

HEINL RADIO BUSINESS LETTER

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No. 1411

March 13, 1942

DECLARES FLY BLOCKED WIRE TAPPING BILL

That Chairman James L. Fly was the only important man in official position who was against the passage of legislation to permit Army, Navy and Federal Bureau of Investigation to tap wires or radio in combatting espionage and sabotage was charged by Representative Emanuel Celler of New York. The bill is now before the House Judiciary subcommittee.

"Under present conditions there is a prohibition against the tapping of domestic wires and wireless. At the time of the Pearl Harbor tragedy there was a prohibition against tapping of international wires and wireless, which led undoubtedly to this tragedy at Pearl Harbor, because the members of the intelligence forces of the Army and Navy, as well as the F.B.I., were unable to tap the cables and the communications that were inaugurated by the two-hundred-odd consular agents of the Japanese Government located there", Representative Celler declared. "Spies and saboteurs tapped domestic and interoceanic wires and wireless but the Navy and Army were precluded.

"We passed a bill recommended by the Judiciary Committee with reference to international communications. We now allow the tapping of international communications. We should also permit the tapping of domestic wires because that is just as important.

"Such a bill was passed by the last Congress. It was my bill. It was lost in the Senate, and I use the word 'lost' advisedly. My distinguished colleague (Representative Hobbs of Alabama) introduced a similar bill in the last session of the present Congress. It failed in the House of passage by a small margin. It is hoped that the bill which I introduced recently will be considered favorably by the House. It sanctions the right to tap wired and wireless communications of all sorts. At present we protect spies and fifth columnists. We cannot ferret them out unless we tap their wires.

"In New York the police may tap wires but F.B.I. agents may not. New York police, under the revised New York State constitution may intercept telephone or telegraph wires, radio or wireless messages. That seems and is rather anomalous.

"President Roosevelt, Attorney General Biddle, and former Attorney General Jackson, now on the Supreme Court, approve wire tapping. Most high governmental officials want it. Strangely enough the only man in a high governmental position who opposed and who probably still opposes the project is Chairman Fly of the Communications Commission."

Representative Celler then quoted from an editorial in the Baltimore Sun as follows:

"Legislation of wire tapping to combat espionage and sabotage would hinder rather than help the national defense program", James L. Fly, Federal Communications Commission Chairman, told the House Judiciary Committee, according to members.

They quoted Mr. Fly, a former naval officer and a Naval Academy graduate, as saying Government officials engaged with various aspects of the defense program would have virtually to discontinue use of telephones and rely on slower means of communications, such as personal conference, if wire tapping were legalized.

"Otherwise", he said, according to committee members, "vital defense information might fall into the hands of wire-tapping Federal agents not entitled to the information and likely, because of their unfamiliarity with certain technical questions to pass on the information in a dangerous fashion."

"Mr. Fly's views on this point were elicited", members said, "by committee questions which also brought a reminder from the witness that the official regulations of the Navy Department warn naval officers to be careful in using telephones lest their conversations be intercepted by persons outside the service."

"The committee also was reminded by Mr. Fly", members said, "that during the World War Congress regarded wire tapping as inimical rather than helpful to national defense and specifically prohibited its use in a 1918 statute."

Mr. Fly told the committee that what is needed is not a statute legalizing even limited wire tapping, but legislation tightening up the present law against wire tapping.

He suggested, they said, that the committee might be interested to that end, in outlawing the manufacturing of wire-tapping equipment, adding that the company supplying such equipment to the Justice Department advertises its ware for public sale in telephone books.

"Finally, Mr. Fly said, experience has shown that wire tapping is of little genuine use in the detection of crime and that its effectiveness is outweighed by the cost and abuses involved."

Representative Celler concluded by saying, "If we don't pass my bill, our treacherous alien enemies and spies will have the untrammelled and safe use of the channels of wire and wireless."

Rear Admiral S. C. Hooper told the House committee that the Navy Department favored the bill.

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AGAIN ASSURES DISCRETION IN TAKING OVER RADIO AND WIRES

In announcing that the President had signed the Executive Order delegating to the Defense Communications Board his authority under Section 606 of the Communications Act, to authorize Governmental use, control or closure of wire communication facilities as a war measure, Chairman James L. Fly, of that Board, again assured the industry that no drastic action was contemplated. He added:

"It is comparable to the Executive Order signed December 10, which transferred to the Board like authority in connection with radio facilities. These Executive Orders do not indicate any change in policy. They simply coordinate in the Defense Communications Board particular powers granted by the statute to the President as war essentials. There is no intention at this time to take over radio, wire or cable facilities on a broad scale or to exercise unnecessary power over such facilities. Rather, the new Executive Order passes to the Board, which is representative of the Federal services concerned with communications in wartime, the necessary authority to act promptly where conditions require."

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ASCAP QUARTERLY PROFIT REPORTED TO BE \$950,000

According to Variety, the American Society of Composers is coming back strong.

"If the present trend of collections continue, ASCAP may distribute as much as \$950,000 for the initial quarter of 1942", the entertainment field magazine states. "This figure is but \$60,000 less than the divvy which was made for the like quarter of 1940. It is even believed within the Society's financial quarters that unless war conditions cause a sharp decline in radio advertising that ASCAP will be able to make a distribution of at least \$4,000,000 this year.

"With the Society's overhead reduced by \$600,000, as compared to what it was at the end of 1940, the membership will have come through its fight with the radio interest with but slight parings of their individual performance incomes."

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Because of the blackout in the Capital, the Washington Hebrew Congregation called off its regular Friday evening service, and instead the minister of the congregation, Rabbi Norman Gerstenfeld, broadcast a short service to members in their homes over Station WWDC.

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I. T. & T. ARRANGES FOR BRAZIL TO HEAR FINANCE MINISTER

The radio address by Dr. Arthur de Souza Costa, Finance Minister of Brazil, who spoke from the Yale Club in New York, on March 9th, was heard by radio listeners in Brazil over the United States-Brazil radiotelephone channel and the Brazilian Government network of 68 local radio stations which re-broadcast the speech as it came over the radiotelephone.

The broadcast was arranged by the International Telephone and Telegraph Corporation in cooperation with the Department of Information and Press of the Brazilian Government. Dr. Souza Costa's address served as a report to the Brazilian people of the far reaching agreements of mutual benefit to Brazil and the United States which were successfully negotiated with the United States Government in Washington last week by Dr. Souza Costa and the other members of his party.

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BIG WEST COAST SHORT-WAVE INSTALLATION BEGUN

O. F. Walker, radio engineer of the General Electric Company, is now in San Francisco supervising the installation of the 100,000-watt short-wave transmitter, which will be another gun in a kilocyclic battery "shooting" from the United States across the Pacific in the propaganda war with Japan.

The powerful transmitter, built by General Electric and operated previously at Station WGEO, Schenectady, for short-wave broadcasts to Europe and Latin America, will use the call letters KWID in San Francisco. Operators of the station will be Associated Broadcasters, Inc., who have long-wave station KSFO. G.E. is completing another 100,000-watt transmitter for WGEO at Schenectady.

KWID, which will have studios and offices at the Hotel Mark Hopkins, will render additional short-wave service to that now being given by General Electric's 50,000-watt San Francisco station KGEI, with studios and offices at the Fairmont Hotel. KGEI has been broadcasting to Latin America, Asia, the Antipodes, and Africa for more than three years, and is at present the only United States short-wave broadcasting station west of the Mississippi. KGEI is now broadcasting in eight languages and two foreign dialects.

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TWO HOUSE COMMITTEES CONSIDER INVESTIGATING FCC

Although it was believed the matter had probably been shelved for the duration of the war, the House Committee on Rules and the House Committee on Interstate and Foreign Commerce at almost the same hour yesterday (Thursday) unexpectedly showed a live interest in investigating the Federal Communications Commission. The Rules Committee called Chairman Fly to the Capitol on short notice and gave him a grilling in considering a resolution introduced by Representative Cox (D.) of Georgia, to investigate the Commission.

The House Committee on Interstate and Foreign Commerce set Tuesday, April 14, to take up the bill of Representative Sanders (D.), of Louisiana, which would not only investigate but would completely reorganize the FCC.

Despite this sudden activity and the declaration of Representative Cox that "We haven't scratched the surface yet", there were those who were inclined to believe that Congress would not take on an FCC investigation or reorganization when the main attention of everything on the Hill was focused on the war.

The questioning of Chairman Fly covered a variety of topics ranging from the spanking it was alleged the FCC was giving to the newspaper owned stations to why they didn't "can" Dr. Goodwin Watson, Chief Analyst of the Foreign Propaganda section after the House had refused to appropriate funds for Watson's salary, alleging that he was a Communist.

"Aren't you concerned about the intent of Congress?" asked Representative Nichols, (D.), of Oklahoma.

"Yes", replied Mr. Fly. "I think I'm under a duty to give Congress all the facts bearing on the matter before a final decision is made. The Commission felt the Senate committee ought to see the man and hear him."

Mr. Fly said he held no brief for Dr. Watson and "frankly I don't believe in some of his previous writings and expressions". Inferring that Congress contemplated a further effort to remove Dr. Watson, Mr. Nichols said, "We'll certainly act."

Representative Wigglesworth (R.), of Massachusetts, backing Mr. Cox's request for an FCC investigation, had told the committee that it was "perfectly shocking" to keep Dr. Watson on the Commission payroll in view of the House action and in view of his purported beliefs and principles.

Representative Cox commented that if all Commission employees similar to Mr. Watson were discharged, the Commission staff would be virtually halved.

"There are more fellow-travelers and more revolutionists" in the FCC than in any other agency, Mr. Cox added.

During hearings on the FCC appropriation bill this year, Representative Starnes, (D.), of Alabama, accused Mr. Watson of having been connected with Communist-front organizations.

When Representative Cox started reading his charges against Chairman Fly and the FCC, the latter was asked if he didn't care to retire to another room. "No", Mr. Fly replied, "I'd like to stay here and hear them."

Mr. Fly asserted that the FCC had no preconceived plan to break up joint radio ownership of broadcasting stations.

The Commission, he said, has undertaken a study of the problems involved in joint newspaper-radio ownership, but has made no findings. There remained a question, he said, whether the Commission had authority in this field.

Mr. Fly emphatically replied "No", when Mr. Cox asked whether Mr. Fly and other Commission members had not proceeded in the case with the intention of banning joint membership. He denied that he ever had contended the Commission had authority in the matter and said "there is a serious question as to whether the Commission can do anything about it" if it should develop that something should be done.

To Mr. Wigglesworth's charges that the Commission had failed to break up monopolies, Mr. Fly referred to a recent order seeking to sever the Red and Blue networks of the National Broadcasting Co. system and "return control of the stations back to their owners."

Mr. Wigglesworth had previously accused the Commission of having failed to take proper steps to prevent monopolies. He said the three large broadcasting systems, Columbia, National and Mutual, controlled all the clear channels and that 95 percent of the available power and 40 percent of the time of their affiliates was controlled by the chains. From 60 to 100 percent of the earnings of the member stations from the chain-controlled time, Mr. Wigglesworth said, went to the chains.

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"The Radio Division of the Office of Censorship has given its final instructions to Mutual, the only station which will broadcast the local baseball games", Leonard Lyons writes in his New York column. "So that the broadcasts will contain no weather information helpful to the enemy, this is the announcement which will be read, in the event that a game is called because of rain: 'Because of circumstances beyond our control at the scene of the game, and because of the censorship regulations, we are concluding our broadcast of today's ball game at this time.'

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PHILCO EXPECTS NO FINANCIAL STRAIN IN CONVERSION

James T. Buckley, President of the Philco Corporation, was reported as saying in a letter to stockholders that it was expected that conversion of the company's plants to war production could be accomplished without undue strain on its financial condition, and that substantial war orders would be received.

In view of the stoppage of manufacture of radios and refrigerators and the general uncertainties of the times, he added, "it is obvious that no prophecies concerning future dividends can be made. The policy of the board with respect to dividends will continue to be guided by the company's level of earnings and cash position."

Sayre M. Ramsdell, since 1922 in charge of advertising and sales promotion for Philco radios, announced that he will head a new advertising agency,--Sayre M. Ramsdell Associates, Inc., to specialize in industrial accounts. He will continue to serve as a member of the Board of Philco Corporation.

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RADIO AGAIN REACHES EAST INDIES VIA SUMATRA

Radio communication between the United States and the Dutch East Indies, was re-established this week by R.C.A. Communications, Inc., with the opening of a direct radiotelegraph circuit between San Francisco and Medan, capital of Sumatra. Communication with the East Indies had been broken off since March 7, when Batavia fell to the Japanese invaders.

Working in collaboration with Dutch Government communications officials, RCAC established the new circuit following a series of preliminary tests.

One of the first messages to travel over the new circuit was from a bank in Madras, India, to its branch office in Medan. Although a distance of only 700 miles across the Bay of Bengal separates the two points, the Japanese had cut the cable between India and Sumatra, and direct radio service was not available. The bank in Madras, therefore, sent its message by wire to Bombay, India. From Bombay it was relayed to London by radio. An RCA radiogram then went from London to New York, from New York to San Francisco, and from San Francisco to Medan. Altogether, the message travelled around the globe a total distance of 27,000 miles.

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ADDITIONAL HEARINGS BECAUSE OF EMERGENCY

The following standard broadcast applications for construction permits, on which hearings have already been heard, were designated for further hearing upon additional issues raised by the policy with respect to new construction under the present emergency:

Park Cities Broadcasting Co., Dallas, Texas., for a new station to operate on 710 kilocycles with power of 5 KW, unlimited time; WTCN, Minnesota Broadcasting Corp., Minneapolis, Minn., to change frequency from 1280 to 710 kc., now operates with power of 1 KW night and 5 KW day; WHB, WHB Broadcasting Co., Kansas City, Mo., to change frequency from 980 to 710 kc., now operates with 1 KW daytime; Camden Broadcasting Co., Camden, N. J., for new station to operate on 820 kc., with 500 watts power, daytime; WICA, WICA, Inc., Ashtabula, Ohio, to install new transmitter and increase power from 1 KW daytime, to 5 KW day and 1 KW night, unlimited time; operates on 970 kc.; WWSW, Walker & Downing Radio Corp., Pittsburgh, Pa., to change frequency from 1490 to 970 kc., and increase power from 250 watts to 5 KW, unlimited time; Scripps-Howard Radio, Inc., Houston, Tex., for new station to operate on 1230 kc.; Texas Star Broadcasting Co., Houston, Tex., and Greater Houston Broadcasting Co., Inc., Houston, Texas., for new station to operate on 1230 kc.;

Also, WBRE, Louis G. Baltimore, Wilkes-Barre, Pa., for a synchronous station at Scranton, Pa., to operate with 100 watts; WBRE operates on 1340 kc. with 250 watts, unlimited time; Dorman Schaeffer, Klamath Falls., Ore., for a new station on 1400 kc. with 250 watts, unlimited time; Herald Publishing Co., Klamath Falls, for a new station on 1400 kc., with 250 watts, unlimited time; South Florida Broadcasting, Inc., Miami, Fla., for a new station to operate on 1450 kc., with 250 watts, unlimited time; West Allis Broadcasting Co., West Allis, Wis., for a new station to operate on 1480 kc., with 250 watts, daytime; Robert V. Lee, Bradenton, Fla., for a new station to operate on 1490 kc., with 250 watts power; KMLB, Liner's Broadcasting Station, Inc., Monroe, La., to change frequency from 1230 to 1440 kc., and increase power from 250 watts to 1 KW, unlimited time; KNOE, Inc., Monroe, La., for a new station to operate on 1450 kc., with 250 watts, unlimited time.

Applications Received: KOL, Seattle Broadcasting Co., Seattle, Wash., construction permit to install new transmitter, changes in directional antenna for day and night use, change frequency from 1300 to 880 kc., increase power from 1 KW night, 5 KW day to 10 KW and move transmitter; General Electric Co., Portable-Mobile, construction permit for a new experimental television relay broadcast station to be operated on 312000-324000 kc., 25 watts (to be used with commercial television station WRGB); Sunland Broadcasting Corp., DeLand, Fla., construction permit for a new broadcast station to be operated on 1340 kc., 250 watts, unlimited time.

Designated for Hearing: J. C. Horton, Santa Ana, Calif., pursuant to policy with respect to new construction under present emergency, application for construction permit for new station; Florida National Building Corp., Miami, Fla., same as above; Associated Broadcasters, Inc., Indianapolis, Ind., - pursuant to policy with respect to new construction under present emergency, application for construction permit for new station; hearing to be consolidated with hearing on applications of WIRE requesting 50 KW on 1190 kc., WOWO for renewal of license and increase in power to 50 KW, WGL and WKBV for renewal of licenses; KSD, The Pulitzer Publishing Co., St. Louis, Mo., - pursuant to policy with respect to new construction under present emergency application for construction permit to change frequency from 550 to 940 kc., increase power from 1 KW night, 5 KW LS, to 50 KW, install new transmitter and new directional antenna for night use, and move transmitter; KROY, Royal Miller, Sacramento, Calif., - pursuant to policy with respect to new construction under present emergency, application for construction permit to change frequency from 1240 to 1030 kc., increase power from 100 watts to 10 KW, unlimited time, move transmitter locally and install new transmitter and directional antenna for day and night use; hearing to be consolidated with hearing on applications of KFXD, Nampa, Idaho, and KRNR, Roseburg, Ore., requesting use of the same frequency.

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COUGHLIN'S BROADCASTS NETTED LEAGUE \$2,000,000

Net income of the Rev. Charles E. Coughlin's Radio League of the Little Flower over a 10-year period, according to a league bookkeeper, reached more than \$2,000,000, an Associated Press dispatch from Detroit states.

Miss Alberta Ward, bookkeeper who testified before a Michigan Unemployment Compensation Commission referee's hearing, said the total net income for the 10-year period ending September 30, 1940, was \$2,028,570.92.

Father Coughlin's parish, the Shrine of the Little Flower, received most of the money, Miss Ward said. She said the shrine received \$575,386.60 over a four-year period ending September 30, 1934, and \$751,714.82 over a like period ending in 1938.

A hearing is being conducted by Referee Henry Glicman on the league's appeal from a commission ruling that it is not a charitable organization and must, therefore, pay payroll taxes to the State.

League employees, Mr. Glicman said, have been refused State jobless benefits because these taxes have not been paid.

The League's net annual receipts reached a high mark of \$574,416 in 1938, Miss Ward said. The receipts fell to \$102,254 in 1939 and to \$82,283 in 1940, she said. In September of 1940, Father Coughlin announced his retirement from broadcasting.

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Paul Porter, Columbia Broadcasting System lawyer in Washington, has resigned to take the position of Assistant Administrator in Charge of the Rent Division of the Office of the Price Administrator. Mr. Porter has been with Columbia for five years, having previously served with the Agricultural Adjustment Administration.

At the meeting, it was suggested that the number of sizes might be reduced to approximately 1000.

In the census just taken, a dwelling unit was enumerated as having a radio if it contained a usable radio set or one only temporarily out of repair.

Frazier Hunt, General Electric newscaster, told the part radio is playing in helping the Bank of China transact its business, in one of his recent "world news" programs over CBS.

"Amidst the chaos of falling bombs, the business of the Bank of China does not halt (in Chungking). The financial life-blood of China, which sustains the battle-hardened warriors of Chiang Kai-Chek, must be kept flowing despite the daily sowing of death from the skies.

"How can bank employees keep working? How can the officials of the Bank of China keep in touch with isolated branches throughout Free China? Radio, best known of all the electronic sciences, still does its job undisturbed by man-made terrors", the former war correspondent explained. "Far below the ground at the head office of the Bank of China, today in embattled Chungking, calm and quiet operators put through radio telephone calls to distant branch offices of the Great Bank of China. Business goes on, not as usual, but despite the unusual."

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"MAKE IT LAST", CBS CHIEF ENGINEER ADVISES

Technicians of the Columbia Broadcasting System from coast-to-coast received the following memorandum, written by E. K. Cohan, Director of Engineering, recently, which reads in part:

"Radio broadcasting is playing a vital role in the nation's war effort. The job assigned to radio will probably become much bigger before the war is over. And it will have to be done under much more difficult operating conditions.

"Domestic broadcasting is 'frozen' for the duration. So, too, are much of the supplies and equipment necessary for efficient operation. Even now, it's almost impossible to obtain copper wire, rubber-insulated conductors, speech amplifiers, microphones, vacuum tubes, and a host of other essential materials.

"It is especially important, therefore, that whatever we have on hand now, we make it last. We must make it last for the duration of the war - whether that is going to be one year, or five years, or longer. * * * * *

"We must do everything possible to extend the life of all our equipment and materials. If a microphone cable, for example, becomes defective, don't throw it out. Locate the defective section and salvage the rest.

"To maintain our operations at the highest technical efficiency, we may have been too busy, in the past, to salvage any material that was not just perfect. That practice has to go by the board. As far as it is compatible with efficient broadcasting, we must save - and use -- any part that has some utility left in it.

"At the present time, we are in good shape as far as equipment is concerned. Now is the time to start exercising the ingenuity that characterized early-day broadcasting. If an equipment problem comes up, don't look for the answer in the stock supply. We must find the answer by ingenious use of available materials and whether it can be made in your workshop.

"Make It Last".

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