

HEINL RADIO BUSINESS LETTER

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No. 1483

November 24, 1942

BROADCASTING DEFENSE INDUSTRY EMPLOYMENT GROUP RULES

Radio broadcasting companies and stations, telephone and telegraph companies, and the Washington, D. C. trolley and bus system are "defense industries", within the meaning of Executive Order 8802, according to an opinion rendered by the President's Committee on Fair Employment Practice by the Office of the General Counsel of the War Manpower Commission. The members of the Committee are:

Chairman - Dr. Malcolm S. MacLean; Mark Ethridge (General Manager, Louisville (Ky.) Courier Journal); David Sarnoff (President, Radio Corporation of America); William Green (American Federation of Labor); Philip Murray (Congress of Industrial Organizations); and Earl B. Dickerson (City Counsel of Chicago).

This opinion was made public yesterday (Monday) by the Committee which is the unit of the War Manpower Commission authorized under Executive Order 8802 to redress grievances growing out of discrimination against war workers because of their race, creed, color, or national origin.

"The opinion was sought", Dr. MacLean explained, "because of the complaints which we have received from Negroes, Jews and aliens that they have been refused employment in the communication and transportation industries solely because of their race, religion or foreign background."

In an earlier opinion, last January, the General Counsel of the War Production Board held that the railroads of the country constitute a defense industry, within the meaning of Executive Order 8802.

In the opinion just handed down, the WMC general counsel holds that:

"Executive Order 8802 reaffirms 'the policy of the United States that there shall be no discrimination in the employment of workers in defense industries . . . because of race, creed, color, or national origin.' The President's intent as to the scope of the term 'defense industries' can best be appreciated by reference to the surrounding language. The entire context supports a broad interpretation of the term."

The opinion continues:

"The first 'Whereas' clause of the Order declares it to be 'the policy of the United States to encourage full participation in the national defense program by all citizens of the United States.'"

The policy is reaffirmed 'as a prerequisite to the successful conduct of our national defense production effort.' These words are broad enough to include any industry the activities of which further the defense program."

The opinion refers to a number of Congressional acts, departmental orders and agreements, all of which have interpreted the radio, telegraph, telephone, and street railways as defense industries. It observes that these industries are included by the U. S. Employment Service in its "List of Essential Activities"; that they are defined as "war utilities" in the Act of April 20, 1918, as amended by Act of November 30, 1940; and that in the rationing of scarce material and equipment several defense agencies of the Government have considered the Washington transportation system as necessary for national defense.

Specifically on the transit company, the opinion states that,

"The essentiality to the defense effort of the services rendered by the Capital Transit Company can scarcely be disputed. Without transportation of Government war workers to and from their jobs the entire defense program would be seriously hampered. This has become especially true since the rationing of tires and gasoline."

"From the very nature of the services they render", the opinion summarizes, "it is apparent that radio, telephone, and telegraph companies, and the Capital Transit Company are essential to the National Defense program and as such must be treated as 'defense industries'."

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FCC HEAD REFERS QUESTIONER TO WILLKIE

During his press conference yesterday (Monday) in discussing the A. T. & T. Long Lines charges including those pertaining to radio stations, Chairman James L. Fly of the Federal Communications Commission said in connection with one of the questions:

"You can realize how difficult for me it would be to answer that question because I don't go out for Government ownership."

"You don't oppose Government ownership?" Lewis Wood, of the New York Times, and President of the Gridiron Club, asked.

"Yes. I think I have been the most consistent advocate of private ownership of domestic radio stations in the Government circle", Mr. Fly replied.

"Back in the TVA days?" Mr. Wood persisted.

"That's another story", Mr. Fly countered. "You ask Mr. Willkie about that."

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NETWORKS TO BE INCLUDED IN A. T. & T. LONG LINES INQUIRY

Asked regarding the scope of the investigation to see if the American Telephone and Telegraph Long Lines rates should not be reduced, Chairman James L. Fly of the Federal Communications Commission, said:

"As I understand it, our investigation will cover all of those Long Lines rates and I think it will be suggested that the Commission should look into the line charges on network operations. We ought to do everything we reasonably can in terms of the most public interest, particularly in extending network broadcast service. That becomes particularly important in the sparsely settled areas and the far-reaches of the country where little or no network service is available, and if any reduction which is made can be applied in part to meet that need I think it might be a very fortunate result."

"Many newspapers lease telephone wires from here to New York which are telegraph - will you look into those too?" Mr. Fly was asked.

"I would suppose those would be included. I think our investigation would cover all that."

"Would it include the wire circuits that are set up on a leased basis over a long period of time to carry news?"

"Yes, of the Bell System, A. T. & T. The delineation is between the telephone and telegraph. Some of these timed wire services are operated by the telegraph companies", the Chairman replied.

"But the A. T. & T. leases telegraph wires as well as telephone."

To which Mr. Fly replied: "That is true, but in some cases you do business with the telegraph company. The investigation will cover all of the communication services of the Long Lines Department of the A. T. & T. I believe that is an accurate description of the coverage."

To the next question which was "Have you any comment on Mr. Gifford's statement?", the answer was "I answered Mr. Gifford's statement before he made it. If you read my statement you will see that I did."

"Relative to the extra burden of the cost of living? And to the cost of the war?" were the next questions propounded.

"The cost of living and the cost of the war", Mr. Fly replied. "Of course there is a further question in relation to those companies whether any company ought to pocket at the expense of the public 50 or 60 million dollars annually which it is not entitled to under any reasonable judgment as to fair return. If that should be the case that in itself would be, I should think, somewhat embarrassing to the company. Here is the complete statement. I don't think I can add any more to that."

"In your judgment, if line charges for networks were found to be too high, would any significant number of small stations benefit?" the Chairman was next asked.

"I can't conjecture as to what the results would be there but one of the limitations on the spread of network service heretofore has been the long haul in reaching many of these small stations, and I should think that any substantial alleviation of those charges would result in carrying network service to places where it is most needed. I might say that the smaller radio stations have today a difficult enough situation. You realize that network advertising - advertising of certain stations in the larger cities - is largely institutional - goodwill advertising. Much of the advertising today flows from large national concerns that have no products immediately for sale - if so they don't have enough to meet the demand. If you look over the list of the big advertisers, you will find that true to a very great extent. Now what they are doing is a very wholesome thing - preserving their goodwill and trade names for after the war by spending money now."

"Money that would otherwise go to the Government?"

"I didn't say that. The little station doesn't get so much of that type of business and the smaller town particularly doesn't get it, and the revenue on local radio business is tending to dry up considerably - the local merchants are a little more realistic about this situation. They don't have anything to sell at the moment and they are not buying advertising."

"Does this mean the little station will go out of business?" someone asked.

"That is a very serious problem. That is one of the good results which might accompany any reduction in Long Lines rates. On the whole the rendering of network service, I think, is something we ought to forward in any way we can."

"Is there anything further you can do to improve the local situation?"

"No, it's sort of out of my bailiwick", Chairman Fly replied. "There is really nothing that I can do nor the Commission can do. I think there is nothing we wouldn't do in terms of giving sympathetic consideration to the problem and conferring with interested parties in trying to work out a solution of it, but any affirmative action that is taken cannot be taken by us here."

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NOTE: DUE TO THE THANKSGIVING HOLIDAYS, THE REGULAR FRIDAY ISSUE OF THIS SERVICE WILL BE OMITTED.

R. D. HEINL

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RADIO INDUSTRY DISCUSSES CONTROLLED MATERIALS PLAN

What the radio manufacturers will have to do to conform to the new Controlled Materials Plan was discussed at a meeting in Washington last week of radio manufacturers and the War Production Board, the Army and Navy representatives. It was said by the Radio Manufacturers' Association that action relating to the Controlled Materials Plan "A" and "B" classifications of radio productions will be taken soon in an official order from WPB, to adapt the special problems of radio production to the new CMP procedure.

The conference was attended by about 50 representatives of many Government agencies and bureaus and was held with the industry representatives of the WPB Radio Industry Advisory Committee, with Director Ray C. Ellis, new Director of the WPB Radio and Radar Division, presiding. Among high officials present were General Colton, Colonel Elder, and a number of other Signal Corps officers. Representing the Navy were Captain Rumble, Captain Dow, Lieutenant Commander Lieberman, and several other Navy officials. Also in attendance were all section heads of the WPB Radio and Radar Division and representatives of other WPB branches, OPA, and other Government agencies concerned in future CMP operations of radio manufacturers.

A two-hour open conference, for a general exchange of views of a wide variety was followed by an executive session of the industry committee on details of CMP procedure.

The "B" classification of "communication equipment" under CMP was analyzed in detail. Reclassification of radio products was proposed, and an official order will be issued later to divide and reclassify various radio components. Those of standard, "repetitive" type, such as tubes, resistors, condensers, transformers, volume controls, etc. probably will be placed in Class "B", with a smaller number of units in the Class "A" group. This would relieve many subcontractors, including parts manufacturers, of much paper work in preparing CMP bills of materials and also production difficulties. Industry representatives expressed the opinion generally that the Class "B" status was generally more favorable and easier of operation under CMP, requiring less detailed data on product requirements in the preparation of bills of materials.

Meetings of manufacturers and industry groups in all WPB regional districts, for information and instruction regarding the Controlled Materials Plan, are being arranged by WPB. The first meeting, of an extensive CMP educational campaign, will be held today (Tuesday, November 24) in New York City, with addresses by Vice Chairman Eberstadt, Ernest Kanzler, WPB Director of Operations, and J. A. Krug, Chief of CMP and PRP procedure. A large staff of WPB field officers is being trained in the CMP procedure for many industrial group meetings throughout the country, scheduled in December.

It was explained by the RMA that while the new Radio and Radar Division has increased authority and functions, with wider, decentralized field activities, there are no substantial changes in

its personnel. The sections of the Radio and Radar Division continue as formerly, with generally the same section chiefs. The new Radio and Radar Division is directly under WPB Vice Chairman Charles E. Wilson, who also has charge of the new aircraft production which now has been doubled. The Radio and Radar Division also ties in with Vice Chairman Eberstadt's office on its general operations.

Industry Advisory Committees, according to officials, will become more important factors in WPB administration under the new status of the Radio and Radar Division. A meeting of the Parts Industry Committee is tentatively scheduled here today (Nov. 24) by Chief Frank H. McIntosh of the Civilian Radio Section for further consideration of reduction in various types of replacement parts. A meeting of the Receiving Tube Advisory Committee also is tentatively planned here December 3rd for further consideration of the replacement tube situation and also reduction in replacement tube types which may be continued. No action by WPB on further production of replacement tubes has yet been taken.

In the Industry Committee operations of the Radio and Radar Division, the new representation of labor, ordered in the recent WPB realignment, has been arranged through the assignment of Maurice Weisz to the Division from the general WPB Labor Advisory Branch. Mr. Weisz will act in an advisory capacity to the Radio and Radar Division on labor and personnel problems, such as labor shortages, employment and recruiting of female employees, and other manpower facilities.

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FCC MAY GET ITS QUESTIONNAIRE WINGS CLIPPED

Broadcasters and the Communications industry in general which for years have been at the mercy of Federal Communications Commission questionnaires, will welcome the fact that Senator Vandenberg (R.), of Michigan, and Senator Byrd (D.), of Virginia, will file a resolution in the Senate for an investigation of the rapidly multiplying questionnaires that Governmental agencies are sending to the people.

"The number and extent of intricate questionnaires and reports now required of American business in countless multiplying directions", Senator Vandenberg said, "is one of the greatest burdens suffered by American business.

"It often hampers the war effort by diverting energies that should be more productively applied. It often involves a wealth of inquisitive detail which seems frequently to have far less to do with the war effort than with the ultimate nationalization of the American system of free enterprise. Business and citizenship want to cooperate wholeheartedly with the Government in this crisis. Their cooperation should be made as simple as possible - not as difficult and perplexing as possible."

FCC questionnaires were mentioned as among those which should be looked into.

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SENATOR CLARK ASKS IF PETRILLO BIGGER THAN U. S.

Predicting a showdown as to whether or not James C. Petrillo, Chairman of the American Federation of Musicians is "bigger" than the United States Government, Senator Clark, of Idaho, intimated that if Mr. Petrillo responded to the request that he appear at the Senate hearings, which will begin Monday, December 7th, it might be a pretty lively session.

"There hasn't been a new bit of popular music recorded since August 1, when Mr. Petrillo's prohibition against members of his union playing for records became effective", Senator Clark declared.

Chairman Wheeler appointed Mr. Clark to head a subcommittee to conduct an investigation into the union leader's activities after a personal attempt to bring about an adjustment of differences between him and broadcasting stations over "the displacement of live musicians".

It was said at Senator Clark's office today (Tuesday) that as yet no invitations had gone out to any of the witnesses to appear at the hearings but it was expected they would go forward soon.

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ENOUGH SETS IF PROPERLY DISTRIBUTED, SAYS FCC CHIEF

Asked if the Board of War Communications had been giving any serious consideration to the problem of maintaining receivers, and if there hasn't been a drop off in tubes, Chairman Fly replied:

"I don't think we have had a recent study of that problem although we did have a study within the past year, and at that time we found that we had enough receivers to meet the expected demand for a substantial time, and I think we had a comparable amount of replacement equipment. It is conceivable that some time in the very remote future we may come to the point where there is not enough material to repair the radios. However, there are enough radios to go around if properly distributed."

Question: "Is there a possibility that the FCC will permit some of those small stations to suspend operation?"

Answer: "That is a problem which has been posed and about which nothing definite has been done. I think we would want to consider other possibilities first. That is not a very wholesome result, and in many cases the very stations that would close down are the essential stations to give information to the people who would not otherwise get it."

Question: "Is the BWC or the FCC considering any alternative plans that will help these small stations that are likely to suspend?"

Answer: "You asked that a while ago, or that was asked by someone."

Question: "Well, you said at this point you had not yet made a decision about suspending the licenses. Can the station operator expect any relief?"

Answer: "I don't know. Of course it is a very serious question there which might be that he might apply to some of the fiscal agencies of the Government. I don't know."

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PALEY ASKING SALARY CUT ATTRACTS WIDE ATTENTION

Probably the first case involving such a large amount of money since the \$25,000 ceiling went into effect, the request of William S. Paley, President of the Columbia Broadcasting System, to reduce his salary \$122,000, caused wide comment.

Columbia stockholders will meet in special session on December 16 to consider Mr. Paley's proposal to extend his contract for a year with the provision his salary be reduced from \$187,000 in 1942 to \$65,000 in 1943, with no additional compensation based on profits.

It is also proposed that the salary contract of Edwin Klauber, Chairman of the Board, be amended to reduce his salary from \$50,000 to \$25,000, and to establish a retirement pension of \$15,000 effective after his sixtieth birthday in 1947.

Stockholder also will be asked to approve the introduction of a pension plan for the Columbia System. The plan, embodying certain contingent death-benefit features, will apply to all officers and employees earning over \$3,000 a year. The estimated cost of the first year for the pension plan set-up will be \$280,000 before taxes and will increase by approximately \$16,000 annually for the next five years. The pension plan provides for the retirement of employees at the age of 60.

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MRS. ROOSEVELT TO REPORT TO FARM WOMEN OVER BLUE NET

NBC was first under the wire with a broadcast of Mrs. Roosevelt following her trip to England, Mrs. Roosevelt will next talk over the Blue Network at 12:30 o'clock noon Wednesday, November 25 to farm women of the country on the Farm and Home. Mrs. Roosevelt said that she had been requested by Elmer Davis of OWI to make two additional broadcasts and two recordings. It was assumed the broadcasts would be for CBS and Mutual and the recordings for international short-wave.

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CHARGES AFRICAN RADIO NEWS WITH BEING WEEK LATE

Those who are inclined to think of radio first in the field of war reporting must have been chagrined, says the Editor and Publisher, when the first broadcasts direct from the radio correspondents with American forces in North Africa "came trailing through the ether nearly a week behind the first stories filed by war correspondents representing U. S. news services.

"The first direct report from a radio reporter accompanying the invaders came through at 6:45 P.M. Saturday, November 14. That was exactly six days, twenty-one hours and forty-five minutes after Stephen Early broke the momentous news at a special White House Press conference at 9 P.M. the previous Saturday. The second radio reporter spoke at 7 P.M., November 14.

"Radio's margin short of a week's delay in clearing its own reporters' broadcasts - two and a quarter hours - is approximately the time in which the first dispatches from press association correspondents were cleared from North Africa the same night the attack was launched. Scores of dispatches from the accredited representatives of the newspapers were received before radio could arrange the first direct hook-ups.

"The newspaper correspondents' stories were delayed too, some as much as three or four days. All dispatches, from press and radiomen, were held up by official traffic over available transmission lines, but in the main the newspaper stories were cleared with reasonable rapidity.

"Radio has been proud of its instantaneous on-the-scene reporting. It has performed admirably in various world capitals where radio facilities are immediately available. But the day has not yet come when its reporters can accompany combat forces and hope to match or outshine the performance of the newspaper correspondents where fighting is in progress. Until that time, radio must rely principally upon the dispatches of press associations made available to it, and hope that it can overcome the technical difficulties standing in the way of on-the-spot reporting of news."

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RADIO DEFENSE NET NEARS COMPLETION IN MARYLAND

Thomas F. McNulty, Director of the War Emergency Radio Service of the Maryland Council of Defense, said in Baltimore that the emergency network of radio amateurs on the Eastern Shore of Maryland was nearing completion. Mr. McNulty said the district had been divided into two "radio areas" of four counties each. Worcester, Dorchester, Somerset and Wicomico Counties formed one area with Talbot, Caroline, Queen Anne and Ken Counties making up the second.

The radio license for the first area has already been applied for, and the Federal Communications Commission is to be asked to grant a license for the second area, he added.

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FCC RECEIVES COMPLAINTS ON COMMENTATOR CAL TINNEY

It was made known at the Federal Communications Commission that complaints had been received about Cal Tinney, a Mutual commentator. In connection with this, Chairman Fly said:

"We had some complaints some time ago on some of Mr. Tinney's broadcasts. Frankly, though, what the score is I don't know. I think we sent them out and requested the station to forward the records to the people who complained. I think some statements came in from a couple of Congressmen and we asked the originating station to cooperate in sending a copy of the script, which was done.

"Former Magistrate Goldstein sent a letter down from New York which has not been answered. It is in the Legal Department now. It came in just a day or so ago - Friday, I think it was.

"We will look into that and there being a serious complaint undoubtedly we will get the script and look it over. But, of course, you realize that we don't have authority to say whom the broadcaster may put on the air and whom it may take off, and we have very little to say about what any individual on the air may say. Our jurisdiction is very limited. It really boils down to a review of the conduct of the licensee over the long stretch and after the event - that is in terms of a general review of the whole conduct of the station. So you can understand the limitations with which we would approach any problem of that general character."

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SWEDEN'S TELEPHONES CONVEY AIR-RAID WARNINGS

Described as better than sirens and capable of being used when broadcasting stations are closed down, an effective system of transmitting air-raid warnings by telephone has been developed in Sweden. Telephone exchanges in 25 cities and towns can now convey the signals, and equipment is being installed in other exchanges as rapidly as it can be obtained.

Shortly after the outbreak of the war in 1939, the Swedish Government began to study methods of air-raid precaution and to test various types of warning devices. It was soon found that sirens and other outdoor alarms were not loud enough to waken people at night, particularly during the winter when double doors and windows were customarily closed.

When an alarm is to be sounded, all regular telephone service to subscribers is interrupted by relays which open the negative battery supply. As negative battery supply is necessary to operate or continue to maintain a connection, no use can be made of telephones until the alarm has been transmitted.

Mechanical and electrical details limit the number of telephones that can be rung simultaneously to 1,000. After each set of 1,000 telephones has been rung, it is held "dead" until all have been reached. At the end of 1940, there were 889,883 telephones in Sweden, serving approximately 1,850,000 households and a total population of 6,370,538.

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::: TRADE NOTES :::
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The War Shipping Administration has notified ship owners and operators that the Government's merchant marine policy recognizes advertising expenditures as reasonable and justifiable overhead expenses to keep trade names and line services before the public.

James W. Hurlbut, Marine Corps combat correspondent now serving on Guadalcanal Island, was promoted recently to the rank of a Technical Sergeant on recommendation of Brig. Gen. Robert L. Denig, Director of the Marine Corps Division of Public Relations. Mr. Hurlbut founded the News Bureau of WJSV in Washington. He was also a reporter for the Chicago Tribune, the Chicago News and the Leatherneck Magazine, a Marine Corps publication.

"Best Broadcasts of 1940-41", selected by Max Wylie is just off the presses of Whittlesey House, McGraw-Hill in New York, price \$3.

New radio-receiver licenses issued in Australia in July, 1942, numbered 15,812, and renewals 151,015. There were 10,614 cancellations during the month. The grand total of licenses in effect on July 31, 1942, was 1,325,271, compared with 1,298,769 on the corresponding date in 1941.

Among the honorary pallbearers at the funeral of Lieut. Gen. John J. LeJeune, former Commandant of the Marine Corps, at Arlington last Monday, were Lieut. Gen. James G. Harbord, U.S.A. (Ret.) and Frank Mason, Special Assistant to the Secretary of the Navy. General Harbord, now Chairman of the Board of the Radio Corporation of America, commanded the Marine Brigade at Chateau Thierry. Mr. Mason, formerly Vice-President of NBC, was likewise with the A.E.F. in France in World War I.

President Roosevelt's address last week at the New York Herald Tribune Forum on Current Problems was heard by a radio audience of 36,350,000 people, according to a survey made by C. E. Hooper, Inc., research firm, and released by the Columbia Broadcasting System. The Hooper rating for the Chief Executive's address was 48.0.

Members of the United States Armed Forces and persons sending money to them will receive a 50 per cent reduction in domestic telegraph money order rates effective December 1st, it was announced last week by the Federal Communications Commission. The Commission suggested consideration of such action by the Western Union Telegraph Company and the Postal Telegraph-Cable Co. in line with the reduction by the telegraph companies on July 23rd of cabled mail order rates to the Expeditionary Forces.

Television Today is a secret weapon of war, says Richard W. Hubbell, of CBS Television News Department, author of the recently published "4,000 Years of Television". During maneuvers, he stated in a recent broadcast, observation posts were set up in the "front lines" - and officers at headquarters saw everything that was happening - while it happened.