

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

~~NATIONAL BROADCASTING COMPANY, INC.~~

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December 8, 1942

DEDUCTION OF U.S. TIME WOULD BE BREAK TO STATIONS

Numerous questions were asked of Chairman James L. Fly, of the Federal Communications Commission Monday in connection with an amendment to the tax law which the Bureau of Internal Revenue is said to be drawing up whereby broadcasting stations may deduct as business expenses the time which they devote to war bond sales and various Government announcements. The first query was: "If broadcasting time could be deducted at regular station rates and if talent costs could also be deducted, wouldn't that be a pretty fair break for the stations?"

Mr. Fly replied: "I should think it would be a break for the stations. I don't want to be taken as advocating any position on the revenue measures. That's a matter for the Bureau and Treasury rather than for me. Suffice it to say that I think it is a serious problem - I don't say whether we are going to keep these stations on the air, but as to how. I am thinking in particular of the smaller stations and particularly the stations in the small cities where they are dependent upon local radio business which is drying up to a great extent and where they fail to get the institutional advertising that is still predominant in network and large city broadcasting business.

"It just happens that many of those stations are the most essential stations because they are the only means that the Government has of reaching the people in those communities, to say at least, the most adequate means the Government has of reaching those people, and to a certain extent the only means, and in most of the cases, at least the only radio stations which can be relied upon to reach the people and in turn the people of those communities are mightily dependent upon those stations and I should think that some way ought to be worked out to enable those stations to stay on the air and perform that very essential service to the people and the Government. I have no assurance as to how it should be done, whether by loan or by the payment of programs and through tax measures if that be possible - I don't know.

Q. "You mean payment for Government programs?"

A. "Yes, that might be one possibility. I don't know. Of course loans are possible but I am reluctant to see the Government get any sort of stake in private broadcasting. I should think if it could be handled on some other basis it would be better, but I do think serious attention must be given to that problem promptly."

Q. "This tax relief mentioned - I don't believe it would benefit the stations that are not making a lot of money."

- A. "I am fearful that a tax measure would not be comprehensive enough to take care of the major problem."
- Q. "What about the question as to too many stations in the larger cities?"
- A. "What question?"
- Q. "It is considered likely that certain number of small stations in rural areas are needed for the maintenance of adequate service in the transmission of Government measures - conversely, is the Commission studying a plan in any way to possibly take personnel or suggest the shifting of personnel from some of the larger stations to those smaller stations?"
- A. "No, the Commission has not considered it. Of course, the cluster of those stations is largely a result of economic factors rather than factors having to do with public need. But the same economic factors are apt to keep them on the air when the stations in the smaller towns are in danger and of course there is no way to transfer those facilities and no way to transfer that business to the smaller areas. The only effect of closing those down would be perhaps the indirect effect of making some additional manpower available."
- Q. "Suppose there were a move for the Government to pay for radio time. Would that be to all stations?"
- A. "I don't know. I am not putting on the programs and I am not paying for them. I don't know how that would be done. Of course the important interest involved is to keep those smaller stations on the air."
- Q. "When you say smaller stations - do you mean small stations in the larger cities, say a city which may have the four networks and a few independent stations?"
- A. "Not especially. I am thinking really in terms of smaller towns and the most pressing problem comes in the smaller town pretty well isolated which has one radio station. I would not limit this consideration to that class but it is acute from the standpoint of public need and from the standpoint of Government need."

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John Haskell MacDonald, financial officer of the National Broadcasting Company, was elected a Vice-President last week. Mr. MacDonald, who is 46, was successively associated with the McGraw-Hill Publishing Company, A. I. Namm & Sons and Walker & Heisler, Inc.

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BLUE NET LANDS BOSTON SYMPHONY AT REPORTED \$100,000

Following the Boston Symphony Orchestra's signing on the dotted line with James C. Petrillo, President of the American Federation of Musicians, which allows this orchestra to return to the air, comes the word that the Blue network has signed a contract with the Boston Symphony for 46 Saturday night concerts beginning December 26th.

Nothing official was forthcoming but the amount involved was reported to be \$100,000. It is also said that RCA-Victor is lined up for making Boston Symphony records when Mr. Petrillo raises the ban on making records.

In the latter connection, Petrillo is scheduled to appear at the Senate Interstate Commerce subcommittee hearing Tuesday, January 12th, as the first witness in the A.F.M's restriction on broadcasting records.

Senator D. Worth Clark (D.), of Montana, Chairman of the subcommittee, who announced the summoning of Mr. Petrillo, declared the committee will make a "full dress" investigation into the entire music performance situation.

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COMMUNICATIONS MONOPOLY WOULD BE 100% AMERICAN

When asked about a newspaper story about the International Telephone and Telegraph Corp. in connection with the legislative proposal to permit international consolidation of radio, cable and telegraph communications, Chairman James L. Fly, of the Federal Communications Commission said that it had mistaken unusual assumptions. The story said if the sponsors of the bill succeeded in expediting it, the opponents "are expected to call for a public airing of I. T. & T.'s alleged controlling interest in the communications systems of the Axis and occupied countries".

"For example, the newspaper story seemingly assumes that in some way we would take foreign interests into our American communications monopoly", Mr. Fly declared. "That is quite contrary to the fact. One of the purposes of our recommending an international telegraph monopoly is to get one that will be 100 percent American owned, and which will in its own power be able to meet foreign monopolies and strong interests including governmental interests on an equal basis and to do business with them without the handicap with which they have heretofore been burdened. And any suggestion that the effort to merge American international communications facilities into a single monopoly involves foreigners, that is, a foreign citizen and even involves foreign properties, is far from the fact. We are moving directly away from that problem. I think it very unfortunate, too, that there is any suggestion that the House Committee was endeavoring to put across a coop. This is

something that has been under consideration for a very long time - something which all the companies have recommended - something which the Commission has recommended - the principle of which BWC has recommended - most of the Government departments have recommended, and certainly there is no secret in the fact that legislative bodies have over long periods of time given extensive consideration to that problem.

"We worked intensively to get that done and I openly have spoken in favor of the American monopoly and on American international telegraph facilities for almost ever since I have been here. I mentioned it even in my speech in Detroit a few days ago. I think the reason the House Committee recommended it was that the more they studied the problem the more they found such a monopoly was inevitable if the United States is to survive as a factor in world communications, and if we are to have an orderly and successful merger of the domestic telegraph. You see the domestic carriers have various international connections - international properties, and it is not going to be feasible to have a domestic monopoly with that domestic monopoly having particular international properties or being interested in certain international properties derived from one of the constituent domestic companies, while other international companies are left outstanding with only their international facilities. If such were the development it can be readily seen that the company that owned the international facilities would be in danger of its existence due to the diversion of all the business to the domestic monopoly which has incidentally international facilities. The thing we aim to do is to have a completely independent domestic monopoly on one hand and completely independent monopoly of American international communications facilities on the other. Any one who is familiar with the field of international communications knows how very essential such a monopoly is. Now I might say it is becoming more and more essential every day. It will become more essential in the future. The surprise is that we haven't accomplished this before.

"Now the question as to the ramifications of the I. T. & T., that's quite a different problem. That's not something that we have to do something about at this juncture. In other words, that is not a problem that is involved in the question of whether or not we will have a monopoly of American international facilities."

"All of those Axis I. T. & T. are manufacturing facilities. I think the story is misleading on that point too", someone interjected.

"I. T. & T. has had substantial foreign operation in South America, and the Axis, and extensive system in Rumania and Spain", Mr. Fly concluded. "They sold out in Rumania just on the eve of Hitler's entry, but of course it is a mistaken assumption to think that we are considering taking in foreign citizens or anyone other than Americans into American monopolies or that we are considering taking Spanish telephone system into monopoly. We don't want it."

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WINCHELL MAKES DRAMATIC EXIT "ON ACTIVE DUTY"

With considerable beating of the tom-toms for one about to undertake "a confidential mission", the news came that Walter Winchell, Lieutenant Commander in the Naval Reserve, problem child and defender of the New Deal, would temporarily relinquish his Sunday night broadcast having been called to active duty by the Navy. The first rumor came that Mrs. Roosevelt might be one of those who would pinch-hit for Mr. Winchell on the air, but it later developed that three other broadcasters (each taking 5 minutes of the 15 minute period) would take Winchell's place. Making their first appearance last Sunday night they were Baukhage, John Gunther and Robert St. John. Jack Lait is writing Winchell's newspaper column.

It was said that Mr. Winchell was last seen flying in the direction of South America and expected to be back in about 6 weeks.

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CALLS IT "HITLER'S SHORT-WAVE RUMOR FACTORY"

An article in the Saturday Evening Post entitled "Hitler's Short-Wave Rumor Factory" states:

"All over the United States today there are preposterous tales and rumors such as the following: The British have no rationing and are joy-riding throughout England on American tires and gasoline. The Red Cross doesn't really need your blood, because animal blood will do just as well. We have promised to feed Russia and England even if our own babies starve. Roosevelt and Morgenthau never intend to pay off War Bonds and Stamps. Jewish doctors are mixing Negro and white blood in their blood banks.

"If you have heard any of these rumors, it might be interesting to try to remember who told them to you. Then, as a matter of intellectual curiosity, you might try to trace them back to their source. If you succeed, you will find that every one of these rumors - every one a fake - was planted here by a German, Japanese, or Italian short-wave-radio broadcast.

"To understand how this was done, it is necessary to examine the pattern of the Axis shortwave propaganda beamed to this country. It falls broadly into three classifications:

"1. Distorted news summaries and frankly persuasive talks by renegade Americans and others. This is standard-type propaganda.

"2. Code messages to Axis spies and saboteurs in this country. These are concealed in programs which on the surface seem

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merely extraordinary inept propaganda. If the program - often in the form of a skit - sounds especially silly, and if the speaker or characters frequently mention figures, it is a pretty safe bet it contains code messages.

"3. Instructions to Axis sympathizers on what rumors to plant here. These programs are often in the form of dialogues, in which one speaker tells another 'what the censorship hides'. Frequently, too, they are breezy talks which purport to give the inside dope by means of news flashes, discussions and arguments.

"This last type of propaganda is not aimed at the average American listener. The Axis propaganda chiefs evidently are aware that too few Americans listen to their broadcasts, and that most of these would neither believe nor repeat tales they heard directly from the Axis. The technique therefore is designed so that you will hear the story from your neighbor, your cousin, your aunt or your friend - people you know and trust. Here is how that is done:

"The secret Axis sympathizer knows that these broadcasts are for his instruction; that the nasty tales told on them are the rumors he is to spread. He drops them, one at a time, perhaps half jokingly so as to allay suspicion, in a factory rest room, a swank club, a barroom, a lodge meeting or a neighborhood store. His wife does the same in the beauty parlor, the bakery, the drugstore. A bystander is pretty certain to repeat it to a friend as a joke or a piece of gossip. By the time it has gone through a half dozen mouths, it no longer sounds like a jest. From there on, it travels fast and is sometimes believed, because by this time it is being spread by people who cannot be suspected of treason and have no idea they are doing exactly what the Axis planned."

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ATLANTA PAPER STARTS RADIO PROGRAM

A program of news and commentaries has been inaugurated by the Atlanta Journal over Station WSB with the paper's outstanding editors, editorial writers and columnists occupying the same radio spot at 6:45 P.M. six nights a week.

According to the program plan, each Journal personality will be presented on the same evening each week with no restrictions placed on the comments to be made, although the day's news will be the basis for each broadcast, each editor and writer will present his own interpretation of the news, the background of the news and his personal opinion.

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DEFENDS WJW BLUE NET CLEVELAND TRANSFER

The transfer of WJW, Akron to 13 miles closer to Cleveland, thus giving that city a Blue Network station, which heretofore has not been possible, is justified, according to James L. Fly, Chairman of the Federal Communications Commission. Likewise he maintained that it was no departure from the freeze order.

"In the first place", said the Chairman, it is simply a modification of an outstanding permit to allow some changes in the structure, particularly moving the structure nearer to Cleveland - it's about 13 miles nearer. That is in order to give us a better coverage of Cleveland, and the station will use the same materials that it was planning to use in the structure which it was earlier authorized. I might add the Cleveland situation is one which everybody in the industry and everybody in the Commission has long felt ought to be alleviated. Cleveland is the sixth most populous area and sixth most important market in the country and the only city anywhere near its size that doesn't have adequate radio service, and in particular we haven't had the outlets for all of the national networks. It has long been contemplated that the first opportunity the Commission got to give Cleveland adequate service it would do that. I don't think it is an exception to any of the rules but I think the circumstances would justify an exception there, in any case would consider this quite essential from the standpoint of Cleveland and national broadcasting to Cleveland in having adequate stations.

"Maybe a few dollars of this or that in critical materials are involved but compensating materials will be turned back - the materials question is not a material one here. Of course we have never taken that alone as a basis for making a grant and the reason that this grant is of significance is for the very reason I am giving that it's something we wanted to do through the years and particularly is one of the things we have had in mind during the past year."

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ELECTION STATION COMPLAINT STILL NOT REPORTED ON

Although the complaint was made before election against Station WMUR at Manchester, "The Radio Voice of New Hampshire" by Senator Styles Bridges, (R.), of being politically impartial, a report on the matter has not yet been made by the Federal Communications Commission. The station is owned by former Governor Francis P. Murphy who was defeated by Senator Bridges in the last election. Governor Murphy was a Republican but shifted over to the Democratic party in his effort to defeat Senator Bridges.

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WLW ADDS U.P. THUS HAVING ALL MAJOR WIRES

Addition of United Press dispatches to the already extensive news facilities of the WLW newsrooms has been announced by James D. Shouse, Vice-President of the Crosley Corporation, in charge of broadcasting.

Thus the WLW news department claims to be the first in the Middle West to be served by all the major American news services - Associated Press and World Wide, United Press and International News Service. It also is believed to be the only radio operation in America which receives the dispatches of Reuters, the noted European news service.

In addition, WLW also has the state news wires of the Associated Press for Ohio coverage, and operates its own local news wire, cooperating with the Cincinnati Enquirer in the coverage of Cincinnati news.

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FM TO CARRY MC COSKER-HERSHFIELD FOUNDATION DINNER

The annual dinner of the McCosker-Hershfield Cardiac Foundation will be broadcast from the Plaza Hotel over W71NY, WOR's FM station, Saturday (December 12) from 10 P.M. to conclusion.

Former Mayor James J. Walker will be the main speaker, and Harry Hershfield will act as toastmaster. Mr. Walker will be introduced by Alfred J. McCosker, co-founder of the Foundation and President of WOR.

The New York Times last Sunday had a photograph of the beautiful residence which has been acquired by the Foundation at Hillburn, N. Y., where administering convalescent care, medical attention and occupational rehabilitation will be given.

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Kay Kyser, band leader and movie comedian, has been denied an appeal from his 1-A Selective Service classification, an authoritative source said in Raleigh, N. C., according to an Associated Press dispatch. Mr. Kyser registered in his home town of Rocky Mount, N. C. The source, who declined to be named, said that Kyser appealed on occupational grounds and it was shown that he had been entertaining members of the armed forces over the Nation.

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BELIEVES WAR EXPANSION WILL BRING GREAT RADIO FUTURE

Commenting upon the tremendous expansion of the radio industry brought about by the war, James H. McGraw, Jr., of the McGraw Hill Company, stated:

"In its October progress report on American industry, the War Production Board points out that the radio business is five times greater than a year ago. From 20 million dollars a month last Fall, it has increased to well over 100 million dollars a month. Unfilled war orders are in excess of 4 billion dollars.

"After the war broadcasting will be infinitely more satisfactory; radio receivers will perform with a new fidelity which will amaze us. Television reception will be as flawless as the motion picture. Present secret war developments will readily be convertible to peace-time devices that will improve our standard of living.

"No longer will ships collide with other ships, with icebergs or the shore. No longer will trains collide and aircraft crash in flight.

"Garage doors will open as we approach and automatically close themselves. Electric lights will automatically go on and off according to our wants and needs. Furnaces and boilers will be controlled and smokestacks will cease to belch wasteful smoke. Air will be made dust free and germ free. Food contamination will be checked, meat made tender.

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G.E. TELLS ABOUT LOCATING ENEMY RADIOS

Radio offers instant communication overseas, and the operation of enemy transmitters within our borders is a danger to which our Government is always alert, says a General Electric bulletin:

"When an outlaw station broadcasting in any language is heard by Government listeners (they comb the airwaves 24 hours a day), radio locators, using electronic tubes, take up the trail of the offender. Mile by mile, block by block and house by house, they track down the outlaw radio signals until, like pointing fingers, they indicate the exact spot from which the illegal broadcasts originate. Though outlaw antennas may be hidden in trees, or between the walls, or floors of houses, they are detected as easily by these electronic devices as stations in the open.

"This is but one of the many ways which electronic tubes, based on early developments of Dr. Irving Langmuir of General Electric, serve to protect our nation's safety."

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PUBLIC ASKED TO REJECT STORIES NOT ON RADIO OR IN PRESS

The Office of War Information has advised the public to refuse to believe or repeat sensational stories if they have not been verified and carried by press or radio.

"The press and radio are fighting rumors - not by the endless process of denying each rumor, but by blanketing the rumors with authoritative information", OWI counselled.

"Every American can help to win this war by refusing to believe or repeat sensational stories which are not carried in the newspapers or over the radio. The Office of War Information endeavors to give the public full and accurate information about this war, within the essential restrictions of military security, in the conviction that it is honest news and complete information which make it harder for rumors and irresponsible gossip to take root."

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COLONEL HOBBY HAS ONLY ONE UNIFORM TO HER NAME

Drew Pearson tells this in "The Washington Merry-Go-Round":

"Photographers were called to a radio studio the other day to take shots of Col. Oveta Culp Hobby, Commander of the WAACS, broadcasting a call for the enlistment of more women in the Army.

"But much to their surprise, they found Col. Hobby sitting before the microphone clad in a soft, feminine dress, not a touch of the military about it.

"Oh, please don't take my picture", she said. "The Army wouldn't like it."

"You see," she explained. "I have only one uniform and I sent it to the cleaners. And I don't think the Army would like to have pictures taken of me in this dress."

"A photographer remarked that she looked much prettier as she was - and she did. However, Colonel Hobby suggested that after her uniform came back from the cleaner, she would come to the studio again and pose before the microphone. This was agreed."

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Farnsworth Television and Radio Corporation - Six months to Oct. 31: Net profit after all charges including estimated accrued taxes and reserve for post-war contingencies \$779,022, compared with \$205,944 for similar period a year ago.

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PERLES NEW ASSISTANT CBS PUBLICITY DIRECTOR

Arthur Perles has been appointed Assistant Director of CBS Publicity, George Crandall, Director of Publicity, has announced.

Mr. Perles was formerly in charge of CBS shortwave publicity. He joined CBS four years ago as publicity copy editor after 15 years in the newspaper and magazine editorial fields. He was reporter, feature writer and copy reader on the New York Journal-American, Daily News and other metropolitan papers. In 1936, he traveled extensively on writing assignments through Italy, Egypt, Palestine, France and England.

He served the Government as Assistant United States Commissioner for Public Relations involving Federal participation in the New York World's Fair. Prior to this, he directed publicity for the Lambert Trophy, National A.A.U. ski championships and other events and projects.

He was assigned in July, 1941, to direct publicity here and abroad for all CBS shortwave activities, including its new Latin American network (Cadena de las Americas).

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THROCKMORTON, NEW RCA DIRECTOR; DIVIDENDS DECLARED

David Sarnoff announced that at the meeting of the Board of Directors, George K. Throckmorton, Chairman of the Executive Committee of the RCA Manufacturing Company, Inc., was elected a Director of the Radio Corporation of America.

Following the Board meeting, Mr. Sarnoff announced that the following dividends had been declared:

On the outstanding shares of First Preferred stock 87½ cents per share, for the period from October 1, 1942, to December 31, 1942, payable in cash on January 1, 1943, to the holders of record of such stock at the close of business December 14, 1942.

On the outstanding shares of "B" Preferred stock, \$1.25 per share, for the period from October 1, 1942, to December 31, 1942, payable in cash on January 1, 1943, to the holders of record of such stock at the close of business December 14, 1942.

On the outstanding shares of Common stock, 20 cents per share, payable in cash on January 27, 1943, to the holders of record of such stock at the close of business December 18, 1942.

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