

# HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

NATIONAL BROADCASTING COMPANY  
GENERAL LIBRARY  
DEC 18 1942  
30 ROCKEFELLER PLAZA, NEW YORK, N. Y.  
FRANK E. MULLER

## INDEX TO ISSUE OF DECEMBER 18, 1942

President's Powers Clipped In Communications Act.....	1
\$1,250,000 Yankee Net Sale Now Up To FCC.....	2
Michelson Discusses Newspaper Vs. Radio Propaganda.....	3
Boston Foreign Language Station Up For Hearing.....	4
Byrd Hits \$6,000,000 Stevens Hotel Purchase.....	4
A. T. & T. Long Lines Hearings Adjourn To Jan. 20.....	5
Co-ops And Broadcasters Iron Out Differences.....	6
Petrillo Not Affected By Lopping Off Senate Probes.....	7
Denies FDR Jumped The Gun With French Speech.....	7
Rules Precautions Protect Station From Slander.....	8
Paley's Salary Cut Request Granted.....	8
New York Newspaper Strike Plays Into Radio's Hands.....	9
WMAL Chief Engineer Found Dead.....	10
ASCAP Passes New Classification Amendment.....	11
Calls Electronics Miracle.....	11

No. 1489

## PRESIDENT'S POWERS CLIPPED IN COMMUNICATIONS ACT

Acting at the urgent request of the Navy, the Senate, although refusing to consider much other legislation in the rush before adjournment last Wednesday, passed the House Bill (7370) to authorize during the war suspension of certain provisions of the Communications Act. Not, however, before making several amendments, one of which was to restrict certain blanket wartime authority given to the President.

Presenting the matter to the Senate, Chairman Burton K. Wheeler, of Montana, of the Interstate Commerce Committee said:

"The Navy is very anxious to have the bill passed. The House has passed the bill. It came to the Senate and was referred to the Committee on Interstate Commerce and was amended in that committee. The bill provides for relaxing some of the safety provisions contained in rules and regulations governing radio. These provisions are considered absolutely necessary in time of peace, but in time of war the Navy Department feels that if it were to permit the continuation of certain practices, and could not change them by rules and regulations, it would result in giving to the enemy information which the Department does not want the enemy to have."

"I wish to request the able Senator from Maine (Mr. White) to make a brief statement concerning the bill", Senator McNary, of Oregon, Republican leader, interjected. "He has given particular consideration to the matter."

"I shall be glad to have the Senator from Maine make a statement. I may add that when the bill came to the Interstate Commerce Committee, the Senator from Maine, in consultation with officials of the Navy Department, worked out the provisions now contained in it", Senator Wheeler replied. "I may say that the safety provisions were originally written into the law almost entirely by the distinguished senior Senator from Maine."

"I am glad to say a brief word of concurrence in all that the Senator from Montana has said, except as to my responsibility for the original provisions of law", Senator White responded. "The Senator has been most kind in his references to me. The bill as it came from the House was very general in its terms. It constituted a blanket authority to the President, or to whoever the President might name, to modify, or to waive, or to suspend provisions which have been written into our law designed to make for the safety of the personnel upon our ships, so far as radio communication might affect those matters. We in the committee felt it highly desirable that, instead of this general authority, there

should be particular authority, and above all else we felt that the respects in which the provisions of law might be modified or suspended or amended should be set out in the committee amendment, and that is done.

"I myself feel that it is highly necessary that the proposed legislation be passed. I should hate to take the responsibility for what might result from withholding of this authority from the Navy at this time."

Accordingly the bill was read the third time and passed.

X X X X X X X X

### \$1,250,000 YANKEE NET SALE NOW UP TO FCC

The final step in the sale of the New England Yankee and Colonial Networks to the General Tire and Rubber Company of Akron, will be the formal approval by the Federal Communications Commission. It was said at the Commission that the application for transfer of the network would be acted on at an early date but that though there might be some discussion of the matter, it was believed the transaction would receive the Commission's O.K.

It is the largest sale of its kind ever to come before the FCC. The purchase price paid to John Shepard III, President of the Yankee Network, was \$1,250,000 plus net quick assets. Of the consideration \$950,000 is to be paid "down on the barrel" and the balance spread over 5 years at 2% interest. The quick assets are expected to yield somewhere around \$100,000. Mr. Shepard has been retained to operate the network.

The purchase, William O'Neil, President of the General Tire and Rubber Company, said, was the first step in the company's post-war expansion. Through the network, he said, the company will tell the people of New England of the advances made in synthetic rubber and continue its news and entertainment features.

"The post-war America is going to be an entirely new America", he stated, "with increased manufacturing capacity and facilities and entirely changed methods of merchandizing and advertising."

Mr. Shepard said that the "one and only reason for the proposed sale of the Yankee network and the Colonial Network was future inheritance tax problems".

His father, John Shepard, Jr., who is now the owner of the networks and of the Shepard stores in Providence, will be 86 years old on January 2nd, Mr. Shepard said, and a decision had been reached that it was desirable at this time for the estate to have a substantial amount of cash, partly to meet inheritance taxes in the future.



The Yankee and Colonial Networks' 21 stations are WNAC, Boston; WEAN, Providence, R. I.; WICC, Bridgeport, Conn.; WAAB, Worcester, Mass.; WOSH, Portland, Me.; WLLH, Lowell, Mass.; WHAR, Fall River, Mass.; WLBZ, Bangor, Me.; WTHT, Hartford, Conn.; WATR, Waterbury, Conn.; WFEA, Manchester, N. H.; WNBH, New Bedford, Mass.; WBRK, Pittsfield, Mass.; WHYN, Holyoke, Mass.; WNLC, New London, Conn.; WEIM, Fitchburg, Mass.; WLNH, Laconia, N. H.; WRDC, Augusta, Me.; WCOU, Lewiston, Me.; WHAI, Greenfield, Mass., and WHYB, Rutland, Vt.

X X X X X X X X

## MICHELSON DISCUSSES NEWSPAPER VS. RADIO PROPAGANDA

Charles Michelson, former New York World chief correspondent in Washington, who resigned last week after 10 years as Publicity Director of the Democratic National Committee, declared there was no Government plot to infringe on the freedom of the press. In discussing his past experiences, Mr. Michelson wrote:

"A question often put to me is as to the relative value as propaganda vehicles of the newspapers and the radio. That question cannot be answered in a word. If a speech is important enough, either because of its substance or the identity of the speaker, we can be sure that many newspapers will pick it up. If I had to choose one or the other vehicles my inclination would be for the press, always assuming that, regardless of the political policies of the publications, the hypothetical speech would be carried fully, for the people retain better what they read than what they hear. That assumption, however, is rather far fetched.

"Because the bulk of the press has been against the Democrats in recent elections, we had to depend on the radio to meet their barrage. It costs the Democratic Committee about half a million dollars for a radio campaign in national elections but the results have justified such expenditure. Had we been able to match the newspaper attacks by counter propaganda over the air in the recent election, I feel certain that the party in power would have fared better, but all I could spend in the recent Congressional elections was hardly more than one percent of what we used two years earlier. That paid for a single coast-to-coast broadcast, omitting many key points that should have been covered - if we could have paid the price.

"This political episode indicates that while the press has forfeited considerable prestige in the public mind, it is by no means devoid of influence, and I believe the lost prestige can be reclaimed if the policy of coloring the news to fit the editorial policy is abandoned. Gradually the people can be led back to a back to a belief that they are getting the truth. Those journals, for example, that print the political news without interjecting sneers or drawing discrediting inferences in their reports of political happenings still have the confidence of their readers - even those who are of opposite political faiths from the publication.

X X X X X X X X X X



## BOSTON FOREIGN LANGUAGE STATION UP FOR HEARING

The Federal Communications Commission announced Wednesday that it had designated for hearing an application of the Massachusetts Broadcasting Corp. for the renewal of license of Station WCOP, Boston, Mass. The station is one of several foreign language stations controlled by Arde Bulova. The bill of particulars states that the hearing has been set to determine the manner in which the application has heretofore operated Station WCOP, particularly with respect to foreign language programs. Testimony at the hearing will concern methods of selecting and investigating personnel, qualifications of personnel, sale of time, and supervision of programs. Following examination of the foregoing issues the Commission will determine whether continued operation of Station WCOP by the present operator would serve public interest.

The Commission has investigated Franco Gallucci, one of WCOP's announcers and its chief Italian program time-broker, who was president for many years of the Massachusetts Federation of Dopolavero, a Fascist front organization, and Ubaldo Guidi, another announcer. Guidi had close contact with the Italian Consulate at Boston and was widely known throughout New England as an organizer of a Fascist group. Guidi has been arrested by the FBI and has been interned since the attack on Pearl Harbor.

Italian broadcasting on the station has begun at the direction of the late Luigi Fiato, who was Executive Secretary of the Boston Fascio of the Fascist League of North America.

X X X X X X X X X X

## BYRD HITS \$6,000,000 STEVENS HOTEL PURCHASE

In a letter to Secretary of War Stimson, Senator Byrd, Democrat, of Virginia, sharply questioned the wisdom of purchasing the Hotel Stevens in Chicago used in part as a training school for radio technicians. The Senator for the first time mentioned the purchase price, which had been omitted from the Army press release.

Senator Byrd wrote to Senator Stimson, in part:

"My attention has been called to the fact that the War Department has purchased the Stevens Hotel in Chicago at a cost of \$6,000,000.

"For years this hotel has been in financial difficulty, and the president of the hotel corporation has announced that the purchase price of \$6,000,000 is regarded as being very satisfactory by the security holders.

"What concerns me, however, is the disposition of property such as this after the war. Can it be the purpose of the War Department, or the Government itself, to engage in the hotel business

"My observation has been that the Federal Government has never operated successfully, from a financial standpoint, a single activity of this character. In the program of resettlement projects, vast losses have occurred, and even now the loss in the operation of these projects above the income is \$1,600,000 annually. The same condition will result after the war if the Government undertakes to operate hotels and similar activities.

"It is difficult, and indeed it is rare, for the Government to sell land and other property it purchases.

"It seems to me it would be far better to pay a rental for such properties, and you already have the power to commandeer properties of this nature on a rental basis rather than making direct purchase. \* \* \*

"I would thank you very much to give me an itemized statement of all purchases made by the War Department of hotels and buildings of similar character, giving the cost to the Government, the appraised value, and all other details."

X X X X X X X X

A. T. & T. LONG LINES HEARINGS ADJOURN TO JAN. 20

After a two-day curtain raiser, the investigation which the Federal Communications Commission started of the long-lines rates of the American Telephone and Telegraph Company, has been adjourned to Wednesday, January 20th. The sessions also marked what is probably the swan song of Price Administrator Leon Henderson, who resigned a few days later. Mr. Henderson petitioned for and was granted intervention in the proceedings, asserting that a reduction in long distance telephone rates would aid his price-control program. His petition called attention to the FCC order putting alleged earnings by A. T. & T. at 14.92 to 24.37 percent on its investment in telephone assets devoted to long line service and he said "reduction of prices where profits are excessive is an integral part of national policy of economic stabilization."

Just how enthusiastically Mr. Henderson's move will be followed up by his successor remains to be seen.

Harry A. Livermore of New York, chief statistician of the Long Lines Department received approximately 68 percent of the revenues from toll rates while associated companies got 29 percent and independent and foreign companies 3 percent. Mr. Livermore estimated that the Department's routes covered 50,000 miles in the United States, while associated companies' lines covered 172,000 miles.

Mr. M. R. Sullivan, operating Vice President of A. T. & T. testified consideration was being given to the need of revising the division of revenues.

X X X X X X X X

## CO-OPS AND BROADCASTERS IRON OUT DIFFERENCES

The Code Committee of the National Association of Broadcasters and officials of the Co-operative League of the U.S.A., after conferences in Washington on December 14 and 15, issued the following joint statement.

"We believe that the advertising of Co-operatives is and has been acceptable under the code when the programs offered are designed to sell goods, trademarks or services of Co-operatives.

"It is agreed that there is no objection to commercial copy incorporated in a program sponsored by a Co-operative enterprise which stated that (a) any person can make purchases at Co-operatives (b) membership in Co-operatives is open and voluntary (c) Co-operatives are owned by members, each of whom has one vote (d) profits or savings are returned to member-owners. However, in making such statements, no attack is to be made on any other business enterprise or system of distribution.

"The length of commercial copy and character of such program should conform to the provisions of the NAB code.

"Any discussion of the Co-operative movement as such or as an economic system is properly confined to sustaining time which may be given by stations or networks in accordance with the public interest."

Representing the Co-operative League of the U.S.A. at the conference were Murray D. Lincoln, President; E.R. Bowen, Executive Secretary; Wallace J. Campbell, Assistant Secretary; John Carson, Washington Representative, and Robert L. Smith, Educational Director of the Eastern Co-operative League. The Code Committee members in attendance were Earl J. Glade, Chairman, KSL, Salt Lake City; Grant Ashbacker, WYBX, Muskegon, Michigan; Jan Schimek, Columbia Broadcasting System, New York; Lee B. Wailes, KYW, Philadelphia; William S. Hedges, National Broadcasting Co., New York; Neville Miller, President, National Association of Broadcasters, and Russell P. Place, NAB counsel and Secretary of the Code Committee.

X X X X X X X X

"News for Mexico", a daily series of 10-minute Spanish newscasts provided for the exclusive use of Station XEW and its 41 affiliated stations in Mexico, are being transmitted daily over RCA Communications facilities. The Mexican outlets are affiliated with NBC's Pan American network.

X X X X X X X X



## PETRILLO NOT AFFECTED BY LOPPING OFF SENATE PROBES

The Petrillo hearing scheduled for Tuesday, January 12th, will not be affected by the Senate's sweeping order to terminate all authority for Senate Committee investigations heretofore conferred by Senate resolution by standing, select and special committees. The resolution covered 45 investigations, 29 by standing committees of the Senate and 16 by special groups but has no affect on the hearing with respect to the Petrillo investigation due to the fact that it doesn't go into effect until January 31, 1943.

If any of these committees of the Senate wish to continue the inquiries on which they have been engaged following that date, they must go to the Senate for authority as well as funds required. This applies to such groups as the Truman Committee dealing with the war effort, the Maloney Committee on oil and gasoline shortages and the LaFollette Committee on Civil Liberties.

The resolution was called up by Senator Lucas, Chairman of the Committee on Audit and Control of the Contingent Expenses of the Senate and was adopted without debate. Senator Lucas of Illinois explained later that he believed that the new Senate should have the entire say as to whether any or all of these inquiries should be continued.

Some of the inquiries were limited as to time in the resolutions authorizing them, but many were not. One of these investigations was ordered as long ago as 1928, and several went back to 1935 and 1936. The total sum authorized for their investigations by the Senate was \$1,303,000. There still remains unexpended \$248,171.27.

X X X X X X X X

## DENIES FDR JUMPED THE GUN WITH FRENCH SPEECH

Elmer Davis, Director of the Office of War Information, denied a story which has been going around Washington for sometime that the now famous recorded and rebroadcast shortwave speech of President Roosevelt in French had been put on the air before our soldiers had landed at Casablanca on November 8th, thus tipping off the Axis and messing things up in Africa.

The report circulating in Washington was that the presidential broadcast in French followed the landings at Algiers and Oran but preceded the landing at Casablanca, thus perhaps precipitating the stiff resistance there. Mr. Davis said that, to the best of his knowledge, the broadcast had followed the Casablanca landing as well as the others and he thought his information was sound.

There had been previous criticism of the broadcast, that the President's French was bad and that he had put the accent on words thus giving them a different meaning than had been intended.

X X X X X X X X

## RULES PRECAUTIONS PROTECT STATION FROM SLANDER

WMCA, in New York, last week won an important point in a slander suit growing out of a political broadcast. Justice Isador Wasservogel, in the New York Supreme Court, declared that a station could not be held liable for the extemporaneous defamatory remarks of a speaker, so long as the station's management has exercised "due care in the selection of the lessee of its facilities and in the inspection of the script". This finding was included in an order dismissing the efforts of the plaintiff, Dr. Emanuel M. Josephson, to have the defenses offered by WMCA thrown out of court.

The event that led to the suit occurred during the New York mayoralty campaign of 1941. Mayor Fiorello LaGuardia, in a speech at Madison Square Garden, which was broadcast by WMCA per rate card, assailed Dr. Josephson's reputation as an officeholder. Dr. Josephson, who was campaigning at the time for the Democratic candidacy for mayor, had at one time been a salaried member of the New York Board of Health.

"The fourth and fifth defenses", wrote Justice Wasservogel, 'plead qualified privileges under Section 315 of the Federal Communications Act. This section prohibits discrimination among qualified candidates for public office in the use of the facilities of a radio station and denies a right of censorship to the radio station. The person who uttered the defamatory matter was such a candidate. Since this statute creates certain obligations and limitations, it is proper that the owner of the radio station be given corresponding qualified privileges against liabilities for statements which it has no power to control.'

X X X X X X X X

## PALEY'S SALARY CUT REQUEST GRANTED

Stockholders of the Columbia Broadcasting System in New York last Wednesday approved the request of William S. Paley, the company president, that his salary be reduced to \$65,000 a year from the present stipend of \$187,000. They also obliged Edward Klauber, Chairman of the Executive Committee by cutting his pay an unnamed amount.

A pension plan containing certain contingent death benefit features for officers and employees earning more than \$3,000 a year also was approved.

X X X X X X X X

Radio Receptor Company of New York has been selected to receive the joint Army-Navy Production award for outstanding performance on war work.

X X X X X X X X X X

## NEW YORK NEWSPAPER STRIKE PLAYS INTO RADIO'S HANDS

It's an ill wind that doesn't blow somebody a lot of business and in the case of the New York newspaper delivery strike, the radio stations found themselves on the receiving line.

Says an NBC release:

"Newspaperless New York found the amusement industry hustling to buy spot radio announcements for their current attractions to inform radio listeners what they could see and hear in New York. The Loew Theatres, the Capitol Theatres and Radio City Music Hall went all out in buying spots on WEA, and the Saturday Evening Post, on sale Wednesday contracted for two daily spots."

A lively description of the situation was that of Variety which read:

"The New York newspaper deliverers' strike, which broke Sunday evening (13) resulted in a deluge of business for the New York stations. Deprived of their regular newsprint advertising channels, theatre operators, department stores, employment agencies and night clubs rushed the sales staffs of most of the local stations all day Monday (14) seeking out time availabilities and placing orders for announcements or sponsorship of established sustaining stanzas. Absence of newspapers also caused the various stations to augment their news schedules, which situation undoubtedly accounted for a tremendous audience increase.

"What made the strike particularly tough for the department stores was the fact that it came in the middle of the Christmas shopping season.

"The lion's share of the demand for immediate time went to WOR; Macy's department store took over the sponsorship of the 'Shoppers' Program' with Pegeen Fitzgerald, bought 12 announcements on the station's matinee phonograph record half-hour and arranged for late evening spot announcements. The Saturday Evening Post which had half-pages scheduled for two of the local a.m. papers, turned the entire appropriation (\$900) over to WOR. The Paramount theatre, Broadway big-seater, put in an order for all announcement spots that WOR could clear.

"WMCA obtained a large order from Loew's theatre chain for announcements and also did much spotting for Broadway legit shows. In addition, it accommodated employment agencies. WNEW took batch of one-minute blurbs, from the RKO and Loew film chains and the Shubert legit group, all of which were studied among the station's regular record playing schedule. WNEW also sold five-minute participations on Zeke Manners' hillbilly show to the Radio City Music Hall. WABC, CBS key, and WJZ, the Blue Network's local originator, also took some of the business offered by the theatre operators.



"With radio suddenly becoming the only source of news for between 7,500,000 and 8,000,000 persons, the New York stations acted quickly to meet the need. WOR added several news periods through the day and night. One of these, 11:15-11:30 P.M. was exclusively local in content. The first five minutes was devoted to spot news and the remaining 10 minutes to quoting from the commentator columns that failed to get to their readers that day. WMCA expanded its hourly New York Times broadcast from three to five minutes; WNEW Daily News bulletins from five minutes to 15 minutes, while WINS worked out a special group of newscasts in cooperation with the Mirror and the Journal. WQXR allocated several extra news periods to the World-Telegram. WOR also had its 'Uncle Don' in his regular 6:00-6:30 p.m. period read the comic strips from the dailies.

"The Times and Daily News have the radio edge on their competitors, via longstanding tieups with WMCA and WNEW, respectively. World-Telegram moved in at WQXR on Monday with the purchase of five-minute newscasts every hour and a 15-minute slot at 3:15 P.M. to read the Raymond Clapper and Mrs. Roosevelt columns. The other dailies are reported amenable to radio tieups, but unable to make deals since the choice local outlets are tied up. WINS, meanwhile, has been airing headline summaries, crediting the papers from which they originate, and using all dailies except the Times and Daily News, which are restricted to their affiliated stations by the deals with those outlets."

X X X X X X X X

#### WMAL CHIEF ENGINEER FOUND DEAD

Herbert A. Wadsworth, 41, Chief Engineer of Station WMAL since it first went on the air nearly 17 years ago, was found dead last Tuesday night in the garage of his home in Washington.

A native of Washington, Mr. Wadsworth had been interested in radio since childhood. During the last war he was active in amateur radio work. He attended public schools here. He became associated with the M. A. Leese Radio Co. in 1923 and when that concern formed Station WMAL, he was made its Chief Engineer. The station first broadcast in January, 1926. Later when the station joined the Blue Network, Mr. Wadsworth continued as Chief Engineer.

He was a member of the Institute of Radio Engineers and the National Association of Broadcast Engineers and Technicians.

Surviving is his widow, Mrs. Julia ShoresWadsworth.

X X X X X X X X

Balaban & Katz Corp., Chicago, Ill., have applied to the Federal Communications Commission for a construction permit for new experimental television broadcast station using facilities of commercial television station WBKB. Frequency: Channel #2, 60000-66000 kilocycles, power: Aural 2 KW: Visual: 4 KW, Emission A5, Special for FM for aural.

X X X X X X X X

## ASCAP PASSES NEW CLASSIFICATION AMENDMENT

The classification amendment proposed by Fred E. Ahlert, composer member of the ASCAP Board, was passed by a 75.73% vote of the membership, Abel Baer, Chairman of the Society's Election Committee, announced last Tuesday.

Only 8.02% of the Society's membership voted in favor of the "Seniority of Works Fund" amendment proposed by Pinky Herman, writer member.

According to the Society's Articles of Association, a two-thirds vote of the entire membership is necessary to pass an amendment. The Ahlert amendment was therefore declared carried; the Herman amendment defeated.

Briefly the Ahlert proposal calls for an annual classification of the membership instead of the present quarterly one. The classification committees are to consist of writers and composers for the writer-composer members and publishers for the publisher members, as heretofore, and the basis of classification follows the present system, which will be amplified by an addition of intervening classes.

The Herman amendment called for a quarterly classification and provided for the creation of a "Seniority of Works Fund", which would be the basis of progressively increasing annuities to a maximum of twenty years. These credits were to be applicable to the Society's writer-composer members only.

X X X X X X X X X

## CALLS ELECTRONICS MIRACLE

A headline in a recent issue of the Financial World reads:

### "ELECTRONICS -- THE MIRACLE INDUSTRY"

Best known for its contribution in radio, television and the electric eye, electronic tubes are also responsible for a host of devices which are now aiding many industries, as well as the armed forces. But today's applications are only an inkling of what may come after the war ends."

"Bear in mind", an industry leader writes "that the Financial World is not a radio or electronic magazine but they tell more in that headline than I have seen in print before."

X X X X X X X X