. works. It was unveiled at RTMA-IRE session in Syracuse this week, got good reception from technicians.

A FORMULA FOR EXCESS PROFITS TAX? Likely to be bellwether, sure to be cited as the prime example of "growth industry" when House Ways & Means Committee begins excess profits tax hearings Nov. 15, is the TV manufacturing industry -- probably also telecasting (Vol. 6:43).

That was acknowledged by Congressional and Treasury Dept. experts who met with RTMA "defense profits" committee Nov. 1 in informal, pre-hearing consultation.

TV industry is opposed in principle, as are most other businesses, to excess profits tax, committee telling tax technicians that increased corporation tax would be preferable to the penalty an excess profits tax imposes on efficiency and on growth industries. However, if an excess profits tax must be accepted, RTMA recommended special formula to determine "normal" profits.

Base for TV industry, it was suggested, should be a "reconstructed" net earnings figure for 1950. This would be accomplished by finding ratio between earnings first 6 months of each year 1946-49 and total earnings for each of those years. This ratio factor would be multiplied by net earnings before Federal taxes for first 6 months of 1950 (pre-Korea profits) to give "reconstructed" 1950 net earnings.

[For example, assume hypothetical Company X earned \$200,000 in 1946, \$300,-000 in 1947, \$400,000 in 1948, \$600,000 in 1949 -- total \$1,500,000 for 4 years. Assume first 6 months earnings for those years were \$50,000 in 1946, \$100,000 in 1947, \$150,000 in 1948, \$200,000 in 1949 -- total \$500,000. Ratio between total earnings and first 6 months earnings would thus be 3.

[Assume Company X earned \$1,000,000 first 6 months of 1950. Multiply this sum by factor of 3, and "reconstructed" 1950 earnings for tax purposes would be \$3,000,000.]

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House has 11 excess profits tax bills pending -- 4 introduced by members of House Ways & Means Committee being identical, namely, H.R. 9611, 9613, 9614, 9615. These would require corporations to compute their profits by reference to invested capital or to average 1946-49 base period, whichever results in lower tax. Excess profits would be taxed at 95%, retroactive to July 1950. Bills contain no provisions for refunds, do not exempt capital gains. Estimated 6 billion dollars would be derived annually.

RTMA committee recommended profits be taken out of war contracts through initial negotiations or renegotiations. Reasons for recommending special formula for TV companies are: (a) None of other formulas adjust for TV, which has had its growth only from 1946 to date. (b) TV's largest increases have been in 1949 and 1950. (c) Any fair base for TV industry must take 1950 earnings into account.

RTMA's "defense tax" committee got sympathetic reactions from govt. tax technicians when Chairman Glen McDaniel (RCA), RTMA president Robert Sprague and other committeemen appeared. But it must place case before House committee, which

has not yet set hearing date. Also asking to be heard are TBA, NAB, Philco, United Electrical Workers, expelled leftwing former CIO union, and KING-TV, Seattle. Statements will be submitted by WHEN, Syracuse and KMTV, Omaha.

Besides Sprague and McDaniel, RTMA committee includes Max Balcom, Sylvania; J. E. Cain, Mallory; B. L. Graham, DuMont; Robert Hamilton, Hytron; Raymond Herzog, Emerson; Edward L. Hulse, GE; G. R. MacDonald, Motorola; W. Myron Owen, Aerovox; M. G. Paul, Philco; Earnest Searing, International Resistance; Robert C. Tait, Stromberg-Carlson. Named RTMA tax counsel is Charles Hedrick, of Pierson & Ball.

TEMPERS HOT AS COLOR SHOWDOWN NEARS: Climax to bitter color war seems in the making. It could come Nov. 14, after arguments before 3-judge court in Chicago (Vol. 6:43). Or Nov. 20, effective date of FCC's decision, when CBS is supposed to begin commercial telecasts -- unless stayed by court.

Or it may come Dec. 5, when RCA demonstrates improvements in its all-electronic system in Washington. Or after Congress reconvenes, when reactions to manufacturer-distributor-dealer outcries -- and FCC counter-campaign -- may take shape.

Or else the whole affair may resolve itself when reaction of public, in set purchases, makes it obvious that CBS or RCA, or neither, is winning.

Ironically, for both color camps, receiver production and sales continue unabated -- for time being, at least (see Trade Reports).

Most striking developments of week were:

(1) FCC Chairman Coy's white-heat letter to Hallicrafters' Wm. Halligan, berating him for his company's ad captioned "The Color Television Blunder" (reprints of letter and ad in Special Report herewith).

Coy's letter makes clearer than ever that he has no intention of leaving industry to battle issue out itself. Nor does anyone doubt that FCC will pressure telecasters when and if it deems expedient.

Coy is a tough customer, stubborn, a fighter who knows his political ropes well from his days as assistant to President Roosevelt and his various other govt. jobs. Letter emphasizes more than ever his belief in (1) imperativeness of color, that it's now or never; (2) workability of CBS system, and its acceptance by public; (3) need to battle all opposition from those who don't go along with FCC decisions.

Halligan is also a fighter, a West Pointer who came up the hard way to become one of industry's most respected producers, his brand name particularly well known on precision instruments for military and Govt. Hallicrafters is reputed to be 9th or 10th largest TV producer.

Reached in New York as he was about to embark on flying trip to Europe, Mr. Halligan told Herald Tribune "if it hadn't been for Senatorial pressure on Coy and others on the Commission we feel there wouldn't have been any color decision to criticize." He said the company "would make the same criticism again and again."

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Coy's "suggestion" that Hallicrafters make color sets, etc. has interesting answer. Company went on record, shortly after FCC decision, as promising color production. In fact, prior to Coy's letter, company had advertised in trade press: "From the world-famed short-wave laboratories of Hallicrafters comes this newest answer to the color TV question -- Hallicrafters Color-Vision. Not just a gadget-like attachment, but a complete color unit, expertly engineered and smartly styled..."

It's clear FCC and industry have a political fight on their hands -- with major manufacturers-distributors and most telecasters opposing FCC. Only CBS, a few smaller manufacturers and very few stations are ranged on FCC's side. Within Commission, the political fight is faced with dis-relish by some, especially since the industry has just as much Democratic as Republican support.

FCC's "open door" to compatible systems appears little more than a slit when Coy states in letter "it is pointless to wait any longer..." The pressure on RCA to really produce Dec. 5 is terrific.

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(2) More pressure on RCA came from Commission in form of letter "requesting" that RCA supply CBS with its tri-color tube, with instructions in its use, plus dem-

onstration of tube on RCA system for benefit of CBS engineers. CBS on Sept. 8 had asked Sarnoff direct for the tube, which would be useful in eliminating mechanical color wheel, but had been told to wait for further development.

RCA had not replied to FCC, up to late Friday, but it was regarded unlikely to acquiesce before its own Dec. 5 demonstration.

Noteworthy are names of commissioners who signed letter: Walker, Webster, Sterling. Language of letter is very polite: "The Commission was pleased to note the progress mentioned in [RCA progress report (Vol. 6:31)]..."

Letter then called attention to FCC's grant of continued experimental authorization to NBC's WNBW & WNBT (Vol. 6:42) and said: "The Commission expects that the fruits derived from such research and development will be made available to the entire industry...that your cooperation in this matter will be in the public interest..." Letter also reminded RCA that Gen. Sarnoff had promised samples of tube to the industry.

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Nov. 14 Chicago arguments will be before Judges Phillip L. Sullivan and Walter J. LaBuy, of Federal district court there, and Judge J. Earl Major, chief justice of Circuit Court of Appeals.

Replying to RCA complaint this week, Commission recites how it went about making color decision. This was to counter charges of being "arbitrary and capricious." It also said there's nothing wrong with participation of staff engineer Chapin (Vol. 6:42), and concludes that its decision "did not deprive plaintiffs of their property without due process of law" and that "there is no genuine issue as to any material fact."

CBS was granted intervention, said it was ready to telecast color and would suffer heavy losses if prevented -- claiming investment of \$4,000,000 in color.

Pilot asked to intervene, but court hasn't acted on request yet. Hallicrafters and Sightmaster have said they'd file, but had not at this writing.

Appeal direct to U.S. Supreme Court may be made immediately after court's decision, whichever way it goes.

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CBS plans to feed network color Nov. 20, with New York demonstrations week before -- undoubtedly accompanied by plenty of promotion. Avowed intention is to build up to 20 hours weekly by mid-December. In New York, there's possibility of off-the-line and microwaved color, in order to free demonstrations from broadcast time (on virtually sold-out WCBS-TV).

In talk before New York Radio Executives Club Nov. 2, CBS v.p. Adrian Murphy spoke of possible 6-6:30 show, but most, if not all, shows will be morning and after-hours at start. Initial network is expected to comprise New York (WCBS-TV), Philadelphia (WCAU-TV), Washington (WTOP-TV), perhaps Baltimore (WMAR-TV) -- nothing west of Philadelphia.

To argument that movies never went much for color, Murphy retorted that it was processing facilities and cost that limited color film. Natalie Kalmus, onetime Technicolor executive, affirmed that, saying "the demand was there." Now a small TV set producer, she's excited about color, talks about making a \$3.95 disc device "to be used on an individual basis," plans to conduct a "color TV school."

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Full-page ads have dropped down to smaller space -- or nothing -- but topic remains live in letters to the editor, columns, speeches, etc.

Lipton Tea told CBS to keep it out of controversy, after getting lambasted for Arthur Godfrey "wait 6 months" simulcast (Vol. 6:43). Commented columnist John Crosby: "This is the first time in my memory when an entertainer has advised people not to buy something. It is especially intriguing when you consider that the object Arthur is telling us not to buy is the one that earns his living.

"My own advice is to go ahead and buy a present set; you'll get your money's worth out of it during the life of the set. However, I recognize there is room for

argument...If you hear it on the air, take it with a grain of salt -- no matter which side of the question is being advanced."

"Variety" sees CBS jeopardizing some \$5,000,000 worth of time sales to TV manufacturers. It cites possibility of irate cancellations by GE (Fred Waring), Magnavox (dramatic series), Sylvania (Beat the Clock). But it says Westinghouse (Studio One) isn't so likely to pull out, since it has said it would make converters "if and when color reaches your market."

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Engineers are still worked up over what they believe is FCC's technical short-sightedness. Hazeltine's A. V. Loughren, before Oct. 31 IRE-RTMA meeting of 600 engineers in Syracuse, showed color slides demonstrating value of mixed highs.

Field-sequential system gives only 41% of monochrome resolution, he said, while same system with dot interlace gives 62%. But any "band shared" system, such as RCA's, he pointed out, gives full monochrome resolution, plus color.

"Any system which doesn't use mixed highs," he concluded, "is wasteful of spectrum space -- therefore not in the public interest." Audience gave him virtual ovation, reflecting breach between engineering fraternity and FCC (Vol. 6:43).

Dr. Allen DuMont uncorked typically blunt attack on FCC in session previous evening. He urged everyone write Congressmen, demand stand on color issue. He foresaw very slow growth of CBS system, and development of compatible system. He observed that public reaction to decision hasn't been severe to date. He also brought up angle worrying many manufacturers and set owners:

"One question of considerable importance to the present 8,000,000 set owners has just been determined by Underwriters Laboratories. [It] will withdraw its approval from any receiver which is adapted in the field for CBS black-and-white standards or which is converted for CBS color. Only factory adaptations or conversions which meet the most rigid standards will receive the UL label."

Meanwhile, GE announced it would continue work on its color system (Vol. 6:30, 34, 37), beginning "extensive laboratory tests" within 30 days, stating that "color TV has not yet arrived for the general public, and will not replace black-and-white broadcasting as a national service in the predictable future."

Network Accounts: Thanksgiving Day specials on CBS-TV (Thu., Nov. 23) include Coca-Cola's sponsorship of filmed Edgar Bergen show, 4:30-5, and Longines-Wittnauer Watch Co.'s *Thanksgiving Day Festival*, 5-6 . . . Christmas Day, Coca-Cola will also sponsor special Walt Disney film titled *One Hour in Wonderland*, on NBC-TV, 4-5, with appearances by Disney, Edgar Bergen, Charlie McCarthy, Bobby Driscoll . . . General Mills Nov. 9 starts *Betty Crocker Program* on CBS-TV, Thu. 3:30-4; Jan. 2 adds Tue. 3:30-4 . . . International Latex Corp. Nov. 3 replaced *Look Your Best* with Ilka Chase's *Fashion Magic* on CBS-TV, Mon. & Fri. 3:30-4 . . . S. C. Johnson & Son (Johnson's Wax) reported taking CBS-TV's *Starlight Theatre*, dramatic show, Thu. 8-8:30, alternating every other week with Carnation's *Burns & Allen* . . . Norge Division, Borg-Warner Corp. (refrigerators) reported ready to join Motorola after Jan. 1 in sponsoring *Four Star Revue* on NBC-TV, Wed. 8-9, with one getting major plugs each week on rotating basis; Motorola has had program alone since Oct. 4.

Station Accounts: Novel Thu. 1-1:30 p.m. show on Baltimore's WMAR-TV, with 6 participating sponsors, is *Block Party*. Studio giveaway show has 6 persons answering questions for gifts, in addition to which that person can name odd or even side of any city block, in which every household then gets free sample of product sponsoring that particular segment of show. There's also grand prize of refrigerator to home-owner who recognizes his "mystery house" flashed on screen and phones in its correct address . . . Ted & Jinx McCrary *Closeup* on WNBT, New York, Mon. thru Fri. 6:30-6:45, now

has these sponsors: Brooklyn Union Gas Co., Monsanto Chemical Co., Curtis Publishing Co., Bond Bread, Yardley . . . New participating show on WJZ-TV, New York, is *Poppy Cannon Presents What's New*, starting Nov. 6, Mon.-Tue.-Wed. 6:30-7; sponsors include Brown & Williamson (Viceroy), Frito New York Inc. (Fritos), Fred Fear & Co. (Burton's Frosting), John G. Paton Co. (Golden Blossom Honey), Seabrook Farms (frozen foods), Bonoil Packing Corp. (olive oil, etc.) . . . Rayco Mfg. Co. (auto seat covers) sponsoring *Eva Gabor Show* on WJZ-TV, Fri. 8-8:15, and on same station's *American Home Show*, Fri. 6:30-7, participants signed include Sapolin Paints Inc. and Awair Corp. of America (metal awnings), both thru R. T. O'Connell Co. . . . Among advertisers reported currently using or planning to use TV (all agencies New York unless otherwise specified): Minnesota Consolidated Canneries Inc. (Butter Kernel canned products), thru Campbell-Mithun Inc., Minneapolis; Chicago Western Corp. (Pinaflore chicken), thru Phil Gordon Agency, Chicago; Lady's Choice Foods (groceries), thru Walter McCreery Inc., Los Angeles; Doeskin Products Inc. (Doeskin tissues), thru Federal Adv. Agency; J. W. Landenberger & Co. (Footies, Randolph Knit hosiery), thru Richard E. Fredericks Adv.; Delaware Mushroom Co-operative Assn. (First State mushrooms, mushroom gravy), thru Weightman Inc., Philadelphia; Eversharp Inc. (Desk-Pac writing set), thru Biow Co.; In-Sink-Erator Mfg. (garbage disposal unit), thru Cummings, Brand & McPherson, Chicago; Gibson Refrigerator Co., thru W. W. Garrison, Chicago; Heet Div., DeMart & Dougherty Co. (anti-freeze), thru Ruthrauff & Ryan, Chicago; Zinsmaster Baking Co. (Master White Bread), thru Campbell-Mithun, Minneapolis.

TOO EARLY TO GAUGE TV TRADE FORCES: It should take week or more, possibly most of November, to discern TV-radio industry trends resulting from tightened credit controls, higher prices due to excise tax, confusion about color. Even then, the trade picture may remain clouded by materials restrictions and military requirements -- rendering difficult indeed any long-range planning for production and markets.

This week's movement of merchandise continued heavy everywhere, greatest stimulus to buying being the advertising campaigns preceding 10% factory excise that went into effect Nov. 1. Though big set makers say their inventories at distributor-dealer levels are down to matter of days -- one claimed only one day (!), another said 3½ days -- fact is that tax-free receivers are still being advertised and probably will be for some weeks, brand-name as well as non-brand.

Exhaustion of pre-Nov. 1 receivers should not be far off, however, in view of heavy selling reported from nearly every TV market. Fact is that, though all companies have posted new lists-including-tax or new tax-plus-warranty (see Topics & Trends, p. 8), the tax actually has not been imposed on any merchandise on hand before Nov. 1 or whose "possession or the right of possession" passed to purchaser before that date. And at retail level, it should add no more than 6% to old price.

Thus, most retailers are honoring back orders, and many stores this week were still advertising "tax free" receivers. Big Davega and Vim chains in New York, Macy's, Stern's and others there and elsewhere, pegged Nov. 1-2 ads offering top brands at "same low prices as before" because, it was stated, inventories were purchased "before the new 10% Federal excise tax took effect."

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Whereas tax stimulated buying, Regulation W's tighter requirements are cutting into biggest segment of purchasing power -- the installment buyer. There's also substantial group, influenced by color publicity, who have decided to wait.

Despite flush few weeks of selling, large bearish element in trade looks to trouble ahead -- "a terrible time in January and the early part of next year," as the head of one major company put it. He even foresees distress selling of receivers, if today's high pace of production (some 200,000 per week) continues.

In an open letter to President Truman, National Appliance & Radio Dealers Assn. deplores "prosperity depression" it foresees as result of FCC action on color, Federal Reserve Board's new credit controls, excise tax. Regulation W, it claims, could have been held up until curbs on critical materials had cut production and lessened inventory. Letter states:

"An excise tax very likely is necessary as a means of raising revenue for the defense program our nation must support. But add to this retailing handicap a credit regulation that came without warning and that failed properly to evaluate economic results -- and all of this clouded by the FCC decision -- and you can readily see in one industry alone that hundreds of millions of dollars invested in television by retailers is drastically jeopardized.

"With little recourse other than to 'unload' at a loss (most dealers cannot afford to hold an inventory of such proportions beyond a given time) we can very likely witness thousands of dealers either leaving the business or being forced out because of losses instrumented and fostered by governmental action."

Smouldering resentment over Washington actions is somewhat more pointedly and bitterly expressed by executive of big manufacturing concern, who remarked: "They slap us in the face, kick us in the shins, punch us in the stomach -- yet we're still doing business. And yet," he added, philosophically, "maybe all these ordeals are good for us if we're going to have to face up to the first wartime economy in peacetime in our history."

Topics & Trends of TV Trade: Though the trade isn't talking much about it, fact is that new list prices of TV sets posted by some companies not only embrace factory excise tax of 10% imposed as of Nov. 1 (which should amount to around 6% at retail level) but were used as vehicle for another round of normal price increases. Tax is being passed on to consumer, all right, but prices have gone up more than tax in many cases.

Canvass of trade reports indicate following have adopted policy of including tax in new lists: Admiral, Air King, Andrea, Bendix, Capehart-Farnsworth, Crosley, Du-Mont, Freed, Fada, GE, Hallicrafters, Hoffman, Meck, Motorola, Packard-Bell, RCA, Scott, Sparton, Stromberg-Carlson, Zenith.

Including tax in new warranty-plus-tax are Arvin, Kaye-Halbert, Majestic, National, Olympic, Philco, Sentinel, Sylvania, Tele King, Tele-tone.

Magnavox and Stewart-Warner are only ones reported retaining former lists and warranties, simply adding tax as separate charge. And Emerson is leaving to distributor to decide whether to change list or lump tax with warranty.

Hallicrafters now warrants tubes and parts for whole year, Meck for 6 months.

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New Admiral list prices, including excise tax, are as follows—increases from last price hikes (Vol. 6:34) being shown in parentheses:

14-in. rectangualrs: Model 14R12, plastic mahogany table, \$199.95 (\$10); 24R12, same, console, \$219.95 (\$20); 34R15, wood walnut console, AM-phono, \$349.95 (\$20); 34R16, same, mahogany, \$369.95 (\$20).

16-in. rectangualrs: 16R12, plastic mahogany table, \$249.95 (\$20); 26R12, same, console, \$269.95 (\$20); 36R45, wood walnut console, AM-FM-phono, \$449.95 (\$50); 36R46, same, mahogany, \$469.95 (\$50); 36R37, same, blonde, \$499.95 (\$35).

16-in. rounds: 26X55, walnut console, \$329.95 (\$30); 26X56, same, mahogany, \$339.95 (\$20); 26X57, same, blonde, \$349.95 (\$30); 26X65, walnut console, doors, \$359.95 (\$30); 26X66, same, mahogany, \$379.95 (\$30); 26X67, same, blonde, \$399.95 (\$30); 26X75, Traditional walnut console, \$379.95 (\$30); 26X76, same, mahogany, \$399.95 (\$30).

19-in. rounds: 29X25, walnut console, \$475 (\$45); 29X26, same, mahogany, \$495 (\$45); 29X17, same, blonde, \$525 (\$50); 39X35, walnut console, AM-phono, \$599.50 (\$50); 39X36, same, mahogany, \$619.50 (\$50); 39X25, walnut console, AM-FM-phono, \$695 (\$50); 39X26, same, mahogany, \$725 (\$60); 39X17, same, blonde, \$795 (\$70).

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New list prices for Motorola sets, with excise included—increases from last prices (Vol. 6:35) in parentheses:

14-in. rectangualrs: Model 14T3, walnut plastic table, \$209.95 (\$20); 14K1, mahogany console, \$279.95 (\$20); 14K1B, same, blonde, \$299.95 (\$30).

17-in. rectangualrs: 17T3, walnut plastic table, \$239.95 (\$30); 17T1, mahogany wood table, \$289.95 (\$30); 17T1B, same, blonde, \$299.95 (\$30); 17T2, mahogany table, different cabinet, \$289.95 (\$30); 17T2B, same, blonde, \$299.95 (\$30); 17K4, mahogany console, \$299.95 (\$30); 17K1, same, different cabinet, \$319.95 (\$30); 17K1B, same, blonde, \$329.95 (\$30); 17K2, mahogany console, half-doors, \$359.95 (\$30); 17K2B, same, blonde, \$374.95 (\$35); 17K3, mahogany console, doors, \$389.95 (\$30); 17K3B, same, blonde, \$419.95 (\$40); 17F5, mahogany console, AM-FM-phono, \$479.95 (\$50); 17F5B, same, blonde, \$499.95 (\$50); 17F1, same, different cabinet, \$499.95 (\$50); 17F1B, same, blonde, \$519.95 (\$50); 17F2, walnut console, Provincial, AM-FM-phono, \$529.95 (\$50); 17F3B, same, modern blonde, \$549.95 (\$50); 17F4, same, period mahogany, \$549.95 (\$50).

19-in. rounds: 19K2, mahogany console, \$399.95 (\$30); 19K2B, same, blonde, \$429.95 (\$40); 19K3, mahogany pe-

riod console, half-doors, \$469.95 (\$40); 19K4, same, traditional, full doors, \$499.95 (\$50); 19K4B, same, blonde, \$519.95 (\$50).

20-in. rectangualrs: 20F1, mahogany console, AM-FM-phono, \$675 (\$50); 20F1B, same, blonde, \$725 (\$75).

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RCA's new list prices, including excise tax, with increases from last boost (Vol. 6:34) shown in parentheses:

12½-in. sets: 2T51 Shelby, maroon plastic table, \$189.95 (\$10); 2T60 Cumberland, walnut or mahogany wood console, \$219.95 (\$10); in blonde, \$229.95 (\$10); 2T81 Somervell, same, AM-phono, \$349.50 (\$20); in blonde, \$359.50 (\$20).

16-in. rounds: 6T53 Newport, maroon metal table, \$239.95 (\$20); 6T54 Kent, same, mahogany table stand, \$269.95 (\$20); 6T64 Kingsbury, console, walnut or mahogany, \$299.95 (\$20); in blonde, \$309.50 (\$20); 6T65 Highland, same, different cabinet, \$319.50 (\$20); in blonde, \$339.50 (\$20); 6T71 Fairfield, same, half-doors, \$349.50 (\$20); in blonde, \$369.50 (\$20); 6T74 Regency, same, full doors, \$379.50 (\$20); 6T75 Modern, same, swivel-mounted, walnut, mahogany or blonde, \$389.50 (\$20); 6T76 Provincial, same, walnut, mahogany or maple, \$419.50 (\$30); 6T84 Fairfax, same, AM-phono, walnut or mahogany, doors, \$489.50 (\$30); in blonde, \$509.50 (\$30); 6T86 Rutland, same, AM-FM-phono, 18th Century, \$550 (\$25); 6T87 Hartford, same, Regency, \$595 (\$20); blonde, \$615 (\$20).

19-in. rounds: 9T57 York, walnut or mahogany table, drop panel for controls, \$369.50 (\$20); in blonde, \$379.50 (\$20); 9T77 Hillsdale, walnut or mahogany console, half-doors, \$450 (\$25); in blonde, \$470 (\$20); 9T79 Northampton, same, Regency, full doors, \$475 (\$25); 9T89 Sedgewick, same, AM-FM-phono, \$795 (\$45).

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Of the "Big Four" producers, it will be noted only Philco adds tax to warranty, keeps list prices unchanged. Illustrative of this method are following basic Philco prices (old warranty in parentheses):

Model 1207, 12½-in. plastic mahogany table, \$169.95 plus \$16.50 for tax and warranty (formerly \$5.06); 1443B, 14-in. rectangular mahogany table, \$219.95 plus \$18.04 (\$5.35); 1601, 16-in. metal mahogany table, \$229.95 plus \$21.32 (\$7.53); 1836W, 17-in. rect. walnut console, \$359.95 plus \$27.84 (\$7.86); 2134, 20-in. rect. mahogany console, \$429.95 plus \$34.60 (\$10.05); 2176, 20-in. rect. period mahogany console, AM-FM-phono, remote control, \$750 plus \$52.30 (\$15.13).

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Big and rectangular—that's uninterrupted picture tube trend, as emphasized by RTMA September figures on sales. Breakdown of month's 764,913 sales to manufacturers: 362,142 (47%) were 16 & 17-in. rect.; 221,983 (29%) were 16-in. round; 73,584 (9.6%) were 19-in. or larger rounds; 58,561 (7.6%) were 14-in. rect.; 40,759 (5%) were 12½-in. round. There were also 6031 rect. 18-in. or more, 1120 of 10-in., 722 under 10-in., 12 projections. Value of all CR tubes shipped, including non-receiver types, was \$21,989-548. September sales compare with August's 767,051, July's 341,940, June's 566,942.

Add gadget sellers riding color publicity: Ad in color in *Billboard* proclaims "Color-Vision Television Is Here for All!!!" Device offered turns out to be 4-ply plastic sheet which "brings a flesh-color tint to your pictures" when placed over screen. Prices range from \$15 to \$27.50. Incidentally, term "Color-Vision" is being claimed by number of people, could wind up in trade-mark battle.

RTMA board and committees meet Nov. 14-16 in New York's Waldorf-Astoria to discuss color, uhf, excess profits tax, military procurement and NPA regulations, code of advertising and selling ethics.

MARTIN CODEL'S

AUTHORITATIVE NEWS SERVICE
OF THE
VISUAL BROADCASTING
ARTS AND INDUSTRY

NAB 1950

Television-Digest

WITH AM FM REPORTS

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In This Issue:

Disturbing Status of Defense Orders, page 1
Shortages Forcing Some Cutbacks, page 2
Shortages and More Shortages, page 3
Stalin, Mao & Co. Deciding Color, page 4

Telecasting Losses Big, Outlook Good, page 6
Educational TV—"Hell Hath No Fury", page 7
Winter Market Prospects Cloudy, page 10
Financial & Trade Reports, pages 9-11

DISTURBING STATUS OF DEFENSE ORDERS: Where are the military contracts?

That's the question troubling bulk of electronics industry today, as it faces curtailed civilian production next year (see pages 2-4).

What's causing concern is that many leading TV-radio manufacturers have little or no govt. work on hand, have been promised none soon, can't seem to get any when they do go after a contract.

Yet, handwriting is on the wall as far as next year's civilian production is concerned, and industry feels it's going to lose manpower, take a financial beating unless some way out is found. Many small and not too well-heeled manufacturers see themselves being forced to wall.

Situation is no one's fault. It's product of our still limited war effort, wherein we're siphoning off raw materials for accelerated mobilization, yet aren't in all-out effort that would employ every ounce of the industry's enormous (and war-proved) productive capacity. Situation isn't easy one to solve, either.

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Thus far, military electronics-communications contracts amount to about \$1 billion (half pre-Korea, half post-Korea; see Vol. 6:45). In present military budget, there's still about \$1 billion to come before June 1951. And, when Congress passes extra \$18 billion for military and atomic energy, requested by President Truman Dec. 1, \$1.8 billion should be for electronics-communications (10% of total).

[Defense Dept. estimate of \$368,000,000 obligated since July 1 for electronics-communications (Vol. 6:47) is too low, according to informed sources. Estimate didn't take into account contracts let to aircraft makers, ship builders, special weapons procurement -- all of which use goodly amount of electronics gear.]

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Where have these military contracts gone? They've gone to:

(1) Big electronics-communications companies, with large research staffs, who are considered "hard core of military procurement." "Veterans" of World War II, these companies have always worked with the military, had development contracts, know what the military services want, have huge productive capacity individually.

They're such manufacturers as RCA, GE, Westinghouse, Western Electric, Philco, Sperry, Raytheon, Collins, Bendix, Stewart-Warner, Federal, Sylvania.

(2) Smaller manufacturers, virtually unknown in civilian TV-radio production, who have been taking development and small production orders for years. They number 100 or more, work on narrow profit margins. Mostly plants employing 10-50 persons, their capacity is substantial in aggregate.

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Why have they gotten contracts? First, they went after them, even before Korea. Second, military services know them, their personnel, their capacities. Third, these companies know the equipment, having had a hand in developing it.

Many of the contracts have been negotiated by the services -- rather than let on open bid -- because of early delivery dates, security, etc. Even on bid contracts, smaller manufacturers have edge on big TV-radio producers because they're willing to take extremely small profit.

A developing trend, which to some in industry looms serious, is practice of some major end-product manufacturers -- e.g., aircraft, tanks, ships -- also to make electronics equipment that goes into the completed units.

Thus, large number of top TV-radio manufacturers are being left out in the cold. They appreciate that cutbacks in civilian production are necessary, but they understood they'd get military contracts when the pinch began to be felt.

They're worried because that's not way things are working out -- though they have capacity, production skills, manpower.

On the other hand, most of them weren't interested in govt. contracts year or more ago -- they were just too preoccupied with civilian demand for their profitable products, particularly TV (since 1948). Govt. work was less profitable.

Who are they? Some of biggest. Except for those aforementioned, none has any (or substantial) defense contracts.

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What can be done? All manufacturers have M-Day assignments, of course. But, we're not now on all-out war footing.

Someone could dictate to military services where and to whom contracts must be let. It could be Munitions Board. It could be NPA. Aim would be over-all good of war-vital electronics-communications industry, as well as good of economy of country as whole. Strong hints have been made to procurement offices of the 3 services -- but thus far to no avail.

There's much thinking at Pentagon Bldg. and at NPA about problem right now. Perhaps in week or so, solution will be found. Until and unless it's met and resolved, radio-TV manufacturers will be in for a rough time.

I—SHORTAGES FORCING SOME CUTBACKS: Shortages are making sizable dents in TV-radio output, with capacity production now the exception rather than the rule.

Of the industry's Big Three, only Philco said this week it was still producing full-scale. RCA's production has been cut undisclosed amount. Admiral's is down 10% -- but president Ross Siragusa forecasts good output rate during first-quarter 1951 after certain "substitution problems" have been worked out.

Neither Admiral nor Philco will quite achieve 1,000,000 TVs they had forecast for year, nor will RCA ("we are not being outproduced by anyone") account for that many in year's expected total of close to 7,000,000 TVs.

[At end of third November week, RTMA had these projected figures: first week 218,378, second 184,133, third 201,364 -- bringing year's grand total, up to Nov. 18, to 6,381,885. Radio output, same weeks, was 365,751, 371,101 & 311,330, respectively -- for grand total of 12,530,005. There are about 5 remaining "productive" weeks to be reported.]

Others admitting cutbacks include: Andrea, 40%; Emerson, 20%; Olympic, 20%. Unconfirmed reports of other stoppages, delays and curtailments due to shortages are widespread, but the manufacturers aren't giving them any publicity. Actually, among some of the bigger producers, there seems to be a pervasive optimism that isn't borne out by the facts and forecasts of the war situation.

Most manufacturers are revising earlier estimates, some agreeing with Andrea president Frank A. D. Andrea, who told Dun & Bradstreet dinner in New York that 1951 production would be about 50% less, with maximum output possibility of 4,000,000 TVs. Emerson's Ben Abrams, somewhat more sanguine, said: "Even optimistic guesses place 1951 production at no more than 6,000,000 TV receivers."

Radio production probably will be sacrificed as manufacturers concentrate on more profitable TV -- although TV uses more scarce parts than radio. Wall Street Journal reports Olympic has cut production of radios from 10,000 to less than 4000 per month, Air King thinking about discontinuing radio manufacture entirely.

II—SHORTAGES AND MORE SHORTAGES: There's no pattern to shortage picture -- yet.

In crazy-quilt fashion, the "No. 1 critically-short item" varies from plant to plant, even from day to day.

Large TV-radio manufacturers, who piled up inventories of some components in advance of crisis, now find bottlenecks in items they didn't stockpile heavily.

One company may have big supply of resistors, but not enough tubes. Another as big may have adequate supply of tubes, but be forced by resistor scarcity to slash production.

With smaller companies, shortages are even more acute.

"What's short? Everything's short!" is most frequent response when we question manufacturers. A few examples given in replies this week:

Components -- receiving tubes, resistors, capacitors, speakers, transformers, coils of all descriptions.

Parts -- picture-tube face plates and electron guns, magnets, wire.

Raw materials -- cobalt, nickel, copper, aluminum, steel, etc.

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Relatively favorable to TV industry, this week's new govt. directives on aluminum, cobalt, copper may help keep assembly lines humming through December -- though turn of events in Korea casts further clouds on civilian production outlook.

But mad scramble for parts, components and raw materials continues, with grey market prices soaring. Copper, listed at $24\frac{1}{2}\%$ lb. at mill, is selling as high as $52\frac{1}{2}\%$, 48-cent scrap nickel for \$3. Wall Street Journal quotes Air King president D. H. Cogan as saying he's paying up to 18¢ lb. for steel that lists at $6\frac{1}{2}\%$.

"We've paid \$60 to \$70 a thousand for resistors that normally sell for \$11 or \$12 a thousand," Olympic president A. A. Juviler told Journal's Joseph Guilfoyle, "but we're happy to get them at any price. The alternative was shutting down completely," he said. "We've even paid \$3 for a 55-cent receiving tube."

Indicative of middle-sized manufacturer's predicament is this quote from Tele King president Harvey L. Pokrass:

"There isn't anything that isn't tight...even got to fight for screws and bolts. We've put materials into 2 classifications: Critical and super-critical."

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Into this picture steps National Production Authority with 4 new orders -- showing signs Govt. is aware that first 6 months of 1950 is poor period on which to base materials allocations for entire year.

Copper limitation (NPA Order M-12) restricts production and use of non-defense copper products in January-February to maximum of 85% of first-half 1950 rate. For March, limit will be 80%. Order generally got wry reaction from TV-radio makers and suppliers, who would give right arm to get hold of the 85%. That amount would actually be less than 65% of what they used in October.

Order differs from earlier aluminum allocation (NPA Order M-7, Vol. 6:46) in that it permits December 1950 deliveries at same rate as October-November average, instead of using first-6-months base period. This will benefit the few larger component and set makers whose ration hasn't already been slashed by suppliers.

To add to industry's woes, Govt. may soon tell producers just what they can make out of the copper they get. NPA Administrator Harrison Nov. 29 emphasized importance of saving copper "for those functional uses where substitute materials cannot be employed." He warned that "a variety of uses may have to be limited and studies looking to an order to achieve this necessary conservation are under way."

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Aluminum limitation was liberalized Dec. 2 (NPA Order M-7, as amended), to permit non-defense consumption in January at 85% of first-half 1950 base period rate, 80% in February. For March and subsequent months, previously announced 65% allocation still stands.

TV industry should be aided by another new aluminum provision permitting bigger December supply for industries which normally have seasonal upswing, or

increased plant capacities since base period, or were shut down in first half 1950.

NPA's nickel order (M-14) hits hard at civilian electronics. Issued Dec. 2, it limits use of nickel (used in magnets and in CR, receiving, transmitting tubes) in first quarter 1951 to 65% of average use during first 6 months of this year. Unlike copper order, nickel cut applies only to primary metal, not finished product.

Bear in mind that NPA orders don't guarantee industry will receive given percentage of amount of critical material formerly used. They merely set maximum amount industry is to be permitted. Aim is to help provide equitable distribution of available civilian supply.

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Cobalt, No. 1 bottleneck for 1951, will be available in bigger quantities this month than last. NPA Order M-10 to African Metals Corp., sole importer of the vital magnet metal, increases December non-defense deliveries to 50% of average use in first-half 1950, compared with 30% in November (Vol. 6:46-47).

But things are certain to be tougher next year, since same order cuts December delivery of "DO" defense priority orders by 40%. Obviously this can't continue in 1951, and there is little likelihood of immediate increase in cobalt imports. Cobalt inventories are limited by Govt. to 20-day supply. Stricter long-term directive is expected this month.

Not waiting for final official word on cobalt, set and component folk are making progress in conservation and substitution. Speaker manufacturers -- though some say they may have to shut down next month -- are already turning out units with smaller alnico magnets, which give poorer performance but make possible production of 25-50% more speakers from same amount of magnet metal. End result: Consumer will have to turn volume control higher.

While speaker magnets can be whittled down, picture tube focus magnets and ion traps can't be made smaller or weaker. Alternative to cobalt-rich alnico is copper-wound electromagnet.

Admiral is already turning out some sets with electromagnetic deflection. Philco's Wm. Balderston says it's possible to redesign power supplies in present sets with 40-50% saving of copper, in same manner Philco has done on 12½-inch sets.

As long as any cobalt is available, alnico will probably be most prevalent speaker magnet, but most TV circuits will be redesigned to accommodate electromagnetic focusing and deflection.

Speaker and focus unit makers say they'll switch to electromagnets -- if customers will furnish copper wire. Copper producers, however, have been quoted as saying 20 or 30 prospective buyers clamor for every available ton. They're doling out orders to regular customers only under their own stringent allocation system.

* * * *

Component-seeking jaunts to Europe by manufacturers have become commonplace. Hallicrafters president Wm. Halligan reportedly secured some speaker magnets and resistors abroad. "But what interested me most," Halligan said, "is the way manufacturers there have succeeded in developing substitutes for scarce materials."

"In Germany, for example, a tube maker is successfully using an aluminum-clad iron element in tubes instead of scarce nickel used by manufacturers here. I'm sending my engineers over there on the double to study their methods."

STALIN, MAO & Co. DECIDING COLOR: If color hash hadn't been settled months ago by events in Korea -- as many of us have believed -- there's scarcely any doubt of it after what happened there this week.

Nevertheless, there are at least 3 color fronts to watch for clues to the future -- whenever that may be:

(1) RCA again demonstrates its system, starting Dec. 5. This is real crux of color situation, because --

If RCA can back up its progress reports (Vol. 6:32) with performance, FCC's decision will appear ridiculous to anyone with a pair of eyes.

But if system has basic faults Commission says it has, on other hand, they should be apparent and should stand as graphic vindication of FCC's position.

Frankly, we don't know what pictures will look like, as they appear on faces of 600,000-dot tri-color tubes in much-simplified receivers. But we do know this:

If RCA merely shows what it demonstrated at Princeton & Washington in August (Vol. 6:32) -- demonstrations FCC ignored because "record was closed" and RCA thought it unwise to ask for reopening of hearing -- it will create a tremendous impression.

Besides having basic virtue of compatibility, RCA system had already been cleared of number of problems which FCC had written off as virtually insoluble. And, quite aside from fact that best engineering opinion is that system is "on the right track," we hear there are additional refinements.

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Demonstrations will start 10:30 a.m. in Washington's Trans-Lux Bldg. Press is first, will watch WNBW transmissions. Showings for RCA licensees begin that afternoon, but these will be closed-circuit pictures, since experimental license doesn't permit colorcasts during regular programming hours (Vol. 6:42).

About 800 licensee representatives are expected and demonstrations are due to run 1-2 weeks. Broadcasters, consulting engineers and attorneys are scheduled Dec. 13. No invitations are being sent Congress or Commission for fear of prejudicing court case. RCA says FCC will be invited when litigation is over. Actually, it's hard to see how any VIP can be excluded from having look on his own initiative.

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(2) Chicago 3-judge court (Vol. 6:46) is now in position to mull decision, since all briefs are in, including RCA's filed this week. Big question, of course, is when court will decide -- and there's nothing to go on in guessing that.

RCA's 45-page reply brief (answering those of FCC-CBS-Govt. of last week), plus 25 pages of annexes, states that:

(a) FCC refused "to keep itself adequately informed" when it ignored RCA progress report, Condon Committee, Hazeltine developments, etc.

(b) FCC failed to give any weight to expert testimony regarding RCA color fidelity, CBS and RCA present and future complexity, capabilities of tri-color tube, networking of RCA system, susceptibility to interference, CBS shortcomings, etc.

(c) CBS, not RCA, is "unready," since it never conquered incompatibility. And it's willing to make public suffer costs of incompatibility, rather than undertake to solve problem in laboratory at own expense.

(d) FCC has no right to deny RCA system, since it doesn't interfere with black-and-white reception.

(e) CBS and FCC fear free public choice (dual color standards) or else they wouldn't demand haste and impose exclusive CBS standards.

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(3) CBS continues to reap harvest of favorable publicity and public reaction to demonstrations. Biggest bonanza yet was Dec. 4 Time Magazine "cover story" treatment of CBS color and president Frank Stanton.

Accompanied by striking cover painting by Artzybasheff, careful article is quite favorable to CBS color but avoids going too far out on limb by saying:

"CBS might eventually lose out in the changing fortunes of battle, but color of some sort is certainly on its way."

Stanton is "iffy" about future, says Time: "If courts do not rule against CBS; if Congressional probes do not hold up the FCC decision; if U.S. rearmament does not absorb electronics industry; if there are no serious shortages of essential materials -- waving away all these ifs, Stanton believes color will be transmitted from all U.S. TV stations by the end of 1952." Thus, Time adds significantly:

"Even if things move as fast as possible, the buyer of a new black-and-white TV set today will get at least two, probably more, years of use from his set."

Magazine has startling news that: "Last month [Stanton] had the heady experience of turning down a job, for which he could 'name his own price,' offered him by rival RCA."

Printers' Ink Magazine advised advertisers, in Nov. 24 editorial, "to start planning for color TV right now. From what we've seen, packages that stand out well

on store shelves are fine for color. Others will have to be modified for best color results..." Editorial states CBS demonstrations "prove that the public will gladly accept color that is short of perfect...If no major war occurs, color TV is going to come mighty fast around that corner it is just around."

Good sample of CBS's promotional skill was recent telecast of Cartier jewels, including \$165,000 pearl necklace, 19-karat diamond ring worth \$78,000, etc.

* * * *

Meanwhile, industry isn't standing still. Hazeltine reports it has improved compatibility aspect of dot-sequential system to point where there is virtually no dot structure in reception on existing sets.

NTSC continues exchange of information on new techniques and inventions, with members showing enthusiasm over progress in compatible systems. Their attitude seems to be: "Regardless what FCC, courts or anyone else says, field-sequential system just isn't good enough. Maybe RCA has right idea, maybe not. At any rate, we're convinced a color system can be both good and compatible -- and we're going to find it." Philco, for example, announced 5-year license agreement with Hazeltine, saying "closer association of the two companies...should accelerate the development of a complete all-electronic color system."

LOSSES BIG, VOLUME UP, OUTLOOK GOOD: Telecasting stations that aren't at least earning their operating expenses are today the exceptions rather than rule. In fact, most of the 107 outlets are now in the black, writing off depreciation and amortizing old losses -- though a few are still only beginning to crawl out of the red.

But not so long ago telecasting was really a deficit business, taxing the pocketbooks of the hardiest venture capitalists. For example:

Four TV networks and 98 stations took in \$34,329,956 and showed operating losses of \$25,261,950 in 1949, FCC discloses in its annual report on broadcast finances. Same 4 networks and 50 then-operating stations grossed \$8,700,000, lost \$14,900,000 in 1948. Those were really the first years of telecasting's emergence as a commercial entity.

The networks and the 13 stations they own accounted for \$18,894,040 of the 1949 revenues, \$11,741,855 of losses. The other 85 stations took in \$15,435,916, lost \$13,520,095.

Original investment in tangible TV property in 1949 was \$55,875,583, depreciated cost \$44,941,469, according to FCC compilation.

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What's the 1950 picture? We'll have to wait until about this time next year for FCC's official figures -- but trends are discernible. The TV networks alone (excluding non-reporting DuMont) accounted for gross revenues of \$27,262,238 during first 10 months of 1950 [see PIB table, p. 12], vs. \$8,320,608 for same 1949 period.

Thus, it's apparent 3 networks alone will enjoy more revenues this year than entire telecasting industry did last year (\$34,329,956), for network time sales are now running well over \$6,000,000 per month. There are no figures for stations available, but a reasonable guess is that the independent stations will realize as much or more from local and spot sales as the networks take in from national advertisers.

Accordingly, assuming \$40,000,000 as the networks' gross for 1950, it's a fair deduction that the networks plus the 107 operating stations will take in fully \$80,000,000 this year -- somewhat more than we predicted last spring (Vol. 6:21). Because most stations crept into the black only in recent months, while networks continue to operate at heavy deficits, it's foregone certainty that 1950 will also be a deficit year for industry as a whole -- but probably far less so than 1949.

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By contrast with the infant telecasting, radio broadcasters (AM) enjoyed comfortable gross revenues of \$413,784,633 in 1949, profit of \$56,262,915, the FCC report shows. Gross is somewhat higher than 1948's \$406,995,414, net considerably down from 1948's \$64,091,684. (Some of decline in net is attributable to costs of operating unprofitable sister TV stations.)

Seven AM networks and their 27 stations grossed \$108,079,704 of the 1949

total, netted \$17,473,756. The 1994 other stations accounted for \$305,704,929 income, and \$38,789,159 profit. FCC report has 684 AM stations showing losses in 1949, of which 584 were postwar licensees in existence 3 years or less. There is no separate report on FM.

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Fact that only 4 TV networks and 107 stations this year will do about 20% as much business as 30-year-old radio broadcasting industry is significant. Actually, whole telecasting industry employs only 8500 persons, reports NAB in current survey. And TV signals are within range of 91,310,436 or 61.2% of U.S. population of 150,-697,361, according to NBC Research. [See stories, p. 12.]

EDUCATIONAL TV—'HELL HATH NO FURY': Educators' demands for TV channels, actual and potential, loomed so great and so nebulous that FCC spent good deal of this week's end-of-freeze hearings trying to pin witnesses down to reality. Their quest, reminiscent of past AM and FM campaigns, was sparked by Comr. Frieda Hennock -- and she spent her very vocal energies in asserting the educators have had neither time nor information to work with and FCC has been derelict in providing them with neither.

That about sizes up curious new turn that FCC's long-drawn-out series of hearings has now taken. They resume on same subject Dec. 5. Educators are asking:

(a) One vhf channel in each metropolitan center and in each major educational center.

(b) 20% of forthcoming uhf channels.

(c) Shared time on commercial stations where all vhf are occupied.

If any specific philosophy was evolved by educators during hearing, it's probably this:

(1) Educational stations should be controlled by cooperative groups in each area -- a sort of "educational TV authority."

(2) FCC should fix percentage of time commercial stations must give educators, where latter don't have own channels.

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Commercial operators -- TBA, NAB, networks, stations -- have stayed strictly out of hearing. But they're beginning to wonder whether they may lose an awful lot by default. They don't know whether they're being wise or not. Said one FCC lawyer: "For once they're being smart. They're better off if they keep quiet."

Bitter intra-FCC feud, particularly between Comr. Hennock and counsel Harry Plotkin, flared out into open when she accused him, in almost as many words, of pro-commercial machinations, of giving educators the go-by -- certainly the most startling charge ever leveled at Plotkin, of all people.

But Miss Hennock insisted, in hearing and out, that he's planning on giving educators nothing but crumbs, that he's withheld staff assistance in tailoring an allocation that would include educators, that he's been out to "get" her.

Rest of commissioners stuck up for Plotkin -- for his right to ask any questions he wanted, at any rate. Acting chairman Hyde found it difficult to cope with Miss Hennock, who got mighty shrill at times and admitted she "flew off the handle."

Her dissent in color decision undoubtedly has much to do with current feud.

And politics reared its head, too, when Ohio's Sen. John Bricker introduced resolution (S.J.Res. 208) directing FCC to study educational TV allocations. Miss Hennock also promises "a few little surprises," presumably in political field.

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Main pitches of educators are these:

(1) Radio spectrum is public domain, and educators can't compete with commercial interests on equal basis in fight for channels.

(2) Precedent of Govt., in setting aside land for schools and parks, must be followed in radio-TV or else educators will be frozen out permanently. Even if channels remain vacant for generations, they should remain available.

Criticisms of educators, by commissioners:

(1) They haven't applied vigorously for AM-FM-TV channels, even when they've

been available. Further, there's nothing to stop them from applying for commercial stations' facilities at renewal. Chairman Coy openly recommended WNYC witness do so in New York in next couple months. City-owned WNYC appeared as an "educational station" -- though Coy questioned its status as such.

(2) They don't take real advantage of offers of time by commercial stations.

Particularly puzzling to commissioners were questions of how to decide which schools would get channels (public vs. private, grade schools vs. universities, etc.) and how time could be shared with commercial stations.

Educators' counsel, Telford Taylor and Seymour Krieger, promised to produce witnesses with more specific ideas.

* * * *

Some really crackpot proposals were advanced. WNYC's manager Seymour Siegel gave his concept of time-sharing: Make one New York station vacate channel, give it to educators, then require each of other 6 stations to give certain percentage of time to the dispossessed commercial operator.

There were 22 witnesses, with many more to come. Many are unquestionably distinguished educators, uneasy in an unfamiliar field. Experienced witness was Harold B. McCarty, who has 21 years under his belt as State of Wisconsin's educational radio chief. He told of struggle with commercial interests, of unnamed network representative who went to state's governor and told him he was ready to spend \$1,000,000 to defeat WHA's application for an AM clear channel.

He insisted educators' record in radio is good. Drop of number of stations from 160-170 generation ago to 30-40 today is misleading, he said, reading off names of some early licensees: Atlantic Automobile School, Red Oaks, Ia.; Atwood (Ill.) Township High School; Billings (Mont.) Polytechnic Institute; Glad Tidings Temple and Bible Institute of San Francisco, etc.

Even NBC's first president M. H. (Deac) Aylesworth appeared and asked for channel reservation, suggested wealthy men might endow schools with TV stations. For present, in New York, he recommended that TV station heads and school leaders form committees, provide for specific educational time on commercial stations.

End of general issues hearing is expected week after next. After that, regardless of what FCC does next, whether or not it comes out soon with expected new allocation plan, no new action is expected for month or more. Even if no new allocation were forthcoming, at least 30 days notice would be given parties to hearing on specific city assignments.

Network Accounts: Pet Milk Sales Co. Jan. 3 joins Motorola and Norge Div., Borg-Warner, in sponsoring *Four Star Revue* on NBC-TV, Wed. 8-9, one getting major plugs each week on rotating basis (Motorola, Jan. 3; Norge, Jan. 10; Pet Milk, Jan. 17) . . . Welch Grape Juice Co. Dec. 8 starts *Howdy Doody* on NBC-TV, Fri. 5:30-5:45 . . . Pepsi Cola moves *Faye Emerson* Dec. 25 from CBS-TV to ABC-TV, Mon.-Wed.-Fri., 7:15-130 . . . Dec. 11 is starting date of Quaker Oats' new *Gabby Hayes Show* on NBC-TV, Mon.-Wed.-Fri. 5:15-5:30 . . . Procter & Gamble Jan. 1 starts sponsoring 4-4:15 portions of *Kate Smith Show*, Mon.-Wed.-Fri. on NBC-TV; more new Kate Smith sponsors due to be announced next week . . . Drug Store Television Productions has renewed *Cavalcade of Stars* on DuMont, Fri. 10-11 for 52 weeks.

Station Accounts: Parker Pen Co. includes TV spots in pre-Xmas gift-pen campaign budgeted at \$750,000, with big advertising program also on tap for its new Flaminaire butane cigarette lighter; J. Walter Thompson is agency for pens & pencils, Tatham-Laird Inc. for lighters . . . Big Peoples Drug Store chain of Washington and nearby towns has contracted with WNBW for \$10,000-a-month package, feature films captioned *Peoples Playhouse* Mon. thru Fri. 1-2 p.m. . . . Yardley of London Inc. goes into TV Jan. 5 as sponsor of Fri. night *Tex & Jinx Show* on WNBT, New York . . . WNBT's Fri. *Date in Manhattan*

program has new participant, Milrose Products Co. (Rad Easy Cleanser), thru Frederick-Clinton Co., and WABD has new spot user, Grove Laboratories (cold tablets), thru Harry B. Cohen Adv. . . . Among other advertisers reported currently using or planning to use TV (agencies New York unless otherwise specified): Austin-Greene Inc. (Remayne indelible lipstick), thru Dorrance-Waddell Inc.; Nyco-Lene Labs (Nyola nail coloring), thru Dorrance-Waddell Inc.; Pres-A-Lite (automatic lighter dispenser), thru Wm. H. Weintraub & Co. Inc.; Lorentzen Hardware Mfg. Co. (Venetian blind hardware), thru Hazard Adv. Co.; C. V. A. Corp. (Cresta Blanca wines), thru J. J. Weiner Adv. Agency, San Francisco; Richfield Oil Corp., Los Angeles, thru Hixson & Jorgensen Inc., Los Angeles; Sales Builders Inc. (Max Factor cosmetics), thru Ted H. Factor Agency, Los Angeles; S. Rothchild & Co. (Shape-Holders customized coats), thru Leonard F. Fellman & Associates, Philadelphia; Jones & Brown Inc. (plastic wall tile), thru Shephard & Edwards Inc.; O. A. Sutton Corp. (Vornado air circulators & air conditioner), thru Lago & Whitehead Co., Wichita, Kan.; Italian Swiss Colony (wines), thru Honig-Cooper Co., San Francisco; American Syrup & Sorghum Co. (syrups, preserves, jellies), thru Gordon Marshall Agency, St. Louis; How Publishing Co. (*Here's How Magazine*), thru Paul Grant Adv., Chicago; Jo-Bell Products Inc. (yarn winder & Bell Prof. Kurl Klasp), thru Allen J. Copeland Adv., Chicago.

Personal Notes: DuMont Network director Comdr. Mortimer Loewi appointed chairman of national TV committee and ABC president Robert Kintner chairman of radio committee, for Brotherhood Week, sponsored by National Conference of Christians and Jews . . . Davidson Taylor, ex-CBS v.p. & director of public affairs, recently consultant to State Dept., joins NBC-TV Jan. 1 as general production executive . . . Harry C. Kopf, NBC radio sales v.p., transferred to Chicago to head TV-radio operations, succeeding I. E. Showerman, resigned; John K. Herbert, who resigned as v.p. & adv. mgr. of Hearst Magazines Inc. in September to join NBC, becomes radio network general sales mgr. . . . Jules Herbuveaux, mgr. of NBC-TV, Chicago, elected president of Chicago Merchants & Manufacturers Club . . . Dody Sinclair promoted to production director, WJAR-TV, Providence . . . Brig. Gen. Ken Dyke, onetime NBC v.p., returns soon to job as public relations v.p. of Young & Rubicam after 90-day leave to serve with Gen. MacArthur in Tokyo . . . William Gernant new national sales mgr., Jerry Fairbanks Productions . . . Fred S. Heywood promoted to production mgr. of WBAL-TV, Baltimore, Carl B. Skytte named promotion chief.

"Programming by Compulsion" is title of Nov. 26 editorial in *St. Louis Post-Dispatch* (KSD-TV), on FCC proposal to limit number of hours that TV stations in cities with less than 4 stations may take from single network (Vol. 6:40, 46). "FCC plan pays no attention to program quality or the facts of life in TV," editorial comments. "The fact that some networks can sell more programs than others indicates that competition is at work . . . For program competition, the FCC would substitute what amounts to a Federal guarantee of a safe cushion for some networks." You can add WJIM-TV, Lansing, to list of 45 stations objecting to FCC proposal (Vol. 6:46). Pre-hearing conference of attorneys takes place Dec. 4 in preparation for Dec. 11 hearing on AT&T's allocation of intercity TV circuits to networks. FCC approved appearances of WDEL-TV, Wilmington, and TOA, 20th Century, National Theatres, in addition to those previously filing (Vol. 6:42-44, 46).

Phonevision tests may start in Chicago early next week, skipping Dec. 1 FCC-authorized date (Vol. 6:46) because "choice of features" for 90-day test hasn't been completed. This was essence of Nov. 30 announcement from Zenith. It's indicated first-run features have been obtained from all major producers except 20th Century-Fox, adamant in refusal despite Justice Dept. pressures.

Zenith's H. C. Bonfig and Ted Leitzell were in New York this week seeking to clear music, performer, author and other copyrights. Announcement said Petrillo has okayed showings of post-1945 features, though AFM's contract with film producers forbids renting films containing music played by its members for TV showings.

Teco Inc., formed by Zenith to exploit Phonevision and underwritten to extent of \$1,000,000 by stock sale (Vol. 6:15-16), in report to stockholders cautions that there still remain FCC hearing and long period of development even after FCC approves (if it does) this system of pay-as-you-look TV. President S. I. Marks warns these and other hurdles must be overcome before income can accrue to Teco.

Mr. Marks acknowledges that no telecaster has expressed desire to participate in Phonevision, and that AT&T doesn't want to be part of it (Vol. 5:45, 50). Of its \$1,000,000 bankroll, he reported, it has spent \$56,685 thus far on salary, organization, stock fees, etc.

"Your management," report says, "is hopeful that Phonevision will eventually be adopted and put in use generally, but feels that you should be advised of the fact that it will probably be considerable time before that is accomplished."

Financial & Trade Notes: Philco's 1950 sales may reach \$340,000,000, earnings before taxes \$30,000,000, net profit \$16,000,000 (or about \$9 per share). So president Wm. Balderston reported at Nov. 28 stockholders meeting, which approved 2-for-1 stock split (Vol. 6:47), along with stock option plan for key personnel. Common shares will now number 5,000,000, with 3,419,960 outstanding, and certificates will be mailed Dec. 15.

Mr. Balderston also stated TV will represent less than 50% of Philco's 1950 volume, with refrigerators, freezers and ranges accounting for about 30%, radios 10 to 14%. Backlog of govt. orders is now \$60,000,000.

Company makes about 40% of its own critical components, is expanding tube and coil plants, expects "satisfactory" first quarter 1951 and "falling off" in second quarter, he added. Average age of Philco's 40 top executives was reported as 42, average length of service 18 years, and they own some 30% of the company's stock.

* * * *

Television-Electronics Fund Inc. net assets were doubled in its second fiscal year ending Oct. 31, annual report disclosing \$5,560,022 with 462,593 shares outstanding vs. \$2,780,796 and 297,980 shares as of Oct. 31, 1949. Realized and unrealized appreciation was \$947,579 vs. \$111,000 previous year. Value per share was \$12.01 Oct. 30, before payment of year-end dividends, vs. \$9.33 last year. Distributions to stockholders totaled \$1 per share in 1950 fiscal year vs. 39¢ in 1949. Holdings of \$5,105,475 in common stocks of unaffiliated companies (cost \$4,367,793) were listed in annual report.

Webster-Chicago has registered with SEC for public sale of 103,158 common shares, proceeds to be applied toward acquisition of plant site, construction of new manufacturing facilities and additional working capital. F. Eberstadt & Co., and Shillinglaw, Bolger & Co. have been named principal underwriters. Webster-Chicago reported net income for 10 months ending Oct. 31 of \$1,242,623 on net sales of \$14,769,460, with net current assets \$3,023,442.

Standard Coil Products Inc. sales for 9 months ended Sept. 30 were \$24,320,476, net profit after provision for taxes \$4,024,765. This compares with sales of \$9,156,572 and profit of \$1,053,825 for same 1949 period.

Sentinel reports October sales reached record \$2,707,757, compared with \$761,735 for same 1949 month. For first 7 months of fiscal year starting April 1, sales totaled \$11,091,985 vs. \$4,539,772 for same 1949 period.

Wilcox-Gay Corp., recently combined with Majestic (Vol. 6:15), reports earnings after taxes of \$111,732 in September and \$163,247 in October.

Dividends: Bendix Aviation, regular quarterly 75¢ and special \$1.50, both payable Dec. 27 to stock of record Dec. 8; brings year's payments to \$5 vs. \$3.50 in 1949 . . . Muter Co., 15¢ payable Dec. 31 to holders of Dec. 15; plus 10% stock dividend payable Jan. 15 to holders of Dec. 15 . . . Aerovox, 10¢ payable Dec. 15 to holders Dec. 5; in October paid 100% stock dividend . . . DuMont, 75¢ payable Dec. 20 to holders Dec. 5 . . . RCA, 50¢ plus 25¢ extra on common, both payable Dec. 26 to holders Dec. 8—making \$1 for year.

U. S. Treasury collected \$5,892,095 during October from 10% manufacturers excise tax on radio and phono sets (including radio components of TV sets), compared with September's \$3,242,210, last October's \$2,899,796. Collections, all pre-Nov. 1 TV excise tax, total \$41,750,700 for 10 months of 1950 compared with \$40,638,870 for all of 1949 (Vol. 6:43).

WINTER MARKET PROSPECTS CLOUDY: "Pre-cobalt" survey of major TV manufacturers elicited extremely cautious responses to inquiry (1) whether they will have usual new receiver lines in January or thereabouts, and (2) what they foresaw as basic trends in TV-radio manufacturing and merchandising in 1951. Nearly all asked not to be quoted by name; few would like to have quoted today what they said before NPA began to issue its raw materials curtailment orders (see p. 3).

"Short new lines" -- just a few new models -- no more lines with dozens of models, even from the very big producers -- are in prospect from the leaders. Some companies won't have any new models at all, will concentrate on easiest-to-produce units and best sellers in present lines.

Good sales between now and Christmas were universally expected. (In fact, slight upturn in business at retail levels was noted this week and last, except in some of the harder-hit storm areas.) First quarter 1951 output was expected to be substantial, sales good then and thereafter as set shortages develop.

* * * *

Materials and components shortages, everyone agrees, will lead to scarcity of receivers in 1951 -- and a seller's market. Forced curtailments of present high rate of production may also mean higher prices. Wall Street Journal this week quoted Emerson's Ben Abrams and Olympic's A. A. Juviler as saying 25% hike wouldn't surprise them, with Frank Andrea and William Halligan forecasting perhaps 10%.

Except for more 20-in. models, very few changes in receivers will be noted. In fact, 1951 models will mostly be identical internally with today's -- with different furniture styling. Many will have "jacks" for color converters (Admiral sets already have them), but no one expects any quantity of color converters or sets on the 1951 market even if Govt. and CBS win court fight. Shortages and military demands have already settled that issue.

Substitute materials and short-cutting may mean poorer quality sets, and there may even be a new lease on life for smaller models (12½ & 14-in.) as price leaders. Trade-ins may have premium value for their components, if not as one way to help meet demand that will exceed supply.

* * * *

Foregoing is summary of thinking at manufacturers' level. Some of the set makers are planning meetings with distributors, as usual, during January and February. But only one yet to announce winter meeting is Philco, which has set Jan. 5-6 convention in Chicago's Palmer House. Featured will be white goods mostly, but some new TV-radio models will be introduced.

Philco will brief its distributors on latest in war-impact picture. By then, pattern of supply may be known. It's recalled that, when Philco had to turn over entirely to defense during World War II, it helped distributors get other products to handle, such as furniture, glass, even paints.

Winter Home Furnishings Market in Chicago's big Furniture Mart Bldg., Jan. 8-19, will probably have fewer TV-radio displays than last year -- though its management lists these as likely to exhibit again: Admiral, Arvin, Bendix, GE, Hallicrafters, Jackson, Mercury, Motorola, Philco, RCA, Sparton, Westinghouse. Chicago's Merchandise Mart, open for same buying period, reports only these exhibitors: Crosley, GE, Capehart-Farnsworth, Bendix. Western Winter Mart in San Francisco has been set for Feb. 5-9.

* * * *

Sparton was first to bring forth new 1951 TV line -- comprising 11 new sets in 23 models. All save one 19-in. console have 17-in. rectangular tube, all contain 25 receiving tubes. Prices range from plastic table at \$250 to AM-FM-phono console at \$460. Sparks-Withington Co. recently underwent management changes (Vol. 6:44).

Topics & Trends of TV Trade: Whereas it was expected that next year's picture tubes might be predominantly 17 & 21-in. rectangualrs (Vol. 6:30,36), it's now apparent that no such definite trend can be forecast—in light of shortages developing in tube field, such as stainless steel for guns and faceplates for metal-coned tubes. Biggest tubemaker RCA is now sampling the 17-in., but doesn't expect to have 21-in. ready until well into first quarter 1951—meanwhile, enjoying continuing good market for its 16 & 19-in.

Heavy demand for 21-in. metal picture tubes is seen by DuMont's Irving Rosenberg, who thinks it will become standard before end of 1951. Spincraft is reported to have some 24-in. cones ready, rumored destined for Sarkes Tarzian.

GE is newest entry into 20-in. rectangular tube production (actually, 20.3-in.), turning out this all-glass picture tube under designation 20CP4. Philco reports its receivers with this size tube, blanks made by Corning and tube made at own Lansdale plant, are selling very well.

DuMont's Mr. Rosenberg notes surprising number of requests for its 30-in. tubes (Vol. 6:27-28), now being readied in limited quantity.

* * * *

TV picture tubes sold to manufacturers during October totaled 848,387 valued at \$23,513,590, reports RTMA. This compares with 764,913 units valued at \$20,423,353 in September, and brings total for first 10 months of 1950 to 5,934,391. Trend to larger sizes continues, with 16-in. and larger 92% of October sales, rectangualrs 58%.

To list of 20 companies participating in American Television Dealers & Manufacturers joint ad campaign (Vol. 6:45) can be added Capehart-Farnsworth, Kaye-Halbert, Meck, Scott, Truetone (Western Auto Supply). This week's newspaper schedule was put aside in favor of weekly magazines, but full-page newspaper ads resume next week. Schedule is due to run until about mid-December, when committee will re-examine plans.

DuMont is forming panel of distributors to counsel on policies as well as such matters as cabinet styling, prices, advertising, sales promotion, service, etc. This was disclosed at first of series of regional distributor meetings, called month ahead of usual time, in Atlanta Nov. 29. Next meetings will be in New York, Dec. 7; Chicago, Dec. 12; Houston, Dec. 14; Los Angeles, Dec. 19. Big institutional newspaper ad campaign in 27 TV markets starts Dec. 6.

RTMA committee on fair trade practices, which will meet for conference with Federal Trade Commission, comprises Benjamin Abrams, Emerson, chairman; H. C. Bonfig, Zenith; J. B. Elliott, RCA; Paul V. Galvin, Motorola; Larry F. Hardy, Philco; Robert C. Tait, Stromberg-Carlson. Doesn't look as if conference will be held before January-February at earliest.

New Zenith antenna combines sightliness with utility. It's in shape of storybook witch as weather-vane, includes "in-line" antenna, sells for \$39.95.

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Plant expansions: Philco, in addition to new tube factory projected at Frederick, Md. (Vol. 6:47), is considering erection of large new plant opposite present main plant in Philadelphia . . . Collins Radio, starting work on 50,000 sq. ft. research and development plant in Arcadia, Calif., costing \$500,000 . . . Canadian GE new addition to Toronto plant for production of TV picture and receiving tubes will cost \$350,000 . . . Sylvania's new Shawnee, Okla., tube plant to be ready shortly after Jan. 1, will employ 500-600 . . . RCA to spend \$8,000,000 converting Cincinnati plant of former Rich Ladder & Mfg. Co. for receiving tubes.

Excess profits bill is expected to be passed by House early next week, with Senate Finance Committee (Sen. George, Ga., chairman) due to start hearing Dec. 4. Bill (H.R. 9827), as finally sent to House by Ways & Means Committee Nov. 30, taxes excess profits 75%, retroactive to July 1, raises estimated \$3.4 billion. Credit is 85% of average 1946-49 earnings; all above base is taxed at 75%. Tax may be computed on invested capital, with credits as follows: 12% on first \$5,000,000, 10% on next \$5,000,000, 8% on next \$125,000,000, 7% on all above \$125,000,000. Additional credit is given for borrowed capital. Companies earning less than \$25,000 are exempt.

Bill provides special treatment for growth companies and new companies. Growth company is considered one with assets of \$20,000,000 or less, whose gross earnings each month last 2 years of base period averaged at least 50% more than during first 2 years of base period or whose monthly payroll last 2 years of base period averaged at least 30% more than first 2 years of base period. Such a company will be permitted to use last year of base period or the average of last 2 years of base period, whichever is higher.

New company is one beginning business 1946 or later, but with 36 months or less of earnings during base period. It would be permitted to earn rate of return on assets equal to average rate experienced by its industry as whole during base period. GOP Congressmen cited TV as prime example of unfairness of tax.

Among larger unclassified military contracts for electronics equipment announced by Commerce Dept. for 2 weeks ending Nov. 29: Let through Signal Corps Procurement Agency, Philadelphia—RCA Victor, \$3,484,056, radio sets (10,291 units) and repair of 6694 radios; Hallicrafters, \$1,393,776, radio sets (287); Hammarlund, \$495,802, radio receivers (800); Remler Co., \$382,200, chest sets (40,000); Collins, \$152,328, radio receivers (200). Let through Navy Electronics Supply Office, Great Lakes, Ill.—Tung-Sol, \$320,000, tubes (80,000).

Govt. order, carrying higher priority than military contracts, Nov. 29 directed GE and Raytheon to deliver 12,000 hard-to-get radio tubes to Aeronautical Radio Inc., Washington, by Jan. 31 "to avoid the grounding of planes required in the defense effort." National Production Authority directive says tubes are "necessary to safe operation" of civil carriers.

Trade Personals: Frederick J. Willard named sales v.p., F. Leroy Sherman foreign operations v.p., Philco International; Radcliffe L. Romeyn, ex-sales v.p., now v.p. & executive asst. to president Dempster McIntosh . . . Fred A. Lyman, asst. national sales mgr., named director of sales training for DuMont receiver sales div. . . . Milton Landau, ex-Tele King, now purchasing agent for Philharmonic . . . Henry Carlish, ex-Fada, now controller of Tele King . . . Robert I. Erlichman, ex-Meck, new gen. mgr. of recently-formed Commander Television Corp. Murray Daniels, president, and Mitchell Fein, v.p., have sold their stock interests to M. F. Jaffe . . . Warren Frebel, Majestic purchasing agent, promoted to purchasing director of Wilcox-Gay Corp. (which now embraces Majestic), with W. R. Bobisink and Morris Siegel as assistants . . . H. Leslie Hoffman, president of Hoffman Radio, elected president of California Manufacturers Assn. . . . Emanuel Sacks, who joined RCA Victor last February as director of artists' relations, elected staff v.p. of RCA; Ernest B. Gorin, RCA treasurer, elected director of RCAC.

Morris H. Cohn, 59, attorney and president of Arcturus Electronics Inc., died in New York Nov. 29.

Telecasting Notes: Some may not think it funny; maybe, indeed, it's symptom of the slick magazines' fears of TV encroachments into space budgets. Al Leininger, advertising v.p. of *Parents Magazine*, is reported by *Advertising Age* as claiming to be "performing a certain new and useful service for the entire publishing industry." He's passing out matchbooks with message "Help Stamp Out TV"—taking cue from wartime anti-VD campaign . . . *Variety* insists that intra-trade reports, despite denials on all sides, have ABC up for sale to "four different interests"—but names only 2: United Paramount Theatres for TV, National Grange for AM . . . *Billboard* estimates Empire State Bldg. will enjoy annual rentals totaling \$750,000 from the 5 TV (WNBT, WCBS-TV, WJZ-TV, WABD, WPIX) and 3 FM stations that by February will be using its 217-ft. tower (1472 ft. from ground) for multiple antennas. Each TV outlet pays \$135,000 a year, it states, with only WNBT & WJZ-TV at present operating with temporary antennas . . . Boston's WBZ-TV & WNAC-TV reported set to divide Ballantine sponsorship of Boston Braves' home games next season, thru J. Walter Thompson—AM rights going to WNAC & Yankee Network; same sponsor had Yankees and Phillies last season. Cleveland Indians will be sponsored on WXEL by Leisy Brewing Co. (Vol. 6:45) . . . Capt. Video on DuMont being made into comic book by Fawcett Publications, to appear twice monthly . . . KEYL, San Antonio, Dec. 11 adds Mon. programs, staying off air only Tue. thenceforth; its telecast day starts 5:15, with daytime programs 2-2:30 Thu. only . . . WNBF-TV, Binghamton, due March 1 to be connected with Schenectady-Utica AT&T microwave relay same date it raises base rate from \$250 to \$325, one-minute rate from \$37.50 to \$48.75 . . . Very TV-conscious Johns Hopkins U will conduct medical conference and diagnosis, with doctors in Baltimore, Chicago and New York participating, on top-hole *Johns Hopkins Science Review* program via 5 DuMont outlets Tue., Dec. 5, 8:30-9; revolutionary new X-ray machine is to be used on Baltimore patient, with viewers permitted to look into it . . . WABD and DuMont now picking up United Nations daily at 3:15; CBS-TV pickups start 5:15 . . . Irving Berlin has sold TV rights to *Miss Liberty & Louisiana Purchase*, due soon on NBC-TV.

Two former CP holders, who relinquished them voluntarily, have re-filed applications for new TV stations with FCC—WJHP, Jacksonville, owned by Perry Newspapers, which dropped early in 1949 (Vol. 5:16), now again seeking Channel No. 6; WAGE, Syracuse, also once deleted (Vol. 5:7), again seeking Channel 10. Other applications filed this week were from WIS, Columbia, S. C., for Channel 7; WIKY, Evansville, Ind., seeking Channel 3; Bill M. Tomberlin, Caspar, Wyo., oilman, seeking Channel 8. [For details, see *TV Addenda 11-U* herewith.] It's also reported that Harrisburg (Pa.) *Patriot & News* has announced it intends entering both TV and radio fields.

Robert D. Heinl, 70, grand old man of Washington radio journalism, died Nov. 26 of a heart attack. He published the Heinl Radio News Service, and was a Washington newspaperman for more than 4 decades.

Bound and Indexed

We're planning to index and bind, between embossed book covers, in limited quantity, all 1950 issues of the *Television Digest* Newsletters plus the year's Supplements and TV Factbooks. This volume of 52 Newsletters, Supplements, Factbooks and Index will provide a handy and handsome permanent reference. Orders will be taken only until Dec. 31. Price, \$25 per volume.

Network TV billings again zoomed ahead in October, total (excluding DuMont) amounting to \$6,374,548 compared to September's \$3,516,897 (Vol. 6:43), August's \$1,855,361 (Vol. 6:38). Total for first 10 months of 1950 thus is \$27,262,238 vs. \$8,320,608 for same period 1949. Network (AM) radio for October was \$16,303,325, up from September's \$13,931,561, but down slightly from October 1949 figure of \$16,423,385. For first 10 months of 1950, network radio totaled \$152,025,610 vs. \$155,536,283 for same 1949 period. The TV-radio figures, compiled by Publishers Information Bureau, follow:

NETWORK TELEVISION				
	October 1950	October 1949	Ten Months 1950	Ten Months 1949
NBC	\$ 2,997,391	\$ 937,294	\$ 14,830,545	\$ 4,437,930
CBS	2,186,748	590,626	8,355,470	2,200,344
ABC	1,190,409	217,199	4,076,223	957,994
DuMont	*	80,143	*	724,340
Total	\$ 6,374,548	\$ 1,825,262	\$ 27,262,238	\$ 8,320,608

NETWORK RADIO				
	CBS	NBC	ABC	MBS
	\$ 6,674,657	\$ 5,754,037	\$ 57,743,321	\$ 52,055,629
	4,929,126	5,597,183	51,277,221	52,823,458
	3,165,016	3,404,683	29,583,013	35,279,373
	1,534,526	1,667,482	13,422,055	15,377,823
Total	\$16,303,325	\$16,423,385	\$152,025,610	\$155,536,283

* Not available.

TV reaches 91,310,436 people out of U. S. total of 150,697,361 (61.2%), NBC Research Dept. has computed—based on 0.1-mv signal contour of existing TV stations. Also concluded: TV covers 26,669,420 families out of 40,000,000 total (62.2%), in markets with retail sales of \$85.62 billions out of national total of \$129 billions (66.8%). Used for computations were population and market estimates by *Sales Management Magazine* in its May 1950 survey of buying power.

Telecasting employs 8500 persons, according to NAB's Richard P. Doherty, who has just put out results of third annual survey of TV employment. Based on returns from 56 stations (excluding networks), survey notes (a) that per-station average has gone down from 66 in 1949 to 57 in 1950, due to new stations beginning operation with shorter hours; (b) that, for same stations reporting in both years, average has gone up from 54 to 68 (47 full-time, 21 part-time).

Mrs. Douglas Horton, who as Capt. Mildred McAfee was wartime commander of the Waves, has been elected to NBC board of directors, succeeding Edward J. Nally, retired. She is v.p. of new National Council of Churches of Christ in U.S.A., having retired as president of Wellesley College last year.

TBA's Dec. 8 TV Clinic in New York's Waldorf-Astoria will cram just about every subject under the TV sun into one day, with 14 speakers and 2 panels—one on films, other on color. Speakers and subjects: Mortimer Watters, WCPO-TV, daytime TV; Pat Weaver, NBC, network programming; Don Thornburg, WCAU-TV, programming in multi-station city; Don Stewart, WDTV, programming in single-station city; Ben Larsen, WPIX, cutting program expenses; John Outler, WSB-TV, local audience; Larry Deckinger, Radio-TV Research Council, measuring audience responses; C. E. Hooper, new measuring device; Ed Wynn, luncheon speaker; Lee Wailes, Fort, sales & costs; Russell G. Partridge, United Fruit, sponsor experiences; Dr. A. G. Ruthven, president of U of Michigan, and Harry Bannister, WWJ-TV, educational programming; Dwight Martin, Crosley, ASCAP-Per Program negotiations; John Kennedy, WSAZ-TV, excess profits tax. On film panel are Irving Rosenhaus, WATV; George Shupert, Paramount; Ralph Cohn, Columbia Pictures. On color panel are E. K. Jett, WMAR-TV; Jimmy Jemail, representing audience; Jack Barry, production; Faye Emerson, talent.

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December 9, 1950

In This Issue:	Austerity Facing the Telecasters, page 1.	Educators Make Hay in Vhf-Uhf Hearing, page 5.
	Confusing War Contracts Picture, page 2.	Color Tide Changing with RCA Showing, pages 6-9.
	Material Cuts—Only the Beginning, pages 2-4.	Production Down, Trade Only Fair, page 10.
	Impact of Excess Profit Bill, pages 4-5.	Trade & Financial Reports, page 11.

(With This Issue: Special Report on Washington Daily News-FCC Chairman Coy Controversy about Color)

AUSTERITY FACING THE TELECASTERS: War clouds are casting their shadows over the telecasters, too. This was manifest from discussions with score or more station operators during TBA's Waldorf-Astoria clinic Dec. 8. Dominant note was difficulty -- sometimes impossibility -- of getting camera and transmitter tubes.

Manufacturers have told them they can't be supplied with new tubes or replacements in the immediate future.

All stations have begun conservation measures accordingly. Camera tubes, for example, are being used more carefully and longer than usual. Camera and transmitting tubes that would normally be thrown away after falling to sub-level efficiency are now being saved for possible re-use. At worst, the metal elements might be worth salvaging for trading purposes.

Move is afoot to get FCC to permit reduced powers, as conservation measure that would permit tubes to last longer. Such reductions were SOP in radio broadcasting during World War II.

Problem is serious with broadcasters as well as telecasters, and new Broadcast Advisory Council (Vol. 6:28,30) will meet in Washington Dec. 14 on subject. Council also will call on President Truman to offer cooperation in war effort.

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Rocky road ahead has rendered paradoxical the accelerating trend toward daytime TV. As indicated by many telecasters at Waldorf-Astoria, night-time is sold out. But, it's mostly network, thus brings in only about 30% of station rate-card dollar. Therefore, station's desire to get 85-100% of its rate-card dollar means selling more local business. Only time open is daytime, which means expanding operations -- in personnel as well as technically.

Leveling off of TV "circulation" is foreseen if set production falls radically, or is cut off entirely. Most TV station men feel they can continue to operate soundly with present number of sets in most cities. Healthy ratio of TV sets to homes seems to be 20-25%, surpassed in most cities.

Stabilization of set population is also reason for rash of rate-card changes beginning Jan. 1. Many telecasters think rates may remain at Jan. 1 levels for some time. In fact, they've been notified to that effect by networks.

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Another facet of war-imposed shortages is report by broadcast equipment makers that many TV applicants have signed firm orders for transmitting and studio equipment, being stockpiled at manufacturers warehouses over the 2½ years of FCC freeze. Applicants seem to want assurances they'll be able to get on air quickly if and when they get grants.

THE CONFUSING WAR-CONTRACTS PICTURE: Electronics manufacturers flooded Washington this week -- some down to see RCA color demonstration. They spent days making rounds of military procurement and govt. production control offices, seeking either contracts or clarification of their status in the semi-war economy.

Some went home with hopes buoyed by assurances that, short of another World War, the effort is to keep the civilian economy healthy and payrolls intact. Others found little reason for optimism unless the front-page news changes for better.

Favorable signs were these:

(1) Extra \$18 billion asked for defense means more contracts for electronics-communications equipment -- possibly \$1.5 billion more.

(2) Present contracts are being accelerated, delivery dates moved up -- meaning more development contracts getting into real production soon.

(3) Munitions Board issued directive to services to make sure all companies scheduled to make products under M-Day plans be invited to bid, or be considered when it comes to negotiated contracts.

(4) Materials and procurement matters are in good hands, generally -- top men with plenty of industry know-how and military men with World War II experience.

Pessimism stems from confused war situation; also facts that --

(1) New development-design contracts and production orders are still going to handful of military producers (Vol. 6:48). This isn't unusual, however; high source points out that 5 months after Pearl Harbor bulk of dollar volume was still going to so-called Big 5 (Bendix, GE, RCA, Western Electric, Westinghouse).

(2) Even if all present \$2 billion earmarked for electronics-communications equipment were to be let, it still wouldn't take up expected slack in business for those TV-radio makers who do not already have hefty slice of war orders. Military dollar can't be compared with civilian dollar because military equipment costs much more to make -- requiring, for example, higher-cost components to meet more stringent specifications, to say nothing of non-mass-produced items.

(3) Military services cannot release orders, in quantity, because high-level policy hasn't been set yet -- whether and when we fight a full-scale war, where, how? Truman-Attlee conferences this week may have nailed down some of the answers. Until policy is set, most contracts will continue to be for development and design.

Note: One of highest officials has told several inquirers that he, personally, does not expect world war; therefore, he thought TV industry might be able to turn out 4,000,000 to 4,500,000 receivers next year. But, he hastened to add, he could be wrong -- it was only his personal opinion, alterable at any moment by Stalin, Mao & Co.

MATERIAL CUTS—ONLY THE BEGINNING: Air of tense expectancy hangs over Washington as rumors, speculation, dope stories hint at immediate drastic crisis-imposed actions which may hobble civilian production, freeze prices and wages. But --

Although policy conferences were being held on highest level, it appeared doubtful at week's end any industry-shaking edicts will be forthcoming right away.

From welter of confusion and contradiction emerges probability that even if President Truman proclaims state of national emergency, any drastic measures will be carefully considered, industry representatives consulted, directives checked and rechecked before final issuance.

As for blanket price-wage controls, Govt. simply does not have machinery to impose or enforce them now.

NPA officials remain mum. It's as hard to tell what will happen as to predict course of war itself. Military requirements determine civilian cutbacks, and our arms needs in totally unexpected China crisis are still in formulation.

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These trends were seen as strongest eventual possibilities:

(1) TOUGHER RAW MATERIAL LIMITATIONS. Recent NPA orders cutting civilian use of aluminum, cobalt, copper and nickel (Vol. 6:46-48), drafted when U.N. forces

were winning in Korea, may be amended by heavier percentage-wise cuts -- to reflect speed-up in arms production, as well as emergency \$18 billion defense appropriation now before Congress and anticipated heavy military bill for fiscal 1952.

(2) END PRODUCT LIMITATIONS. Office of Civilian Requirements, new NPA body, is classifying all civilian products into 4 categories -- in order of "essentiality": Food, shelter and clothing are in Category 1; items such as ashtrays, vases and picture frames in Category 4.

Classification system may be used as guide for flat ban on manufacture of certain products (such as copper ashtrays), or for priority system similar to World War II Controlled Materials Plan (Vol. 6:46), seen certain before end of 1951.

Plumping for ban on production of "non-essential" ornamental items have been some representatives of TV-radio and auto industries. Argument is that "essential" industries shouldn't be restricted on same basis as "non-essential" ones -- as they are by present percentage cuts in raw materials.

Across-the-board slash in manufacture of all products containing strategic materials is also reported getting some tentative consideration at NPA. Reports of contemplated 10-30% cut in TV-radio and auto production prompted statement by NPA Administrator Harrison that he has "no knowledge" of any "immediate curtailment."

Some TV-radio manufacturers say they would not be averse to an enforced production cut, provided they are assured raw materials to put out number of sets they are permitted to produce.

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(3) SELECTIVE PRICE CURBS ON RAW MATERIALS. If contemplated voluntary controls fail (and they have never worked yet), materials used by durable goods industries (probably beginning with steel) may be among first controlled. Officials of Economic Stabilization Agency, federal price bureau, decline to predict any such move in near future. They say ESA is equipped to impose selective controls now, but not to enforce them.

Govt. request to auto makers to cancel price raises pending ESA's examination of "entire question of prices" indicates pattern of first voluntary, then selective, and, much later, blanket compulsory controls. It also gives signs of how Govt. may greet any announced industry-wide TV-radio price boost, although large number of manufacturers in industry and wide variety of models makes it unlikely TV-radio industry will be singled out as "example," as was auto industry.

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(4) INVENTORY LIMITATIONS ON ALL MATERIALS. Present maximum allowable inventories include: Aluminum, tin and copper, 60 days; zinc, 45 days; nickel, 30 days; cobalt, 20 days. Maximum 60-day inventory of all other raw materials may be imposed by blanket order.

Directives reportedly in NPA hopper will probably dictate percentage cuts in civilian use of steel, tin, tungsten, cadmium, molybdenum, all used in TV-radio.

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TV-radio industry will meet with Govt. next week when RTMA's Electronics Parts Mobilization Committee, headed by Indiana Steel Products' A. D. Plamondon Jr. (Vol. 6:46), confers with NPA officials on outlook for first quarter 1951.

Cobalt problem will loom largest (Vol. 6:46-48) in discussions covering all scarce materials. According to best estimates, electronics industry used slightly more than 20% of record 5,500,000 lbs. imported first 9 months of 1950, TV-radio took about 12% of total. Outlook for 1951 is still gloomy, with none for civilian use predicted by high NPA official.

Committee will probably seek new allocation formula for all critical materials, proposing that Govt. allot biggest share of first quarter's ration in January, remainder in February and March on decreasing scale. It's hoped that military contracts will begin to catch up with drooping civilian production toward end of quarter. At any rate, committee's proposal would allow production to taper off gradually, causing less dislocation of economy.

NPA's choice of first half of 1950 as base period for limitation orders may

come up during talks. Base period isn't making anybody in TV-radio industry happy, since first 6 months is industry's period of low production.

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One of first appeals from aluminum limitation (NPA Order M-7, see Vol. 6:46, 48) was filed by unnamed manufacturer connected with TV industry, who charges order limiting him to 65-85% of aluminum used in first half of 1950 will actually restrict him in 1951 to about 10% of the aluminum he used last year.

Citing seasonal nature of TV industry, manufacturer gives these figures: During first-half 1950 base period he used 50 tons of aluminum. In second 6 months he will have used at least 500 tons more. Outcome of appeal, which seeks use of all 1950 as base, may set precedent for TV-radio industry.

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Among NPA's fastest-moving documents are NPAF-10 and NPAF-12, applications for adjustment or exception to aluminum and copper orders, respectively. Appeal forms for other materials are not yet available.

TV-radio folk who feel they've been slighted by NPA, or have shortage problems requiring govt. help, are welcome at NPA's Electronics Products Division, headed by John Daley (ex-gen. mgr., New England Telephone Co., newly appointed by Gen. Harrison) and Donald Parris. This office specializes in steering electronics men through federal maze, expediting matters which need official attention.

New conservation program is coordinated by this division, whose workings are illustrated by this actual example:

Two tube manufacturers developed nickel-plated steel strip to replace scarce pure nickel in receiving-tube plates. Because of shortages, however, they couldn't buy sufficient nickel-plated steel for maximum efficiency of new operation. Electronics Products Division started cogs turning, is now completing arrangements to secure enough steel to allow capacity manufacture of new-type element. Result: critical material saved, tube production boosted.

IMPACT OF EXCESS PROFIT BILL: There's going to be an excess profits tax -- "this year or early next." That's prevailing sentiment not only among Democrats, but expressed for first time by Republicans of Senate Finance Committee, holding hearing this week on House-passed excess profits tax (Vol. 6:47-48).

Both RTMA president Robert C. Sprague and Dr. Allen B. DuMont appeared before committee to protest "discrimination" against growth companies in House bill (H.R. 9827). Both objected to fact bill doesn't take into account first 6 months 1950 earnings (pre-Korea).

Sprague made detailed accounting, comparing sales and profits of electronics industry with all U.S. industry (see table, opposite page). His major points:

(1) About 6 out of 10 electronics companies wouldn't qualify as growth companies under House bill.

(2) Tax would apply to 56% of all 1950 earnings for those electronics companies coming under House "growth" formula, up to 65% for those electronic companies not coming under House growth formula. Even if all electronics industry were eligible to use House growth formula, 59% of 1950 earnings would be considered excess -- compared to liability of 22% for all U.S. corporations.

(3) Retroactive features of House bill (making tax effective July 1, 1950) would cripple many key electronics producers.

Sprague's recommendations:

(a) Growth company should be permitted to use as credit 85% of average earnings of highest 3 years of 1946-49 base as now proposed, provided such credit is not less than 78% of its 1950 earnings.

(b) Growth company should be one whose earnings showed increase of 50% in 1950 over 1949 -- using actual 1950 earnings or annualized 1950 earnings (first 6 months pre-Korea profits projected for whole year), whichever is lesser.

DOLLAR VOLUME OF ELECTRONICS MANUFACTURING INDUSTRY: 1946-50

With Net Profit Before Federal Income Taxes as Percentage of Sales

Comparisons of Suppliers, Set Manufacturers and Total Electronics Industry With All Industry Total

Table Submitted to Senate Finance Committee Dec. 6, 1950 — See story, page 4

Tremendous growth of electronics industry since World War II, particularly in the business of set manufacturers, is reflected in factory sales and profits estimates for 1946-1950 submitted to Senate Finance Committee this week by RTMA president Robert C. Sprague in connection with excess profits tax legislation (see story, p. 4).

	1946	1947	1948	1949	1950
Suppliers:					
Net profit (thousand dollars)	\$ 16,389	\$ 21,294	\$ 18,722	\$ 22,770	\$ 59,205 (a)
Sales (thousand dollars)	213,628	253,001	248,687	258,562	399,485 (a)
Net profit as percentage of sales:					
Percent	7.67%	8.42%	7.53%	8.81%	14.82%
Index (1946 = 100)	100	110	98	115	193
Set Manufacturers:					
Net profit (thousand dollars)	\$ 21,816	\$ 54,195	\$ 73,972	\$ 83,419	\$ 173,468 (a)
Sales (thousand dollars)	540,292	709,152	786,063	914,981	1,348,541 (a)
Net profit as percentage of sales:					
Percent	4.04%	7.64%	9.41%	9.12%	12.86%
Index (1946 = 100)	100	189	233	226	318
Total Electronics Industry:					
Net profit (thousand dollars)	\$ 38,205	\$ 75,489	\$ 92,694	\$ 106,189	\$ 232,673 (a)
Sales (thousand dollars)	753,920	962,153	1,034,750	1,173,543	1,748,026 (a)
Net profit as percentage of sales:					
Percent	5.07%	7.85%	8.96%	9.05%	13.31%
Index (1946 = 100)	100	155	177	179	263
All Industries Total:					
Net profit (million dollars)	\$ 23,464	\$ 30,489	\$ 33,880	\$ 27,625	\$ 33,454 (b)
Sales (million dollars)	270,898	347,801	381,300	359,678	367,411 (c)
Net profit as percentage of sales:					
Percent	8.66%	8.77%	8.89%	7.68%	9.11%
Index (1946 = 100)	100	101	103	89	105

(a) Estimated.

(b) Net profit estimated as follows: (1) First half 1950, \$16,634,000; (2) First half 1949, \$13,738,000; (3) Percentage change 1950 from 1949, 121.1%; (4) Percentage change applied to 1949 net profit (\$27,625 x 121.1%), \$33,454,000.

(c) Sales estimated as follows: National income (at annual rate): (5) First half 1950, \$223 billion; (6) First half 1949, \$218.3 billion; (7) Percentage change 1950 from 1949, 102.15%; (8) Percentage change applied to 1949 sales (\$359,678 x 102.15%), \$367,411,000.

SOURCE: Electronics Industry & Radio-Television Manufacturers Assn. All Industries Total, U.S. Dept. of Commerce, Bureau of Foreign & Domestic Commerce; Survey of Current Business 1946-1949 & July, October & November 1950.

EDUCATORS MAKE HAY IN VHF-UHF HEARING: If you think educators aren't impressing FCC -- through sheer weight of little-contested testimony, if nothing else -- you're kidding yourself. NAB has apparently decided it was doing just that, so it petitioned Commission for permission to join educational part of end-of-freeze hearing when it resumes Jan. 15. Educators promise more specific recommendations then.

This means still more delay in freeze, unless FCC puts hiatus to use in deciding factors independent of educators' request, such as mileage separations, etc.

Educational witnesses aren't just a bunch of schoolmarms by any means.

Among those appearing during this week's 4 days of hearings, to back up Comr. Hennock's crusade for reservation of both vhf and uhf channels for exclusive use of educators: Senators Saltonstall (R-Mass.) and Anderson (D-N.M.), Senator-elect Monroney (D-Okla.), Rep. John Vorys (R-Ohio), George Meany, AFL secy-treas., presidents of major universities, managers of educational stations, officials of educational associations, experts on audio-visual training, etc. etc.

Skepticism of FCC still centers around historic AM-FM fact educators do so little actual building and broadcasting, even when channels are available. Comr. Walker put it bluntly:

"The thing that bothers me most about this question is not the advisability of educational radio stations, but the use of the frequencies, if you could find them, and if they were set aside, and how these stations are to be built, when they are going to be built, and how they are going to be supported."

Educators' answer is: "If you have a guaranteed channel, you're much more likely to get the money."

COLOR TIDE CHANGING WITH RCA SHOWING: Color argument continues to be mere philosophical exercise -- because of war -- but this has been a dramatic week nevertheless. Reason:

RCA showed an excellent color picture, striking progress, in Washington demonstrations before newsmen, licensees, members of Congress, etc.

What's FCC going to do about it? Chairman Coy gave fairly clear answer during exchange of brickbats with editor of Washington News (see Special Report):

"The Commission cannot and will not close its eyes to any new development in the radio field -- and this includes improved color TV systems."

Thus, RCA has won important victory in field where it counts most -- color performance. FCC hasn't seen RCA's latest yet. RCA says it will invite Commission at conclusion of litigation. Coy's attitude indicates FCC might very well open hearing on its own initiative, if it's impressed by RCA progress.

In fact, Comr. Jones, to keep in character, should be straining at the leash to see current demonstrations, flailing his colleagues to do likewise, belaboring RCA for not asking reopening of hearing. Same goes for Sen. Johnson.

A way "off the hook" was again proffered FCC by RCA's Gen. David Sarnoff, when he reiterated: "Let the public decide" -- meaning dual standards.

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Quality of pictures is vindication of industry's faith in its engineers' ability to come up with an acceptable compatible system. That's opinion of most industry observers. Even more important than present quality, they say, is enormous improvement over previous pictures -- a promise of continued advancement.

How do pictures compare with CBS's? Most people say: "Close, but not quite as good." Our own impression, based on numerous observations during week, is that average man would tend to prefer CBS picture if systems were sitting side-by-side. If pinned down to percentage figure, we'd say RCA's images ran about 80%-90% as good as CBS's -- as an overall subjective reaction.

But improvability of RCA performance has been so clearly demonstrated that most people regard any comparison, today, as having only passing significance.

Compatibility is fundamental feature of system, of course, but RCA already shows important color performance advantages over CBS: greater resolution and brightness, no breakup, no flicker.

We'd say CBS still has edge in color fidelity, sharpness, general stability. But engineers are agreed that tri-color tube, when used by CBS to achieve bigger pictures, would negate much of these advantages. In short, CBS can't have its cake and eat it, too. Incidentally, Coy made point this week of publicizing his letter to Crosley distributor W. F. Kennedy, of Wheeling, W.Va., telling why FCC asked RCA to turn sample tri-color tube over to CBS (see Special Report).

CBS still has simpler equipment, transmitting and receiving, but engineers are satisfied that this, too, is only a temporary situation.

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RCA's Dr. Jolliffe described developments to audience, was joined by Gen. Sarnoff at first 2 days' demonstrations.

System is ready for commercial production, said Gen. Sarnoff, but he pointed out that it would take 1-2 years, in normal times, to get quantity output -- the tri-color tubes being production bottleneck.

Both officials were so pleased with showings that they were even willing to state: "We don't pretend that system is perfect yet." And Gen. Sarnoff was particularly respectful when speaking of FCC, said it wasn't invited only because of Chicago court issue -- though indicating no commissioner or staffman would be barred if he asked to have a look.

Regarding his dual standards "out", he told reporters he thought them quite workable, cited AM-FM parallel. He didn't specify precisely how dual standards would work, said Commission could decide whether to let them run experimentally or commercially, temporarily or permanently.

Demonstrations were on 3 color sets, 3 standard monochrome receivers, 2 converters -- all made at Camden. Color sets employ tri-color tubes some 2-in. shorter than previous. They are 3-gun, although Dr. Jolliffe reports work continuing on 1-gun. Pictures were about 13½-in. diagonal, in 16-in. metal-coned envelopes.

New red and blue phosphors had much to do with greater fidelity and brightness. Sets have 43 tubes, and we hear there's 35-tube chassis coming up. They required no fiddling with dials during shows. Brightness ran 8-20 ft-lamberts, with Dr. Jolliffe claiming "over 50" has been achieved.

One converter consisted of standard 16-in. set, with ordinary kinescope replaced by tri-color tube and with 13 receiving tubes, plus circuits, added. Other was "slave" set, a la the CBS converters planned by Tele-tone, Muntz, Meck, et al. Converters give about 75% as good performance as sets built for color, said RCA men, adding that converters for no system can do much better.

Camera was focused first on Dr. Elmer Engstrom, who gave introduction. His face appeared slightly too pink during some demonstrations, very natural on others. Skin tones of girls were excellent. Food, clothing, etc., came out beautifully.

Critical test of registration -- black-and-white picture on tri-color tube -- was passed with little trouble. Color pictures showed neither moire effect nor dot structure. Dot-elimination comes from use of by-passed, or shunted, mixed highs and circuit developments by Hazeltine (Vol. 6:17-48). Dr. Jolliffe gave latter company polite nod, saying "we've taken note of their work."

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Industry observers were elated. Sample quotes, culled from dozens we got, are typical of manufacturers large and small:

Robert Sprague, president, RTMA: "The pictures were excellent. I was very much impressed by the enormous improvement. This justifies the faith our industry has always had in the early development of a satisfactory color system."

Dr. W. R. G. Baker, GE: "This is great. The important thing is that we've got the right system." What about your GE color system (Vol. 6:44)? "That's unimportant as against what you saw here today. This is it."

Dr. Allen DuMont: "This is a big improvement. There is no flicker, the brightness is satisfactory, and the color is better than CBS's. I've been making it a point to see a lot of CBS demonstrations in New York, and the flicker is bad. After a half-hour you feel headachey."

Ross Siragusa, Admiral: "This is fine. There's no question about having compatibility now."

David Smith, Philco: "Every technical obstacle has been overcome. There are no technical problems for which there is not now a known technical solution."

Ben Abrams, Emerson: "If we had this today, we could sell it. This is far ahead of black-and-white when it first started."

John Craig, Crosley: "I am tremendously impressed by the color, and especially by the fact that there is no degradation of the black-and-white." His technical chief, L. M. Clement, commented: "Very wonderful."

Dr. A.N. Goldsmith: "In principle, the system is incontestably established."

Donald Fink, Electronics Magazine: "This is more like it. I'd say the color fidelity isn't quite as good as CBS's, simply because it's a lot tougher to get the right colored phosphors than it is to get properly colored gelatin filters." On cover of his December issue, he carries pictures of Hazeltine's mixed-highs results, with editorial sharply refuting Comr. Jones' opinion to effect that "principle of mixed highs is a matter of complete theory, unsupported by any scientific data other than bare-faced statements."

And one of nation's top engineers, highly regarded by all as a "neutral" observer in the color controversy, who asked his name be withheld, observed: "This is fine. Colors are good -- every bit as good as Columbia's. Of course, it's subject to improvements, but the way to improve can be clearly seen. Notice, too, how remarkably good the black-and-white signal is."

Manufacturers making or planning CBS equipment had interesting comments:

S. W. Gross, Tele-tone: "It's good, very good. This demonstration shows what the industry has been contending all along. My color expert noticed some slight misregistration, but thought it was very good on the whole. Yes, I could sell it." He added that engineering has been completed on CBS-type sets, but that he has been holding production in abeyance pending final court decision.

Wm. Norvell, Remington-Rand: "Well, this doesn't give us anything to worry about [in making industrial color]. This demonstration bears out my contention that when you use phosphors you get halation that makes the pictures fuzzier. But, from a broadcasting standpoint, this is a very important development. And it's true that to get bigger pictures you need this tube or projection, and projections are expensive." Mr. Norvell revealed his first dept. store sale, for some \$30-\$50,000, to Boston's Jordan-Mars, said he has orders of all kinds stacked up on his desk. Orders from telecasters, he added, naturally await court decision.

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Some Congressmen have attended, including several from House Interstate & Foreign Commerce Committee, which handles radio legislation. But most have been too busy to drop in. Those who have seen both this demonstration and first one of October 1949 said they were tremendously impressed by improvements.

Rep. James Dolliver (R-Iowa): "There's all the difference in the world. I've been saying we ought to have a hearing to bring these issues out before the public ...Compatibility is extremely important. After all, there are 10,000,000 sets out. My constituents are very interested in color."

Rep. Samuel McConnell (R-Pa.): "This is no time for a final decision. Keep it open, since there's a war on. These pictures are good. I haven't seen CBS's."

Demonstrations haven't been seen by most powerful and/or interested members of Senate and House Interstate & Foreign Commerce Committees, notably chairmen Sen. Johnson and Rep. Crosser. RCA hopes to corral all committee members by end of demonstrations Dec. 15. Next week, there will be daily showings for broadcasters, consulting engineers, radio lawyers, et al. CBS gets showing all by itself on last day.

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Press comments varied somewhat, but all reporters noted great progress, and some were quite enthusiastic. AP, UP and INS stories, widely published, credited RCA with substantial improvement. Even Variety, whose Washington correspondent Jack Levy has been one of CBS's staunchest advocates, said:

"Observers generally agreed that the difference between [RCA and CBS color quality] has been considerably narrowed...In contrast with previous demonstrations, pictures showed greater fidelity, stability, brightness and texture. The improvement in the reds and blues was particularly outstanding. Some observers felt the colors lacked the warmth, sharpness and brilliance of CBS tint." Similar concessions were made by Washington Post's pro-CBS Sonia Stein. Among other comments:

Jack Gould, N.Y. Times: "Compared favorably with [CBS]...Color fidelity, which later was checked by watching the screen and then looking directly into the studio where the models appeared, was entirely satisfactory in the case of flesh tones...One flaw that did appear was a tendency toward green in some images...Tuning was easy...Black-and-white images taken off the color transmissions were excellent, definitely superior to those presented by the CBS system with use of an adapter."

Joseph Kaselow, N.Y. Herald Tribune: "Vast improvement...basically good, although a critical eye could see some fuzziness at times and somewhat unnatural flesh tones...While the showing was not considered likely to force the FCC to change its mind in favor of RCA, it did present a powerful argument for the company's contention that the Commission at least should give the public an opportunity to choose between the two systems."

Joseph Guilfoyle, Wall St. Journal: "Considerable progress [but] still does not produce as good a color picture as [CBS]...In parts of demonstration, reds were off-color...Yet a bright red dress, worn by a beautiful model, came over in all its natural brilliance...In another scene, a green dress took on a bluish tint when the camera shifted from the top to the bottom part of the dress...Skin tones, in many instances, had unnatural tints."

Stanley Cohen, Advertising Age: "Color TV battle...reached an almost fantastic impasse this week, when RCA demonstrated improved color equipment which placed a long shadow of doubt over many of the engineering assumptions which prompted the FCC to reject RCA...Overwhelming majority [of observers] appeared to come away with impression that RCA's progress is so significant that FCC must eventually reexamine its October decision...RCA's pictures lack the warmth which CBS obtains...The color fight will never rest until FCC determines: Is this lack of warmth 'inherent' [or] merely a shortcoming of the tri-color tube in its present state of development?...Perhaps a mediator is needed."

Frank Burke, Radio Daily: "Improved color fidelity, picture texture and brightness...Reds, blues and greens were steady and clear and easy on the eyes."

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FCC staff members concede pictures must be acceptable to laymen, based on reports they've heard and read. But here are questions they ask:

(1) Why doesn't RCA show a remote pickup? Implication, of course, is that system is too delicate to subject to rough handling. RCA men say they'll have remote pickups whenever they're required.

(2) How long are demonstrations? Meaning, can system stand up under continued usage? Shows are 15-20 minutes long, 3 times daily, but RCA engineers say they've had plenty of experience with extended operation.

(3) What resolution is shown? No test pattern was demonstrated, but good guess is 250-300 lines horizontally. Dr. Jolliffe admitted that resolution is "slightly less" than black-and-white. Tri-color tube needs somewhat more than present 600,000 dots to reach full resolution. Since company increased dots from 351,000 in first tube, spokesmen visualize little trouble in getting more than 600,000 -- particularly since larger tubes are planned than the 13½-in. test models used in demonstrations.

(4) How was registration? Generally excellent, with very slight fringing noticed once or twice by those looking for it. More work on camera is undoubtedly needed; it uses 3 image orthicons, dichroic mirrors. RCA reports progress on single tri-color camera tube.

(5) Why no coaxial transmission? Unnecessary, apparently, as far as RCA is concerned, since operation was demonstrated satisfactorily last summer (Vol. 6:32).

Network Accounts: NBC-TV has sold out *Kate Smith Show*; its new Jan. 1 sponsors are: Hunt Foods Inc., Mon.-Fri. 4:45-5; Procter & Gamble, Mon.-Fri., 4-4:15; Corn Products Refining Co. (Mazola oil & corn starch), Mon. 4:15-4:30, Tue. 4:30-4:45; Chesebrough Mfg. Co. (Vaseline products), Mon. 4:30-4:45; Hazel Bishop Inc. (lipstick), Fri. 4:30-4:45; Andrew Jergens Co. (Jergens lotion), Wed. & Fri. 4:15-4:30; Simmons Co. (mattresses), Tue. 4:15-4:30 . . . Kellogg Co. (Pep & Corn Flakes) moves *Tom Corbett, Space Cadet* Jan. 1 from CBS-TV to ABC-TV, Mon.-Wed.-Fri., 6:30-6:45 . . . Gibson Refrigerator Co. Jan. 20 starts *Laura Gibson Show* on CBS-TV, Sat. 7:30-7:45 . . . Oldsmobile reported readying for late January *Sam Levenson Show* on CBS-TV, Sat. 7-7:30.

Station Accounts: Gallenkamp Stores Co., San Francisco shoe chain, buys Mon. thru Fri. news strip on KFI-TV, Los Angeles, 10:30-10:40 p.m., with Palma Shard as newscaster; she's called "far and away the best-looking newscaster in or out of TV" . . . First W. T. Grant Store, out of chain of 485, to use TV for in-store demonstration, is one in Salt Lake City, which telecast opening of new "Ranch Room" via KDYL-TV . . . Globe Bottling Co., Los Angeles (Creme-o-Coco chocolate beverage) had such good response to *Hollywood Road to Fame* show on KTSL that it plans to widen use of TV, thru Ted H. Factor Agency . . . Canadian Travel Bureau, govt.-sponsored, considering use of TV in U. S. to stimulate tourist trade, director Leo

Dolan citing success of State of New York's bureau . . . Pontiac using newspapers mainly on new 1951 cars, but also plans TV-radio . . . Standard Brands, for Instant Tender Leaf Tea, planning spring 1951 TV-radio campaign in Eastern-Southern markets, thru Compton Adv. Inc., New York . . . Wilson Sporting Goods Co. to place 6 one-min. film spots preliminary to sponsoring of National Professional League grid championship in December, thru Ewell & Thurber Associates . . . Re-Clean Corp. (home dry cleaner) new user of spots on WABD, New York, thru Cayton Inc. . . . Unilever Enterprises, London (Pears soap) reports great success using participating spots on WAAM, Baltimore, has added spot on WCBS-TV, New York, may expand . . . Among other advertisers reported using or planning to use TV: Hazel Bishop Inc. (lipstick), thru Raymond Spector Adv., N. Y.; Ansonia DeLuxe Shops Inc. (Eastern retail shoe chain), thru Lane Adv. Agency, N. Y.; Five Star Mfg. Co. (Freeman Headbolt Engine Heaters), thru Barney Lavin Inc., Fargo, N. D.; Thor Corp. (washing machines, irons, dryers, etc.), thru Earl Ludgin & Co., Chicago; Regent Industry (Arthur Godfrey Ukelele), thru W. B. Doner & Co., Chicago; National Flower & Garden Show (Baltimore, March 31-April 7), thru Kal, Ehrlich & Merrick, Washington; Landers, Frary & Clark (Stroke-Sav'r iron), thru Goold & Tierney Inc., N. Y.; Reid Murdoch Div. of Consolidated Grocers Corp. (Monarch dietetic foods), thru Weiss & Geller Inc., Chicago; Jelsert Co. (Makasyrup), thru Hirsch & Rutledge Inc., St. Louis.

PRODUCTION DOWN, TRADE ONLY FAIR: Heartened by continued good pace of production -- though pre-holiday retail trade is only fair thus far, generally -- TV-radio manufacturers by and large are inclined to believe their first-quarter 1951 will hold up well despite the war news, components shortages and raw materials restrictions.

Certainly, they're not singing the blues yet, though the trade reports aren't too good at moment and the war contracts haven't come through in quantity yet. Their thinking is that Washington simply won't let their civilian production down and employment rolls deteriorate in meantime.

Their logic seems sound enough -- if, indeed, logic can be said to prevail these hectic days -- and there's good reason to believe popular demand for TVs will continue as long as telecast programs are popular.

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Final November week's output fell to 148,130 TVs from third week's 201,364, second's 184,133, first's 218,378, according to RTMA -- bringing month's total to 752,005, which compares with October's 813,851 and 5-week September's 817,157 (Vol. 6:44). Radios fell off to 255,912 in fourth week from 311,330, 371,101 & 365,751 in third, second and first weeks, respectively.

Fourth week's drop loses some of its significance when Thanksgiving Day vacation -- and usual day-after absenteeism -- is taken into account. RTMA's projected estimates for November ended as of Nov. 25, which means that December (for statistical purposes) has 5 weeks. Not all of these will be full production weeks, due also to holidays and vacations.

Hence 11-month total of 6,529,615 TVs (RTMA's projected estimate) may not reach predicted 7,500,000 for all 1950. As for radios, they total 12,785,917 for 11 months, far better than anyone anticipated, broken down as follows: home radios, 7,440,119; auto radios, 3,785,297; portables, 1,560,501.

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Another reply to our "pre-cobalt survey" (Vol. 6:48), received this week from one of the more important TV manufacturers (not one of the Big 4), so well epitomizes what so many have written or told us that it's worth repeating verbatim. This is what head of this company wrote as of Dec. 1:

"We plan on bringing out a few more models in January, but we will not change our chassis -- they will be primarily cabinet changes.

"As for basic trends for 1951, I think that many of the models will be limited by the supply of materials and we will be building what we can build. However, I definitely see some trends toward reducing prices, more rectangular tubes, general standardization on the 17 & 20-in. tubes, and a very confused merchandising program.

"The primary problem today is that everybody is living by the newspapers. We are affected by the day-to-day news, and there is not too much short-range or long-range planning because of the many uncertainties.

"However, we have gone through so many different crises that the same old elements that have been with us for a long time will be the general trend -- competitive pricing, aggressive selling and special merchandising programs developed by individual companies.

"We may have a buyer's market in the face of a shortage -- who knows?"

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One reason prices of sets may go higher next year: CIO's International Union of Electrical, Radio & Machine Workers (IUE) called for "substantial" wage increases immediately "without regard to reopening provisions which normally would call for later wage discussions." Resolution was adopted by 700 delegates at Milwaukee convention this week.

Topics & Trends of TV Trade: Admiral, like Philco, will hold its mid-winter distributor convention Jan. 4-6—at Chicago's Drake Hotel. Philco meetings are to be in Palmer House (Vol. 6:48). They're the only majors who have as yet announced conventions, timing them just ahead of Winter Home Furnishings Market, Jan. 8-19. Both will feature white goods heavily, but TV will also play big part. National Appliance & Radio Dealers Assn. (NARDA) convention has also been set for Jan. 14-17 in Chicago's Stevens Hotel.

Scattered trade reports, meanwhile, are clouded with uncertainties created by Korean war—main effect of that and credit restrictions being to retard buying, particularly of high-priced sets. Some even foresee "dumping" in January, this time to unload regular stock rather than merely make way for new 1951 models, which will be very few. "Unloading" by some manufacturers, with special deals with distributors, is already reported.

Bellwether RCA, except for 17-in. rectangular tube and some new cabinet styling, has nothing radically new on tap, according to reliable reports. No distributor convention is planned, but distributors are expected to tell dealers shortly what models they expect to deliver in early 1951.

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Warning that TV servicing may fall below satisfactory level was sounded by RCA Service Co. president Edward C. Cahill in Dec. 7 interview with *Retailing Daily*. He foresees loss of large number of present 60-70,000 servicemen to armed forces, factories, other defense work; made point that one TV technician is needed for every 250 sets installed; reported RCA is spending \$150,000 to underwrite series of 7 service lectures in all TV cities.

Rough weather ahead for service companies is seen generally. In last week 2 large service companies failed: Prudential TV Service Corp., New York, which had 25,000 contracts; Supreme TV Service Inc., Philadelphia, also with substantial number of contracts.

Recent failures of service firms prompted DuMont to impose requirement on service organizations, with which DuMont set owners have contracts, that they maintain escrow accounts in banks to cover every contract customer. Unless notarized proof is submitted, said receiver chief Ernest Marx, their DuMont authorization will be rescinded.

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New prices on low end of DuMont line, embracing excise tax, were disclosed at New York distributor meeting this week. All are 17-in. rectangles, without AM or FM, as follows: Sumter, table model without doors, \$289.95; Carlton, table with doors, \$329.95; Strathmore, console without doors, \$379.95; Park Lane, console with doors, \$429.95; Andover, console with doors, \$439.95. (Previous prices were reported in Vol. 6:27.) Prices were announced also for top-of-line Westminster, 19-in. console with AM-FM-phono-tape recorder-selector clock, \$1750 in East, \$1825 in West. Much-discussed new 30-in. console, in limited quantities, will be available in January, still unpriced but probably to cost "in excess of \$1000." Remaining sets in DuMont line (Vol. 6:27) are continued.

Among unclassified military contracts for electronics equipment (more than \$100,000) announced by Commerce Dept. for week ending Dec. 6: Through Signal Corps Procurement Agency, Philadelphia—Molded Insulation Co., Philadelphia, \$1,476,110, radiosonde (68,692 units); Specialty Assembling & Packing Co., Brooklyn, \$182,486, radio sets (18); Collins, \$152,257, diversity receiving equipment (24). Through Navy Electronics Supply Office, Great Lakes, Ill.—Machlett Laboratories, \$627,000, electron tubes (70,000); Chatham Electronics, \$294,750, electron tubes (75,000); GE, \$262,500, electron tubes (15,000); Raytheon, \$217,500, electron tubes (1500).

Financial & Trade Notes: Among officers' and directors' stock transactions reported by SEC for October:

Wallace C. Johnson bought 22 Admiral, holds 1478; James D. Shouse bought 1000 Aveo, holds 1350; Ralph F. Colin sold 50 CBS, holds 1028; Charles Robbins sold 300 Emerson (Sept.), holds 1900; Henry V. Erben sold 100 General Electric, holds 2335; R. B. Larue bought 100 General Precision Equipment, holds 300; John P. Hanson bought 100 Globe-Union, holds 200; Raymond W. Durst (and family) sold 30,300 Hallicrafters, hold 51,700; Joseph J. Frendreis sold 2500 Hallicrafters, holds 4500; Jennings B. Dow bought 200 Hazeltine, holds 300; Henry Reeve bought 100 Hazeltine, holds 5600; Frank A. Hayden bought 400 Indiana Steel Products, holds 1400; Arnold S. Kirkeby bought 400 Magnavox preferred (Sept.), holds 400; Ernst E. Bareuther bought 6 Philco, holds 39; Courtney H. Pitt sold 300 Philco, holds 700; Chas. F. Steinruck Jr. bought 6 Philco, holds 4500; Russell Heberling bought 100 Philco preferred, holds 200; Charles B. Jolliffe bought 100 RCA, holds 400; Harold R. Maag bought 100 RCA, holds 300; L. W. Teegarden bought 200 RCA, holds 241; W. Withington sold 2500 Sparks Withington (Feb.), holds 2500; Irving S. Florsheim bought 1000 Stewart-Warner, holds 6000; John Kuhajek bought 20 Zenith (June & July), holds 30.

Capehart-Farnsworth will pay \$500,000 dividend to parent IT&T Dec. 28, Capehart directors announced after Dec. 6 meeting. Board also disclosed that Capehart, wholly owned by IT&T since May, 1949 (Vol. 5:19), will sell \$1,500,000 of capital stock to IT&T, giving parent firm \$5,000,000 total capital interest in TV-radio subsidiary. Stock sale will require no capital outlay by IT&T, since Capehart owes it an undisclosed amount more than \$1,500,000. Directors indicated Capehart's earnings for first 10 months of 1950 will approximate \$1,000,000 before taxes.

Bernard Fein, president of Ansley, has sold his interest in that company to group headed by T. Stewart Harris, director, and has acquired Harris group's interest in Trenton Products Co., manufacturer of Ansley cabinets and national sales distributor for Ansley products. He plans to expand Trenton to include electronics manufacturing.

Trade items: Philco 1950 radio output will probably run 1,750,000, including auto radios, compared with 2,000,000 in 1949—with radio-phono consoles accounting for about 25% . . . Hoffman Radio reported scheduling 30-35% cutback in TV production for first quarter 1951, and Packard-Bell president H. A. Bell quoted as forecasting volume will drop 50% . . . RCA's new Cincinnati tube plant (Vol. 6:48) will specialize in miniature receiving tubes, should be in production by May.

Trade Personals: John P. Roksenbom elected v.p. of RCA Service Co. heading Consumer Products Service Div., in charge of installing-servicing home TVs, his place as treasurer-controller being taken by Donald H. Kunsman . . . Lester F. Graffis named Bendix Radio chief engineer . . . Stanley J. Marks appointed Freed-Eisemann TV sales mgr. in Chicago, L. L. Finch district manager in Cincinnati . . . B. J. Grigsby, who was president of the old Grigsby-Grunow Co. (Majestic), has written and published "book for youngsters and oldsters" titled *Adventures of the Ducky-Wucky Family*, proceeds to go to Girl Scouts . . . William L. Lewis transferred to Philadelphia area as sales representative for Industrial & Electronics Div., American Structural Products Co. (Kimble Glass) . . . Bert Cole, ex-mgr. of Crosley's New York factory branch, now with Philco as district representative in New York-Newark . . . Frank Hevesy succeeds Bud Lewis as adv. mgr., Hoffman Radio Sales Corp. . . . Dean Pulsifer, ex-Westinghouse, named Packard-Bell district sales mgr. for northern California, headquartering in San Francisco.

Telecasting Notes: Havana's second TV outlet, Goar Mestre's CMQ-TV, begins Channel 6 tests Dec. 10, starts carrying night baseball Dec. 12, with half-hour of live programming just before games starting Dec. 12, and full-hour shortly thereafter. Though new 50,000-sq. ft. TV building, surmounted by 200-ft. tower, won't be ready until February, plan is to go on regular 6-11 p.m. schedule in mid-January . . . Third TV outlet in Havana is also assured, with sale by RCA International of equipment to Telenews Company, Alonso, S. A., which hopes to have it on air early in 1951. President is Manuel Alonso, owner of Noticario Nacional, producer of newsreels and documentaries . . . More Jan. 1 rate increases: WDEL-TV, Wilmington, base hourly rate up from \$300 to \$400, one-minute from \$40 to \$60; WGAL-TV, Lancaster, \$300 to \$450 & \$40 to \$60; WHEN, Syracuse, \$265 to \$400 & \$50 to 80; WTAR-TV, Norfolk, \$250 to \$400 & \$30 to \$75; WBTV, Charlotte, \$225 to \$300 & \$45 to \$50; WLAV-TV, Grand Rapids, \$250 to \$275 & \$45 to \$65; WJIM-TV, Lansing, \$200 to \$300 & \$35 to \$40; WKY-TV, Oklahoma City, \$350 to \$550 & \$40 to \$80; WDSU-TV, New Orleans, \$300 to \$425 & \$50 to \$65; KPIX, San Francisco, \$360 to \$450 & \$52 to \$75; WOC-TV, Davenport, \$200 to \$300 & \$20 to \$50; WOAI, San Antonio, \$250 to \$300 & \$30 to \$45; WMBR-TV, Jacksonville, \$200 to \$390 & \$30 to \$40; WBNS-TV, Columbus, \$350 to \$450 & \$75 to \$100; WHAS-TV, Louisville, \$300 to \$400 & \$50 to \$65; WAFM-TV, Birmingham, \$250 to \$300 & \$30 to \$50; WWJ-TV, Detroit, \$800 to \$1100 & \$160 to \$200; KSTP-TV, Minneapolis-St. Paul, \$500 to \$650, & \$100 to \$130; WTTV, Bloomington, \$150 to \$175 & \$22 to \$26; KING-TV, Seattle, \$500 to \$550 & \$55 to \$70; WTVN, Columbus, \$350 to \$500 & \$65 to \$110; KRON-TV, San Francisco, \$362.50 to \$480; WNHC-TV, New Haven, \$450 to \$600 & \$80 to \$120; WSYR-TV, Syracuse, \$300 to \$450 & \$56 to \$90.

Application for Channel 3 in Chattanooga was filed this week by WDOD, making second on file for that city (see *TV Directory No. 11*) and bringing total applications now pending to 369. FCC this week granted *Atlanta Journal & Constitution* STA for 90-day tests on Channel 2, assigned pre-freeze CP holder WCON. Tests will be conducted under experimental call letters KI2XBN to determine whether same company's WSB-TV should relinquish its Channel 8 in favor of Channel 2. [For further details about WDOD application and KI2XBN tests, see *TV Adenda 11-V* herewith.]

Proposal to ban all telecasts and broadcasts of pro baseball was withdrawn Dec. 7 at Minor League Conference in St. Petersburg after secret major-minor league consultation preceding evening. Instead, minors decided to request major league teams individually to curtail extent of their networking. NAB gen. mgr. Wm. Ryan had long conference with Baseball Commissioner A. B. Chandler, was invited to return next Wednesday as only outsider to address Major League Conference.

Famed "Blue Book" test of programming policies of WBAL, Baltimore, ended this week when FCC renewed that Hearst Radio station license, taking it off 5-year-old hook. Comrs. Coy and Webster dissenting, majority held WBAL-TV programs had improved sufficiently to warrant renewal, and that columnists Pearson and Allen, in their Public Service Radio Corp. application, had not made strong enough case to warrant taking license away.

Dec. 1 sets-in-use reported since NBC Research's "census" of Nov. 1 (Vol. 6:46): Washington 205,835, up 16,835; Memphis 64,424, up 4224; Dallas 51,689, up 5089; Omaha 49,908, up 7908; Miami 45,000, up 5000; Norfolk 44,545, up 5845; Erie 42,576, up 7576; Fort Worth 40,188, up 4188; Greensboro 35,901, up 5401; Utica 30,200, up 2300; St. Louis 221,500, up 14,500.

Merger of TBA with NAB-TV (Vol. 6:46-47) is in the cards, probably will become actuality at Jan. 19 meeting of NAB-TV convention in Chicago's Hotel Stevens, which chairman Harold Hough (WBAL-TV) has announced will be open to all telecasters whether or not they're NAB members. TBA board majority has agreed that consolidation is desirable, qualified acceptance on 2 counts: (1) That "autonomous" NAB-TV board of directors will really be autonomous, not limited in any way by present "AM" board. (2) That dues of TV members of NAB will not be spent for AM matters, or for any other purpose, except by direction of the telecasters through their board. Meanwhile, TBA reelected all its officers: Jack Poppele, WORT-TV, president; Ernest Loveman, WPTZ, v.p.; Will Baltin, secy.-treas.; Paul Raibourn, Paramount, asst. secy.-treas.

Compromise on allocation of intercity TV circuits by AT&T, which was protested by ABC and DuMont and led FCC to schedule hearings (Vol. 6:42, 44, 46), is in works, may obviate need for hearing—first set for Nov. 20, then postponed to Dec. 11, now postponed again to Dec. 18. Networks and phone company officials met Dec. 6-7, meet again next week, to try to work out formula satisfying everybody. Meanwhile, FCC has not yet set hearing date on proposals to limit hours stations in 1, 2, 3-station cities may take from single network (Vol. 6:46,48).

Christmas demand for TVs in Havana is so great that Hallicrafters' distributor there last week ordered 200 sets (retail value, \$100,000) shipped via air freight, and 2 Coastal Air Cargo planes with 25,000 lb. loads left Chicago Nov. 29 after appropriate ceremonies.

Personal Notes: E. C. Page, consulting engineer, back from Tangier, where he supervised installation of Voice of America relay stations; partner Joseph Waldschmidt still there . . . Lloyd E. Yoder, since 1939 mgr. of NBC's KOA, Denver, onetime Carnegie Tech All-America grid star, promoted to mgr. of KNBC, San Francisco . . . Arden X. Pangborn quits as business mgr. of KGW, Portland, to be gen. mgr. of WOAI & WOAI-TV, San Antonio . . . I. E. (Chick) Showerman, recently resigned as NBC Chicago v.p., joins Free & Peters, station reps, as TV sales chief, headquartered in New York . . . Eugene Halliday promoted to sales mgr., KSL-TV, Salt Lake City . . . Ralph E. Dennis now mgr. of ABC-TV spot sales, Earl M. Salmon mgr. of radio spot sales, in splitup into 2 divisions effected this week; reporting exclusively to Dennis are T. H. Black and John Fenster . . . Robert F. Holtz has given up his consulting engineering practice, Great Notch, N. J., and with Mrs. Holtz has left for Indonesia to consult on modernization of that Republic's broadcasting and communications . . . Bernard Musnik named Eastern sales mgr., Crosley stations, succeeding Warren Jennings, resigned to join ABC spot sales . . . N. Ray Kelly, ex-NBC, promoted to business mgr., TV-radio dept., Wm. H. Weintraub agency . . . Gil Babbitt, ex-WCAU, named TV-radio director of J. M. Korn & Co., Philadelphia agency . . . Kenneth L. Carter, gen. mgr. of WAAM, Baltimore, named a director of National Conference of Christians & Jews . . . Jules Bundgus, ex-Kastor, Farrell, Chesley & Clifford, joins Sherman & Marquette as TV-radio program supervisor.

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In This Issue:

Mobilization Speedup & Electronics, page 1.
Transmitter Tube Supply Promised, page 3.
Agreement On Network TV Circuits, page 3.
NBC Stuns AMs With Rate-Cut Proposal, page 4.

Emergency Means Freeze Uncertainties, page 5.
War & Research Settling Color Issue, page 5.
Output Heavy But Turnover Slow, page 10.
Trade Topics & Financial Reports, page 11.

OUR No. 1 TASK IS NOW DEFENSE: Nothing is more important, now, than defense mobilization. It will be the policy of this publication to report faithfully on the war roles of the electronics and broadcasting-telecasting industries. We will, of course, continue our intensive coverage of their civilian activities.

Accordingly, we have expanded our news staff for fuller news coverage and analysis of the electronics activities of the defense and war production agencies.

President Truman himself spelled out the magnitude of the electronics industry's role when, in his grim Friday night speech, he said:

"Within one year, the rate of production of electronics equipment for defense will have multiplied 4½ times." It's sheer guessing to interpret that in volume and dollars, yet, but a \$5 billion electronics-communications rate (out of \$50 billion military budget) is not out of reason.

So it's official now, and all talk about business as usual, huge civilian production and bigger profits, TV freeze, color-in-a-hurry, fades into relative insignificance. The great achievements of the laboratories, the magnificent records of the electronics and broadcasting industries in the last war, are sufficient proof that they can once again fully meet their emergency obligations.

MOBILIZATION SPEEDUP & ELECTRONICS: Capped by declaration of national emergency, mobilization of industry stopped walking this week and broke into a run.

No immediate results were evident to naked eye, but National Production Authority spent week in consultation with more than 20 industry groups -- including committees from electronics fields and their suppliers -- a prerequisite for issuance of new directives and materials limitation orders.

Emergency declaration paves way for Govt. to award defense contracts without observing peacetime regulations such as competitive bidding. Mr. Truman's selection of GE's Charles E. Wilson, one of nation's leading production men, to head new overall mobilization agency, indicates stress Govt. will put on speedy and efficient conversion of industry to military production. In new setup, NPA will be division of Office of Defense Mobilization, with Administrator William H. Harrison responsible to Wilson instead of to Commerce Secy. Sawyer. Price-wage agency will also take orders from Wilson.

* * * *

Controls over end products are definitely in works -- and this week NPA said so for first time. Assistant Administrator H. B. McCoy said in Chicago that NPA is drawing up orders to conserve critical materials by:

- (1) "Specification controls," cutting quantity of materials in certain uses.
- (2) Prohibiting use of scarce materials where less critical materials are available as substitutes. In other words, NPA will spell out in forthcoming orders the uses to which scarce materials may be applied.

Electronics industry was in thick of this week's govt. activity. Two meetings directly affecting the industry were held, third scheduled. These were the developments:

(1) "Considerably less" cobalt next month. Assistant NPA Administrator Glen Ireland told loudspeaker and permanent magnet manufacturers in 4-hour meeting Dec. 14 that third monthly stopgap order will pry loose some cobalt for across-the-board civilian use in January, but amount may be very small. (For list of manufacturers attending meeting, see page 11.)

January's cobalt ration probably will be less than one-third of average amount used by civilian industries during first half of 1950, Ireland said, compared to 50% during December (NPA Order M-10), 30% in November (Vol. 6:46-49). Although percentage figure hadn't been decided at week's end, one official said he wouldn't be surprised to see it set as low as 20% or even 10%.

"Essentiality of end-product use" will be key to overall cobalt allocation plan, now scheduled to go into effect Feb. 1. General expectation is that NPA will ban cobalt use in magnetic novelties and toys, as well as blue pigment (Bromo-Seltzer bottles, vases, etc.), but dole out some for TV-radio, appliances and porcelain-enamelled products (in which cobalt compound is used to make enamel adhere to metal).

Magnet and speaker manufacturers pointed out to NPA that military orders haven't come through in any quantity; that continued operation still depends on civilian production. They made this oft-repeated point:

No cobalt, no magnets. No magnets, no electronics industry. No electronics industry, no military electronics. The manufacturers pleaded for enough cobalt to keep them going through transition from civilian to defense production.

Increased cobalt supply in 1952 was predicted by Bureau of Mines spokesman, but he foresaw "no substantial increase" in 1951.

Mushrooming defense requirements, including rapidly-expanding jet plane program, will leave less and less (or no) cobalt for civilian electronics, NPA officials explained. However, they feel manufacturers will be receiving defense contracts at rapidly increasing pace in near future, with civilian cobalt requirements diminishing as rearmament orders roll in.

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(2) Heavy unemployment in electronics industry was foreseen by RTMA's Electronics Parts Mobilization Committee unless quick relief from materials curbs is granted in hardship cases. Meeting with Director John Daley of NPA's Electronic Products Division Dec. 12 (Vol. 6:49), committee estimated electronics industry may have to lay off as many as half its workers during first quarter 1951 as result of shortages. To prevent this, committee asked NPA to:

(a) Expedite processing of appeals from individual firms. At present, appeal forms are available only for aluminum and copper orders (Vol. 6:49).

(b) Aid applicants for increased amounts of raw materials by permitting them to use the amount requested pending final NPA action on their appeals.

(c) Help manufacturers get all raw materials to which they are entitled under the limitation orders. As an example: Nickel users will be limited in January by NPA Order M-14 to 65% of nickel they consumed during average month in first-half 1950, but many of them were unable to obtain even that much in November.

Representing RTMA at meeting were: Indiana Steel Products' A. D. Plamondon and General Instrument's R. E. Laux, co-chairmen; RTMA president Robert C. Sprague; Lenz Electric v.p. Raymond Zender, RTMA Parts Division chairman; attorney H. G. Beauregard, secretary of Joint Electronics Industry Committee (Vol. 6:32-33,36); Sylvania's L. G. Taggart and A. L. Milk; General Instrument's Robert G. Klabin, and RTMA gen. mgr. James Secrest.

* * * *

(3) Paving way for distribution controls, NPA's Office of Civilian Requirements (Vol. 6:49) will meet with TV, radio and appliance wholesalers Dec. 20 to form wholesalers' advisory committee.

Inventory controls, and possibly end-product limitations, will be brought up

at meeting, reactions of distributors sought. Agenda proposed by NPA: "Inventory & supply; distribution; maintenance of production for essential home & shop appliances; effect of defense orders on suppliers; problem of critical areas."

Wholesalers' role in defense production system will be explored at meeting. Some distributors are doing big military business. For example -- when a military base needs certain parts or tubes in hurry, it often buys them from local wholesaler on priority order. NPA wants to know how this is working out.

* * * * *

Add shortage headaches: cadmium.

Like cobalt, the "D0" priority orders for cadmium exceed the total available supply. Cadmium plating is used in TV-radio to prevent corrosion of metal parts (chassis, tube shields, screws, brackets).

Defense priority orders of cadmium were slashed 50% by NPA this week pending long-range program to stretch supply. Officials said they will set up specific list of permitted uses of the material, citing list used by War Production Board in World War II. Radio-TV uses were not permitted by WPB.

Cadmium has substitutes. Best ones are nickel and tin-lead alloy, already critically short. NPA's Order M-15, limiting use of zinc, provides that zinc may be used in unlimited quantities where it replaces cadmium in electroplating. Zinc, though far inferior to cadmium, probably will be used as last resort.

* * * * *

First curb in field of scrap metals, where heavy demand has pushed prices fantastically high (Vol. 6:48), was NPA's ban this week on "conversion deals" in copper scrap (NPA Order M-16). Intended to insure "continuous flow of copper scrap into normal channels of distribution," the order will keep the material going into hands of defense producers, keep it away from non-essential civilian users who pay premium prices for it and then under agreements with custom smelters, have it remelted for their use.

TRANSMITTER TUBE SUPPLY PROMISED: RCA assures all TV stations they won't be forced off air for lack of camera tubes, which it alone makes -- and other transmitter tube makers assert no station, AM, FM or TV, need fear it won't get tubes needed to keep going. So despite present scarcity, due to get more acute with tightening of raw materials (Vol. 6:49), station operators can breathe easier -- for a while at least.

Most critical now are iconoscope tubes for film cameras, due to drying up of sheet mica supplies. High quality mica, only kind usable, comes from India, where it's said British are stockpiling and Soviet has been buying up all it can get for transparent dielectrics. There's said to be no satisfactory substitute. And tight supply of image orthicons also stems from critical nature of manufacture; rate of rejects is very high.

Current tube shortages arise from rush of orders by broadcasters and telecasters last few weeks -- mostly to stockpile against possible wartime curtailments. Since tubes are produced in single runs, tube makers were left without normal inventory, and said they had none when subsequent orders came in.

Demand for all kinds of transmitter tubes is at peak now. During World War II many broadcasters were hard put for replacements, so they're taking precautions.

FCC plans no move to permit reduced powers, which might give tubes longer life. This has been suggested, but situation isn't regarded serious enough yet. FCC engineers also point out that possibly half of the 107 TV stations aren't now driving their transmitters at peak power, so that reduction would make no appreciable difference in tube life.

AGREEMENT ON NETWORK TV CIRCUITS: What might be called "stagger system" for dividing existing intercity coaxial-microwave circuits, which aren't yet sufficient in number to enable all 4 networks to provide fulltime service, was devised amicably by network executives this week -- with an assist from FCC Chairman Coy.

If plan works out, it's good bet there won't be any FCC hearing on disputed AT&T allocation of circuits, postponed for third time to Jan. 15 -- nor even on FCC

proposal to limit amount of time stations in 1, 2 or 3-station markets may take from single network (Vol. 6:42-49).

Plan goes into effect second quarter 1951, since it's too late to start it first quarter and since sales departments of networks must now go out and tie up sponsorships and affiliates for allocated periods. Highly ingenious and elaborate formula works out roughly like this:

(a) AT&T divides existing circuits into 4 groups. (b) Each network gets priority on 25% of time on each group. (c) If network gets as few as only one station to accept its programs, it can hold on to 12½% of its priority time on any circuit. (d) If it gets plurality of stations in its group, it can retain full 25%. Networks rotate groupings.

Example: Network A is given option on 7 of weekly 28 hours from 7-11 p.m. on a circuit in Group 1. It reports only one station signed up (could be its own) 21 days before quarter starts. It therefore gets priority up to 3½ hours on its circuit in Group 1. But if it reports in with plurality of stations in group, it has right to whole 7 hours for which it has priority.

Both ABC and DuMont, whose original complaints started FCC looking into situation, were reported pleased with outcome. NBC, with most sponsors now, most affiliate-hours, most to lose, takes view it had to agree to "give and take" for sake of healthy industry, according to president Joseph McConnell. DuMont's Comdr. Loewi said it vindicates his contention AT&T must treat all networks alike.

In effect, plan does put all networks on equal footing prior to beginning of each quarter, with premium on time salesmanship, program quality, appeal to affiliates to accept programs. It was generally agreed Coy and able FCC counsel Stratford Smith rendered yeoman service in conducting negotiations bringing about agreement.

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AT&T reveals extension plans for more intercity circuits in 1951 include linking of Rochester-Syracuse, Memphis-Birmingham, Charlotte-Atlanta (direct via radio relay); also, Binghamton tying into present Schenectady-Utica link. Only firm date is Binghamton -- March 1951. Times of others not yet decided.

NBC STUNS AMs WITH RATE-CUT PROPOSAL: This is no time to cut radio rates -- on eve of what looks like repeat of lush days of 1939-45.

That's general reaction of NBC affiliates in TV cities to this week's network request that they reduce their night-time AM rates.

What hurt and shocked affiliates was fact proposal comes so soon after quietus was put on ANA suggestions for lower rates last July (Vol. 6:29-31,39). Now leader of their own industry reopens subject.

NBC first asked affiliates to "adjust" rates effective Jan. 1, but station clamor by Thursday caused it to call meeting Jan. 10 in New York.

NBC offered no reason for such move at this time, declined to disclose details, but stated its proposed plan "takes into account the changed values of network radio in cities where TV viewing by radio families has become an important factor." Formula is based on TV set count compared with BMB radio audience figures.

Affiliates and trade generally speculate along these lines:

(1) NBC is not doing so well in radio since CBS began its talent raids (for latest comparative dollar volume figures, see p. 12, Vol. 6:48). Hence it wants to cut rates to underprice competition, particularly CBS.

(2) Special deals, inclusion of production charges, etc. have been rife in radio, giving it black eye. One way to stabilize radio would be to lower rates, then stick to rate cards.

(3) Openly discussed, but vehemently denied by NBC, is RCA hierarchy's preoccupation with TV. It's said RCA-NBC want to make TV primary medium, force radio into "second class" position.

AM station operators say their business is good now (borne out by latest figures, Vol. 6:48), and some see even greater dollar volume in era of inflation, loose advertising dollars, higher costs of other media (particularly TV).

EMERGENCY MEANS FREEZE UNCERTAINTIES: Outwardly, FCC's end-of-freeze procedures continue on business-as-usual basis -- though commissioners are just as uncertain as everyone else when it comes to estimating impact of emergency on future station construction. Here's how one member puts it:

"We've got to go about our business until told to do otherwise. It's not our job to run other parts of the Govt. NPA, NSRB, Munitions Board, etc. will tell us what we're supposed to do when they want to."

In fact, Commission looked forward to specific-cities portion of hearing this week when it announced that all parties will get 30 days notice of beginning of those sessions, if no changes in allocation plan are made. However, if changes are made, parties will be permitted to file comments and oppositions -- just as they did with presently-proposed plan (see TV Directory No. 11). Actually, there's every indication that brand new allocation will be issued.

Windup of general issues hearing resumes Jan. 15, when educators come back for testimony they believe will take 3 days. NAB also wants to come in then, but Commission hasn't yet given it nod.

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Former happier FCC-industry relations seemed to be coming back this week as national emergency continued quenching color-generated bitterness and as Chairman Coy showed old skill in mediating coaxial allocation squabble (see page 3).

Rumored FCC clampdowns on industry, with regard to oscillator radiation and ownership of stations by manufacturers, are discounted at commissioner level -- despite expressed opinions and known plans of some high-level staffmen (Vol. 6:47). And there's good reason to believe that network program "equalization" proposal (Vol. 6:40-48) is due for shelf or discard.

Now on vacation till first of year are counsel Harry Plotkin and chief engineer Curtis Plummer. Coy had planned to vacation in Phoenix, decided to remain in town but ease up on work during holiday season.

WAR & RESEARCH SETTLING COLOR ISSUE: If war emergency hasn't been enough to kiss off color as an academic question -- and we've long believed it has been -- RCA's smash hit performance of its enormously improved all-electronic color system in Washington's Trans-Lux Bldg. has pretty well blocked threat of incompatibility.

That's virtual consensus of some 2000 invited observers who've seen the RCA demonstrations, which ended Dec. 15 after 2 weeks of daily showings.

But color war isn't over by any means. There's still an FCC to "sell" and court case pending. Nevertheless, crisis probably has passed. Reason is simple:

The people who make TV work -- manufacturers, telecasters, merchandisers -- have seen enough to keep them from putting any weight behind an incompatible system.

Real variety of observers were on hand for this week's daily showings: telecasters, broadcasters, consulting engineers, attorneys, military, distributors, retailers, moviemen, more Congressmen. Typical reactions from each group are recorded or summarized in this article.

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FCC remains mum, kept away for same reason RCA didn't invite members and staff: Court case might be prejudiced.

Court decision is expected any day now, with FCC still confident of victory -- which actually would be Pyrrhic, a mere legalism supporting its authority rather than its decision.

For nobody now expects any manufacturer to build non-compatible apparatus, in quantity, even if Commission were upheld or if there weren't a war emergency.

Observers are betting neither FCC nor RCA will make any move, except to appeal, when decision comes down -- doubting either will initiate new hearing immediately. Not only are there superior considerations of defense, but RCA would like nothing better than time for further perfection of its system.

Any idea that color TV will be available to public "for the duration" can be dismissed as sheer romancing. Actually, that was so from start of Korean aggression

when it became evident electronics industry was bound to be converted to war.

As for RCA's "dual standards" pitch (Vol. 6:49), that has met with flat "no" from at least one influential commissioner. It might be face-saving device, and it remains to be seen whether other commissioners won't go for it.

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Demonstrations were about same as last week's (Vol. 6:49), reactions much the same -- only more so and from more diverse groups. RCA's Dr. C. B. Jolliffe gave out a few new details, in response to questions:

All receiver components are standard. Next size tri-color tube planned is 17-in. Later demonstrations may be made to show additional improvements. Off the record, RCA engineers tell of developments, before long, "which will show as great an advancement over these pictures as these are over those of April."

Question of mass-producing tri-color tube, and its cost, is answered this way by D. F. Schmit, RCA Victor engineering v.p.:

"Take the color picture on cover of the Saturday Evening Post. It has a lot more dots than our tubes do -- probably millions. That's quite a registration job. But they turn out millions of copies weekly. It will simply take time."

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CBS brass came to see Dec. 15, including Stanton, Goldmark, Murphy, Lodge, Salant, Gammons, Christiansen. Attending same showing were NBC president Joseph McConnell and RCA counsel John Cahill, giving rise to speculation, unsupported by any statement yet, that conciliation may be in wind.

CBS officials wouldn't comment individually, but president Frank Stanton said before demonstration, in answer to question, that "it will make no difference to CBS's plans" even if showing were as good as reported. And v.p. Adrian Murphy said they're continuing plans to add new cities to public demonstration series (including Philadelphia which started this week).

Official CBS statement was issued couple hours after showing. Full text:

"In view of pending litigation, we do not believe it is appropriate to comment on the RCA demonstration we saw this morning. The FCC report explicitly provides for consideration of new or improved systems. If RCA believes that its system has been sufficiently improved to warrant adoption, it can ask formally for further consideration.

"If in fact the RCA system proves by this procedure that it is so improved to qualify for further consideration, various claims and observations which have thus far been reported can be dealt with in an orderly manner and through witnesses under oath and subject to cross-examination."

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Senator Johnson himself finally appeared Dec. 14, said: "I'm very well pleased with the progress. I've followed these developments from the first, so I'm well able to note the tremendous progress." Asked whether he thought FCC should see demonstration, he carefully said he couldn't comment because of pendency of case in court. He gave same answer to question whether he'd recommend dual standards if Commission finds RCA system satisfactory. He's the original drum-beater for multiple, or "general," standards -- once advocating "limited commercialization" of CBS, CTI, RCA systems (Vol. 5:46).

Navy Secretary Matthews, one of owners of Omaha's WOW-TV, was quite enthusiastic: "Excellent quality. Great promise for the future. The sooner it's made available to the public the better. Great improvement over what I saw in April. All they need to do now is to make it to sell for \$100." Comparison with CBS? "Since I've been working with the military, I know better than to compare services."

Possibly most profuse kudos of all came from Dr. Robert Sarbacher, noted scientist, former dean of Georgia Tech graduate school, now director of Wedd Laboratories, Washington, doing military electronics research. Said he: "These pictures are beautiful. They're approaching such perfection that anything else would be like going back to the horse and buggy age. This is a significant achievement in the electronics art."

Engineers, consulting and operating, seemed even more enthusiastic than laymen, generally stressing system's potential. Some of their comments:

Stuart L. Bailey, member of famed Condon Committee, now disbanded: "This shows that the Condon Committee recognized capabilities of the dot-sequential system, and this demonstration proves the correctness of the committee's evaluations. It's a tremendous improvement over what was shown before. Color fidelity over long periods of time is good; fidelity problems have been cleaned up. I'll reserve judgment on resolution; after all this was a closed-circuit demonstration. But there's no question resolution is still not up to the optimum permitted by the system."

Dr. Newbern Smith, Bureau of Standards, member of Condon Committee: "Considerable improvement over the performance last spring." He wouldn't be drawn into technical evaluation, comparison with CBS, discussion of public acceptability, etc.

E. K. Jett, former FCC commissioner and chief engineer, now director of Baltimore's WMAR-TV, basic CBS-TV affiliate: "Very good. A tremendous improvement. If you put this side by side with CBS picture, CBS's would probably show up better, but this needs only a few months of development to make it perfect. Besides compatibility, the most important distinction this system can claim is its complete absence of flicker. It's commercially acceptable now. If they've done this in just a few months, just think what they'll be able to do in a few more."

T. A. M. Craven, former commissioner, now engineering consultant: "This is 1000% better than the last show. It isn't up to CBS for fidelity, however. It would be interesting to see what CBS would look like with the tri-color tube. The importance of this demonstration is that it's commercially acceptable and compatible. I don't know what the FCC will do but I know what I'd do -- adopt this in addition to CBS. This would win out."

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J. R. Poppele, WOR-TV, TBA president: "This is the answer. Tremendous improvement. Just shows what research can do."

Frank Marx, ABC chief engineer: "CBS has a better picture but this has infinitely more possibility of improvement."

Neal McNaughten, NAB engineering director: "Whale of a difference since April...I'd like to see the April pictures besides these, just to see the progress."

Robert Kennedy, consultant: "This is more like it. It needs some cleaning up, but there's no question about doing it."

E. C. Page, consultant: "This has no flicker. Pictures are vastly better but the color values aren't as good as Columbia's. They're sort of pastel, but that's merely a matter of getting right phosphors. There's no doubt RCA has done the job."

James McNary, consultant: "Very impressive. Superior...it has no flicker whatever."

A. D. Ring, consultant: "Mighty good, and tremendous progress for such a short time. In its present state, this is good enough."

Millard Garrison, consultant: "No doubt about it...on the right track."

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From Washington's radio attorneys, savvy as to care and feeding of commissioners, but preferring to remain unidentified, we distilled this consensus:

- (1) System isn't so perfect yet that FCC simply has to adopt it.
- (2) CBS system is unquestionably stymied by RCA's great improvement.
- (3) Feelings are so high that Commission will let things ride, 6 months to year, reexamine situation critically then, adopt RCA system if it's fully matured.
- (4) War makes whole subject moot, anyway.

Sample quotes: "This is the end of the argument." "Tremendous improvement. I don't see how CBS can stand up against this. The few defects are bound to be cleaned up." "Too much green in there for me. They've got a lot of work to do yet."

Most frequent questions: Can tube be mass-produced economically? How does it look on coaxial? How about interference, ghosts, weak signals?

John McCoy, who was chief of FCC's TV legal section during whole color

fracas, and is now with Storer stations, was clearly impressed:

"RCA is not fooling this time. The colors are stable, faithful and the same hue on each receiver. Resolution of color pictures seemed greatly improved over the April demonstration. There was little or no color contamination."

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"This is commercially acceptable color," was the reaction of some telecasters and broadcasters, including CBS affiliates, who came to see Dec. 13. There were, however, a few discordant notes, mainly with respect to comparisons with CBS color. Observers like I. R. Lounsberry, WGR, Buffalo, chairman of CBS affiliates advisory board, and Hoyt Wooten, WREC, Memphis, basic CBS outlet, neither with TV outlets but both applicants, said RCA color "isn't nearly as good" as Columbia's -- Wooten, an ex-motion picture exhibitor, likening it to Cinecolor as against Technicolor.

But they conceded it was great improvement over what RCA showed before, perhaps would be improved more, certainly had virtue of compatibility. On other hand, WFIL-TV's Roger Clipp said: "It's great. Now let the public decide." WMCT's Henry Slavik said, "Terrific." WCPQ-TV's Mortimer Watters asserted: "It's it -- what else do we need?" WDSU-TV's Lt. Edgar Stern Jr., an MIT graduate, now on duty with Signal Corps, remarked:

"The color is very good, but not quite right. But there's nothing basic in the system that says you can't get it right." Owner Stern's general manager Robert Swezey added: "Pictures are acceptable. I think I could sell it in New Orleans."

Telecasters were inclined to be more restrained in their comments than others, less willing to be quoted. Several remarked that, while color was wonderful, it now seems unimportant in light of national emergency.

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RCA distributors literally beamed during demonstrations for them Dec. 12, burst into applause several times. Their reaction was epitomized by Philadelphia distributor Raymond Rosen's question from the audience:

"When can we have them?"

"Do you want them?" replied Dr. Jolliffe.

"Right away," Rosen shot back, amid round of applause.

Later, various distributors said much same thing. "Guys at our level," commented one of most important in RCA family, "know instinctively what we can sell, once we've seen it. I realize that this is still in the development stage, and I know that it may never get into production while this emergency is on. But let me have this RCA color set, just as they showed it, and I'll sell it."

"I'm going to preach the gospel of compatibility more vigorously than ever among my dealers when I get home," said another. Surprising number said they had contacted their Congressmen to protest FCC's decision.

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Vendors, or suppliers of the materials that go into TV-radio receivers, were as enthusiastic as distributors at their Dec. 14 demonstration. Said Harry Ehle, International Resistance Co.:

"This was the most beautiful piece of research ever tackled in the industry. You can argue all you want about relative merits of the RCA and CBS pictures, but this system has got to work if we want color. If RCA has made this much progress in the last 6 months, think what 6 or 8 months more of concentration and development will bring forth. I certainly am satisfied."

American Structural Products Co. (Kimble) president Stanley McGiveran said he thought the color pictures were flattering to "everything but people" -- felt colored packages had truer values than skin tints. "From compatibility standpoint," he said, "there isn't any doubt that this is right, but some work needs to be done yet. The black-and-white pictures, while good, look flat in comparison with color."

Corning Glass Works' John L. Ward, like Kimble a supplier of tube blanks, remarked on "definite reddish haze" in the pictures of people. But he called RCA's color "wonderful, with tremendous appeal, especially when seen alongside black and white." He foresaw color eventually dominating TV.

Nearly 75 retailers were on hand Dec. 14 -- mostly big dept. store TV-radio buyers and merchandise counselors, sprinkling of group buyers. They were well convinced of pictures' salability, naturally most curious about prices, particularly interested in compatibility and convertibility from standpoint of what to tell current black-and-white customers.

Typical reaction was that of A. A. McCarty, of Cavendish Trading Corp., buying group for major stores throughout country: "This is marvelous. What's most significant is that my people can tell the public that they needn't fear any loss of investment if they buy a set today. It can be converted or at least receive a black-and-white picture from the colorcast."

Edward Mattlin, Jordan-Marsh, Boston, which recently bought CBS-type equipment from Remington-Rand (Vol. 6:49): "CBS colors are more dramatic, but this is more realistic. It's a more practical system and compatibility, of course, is one of its strongest features."

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Moviemen, including engineers and exhibitors, had their own angles. For example, M. J. Comerford, of Pennsylvania Comerford chain, asked whether tri-color tube could be used in theatre TV. Dr. Jolliffe replied that now, and for some time to come, 3 kinescopes would be used. H. J. Schlafly, 20th Century-Fox engineer, noted: "Even this demonstration shows that the dot-sequential system has not yet reached its limits." And an unidentified Baltimore exhibitor shrugged his shoulders: "If they keep this up, we'll be out of business sooner than I expected."

Frank J. Moch, president, Television Installation Service Assn., Chicago firm that was intervenor on RCA side in Chicago court case, asserted:

"This demonstration impresses me with the need for reappraisal by the FCC of its decision. Servicing this system would be far simpler and easier, whereas the CBS system requires major circuitry changes, and the possibility of conversion to CBS system is highly controversial."

Network Accounts: Holiday specials on CBS-TV include Longines-Wittnauer Watch Co.'s sponsorship of *Christmas Day Festival*, 5-6; Chevrolet Dealers' *Challenge of the '50s—Years of Crises*, New Year's Day, 1:30-2:30 . . . National Dairy Products Corp. (Sealtest) Jan. 27 starts sponsorship of CBS-TV's *The Big Top*, Sat. noon-1 . . . Hudson Pulp & Paper Corp. (paper napkins) Jan. 25 starts *Bride and Groom* on CBS-TV, Thu. 3-3:15 . . . Norwich Pharmacal Co. (drugs) Jan. 14 begins sponsoring *News in Review* on CBS-TV, Sun. 11-11:15, replacing Arnold Bakers' *Robert Q. Lewis* being dropped Jan. 7 . . . Oldsmobile's new *Sam Levenson Show* on CBS-TV, Sat. 7-7:30, starts Jan. 27 . . . Admiral Corp. will sponsor National Professional Football League title play-off game on ABC-TV, Sun. Dec. 24, 1:55 . . . Schenley Industries Inc., Wine Division (Cook's champagne & Dubonnet) Dec. 18 starts sponsorship of *Andy & Della Russell* on ABC-TV, Mon.-Fri. 7-7:05 . . . B. T. Babbitt Inc. (household cleansers) will sponsor *Ruth and Eileen* on ABC-TV, Sat. 12:30-1, starting Jan. 20 . . . Brown Shoe Co. Inc. (Naturalizer shoes) Jan. 6 starts *Say It with Acting* on NBC-TV, alternate Sat. 6:30-7 . . . Kellogg Co. to sponsor *Victor Borge Show* on NBC-TV, Sat. 7-7:30, starting Feb. 3, replaces Peter Paul's *Hank McCune Show*, dropped Dec. 2 . . . Brunswick-Balke-Collender Co. (bowling & billiard equipment) and Pabst Sales Co. (Pabst Blue Ribbon beer) sponsored *All-Star Bowling Tournament* from Chicago on ABC-TV, Thu. Dec. 14, 11:30-midnight, Sun. Dec. 17, 11-11:30 . . . R. J. Reynolds Tobacco Co. (Cavalier cigarettes) reported buying three 15-min. segments weekly of CBS-TV's *Garry Moore Show*, Mon.-Fri. 1:30-2:30.

Station Accounts: Richfield Oil Co. sponsoring *Success Story* on KTTV, Los Angeles, Fri. 9-10, featuring a different local industrial concern each week, with remote pickups from such plants as General Control Co. (heat-

ing control units), Van de Kamp Bakeries, *Los Angeles Times*, and with only opening and closing mentions of firm's industrial petroleum products . . . News telecasts gaining favor indicated in sponsorship by Colgate-Palmolive-Peet (shave cream) of *News of the Night* on WCBS-TV, New York, Mon. thru Fri. 11-11:10; by Sears Roebeck, *Fleetwood Lawton Analyzes the News* on KTSF, Los Angeles, Mon.-Wed.-Fri. 9:55-10 . . . Gillette sponsoring Jan. 1 *Rose Bowl Game* on CBS-AM and TV hookup of KTTV, KPIX, KFMB-TV; *Orange Bowl Game* on WTVJ, Miami. CBS films of games will be syndicated day or two later . . . Sponsoring *Tournament of Roses Parade* on KTTV-KPIX will be Prudential Insurance Co.; on KFI-TV, West Coast Packing Co. (tuna & tomato paste); on KECA-TV, Kaye-Halbert (TV sets) . . . Advertisers currently using or planning to use TV are: National Sugar Co., thru Young & Rubicam, N. Y. (WCBS-TV); Sperti Inc. (sun-lamps), thru Ruthrauff & Ryan, N. Y. (WCBS-TV); Pond's Extract Co. (cold cream), thru J. Walter Thompson Co., N. Y. (WCBS-TV); National Biscuit Co., thru McCann-Erickson, N. Y.; S. X. Graham Co. (Roll-A-Painter), thru Walters & Heekinger, Chicago; Wm. Schwartz & Co. (Chips & Twigs boys' apparel), thru Leonard F. Fellman, Philadelphia.

Personal Notes: Hubbell Robinson, CBS program v.p., due to wed musical comedy star Vivienne Segal in Stamford, Conn., Dec. 17 . . . Theodore C. Streibert, president of WOR & WOR-TV and chairman of MBS, elected to board of New York Better Business Bureau, and Charles H. Crutchfield, gen. mgr. of WBT & WBTV, Charlotte, named president of that city's Better Business Bureau . . . Wm. K. Treynor, ex-WTOP, Washington, named asst. director of station relations, NAB . . . W. M. Witty, ex-consulting engineer, now gen. mgr. of Continental Electronics Mfg. Co., Dallas, headed by James Weldon, of Weldon & Carr.

OUTPUT HEAVY BUT TURNOVER SLOW: TV receiver advertising bustin' out all over -- and more of same to come -- currently reflects unseasonal slump in TV retail trade.

Though improving a bit this week, business is still reported "only fair." Pessimism is general, Retailing Daily summing up:

- (1) That business today shows no signs of approaching pace of last Xmas.
- (2) That retailers fear overloading, particularly with higher-price sets.

(3) That talk of higher prices for sets next year is paradoxical in view of fact so many dealers are loaded with big higher-priced combinations and current demand is largely for cheaper table models.

(4) That distributors fear some of their dealers will begin dumping, unloading to pay bills. Most aren't financially able to hold out too long.

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These dark views are offset by fact that telecast programs are enjoying healthy popularity, making for continued (even if slowed down) demand from non-TV homes; that second sets in homes are becoming more and more popular (many old ones being kept rather than traded in when new one is bought); that new models with 20 & 24-in. tubes are "getting a good ride" from carriage trade; that promotion is being stepped up by manufacturers who, according to New York Times, intend to keep 1951 advertising budgets up despite inevitable decreases in next year's production.

Inclination is to lump TV-radio with major appliances, and fact is that for this year such combined sales will run considerably ahead of 1949. But, says Times, that's because of "accrued advantage" prior to Nov. 1. Newspaper reports Dec. 14:

"For the first 10 days of December, TV sales are 30% behind the like period last year, store executives reported. Major appliances are down 15 to 20% and combined volume has dropped 20 to 25%..."

"Prior to Nov. 1, buyers reported that monthly gains of 200 to 500% in TV receiver sales were the rule." (Which may really mean the stores were being "spoiled" for the day when things might not be so good.) Times writer continues:

"Regulation W is blamed for the debacle in appliance and TV set sales which began Nov. 1 and which shows no signs of lessening despite intensive holiday promotion campaigns. Tight credit terms, merchants said, have prevented more sales than the color TV controversy, the imposition of a 10% manufacturers' excise tax on TV sets or any other factor."

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What's ahead post-Christmas? Nobody can really answer that -- not even the Washington authorities, whose materials, wage and price controls will inevitably determine flow of civilian goods during emergency. New models will attract some buyers, no doubt, and it looks now like the up-to-\$350 items will largely dominate, particularly 14 & 17-in. receivers; former have shown surprising gains lately.

At factories, the sets are still coming out in huge quantities. First December week (ending, for statistical purposes, Dec. 2) ran 198,031 TVs, 342,534 radios, somewhat ahead of November weekly average (Vol. 6:49).

Some distributors are being offered special deals to accept receivers, and in turn are offering special deals to retailers, in order to move stock. Deals are mostly special allowances, including more advertising-promotion funds.

But next year's probable shortages are causing many distributors to tread cautiously, hang onto stock they can afford to hold and think they will have no trouble moving a few months hence. Fact is that new "1951 models" will generally be so little different from those now being shown, hardly different at all in chassis, that stockpiled receivers need not lose vogue during 1951 days of reduced supply.

Topics & Trends of TV Trade: DuMont has sliced dealer outlets some 20%, and Bendix called off its Dec. 15 sales meeting due to pricing uncertainties growing out of components situation. Meek raised TV prices about 10%, and others are doing much the same but without public announcements. Hallicrafters reports 6 new models to be added to line, showing them first at meetings Dec. 27-28 in New York's Park Sheraton and Chicago's Edgewater Beach. Bigger producers like Admiral, Philco and RCA maintain discreet silence about new models, except to hint at "very slight changes," the former 2 holding usual winter meetings in Chicago Jan. 4-6 (Vol. 6:49).

Foregoing are scattered and diverse news straws in the slow-blowing but shifting TV-radio trade wind—and if they betoken any definite trends, we can't pin them down yet. TV-radio industry, like so many others, is at mercy of many elements—but with added disadvantage that higher food and clothing prices, payments due on that car or refrigerator or washer, higher taxes due, seem to be impelling too many people still without TVs to decide "the TV set can wait." Or else, to buy cheap.

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CIO's International Union of Electrical Workers has asked wage increases "immediately" from GE, Sylvania, Westinghouse. In telegram Dec. 13, IUE says, "In view of the extraordinary profits your company has made and is making, it is our firm conviction that the wage adjustment can be put into effect without any price increases in your products."

Revival of Detrola trade-name on TVs, radios and other electronic equipment is proposed by Harry Cohen, who operates Hershel Radio Co., 5249 Grand River Blvd., Detroit. He reports he has purchased all stock of Detrola Division of Newport Steel Co., along with tools, dies, etc., of old International Detrola Corp., and plans factory operations in building at 4850 Seventeenth St., Detroit.

"This is a mail order Christmas," said Dec. 16 *Chicago Journal of Commerce*, but while it found toys, winter clothing, etc. gaining it had this to say about TV: "... television continues to drag its feet. And it takes a great many \$1, \$2, \$5 & \$10 sales to make up for a decline in a big ticket item like TV."

"Investigation of TV service racket" by Attorney General and Postmaster General is objective of resolution (H. Res. 881) introduced Dec. 13 by Rep. L. G. Clemente (D-N. Y.). He says he was prompted by complaints involving "false, fraudulent or deceitful" sales contracts.

Trade Personals: Jack M. Williams, ex-aide to John K. West, now Hollywood NBC v.p., appointed adv. mgr. RCA Victor Home Instrument Dept., succeeding James M. Toney, who took Mr. West's place as director of public relations . . . Sol Prediger, ex-Garod & Majestic purchasing v.p., appointed v.p. in charge of purchasing for Tele King . . . RCA Victor Record Dept. sales, merchandising & promotion moving from Camden to New York, with following shifting: L. W. Kanaga, gen. sales mgr.; David J. Finn, adv. & sales promotion mgr.; Robert M. Macrae, mdsg. mgr.; Edward O. Walker, sales planning mgr.; Edward Dodelin, field sales . . . Harry E. McCullough promoted to mgr., Crosley TV-radio sales section . . . Kenneth D. Turner, Admiral v.p. & director, has retired and sold his 72,000 shares . . . Hallicrafters board elects Rollie J. Sherwood sales v.p., appoints A. D. Gaines gen. mgr., Hallicrafters-Chicago, Ollie Helmer continuing there as sales mgr. . . . O. O. Schreiber, asst. secretary of Philco, also appointed asst. to the president . . . R. D. Burnett, new president of Starrett, announces appointment of Herbert A. Frank, ex-Farnsworth and Tele King, as sales mgr.

Henry M. Shaw, 80, pioneer radio inventor, founder of Shaw Insulator Co., died in St. Petersburg, Fla., Dec. 2.

Financial & Trade Notes: RCA board has extended contract of president Frank Folsom to Dec. 31, 1954 (was Dec. 31, 1953), boosted his salary \$25,000 to \$165,000, amended contract to protect salary from cuts while permitting increases to be voted any year prior to March 1. Board also granted stock options to Mr. Folsom and Chairman Sarnoff to buy 50,000 & 100,000 shares respectively at \$17.75 per share, purchasable on or before Nov. 3, 1955.

International Resistance Co. this week called for redemption of all remaining shares of 6% cumulative convertible preferred stock, par \$5, to be paid off Jan. 31, 1951 at \$5.50 per share plus accrued dividends of 7½¢ a share. About 30,000 such shares are outstanding out of original issue of 175,000. Preferred is convertible into common until Jan. 20 on basis of 2 common for one.

Dividends: Corning Glass, extra \$1 with regular quarter 25¢, payable Dec. 26 to holders of record Dec. 16 . . . Trav-Ler, 10¢ payable Dec. 28 to holders of Dec. 18—third 10¢ dividend since company became publicly owned in May . . . Meek, 10¢ payable Dec. 28 to holders of Dec. 15 . . . WJR, The Goodwill Station Inc., 40¢ payable Dec. 27 to holders of Dec. 18 . . . Tele-tone, 12¢ on common, 16¼¢ on Class A payable Jan. 2 to holders Dec. 18 . . . Packard-Bell, 25¢ payable Jan. 25 to holders Jan. 15 . . . Sylvania, \$1 payable Jan. 2 to holders Dec. 19.

* * * *

Faulty defense planning is "messing up our economy," Stromberg-Carlson president Robert C. Tait told American Bankers Assn. Chicago credit meeting Dec. 15. Major disruptions of industry are taking place through forced stockpiling, he said. He cited recent NPA cobalt orders (Vol. 6:46-49), said one company had to shut down because no military business was available. "We are going about this in a way that may kill the goose that lays the golden eggs," he said. Obviously referring to electronics-communications industry, as well as others, Tait made point so far just hinted at (Vol. 6:49): Many industries have so expanded to meet post-World War II civilian demand that "a fairly sizeable chunk of our defense expenditure would merely absorb excess capacity."

Loudspeaker and permanent magnet manufacturers listed by NPA as attending Dec. 14 industry-govt. meeting on cobalt (see page 2) included: O. H. Hofman, General Magnetic; W. G. Scharnberger, Crucible Steel; A. D. Plamondon, Indiana Steel Products; E. L. Hubbard, GE; Robert Arnold, Arnold Engineering; James C. Skinner, Thomas M. Skinner Steel Products; Thomas A. White, Muter Co. (Jensen & Rola); Richard A. O'Connor, Magnavox; David Rogers, Stromberg-Carlson; Matt Little, Quam-Nichols; John A. Proctor Jr., Oxford Electric; Ben E. Schwartz, Perfection Electric; L. M. Heineman, Permoflux; W. E. Bahle, RCA Victor; W. Dumke, Zenith; Mr. Cromartie, Best Mfg.; Mr. Carboneau, Carboneau Industries; and representatives of Allegheny Ludlum Steel, Allen-Bradley and General Motors' Delco Radio Div.

Airborne Instruments Laboratory, Mineola, L. I., has been purchased from Aeronautical Radio Inc. by Laurance S. Rockefeller, American Research & Development Corp. and a group of Airborne's executives and employes headed by president Hector Skifter. Airborne has \$6,000,000 backlog of military and commercial orders, did \$2,868,000 business last year.

Westinghouse received \$20,000,000 Air Force order for electrical equipment to be used in testing jet planes. Pacific Mercury Television president Max Stetner announced his firm has been awarded Air Force contract to produce \$1,000,000 worth of electronic equipment.

NPA's new Communications Division is headed by Brig. Gen. Calvert H. Arnold (retired), former Signal Corps chief procurement and distribution officer.

Telecasting Notes: Newhouse Newspapers, which own Syracuse's 2 dailies and WSYR-TV there, have purchased *Portland Oregonian* for \$5,000,000, but deal doesn't include its AM station KGW; *Oregonian* once had TV permit but dropped, then reapplied . . . Edgar B. Stern, New Orleans cotton broker and a major stockholder in Sears Roebuck, has sold his 90% interest in WDSU & WDSU-TV for \$1,-185,000 to new corporation, to be owned 67% by Edgar B. Stern Jr. (now in Army), 20% by gen. mgr. Robert D. Swezey, 10% by commercial mgr. Louis Read, 3% by counsel Lester Kabicoff . . . Theater pickups of Rose Bowl game telecast are specifically forbidden by CBS, holding exclusive TV-radio rights, according to letter to Los Angeles area exhibitors from Howard S. Meighan, CBS v.p. . . . San Francisco's KPIX and Los Angeles' KTTV have agreed former should carry entire daytime program from latter Jan. 1, including Gillette-sponsored Rose Bowl game, Prudential-sponsored Tournament of Roses Parade, etc. . . . "TV Sets for Vets" is slogan of fund-raising campaign for VA hospitals being conducted by KPIX . . . WCBS-TV, New York, Dec. 24 starts Sun. a.m. operation with 2½ hours of children's shows beginning 10 a.m. . . . ABC's WXYZ-TV, Detroit, has moved up daytime schedule from 10 to 7 a.m., operating until 1 a.m. . . . WHEN, Syracuse, now starts day at 11 a.m. . . . RCA reported investing \$50,000 for 12½% interest in new musical show, *Make a Wish*, staff v.p. Mannie Sacks handling; it owns 35% of smash hit *Call Me Madam*, in which it invested \$225,000 . . . DuMont's *Captain Video* series to be made into 15-episode movie serial by Columbia Pictures . . . ABC's Hollywood AM operations to be consolidated in modern building, 1539 No. Vine, giving 58,000 sq. ft. space; TV operations continue separately at old Warner lot on Prospect & Talmadge.

Broadcast Advisory Council spent Dec. 14 seeing top Govt. leaders—President Truman, State Secy. Acheson, Defense Secy. Marshall, Commerce Secy. Sawyer, NPA Administrator Harrison, others. Council, comprising broadcasters and telecasters (as well as RTMA president Sprague, NAB officials), were told of importance of broadcast medium in bringing news and information to people, its value for morale purposes.

First intervention into sale of Don Lee Network to General Tire & Rubber Co. (Vol. 6:42-43, 45) came this week. Oilman Edwin Pauley's Television California (operator of experimental TV station in San Francisco) petitioned FCC to declare Don Lee TV application for San Francisco not for sale. Pauley held that legally applications can't be sold. He wants FCC to put that city's Channel 2 (which had been reserved for Don Lee since 1948) back into the pot if it approves sale. He also suggested FCC hold open hearings before approving transfer, alleging various inconsistencies. Pauley and TV-radio manufacturer H. Leslie Hoffman were unsuccessful bidders for Don Lee package, and latter also has been reported considering intervening.

Purchase of 5-kw AM station WSAI, Cincinnati, by George Storer for \$225,000 plus \$25-35,000 net quick assets, means another TV application for that city. Fort Industry, owned by Storer, will put application in next week. If FCC approves sale, it means Storer will probably sell one of his present 7 AM stations (WJBK, Detroit; WSPD, Toledo; WAGA, Atlanta; WLOK, Lima; WGBS, Miami; WWVA, Wheeling; WMMN, Fairmont). Storer also operates TV stations in Detroit, Toledo, Atlanta, is TV applicant for Miami and Wheeling.

Atlantic City Press and Union, with their stations WBAB & WBAB-FM, sold this week to group headed by R. L. Adams, publisher, Bethlehem (Pa.) *Globe-Times*; retiring publisher Albert J. Feyl interests have been applicants for TV since early 1948 (*TV Addenda 3-L*).

Fact that NSRB chief Stuart Symington is known to be seeking top executives for Washington defense agency posts lends to belief that may have been purpose of his White House visit with CBS Chairman William S. Paley Dec. 13. They left by side door, evading reporters, and no comment was available from office of either. During World War II, Paley served as colonel in psychological warfare division of SHAEF.

ASCAP broke off negotiations with TV broadcasters' committee this week, sent out per-program contracts to TV stations calling for fees on its own terms. One of major reasons for negotiation failure was ASCAP's insistence that music fee be paid not only on program using music of its members but also on announcements following such programs. Temporary agreement with TV stations was extended for 30 days following receipt of contract. Subject undoubtedly will be aired by telecasters at Jan. 19 NAB-TV Chicago meeting.

Negotiations between NAB and TBA on merger of 2 organizations into an NAB-TV (Vol. 6:46-47, 49) have begun, will continue in effort to come to agreement before Jan. 19 NAB-TV Chicago meeting. Representing NAB are Robert D. Swezey, WDSU-TV; Eugene S. Thomas, WOR-TV; William Fay, WHAM-TV. Representing TBA are Jack Popple, WOR-TV; George B. Storer, Fort Industry Co.; Lawrence W. Lowman, CBS; Joseph A. McDonald, ABC; Paul Raibourn, Paramount (KTLA).

Can states censor TV films? U. S. Supreme Court has been asked to decide by Pennsylvania Board of Picture Censors. Appeal followed ruling by U. S. District and Appeals courts that State censors have no authority over televised films (Vol. 5:44, 50). Contesting State's appeal are WPTZ, Philco; WFIL-TV, *Philadelphia Inquirer*; WCAU-TV, *Philadelphia Bulletin*; WDTV (DuMont), Pittsburgh; WGAL-TV, Lancaster.

Big Ten, which banned telecasts of all its grid games this season, will lead fight against live football telecasts at National Collegiate Athletic Assn. meeting in Dallas next month, athletic directors indicated at Chicago conference. Eastern College Athletic Assn., at recent New York meeting, heard special committee call TV a "threat," citing 14.88% drop in attendance at its football games this year. But Notre Dame athletic director Edward Krause told Chicago dinner that telecasts have made millions of friends for university, which will continue them if NCAA permits.

Theatre telecasting of Big Ten football was "outstanding success," United Paramount Theatres secy.-treas. Robert H. O'Brien told Big Ten athletic directors at Chicago conference last week. He gave these figures on total theatre attendance during 6 Saturdays that games were telecast vs. figure for same Saturdays last year: State Lake, Chicago—11,708 vs. 7252; Tivoli, Chicago—7952 vs. 1709; Michigan, Detroit—7359 vs. 3694.

WCAU-TV isn't telecasting color during CBS showings in Philadelphia. Signals are sent from New York to Philadelphia terminal via coaxial, thence to viewing room at 1118 Chestnut St. by microwave. Receivers used include industrial sets made by new entrant in color field, Gray Research & Development Corp., 16 Arbor St., Hartford, makers of TV studio equipment.

Television Map in Color

We have a few copies left of RCA Victor's 40x25-in. TV map, in color, showing locations of all stations and actual and projected coaxial-microwave interconnections, prepared with data furnished by *Television Digest*. Single copies are still available to subscribers who haven't already asked for them.

MARTIN CODEL'S

AUTHORITATIVE NEWS SERVICE
OF THE
VISUAL BROADCASTING
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WITH AM FM REPORTS

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In This Issue:

- To Spread and Speed War Contracts, *page 1.*
- Color Edict Upheld—But Stays on Ice, *page 1.*
- How Excess Profits Bill Hits TV, *page 4.*
- TV-Radio Stations Won't Be Closed, *page 5.*

- Price Freeze Doesn't Hit TV—Yet, *page 7.*
- The 1951 Outlook—Facts & Forecasts, *page 7.*
- Wholesalers Have Their Say at NPA, *page 9.*
- Count of TV Sets-In-Use as of Dec. 1, *page 12.*

(With This Issue: Special Supplement With Full Text of Chicago Court Decision in Color Case)

TO SPREAD AND SPEED WAR CONTRACTS: Defense Dept. took big step this week to spread and speed war contracts -- facing up to complaints of electronics and other manufacturers that they're ready and willing but aren't yet getting orders (Vol. 6:48-49).

Secretary Marshall ordered Army, Navy, Air Force procurement officers "to spread contracts across industry as widely as possible in order to broaden the scope of the military procurement program, to obtain urgently needed goods faster and to take up the slack in industries now facing cutbacks because of materials shortages."

President's emergency proclamation last week means military services can negotiate more contracts, thus spread orders more widely.

Specific procurement recommendations by Gen. Marshall, as detailed in Dec. 18 memorandum released as No. 1539-50 by Defense Dept. Office of Information:

(1) Greatest possible integration with industrial mobilization program (which involves more than 10,000 companies).

(2) Equitable distribution among a number of competent suppliers, concentration among a few suppliers to be avoided.

(3) Use of open industrial capacity -- meaning additional contractors should be used instead of fewer contractors put on multi-shift or overtime production.

Gen. Marshall also encouraged use of small business and subcontractors, economies in costs and transportation, consideration of manpower problem areas.

Note: Report in New York Times Dec. 20 that one large TV manufacturer was now devoting 50% of his capacity to war orders is unconfirmable. Industry and military officials contacted were sure it isn't one of top 20 TV-radio producers.

COLOR EDICT UPHELD—BUT STAYS ON ICE: Chicago court's color decision upholding FCC authority to choose CBS color system doesn't change present "academic" nature of color issue -- in fact, keeps whole business under legal and technical wraps for good while longer.

Each side claims victory -- with reason -- but simple fact is that court's split decision Dec. 22 amounted to a reluctant acknowledgement of Commission's legal authority and an expression of lively skepticism about wisdom of ignoring post-hearing developments.

Withheld until April 1, unless U.S. Supreme Court acts sooner, were real fruits of victory -- commercialization of CBS color. Court continued its restraining order in effect until then.

Throughout both majority opinion of Judges Major and Sullivan and dissent of Judge LaBuy (see full texts in Special Color Report herewith) runs same rejection of FCC-CBS philosophy of haste they manifested during court arguments (Vol. 6:46).

Progress of defense mobilization, meanwhile, makes it clearer than ever that decision was really rendered in a vacuum, for all practical purposes.

Critical national emergency was called forcibly to attention of Commission by the judges -- something FCC has deliberately ignored through whole color issue. Decision took careful note of Comr. Sterling's opinion on that score, then said:

"It is a matter of common knowledge that the situation [described by Sterling] becomes more acute with each passing day, and the prospects are that it will be far worse before it is better. It is hardly conceivable that either the Commission or the government would under such circumstances desire, much less insist, that the order in controversy be made effective."

* * * *

Worth noting, too, is court's unusually strong opinion that manufacturers won't hurry into color set production and that public won't spend \$1½ billion for adaptation and conversion of 9,000,000 existing sets until Supreme Court decides.

"It does not square with common sense," said court majority, "to think that manufacturers would rush into the business either of manufacturing adapters and converters for existing sets or manufacturing sets with built-in adapters and converters while this controversy is pending. And to maintain that the public in any considerable number would purchase adapters and converters, assuming they were available, under the existing state of doubt and uncertainty, is to cast a reflection on the intelligence of people."

Nor did court make any bones about tossing ball to Supreme Court, where case is headed anyway, or about its desire to avoid going into complete trial.

"We have been unable to free our minds," it said, "of the question as to why we should devote the time and energy which the importance of the case merits, realizing as we must that the controversy can only be finally terminated by a decision of the Supreme Court...In other words, this is little more than a practice session where the parties prepare and test their ammunition for the big battle ahead. Moreover, we must give recognition to our limited scope in reviewing an order of an administrative agency..."

Court majority also observed, quite aptly: "In our view, the public interest in this matter has been magnified far beyond its true perspective...We think [that] the contest is mainly between two great broadcasting systems for a position of advantage in the rapidly developing field of television."

* * * *

RCA's post-hearing reports greatly impressed court, which said:

"It is pertinently pointed out, however, that a number of critical findings are based upon evidence [taken in] the earlier stage of the proceeding which is not representative of the situation as it existed at time the findings were adopted..."

"As we view the situation, the most plausible contention made by plaintiffs is that the Commission abused its discretion in refusing to extend the effective date of its order so that it might further consider the situation." But, court concluded, RCA's argument on that score, "appealing as it is, must be discarded" since it was something court couldn't legally consider.

Dissenting Judge LaBuy got sold on compatibility, also denounced FCC for adopting CBS system in "hope and speculation" it could be improved (through use of tri-color tube, long-persistence phosphors, horizontal interlace). Said he:

"It is conceded by all and it is self-evident that the best system of color TV is a compatible one...Indeed, compatibility is the coveted goal of all engineers and scientists in the TV industry..."

"The Commission recognized and the record before the Commission is replete with evidence that rapid strides are being made toward perfection of a fully compatible system. There is ample basis for the conclusion that the scientists laboring in the laboratories of the industry may soon resolve the problem of compatibility.

"In view of the admittedly fluid state of the art, it is difficult to understand why the Commission refused to hear additional evidence and chose instead a course of action, using its own words, based 'on speculation and hope rather than on demonstrations'..."

"If hope and speculation may lawfully be substituted for evidence as a foun-

dation for an important part of its decision, it was an abuse of [FCC's] discretion not to have indulged this speculation and hope in the public interest."

Next possible legal moves are these:

(1) FCC and CBS can ask either Chicago court or Supreme Court to permit CBS to go commercial before April 1.

(2) RCA and intervenors can appeal to Supreme Court; they have 30 days.

FCC-CBS will scarcely go back to Chicago court in attempt to get restraining order lifted earlier. But it's considered extremely unlikely Supreme Court will throw out Chicago court's ruling now, before studying whole case.

RCA, for one, will appeal, said so in statement following decision. The 7 intervenors on its side haven't said what they'll do.

* * * *

Each major litigant found sustenance in decision:

FCC: "Highly gratified by the decision [which] clearly settles the question of whether or not the Commission exceeded its authority and acted capriciously in approving the field-sequential standards [CBS] for color TV. It is a great victory and the Commission is confident that the temporary restraining order...will be dissolved, and [the decision] will be sustained by the Supreme Court, thus ending the controversy." (Comr. Hennock was absent when release was drafted and issued.)

CBS: "This is a great victory. The Commission's adoption of the CBS system as the best and most practical means of bringing color TV to the public has been completely upheld. There is no question in our minds that the Supreme Court will also uphold the Commission's order, if RCA insists on carrying its case further. In any event, we are now assured that the matter will finally be disposed of within a few months." (CBS at week's end sent wires to newsmen inviting them to view a "new development in color TV" at 401 Fifth Ave., New York, at 12:30 p.m., Dec. 26; speculation is that it's Lawrence tube and/or telecast of horizontal interlace.)

RCA: "By staying the execution of the order until it has been subjected to further review by the Supreme Court, the court has clearly indicated its awareness of the great public interest at stake. Ever since the FCC adopted the only incompatible color TV system, we have maintained that this would compel the American public to pay a tremendously expensive and unnecessary price for color TV.

"An incompatible system actually is an 'unready' system. Compatibility is of first importance to color itself. Compatibility must be achieved in the laboratory...We will, of course, appeal the decision, confident that the Supreme Court will recognize that the public should not be denied compatible color TV. In the meantime, we shall continue with the scientific development of RCA's compatible, high-definition, all-electronic color TV."

* * * *

Background battling continued, but no one could get really worked up about it. In normal times, some of it would have been sensational.

Admiral's Ross Siragusa, with the air of a man letting revelatory cat out of the bag, said that CBS's Frank Stanton had asked him, shortly before early June 1949 medical color demonstration, why Admiral and/or other manufacturers didn't "bail us out of this color development." In speech Dec. 20 before Investment Analysts' Club of Chicago, Siragusa said: "We turned that offer down flatly because we did not then think it was the answer to color for TV and we have seen nothing since to change our opinion." He said figure quoted was \$3,000,000.

Stanton whipped out total denial, saying that he was in Europe at time Siragusa said offer was made, that he never talked to Siragusa on any subject during 1949, that he has never made any offer on color to Siragusa at any time.

Vehemence of argument is presumably due to implication that CBS wanted to get rid of system, had little faith in it.

At least two other major manufacturers also claim CBS offered to sell its color system to them.

* * * *

National Production Authority found itself pulled into color fracas in unusual manner. On Dec. 20, a task group, comprising 7 members of Radio, TV & House-

hold Appliance Wholesale Industry Advisory Committee (see p. 11 for membership), passed its first resolution. This asked that "all consideration of production of components or devices intended for the receiving equipment to be used for color TV reception be postponed until such time as materials and components shall be in safe and adequate supply to meet the requirements of the present emergency."

Group estimated that color sets would require "at least double" number of tubes used in monochrome sets. Spokesman said stoppage of color development wasn't intended. Distributors have been among most vehement opponents of CBS system.

Whether NPA will ignore this hot potato isn't known, although Retailing Daily excitedly reported that NPA "will soon approve" group's recommendation.

* * * * *

From practical standpoint, attitude of Dr. Allen DuMont is probably typical, quoted from his year-end statement on TV prospects for 1951:

"Where color TV is concerned, the recent demonstration [by RCA] of a vastly improved all-electronic and compatible system of color, coming on the heels of statements that such a system wasn't feasible and an FCC decision in favor of mechanical color, has thrown the whole color situation into a state of complete confusion. It will take considerable time to settle this question. In any case, the abundant problems now facing the industry make it evident that the color question for 1951 will be mostly an academic one."

Emerson's Benjamin Abrams feels much the same: "The inevitable scarcity of black-and-white receivers next year has driven the color TV problem to the very bottom of the manufacturer's active worry list."

HOW EXCESS PROFITS TAX BILL HITS TV: TV-radio industry fares quite well, as growth business, in excess profits tax bill finally agreed upon by House-Senate conferees Dec. 22. Senate passed bill (H.R. 9827) same day, with House scheduled to approve after Xmas holidays. Tax is retroactive to last July 1.

"Couldn't have had it better," was consensus of those handling industry's case. Here are details as they apply to TV-radio industry:

Excess profits tax rate is 75%. Liable to excess profits tax are earnings that are more than 85% of best 3-year average during 1946-49. Alternative is this rate of return on invested capital, including borrowed funds: 12% on first \$5,000,-000, 10% on next \$5,000,000, 8% on remainder.

Regular corporation tax is boosted from present 45% to 47% for taxpayers' fiscal year after July 1, 1950. This means most corporations will pay the extra 2% on 1951 earnings, since most are on calendar year basis.

Exempted are corporations earning \$25,000 or less annually.

Maximum to be paid in both excess profits and corporation tax is 60% of year's earnings.

Growth companies -- and this is victory for RTMA committee -- figure base for excess profits tax on 50% of 1949 and 40% of 1950 earnings. A company may qualify regardless of total assets if it meets all 3 of the following criteria, all directly applicable to TV-radio:

(1) Total sales first 6 months of 1950 multiplied by 2 equal or exceed 150% of average 1946-47 sales. (2) 40% of 1950 sales are attributable to a product not generally available to the public before Jan. 1, 1946. (3) Sales of such new product in 1946 must have been one-twentieth or less of such sales in 1949.

A company may also qualify as a growth company if: (1) its gross receipts last half of 1946-49 base period are 150% or more of first half of base period, or (2) if its total payroll last half of base period is 130% or more of the first half of such base period. But, company's total assets can't exceed \$20,000,000.

Foregoing provisions cover virtually every TV-radio manufacturer, in the opinion of tax experts. But those close to tax picture warn not to underestimate tax legislation bound to come from 82nd Congress, which meets Jan. 3. They see higher taxes all around -- excess profits, corporation, income, excise, even possibility of general sales tax.

TV-RADIO STATIONS WON'T BE CLOSED: Newspaper headlines and radio broadcasts this week gave utterly disproportionate importance to Defense Dept. request to House and Senate Armed Service committees that they pass legislation giving the President power to "control or use electro-magnetic radiations in such a manner as to minimize or prevent navigational aid to any foreign country in an attack upon the U.S."

Closing down or commandeering TV-radio stations is not contemplated at all in present emergency, say the military, echoed by FCC Chairman Coy who reiterates that there's no thought of shutting or curtailing any broadcast services.

In crisis, President and military could act summarily anyhow, but proposed legislation would spell out further the provisions of Section 606c of Communications Act to embrace radiations from TV and radio receivers, electric motors, power transformers, etc. Bill would also legalize military "use" of broadcast stations or other electronic devices to thwart enemy planes or guided missiles.

Newspapers and broadcasters made much ado about transmitting stations being used as "homing" aids for enemy aircraft, subject of dispute among radio engineers.

NEW TV FACTBOOK AND AM-FM DIRECTORY: Now in the works, due for distribution to our subscribers first few weeks in January, are 3 important reference documents:

(1) TV Factbook No. 12, containing listings of all telecasting stations, applicants, present & proposed vhf-uhf channel allocations, receiver manufacturers, CR & receiving tubemakers, TV production and sets-in-use figures, film & program syndicators, associations, unions, etc. Besides bringing up-to-date previous features, new Factbook will carry full network rate cards and condensed versions of rate cards of all telecasting stations (most changing rates as of Jan. 1, 1951); data on present and projected Latin American stations; lists of network, newspaper, manufacturer, theatre, multiple ownerships.

Semi-annual Factbook goes only to full-service subscribers, and begins new series of weekly Addenda (blue sheets) to keep its station-application listings current. Extra copies available to subscribers at \$2.50.

(2) 1951 AM-FM Station Directory, in loose-leaf format, listing all North American broadcasting stations by states & cities and by frequencies; all AM-FM applications pending before FCC as of Dec. 31, 1950 by states & cities and frequencies; all stations by call letters. This Directory also goes to full-service subscribers only, and begins new series of weekly Addenda (yellow sheets) to keep it up-to-date with latest FCC reports. Extra copies to subscribers, \$7.50.

(3) Index to Television Digest, 1950 (Vol. 6), handy reference to important Newsletter items and Supplements published during year. Goes to all subscribers.

Station Accounts: Big Allied Stores, with 15 out of 19 stores in TV areas already using TV, 10 of them regularly, is "definitely committed to using TV advertising on an increasing scale," according to Walter L. Dennis, TV-radio director, quoted in BAB's Dec. 21 *TV Pitch* . . . W. T. Grant Stores are reported getting good results with shopping program in Syracuse, wrestling in Houston and San Antonio, spurring home office interest (J. R. Rowan, adv. mgr.) in collecting more information about TV . . . Tellier & Co., New York stockbroker specializing in low-priced securities, used 3 spots on WPIX's *Movies at 7:15* last week, reported it sold more than 500,000 shares of Trad Television Cabinet Co. stock at 25¢, continued with more spots this week . . . Not so good news to WPIX was cancellation by Local Chevrolet Dealers Assn. sponsorship, effective Jan. 16, of sports telecasts from Madison Square Garden; same sponsor Jan. 10 drops *Famous Jury Trials* on WABD. Both cancellations due to expected cutbacks in automobile production . . . Busch's Credit Jewelers, New York & Chicago, using spots on WJZ-TV, WABD, WPIX & WNBQ; parent firm is Kappel's Jewelers, Pittsburgh, using films on WDTV, thru Wasser, Kay & Phillips, Pittsburgh . . . Chesapeake & Potomac Telephone Co. using spots on *Shadow Stumpers* on WBAL-TV, Baltimore, thru

N. W. Ayer, Philadelphia . . . Among other advertisers currently reported using or planning to use TV: Hats by Leeds, thru Moss Associates, N. Y.; Breakstone Brothers Inc. (dairy products), thru H. C. Morris & Co., N. Y. (WABD); Chase Candy Co., St. Louis (bulk candies), thru Dancer-Fitzgerald & Sample, Chicago (testing on WTCN-TV, Columbus).

Network Accounts: Sponsored Christmas Day specials on TV networks are: *Uncle Milty's Christmas Party* on NBC-TV, sponsored locally in 23 cities, 3-4; *Coca-Cola's One Hour in Wonderland* (Walt Disney film) on NBC-TV, 4-5; *Longines-Wittnauer Watch Co.'s Christmas Day Festival* (children's stories), on CBS-TV, 5-6; *Lutheran Laymen's League's Bringing Christ to the Nation* on ABC-TV, 5:30-6 . . . Only New Year's Day special thus far reported, aside from Gillette-sponsored Rose Bowl game on 3 Pacific Coast TV outlets via CBS, is *Chevrolet Dealers' Challenge of the '50s—Years of Crisis*, 1:30-2:30 on CBS-TV . . . R. J. Reynolds Tobacco Co. (Cavalier cigarettes) Jan. 1 starts sponsorship of 3 segments of CBS-TV's *Garry Moore Show*, Mon.-Wed.-Fri. 2:15-2:30 . . . Best Foods Inc. Jan. 5 moves its *Penthouse Party* on ABC-TV from 10-10:30 to 8:30-9 Fri.

Personal Notes: James Lawrence Fly, 52, ex-FCC chairman, now practicing law in New York, was married Dec. 19 to Mrs. Phyllis Beekman, 54; they're honeymooning at Mr. Fly's ranch near Daytona Beach, Fla. . . . Mortimer Hall, son of Mrs. Dorothy Schiff and an executive of her station, KLAC-TV, Los Angeles, was married Dec. 17 to actress Ruth Roman . . . Dixie B. McKey, Washington consulting engineer, is closing out his practice, and after Jan. 1 joins RCA Victor, Camden . . . Millard M. Garrison has taken over Washington consulting engineering practice of Chambers & Garrison, continuing under own name with same staff; Joseph Chambers has joined Defense Dept.'s Research & Development Board on part-time basis, due to wife's illness . . . Capt. Robert H. Alford, FCC broadcast attorney, recalled to active duty with Army JAG . . . Charles E. Thompson leaves law firm of Baker & Thompson to join Justice Dept.; Philip M. Baker continuing practice . . . Arnold Wilkes, ex-WSYR-TV, Syracuse, now program director of WBAL-TV, Baltimore . . . Roger Carlin, ex-MCA TV executive, joining Robert Maxwell & Associates . . . William Gernant succeeds Russ Johnston (now with Ward Wheelock agency) as national sales mgr., Jerry Fairbanks Productions . . . Arthur Pryor Jr., BBDO v.p., named chairman of radio-TV committee for 1951 Heart Fund . . . James D. Shouse, Crosley, due back next week from inspection of European Voice of America operations for State Dept.

Autoritative spokesman for radio broadcasting industry, *Broadcasting Magazine* Dec. 18 reports "total radio expenditures of major national advertisers will be increased next year, offsetting widespread claims that sponsors might abandon the medium in favor of TV." It goes on: "... advertiser plans for 1951 [indicate] that nearly every company whose plans are well under way will remain with the broadcast medium despite organized efforts to beat down radio rates because of TV's impact." Magazine says few intend to increase TV by taking away from radio, but reports Walgreen Drug again spending about \$600,000 on radio and adding perhaps \$100,000 to this year's \$50,000 TV budget; Benrus Watch planning to spend \$500,000 on radio spots, \$750,000 on TV spots; RCA Victor upping both TV-radio 25%; Borden stating "radio expenditures will be up slightly and TV up materially"; Arthur Murray Studios spending about \$1,000,000 on radio, \$2,000,000 on TV; Toni devoting half budget to daytime radio, 10% to TV (double 1950); Falstaff Brewing upping TV-radio budgets 50%; Fitch enlarging both TV-radio.

"Great year for TV" in 1951 is seen by all station operators covered in survey by *Radio Daily*, reported Dec. 19. Nobody sang the blues over 1950, either, these being some of more significant quotes: "I am convinced that TV in '51 will be beyond all predictions, just as set sales for 1950 extended beyond predictions."—U. A. Latham, WKRC-TV, Cincinnati. "By the end of 1951 TV will be tripled or better."—Miller C. Robertson, KSTP-TV, St. Paul. "How's business? I don't see how it could be any better."—Campbell Arnoux, WTAR-TV, Norfolk. "Many stations have resorted to double and triple spotting and it is not anticipated WLWT will take this step. Expenses will rise . . . but unless some catastrophe occurs, 1951 should be a tremendous year."—Robert Dunville, Crosley stations.

Operation costs for average TV station were \$564,000 in 1949, or \$47,000 a month, NAB employee-employer relations director Richard P. Doherty estimates. Payroll was largest single item, taking nearly 50% of total station expenses, with depreciation and amortization amounting to 16%. Expenses were itemized as follows for average station: Technical 29%, program 35%, selling 6%, general & administrative 30%.

Guide to applicants in construction of TV-radio antennas as they constitute air navigation hazards was finalized by FCC and released Dec. 22. Revision of Part 17, new *Rules Concerning the Construction, Marking and Lighting of Antenna Towers and Supporting Structures* become effective Feb. 15, 1951. They spell out when applicants must get CAA approval and, if necessary, what criteria they must meet. Guides are contained in FCC Public Notices No. 57274, 57275, 57276 & 57498.

New license renewal procedure was proposed by FCC this week—TV affected only slightly. Commission aims to: (1) Make licensee's AM and FM licenses expire simultaneously. (2) Require that AM-FM-TV license renewal applications be filed 90 days before expiration, rather than 60. (3) Extend initial FM licenses from present maximum of 23 months to 3 years. (4) Make AM and FM licenses expire simultaneously in each of 18 geographical areas. TV licenses would remain one year, but would also expire geographically, in each of 6 areas. Current FCC practice is to let licenses expire according to frequency. Commission's purpose is to distribute its workload throughout year, ease licensees' paperwork, "facilitate the consideration" of "common problems" of stations in contiguous areas. Proposal is Docket No. 9873, FCC Notice 50-1509. Comments may be filed until Feb. 15, replies thereto by March 1.

Back-to-the-movies trend was indicated in third annual poll of TV families by Southern California Theatre Owners Assn. Survey of 200 families first quizzed in 1948 found monthly theatre attendance was back to 3.2 times, only slightly less than the 3.8 of pre-TV days. Average was 1.8 times in 1948, 2.3 in 1949. Report called Phonovision and other pay-as-you-see systems "greatest of all threats to the theatre," recommended that exhibitors explore this field as supplement to theatre exhibition. In another survey, Motion Picture Research Bureau (Dr. Leo A. Handel) reported 73% of San Francisco TV families sampled prefer films to live or kine shows.

Programming changes are being made by KPRC-TV, Houston, as result of survey of viewers' likes and dislikes. *Houston Post* station was told in 1542 replies to November survey that: (1) 97.4% view TV at least 3 hours a night, with 65% watching sets every night; (2) 89% stay home more since they got TV, 91% listen to radio less, 79% go to movies less, 53% read magazines less; (3) average of 3 adults, 2.3 teenagers and children and 7 guests per week view TV in each home; (4) viewers want more straight dramatic programs, mysteries, westerns and feature films. Meanwhile, *Milwaukee Journal* discovered in its 1950 fall TV-radio survey, conducted by telephone, that considerably larger percentage of people called were at home than in previous January 1950 and May 1942 [radio] surveys, credited "at home" increase to TV.

"Hoffman Plan" telecasting of Pacific Coast League football games (Vol. 6:35) resulted in one of best seasons financially for 4 out of 5 teams, Hoffman Radio president H. Leslie Hoffman reports. Plan guaranteed the gate if TV holds ticket sales back, promotes attendance through such schemes as non-profit Gridiron Club, which sold 10% of all tickets to conference games this year. UCLA, California, Stanford and Washington wound up ahead financially. USC, with disastrous season, ended 5% under 1948 gate receipts. In all, 30 games were televised.

Margaret Truman definitely is joining NBC as exclusive TV-radio guest artist, but at "nothing like the figures reported." Trade papers had her getting \$4000 per guest appearance, with potential annual income of \$200,000, but network executives scoff at this. No sponsored series is in prospect.

PRICE FREEZE DOESN'T HIT TV—YET: TV-radio industry is exempt from voluntary pricing standards issued this week by Economic Stabilization Agency -- because all "rapid growth" industries are exempted. That's best word from still unorganized ESA on effect on TV of voluntary order (ESA-GPR-21) prohibiting price rises after Dec. 1.

Nevertheless, TV-radio manufacturers are expected to cooperate in "holding the price line," an ESA spokesman added.

It's pretty well agreed that mandatory price controls are around the corner -- just as soon as wage freeze can be imposed. Wage controls, however, are a touchy subject, being threshed out right now between union leaders and Administration. Labor officials (particularly CIO) are fearful wage freeze will upset cost of living clauses they have in big industry contracts. Defense Act of 1950 provides that prices can't be controlled unless wages in same industry are also controlled.

ESA price standards are hinged on profits, indicated in its "clampdown" on the automobile industry. Wage freeze was ordered in auto industry Dec. 22 -- until March 1 at least. It's probable precursor of others to come.

Order asks no prices be increased after Dec. 1 if company is making profit equal or more than 1946-49 average. If it isn't, ESA says company may raise prices to equal that average.

Company making equal profits, however, but selling an individual item at loss -- due to higher materials or labor costs -- may raise price of item by amount necessary to make it profitable or by amount equal to what increased materials and wages have risen since June 24, whichever is lower.

Other admonitions in ESA's first pricing order: (1) Distributors may not increase prices because of higher replacement or market costs. (2) Margins may be hiked on part of inventory where higher costs actually were paid. (3) Manufacturers are asked to continue same proportion of lower-priced items as in pre-Korea period. (4) Increased profits via greater volume or operation economies are not "verboten".

THE 1951 OUTLOOK—FACTS & FORECASTS: Higher prices for 1951 receivers...shortages after first 1951 quarter, when manufacturers will be well into war production...possible black market then for receivers, to say nothing of parts...ersatz components forced by civilian raw materials restrictions.

"Now is the time to buy that TV, or you may not be able to get it at all."

Stripped of trade ballyhoo and mere wishful thinking, foregoing gists of opinion from industry sources we regard best-informed, just about size up outlook.

Beyond first-quarter "twilight period", nobody can predict TV-radio prospects with any degree of certainty. Everybody agrees that military orders by then will occupy primary demand, and civilian production will have been heavily curtailed -- up to 50% by mid-year, RTMA general manager James D. Secrest estimated this week when it became known Govt. might place as much as \$5 billion orders for electronics-communications equipment.

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All big manufacturers and many small ones, meanwhile, are buying all supplies they can get. TV-radio industry as whole is continuing to produce at enormous rate that may last through month, despite Xmas holiday with its usual absenteeism.

Second December week's output (statistical week ending Dec. 9) ranked right up there with October's records -- 202,151 TVs (of which only 8323 were for private brands) and 405,095 radios, postwar record (of which 250,773 were home radios, 138,-982 auto, 15,340 portables). First December week figures were 198,031 TVs, 342,523 radios (Vol. 6:50).

Total TV output for year to date thus reached 7,029,797, radios 13,533,544

-- indicating, with 3 weeks yet to be counted, virtual certainty that 1950 TV production will exceed 7,500,000 TVs, 14,000,000 radios.

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This Christmas week's business was good, as against fair-to-bad preceding week, according to our informants. Only higher-priced receivers are hard to move, due mainly to Regulation W and prospect of higher income taxes. Retail conditions are spotty, ranging from "exceptionally good" in Pittsburgh to "not too good" in Washington. Nevertheless, to quote one major company's sales chief:

"Dealers are buying, and if they're buying they're selling sets." This executive also notes that dealer "bank paper" shows pre-Christmas business holding up -- "definitely as good as last year." That might be disputed in some localities, but it seems to reflect consensus of the larger manufacturers who turn out much more than half the industry's sets.

New 1951 receivers, as indicated in first major line to be announced (by RCA, see Topics & Trends, p. 11), are to carry somewhat higher prices, though they won't be much different in design from this year's. "Wrapping new prices in new models" is only way TV producers say they can meet higher costs forced not only by materials and labor but by expected lower volume.

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First quarter 1951 is expected to be down maybe 15 or 20%, with January a sort of "stabilizing period" as public resumes buying on news that sets may later be hard to get. While Admiral says it hopes to equal output of third and fourth 1950 periods during first quarter 1951, few others are quite as sanguine. It all depends on how fast the defense orders are placed and how rigid the materials controls.

Most of the key executives we contacted prefer not to be quoted, but a few have made public statements. Emerson's Ben Abrams thinks 50% cutback in last 6 months of 1951 almost inevitable, predicts first 2 or 3 months will be heavy, with manufacturers' inventories exhausted by fourth month.

"Big problem for TV in 1951," said Allen B. DuMont, "is production. Full impact of the defense effort will not be felt until spring or early summer [but] figures will have to be cut drastically. There will also be a growing shortage of TV technicians who will be concentrating on govt. work...it may be that 25% fewer sets will be made than in the 1950 Sept.-Oct. period when rate was 9,000,000 a year." Dr. DuMont added shortage situation should not affect sets already made "because there are sufficient replacement parts for all sets now in existence."

John Meck sees shortages stepping up trade-ins and sale of reconditioned sets -- already a big factor in some areas, because of price appeal. Personnel, he says, will be released from new installations and available for reconditioning used sets. He sees this business as "silver lining in the war-shortage clouds."

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Frank A. D. Andrea foresees "austerity models", stripped of gadgets, with a black market in new receivers and a boom in used sets. "Govt. curtailment of materials for which no substitutes have yet been found will drastically reduce the production of parts for home receivers," said he. "The scarcity of new TV sets and their increased price will cause an unprecedented demand." He once again urged standardization of models by agreement on one or 2 picture tube sizes "rather than the more than 61 types and sizes now in use."

GE's new president Ralph J. Cordiner, on other hand, takes dim view of any "austerity" models for either appliances or TV-radio sets. Substitutions for critical materials will be used, he told newsmen this week, only "if the quality of the product is not lowered."

Motorola's Paul Galvin, writing to stockholders Dec. 18, states: "We are able to see the first quarter of 1951 fairly well at this time, and it appears that our combined military and civilian billings for that period will be about equal to sales volume in the first quarter of 1950. At present, it is too early to make any estimate regarding profits for 1951. This will be influenced greatly by the amount of our military billings and the final form of excess profits tax legislation."

RCA and Emerson introductions of new 17-in. models seem to be forerunner of far more new models than originally anticipated. Emerson's 17-in. are 2 tables at \$290 & \$300, one console at \$370. RCA's are detailed on p. 11. Others who have already announced new sets are Bendix, Capehart, Meek, Packard-Bell, Sparton, Tele King, Tele-tone, Transvision. Due to show new models in next few weeks are Admiral, Air King, GE, Hallicrafters, Motorola, Philco, Sylvania, Trav-Ler, probably others. Admiral, Motorola and Philco hold Chicago conventions starting Jan. 4; Sylvania in Buffalo, Jan. 12.

WHOLESALEERS HAVE THEIR SAY AT NPA: TV-radio and appliance wholesalers, through advisory committee set up by NPA (for membership, see page 11), this week heard govt. officials give discouraging account of shortages affecting their industries -- with emphasis on cobalt, aluminum, steel, copper (Vol. 6:45-50).

Military needs and priorities were discussed in detail, as sort of preliminary to inevitable moves toward full-scale control over production.

As outlined to wholesalers, order of govt. production aims is (1) defense, (2) maintenance and repair of equipment now in use, (3) equitable distribution of new equipment made available for civilian use.

Then govt. men listened as wholesalers gave out with a few ideas of own.

Serious shortages of TV-radio tubes are being felt at wholesale and parts distribution levels, they said. In future planning, they urged provision for:

- (1) Immediate halt in production of color TV equipment for duration of emergency (see story, pages 1-4).
- (2) Equitable distribution of scarce products.
- (3) Protection of dealers' interests in case of orders "freezing" appliance sales, as in World War II when Govt. banned refrigerator sales.
- (4) Provision for furnishing appliances to disaster areas.

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Seven-man "task group," headed by Washington Motorola distributor James H. Simon, was set up to make recommendations to NPA on these problems. Task group scheduled Jan. 9 meeting in Chicago's Palmer House to discuss:

- (1) Proposed survey of 1500 TV-radio-appliance distributors to determine amount of floor space and personnel that could be converted to defense production in all-out stage of mobilization.
- (2) Maintenance of appliances and sets now in use, including question of whether repair technicians should be classified as "essential" personnel.

Possibility that low-priced lines may disappear from market is worrying some wholesalers, who told NPA they fear manufacturers may concentrate production in higher-priced, slower-moving items and models.

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Every pound of cobalt for use in civilian products will have to be cleared with Govt., beginning in February, according to present plans. Under forthcoming allocation scheme, NPA will tell each user how much he can have for each end use.

Essentiality ratings for various cobalt uses are now being determined jointly by primary cobalt-using industries and NPA.

Hand-to-mouth nature of cobalt supply situation is graphically illustrated by reports that NPA men have increased their estimates of amount that will be available to civilian industry next month. Last week we heard predictions that civilian industry may be restricted in January to as little as 10% of average monthly amount used first half of this year (Vol. 6:50). Then, unexpectedly, one shipload of the Congo-mined metal arrived early. Now odds are that civilian users will be allotted 35-50% when January quota is announced next week.

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Smaller TV and radio manufacturers will benefit from NPA Order M-17, issued Dec. 19, placing ceiling on amount of "D0" priority orders which must be filled by manufacturers of electronic tubes, fixed composition resistors and steatite ceramic

(heat resisting insulating) products. It was first NPA order dealing directly with finished products. Earlier ones applied only to raw materials.

First official move toward centralized allocation plan similar to World War II Controlled Materials Plan (Vol. 6:26) came Dec. 21 when NPA Administrator Wm. H. Harrison appointed Walter C. Skuce (ex-GE, now Owens-Corning-Fiberglas official) to organize Production Controls staff. He bossed War Production Board's Controlled Materials Plan Division.

"Conversion deals" in copper scrap, originally scheduled to be banned Jan. 1, 1951 (Vol. 6:50), were outlawed Dec. 19 (NPA Order M-17, as amended) when NPA found "scrap dealers and converters were accelerating their activities" to beat deadline.

Tin came under govt. distribution order Dec. 19. Consumption of tin-bearing materials will be limited in February and March to 80% of rate they were used during first 6 months of 1950 (NPA Order M-8, as amended). Makers of solder are expected to increase amount of lead, decrease tin used in alloy.

Red China's ban on exports to West may hit industry squarely in the tube filament. Until Chinese entered Korean war they supplied about half U.S. tungsten. Forthcoming distribution order is expected to divert some of tungsten formerly used in steel cutting tools to vacuum tube makers.

To satisfy most common complaints in nearly 1000 appeals for adjustment of aluminum distribution order (M-7, see Vol. 6:46-49), NPA has extended through first quarter 1951 some of base period modifications permitted during December (Vol. 6:48).

Financial & Trade Notes: Admiral president Ross Siragusa, addressing Investment Analysts Club of Chicago Dec. 20, stated Admiral's 1950 sales will approximate \$230,000,000, TV accounting for \$173,000,000; that year-end statement will show capital and surplus of approximately \$36,000,000, of which less than \$2,000,000 came from outside financing; that company has no borrowings of any kind; that capitalization consists entirely of 2,000,000 shares of common. He foresaw "sound investment characteristics" in the TV industry over the long haul (noting only about one-third of homes in TV areas as yet with TVs), but said military program will probably make the industry less profitable in 1951 than in 1950. He revealed company went beyond 300,000 goal for refrigerators and ranges this year, appliances becoming profitable business this year and accounting for 19% of all sales. Company is opening new \$5,000,000 appliance plant in Galesburg, Ill., spent \$17,000,000 on advertising in 1950, has 87 distributors, 30,000 dealers.

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Reeves Soundcraft Corp. president Hazard E. Reeves, in Dec. 18 "progress report" to stockholders, states company is now operating at a profit, details that: Soundcraft's TV tube plant at Springdale, Conn., acquired from Remington Rand, is selling at rate of \$150,000 per month; magnetic tape and film manufacture is expanding, and production moved to Springdale; Tele-Video Corp., owned two-thirds by Reeves Soundcraft, has been "static thus far this year with very few sales of Tele-Video sets" but Tele-Video's subsidiary Airdesign Inc. has grown substantially, showing profit, expects to handle substantial war orders for transformers; Light Metals Corp., over 90% owned by Reeves Soundcraft, now operating at "substantial profit"; Cinerama Inc., new film process, more than 50% owned by Reeves Soundcraft and with largely same management, financed with increased working capital for expanding activities.

Collins Radio Co., Cedar Rapids, Ia., has current backlog of more than \$80,000,000 in orders, predominantly military, some secret, as against peak rate of \$47,000,000 achieved during World War II, reports Dec. 21 *Wall Street Journal*. In fiscal year ended July 31, 1950 its sales were \$12,600,000 and during current fiscal year they should exceed \$25,000,000.

Dividends totaling \$452,400 on the 560,000 shares of Class B and 43,200 Class A held by Paramount Pictures in DuMont are expected to swell its fourth quarter earnings above the \$1,441,000 earned first quarter, \$1,385,000 second, \$1,745,000 third. This was indicated in Dec. 21 letter to stockholders from president Barney Balaban, following authorization by Paramount directors for placing of bid on N. Y. Stock Exchange to buy 500,000 Paramount shares at \$21.50. DuMont 75¢ dividend this month follows 25¢ earlier in year, on which Paramount got \$150,600.

General Instrument Corp., to finance acquisition of 72,000 sq. ft. plant in Joliet, Ill., requiring \$750,000, is recommending to stockholders issuance of 121,715 shares of common to be purchased by stockholders at rate of one-quarter share for each share held. Meeting has been called Jan. 12, 1951 to authorize plan for issuance of options to executives and key administrative employees. Proxy statement reports president Richard Laux's salary for fiscal year ended Feb. 28, 1950 as \$46,184, Monte Cohen's (v.p. of F. W. Sickles Co., subsidiary) as \$24,800.

Webster-Chicago's offering of 103,158 shares of common at \$14.25 went on market Dec. 21 through Eberstadt & Co. and Shillinglaw, Bolger & Co., and was immediately sold out. Proceeds are to be used for additional working capital. Capitalization after this financing and after stock dividend of 57,807 shares will consist solely of 450,000 shares of \$1 par common.

Hoffman Radio's 1950 earnings should exceed \$4 a share on 569,098 shares now outstanding, as against \$2.24 a share in 1949, according to president H. Leslie Hoffman. This year's sales are about 3 times those of last year. Military orders should offset expected reduction in TV receiver output next year, though good production rate is expected first quarter, Mr. Hoffman stated.

Packard-Bell reports sales of \$13,894,713, net income of \$1,308,510 or \$2.61 on 500,600 shares of common stock for year ended Sept. 30. This compares with \$5,436,586 sales, \$183,630 profit, or 36¢ a share on 482,000 shares, for preceding fiscal year.

Hallicrafters reports \$451,636 net income for Nov. 30 quarter, equal to 55¢ per share, compared with \$229,766 (34¢) for same 1949 quarter. Sales were \$11,881,263, up 114% from \$5,560,206 for same period 1949.

Topics & Trends of TV Trade: RCA was first major to reveal new line and prices, featuring (a) fewer models, (b) price revisions upwards but embracing tax and resuming standard discount structure, (c) only slight changes in exterior or interior design, notably abandonment of 12½ & 16-in. tubes in favor of 14 & 17-in. rectangualrs but retention of 19-in. rounds. This is almost certain to be pattern, too, when Admiral, Philco and Motorola reveal their new lines at their Chicago conventions, all starting Jan. 4—except that they are expected also to feature 20-in. rectangualrs.

RCA's new line totals 14 models—two 14-in., eight 17-in., four 19-in. It will be ready for delivery shortly after Jan. 1. It compares with three 12½-in., eleven 16-in., four 19-in. in old line. Old names are retained but with new model numbers. List prices generally are up \$20-30 per set (for old models and prices, see Vol. 6:43). These are the new items:

14-in.: Model 4T101 (Bentley), plastic table, \$219.95; 4T141 (Somervell), mahogany or walnut console, with AM, \$379.50, oak \$389.50.

17-in.: 7T103 (Newport), metal table, \$269.95; 7T104 (Kent), mahogany table ensemble with wood base, \$299.95; 7T112 (Highland), mahogany or walnut open-face console, \$359.50, oak \$379.50; 7T122 (Fairfield), mahogany or walnut console, with top doors, \$389.50, oak \$409.50; 7T123 (Regency), mahogany or walnut console, full doors, \$415; 7T124 (Modern), mahogany, walnut or oak console, full doors, \$425; 7T132 (Winston), mahogany or walnut console, lowboy styling, with 45rpm phono, \$495; 7T143 (Rutland), mahogany or walnut console, with AM-FM, 78 & 33rpm and 45 rpm, \$595. Note: Style-wise, all these models are same as their 16-in. counterparts, except for Winston, which is new, and Fairfield, which is housed in new-style cabinet.

19-in.: 9T105 (York), mahogany or walnut table, \$389.50, oak \$399.50; 9T126 (Hillsdale), mahogany or walnut console, top doors, \$475, oak \$495; 9T128 (Provincial), mahogany, walnut or maple console, full doors, \$495; 9T147 (Sedgwick), mahogany or walnut console, with AM-FM, 78 & 33rpm and 45rpm, \$825. Note: Provincial is only new model in 19-in. line.

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Westinghouse has decided to set up electronic tube division as "one step in the company's plans to realign its facilities for maximum production of needed military equipment in view of the emergency." Plant site has not yet been determined. President Gwilym A. Price said first production will be for military, after which it will make tubes for industrial and X-Ray, radio transmitting and receiving, TV pictures. Heading new division is E. W. Ritter, ex-RCA and Corning Glass, now headquartered at lamp division plant in Bloomfield, N. J.

New CR tube manufacturer is Pioneer Electronics Corp., 2230 Broadway, Santa Monica, Calif. Production started Dec. 1. Plans are to produce 500 a day by next March from 15,000 sq. ft. plant. Principals are Lawrence M. Parrish, president; Bernard Rodkin, v.p. & gen. mgr.; McIvin Glass, secy.-treas. Parrish is reported to be ex-Seattle real estate and investment executive; Rodkin, ex-Guardian Electronic Corp., New York tube maker. Heading engineering is Victor E. DeLucia, ex-Northcastern Research Co., Norwich, Conn., and ex-American Research Corp., Springdale, Conn.

Crosley Division, Avco, for fiscal year ended Nov. 30 more than doubled 1949 sales, with Shelvadors alone surpassing volume for all products in 1949, according to sales v.p. W. A. Blees. TV production capacity has been tripled in last 5 months, and output of refrigerators, freezers and ranges doubled, Mr. Blees adds, but all products remain on allocation.

"Task group" formed by NPA's Radio, TV & Household Appliance Wholesale Advisory Committee (see page 9): James H. Simon, Simon Distributing Corp. (Motorola), Washington, chairman; Benjamin Gross, Gross Distributors (Stromberg-Carlson), New York; Lealis L. Hale, Hale & McNeil, Monroe, La.; George N. Tobias, Radio Distributing Co. (Zenith), Detroit; Harry Williamson, Williamson & Davis (service & parts), Washington; Sam Rosenthal, Hyland Electric Co. (Sentinel), Chicago; W. G. Peirce, Peirce-Phelps (Admiral), Philadelphia. Other advisory committee members: Harry Alter, The Harry Alter Co. (Crosley), Chicago; Marvin N. Bray, General Appliance Storage Co. (gas ranges), Alexandria, Va.; R. J. Brown, GE Supply Corp., Bridgeport; K. G. Gillespie, Jenkins Music Co. (Hoffman, Stromberg-Carlson), Kansas City; J. R. Straus, Straus-Frank Co. (RCA), San Antonio; A. K. Sutton, A. K. Sutton Inc. (Philco), Charlotte; Adolph Ullman, Northeastern Distributors (Zenith), Boston; John Urban, Westinghouse Electric Supply Co., New York; John Bohning, George Worthington Co. (gas ranges), Cleveland; Titus B. Schmid, Crescent Electric Co., Dubuque, Iowa.

Plant expansions: Corning Glass Works holding formal showing of new TV bulb plant in Albion, Mich., Jan. 11, arranging for large gathering of visitors coming by train and plane . . . GE has approved new \$1,000,000 plant in Auburn, N. Y., 100,000 sq. ft., for manufacture of TV set parts, but construction may be delayed due to war emergency . . . Packard-Bell has started construction of first 50,000 sq. ft. addition to Los Angeles plant, designed solely for manufacture of TV-radios, to be ready next Feb. 15; 120,000 sq. ft. expansion has been blueprinted . . . Westinghouse constructing new 27,750 sq. ft. office, warehouse and manufacture-repair plant about 15 miles from downtown Richmond, Va., to be completed in 1952 and to consolidate all its activity in that city except wholesale distribution.

Govt. ordered \$104,885,332 worth of transmitting equipment from RTMA members during third 1950 quarter, association reports. This compares with \$61,701,467 second quarter, \$41,305,390 first. Figures represent unknown fraction of total govt. orders, since they cover only members of RTMA's transmitter division, don't include many other categories of orders. Radar orders accounted for lion's share of third quarter's volume, \$64,869,886.

What became of World War II electronic equipment? Dec. 15 *U. S. News and World Report* gives this breakdown: Of \$850,000,000-worth declared surplus, \$286,000,000 was given away or scrapped, \$524,000,000 sold for \$62,900,000 and \$40,000,000 reclaimed by armed forces.

Trade Personals: Capt. David R. Hull, USN ret., former asst. chief, Electronics Bureau, promoted by Raytheon from asst. mgr. to v.p. in charge of electronics equipment division, succeeding Wallace L. Gifford, who continues as v.p. and director in an advisory capacity . . . Vice Admiral Dorsey Foster, retiring Navy chief of materiel, due to join RCA Victor, Camden . . . Brig. Gen. Frank L. Howley, ex-military governor of Berlin, who was considered for post of RTMA president, has joined Aitkin-Kynett Co., Philadelphia ad agency, in administrative capacity . . . F. J. Hughes, Crosley mgr. of contract-builder sales, transferred to Washington to handle Crosley's govt. contracts . . . Duane Larrabee, ex-Stromberg-Carlson, recently Los Angeles manufacturers representative, appointed national sales mgr., Kaye-Halbert, under gen. sales mgr. Myron Blackman . . . Robert B. Barnhill named mgr. of mobile radio sales, Bendix . . . Casper M. Bower, ex-J. & W. Seligman Co., elected president-treasurer of Facsimile & Electronics Corp. (formerly Finch Telecommunications) . . . Edward Weisl Jr., adv. mgr., Tele King, resigning Jan. 1.

Telecasting Notes: CBS circularized all its 2500 employees this week, including TV-radio performers, with memo asking them to sign same type of loyalty statement required of applicants for Federal jobs, attaching Attorney General's list of subversive organizations and asking for explanations of membership, if any . . . CBS also began posting armed guards at transmitter sites and in master control rooms—both moves being prompted by President Truman's declaration of national emergency . . . Besides buying *Portland Oregonian* (Vol. 6:50), Newhouse newspaper interests hold 18-month option to acquire newspaper's 5-kw KGW, NBC outlet, for \$350,000 . . . CBS employees got Xmas bonus of extra week's pay; none of other networks gave bonus this year . . . Union Radio TV, Havana (CMUR-TV), planning satellite outlet in Santa Clara, linked via microwave . . . WBAP-TV, Ft. Worth, filmed 25 complete Southwest Conference football games this season, turning out 65 prints at average of 2400 feet of film per game—some 130,000 feet—and supplying prints also to other stations . . . Sarkes Tarzian's factory and telecasting operations in little Bloomington, Ind., are subject of big article in Dec. 25 *Newsweek* titled "How TV Affects Small-Town Living and Vice Versa."

More Jan. 1 rate raises: WPTZ, Philadelphia, base hourly rate up from \$700 to \$1000, one-minute rate from \$150 to \$200; WXYZ-TV, Detroit, \$800 to \$1000 & \$150 to \$200; WXEL, Cleveland, \$590 to \$725 & \$80 to \$125; WRGB, Schenectady, \$350 to \$500 & \$60 to \$100; WMCT, Memphis, \$300 to \$450 & \$60 to \$90; KMTV, Omaha, \$250 to \$350 & \$50 to \$70; WFMY-TV, Greensboro, \$230 to \$350 & \$30 to \$50; WKTV, Utica, \$150 to \$275 & \$24 to \$45. Note: These and previously reported new rate schedules of majority of the 107 operating stations will be detailed in *TV Factbook No. 12*, due off presses in early January.

Sylvania is establishing "Sylvia" awards which it hopes to make counterparts in TV of annual "Oscars" of films, the statuettes to go to program, writer, producer, director, actor, cameraman, scenic designer, lighting expert, makeup man judged to have made greatest contribution from Jan. 1 to June 30 each year; Deems Taylor will head judges . . . Majestic Radio setting up "Mighty Monarch of the Air" TV awards committee for outstanding contributions to TV programming; details are lacking, but it's understood awards will be made monthly on basis of polls of TV critics and editors, first to be in January.

Three more applications for TV stations were filed with FCC this week. Cincinnati's WSAI, owned by Marshall Field interests but under option to George Storer, asked for Channel 2. Sunflower Television Co., Wichita, asked for Channel 3; its principals include E. V. Yingling, oilman and auto dealer, and Coca-Cola distributor Virgil S. Brown Jr. Oilman Bill M. Tomberlin, recent applicant for Casper, Wyo., also filed for Channel 11 in Cheyenne. Honolulu applicant KPOA, seeking Channel 2, had application returned as incomplete. [For details about these applications, see *TV Addenda 11-X* herewith.]

Phonevision tests haven't started yet, but Zenith is well stocked with films (not all first run, however) and may start oft-delayed Chicago experiments this week end (Xmas Eve or Xmas Day). At latest, plan is to start Jan. 1. In order that experiment run full 90 days, Zenith will have to ask FCC for fourth extension (Vol. 6:44,46,48). Present authorization runs to Feb. 28, 1951.

FCC Comr. Walker will continue with Commission, even after he reaches statutory retirement age of 70 Jan. 11. President Truman Dec. 22 signed order exempting senior FCC commissioner from Civil Service retirement requirements.

Count of TV Sets-in-Use by Cities

As of December 1, 1950

TV set sales slipped back to summer levels in November—676,000 going into homes during month to reach grand total of 9,845,300 sets-in-use as of Dec. 1, according to NBC's monthly "census" report estimating TV receivers within 40-mi. service areas (.5Mv). November sales compare with October's 899,900 (Vol. 6:46), September's 739,700 (Vol. 6:42), August's 587,700 (Vol. 6:38). December trade reports tend to indicate year-end total will go well over 10,500,000 sets-in-use. NBC no longer publishes family figures, but those here listed are best available (1948) estimates of families within 40-mi. radius of city; note, however, that there are overlaps, so that family figures are sometimes higher than number actually served.

Interconnected Cities			
Area	No. Stations	No. Families	No. Sets
Ames (Des Moines)	1	126,000	30,200
Atlanta	2	233,000	81,800
Baltimore	3	732,000*	252,000
Birmingham	2	196,000	36,600
Bloomington, Ind.	1	104,000*	13,000
Boston	2	1,175,000*	609,000
Buffalo	1	323,000*	160,000
Charlotte	1	171,000	43,500
Chicago	4	1,438,000	765,000
Cincinnati	3	384,000*	209,000
Cleveland	3	695,000	372,000
Columbus	3	225,000*	111,000
Davenp't-Rock Island	2	133,000	33,000
Dayton	2	291,000*	101,000
Detroit	3	839,000*	377,000
Erie	1	112,000*	37,500
Grand Rapids	1	182,000*	67,700
Greensboro	1	165,000	35,900
Huntington	1	132,000	30,000
Indianapolis	1	281,000*	87,000
Jacksonville	1	94,000	23,000
Johnstown	1	250,000*	54,500
Kalamazoo	1	143,000*	29,500
Kansas City	1	275,000	83,500
Lancaster	1	85,000*	72,000
Lansing	1	168,000*	32,500
Louisville	2	188,000	66,000
Memphis	1	177,000	64,400
Milwaukee	1	327,000	190,000
Minneapolis-St. Paul	2	333,000	188,000
Nashville	1	151,000	16,700
New Haven	1	557,000	121,000
New York	7	3,597,000*	1,935,000
Norfolk	1	196,000	43,400
Omaha	2	132,000	48,200
Philadelphia	3	1,184,000*	725,000
Pittsburgh	1	742,000*	190,000
Providence	1	1,011,000*	107,000
Richmond	1	130,000*	51,700
Rochester	1	208,000*	61,100
Schenectady	1	258,000*	125,000
St. Louis	1	474,000	222,000
Syracuse	2	199,000*	88,100
Toledo	1	241,000*	60,000
Utica	1	127,000*	30,200
Washington	4	691,000*	206,000
Wilmington	1	183,000*	51,500
Total Interconnected	80		8,337,500

Non-Interconnected Cities			
Albuquerque	1	22,000	6,100
Binghamton	1	131,000*	28,600
Dallas	2	277,000*	51,700
Fort Worth	1	269,000*	40,200
Houston	1	217,000	53,900
Los Angeles	7	1,372,000	764,000
Miami	1	117,000	45,000
New Orleans	1	225,000	43,600
Oklahoma City	1	138,000	61,700
Phoenix	1	49,000	22,900
Salt Lake City	2	93,000	34,000
San Antonio	2	130,000	34,200
San Diego	1	113,000	67,000
San Francisco	3	825,000	147,000
Seattle	1	307,000	55,600
Tulsa	1	125,000	52,300
Total Non-Interconnected	27		1,507,800
Total Interconnected and Non-Interconnected	107		9,845,300

* Family figures are based on estimates of 1948 population. Note that following coverages (hence total families) overlap: Bloomington-Indianapolis; Grand Rapids-Lansing-Kalamazoo; Detroit-Lansing; Detroit-Toledo; Syracuse-Rochester-Utica-Binghamton; Binghamton-Utica; Philadelphia-Wilmington; Rochester-Syracuse-Schenectady-Utica; Pittsburgh-Johnstown; New York-Philadelphia; Boston-Providence; Buffalo-Rochester; Cincinnati-Columbus-Dayton; Washington-Baltimore; Lancaster-Baltimore; Dallas-Fort Worth.

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WITH AM FM REPORTS

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In This Issue:

- | | |
|--|---|
| The Year Ahead—Outlook Cloudy, <i>page 1.</i> | Telecasters and Excess Profits Bill, <i>page 6.</i> |
| Is Freeze Frozen for Duration, <i>page 2.</i> | TV-Radio and Price Controls, <i>page 7.</i> |
| NPA Smoothing Gradual Transition, <i>page 3.</i> | Everything Depends on the Military, <i>page 7.</i> |
| Color Lull as CBS Shows 17-in. Image, <i>page 4.</i> | Trade Topics and Financial Reports, <i>pages 8-9.</i> |

(New Department Starting in This Issue: Mobilization Notes—see page 9)

THE YEAR AHEAD—OUTLOOK CLOUDY: Out of a year noteworthy for the production of some 7,500,000 TV receivers -- while only 9 new telecasting stations were put into operation to bring nation's total to 107 -- we enter a New Year that promises:

(a) Prolonged national emergency, with diminishing TV-radio output as the industry swings over to defense production (see p. 3 & 7).

(b) Prolonged station freeze, with its prolongation of monopolies of the now-profitable telecasting facilities (see story, p. 2).

(c) Prolonged arguments about color TV, now a chimera without even the proverbial chinaman's chance of emerging commercially during the emergency (see p. 4).

* * * * *

There you have the lugubrious 1951 prospects of an industry which, though hamstrung by internal bickering and snail's-pace regulation hampering expansion, has shown such remarkable health during 1950 that:

(1) Its tradesmen sold well over \$2½ billion worth of TV-radio goods and services to the American public.

(2) Its telecasters sold about \$100,000,000 worth of time to sponsors.

(3) Its radio broadcasters at least equalled, may surpass, their 1949 record of more than \$400,000,000 in time sales to advertisers (see item, p. 10).

[The \$2½ billion figure is a conservative retail projection of estimated factory sales of more than \$1,700,000,000 worth of TV-radio receivers during year, of which some 78% of dollar volume now comes from TV. The \$100,000,000 telecasting figure derives from reliable trade estimates that the 4 networks alone sold \$45,-000,000 worth of time during 1950, and it's well known that aggregate spot & local station time sales always exceed network.]

* * * * *

If TV can flourish so well, despite its growing pains and squabbling parents; if mere 107 telecasting stations can do about 25% of the dollar volume in TV's fourth full year of existence that 2000-plus AM stations are doing in broadcasting's 30th year; if about 100 factories can produce and sell some 7,500,000 TVs in addition to more than 14,000,000 radios; if telecasting services are now within reach of only 62.2% of the nation's families (Vol. 6:48), with far less than half of these as yet equipped with receivers -- you may well ponder what this industry will achieve when normalcy returns to the American economy.

Offspring of prodigious AM, television has indeed been the prodigy of American industry -- possibly the fastest growing major new industry of all time.

* * * * *

Note: In this space last year's end, we forecast "not less than 4,000,000 TV receivers, probably more" during 1950; "not more than a dozen new vhf stations" to be built during year; "end of freeze in autumn or early winter of 1950"; "lots

more talk-talk about color TV...with FCC shelving non-compatible color proposals"; uhf experiments proving "those channels can do reasonably good but essentially local coverage job"; networks extending as more coaxial-microwave links are installed; continued inroads of TV on radio and movie audiences; many small manufacturers giving up ghost or merged; more TV network and station sponsors; more stations operating in the black.

Most of these predictions were realized, and more, but we must admit that we erred in estimating end of freeze, in selling non-compatible color short, in being too bearish about demise of small manufacturers. But we think our record for calling the shots has, on the whole, been pretty good. And we can assure you that succeeding issues will report and evaluate 1951 developments and trends, week by week, as diligently and honestly and independently as in the past -- with special emphasis henceforth on the industry's role in the national emergency.

To our friends and subscribers, as we prepare to embark on our seventh year of publication...our best wishes for a Happy and Prosperous New Year.

IS THE FREEZE FROZEN FOR DURATION? Will end-of-freeze mean anything when it finally does come? Question is impossible to answer because of the emergency, yet it's worth exploring in terms of present production prospects and World War II experience.

First, it will be a miracle if freeze ends by FCC Chairman Coy's most recently predicted date -- July 1, 1951 (Vol. 6:39).

Even if you cut to bone every step FCC is committed to take -- even excluding a new proposed allocation plan -- no final action on now 27-month-old hiatus can be expected before July.

Then, Commission has promised 60 more days for filing of new applications, after final freeze decision, before it will start making grants and setting hearings. Actually, it will be a big surprise if any new CPs are authorized before Labor Day, 1951, or full 3 years after freeze began.

That's the minimum. If you try weighing possible and probable freeze-lengtheners -- such as educational TV (which, as a time-consumer, is developing all the earmarks of another color issue) and new proposed allocation plan -- you're almost ready to throw up your hands and conclude that it's fortunate freeze didn't start earlier. There never would have been any TV industry in that case.

* * * *

But assume freeze is over next fall. What then? Bear these facts in mind:

(1) Now in manufacturers' warehouses is enough gear to equip number of new stations fairly well, or quite a few more with skeleton facilities. There are an estimated 25-35 transmitters that could be delivered now. But associated equipment, such as camera and film chains, is scarcer. Existing stations are buying them as they expand; they're also hedging against shortages (Vol. 6:49-50).

(2) Maintenance of existing facilities ranks high with NPA. But it's impossible to say what this may mean in terms of new stations when freeze is over.

(3) Grants in non-TV areas, where the new stations are needed most, would be meaningless if there's no set production then. If there's only limited set output, to build or not to build would be tough question for both applicants and FCC.

(4) In TV areas, competition for channels will be so rough that hearings will shove starting dates of new stations far into nebulous future.

* * * *

(5) In World War II, partial AM construction freeze was begun Jan. 30, 1942. This permitted construction where no primary service was available and when equipment was on hand. On April 27, 1942, absolute freeze was put into effect. In latter part of war, there was slight relaxation of freeze, principally on low-power stations (100 & 250 watts). Generally, applicant had to show great public need, equipment on hand, negligible manpower requirements for either construction or operation.

Only one station was granted from June 1942 to June 1943, but there were 16 next year, 33 following year.

"Equipment on hand" factor could again prove very important. Matter of fact, even pre-Korea, number of confident applicants had placed firm orders for equipment. Now, presumably, applicants have more incentive than ever to sew up gear.

(6) Manpower became very critical factor during last war. FCC relaxed operator requirements, permitted fewer hours of operation, but allowed no station to go off air and retain license even though some stations wanted to. For conservation of components, particularly transmitting tubes, station power was dropped 1 db (21%) across the board.

(7) Govt. may want TV equipment now in warehouses. Last time, it asked for, and got, AM transmitters from manufacturers and stations, even took auxiliaries from some of latter. Same thing could happen in TV.

* * * *

Talk of authorizing some stations right now, to begin service in some non-TV areas while receivers are still plentiful, gets quick brush-off at FCC. Commissioners say that construction of any TV station, under any conditions, would jeopardize final allocation plan. Only exception considered, by one commissioner, would be Hawaii. It's too far to cause any trouble, he said.

Thus, not even Denver, Portland, El Paso, to name a few, are likely to get TV outlets in near future -- thanks, actually, to delays forced by color imbroglio and prolonged by present emergency. Colorado's color-thumping Senator Ed Johnson can take just as much credit for that as FCC and the color hearing participants.

NPA SMOOTHING GRADUAL TRANSITION: Anything can happen in a war economy -- but despite materials shortages, despite govt. restrictions, it looks now like TVs and civilian radios will continue to roll off production lines while electronics industry is gradually converted nearly 100% to defense.

This became evident this week as National Production Authority ground out new materials distribution orders, capped by an all-out cobalt allocation and an order clamping end-use restrictions on copper.

Prominent newspaper headlines, after cobalt order was announced Dec. 29, implied cobalt allocation would force immediate drastic TV cutbacks -- but stories didn't bear this out, nor do facts (see below).

Industry men are now optimistic about smooth transition from civilian to military production -- convinced electronics-wise NPA topkicks understand their basic problem of maintaining working forces pending conversion.

They've been to Washington, talked to officials, served on advisory committees, made recommendations, seen them incorporated into official orders (See Mobilization Notes). They note there have been no severe stoppages, no unemployment, no business failures as result of shortages.

NPA has been sold on this axiom of TV-radio industry: If civilian production stops prematurely, military production will be hard to start.

TV-radio men now feel confident they will get trickle of scarce materials, which they can skillfully stretch into continued production, employment and sales until the now slow-moving military orders take over in big way.

* * * *

Turning point came when cobalt shortage in November threatened to blot out TV-radio production (Vol. 6:46). Industry men descended on Washington, NPA listened, then cut back some defense priority orders that weren't immediately essential, leaving some cobalt for civilian use.

Full-scale cobalt allocation program (NPA Order M-10, as amended), disclosed Dec. 29, "will hit radio-TV hard, but not hardest of all." Those are words of aide to NPA Administrator William H. Harrison. He said TV-radio production must be kept alive during transition to all-out mobilization (1) because of the industry's value to war electronics, and (2) for informational and morale purposes.

Beginning Feb. 1, Govt. will dole out cobalt to civilian industries according to essentiality of end-use. Each cobalt purchaser must apply to NPA (on form NPAF-15) for monthly ration. Govt. will then notify him (on form NPAF-16) how much

cobalt he will be allotted for month. As military production increases, civilian allotments will diminish.

Banned altogether are such non-essential cobalt uses as ornamental blue glass pigment and magnetic toys and novelties.

Stopgap cobalt distribution order for January 1951, issued along with M-10, may hold clue to future allocations beginning in February. In January civilian users will be permitted to buy a maximum of one-third amount they used in January 1950.

RTMA speaker section met Dec. 27 in Chicago, with estimated 75% of loud-speaker manufacturers represented, and voted to recommend to all speaker makers that alnico magnets (24% cobalt) used in speakers be reduced by at least one "RTMA weight unit" (about 30%).

CR tube focus and deflection units, which can't be cut down in size, contain about 4 times as much alnico as speakers.

Alnico magnets will continue to be almost universally used in speakers and CR tube deflection circuits, despite cobalt shortage. Substitutes, requiring vast amounts of scarce nickel or copper, are impractical. Moreover, many component manufacturers have discarded their coil-winding equipment and aren't equipped to make electromagnets even if they could obtain the required copper wire.

* * * *

TV-radio industry was scarcely touched by copper conservation order (Amendment 1 to M-12), issued Dec. 30. In list of more than 250 products in which use of copper will be banned March 1, TV-radio are not mentioned. (Examples of items affected: doorknobs, cupidors, kitchen utensils, burial urns, paper clips.)

Copper use is banned in such household appliances as washers, vacuum cleaners, refrigerators, irons, shavers -- except where copper products are used in functional parts where "satisfactory substitutes are not available." In general, use of copper will be permitted wherever it is necessary for conduction of electricity. Copper and brass hardware on TV cabinets and chassis undoubtedly will disappear.

All copper users are still subject to Distribution Order M-12 (Vol. 6:48), which permits manufacturers during January and February to use up to 85% of average monthly amount of copper and copper products they used first 6 months of 1950.

* * * *

Aluminum Order M-7 (Vol. 6:46-51) was relaxed for third time Dec. 26 (by Direction 3 to M-7), permitting users to consume more in March 1951 than they were originally allotted -- provided aluminum components don't exceed 1% of end product's total weight.

Chassis will lose that bright silvery look next year. NPA Order M-19 lists "highly essential civilian needs" in which use of cadmium will be permitted. Use of corrosion-resistant cadmium plating on TV-radio chassis is banned. Less satisfactory, less eye-pleasing zinc (Vol. 6:51) probably will be used instead.

Specifically permitted are these electronic uses of cadmium: (1) Phosphors for CR tubes, which use extremely small amount. (2) Copper-base alloys containing 1½% or less of cadmium in parts inside electronic tubes. (3) Plating on surfaces which require good conductivity for radio frequency current.

Most serious shortage items in TV-radio during 1951 are expected to be: (1) tubes, (2) resistors, (3) copper products, (4) magnets.

COLOR LULL AS CBS SHOWS 17-in. IMAGE: Color front was dullish this week -- with even CBS's enlarged picture, accomplished by means of color drum instead of disc, failing to stir up usual controversy and headlines.

Combatants continue to study Chicago court's decision (Vol. 6:51), each deriving whatever comfort he can from the dicta.

RCA and allies presumably will take their full limit of time in appealing to U.S. Supreme Court. FCC and CBS are waiting for RCA's next move, haven't yet asked courts to lift Chicago court's ban on commercial colorcasts.

Good guess is that it will be May or June before final decision from highest court. By then, everybody expects industry to be devoted largely to military output.

Meanwhile, black-and-white set sales showed unusual post-Xmas vigor -- color

evidently no depressant. Production lines also continued at top speed (see Trade Reports). If any manufacturers have firm plans for color production, they've certainly quit making a fuss about it.

Color has even lost "scare value" in promoting sales, symptomatic perhaps of lack of public interest. In Buffalo, Budget Furniture Stores advertised:

"Color Television. Scared to buy a TV set today? Because color TV may be here tomorrow? Let us solve your problem..." Company offered to exchange set bought today for color set if color arrived within a year, charging 33¢ rental for each day set was used. Response was "very disappointing," said company spokesman.

* * * *

CBS is still plugging away, despite cries of "academic" on all sides. Most ambitious color program yet will be telecasts of New Year's Day Tournament of Roses in Pasadena, using film flown to New York. Dudley Pictures Corp., Beverly Hills, is shooting the films, will have 3 cameras along route. CBS plans to show films in New York and Philadelphia beginning Jan. 3. CBS doesn't say whether or when it will expand color "network."

CBS also got excited about wholesalers' recommendations to National Production Authority that color set production be banned (Vol. 6:51). President Stanton wired Gen. Harrison, NPA chief, "we believe that it is possible for color TV to gain a start during the current emergency by being given an opportunity to share materials with standard black-and-white TV and other consumer products...If the NPA has the elimination of color TV under consideration, we would greatly appreciate an opportunity to discuss the matter with your representatives."

But NPA has clearly sidestepped issue. In press conference, aide to Gen. Harrison ventured "personal opinion" that color question is academic, that it's "common sense" for manufacturers to concentrate on "established items for which there is an established demand," that set makers will probably tend to concentrate on a few black-and-white models, further precluding color.

* * * *

CBS's newly revealed color-drum development was designed to meet criticism of picture-size limitation -- and did. Drum was used with 17-in. rectangular tube in New York showing to several score newsmen Dec. 26.

As we viewed it, same good quality picture was obtainable as with disc. Only question is: Why did CBS wait so long to develop it, since device has been known for many years and provides an answer to one of the most commonly heard criticisms of CBS color system?

Device has been in works since 1941, said Dr. Peter Goldmark. Regarding patents, he said he believes CBS is covered on drum.

No estimate of drum costs was made. CBS officials obviously still hanker for tri-color tube (it would remove stigma of "mechanical"), said future use of drum for bigger pictures depends on practicality and costs of tri-color tubes.

Drum is 20-in. in diameter, 18-in. wide, has 9 color "panes" (compared with 6 in disc), runs at 960 rpm (1440 for disc), employs 1/10 hp motor. Innards of set weren't shown, so actual mechanics are unknown.

Regarding ruggedness of drum in home use and maintenance problems, Dr. Goldmark said it's still too early to tell from experience, but he saw no reason why it should be more troublesome than disc. Drum diameter need be only about 15% greater than tube length, Dr. Goldmark said, adding that it can be used with 20-in. tube, but mentioning no larger sizes. Drum can't be used to convert existing sets. Of course, "slave" set can employ drum.

Set was console 34-in. high, 27-in. wide. Depth wasn't given, but it looked like 22-24-in. Absence of magnifying lens, along with bigger picture, undoubtedly enhances picture's viewing qualities.

Drum is an old idea. England's Baird is said to have used it many years ago, and RCA first showed it Dec. 13, 1945. In fact, RCA used polaroid filters on drum, at that time, to achieve tri-dimensional color. Equipment is described and pictured in June 1946 RCA Review.

TELECASTERS & EXCESS PROFITS BILL: Excess profits tax bill didn't give telecasters the deferment they asked (Vol. 6:43-49) -- but some of its general relief provisions can be used by some TV operators. According to tax experts who've watched excess profits bill in behalf of TV-radio broadcasters, some of the provisions relating to growth companies (Vol. 6:51), as well as section permitting extremely heavy recent losses to be deducted, for computing earnings in base period, can be used by telecasters. Also believed helpful is proviso granting permission to use return on invested capital (Vol. 6:51).

TBA tax committee hasn't given up hope yet, will try to get more specific relief in next Congress, due to meet Jan. 3. One point it hopes to get into any new bill is permission to deduct TV losses from earnings during base period. (This would aid earnings record of AM-FM-TV operators during 1946-49.)

Telecasters should get copy of Conference Report 3231 for lay explanation of excess profits bill, passed by Senate last week and due for passage by House Jan. 1.

Network Accounts: Liggett & Myers (Fatima cigarettes) Jan. 2 starts sponsoring *The Stork Club* on CBS-TV, Tue. & Thu. 7:45-8 (show currently is carried Mon. thru Fri. 7-7:30) ... Army Recruiting Service Jan. 18 starts sponsoring *Roller Derby* on ABC-TV, Thu. 10-10:30 ... Edgewood Shoe Co. (Friendly Teen shoes) Feb. 13 starts *Going Places with Betty Betz* on ABC-TV, Tue. 7:15-7:30 ... Sam Smith Shoe Corp. (Little Yankee shoes) due Feb. 16 to start *Half Pint Party* on ABC-TV, Wed. & Fri. 4:45-5 ... Seeman Bros. (Airwick) Jan. 20 moves *I Cover Times Square* on ABC-TV from Thu. 10-10:30 to Sat. 12:30-1 p.m. ... Next *Jack Benny Show* on CBS-TV will be half-hour instead of 45 minutes, Lucky Strike sponsoring on an undetermined Sun. 7:30-8 spot in lieu of one of its regular *This Is Show Business* performances ... Francis H. Leggett & Co. (Premier Food products) Jan. 1 extends *Johnny Olsen's Rumpus Room* from WABD to DuMont Network (Eastern segment), Mon.-Fri. 12:30-1.

Station Accounts: To protect against use of station for mail-order selling by unscrupulous promoters, Philadelphia's WFIL-TV has new contract requirement that every product advertised for mail order must be backed by reputation of an established firm or by certificate of approval from a recognized testing laboratory. New companies will be thoroughly investigated ... It's hard to say whether it betokens a trend—but Cincinnati's WLWT reports that, despite increasing network inroads on afternoon time, 52.4% of its November schedule (averaging 117½ hours weekly) was devoted to local originations, remainder being 44.1% network, 3.5% relays from WLWT's sister stations in Dayton (WLWD) and Columbus (WLWC). Of local originations, 7% were films, 1.3% remotes. Of total time, 78.8% was commercial ... New spot business reported by WCBS-TV, New York, includes Cluett-Peabody Co. (Arrow Shirts) & Duffy-Mott Co. (Pomettes), thru Young & Rubicam; Sweets Co. of America (Tootsie Roll), thru Moselle & Eisen; Colgate-Palmolive-Peet Co. (Kirkman Soap Products), thru Cunningham & Walsh; National Biscuit Co., thru McCann-Erickson; Schieffelin & Co. (Pears soap), thru Cowan & Dengler ... International Silver Co. to sponsor *Success Story* on WJZ-TV, New York, Tue. & Thu. 2:15-2:30, starting date not yet set ... Max Factor (cosmetics) sponsoring *Sheilah Graham in Hollywood* on KNBH, Los Angeles, Wed. 12 noon ... WFIL-TV, Philadelphia, reports J. Reisman & Sons (pretzels) sponsoring *Karlos the Magician* Sun. 2-2:15, thru H. M. Dittman Adv.... Among sponsors currently reported using or planning to use TV: National Sugar Refining Co. (Jack Frost sugar), thru Young & Rubicam, N. Y.; National Health Products Co., Sarasota, Fla. (Marvilizer liquifier), thru Houck & Co., Miami; Sta Products Corp. ("Sta-Bo-K" for flowers & "Sta-X-Tree"), thru Jewell Adv. Agency, Oakland, Cal.

Personal Notes: Robert P. Heller, CBS director of AM programming, resigns to join Louis Cowan package firm; CBS denies published reports of resignation of Charles Underhill, gen. mgr. of TV dept. ... Norman Cash promoted to director of NBC radio station relations under station relations v.p. Carleton D. Smith; he succeeds Easton Woolley, now executive v.p. of KDYL & KDYL-TV, Salt Lake City ... Robert Ballin quitting as v.p. in charge of Hollywood office of Foote, Cone & Belding to head new creative program dept. for J. Walter Thompson, N. Y. ... Irving Collin named v.p. of S. Duane Lyon Inc. ad agency, handling TV-radio ... Harold P. See, KRON-TV, San Francisco, elected president of local chapter of Academy of TV Arts & Sciences ... Robert Meeker, Robert Meeker Associates, elected 1951 president of National Assn. of Radio Station Representatives, succeeding Lewis Avery; other officers: Max Everett, Everett-McKinney Inc., v.p.; Eugene D. Katz, Katz Agency, secy.; J. F. Timlin, Brantham, treas. ... Arthur C. Schofield, ex-DuMont, joins Paul H. Raymer Inc. as head of sales promotion-research ... Peter Finney, ex-Kudner, joins Erwin, Wasey as TV-radio account executive for Admiral ... Wilson C. Swigart promoted by A. C. Nielsen Co. to TV-radio production v.p.

Phonevision tests start Jan. 1, more than 2 years after pay-as-you-look idea was first broached by Zenith president E. F. McDonald. Assured 75 Hollywood and European "first-run" films, experiment will be watched with more than casual interest by both TV and movie industries. In fact, Zenith has arranged to furnish film companies weekly reports on what pictures have been ordered, how many times, etc., by the 300 Chicago "guinea pig" families who will pay \$1 fee via phone company for each film they order.

New Year's Day starts with three 1948 features: Warner's *April Showers*, with Jack Carson & Ann Sothern; Paramount's *Welcome Stranger*, with Bing Crosby & Barry Fitzgerald; MGM's *Homecoming*, with Clark Gable & Lana Turner. There will be 3 showings daily—at 4, 7, 9 p.m. Pictures will be rotated each of 3 days, so that viewers can see each picture in series of 3 at same time each night. Film companies not participating are 20th Century, Republic, Universal, Columbia.

In statement announcing start of tests, Comdr. McDonald emphasized that Phonevision was to be considered only as a supplement to regular telecasts. Zenith, he said, does not intend to go into entertainment field, although it is interested financially through officers and stockholders in Teco Inc., underwritten through stock sales totaling \$1,000,000 (Vol. 6:15, 16, 21, 39, 40).

Meanwhile, WOR-TV, New York, asked FCC to extend experimental grant for continuance of tests of Skiatron system of fee-TV by means of punched cards (Vol. 6:47).

TV-RADIO AND PRICE CONTROLS: Price controls don't apply to TV-radio industry -- not yet -- just as we reported in this space last week (Vol. 6:51). But manufacturers shouldn't let themselves be lulled into false optimism by this fact, for it's no secret voluntary controls are to be followed sooner or later by mandatory orders.

Each company must get individual ruling from Economic Stabilization Agency on the voluntary price control policies that may apply to it. Exemption of TV-radio from voluntary price control order issued last week was officially confirmed by ESA Dec. 27 when it put out 14-section question-and-answer interpretation of last week's order. Do the standards apply to rapid growth industries, TV for instance? asks ESA's Question 10. Here's the reply:

"The standards are general ones, used for the purpose of guiding businessmen in their current pricing. While generally applicable to American business, they obviously do not specifically cover all types of situations. They do apply to industries or companies which have experienced normal or moderate rates of growth, but special provisions will have to be made for companies whose operations have experienced an abnormally rapid growth as a result of new products."

TV-radio manufacturers should get copy of ESA's original order prohibiting price increases after Dec. 1 (ESA-GPR-21) and the interpretation (ESA-GPR-30) as a guide to principles being followed by ESA on price controls.

EVERYTHING DEPENDS ON THE MILITARY: Nobody wants to risk guess as to 1951 TV-radio output -- but if fourth 1950 quarter's average 200,000-per-week pace is maintained through first quarter (as some think) we're likely to get up to 2,500,000 TVs during that pre-conversion period alone.

Thereafter, possibly even before end of first quarter, everything electronic will be in the lap of the military gods. From way things look, our own hunch is that industry will be lucky to be able to produce 2,500,000 to 3,000,000 TVs during whole of 1951.

Cutbacks already reported in automotive industry would tend to augur same in TV-radio, but fact is military orders are still slow in coming and electronics industry's enormous expansion for TV could permit absorption of great amount of these without affecting civilian production. That is, unless raw materials and components for civilian production are completely shut off.

RTMA president Robert Sprague, in year-end statement, reported 1950 output at close to 7,500,000 TV sets, more than 14,000,000 radios at factory value of \$1.7 billion -- 90% ahead of 1949, 125% ahead of 1948. Entire output of industry, including military production, transmitting and communications equipment, replacement parts, exceeded \$2.2 billion by good margin, he estimates -- and retail trade totaled more than \$3 billion.

* * * *

Good many of the major manufacturers are set for same rate of TV-radio production first quarter 1951 as booming fourth quarter 1950, saying they have the materials on hand or in sight. It's problematical whether this condition obtains among many smaller companies. As pointed out by GE's Dr. W. R. G. Baker, pre-emergency industry estimates went as high as 10,000,000 TV sets for 1951, now have been cut down to 4-5,000,000, which he frankly labels "blue sky guesses."

Third week December output maintained industry's pace -- 203,290 TVs (of which 9212 were for private labels) and 351,354 radios (232,938 home radios, 24,955 portables, 93,561 auto). TVs were slightly above first and second weeks, radios lower (Vol. 6:51). With 2 weeks yet to be reported, year's cumulative 7,233,089 TVs and 13,884,898 radios to Dec. 15 are certain to grow to totals indicated by Sprague.

Retail trade has shown considerable upsurge in last few weeks, leading some

to believe slump that began with Nov. 1 excise tax is past. There are even predictions usual January lull won't happen this year, as people begin to realize there may be shortages next year and prices aren't going down.

TV purchasers favor lower-priced models, but manufacturers still favor higher cost items in their new though shortened lines (for Philco's, see Topics & Trends). One of components leaders tells us he feels growing shortages will lead to concentration on higher-priced lines, scarce materials going into TVs instead of radios, into combinations instead of table models, so as to hold up dollar billings. He foresees fewer tubes, less powerful speakers as basic 1951 trends.

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"No one at this time can predict with accuracy what the civilian production of the radio-TV industry will be during the next 12 months, or perhaps during the next 3 months," said Mr. Sprague. "Certainly, civilian production will decline sharply due to growing shortages of vital raw materials needed both by the military and our civilian economy. The degree of this cutback, of course, will depend upon the extent of the increasing military requirements."

"The radio industry has frequently demonstrated its ability to adapt itself to rapidly changing circumstances, and I am confident it will do so now if given half a chance. Conservation measures and substitutions of less scarce materials for those in shortest supply will, no doubt, keep civilian production going...

"Our industry did a magnificent job in World War II, producing \$7.5 billion worth of radio and electronics equipment and parts. Due to postwar expansions, we are now prepared to do a much bigger job for the national defense."

* * * * *

Though trade horizon is war-clouded, there's remarkable buoyancy among the tradesmen who live largely on day-to-day basis. There will be January conventions in Chicago as usual, though emphasizing white goods -- Philco at Palmer House, Admiral at Drake (and Eighth St. Theatre), Motorola at Congress, all Jan. 4-6, and many others during weeks of the furniture marts.

Exhibiting at Winter Furniture Mart Jan. 8-19 will be an even dozen manufacturers: Admiral, Arvin, Bendix, GE, Hallicrafters, Motorola, Olympic, Philco, RCA, Sparton, Starrett, Westinghouse. At the Merchandise Mart will be these exhibitors: Crosley, GE, Capehart, Bendix, Air King, Magnavox, Telequip. Among other showings during the mart weeks will be Tele-tone, Hotel Blackstone; Kaye-Halbert, Congress; Starrett, Stevens; Sentinel, Sheraton; Philharmonic, Blackstone.

Trade Personals: Sylvania this week elevated to v.p. rank Arthur L. Chapman, gen. mgr., Radio-TV Div. & Parts Div.; Curtis A. Haines, gen. mgr. of operations, Radio Tube & TV Picture Tube Divs.; John B. Merrill, gen. mgr., Tungsten & Chemical Div.; Howard L. Richardson, director of industrial relations . . . Warren Ostreicher, ex-Western Electric and Tele-tone, appointed chief engineer of Tele King, Jerry Bresson, ex-Emerson, asst. chief engineer . . . Ray F. Sparrow, sales v.p. of P. R. Mallory & Co., upped to senior v.p. . . . Robert K. Roulston appointed asst. to president D. H. Cogan of Air King, coordinating new expansion program . . . Al Bauer, ex-Emerson, named purchasing director of Television Equipment Co. . . . Don Ferraro, executive v.p., has sold his interest in National Video Corp., Chicago, and has become sales v.p. of Fidelity Tube Corp., Newark; he's also president of Jewel Radio . . . Paul Southard, merchandising v.p. of Columbia Records, has resigned and some of his duties have been taken over by sales mgr. Paul Wexler; adv. mgr. Ken McAllister has also resigned to join Benton & Bowles, ad agency, his post being taken over by Albert B. Earl . . . Ed Berliant, ex-Tel King v.p., now gen. mgr., Air King Distributors Corp., New York . . . N. C. Henry promoted by Bendix to mgr. of TV-radio distribution, being succeeded as office mgr. by I. J. Macomber . . . Paul J. Larsen, ex-director of Civilian Defense, appointed asst. to president Roy C. Ingersoll, Borg-Warner Corp.

Financial & Trade Notes: Year 1950 was biggest in history of RCA, with TV accounting for approximately 75% of gross income, reports Chairman Sarnoff in year-end statement. Since RCA gross for first 9 months was nearly \$400,000,000 (Vol. 6:43), it's fair to assume it will exceed \$500,000,000 by considerable margin this year. So TV business—receivers, tubes, transmitters, etc.—will represent at least \$375,000,000 of RCA's 1950 gross. Subsidiary NBC will account for well over \$20,000,000 in TV, \$60,000,000 in AM time sales.

Stromberg-Carlson president R. C. Tait reports company will do approximately \$36,000,000 volume this year compared with \$28,355,944 in 1949. In deciding to pay 10% stock dividend on common, as it did in January 1949, cash will be conserved for working capital. Conversion of 4% preferred is affected; it is now convertible to common at rate of 2.2 shares of common for each share of preferred, but after payment of stock dividend rate will be 2.42.

Sprague Electric Co. has sold \$2,000,000 in new 3½% sinking fund debentures to Massachusetts Mutual Life Insurance Co. Issue due Nov. 1, 1965, replaces former \$1,300,000 of 3½% debentures due June 1, 1963. Sprague also has advised SEC that it has sold 3000 shares of authorized but unissued common stock to F. S. Moseley & Co. at \$29.50 per share. Net proceeds of both transactions are being used for new equipment and working capital.

Topics & Trends of TV Trade: Philco distributor convention in Chicago's Palmer House Jan. 4-6 will feature white goods, so it didn't wait until then to reveal its 1951 TV line. It has been narrowed down to 17 models—11 with 17-in. and 6 with 20-in. rectangular tubes, retaining also the present 12½-in. table model at \$199.95. Last July, Philco had 34 models in newly introduced line (Vol. 6:25). Only actual price increases since August price hikes (Vol. 6:31) are on 20-in., which range \$25-\$70 higher than comparable midsummer models.

Philco list prices do not include tax and warranty. These are the new sets:

17-in.: Model 1800, metal table, \$279.95; 1830, metal console, \$319.95; 1832W, walnut wood console, \$329.95; 1832M, mahogany console, \$349.95; 1832L, blonde console, \$375; 1834W, walnut console, doors, \$369.95; 1834M, mahogany console, doors, \$399.95; 1834L, blonde console, doors, \$425; 1835, mahogany console, doors, remote control, \$469.95; 1835L, blonde console, doors, remote control, \$499.95; 1871, mahogany console, phono, \$399.95.

20-in.: 2102, mahogany table, \$399.95; 2102L, blonde table, \$419.95; 2130L, blonde console, \$489.95; 2132, mahogany console, doors, \$499.95; 2133, mahogany console, doors, remote control, \$569.95; 2170, mahogany console, AM-phono, half-doors, \$599.95.

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Picture tube production continues high, with 851,872 sold in November for \$24,300,651, compared with 848,387 in October (Vol. 6:48). Sizes under 16-in. are now almost non-existent, except for replacement; 98% of sales for new sets were 16-in. and up. Rectangulars ran 60% of total; 20-in. rectangular now comprises 4%, compared with 2.6% in October.

Plant expansions: GE gives go-ahead for new plant at Auburn, N. Y. (Vol. 6:51), products originally intended to be TV receiver parts probably being military material instead . . . Two new RCA plants at Marion, Ind., one to produce components for receiving tubes, other for powder for phosphors in picture tubes, will be ready by summer 1951, Chairman Sarnoff reports.

Spiegel's 1951 line of Aircastle private label sets runs from 14-in. table at \$189.95 to 17-in. console with AM-FM-phono at \$429.50; sets are revealed in new spring-summer catalog now in mails. Also shown are TV chairs—"teleloungers" for toddlers \$9.98, two-passenger platform rockers \$59.95.

Bendix' new line of 7 sets (2 carried over from this year) was shown Dec. 20 to TV district merchandisers meeting in Baltimore. New line includes one new 20-in. model, remainder all 17-in. Prices haven't been set yet.

Among unclassified military contracts for electronics and related equipment (more than \$100,000) announced by Commerce Dept. for 3 weeks ending Dec. 28: Through Air Materiel Command, Dayton—Hoffman, \$2,761,725, radio receiver-transmitters. Through Navy Electronic Supply Office, Great Lakes, Ill.—GE, \$1,240,400, electronic tubes (93,500 units); Ampex, \$270,400, tubes (8,000); Raytheon, \$200,400, tubes (35,000); Kemtron Electronic Corp., Salem, Mass., \$144,000, tubes (80,000). Through Navy Bureau of Ships, Washington—Air King, \$600,000, wire recorders (1561); Federal Mfg. & Engineering Corp., Brooklyn, \$201,355, RF generators (365). Through Signal Corps, Philadelphia—Stromberg-Carlson, \$146,058, telephone equipment (300); Mallory, \$119,600, batteries (4000). Bendix received \$3,911,013 contract through Signal Corps for 70,033 radiosonde units, \$350,000 through Navy Bureau of Ships for 63 units of direction finding equipment. Sylvania received \$571,250 for 6500 electronic tubes through Army Ordnance, Springfield, Mass., and Navy Electronic Supply Office.

Mobilization Notes: Materials covered by govt. anti-hoarding legislation (Defense Production Act of 1950) were listed Dec. 28 by NPA (Notice 1). Law forbids accumulation of these materials "(1) in excess of the reasonable demands of business, personal or home consumption, or (2) for the purpose of resale at prices in excess of prevailing market prices of materials, the supply of which would be threatened by such accumulations." Materials used in TV-radio on NPA's list include polyethylene, steel, lumber, aluminum, cadmium, cobalt, copper, lead, mica, molybdenum, nickel, tin, tungsten, zinc. List contains same materials as NPA's inventory control order (Reg. 1), issued last September—difference being that new ban affects individuals as well as business firms. Action follows demands from congressmen, notably one-time radio-phono maker Sen. Homer Capehart (R-Ind.) who charged steel was being hoarded for sale on black market. NPA men, however, said list was compiled merely to comply with law and not because of any discoveries of large-scale hoarding.

Defense Dept. has obligated \$9.2 billion in military orders from beginning of Korean war through November, with electronics-communications share amounting to \$410,000,000. However, additional electronic obligations are known to be included in \$4.6 billion for aircraft, \$900,000,000 for ammunition and guided missiles, \$165,000,000 for ships, \$1.060 billion for tanks-autos, among other items.

Playing major role in making equipment for \$300,000,000 North American radar screen are Bendix, GE, Western Electric, AT&T, Teletype Corp. and Hazeltine. Part of Air Force warning net has been in operation for year. Scientist Vannevar Bush caused considerable head-shaking when he said last week: "While we've been building TV networks, Russia has been building radar networks." Public generally missed these facts in considering Bush's "horrible example": (1) TV brought tremendous expansion to electronics industry, readily convertible to radar and other defense production. (2) TV is important medium for information and instruction in time of crisis.

To expedite plant expansion for defense, NPA Dec. 26 set up Facilities & Construction Bureau headed by ex-Federal Housing Expediter Frank R. Creedon. Bureau will: (1) help industries obtain materials and equipment for speedy construction; (2) make recommendations for tax amortization; (3) issue certificates authorizing RFC to make direct loans for expansion; (4) supervise all NPA activities relating to controls over building materials and construction.

New NPA field offices have been opened in 7 cities to give businessmen information and other services in connection with defense production. The offices, run by Commerce Dept., are in Trenton, N. J.; Manchester, N. H.; Worcester, Mass.; Columbus, O.; Columbia, S. C.; Fargo, N. D. This makes more than 50 such offices in major cities.

Copies of NPA orders may be obtained by writing Division of Printing Services, National Production Authority, Dept. of Commerce, Washington 25, D. C., or from any Commerce Dept. field office.

West Coast Electronic Manufacturers Assn. elected officers for San Francisco and Los Angeles councils recently. New San Francisco officers: Paul F. Byrnes, Sierra Electronic Corp., chairman; Noel Porter, Hewlett-Packard, vice chairman; Norman Moore, Litton Industries, secy-treas. Los Angeles council officers: Fred W. Falck Jr., Advance Electric & Relay Co., chairman; Leon Ungar, Ungar Electric Tools, vice chairman; A. C. Davis, Cinema Engineering Co., secy-treas. Through annual rotation scheme, 1951 state WCEMA officers will be: Byrnes, president; Falck, v.p.; Davis, secy.; Moore, treas.

Telecasting Notes: NBC-TV v.p. Pat Weaver is quoted by Bob Stahl in Dec. 27 *Variety* as saying "TV networks will be able to trade in their red ink for black by this time next year." Weaver bases belief, not shared by his RCA superiors, on expected leveling off of 1950's skyrocketing program costs, which would enable networks to operate within calculated budgets . . . *Broadcasting Magazine* projects PIB monthly network TV sales figures (see next column) to show time sales of \$45,000,000 this year, divided thus: NBC \$21,000,000, CBS \$12,750,000, ABC \$6,750,000, DuMont \$4,500,000 . . . Figure of \$4,500,000 gross for DuMont is verified by that network's director Mortimer W. Loewi, listing 37 national advertisers in 1950. During 1949, DuMont income from network plus its 3 stations totaled \$2,435,966, but costs ran \$5,000,457, resulting in loss of \$2,564,491 (Vol. 6:14) . . . CBS estimates radio billings for 1950 will be around \$71,000,000, highest ever in AM field; it gives no TV estimate, but foregoing \$12,750,000 is probably near right figure . . . Other AM network estimates for 1950, according to *Broadcasting*: NBC \$61,500,000, ABC \$35,500,000, MBS \$16,200,000—total for all 4 AM networks \$184,200,000 vs. \$187,800,329 for 1949 . . . All network-owned TV stations reportedly now in black, except NBC's KNBH, Los Angeles, but that's unverifiable; during November, one non-New York network-owned TV station is known to have grossed \$75,000, netted \$20,000, higher in both categories than highest ever achieved by its AM counterpart . . . Stromberg-Carlson's WHAM-TV, Rochester, went into black in March, just 9 months after it opened, and "has been improving ever since," reports president Robert C. Tait . . . Procter & Gamble is reported to have spent \$8,000,000 on TV in 1950—over and above the \$22,000,000 spent on time and shows on radio; as in radio, it's TV's No. 1 advertiser, *Variety* giving Lucky Strike second place, without estimating amount but noting that it also spent \$2,000,000 on spot TV whereas P&G accents programs . . . Francis I. DuPont & Co., broker, estimates TV expenditures (time and talent) went to \$150,000,000 this year, will reach \$250,000,000 in 1951—about one-third representing time, rest talent. Its study estimates median over-all cost of one-hour TV show at \$22,000 (some up to \$40,000), half-hour show \$9500, quarter hour \$3700 . . . DuMont's WABD raises base rate Feb. 1 from \$2000 to \$2200, minute announcements from \$350 to \$500.

Half of AT&T's 17,344 channel-miles of TV interconnections are now radio relay, other half coaxial cable. Phone company so reports in year-end review of TV services. Facilities for TV, valued at \$70,000,000, connect 72 stations in 40 markets. Also connected are 7 Los Angeles stations via radio relay with 3 in San Francisco. Report indicates Omaha-San Francisco radio relay link will be available for TV late in 1951; Binghamton-Cherry Valley (between Schenectady-Utica), radio relay, March 1951; Charlotte-Atlanta, radio relay; Memphis-Jackson-Birmingham, coaxial—dates for latter 2 circuits indeterminate.

Six-year TV rights to World Series and annual all-star baseball games have been bought by Gillette for \$6,000,000. No networking arrangements have been made, but Mutual stations with TV outlets (WOR-TV, WGN-TV, WNAC-TV) are expected to be on hookup. Gillette earlier agreed to pay \$1,370,000 for 6 years' radio rights for series and all-star games in deal with Mutual.

Volume VI Between Covers

We will book-bind and index only as many volumes of 1950 issues of *Television Digest* Newsletters, Supplements and Factbooks as are ordered by subscribers. The value of this volume for reference purposes is manifest. Orders will be taken (at \$25 per copy) until Jan. 6.

Network TV-Radio Billings

November 1950 & First 11 Months 1950

Network TV time billings went forward again in November, total being \$6,524,858 (new record) compared to October's \$6,374,548 (Vol. 6:48), September's \$3,516,897 (Vol. 6:43), August's \$1,855,361 (Vol. 6:38). Total for first 11 months of 1950, excluding non-reporting DuMont, went to \$33,799,150, compared to \$10,373,347 for same period 1949. (DuMont has separately reported \$4,500,000 TV time billings for this year.) Network (AM) radio for November was \$15,891,148, compared to \$16,303,325 for October (Vol. 6:48) and \$15,855,162 for November 1949; cumulative for 11 months was \$167,782,676 vs. \$171,391,445 for same 1949 period—CBS alone showing increase, all others down. The TV-radio figures, as compiled by Publishers Information Bureau:

NETWORK TELEVISION

	November 1950	November 1949	Eleven Months 1950	Eleven Months 1949
NBC	\$ 3,100,610	\$ 1,035,808	\$ 17,941,535	\$ 5,473,738
CBS	2,185,064	677,836	10,531,934	2,878,180
ABC	1,239,184	214,660	5,325,681	1,172,654
DuMont	*	124,435	*	848,775
Total	\$ 6,524,858	\$ 2,052,739	\$ 33,799,150	\$ 10,373,347

NETWORK RADIO

CBS	\$ 6,455,478	\$ 5,573,015	\$ 64,200,179	\$ 57,628,644
NBC	5,152,322	5,558,195	56,445,724	58,381,653
ABC	2,925,819	3,406,989	32,357,189	38,686,362
MBS	1,357,529	1,316,963	14,779,584	16,694,786
Total	\$15,891,148	\$15,855,162	\$167,782,676	\$171,391,445

* Not available, but DuMont has officially announced total 1950 network revenues as \$4,500,000.

CBS gets ownership of KTSF, Los Angeles, with this week's FCC approval of sale of Don Lee properties to General Tire & Rubber Co. (Vol. 6:42-45). Resale of TV station to CBS is conditioned on network divesting itself of 49% interest in KTTV, 51% owned by *Los Angeles Times*. CBS will change call of KTSF to KNX-TV, will sell to *Times* its 49% interest in KTTV, and announced Dec. 28 it has started construction of CBS Television City on site near Beverly Hills known as Gilmore Island. This gives CBS 2 TV stations owned outright, plus 45% interest in WTOP-TV, Washington. CBS pays General Tire \$333,765, plus \$288,000 yearly for 10 years' rental of facilities. General Tire (Yankee Network), for \$12,320,000, got Don Lee Network and its stations: KFRC, San Francisco; KGB, San Diego; KHJ, Los Angeles; KDB, Santa Barbara. It is selling KDB to Lincoln Dellar (KXOA, Sacramento; KXOC, Chico; KXOB, Stockton) for \$25,000. Comr. Walker wanted hearings held on transfer of KTSF to CBS. FCC dismissed as "premature" Edwin Pauley petition to except Don Lee's TV application for San Francisco's Channel 2 from sale (Vol. 6:50), which had been "reserved" for pioneer applicant Don Lee.

Radio broadcasting gross revenues will be \$448,198,000 for 1950, NAB research director Kenneth H. Baker estimated Dec. 29. This compares with official 1949 FCC reports of \$425,357,133 for radio. Up from previous year are regional network, national spot, local retail sales; down \$4,300,000 is national network. Baker estimated TV grosses would run \$70-80,000,000 (much too low, in our opinion). Here's how estimated 1950 radio income is broken down (FCC 1949 figures in parentheses): national networks, \$124,688,000 (\$128,903,467); regional networks, \$6,500,000 (\$5,994,858); national spot, \$120,660,000 (\$108,314,507); local retail, \$196,350,000 (\$182,144,301).

Corley W. Kirby, 56, Crosley asst. gen. sales mgr. in charge of Eastern Div., died in Cincinnati Dec. 28.

Supreme Court to Decide**FCC AUTHORITY UPHELD BUT COLOR EDICT DELAYED****Pending Appeal to United States Supreme Court**

Full Text of Chicago Federal Court's Decision in Appeal by RCA, et al, from FCC Order

(For details about court case, see *Television Digest*, Vol. 6:45-51)

In the United States District Court
 Northern District of Illinois
 Eastern Division

RADIO CORPORATION OF AMERICA, NBC INC.,
 AND
 RCA VICTOR DISTRIBUTING CORPORATION,
 PLAINTIFFS,
 vs.
 UNITED STATES OF AMERICA
 AND
 FEDERAL COMMUNICATIONS COMMISSION,
 DEFENDANTS.

Civil Action No. 50-C-1459.

December 20, 1950.

Before MAJOR, Circuit Judge; SULLIVAN and LA BUY,
 District Judges.

MAJOR, Circuit Judge. This action was brought to enjoin and set aside an order of the Federal Communications Commission, adopted October 10, 1950, effective November 20, 1950, which promulgated standards for the transmission of color television. Plaintiff Radio Corporation of America (RCA) is engaged, among other things, in research and development work in the field of electronics, and particularly in the field of radio and television, as well as in the manufacture and sale of radio and television transmitting and receiving apparatus and parts. Plaintiff National Broadcasting Company (NBC) is engaged in sound and television broadcasting, including network broadcasting. Plaintiff Victor Distributing Corporation is engaged in the sale of articles and products manufactured by the Victor Division of RCA. Both this distributing company and NBC are wholly owned subsidiaries of RCA. The defendants are the United States and the Federal Communications Commission.

The complaint sought an interlocutory injunction until the further order of the court and a permanent injunction upon final hearing. The defendants moved for a summary judgment and a dismissal of the complaint on the ground that there was no genuine issue as to any material fact and that defendants were entitled to a judgment as a matter of law.

A three-judge court was convened, as required by Title 28, U. S. C. A., Secs. 2284 and 2325. On the issues thus presented, the matter came on for hearing and oral argument was heard on November 14, 15 and 16, 1950.

Prior to the time of oral argument, the Columbia Broadcasting System (CBS), also engaged in sound and television broadcasting, by agreement of the parties, was

allowed to intervene in support of the Commission's order. Either during or previous to the oral argument, the following parties, over the objection of defendants, were permitted to intervene in support of plaintiffs' attack upon the Commission's order: Local No. 1031 of the International Brotherhood of Electrical Workers, representing 21,000 members, 18,000 of whom are employed in Chicago or vicinity in the manufacture of radio and television sets or in the manufacture of parts and in the assembling thereof; Pilot Radio Corporation; Emerson Radio & Phonograph Corporation; Wells-Gardner & Company, Sightmaster Corporation and Radio Craftsmen Inc., all manufacturers of television receiving equipment; and Television Installation Service Association, a trade organization engaged in the business of servicing and installing radios and television equipment in the Chicago area.

The statutes involved with respect to the jurisdiction of this court are Title 28, U. S. C. A., Secs. 1336, 1398, 2284, 2321-25 and Sec. 402(a) of the Communications Act of 1934, as amended, Title 47, U. S. C. A., Sec. 402(a). With respect to the legal authority of the Commission to adopt standards, the provisions of the Communications Act mainly involved are Secs. 4(i), 301, 303(b), (c), (e), (f), (g) and (r). Secs. 4(i) and 303(r) of the Communications Act endow the Commission with authority to make rules and regulations and issue such orders as may be necessary in the execution of its functions and to carry out the provisions of the act. Sec. 303(b) authorizes the Commission, as the public convenience, interest or necessity requires, to prescribe the manner of the service to be rendered by stations, and Sec. 303(e) gives similar authority to regulate the kind of apparatus to be used with respect to its external effects. Sec. 303(g) provides, under the same standard of the public convenience, interest or necessity, that the Commission shall "study new uses for radio, provide for experimental uses of frequencies, and generally encourage the larger and more effective use of radio in the public interest."

As has been shown, there was before the court at the time of the hearing plaintiffs' prayer for an interlocutory injunction and defendants' motion for a summary judgment and for dismissal of the complaint. Numerous affidavits were presented by the plaintiffs as well as by the plaintiff-intervenors, showing that irreparable damages would result if the order was permitted to take effect. Opposing affidavits were filed by the defendants and by CBS, the defendant-intervenor. There was also presented by the Commission a record of the proceedings, upon which its order was predicated.

At the conclusion of the hearing, the court took the conflicting motions under advisement and at the same time entered a temporary restraining order "restraining and suspending until further order of this court the promulgation, operation and execution of the order of the Federal Communications Commission adopted October 10, 1950, effective November 20, 1950." As a basis for this order the court entered findings of fact, including the finding, among

others, that irreparable damages would result to plaintiffs and intervenors unless the Commission's order was restrained and suspended during the consideration and determination of the issues before the court, and that such temporary suspension would be in the public interest.

The order sought to be set aside has been the subject of attack on many fronts, which may be generally classified under two contentions, (1) that the order is contrary to the public interest, and (2) that its adoption represents an arbitrary and capricious attitude on the part of the Commission. Under these two general categories there are, of course, many subsidiary issues. The defendants concede that RCA has an interest which permits the maintenance of the instant suit, but that there is an absence of such interest on the part of the other plaintiffs, as well as on the part of the intervening plaintiffs. For the purpose of this decision, we shall assume that all the plaintiffs, as well as the intervenors, are properly before the court.

After listening to many hours of oral argument by able counsel representing the respective parties, we formed some rather definite impressions relative to the merits of the order, as well as the proceedings before the Commission upon which it rests. And our reading and study of the numerous and voluminous briefs with which we have been favored have not altered or removed those impressions. Also, in studying the case, we have been unable to free our minds of the question as to why we should devote the time and energy which the importance of the case merits, realizing as we must that the controversy can only be finally terminated by a decision of the Supreme Court. This is so because any decision we make is appealable to that court as a matter of right and we were informed during oral argument, in no uncertain terms, that which otherwise might be expected, that is, that the aggrieved party or parties will immediately appeal. In other words, this is little more than a practice session where the parties prepare and test their ammunition for the big battle ahead. Moreover, we must give recognition to our limited scope in reviewing an order of an administrative agency. While citation of authority in this respect is hardly necessary, it may not be amiss to make reference to a few recent Supreme Court opinions.

In American Telephone & Telegraph Co., et al., v. United States, et al., 299 U. S. 232, 236, wherein the court had under review an order of the instant defendant Commission, the court stated: "This court is not at liberty to substitute its own discretion for that of administrative officers who have kept within the bounds of their administrative powers. . . . It is not enough that the prescribed system of accounts shall appear to be unwise or burdensome or inferior to another. Error or unwisdom is not equivalent to abuse."

In Federal Security Administrator v. Quaker Oats Co., 318 U. S. 218, 227, the Court of Appeals for this circuit set aside the order of an administrative agency. The Supreme Court reversed and with reference to review provisions of administrative action, stated: "Under such provisions we have repeatedly emphasized the scope that must be allowed to the discretion and informed judgment of an expert administrative body. [Citing cases.] These considerations are especially appropriate where the review is of regulations of general application adopted by an administrative agency under its rule-making power in carrying out the policy of a statute with whose enforcement it is charged." And further the court, referring to the judgment of the administrative agency stated (page 228): "That judgment, if based on substantial evidence of record, and if within statutory and constitutional limitations, is controlling even though the reviewing court might on the same record have arrived at a different conclusion."

More recently in National Broadcasting Co., Inc., et al., v. United States, et al., 319 U. S. 190, 224, the court reviewed and sustained an order of the instant Commission, and in doing so stated: "The regulations are assailed as 'arbitrary and capricious'. If this contention means that the regulations are unwise, that they are not likely to succeed in accomplishing what the Commission intended,

we can say only that the appellants have selected the wrong forum for such a plea. . . . Our duty is at an end when we find that the action of the Commission was based upon findings supported by evidence, and was made pursuant to authority granted by Congress. It is not for us to say that the 'public interest' will be furthered or retarded by the chain broadcasting regulations. The responsibility belongs to the Congress for the grant of valid legislative authority and to the Commission for its exercise."

Thus, with our scope of review so firmly delineated, we turn to a brief statement, if that is possible, of the proceedings which culminated in the order under attack. The Commission for many years had considered the question of color television. CBS had formerly proposed a system, which was denied in 1947. The instant proceedings, or that part which related to color television, were initiated by the Commission's Notice of July 11, 1949 of Further Proposed Rule-Making Relative to Color Television. This notice proposed among other things to consider color television systems, provided that such systems met two criteria: First, that they operate in a six-megacycle channel (the frequency space allotted to black-and-white television broadcasting stations); and second, that the pictures be received on existing television receivers "simply by making relatively minor modifications in such existing receivers," and the notice provided, "Following the closing of the record and the conclusion of oral arguments, the Commission upon consideration of all proposals, counter-proposals, and evidence in this proceeding will adopt such rules, regulations and standards as will best serve the public interest, convenience or necessity." In response to this notice, comments relating in whole or in part to color television were filed by numerous parties. CBS, RCA and CTI (Color Television, Inc.) were the only parties who appeared as proponents of their own color television systems.

The hearing, participated in by all members of the Commission, commenced September 26, 1949, and ended May 26, 1950. In all, 53 different witnesses were heard and 265 exhibits received. The transcript of the hearing covers 9717 pages. During the period from November 22, 1949, to February 6, 1950, extensive field tests were made of the three systems proposed. Progress reports concerning these tests were filed with the Commission by the three proponents during December 1949 and January 1950. Comparative demonstrations of the three proposed systems were made on different dates until May 17, 1950. In response to the Commission's notice, proposed findings and conclusions were filed by proponents of the three systems.

On September 1, 1950, the Commission issued its first report, in which it made detailed findings and conclusions concerning the three proposed color television systems and set forth minimum criteria which such a system would have to meet in order to be considered eligible for adoption. CTI is not a party to this proceeding and there is no occasion to refer to the findings as to its proposed system. We set forth in a footnote the basic findings as to the system proposed by RCA and that proposed by CBS.¹

¹ As to RCA:

"(1) That the color fidelity of the RCA picture is not satisfactory and that there appears to be no reasonable prospect that the defects can be overcome.

(2) That the texture of the RCA color picture is not satisfactory and that it is difficult to see how this defect can be eliminated.

(3) That the receiving equipment utilized by the RCA system is exceedingly complex and that there is no assurance, even if the tri-color tube is successfully developed, that the RCA receivers will not continue to be unduly complex and difficult to operate.

(4) That the equipment which RCA utilizes at the transmitting station is exceedingly complex and there is no assurance that satisfactory commercial type station equipment can be built.

(5) That the RCA system is much more susceptible to certain kinds of interference than standard black and white or the CBS color system.

(6) That there is not adequate assurance of RCA's ability to network color of proper quality over existing facilities; and

(7) That the RCA system has not been sufficiently field tested."

As to CBS:

"(1) That CBS produces a color picture that is 'most satisfactory from the point of view of texture, color fidelity and contrast.'

(2) That the CBS receivers and station equipment 'are simple

Notwithstanding the findings favorable to the CBS system, the Commission declined in its first report to adopt that system. Instead of and concurrently with its first report, the Commission issued a second notice of further proposed rule making, suggesting the adoption of bracket standards in the existing monochrome television system and invited interested parties and all manufacturers to submit comments on the proposal. This proposal embodied a method by which brackets would be incorporated in the receivers thereafter manufactured so as to permit such receivers to receive black-and-white pictures from present transmissions as well as color transmission by CBS. The stated purpose of this proposal was to preserve the status quo on compatibility.² Maintaining the status quo on compatibility required the construction of receivers capable of receiving field sequential color transmissions in black and white. Comments upon the proposed bracket standards were received from 33 interested parties and television receiver manufacturers which disclosed an almost unanimous opinion on the part of manufacturers and other interested parties that such a system was not capable of being produced within the time limits fixed by the Commission.

On October 4, 1950, RCA filed a petition requesting the Commission to view the improvements made in the performance of the RCA color system between December 5, 1950, and January 5, 1951, and that the Commission view further experimental broadcasts of the three proposed color systems during the period to June 20, 1951, before reaching a final determination with respect to color standards. This request by RCA was denied, and on October 10, 1950, the Commission issued its second report, which concluded that the field sequential color system should be adopted. No testimony, oral or written, was received by the Commission in the interim between the issuance of its first and second reports.

In its second report (issued October 10, 1950) the Commission, with reference to its first report, stated: "The report stated that in the Commission's opinion, the CBS system produces a color picture that is most satisfactory from the point of view of texture, color fidelity and contrast. The Commission stated that receivers and station equipment are simple to operate and that receivers when produced on a mass market basis should be within the economic reach of the great mass of purchasing public. The Commission further found that even with present equipment the CBS system can produce color pictures of sufficient brightness without objectionable flicker to be adequate for home use and that the evidence concerning long persistence phosphors shows that there is a specific method available for still further increasing brightness with no objectionable flicker. Finally, the Commission pointed out that while the CBS system has less geometric resolution than the present monochrome system the addition of color to the picture more than outweighs the loss in geometric resolution so far as apparent definition is concerned."

Simultaneously with the second report the Commission entered the order under attack, amending the Commission's Standards of Good Engineering Practice, to provide for standards of color television transmission in ac-

to handle' and within the economic reach of the public.

(3) That though the CBS system is susceptible to flicker to a greater degree than standard black and white, the problem is not serious since flicker, which results from brightness, does not appear at the brightness level which is adequate for home use.

(4) That while the CBS system has less 'geometric resolution' than black-and-white, the addition of color more than outweighs this loss, and that the black-and-white pictures produced from CBS color are acceptable; and

(5) That while as a practical matter the apparatus now used by the CBS system is limited either to projection receivers of unlimited size or direct-view pictures of 12½-in. size, this size limitation will be eliminated if and when a commercial tri-color tube is successfully developed, and that in any event the public might well prefer a 12½-in. color picture to a 16-in. black-and-white picture and should not be deprived of that choice."

² The term "compatibility" describes a situation in which no change whatever is required in existing receivers in order to enable them to receive as black-and-white picture a picture transmitted in color.

cordance with the field sequential system (CBS system) effective November 20, 1950. Commissioners Sterling and Hennock dissented from the Commission's second report. On the date of the issuance of its second report, the Commission also denied the petition of RCA to postpone a final determination of the color proceedings and to have further demonstrations of the three proposed color systems.

While the findings of the Commission are severely criticized, it is not contended in the main that they are not supported by substantial evidence. It is pertinently pointed out, however, that a number of critical findings are based upon evidence which was taken in the earlier stage of the proceeding which is not representative of the situation as it existed at the time the findings were adopted. Admittedly, much progress was made during the latter portion of the hearings and, as claimed, after the hearings closed, in the development of a compatible system of color television. Particularly was such progress made by RCA, and as we view the situation the most plausible contention made by plaintiffs is that the Commission abused its discretion in refusing to extend the effective date of its order so that it might further consider the situation, and particularly the improvement which it is claimed had been made by RCA and others.

On the merits of the case, however, with which we are directly confronted by reason of defendants' motion for a summary judgment, much of plaintiffs' argument—in fact, the major portion of it—is predicated upon matters outside the record made before the Commission, and without going into too much detail we think it relevant to refer to some of such matters. While many affidavits offered by the plaintiffs as well as the intervening plaintiffs are proper, no doubt, to show damage in support of their asserted right to an injunction, many of them go far beyond this purpose and contain a recitation of alleged facts directly in conflict with the findings made by the Commission. Typical of such affidavits is that of Dr. C. B. Jolliffe, executive vice president in charge of the RCA laboratories. His affidavit, in addition to showing damages which will be sustained by RCA as a result of the order, goes extensively into the alleged merits of the RCA system, the alleged demerits of the CBS system and the alleged errors committed by the Commission in reaching its decision. And much of plaintiffs' argument is predicated upon matters brought before the court in this fashion. In our view, such asserted facts are not properly before the court. A consideration of such matters would in effect amount to a trial de novo, which we are without power to grant. Thus, much of plaintiffs' argument, predicated upon such immaterial matter, appealing as it is, must be discarded.

Another segment of evidence upon which much reliance is placed is the report made by the so-called Condon Committee. Dr. Edward U. Condon, director of the National Bureau of Standards of the United States Department of Commerce was, under date of May 20, 1949, requested by the chairman of the Senate Committee on Interstate & Foreign Commerce to organize a committee to give "sound, impartial, scientific advice" on color television. Dr. Condon was the head of this committee, which included a group of scientific persons of repute, none of whom were employed by or had any connection directly or indirectly with any radio licensee or radio-equipment manufacturer. The report of this committee was released July 10, 1950, and considered at length the three color systems which had been proposed, and analyzed the present and potential performance of those systems. The report discloses that it took into consideration, among other matters, the testimony and demonstrations given before the Commission in the instant proceedings.

No doubt this report refutes numerous of the findings made by the Commission and gives a far more favorable appraisement of the RCA system than that attributed to it by the Commission. Whether this report was considered by the Commission we do not know, but it is not referred to in the Commission's reports or its findings. As stated, this report was made to Congress, and we suppose a court could take judicial notice of it for some purposes, but

again, in our view, it cannot be considered here for the purpose of impeaching the order of the Commission or the proceedings had before it. After all, Congress has conferred upon the Commission and charged it with the responsibility of conducting hearings and in reaching its own independent conclusions predicated thereon.

Another matter somewhat akin to those which we have just discussed was sought to be injected into this hearing by Pilot Radio Corporation, a plaintiff-intervenor. At the request of Pilot, two subpoenas duces tecum were issued out of this court on November 8, 1950, one addressed to the Commission and the other to CBS, requiring the production at the hearing in this matter of certain letters, documents, etc., described in said subpoenas. In response to the subpoenas the requested material was produced by the parties to whom the subpoenas were directed and lodged with the clerk of this court. At the same time, a motion was made to quash the subpoenas on the basis that the produced material was irrelevant and immaterial.

The matter produced in the main consists of an exchange of letters between Honorable Edwin C. Johnson, chairman of the Senate Interstate & Foreign Commerce Committee, and the Commission or members thereof, as well as correspondence exchanged between Senator Johnson and the officials of CBS. In addition, there was offered in evidence at the time of the hearing an exchange of telegrams or letters between Senator Johnson and counsel for Pilot. We are advised by counsel that the purpose of these letters and telegrams is to show "that constant and vigorous pressure exerted by the chairman" was responsible for the Commission's asserted precipitate action. The matter thus sought to be injected is, of course, no part of the record made before the Commission and it cannot be properly considered here. In this connection, we should point out that neither Pilot nor any other intervenor nor plaintiffs make any charge or allegation in their pleadings that the Commission in making its order was influenced, cajoled or coerced by Senator Johnson or anybody else. In fact, other than the incident under discussion, there is not even an intimation by any of the interested parties that the Commission acted other than in good faith and in discharge of what it considered to be its statutory duty. The motion to quash these subpoenas duces tecum not heretofore passed upon is allowed.

Another matter which perhaps should be mentioned arises from plaintiffs' contention that the Commission improperly relied upon the testimony and assistance of one of its staff engineers who it is asserted was an interested party because he was the inventor of an automatic switch usable with a non-compatible system such as that proposed by CBS. The witness was not the owner of and had no financial interest in the patent. He demonstrated the device on the record, to which an objection was made; however, no objection was made to his further testimony or participation in the proceeding. In fact, it appears that the matter was not again mentioned until raised in this court. It appears to us that the interest of the witness if it had any relevancy went to the weight or credit to be given his testimony, and that this was a matter for the determination of the Commission. In any event, it furnishes no basis for invalidating the Commission's order.

In the view we take of the case, there is no evidence under the pleadings which this court could properly hear. We take this view notwithstanding the suggestion made by counsel for RCA in oral argument and reiterated in its brief, that RCA might desire to introduce witnesses at a final hearing. We gather from the suggestion made that such testimony would be offered for the purpose of showing current developments, which we suppose means developments since the entry of the order, which have been called to the attention of the Commission and which it refuses to consider. Plaintiffs' disclaim that this would constitute a trial de novo. With this contention we do not agree. We reiterate that under well established principles our function is to hear and determine the questions before us solely on the record made before the Commission.

Thus, as we evaluate the situation, there are two courses

open, (1) To allow defendants' motion for a summary judgment, and (2) to vacate the order and send the proceeding back to the Commission for further consideration in view of recent developments in the color television field as well as the rapidly changing economic situation. A pursuance of the latter course, assuming we have such authority, of which there may be doubt, would inevitably result in the prolongation of the controversy which badly needs the finality of decision which can be made only by the Supreme Court. In other words, the interests of all, so we think, will be better served with this controversy on its way up rather than back from whence it comes.

Even though we propose to allow defendants' motion for a summary judgment, it does not follow that the temporary restraining order heretofore entered should not remain in effect. In fact, we are definitely of the view that it should, until such time as the controversy is before the Supreme Court. While there may appear to be some inconsistency in pursuing this course, we think such procedure is within our discretion. In National Broadcasting Co. v. United States, 44 F. Supp. 688, a statutory court under circumstances quite similar to those here held it was without jurisdiction to review an order of the Commission, and dismissed the complaint. Even so, it granted a stay until the matter could be appealed to the Supreme Court. Holding that the District Court had jurisdiction the Supreme Court reversed. 316 U. S. 447. In doing so, it suggested (page 449), "The stay now in effect will be continued, on terms to be settled by the court below." Thereupon, the case was tried by the District Court on its merits, a summary judgment allowed in favor of the defendants and the complaint again dismissed. And again the Commission's order was stayed pending appeal to the Supreme Court, and this time the judgment of the court below was affirmed. 319 U. S. 190. Insofar as we are able to discern from that opinion, the stay order allowed by the District Court remained in effect until the case was finally decided by the Supreme Court.

Thus concluding that the matter of a further stay of the Commission's order is discretionary, we shall state some of the reasons which move us to preserve the status quo. Of the 9,000,000 black-and-white television receivers in the hands of the public, there are none capable of receiving a picture either in color or black and white, broadcast under the proposed standards. In order to receive a black-and-white picture, it is necessary that a receiver be equipped with an adapter estimated to cost \$50, plus the expense of installation. In other words, it would cost the American public nearly \$500,000,000 to equip existing sets to receive, under the proposed system, black-and-white pictures, and even then admittedly they would be of a grade inferior to present black-and-white pictures. In addition, in order to receive a picture in color, it will be necessary to add to an existing receiver a converter, estimated to cost about \$100, plus the expense of installation. Thus, this will cost the public nearly \$1 billion. In other words, upon an expenditure by the public of \$1½ billion, adapters and converters can be added to existing receivers so as to receive, under the proposed system, pictures in black and white and in color.

But this is only a part of the story insofar as it relates to the public. It was here stated in oral argument and not disputed that there are no adapters or converters on the market and that manufacturers would require a period of from six to eight months before they could be made available. So it seems reasonable to conclude that if the instant order was now in effect, there would be no broadcasting under the proposed standards for many months, for the simple reason that there would be no sets capable of receiving such programs. And it does not square with common sense to think that manufacturers would rush into the business either of manufacturing adapters and converters for existing sets or manufacturing sets with built-in adapters and converters while this controversy is pending. And to maintain that the public in any considerable number would purchase adapters and converters, assuming they were available, under the existing state of doubt and uncertainty, is to cast a reflection on the intelligence of people.

Another matter which does not escape our attention is the insistence displayed by the defendants, including CBS, that this order at all hazards must become effective November 20, 1950, the date fixed by the Commission. This apparently was a magic date, so much so that defendants opposed a postponement until this court could have an opportunity to study and decide the issues presented.

Perhaps the most substantial attack made upon the Commission's order is the adoption of standards which call for an incompatible system which, as admitted by all the parties including the defendants and CBS, is less desirable than a compatible system. Of course, the Commission's position in this respect is predicated upon its conclusion that no satisfactory compatible system was demonstrated, while the incompatible system which it approved was satisfactory. And the main argument against a stay of the order is that incompatibility is and will rapidly increase as the public continues to purchase existing receivers.

As is stated in defendants' brief, "The grant by this court of an interlocutory injunction will encourage the increased sale of receivers requiring outside adaption to receive CBS color transmission in black and white. The difference between this cost and the cost of adapting receivers at the factory is the price the American public will pay if the Commission's decision is finally upheld."

This argument is based on the assumption that the Supreme Court will sustain the validity of the order. It ignores a contrary possibility. Certainly this court is possessed of no such omnipotence, and we doubt if the Commission is. Even if the order was in effect, the owners of existing receivers could not within the next several months obtain the equipment which would enable them to receive the authorized broadcast. But assume that they could and did so. Where would the public find itself in the event the order was held invalid by the Supreme Court?

In our view, the public interest in this matter has been magnified far beyond its true perspective. We are even told that this suit is a contest between television manufacturers and the public on some theory that it is to the financial gain of the former to refuse and delay the manufacture of television sets capable of receiving the broadcast authorized. Any merit in this contention, so we think, is completely overshadowed by what appears to be evident, that is, that the contest is mainly between two great broadcasting systems for a position of advantage in this rapidly developing field of television.

Another reason why this order should be stayed is the existing economic situation, recognized by Commissioner Sterling in his dissenting opinion, wherein he stated, "The problems confronting manufacturers today in terms of production, procurement and manpower to meet the demands of national defense are serious ones. . . . It is well known that there are serious shortages of tubes and resistors as well as basic materials. . . . Moreover, in many instances industry has been required to divert its TV engineering experts to problems of production for defense because of the close relationship of TV techniques to radar and other electronic devices the government requires." It is a matter of common knowledge that the situation thus described becomes more acute with each passing day, and the prospects are that it will be far worse before it is better. It is hardly conceivable that either the Commission or the government would under such circumstances desire, much less insist, that the order in controversy be made effective.

Our purpose is to restrain the effective date of the order until the aggrieved parties have had an opportunity to perfect an appeal to the Supreme Court. Therefore, the temporary restraining order heretofore entered will remain and continue in force until April 1, 1951, or until terminated by the Supreme Court. And we re-adopt the findings heretofore made in support of the continuation of such order.

A summary judgment will be entered in favor of the defendants and against the plaintiffs, and the complaint dismissed. No testimony having been heard or considered other than the record made before the Commission, no findings are required in support of such judgment.

LaBuy, District Judge, Dissenting

IT is conceded by all and it is self-evident that the best system of color television is a compatible one; that is, a system requiring no change whatever in existing receivers for the reception of black and white as well as color pictures. Indeed, compatibility is the coveted goal of all engineers and scientists engaged in the television industry.

In its order of October 11, 1950 (F3), the Commission stated:

" . . . that the state of the television art is such that new ideas and new inventions are matters of weekly, even daily occurrence; . . . "

And again, in recognizing the rapid developments in the field, the Commission said (B92, First Report):

"The third matter we refer to is the possibility of new color systems and improvements in existing color systems which have been informally called to our attention since the hearings closed. Of course, these are not matters of record and cannot be relied on in reaching a decision unless the record is reopened. In considering these developments the Commission is aware that the institution of these proceedings stimulated great activity in the color field and that since fundamental research cannot be performed on schedule, it is possible that much of the fruit of this research is only now beginning to emerge . . . "

Commissioner Sterling, dissenting with what he characterized the "premature action taken by the majority", also stated among other reasons for his disapproval of the action of the Commission "new developments came fast in the closing days of the hearing and immediately thereafter". Commissioner Hennock, who also disagreed with the Commission's speedy action, expressed her views as follows,

" . . . in the light of the progress made in the development of color television since the start of the instant proceeding, I think it is essential to defer final decision in this matter until June 30, 1951.

" . . . It is of vital importance to the future of television that we make every effort to gain the time necessary for further experimentation leading to the perfection of a compatible color television system . . . "

In its First Report, the Commission stated:

" . . . two difficult courses of action are open to the Commission. The first course of action is to reopen the record . . . The second course of action is to adopt a final decision.

"The advantage of the first course of action is that the Commission would not be compelled to speculate as to an important basis for its decision. . . . The disadvantage is that it would postpone a final decision and hence would aggravate the compatibility problem. . . . The advantage of the second course of action is that it would bring a speedy conclusion to the matters in issue and would furnish manufacturers with a real incentive to build a successful tri-color tube as soon as possible. . . . The disadvantage is that the Commission's determination on an important part of its decision would be based on speculation and hope rather than on demonstrations."

On October 4, 1950, RCA petitioned the Commission to review the progress made in developing and perfecting the various systems before a final determination. It offered to show the Commission improvements in certain phases of their system about which the Commission expressed doubts. The Commission denied the petition giving among other reasons that "delay in reaching a determination . . . would not be conducive to the orderly and expeditious dispatch of the Commission's business".

The Commission recognized and the record before the Commission is replete with evidence that rapid strides are being made toward the perfection of a fully compatible system. There is ample basis for the conclusion that the scientists laboring in the laboratories of the industry may soon resolve the problem of compatibility. In view of the admittedly fluid state of the art, it is difficult to under-

stand why the Commission refused to hear additional evidence and chose instead a course of action, using its own words, based "on speculation and hope rather than on demonstrations."

It is estimated that the cost of conversion to the new standards set by the Commission will cost the public in excess of \$1 billion. If hope and speculation may lawfully be substituted for evidence as a foundation for an important part of its decision, it was an abuse of discretion not to have indulged this speculation and hope in the public interest. The Commission chose a speedy determination of an issue of great public interest in preference to the more patient consideration which the magnitude of the question warranted. To prohibit the broadcast of color

in completely compatible systems, whether it is RCA or any other fully compatible system, is a bar to competition between compatible and incompatible color and is unreasonable and arbitrary.

It is my opinion the Commission's precipitous action in entering the order, the impact of which will require owners of television sets to install equipment at a cost of many hundreds of millions of dollars, and its refusal to hear additional evidence clearly indicates an abuse of discretion and constituted action which was arbitrary and capricious.

I would overrule the motion to dismiss and for a summary judgment and would restrain the enforcement of the order.

Controversy Rages**EXCHANGE OF OPINIONS ON COLOR TELEVISION ISSUE**Between Editors of *Washington Daily News* and FCC Chairman Wayne Coy

See also pages 5-6 for exchange of letters regarding FCC request RCA make tri-color tube available to CBS

Editor's Note: These editorials, press releases, etc., are reprinted verbatim because (1) they were by way of becoming a cause celebre on the Washington scene this week, though they obviously have national industry interest; (2) they offer an interesting and perhaps significant reaction of laymen, in no way connected with TV industry, to RCA's color demonstrations this week; (3) the replies by Chairman Coy, though obviously heated, plainly point to the conclusion that, regardless of outcome of court issue, FCC must inevitably view and study the RCA and all other proposed systems and at least re-examine its recent highly controversial color decision.

Gorgeous Telecolor(Editorial in *Washington Daily News*, Dec. 6)

WE went down to the National Broadcasting Company's studios at 14th St. and New York Ave. yesterday with Fred Othman to watch RCA's color television. His story about it is on the page opposite.

No doubt you've been reading about the row over color television. Particularly if you're a television owner, or if you're selling television sets, because the kind of color broadcasting which is permitted by the Federal Communications Commission definitely hits you right in the pants pocket.

FCC, led by Wayne Coy, decided to okay Columbia Broadcasting System's color technique. This calls for that motor-driven pinwheel arrangement you've heard about. It also would "degrade," as the trade calls it, the black and white you receive on your current set. Also, you'd have to spend more money on your present set in order to get even the inferior black and white broadcast. And still a lot more money for another color set or converter, if you wanted color.

Comes now the RCA with a demonstration which makes the FCC position either dishonest or silly.

There is no third choice of adjectives.

RCA has been trying to tell FCC about its progress in making a set in which the tube would do all the work, without a mechanical pinwheel, and which would not hurt black and white broadcasting.

RCA didn't invite FCC to its demonstration yesterday. Checking on that, we discovered FCC had been invited several months ago to come and take a look at it, and had refused. Said the matter was closed. How do you like that?

Anyway, take our word for it, the RCA color broadcast was swell. It didn't interfere with black and white, which was shown on a screen right beside the color set. That is to say, in video language, the color broadcast was "compatible" with the 10,000,000 sets now in existence. So your present set, under the RCA color broadcast system, would still be good and useful.

If FCC will change its position to conform with realities, your black and white set will receive broadcasts un-

diminished in clarity. Sets presently on store shelves will not be suddenly obsolete. You'll buy color if, as and when it is available, and you want it.

This will be some time in the future, because of the war situation. The FCC refused to withhold its recent decision, even tho military considerations might delay production of color video. It said the public needed color television (the pinwheel kind) right away. It's haste, to some folks, was unseemly.

At any rate, delay is now a fact; just as real as RCA's new color tube. And the military crisis, which will dip heavily into electronics production capacity gives the FCC an out. That is, if the FCC has enough sense or intellectual integrity to take it.

Since defense needs are going to delay all color television in any case, the FCC should use this time to restudy and rectify its present questionable position.

Polychrome Crow . . . By Fred Othman

(United Features Syndicate column, Dec. 6)

LOOKS to me like the ladies and gents of the Federal Communications Commission must be blushing in glorious technicolor. Or would be, if they only knew what was cooking in the way of color television.

They're the bureaucrats, you doubtless remember, who ordered the television business to adopt the Columbia Broadcasting System's spinning disc scheme of color video. Even if it would make every black and white TV set obsolete overnight.

They are the ones who added that the Radio Corporation of America's color tube obviously was no good and why foist a flickering monstrosity, which turned the faces of the comics green and sometimes lavender, on the public? Haw.

RCA filed suit against CBS and the FCC, while Brig. Gen. David Sarnoff, its president, stood over his engineers with a blacksnake whip and told 'em to improve that tube in a hurry. They did an amazing job.

* * *

So Sarnoff brought his new color television set here for a formal demonstration. It wowed the customers. No

electric motors, no spinning discs and not even any extra dials and yet I'd say that it worked every bit as colorfully as CBS's job. Only difference was that Sarnoff's set runs on black and white as well as color and if he could put it into operation tomorrow, the present owners of TV sets never would know the difference.

About the only people hereabouts who did not see the demonstration were—you guessed it—the members of the FCC. Sarnoff didn't formally invite 'em.

But he did say he would have been delighted if they'd dropped in without an invite. They didn't and that just goes to show how people, like nations, can euchre themselves into magnificent jams. What happens next I have no idea.

All I know is that I was looking at two TV sets side by side. One picked up the program in black and white; the other in full color generated inside the tube.

So there was a beautiful brunet with diamond earrings who seemed to be wrapped in layer after layer of red, green, blue, and yellow bath towels. These she started to remove in a kind of strip tease and as she peeled 'em off, she said: "We are bringing wonderful, beautiful, colorful color into our homes." When the last towel came off there was the lady still fully clothed in a shimmering red evening gown.

* * *

The high point of the program, I guess, was still another lovely in one of the lowest cut evening gowns since Faye Emerson, announcing that she had something beautiful to show the people. So the camera slithered down her green-clad torso, picked up a white-covered table in front of her and came to rest—honest injun I swear I'm telling the truth—on a ham. Pink where it was sliced and studded with yellow pineapple slices and red cherries.

You get the idea. The thing works. Sarnoff said if it weren't for a war and a lawsuit he'd be able to get the sets into volume production in perhaps another year. Commissioners, I'd suggest you pull your hats down over your eyes and sneak in for a look.

Statement by Wayne Coy, FCC Chairman

(Issued as Press Release, Dec. 6)

SO much misinformation has been made available to the public to the effect that the Federal Communications Commission has refused to look at the improvements made in the Radio Corporation of America color system that I feel called upon to make a public statement setting the record straight.

The record in the color television proceeding was closed on May 26, 1950.

On July 31, 1950, while the Commission was considering the record evidence before it, the Radio Corporation of America filed a progress report with the Commission stating that they had made improvements in their system. This progress report did not ask the Commission to reopen the record to consider the improvements which the Radio Corporation of America said had been made in its system. The Commission did not receive any request either in connection with the progress report or otherwise from the Radio Corporation of America asking that the record be reopened.

In fact, a letter from David Sarnoff, Chairman of the Board of the Radio Corporation of America, to the Chairman of the Federal Communications Commission, under date of August 2, 1950, completely sets the matter to rest and makes it clear that the Radio Corporation of America neither asked that the record be reopened nor that there be any other delay in a decision in the color television matter. Mr. Sarnoff's letter is quoted herewith:

The Honorable Wayne Coy
Chairman
Federal Communications Commission
Washington, D. C.

Dear Chairman Coy:

We write with reference to the color television matter which is pending before the Commission.

Items have appeared in the trade press that there are those who are in favor of delay in the disposition of this matter by the Commission.

On behalf of RCA and NBC we wish to reiterate that we have not and do not favor any delay in the establishment, by the FCC, of commercial standards for color television.

Sincerely yours
RADIO CORPORATION OF AMERICA
By /s/ David Sarnoff
Chairman of the Board.

In a report dated September 1, 1950, the Federal Communications Commission found that the field sequential system (proposed by the Columbia Broadcasting System) was the only system ready for standardization. This report rejected the Radio Corporation of America system and the Color Television Incorporated system on the ground that they were not ready for standardization and set forth in particular the defects which the Commission found in these systems.

On September 28, 1950, the Radio Corporation of America filed comments on the proposal of the Commission dated September 1, 1950, to standardize on the CBS system in which they asked that the final decision be delayed and that the Radio Corporation of America be given opportunity to demonstrate its improved system on December 5, 1950.

In a report dated October 10, 1950, the Commission made final its proposal to establish the field sequential color television system as standard and rejected the petition of the Radio Corporation of America to delay final decision in order that they might demonstrate improvements in their system.

It is important to note the great difference of position of the Radio Corporation of America on August 2, before any decision, preliminary or otherwise, and their position after the September 1 report of the Commission. Radio Corporation of America did not ask to reopen the record to witness improvements which they reported on July 31, 1950, but after the September 1 report of the Commission rejecting the RCA and the CTI systems they have a sudden change of heart and want the record kept open to demonstrate improvements. It is perfectly clear that they want a decision on the record of the case which closed on May 26, 1950, if they could win the decision. But when they saw that they did not win the decision, they suddenly reversed themselves and set up a public clamor that the Commission had refused to look at the improvements in their system which they reported on July 31, 1950.

The Commission cannot and will not close its eyes to any new developments in the radio field—and this includes improved color television systems. In fact, the Commission set forth in its second report (dated Oct. 10, 1950) in paragraphs 15, 16 and 17 the procedure under which it would consider other television systems than the field sequential system which it approved in its report dated October 10, 1950. You may be sure that the Commission will follow the procedures outlined there in connection with the improvements in the RCA system or in any other system or in any new color television system which is developed.

The efforts of the Radio Corporation of America to make the public believe that the Commission refused to consider improvements in its system before reaching a decision in the color television case is an untruth—an untruth which is known to the officers of the Radio Corporation of America as is evidenced by the progress report of July 31, 1950, and General Sarnoff's letter of August 2, 1950. The efforts of the Radio Corporation of America to delay the Commission's decision adopting the field sequential standards after indicating that the field sequential standards were the only ones ready for standardization can only be understood to be a belated effort on their part to salvage

a situation in which they had lost their case before the Commission. You cannot ask for no delay in one breath (Aug. 2, 1950) and after losing your case expect to get your "second breath" for a new start.

The December 6 issue of the Washington Daily News has an editorial titled "Gorgeous Telecolor". I take no exceptions to any newspaper or anyone else having an opinion on color television. I do take exceptions to this editorial on two grounds:

First, the effort of the editorial to imply dishonesty on the part of the Commission in connection with the color television decision. If they had any evidence to support such a charge or inference, it is up to them to come forth with it or to forever hold their own dishonest tongues in making such inferences.

The second objection which I have to the editorial is to the following: "RCA didn't invite FCC to its demonstration yesterday. Checking on that, we discovered FCC had been invited several months ago to come and take a look at it, and had refused. Said the matter was closed. How do you like that?"

It is true that the Radio Corporation of America did not invite the Federal Communications Commission to its demonstration yesterday. General Sarnoff sent Mr. F. M. Russell, Vice President of the National Broadcasting Company, to explain to me that the FCC was not invited because their counsel had advised them that there would be an impropriety on their part if they invited the FCC to witness their demonstration during the pendency of the litigation over the Commission's decision before the Chicago court. The writer of the editorial could not have made a serious check with any one other than the Radio Corporation of America to have said that he had discovered that the FCC had been invited *several months ago* to come and take a look at it and had refused. The statements contained in this document are correct and I invite refutation of them. The writer of the editorial cannot have been referring to the petition filed by the Radio Corporation of America on Sept. 28, 1950, after the September 1 report of the Commission, because of the very language which he used. He said that he had discovered that the FCC had been invited several months ago to come and take a look at it, and had refused. The writer of the editorial knows the meaning of *several*. It is, according to the Oxford English dictionary, "A vague numeral of an indefinite (but not large) number exceeding two or three; more than two or three, but not very many." The writer of the editorial also knows from newspaper usage what the scale of counting is. It follows: one or two, two or three, a few, several, a dozen or so, a score or so, etc.

I make this statement because this lie about the Commission refusing to look at improvements in the RCA system is about to become big enough to be believed.

We're 'Incompatible'

Wayne Coy Says We Lie

(News story in *Washington Daily News*, Dec. 7)

AN editorial in yesterday's Washington Daily News was denounced as dishonest and a lie on two counts, in a publicity release issued by Wayne Coy, chairman of the Federal Communications Commission. The News replies in an editorial today, on page 44.

Yesterday's editorial discussed Radio Corporation of America's new color television tube, which had been given a showing here. The new tube produces color without any mechanical device such as is needed by the CBS machine which the FCC had approved. The CBS system reduces the quality of black and white reception, and makes necessary costly modifications on all existing sets. The RCA color system is compatible with existing black and white sets.

Yesterday's editorial concluded that the FCC "should re-study and rectify its present questionable position."

Mr. Coy said the editorial implied dishonesty on the part of the commission and challenged The News to bring proof or "hold (its) own dishonest tongue." The News had said the position of the FCC, in the light of the RCA demonstration, was "dishonest or silly."

Mr. Coy also criticized a statement that the FCC had refused to take a look at RCA's newest tube.

Said Mr. Coy: "The writer of the editorial cannot have been referring to the petition filed by the Radio Corporation of America on Sept. 28, 1950, after the Sept. 1 report of the commission, because of the very language which he used. He said that he had discovered that the FCC had been invited several months ago to come and take a look at it, and had refused. The writer of the editorial knows the meaning of *several*. It is, according to the Oxford English dictionary, "A vague numeral of an indefinite (but not large) number exceeding two or three; more than two or three, but not very many." The writer of the editorial also knows from newspaper usage what the scale of counting is. It follows: one or two, two or three, a few, several, a dozen or so, a score or so, etc.

"I make this statement because this lie about the commission refusing to look at improvements in the RCA system is about to become big enough to be believed."

In today's editorial, The News quotes, with dates and letters, from the RCA petition, as evidence which supports the charge that FCC refused to look at the new development.

Last night, the following comment was issued by Brig. Gen. David Sarnoff, chairman of the board of the Radio Corporation of America:

"I have just read the statement of Chairman Coy. My letter of Aug. 2d was written for the purpose of denying items which had appeared in the trade press that manufacturers, including the RCA, were in favor of delay in the adoption of commercial standards for color television. We were not then nor are we now in favor of such delay. Mr. Coy cannot fairly use my letter as an excuse for the commission's failure to comply with the request contained in our letter of July 31, 1950, to the commission enclosing copies of our progress report, in which we stated:

"If members of the commission or its staff are interested in obtaining further information on the work referred to in this progress report I will be glad to furnish it or arrange visits for them to see the work and discuss the results with RCA engineers. I request that you kindly supply a copy of this report to each member of the commission."

"No reply to our letter was ever received from the commission.

"I think this quotation suffices to show that the commission was requested in advance of its first report of Sept. 1 to view the progress which had been made by RCA and which was reported to the commission on July 31.

"The reference to 'commercial standards' in my letter is defined in my testimony before the commission. I said:

"I believe that the standards to be set by this commission should meet three basic requirements.

"1. The commission has proposed that the width of the channel be six megacycles. That requirement should be met.

"2. The color pictures, by whatever system transmitted or received, should not be inferior in quality and definition to present black-and-white pictures.

"3. The color system should be compatible with existing black-and-white standards.

"In thereafter adopting standards for an incompatible degraded system of color television it is obvious that the commission totally ignored the basic requirements 2 and 3 of my recommendations for commercial standards.

"(Signed) DAVID SARNOFF."

The Tube Blew

(Editorial in Washington Daily News, Dec. 7)

PART of a handout which Wayne Coy of the FCC got out yesterday threw a big ripe verbal tomato at our Wednesday editorial on color television.

Two points burned him:

First, he didn't like our paragraph, "Comes now the RCA with a demonstration which makes the FCC position either dishonest or silly." Mr. Coy said we implied the commission was dishonest and challenged us to come forth with proof "or forever hold (our) own dishonest tongues in making such inferences."

If, as and when we can prove that Mr. Coy, or the FCC, or anybody else anywhere is dishonest, we'll print the news without asking his permission, of course. But what we said was clear enough, as you can see from the above quote.

To repeat, we simply said the FCC's position, in the light of RCA's demonstration, was either dishonest or silly. There's a choice. If Mr. Coy wants to take up the softer impeachment, we'll report his remarks as accurately as we can, and discuss them, we hope, with at least as much relaxed and balanced objectively and graceful good humor as characteristically adorns his public utterances in this shindy. Anyhow, we'll try.

Mr. Coy's second gripe is that we said RCA had invited FCC to come and take a look at its new tube several months ago, and FCC had refused. Why this makes Mr. Coy so mad we don't know. It's in the record. Mr. Coy declares we weren't referring to the petition filed by RCA on Sept. 28, then follows with some gobbledegook about our use of the word "several," which may be Mr. Coy trying to be funny, and for all we know, he is. We just don't get it.

Anyway, here's what RCA's petition said:

"We believe that in a rule-making proceeding of the importance of this one, it is the duty of the commission, before making findings at odds with those of a group of scientists of the stature of the Condon committee, to keep the record open and to inform itself as to the basis for the findings of that committee.

"We believe that in the circumstances the commission had the same obligation with respect to the RCA Progress Report. That report was given to the committee a month before its decision. If the testimony of the electronics experts to whom we have referred had been accepted, there would of course have been no need to consider a report which said that improvements which had been promised during the hearing had actually been accomplished."

"But a decision was drafted which rejected that testimony and outlawed a system on the basis of alleged defects which the Progress Report said had already been eliminated. This, we submit, was to turn its back on evidence when the commission had an obligation to look." (Italics ours.)

We now quote from a letter which is included in this petition and which was from RCA's Laboratories Division, on the letter head of C. B. Jolliffe, executive vice president, dated July 31, 1950, to Hon. T. J. Slowie, secretary of the FCC.

The letter stated 20 copies of a Progress Report were enclosed, and said "If members of the commission or its staff are interested in obtaining further information on the work referred to in this Progress Report, I will be glad to furnish it or arrange visits for them to see the work and discuss the results with RCA engineers."

There it is. In the record. Note the date. July 31, 1950.

Mr. Coy wound up his blast at us by saying that he made his statement "because this lie about the commis-

sion refusing to look at improvements in the RCA system is about to become big enough to believe."

We can't poll all of our readers about Mr. Coy's three-lettered word, but we certainly agree with Mr. Coy that in view of the unrefuted documents we have just quoted from, statements that FCC doesn't want to look at improvements in the RCA system certainly are likely to be believed.

Finally, the whole world, including Mr. Coy, knows that dishonesty does not mean specifically getting gold out of a little black bag in a little green house on K-st, in Harding Administration style.

There is intellectual honesty, and intellectual dishonesty, too.

Washington is full of well-to-do boys who know legally how to help a friend. There are lads who, as Government officials, accept compromises and later turn up in law firms of outfits which got the settlement. There are lads who, as officials, approve Government loans and then turn up as well-paid executives of the enterprises which get the money. There are graying New Deal crusaders now in private practice, selling their entree to bureaucracy's private offices. There is the official interpretation, which, ethical as all hell, hides behind the letter of the law to help a friend.

Whether or not Mr. Coy and the editor of this newspaper indulge in a boring "you're another" campaign will not add to or subtract from cynical speculation if FCC refuses to consider this latest television development on its merits, and instead persists in holding to a decision which, except for the war crisis that keeps color sets from being produced in mass quantity, would cost television owners and dealers literally hundreds of millions of dollars.

Anyway, as Fred Othman said in his column yesterday, "Commissioners, I'd suggest you pull your hats down over your eyes and sneak in for a look."

No hard feelings, Mr. Coy.

Reply of Chairman Coy

(Issued as FCC Press Release, Dec. 7)

CHAIRMAN WAYNE COY today made public a letter addressed to Mr. John T. O'Rourke, Editor of The Washington Daily News, together with a copy * of a letter from C. B. Jolliffe, vice president of the Radio Corporation of America, which is referred to in the letter to Mr. O'Rourke. The letters follow:

December 7, 1950

Mr. John T. O'Rourke
Editor, The Washington Daily News
Washington, D. C.

Dear Mr. O'Rourke:

No hard feelings, Mr. O'Rourke, but may I make an observation or two about your editorial "The Tube Blew," published in the Washington Daily News today.

I am aware of the letter of July 31, 1950, addressed to the Federal Communications Commission by Mr. C. B. Jolliffe, Vice President of the Radio Corporation of America. I am also aware of the fact that this letter did not ask us to reopen the record in the color television proceedings and that it was followed by a letter from Mr. Sarnoff, Chairman of the Board of RCA, stating in no uncertain terms that RCA did not want any delay in the color television decision. It is true that the RCA did ask any one of the Commission or its staff who was interested to take a look at the improvements which they said they had made, but the point has not been emphasized that the Commission and its staff could not take a look at the improvements and in any way consider what they saw in connection with the color television decision because what they would see when they looked would not be a part of the record in the proceedings which had been closed on May 26, 1950. The

requirements of the law are that evidence to be considered must be submitted on the record and those testifying are subject to cross-examination. In the instance we are discussing (the RCA letter of July 31, 1950) there was no request for the reopening of the record and it is clear that unless the record was reopened for the purpose the "look which the Commission and its staff were invited to have would have been outside the record and intended only for the purpose of influencing a decision with evidence outside the record. And more than that, to repeat, we were urged by General Sarnoff himself to have no delay in reaching a decision in the case.

I think I should add that had the Commission accepted the Radio Corporation of America's invitation to "look" outside the record, it would have been error which probably would have been grounds for appeal to the court had the "look" been tied up with any decision favoring the RCA color television system. To have been able to consider such a "look" in connection with the decision-making process, it would have had to provide for a "look" by all the other parties to the proceeding and their opportunity to cross-examine on the basis of what they saw when they "looked."

The Commission had to decide the case on the basis of the record, but in making its decision on the record evidence before it, it provided a proper procedure for taking a "look" at the improvements in any system, including RCA's, and any improvements in any other color television systems or any newly proposed color television systems. As I pointed out in my statement yesterday, that procedure is set forth in paragraphs 15, 16 and 17 of the Commission's Second Report in the color television proceedings dated October 10, 1950.

As for Mr. Fred Othman's comment in his column in the Washington Daily News of December 6 suggesting that the Commission pull their hats down over their eyes and sneak in for a look, I can assure you that it is not necessary for us to do that. On October 10, as I have stated before, the Commission prescribed the way in which we would take a look at any improvements or any new color television systems. It will be done openly and above board and pursuant to the requirements of law.

Sincerely yours,

/s/ Wayne Coy
Chairman

*RADIO CORPORATION OF AMERICA
RCA Laboratories Division
Princeton, N. J.

July 31, 1950

Honorable T. J. Slowie, Secretary
Federal Communications Commission
Washington 25, D. C.

Dear Sir:

There are enclosed 20 copies of "Progress Report of RCA on Color Television and UHF" which was prepared for the information of the radio industry. It is expected that additional reports of this kind will be distributed from time to time. As they are issued, copies will be sent to the Commission for the information of the members and its staff.

If members of the Commission or its staff are interested in obtaining further information on the work referred to in this progress report, I will be glad to furnish it or arrange visits for them to see the work and discuss the results with RCA engineers.

I request that you kindly supply a copy of this report to each member of the Commission.

Very truly yours,
/s/ C. B. Jolliffe.

Newspaper's Last Word

THE Washington Daily News responded Dec. 8 to Mr. Coy's Dec. 7 letter to Mr. O'Rourke by printing it in full, with the following additional editorial note:

"Mr. Coy and Mr. Sarnoff most decidedly disagree as to what the July 31, 1950 letter meant. Mr. Coy says it didn't say come and look. Mr. Sarnoff says it did. And where we differ with Mr. Coy is in his conception of what constitutes admissible evidence.

"Suppose FCC were judge in a murder case, instead of in a controversy involving the possible unnecessary expenditure of hundreds of millions of citizens' dollars. What would you think of such a judge who would not reopen to consider reported new evidence because it might alter the verdict, which is, of course, exactly what new evidence is submitted for? Or who refused to reopen because the new witnesses would have to be cross-examined, or the record reopened?

"However, we're glad to let Mr. Coy say his piece, although we utterly disagree with his policy."

ANOTHER EXCHANGE OF LETTERS RELEASED BY FCC

Editor's Note: Chairman Coy on Dec. 7 also issued press release making public his reply to an inquiry from W. F. Kennedy, president of Ott-Heiskell Co., Wheeling, W. Va. (Crosley distributor), regarding the Commission's request that RCA make its tri-color tube available to CBS (see Television Digest, Vol. 6:44-45). Full text of both letters:

November 6, 1950

Mr. Wayne Coy, Chairman
Federal Communications Commission
5215 Watson Street
Washington, D. C.

Good morning Mr. Chairman:

A news item carried in the New York Times of today is a bit disturbing if it correctly states the case. In a land where free enterprise and competition among free men is the rule it would seem to me—an individual on the sidelines—as very unfair, not to say unethical, to ask one man to hand over to his competitor the development of an idea that he had been working on.

Are we to understand that the government as a referee or umpire is requesting one man to tell another one just how he proposes to work. To me, let me repeat, if the news item is correct it is also an unthinkable procedure.

Cordially yours,
/s/ W. F. Kennedy

December 5, 1950

W. F. Kennedy, President
Ott-Heiskell Company
Wheeling, West Virginia

Dear Mr. Kennedy:

I have your letter of November 6, 1950, in which you refer to a news item commenting on the Commission's request that RCA make its tri-color tube available to CBS so that the Commission might view a demonstration of its use on the CBS field sequential color system. I regret that the pressure of business has caused me to delay in replying to your letter. It is a pleasant change to receive a letter from a fair-minded person who makes the effort to learn the facts involved before making up his mind. These are the facts:

The Commission has adopted final transmission standards for color television based on the CBS field sequential system—the only color system proposed to the Commission which met the minimum requirements for such a de-

velopment. The other two color systems proposed by RCA and CTI, did not meet these minimum criteria. The Commission was willing to adopt the CBS system on the basis of the evidence in the record of the color hearings which proved to its satisfaction that this system produces satisfactory color pictures on direct view tri-color tubes of at least $12\frac{1}{2}$ inches in size, and on projection receivers. It was the Commission's sincere belief that any additional delay in reaching a final decision on color would not serve the public interest. For, the longer we waited before arriving at a final decision, the greater would be the number of receivers in the hands of the public which would require adaptation or conversion if, at a later date, the CBS system were adopted by the Commission. Therefore, despite the present limitation on the size of direct-view tubes under the CBS system, the Commission adopted this system with full confidence that the radio industry would succeed in constructing the apparatus necessary to eliminate this limitation.

RCA representatives testified at the color hearings that it was actively engaged in the development of a tri-color tube which is not limited in size to $12\frac{1}{2}$ inches. This tube was demonstrated at the hearings on April 6, 1950, but the Commission was unable to make a determination that a successful tube had been developed at that time. All of the expert witnesses, however, including those testifying on behalf of RCA, were agreed that a successful tri-color tube when developed could be employed on the CBS system.

For example, on February 27, 1950, Dr. Engstrom of RCA testified in the color hearings that the tri-color tube could be used on the CBS system and that such a tube "would permit a picture the size of the diameter that the tube itself provided." On April 4, 1950, Dr. Engstrom testified that if CBS standards were adopted, RCA would "proceed to make whatever tubes others would wish to purchase and use." On April 11, 1950, he testified that "We are setting out to do everything we can to put ourselves in a position to have the tube available, to make it ready for whatever service it can render."

Thereafter, on May 3, and 4, 1950, General Sarnoff, Chairman of the Board of RCA, testified at the color hearings that if the CBS system were adopted, RCA "would make and sell tubes, including our tri-color kinescopes, and parts, to anyone" and that the Commission "is fully entitled to whatever information we have on this tube, to whatever demonstrations we can make, and that we are only happy to do so."

Finally, on July 30, 1950, Dr. Jolliffe, Executive Vice-President of RCA, submitted a Progress Report to the Commission, which discussed, among other things, RCA's

work on the tri-color tube, stating "It is hoped that the supply of tubes will be such that samples can be made available to the industry in the fall for their own study and development work."

In light of these representations proffered by RCA's top officials, I think you will agree that the Commission had a sound basis for its desire to view a demonstration of the tri-color tube on the CBS system, and for its expectation that RCA was prepared to cooperate in effecting such a test. In fact, on October 13, 1949, Dr. Charles W. Geer, holder of a patent on a tri-color tube, testified that he had received a letter from Dr. Jolliffe asking if Dr. Geer had available a tri-color tube which could be used in connection with the RCA color system.

Although the Commission has adopted final standards for color transmissions, we are not blind to further improvements in the art and we have welcomed continued experimentation in all phases of television broadcasting, including color. Thus in requesting RCA to make its tube available for testing on the CBS system, the Commission is seeking to arrange a technical demonstration directly related to its duties and functions under the Communications Act—to bring the best possible color television to the American people.

I recognize, of course, that the issues in the color hearings are subject to divergent views and opinions. However, I should like to note that the color decision was reached only after the Commission *en banc* had conducted extensive hearings which began on September 26, 1949, and were concluded on May 26, 1950. At these hearings the Commission heard the testimony of 53 witnesses, comprising 9,717 pages of transcript, during 62 days of hearing and received 265 exhibits in evidence. Demonstrations of proposed color systems were viewed by the Commission on eight separate occasions and comprehensive and detailed proposed findings and conclusions submitted by the parties were given careful consideration.

I am enclosing for your information copies of the "First Report of Commission (Color Television Issues)" (FCC 50-1064) issued September 1, 1950, and the "Second Report of the Commission" (FCC 50-1224) issued October 11, 1950. I believe that a careful reading of the Commission's findings and conclusions in the color hearings as set forth in these Reports will furnish the basis for an understanding of the problems involved, and of the Commission's opinion with respect to the solution of these problems.

Sincerely yours,

/s/ Wayne Coy
Chairman