

HEINL RADIO BUSINESS LETTER

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No. 1553

BLASTING COX, FLY PUTS WALL STREET TAG ON FCC PROBE

Continuing the most amazing spectacle the Capital has ever seen of a Bureau Chief repeatedly talking back to a Congressional Committee investigating him, James L. Fly, Chairman of the Federal Communications Commission, challenged Representative Cox (D), of Georgia, in New York this week conducting subcommittee hearings with:

"Again I want to raise the oft-repeated question as to when, if ever, the Commission will be heard on the witness stand and when will it be permitted to put in its evidence?"

Chairman Fly said the Cox Committee hearings had been grinding along now for about two months but no FCC Commissioner or anybody who had a good word to say for the Commission had been given an opportunity to be heard. He said Representative Cox was running the investigation "like the old shell game".

"The public has heard of the silent star chamber proceedings and of the refusal to permit the Commission to be heard", Mr. Fly went on. "The public knows also that we are not permitted to buy copies of that star-chamber testimony. Perhaps it has not observed that the Investigating Committee counsel nevertheless reads carefully selected portions of that stuff into the record as 'evidence'."

Likewise the irate Chairman proceeded to put the Wall Street hall-mark on his inquisitors.

"I notice that the Cox Committee has now publicly announced its Wall Street headquarters", Mr. Fly continued. "At least the daily press reported that Committee counsel had had a press conference at 63 Wall Street, announcing once more what the Committee had concluded on the basis of the 'evidence' presented to date. With no responsible evidence in the record, Counsel made known the Cox Committee's conclusion as to the impropriety of the Communications Commission keeping an eye on these broadcasts to our own foreign-born citizens in enemy languages. It should be of some interest that Congress has specifically appropriated funds to cover this work of the Commission. It is also to be noted that all of the men affected have very definite and convincing pro-Fascist backgrounds and alliances. If the Cox Committee is going to formally adopt the conclusions announced from Wall Street headquarters, it must be prepared to accept a grave public responsibility. I must say that this most recent device adopted of having counsel call a press conference at Wall Street headquarters and announcing Committee conclusions from there seems to be somewhat of a new departure. The Wall Street connection has always been obvious for various apparent reasons."

Asked if the FCC would have the same right to investigate personnel of stations which are not carrying foreign language broadcasts, Mr. Fly replied:

"We would have the same rights, except, of course, there would be less cause in time of war to wonder about the American speaking broadcasts - less cause to wonder about these than the foreign language programs particularly where the enemy language is used. In other words, you have the authority and the duty in either case but it is a simpler problem with our English speaking broadcasts."

Questioned as to whether there had been any indication that Attorney General Biddle intended to press the case against Representative Cox charged by the FCC with taking \$2500 as a lobbying fee in connection with a Georgia station, Chairman Fly said that he had not been in touch with the Attorney General about it. He added the FCC had had a formal acknowledgment from Mr. Biddle however.

Commenting upon this phase of the case, Drew Pearson, columnist, wrote:

"President Roosevelt is quoted by friends as having remarked pointedly to Attorney General Biddle at one Cabinet meeting: 'Well, Francis, when are you going to prosecute Cox?'"

Along the same line the Washington Post remarked editorially:

"Nothing the Cox committee has been able to turn up, moreover, matches the shocking conduct of Congressman Cox himself in accepting \$2,500 from Station WALB for legal expenses after he had importuned the FCC to grant that station a license. Every new charge that Mr. Cox and his aides bring against the Commission has the effect of emphasizing his own misconduct. Each new smear that the Committee devises puts Speaker Rayburn deeper into hot water for allowing Mr. Cox, a stockholder in a broadcasting company seeking renewal of a license, to persecute the Government's broadcast regulating agency in the name of the House of Representatives. Each new smear also advertises the pusillanimity of the Attorney General who refuses to submit the Cox case to a grand jury in accord with the law of the land. The Cox Committee is succeeding only in bringing into contempt those weak-kneed officials who lack the stamina to stand out against corruption and smearing when politics are involved."

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RMA PLANS POSTWAR STUDY; NEW COMMITTEES APPOINTED

The radio manufacturers are taking definite steps with regard to postwar readjustment problems. Paul Galvin, President of the Radio Manufacturers' Association, has appointed R. C. Cosgrove, Vice-President of the Crosley Corporation, Cincinnati, Chairman of a special Postwar Planning Committee.

The new Committee's work on industry economic problems will be correlated with that of the technical planning agency now being

organized by RMA and the Institute of Radio Engineers. The Committee is authorized to organize subcommittees or panels and to deal with such subjects as: Liaison Planning with Government and Industry Agencies; Reconversion to Civilian Production; Public Relations - Promotion and Advertising; Distribution Problems; War Contract Termination; War Inventory Disposal; Problems re Government Plants; Reemployment and Labor Relations; Market Analysis - Research; Patents and Licensing; and Export Markets.

The members of the Postwar Planning Committee in addition to Mr. Cosgrove are: W. R. G. Baker, General Electric Company, Bridgeport, Conn.; M. F. Balcom, Sylvania Electric Products, Inc., Emporium, Pa.; John Ballantyne, Philco Corporation, Philadelphia, Pa.; H. C. Bonfig, RCA Victor Division, Camden, N.J.; Walter Evans, Westinghouse Elec. & Mfg. Co., Baltimore, Md.; A. H. Gardner, Colonial Radio Corporation, Buffalo, N. Y.; Leslie F. Muter, The Muter Company, Chicago, Ill.; J. J. Nance, Zenith Radio Corporation, Chicago, Ill.; E. A. Nicholas, Farnsworth Television & Radio Corp., Ft. Wayne, Ind.; Ross D. Siragusa, Continental Radio & Television Corp., Chicago, Ill.; Ray F. Sparrow, P. R. Mallory & Co., Inc., Indianapolis, Ind., and A. S. Wells, Wells-Gardner & Co., Chicago, Ill.

President Gavlin has appointed the Association's new standing and special committee Chairmen, as follows:

Standing Committees:

By-Laws and Organization - Leslie F. Muter, Chicago, Ill.

Credit - T. A. White, Chicago, Ill.; Eastern Vice Chairman, H. A. Pope, Newark, N.J.; Western Vice Chairman, E. G. Carlson, Chicago, Ill.;

Engineering Department - Dr. W. R. G. Baker, Bridgeport, Conn.; Assistant Director, Virgil M. Graham, Emporium, Pa.

Export - Walter A. Coogan, New York, N. Y.

Legislative - J. J. Nance, Chicago, Ill.

Membership - Roy Burlew, Owensboro, Ky.

Service - F. E. Smolek, Chicago, Ill.

Traffic - O. J. Davies, Camden, N.J.

Special Committees:

Organization of Radio Technical Planning Board - A. S. Wells, Chicago

Postwar Planning - R. C. Cosgrove, Cincinnati, Ohio

Replacement Parts - Robert C. Sprague, North Adams, Mass.

RMA-OEW Export - Walter A. Coogan, New York, N. Y.

The new Legislative Committee will have general jurisdiction over radio legislation, both Congressional and State. Included are several pending measures of special industry interest such as the revision of the war contract renegotiation and patent laws and the bill of Senator Kilgore for Federal mobilization of technical resources.

Ray F. Sparrow, head of the Radio Parts Division, has named the following Parts Section Chairmen:

Capacitor - S. I. Cole, Aerovox Corporation, New Bedford, Mass.; Coil - Monte Cohen, The F. W. Sickles Co., Springfield, Mass.; Fixed Resistor, D. S. W. Kelly, Allen-Bradley Company, Milwaukee, Wis.;

Instrument - R. L. Triplett, Readrite Meter Works, Bluffton, Ohio;
 Socket - Hugh H. Eby, Hugh H. Eby, Inc., Philadelphia, Pa.;
 Switch - H. E. Osmun, Centralab, Milwaukee, Wis.; Transformer -
 George Blackburn, Chicago Transformer Corp., Chicago, Ill.; Variable
 Condenser - Wm. J. May, Radio Condenser Company, Camden, N.J.;
 Variable Resistor - J. H. Stackpole, Stackpole Carbon Company, St.
 Marys, Pa.; and Wire - R. G. Zender, Lenz Electric Manufacturing
 Co., Chicago, Ill.

A meeting of the RMA Executive Committee is planned for next month.

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FULTON LEWIS, JR., REBELS AGAINST OWI'S LATEST BONER

Fulton Lewis, Jr., Mutual commentator, has apparently kicked a memorandum clear over the moon which the OWI sent out to try to line the boys up for a big hurrah over the 2nd Anniversary of the signing of the Atlantic Charter, Saturday (August 14). Mr. Lewis charged that OWI had attempted to induce the radio industry and commentators to propagandize a false interpretation of the Charter, and that while he approved of the Charter in principle, nevertheless he refused to go along with the phony version and accordingly served notice on the Office of War Information to that effect. Mr. Lewis was reported to have received many telegrams and letters from listeners backing him up.

The Office of War Information denied it had attempted to induce broadcasters to accept an erroneous interpretation.

The Washington News (Scripps-Howard) going to the bat for Mr. Lewis said:

"The latest OWI boner is an instruction sheet for radio stations advising them how to help celebrate the second anniversary of the Atlantic Charter next Saturday. These instructions say, among other things, that the Charter 'has been formally adopted by all the United Nations.'

"Fulton Lewis, Jr., of the radio, points out correctly that the Charter has not been 'formally adopted' even by the United States. The Charter was signed by F.D.R., but he can bind the United States to nothing without the consent of the Senate or of the whole Congress."

The OWI memorandum was sent to individual news commentators of radio forums, program directors of radio stations, and others in the world of radio entertainment, asking them to advertise and promote the anniversary. It proceeded to give its interpretation of what the Charter promised, including "the guarantee" to every person of freedom from want and freedom from fear.

"That, of course, is not what the Atlantic Charter said at all", Mr. Lewis told his audience. "What it did say was that Mr. Roosevelt and Mr. Churchill hope to see established a peace which will afford to all nations . . . assurance that all the men in all the lands may live out their lives in freedom from fear and want.

"That is a long, far cry from any guarantee.

"The memorandum also says that the Atlantic Charter has been formally adopted by all the United Nations. That is a flat, diametric misstatement of fact. The Charter has not been formally adopted even by us, the United States. For the United States, it was signed by President Roosevelt, who can bind the United States to nothing whatsoever without the consent of the Senate of the United States and the specific approval of Congress as a whole in carrying out whatever material program is involved.

"On the part of Russia, it was signed merely by Maxim Litvinoff, the Commissar of Foreign Affairs, and it was not approved by the Russian Soviet at all. The same thing is true in almost all of the nations involved, including Britain."

"To summarize", said Mr. Lewis, "the OWI - a Government bureau supposed to deal in facts and facts only - is asking the entire radio industry to launch a propaganda campaign, to sell the American people on the idea that the Atlantic Charter meant, not what the President said; not what the Charter said; but rather something entirely different, which the OWI perhaps would like it to mean."

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JERSEY CITY, TAMPA POWER INCREASES DENIED; MIAMI O.K.

The Federal Communications Commission has denied the application of the Bremer Broadcasting Corporation, licensee of Station WAAT, Jersey City, N.J., for a construction permit to increase power from one to five kilowatts, install a new transmitter and effect changes in its directional antenna system for night use. WAAT is presently licensed to operate on 970 kilocycles, 1 kilowatt, unlimited time, with a directional antenna at night.

At the same time, the Commission denied the application of The Tribune Company, licensee of WFLA, Tampa, Florida, for a construction permit to increase its power from 1 to 5 kilowatts during nighttime operation and to make correspondent changes in its directional antenna. WFLA now operates on 970 kilocycles with power of 5 kilowatts day and 1 KW night, with directional antenna, unlimited time.

The Commission's action on both these applications followed its policy with respect to the use of critical materials during the war period.

In another action, the Commission adopted a Decision and Order modifying a construction permit granted December 9, 1941, to

the Miami Broadcasting Co., licensee of Station WQAM, Miami, Florida, so as to permit utilization of its present transmitter site and antenna, with 5 kilowatts power, subject to certain specified conditions. WQAM is now operating on 560 kilocycles, 1 kilowatt day and night, unlimited time.

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PROBE OF OWI BROADCASTS TO BE ASKED OF CONGRESS

Congress having lopped off the Domestic Branch of the Office of War Information, it will be asked to lop off the Overseas Branch by Representative J. William Ditter, of Pennsylvania, Chairman of the Republican Congressional Committee.

Recalling assurances to Congress that the OWI Overseas Branch would adhere to the purpose for which it was created, Mr. Ditter said:

"Now in spite of those assurances we find the OWI again browbeating the radio industry into deluging the American public with distorted propaganda based upon the coming anniversary of the Atlantic Charter, Saturday. It in effect tells radio stations and networks to broadcast that the Atlantic Charter frees the world from fear and want.

"Such an intimidation is sheer nonsense. It would have the radio listeners told that the Atlantic Charter has been adopted by all of the United Nations, and that is a plain misstatement of fact. It seeks to intimidate the broadcasters by asking that the amount of time devoted to Atlantic Charter propaganda be made known to OWI in a special report. Obviously OWI is up to its old tricks."

"It is conceivable that the 'Moronic little King' broadcast delayed the capitulation of the Italian government and thereby added to American casualties", Representative Ditter said.

"Congress, I am convinced, will not continue to tolerate such activities on the part of the Office of War Information. If that office is to be maintained, it must remove all semblance of political partisanship; it must rid itself of such stupidity as made the Italian broadcast possible."

Elmer Davis, Director of OWI just returned from overseas again denied that he would resign.

Palmer Hoyt, Director of the Domestic Division, said Bureau personnel reductions included:

Special services, from 281 to 88; motion pictures, 130 to 14; radio, 69 to 53; graphics and printing, 74 to 25; news 189 to 146; publications, 37 to none; program coordination, 50 to 44.

Mr. Hoyt said that the Domestic Division had cut 777 employees from a 1,269-man staff to conform with Congressional reduction of its operating budget to \$2,250,000 from the \$8,800,000 it had asked.

Four major curtailments saved \$4,450,000 of the \$5,550,000 cut from the Division's budget by Congress. Elimination of the field bureaus saved \$1,500,000 and cut off 370 employees. The motion picture bureau was allowed \$50,000 for current operations and \$950,000 was saved. The Division abandoned poster and pamphlet publication at a saving of \$2,000,000, Mr. Hoyt said.

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ANTI-PETRILLO FIGHT GAINS CONGRESSIONAL SUPPORT

Further Congressional interest in ending the Petrillo log jam that bars making of broadcasters' discs, was shown when Representative Joseph C. Baldwin (R), of New York, said Thursday that he would back a bill introduced by Representative Hugh Scott, Jr. (D), of Pennsylvania, which would bring recordings under the copyright law entitling the performer to royalties if his records were broadcast. Representative Baldwin said he believed there might be similar action in the Senate.

Along with this development there came an announcement today (Friday) that the War Labor Board panel, which will hear the Petrillo case, will probably convene in New York City, Monday, September 6th, with the possibility of a short preliminary session the Thursday before.

Trouble was apparently indicated for Mr. Petrillo when some 700 members of Local 802, American Federation of Musicians, one of his own unions, expressed themselves as opposed to the plan of Petrillo for free concerts in small communities. While the musicians made it clear that they were not fighting the recording ban, they said they had noted that Mr. Petrillo had declared repeatedly that its purpose was to aid needy musicians.

"Last week, in an apparent desire to gain the public good will, the Federation announced that it would spend \$500,000 on a program designed to bring good music to small communities", their petition set forth. "Are the musicians who are to be so used unemployed? No! Famous symphony orchestras have been designated to do this work."

Also taking a wallop at the Petrillo-FDR free concert plan and at Petrillo personally, the New York Times says:

"Marshall Field, as President of the Board of Directors of the Philharmonic Symphony Society, has asked James C. Petrillo, President of the American Federation of Musicians, to lift immediately his ban on the recording of symphonic music.

"My plea to you, and I am sure it will be the plea of the management of every symphonic orchestra in America', Mr. Field wrote, 'is that you will immediately lift your ban on recording of symphonic music and by doing so contribute to the availability of symphonic music throughout this country in a manner that not even your proposed concerts can accomplish.'

"This plea has the merits of understatement. Mr. Petrillo, through the use of irresponsible private power, is denying music to millions by his ban on recording, while he ostentatiously offers 'free concerts' as a special favor to a few thousand. Why should the country be placed in the position of pleading with Mr. Petrillo to remove a ban that he ought never to have had the power to impose? Mr. Petrillo has this power only because Congress and the Administration have in effect delegated such power to him. If they will revise our ill-considered labor laws, which give Mr. Petrillo the power to impose ruinous boycotts against individual musicians as well as concert halls, theatres, restaurants, transcription companies and radio stations, nobody will have to appeal to Mr. Petrillo not to abuse his powers. They will no longer be his to abuse."

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WAY CLEARED TO CONSTRUCT OR CHANGE LOCAL STATIONS

Upon consideration of a report and recommendation of its Committee on Critical Radio Materials, the Federal Communications Commission has determined that under certain stated conditions it would be in the public interest to grant applications for permits involving the use of idle equipment to increase power of 100-watt local channel standard broadcast stations to 250 watts and for construction of new 100-watt or 250-watt local channel stations.

Applications for permits to construct new 100-watt and 250-watt local channel standard broadcast stations in cities or towns where no station is located at present and not located in metropolitan districts already served by radio stations, and applications to increase power of local channel stations to 250 watts may be granted upon a satisfactory showing that:

1. All required materials, except vacuum tubes, may be obtained without priority assistance. (The Commission is informed by the War Production Board that building construction requires a clearance which may be obtained only when that agency is satisfied that a direct contribution toward winning the war is clearly indicated.)
2. Such applications involve no inconsistencies with the Commission's Rules and Regulations.
3. Such applications tend toward a fair, efficient and equitable distribution of radio service, are consistent with sound allocation principles, offer substantial improvement in standard broadcast service, and
4. Such applications are otherwise in the public interest.

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Applications for local channel stations or changes in such stations which have been dismissed without prejudice, pursuant to the policy announced April 27, 1942, may be reinstated for consideration in the light of the new circumstances upon submission of a petition within thirty days of this date showing (1) that such application is in conformity with the foregoing enumerated conditions; and (2) any and all changes with respect to facts and circumstances as represented in the original application.

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COX-FCC N.Y. HEARINGS TO CONTINUE THROUGH NEXT WEEK

The sub-committee hearings in New York of the select committee headed by Representative Eugene Cox (D), of Georgia, investigating the Federal Communications Commission which were only expected to last a few days are scheduled to continue for at least another week. No date has as yet been set for the resumption of the meetings of the full committee in Washington.

Reports of how the FCC and the Office of War Information allegedly cooperated to influence hiring and firing of foreign language radio personnel were read into the record at the New York hearings.

Robert K. Richards, Executive Assistant for Broadcasting in the Office of Censorship, quoted Sidney Spear, FCC attorney, as saying the FCC helped force removal of radio station personnel objected to by Lee Falk, head of the OWI's foreign language broadcast section. He also quoted Mr. Falk as asking censorship to notify him in advance of any plan to remove an individual from the air so the OWI could recommend a successor.

Mr. Spear was quoted in the Richards report as saying that when Mr. Falk objected to a broadcaster he would tell the FCC, and when the station applied for a renewal the FCC would "tip off" Mr. Falk, who then would call upon the station manager and suggest that the employee be fired.

Then the manager would be given "some time to think this over", Mr. Richards further quoted Mr. Spear, and "after a couple of weeks he would begin to notice he was having some trouble getting his license renewed * * * He would fire (the employee) and very shortly after this his license would be renewed."

Eugene L. Garey, General Counsel to the Cox Committee, told the sub-committee:

"If the radio can thus be controlled in August of 1943, there is nothing to prevent the same control from slanting our political news."

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BLUE NETWORK SALE NOW AWAITS FCC APPROVAL

The application to transfer the licenses of the three Blue Network stations - WJZ, New York, KGO, San Francisco, and WENR, Chicago - to the new company known as the American Broadcasting System, headed by Edward J. Noble "Lifesaver" candy manufacturer, has been received by the Federal Communications Commission. The Commission may consider the matter at its next meeting Tuesday, August 17th.

The Blue Network was sold to Mr. Noble for \$8,000,000. He is President of the American Broadcasting System and sole owner of its \$4,000,000 of capital stock, according to data filed with the FCC.

Assets of the American Broadcasting System were reported to the FCC as \$8,000,000, including the \$4,000,000 capital stock and the loan is contingent on FCC approval of transfer of the Blue Network.

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WMC MANPOWER REVISION MAY INCLUDE RADIO

It is believed some radio jobs, as well as those in the motion picture and other entertainment industries, may be reclassified when the War Manpower Commission announces a completely overhauled program, probably next Sunday (August 15th).

Scheduled to be announced as part of the new line-up are:

1. A lengthened nondeferable list. Workers whose jobs are added to the nondeferable list will be denied further deferment from the draft unless they shift to war work within a reasonable period of time.
2. A brand new list of "critical" occupations.
3. A revised "controlled hiring" program. Controlled hiring or "job freeze" programs have been adopted in many labor shortage areas. The revision will attempt to standardize the various programs throughout the country as part of a renewed attack on labor turnover.
4. A thawing of the wage control sections of existing manpower orders to permit workers to change jobs for higher pay.

It is estimated 200 different jobs may be classified as critical.

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 ::: TRADE NOTES :::
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The recent recall of the nomination of Commissioner George Henry Payne by President Roosevelt evidently continues to puzzle insiders. "I don't believe even George Henry himself knows why the President withdrew his name", a high official said.

Commissioner Walker of the FCC on August 10th granted motion to dismiss without prejudice application for consent to transfer control of Southern California Broadcasting Co. (KWKW), Pasadena, Calif., from Marshall S. Neal, individually and as Trustee of all other stockholders to L. W. Peters.

The WPB Radio and Radar Division has asked the RMA to advise manufacturers that all electronic components now classified as "B" items under CMP procedure are being continued in such classification despite the wide discussions of future CMP changes.

Representing a 525% increase over business signed in July, 1942, the WABC bookings were not only greater than any other July but were the second all-time high for any month, Arthur Hull Hayes, General Manager, said. The all-time monthly record was set in August, '42.

Stockholders of both the Western Union and Postal Telegraph have approved the merger of the two companies. The final decision is with the Federal Communications Commission, which is continuing its hearings. Actual unified operation is expected to take place about October 1st.

"Hams" are heroes in the eighth of a series of real-life dramas, "Not For Glory", to be presented on the NBC Network at 5 to 5:30 P.M., EWT, Saturday, August 14. This weekly feature of war on the home front, presented by the National Broadcasting Company in cooperation with the U. S. Office of Civilian Defense, turns this Saturday to Fort Wayne, Ind., and the service of its radio amateurs during the flood there last May.

Station WTRC, Elkhart, Indiana, will become affiliated with the Blue Network as a basic supplementary station. Effective August 23rd, Station WBLM, Macon, Georgia and effective Sept. 19, Station WGCM, Gulfport, Miss., will also join the Blue Network.

Beverly M. (Bevo) Middleton, Sales Manager of WABC, will leave August 20th to join the Army. John H. (Jack) Field, Jr., who joined WABC last April as an account executive, will succeed Mr. Middleton as Sales Manager.

Construction of the new WJZ transmitter at Lodi, New Jersey, will start next Wednesday, August 18th, at 12:00 noon, when Mark Woods, President of the Blue Network will break the ground. WJZ will complete its new transmitter building, and will reconstruct its 640-foot tower which will go into operation by the latter part of the year

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