ASCAP's 1963 melon

During 1963 the American Society of Composers, Authors and Publishers had gross revenues of $37,798,908, George Hoffman, executive assistant to the president, reported Wednesday (Feb. 26) at the West Coast membership meeting. Receipts of $37,305,743 from licenses (largely TV and radio), $351,283 interest on investments and membership dues of $141,881 made up the total. Operating expenses were $7,213,480 (19.1% of income), leaving $30,585,428 for distribution to members.

a worsening of a station's ability to pay. Both factors are more clearcut now than five years ago, he asserted.

He cited trade-paper polls as showing five years ago that the proportion of top-popularity music licensed through ASCAP had dropped from about 94% in 1948 to 43% in 1958. Since then, he said, the proportion has declined to about 25% in 1963.

"While previously there may have been some justification for not giving full recognition to the decline in ASCAP tunes on the ground that this decline was perhaps only temporary," his affidavit said, "this can no longer be said to be the fact. ASCAP's decline as a licensor of top tunes now extends over 15 years. A further rate adjustment should give recognition to this fact."

Although there has been an increase in local radio's total revenues, he continued, net income (before federal income tax) has declined on an industry-wide basis and, thanks to an increase in the number of stations, has slumped even more on a per-station basis.

He said FCC figures placed net income of local radio at $55.1 million in 1957 and $44.5 million in 1962. On a per-station basis, counting 3,076 stations in 1957 and 3,679 in 1962, the decline was from $17,900 to $12,100, or 32.4%.

"The comparison is even more drastic," Mr. Mason said, "when one considers that in 1941 the 784 stations in operation averaged $34,600 in income, or almost three times as much as the $12,100 in 1962."

How ASCAP Gained ▪ ASCAP's gain in total local radio fees despite the 1959 reduction in its rates came about in this way, according to committee sources:

The all-industry committee had sought a 30% cutback in fees, but after negotiations conducted under the court's supervision it settled for "substantially less." Without the cut finally agreed upon, however, fees paid in 1962 would have been even higher than they were—by about $1 million, according to committee sources.

In the blanket license, which is the type used by practically all radio stations, the rate for music in commercial programs was reduced by 5.5%. The commercial rate accounts for about nine out of every ten dollars ASCAP gets from local radio, and the 5.5% reduction in this rate was set with the idea that ASCAP's revenues from this source would be reduced by about 5.5%.

In addition, it was agreed that ASCAP's revenues from sustaining rates—which normally provide about one dollar out of ten—should be reduced from a total of $980,000 in 1957 to $630,000 under the 1959-63 contract. Here there was explicit agreement on a $350,000 reduction, and a new sustaining rate was devised that was expected to produce that result.

Thus it was contemplated that commercial fees, which had totaled $7.58 million in 1957, would be reduced to about $7.16 million. Added to the reduction agreed upon for sustaining fees, this meant that ASCAP's total revenues from local radio should drop from $8.56 million in 1957 to $7.79 million a year under the 1959-63 contract.

Instead of $7.16 million, however, the new commercial rate produced $9.04 million in 1962. And instead of $630,000, the new sustaining rate produced $820,000. So the 1962 total, instead of being $7.79 million, turned out to be $9.86 million.

The increase in total commercial fees was attributed to increases in stations' gross sales, which form the base used in computing individual station payments. The higher-than-expected volume of sustaining payments was attributed partly to increases in station rates for time, but mostly to insufficient data from which to project new sustaining rates that would bring about the agreed-upon reduction in sustaining fees.

Proposed Cure ▪ Presumably it was to avoid a repetition of this situation that the committee now is seeking to limit total radio payments to $7.7 million at the outset of the new contracts. In the blanket-license contracts this would be accomplished, according to Mr. Mason's affidavit, by:

1. Cutting the commercial fee rates from 2.125% to 1.7% of a station's "net receipts," after deductions.
2. Cutting the monthly sustaining-fee rate to an amount equal to the station's highest one-minute rate in the case of stations with annual net receipts between $50,000 and $150,000, and to one and a half times the highest one-minute rate for stations above $150,000. The sustaining rates for these groups are now twice the one-minute rate and two and a half times the one-minute rate, respectively. The sustaining-fee rate for stations with net receipts under $50,000 a year would remain at $1.

The rates in per-program licenses would also be reduced. These licenses are used by relatively few stations. The all-industry committee estimated that they account for "considerably less" than 1% of ASCAP's local radio fees.

The committee went into court, following procedures provided in the consent decree that governs ASCAP's operations, after it failed to come to terms on new license rates in private negotiations with ASCAP officials (CLOSED CIRCUIT, Jan. 13).

The committee is composed of chairman Mason and George W. Armstrong of the Storz stations, vice chairman; Elliott M. Sanger, WQXR New York, treasurer; Robert D. Enoch, WXLW Indianapolis; Thomas E. Carroll, Time-Life stations; Herbert E. Evans, Peoples Broadcasting stations; John J. Heywood, WLW Cincinnati; J. Allen Jensen, KID Idaho Falls, Idaho, and William S. Morgan Jr. and Calvin J. Smith, formerly of the McLendon stations and KFAC Los Angeles, respectively.

Market growing for radio drama shows

There is a growing worldwide market today for quality radio shows in the drama and the "miniature vignette" areas, Sam Baker, sales director of Artransa Pty. Ltd., Sydney, Australia, reported last week.

Mr. Baker, who is in the United States for his fourth business trip since 1961 prior to attending the NAB convention, observed that programs of his Australian production company currently are being carried in 21 countries, including the United States. Though the United States is now experiencing a revival of interest in radio dramas, other markets throughout the world have been scheduling such programs for some time, Mr. Baker pointed out.

Mr. Baker

Artransa's program catalog lists more than 100 different radio shows, ranging from half-hour dramas to five-minute and one-minute capsule programs. The company places 12 new shows into production every year, and, according to Mr. Baker, has "become the main sup-