

HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.

RECEIVED
NATIONAL BROADCASTING COMPANY, INC.
GENERAL LIBRARY
40 ROCKEFELLER PLAZA, NEW YORK, N. Y.

INDEX TO ISSUE OF SEPTEMBER 3, 1943

Next Round In Fly-Cox Fight When Congress Convenes.....	1
Fly Flays Cox Committee For Publishing Deferments.....	3
Petrillo War Labor Board Will Labor On Labor Day.....	5
Zenith Comes Through With A Million And A Half.....	5
Terrell Praised By FDR; Turner To Succeed Him.....	6
Petrillo N.Y. Hearing Date Changed To Tuesday, Sept. 7.....	7
Radio Manufacturers To Organize New Planning Board.....	7
Reduction In Laminated Plastic Cost.....	8
Frank M. Russell Host To Morgan Beatty In Capital.....	8
Sevareid Tells Story From Burma Wilds With Hand Set.....	9
New Wage Order Includes Radio Manufacturers.....	9
FCC Orders Investigation Of "High" Press Wireless Rates.....	10
Trade Notes.....	10

No. 1559

NEXT ROUND IN FLY-COX FIGHT WHEN CONGRESS CONVENES

Although there may be considerable shadow-boxing on both sides the indications were at the closing session of the subcommittee headed by Representative Lewis E. Miller (R), of St. Louis last Tuesday that the big fight between Representative Eugene Cox (D), of Georgia, and Chairman James L. Fly in the FCC investigation, will not be renewed until Congress convenes week after next. At that time, Representative Cox said he would put in a preliminary report. Also it is expected that bills will be introduced in both the House and the Senate to transfer all work now being done by the FCC to the Army.

If this action is taken, the slugging will be immediately renewed by Mr. Fly who as yet has not been given an opportunity to testify. As is well known, however, by replying to the Committee with press statements, he has been getting more publicity than if he had been allowed to take the witness stand. Not since his old enemy on the Power Commission Wendell Willkie resorted to the same tactics in the moving picture hearings at the Capitol several years ago has anybody proven so good at it as Mr. Fly. A laughable feature of the hearings is that each side continually accuses the other of "trying his case in the newspapers". The radio people who have the most at stake in the outcome of the case have been silent fearing to become involved in a controversy which might jeopardize the renewal of their licenses by the FCC.

Also watching his step has been Neville Miller of the National Association of Broadcasters, whose row with Fly almost cost him his \$35,000 job as President of the Association and may still do so next June if Mr. Fly comes out on top in the present scrimmage.

For the first time since the House Committee began inquiring into the 300 alleged draft evasions in the FCC the names of 39 of the employees were divulged last Tuesday. This was done under the orders of Chairman Miller who said "there is no reason in the world why the identity of those seeking deferment should not be made public."

Some 50 names were revealed. Almost all were in their twenties, single, with no dependents, and had passed physical examinations. Deferments were obtained for them on FCC representations, termed false by Committee Counsel Hugh Reilly, that they were "indispensable" men.

Many had been hired but a few days, it was alleged, when the agency informed their draft boards that much time and effort had been spent in giving them specialized training. The name of President Roosevelt was frequently invoked in these letters to draft boards as authorizing deferments of "highly skilled" men.

One name was withheld from the record. It was that of a 24-year-old man who had formerly served three years in the Army as a radio operator. Summoned for examination in 1942, he told his draft board that he was "not proud" of his Army service and found himself "incompatible with its philosophy and way of life". The Board referred the case to the FBI for investigation.

This man was meanwhile employed by the FCC and his deferment was requested on the ground that he was "engaged in highly confidential work of extreme importance to the war effort". Shocked, the draft board reported to the FCC what it termed his "un-American attitude".

Asked for an explanation, the young man spoke of "foul-mouthed drunkards" in the Army and said he had been "ashamed of his uniform". The draft board refused his deferment, the FCC appealed, and then the young man, in July of this year enlisted in the Merchant Marine.

The case of Robert P. Wiebers, 24 years old, of Bismarck, N.D., an ex-bell hop, single, with no dependents, was given in detail. His brother, Morton W. C. Wiebers, Monitoring Officer in the Fargo, N.D. office of the FCC, recommended him for a FCC job and also warned that his deferment should be sought immediately because he was near induction.

The brother's letter was marked "Please rush Civil Service approval for this boy" in the Washington office of the FCC. Employed September 16, 1942, the FCC on the same day wrote his draft board that he had received "intensive training" and should be "deferred as an "indispensable" man who could not be replaced by an older man or woman. The draft board granted him a classification in 2B, but on July 21 put him back in 1A.

"That is a scandalous record", commented Counsel Reilly. "These cases may be one of the reasons why we are being forced to draft fathers."

Counsel for the special House Committee placed in the record figures to bear out their contention that 179 of the employees for whom the Commission sought draft deferments were men who had gained their radio experience in the various armed services.

Ray Osborne, a Committee investigator, said that out of 391 employees the Commission asked draft boards to defer, 33 had obtained their knowledge of radio in the Army, 81 in the Navy, 5 in the Coast Guard, 7 in the Marines and 53 in the Maritime Service.

The Committee staff also singled out 40 or more specific cases in which they questioned the wisdom of the Commission's action in asking for occupational deferments. They sought to show that in 27 cases deferments were recommended by the Commission within 10 days after employees started to work, and in 58 cases within 30 days.

X X X X X X X X X X

FLY FLAYS COX COMMITTEE FOR PUBLISHING DEFERMENTS

As had been expected, James L. Fly, Chairman of the Federal Communications Commission, lost no time in counter-attacking when the Cox Committee "named names" in connection with charges made against draft exempt employees. In an effort to prove his point, Mr. Fly furnished a case history of each and every one of the 39 employees whose names were made public. Chairman Fly was backed up by FCC Commissioner Clifford J. Durr and the National Association of Broadcasters, whose headquarters said that scores of technicians have been exempted from the draft throughout the nation in the interest of public morale.

Mr. Fly said:

"The American ideal of fair play took a terrible kicking around at Tuesday's hearing when the Cox Committee made public the names of 39 employees in the Commission's Engineering Department who have been deferred and then refused to permit the Commission to put in the record the full facts concerning them.

"The House Committee on Military Affairs (Costello Committee) some time ago established the precedent of not making public the names of deferred government personnel. That Committee obviously was conscious of the danger of unjustly tagging as draft dodgers persons who because of their special skills had been called upon to serve their Government in a civilian capacity.

"However, the Cox Committee disregarded this salutary precedent and then added insult to injury by telling only part of the story and refusing to permit the Commission to tell the rest.

"In fairness to the individuals concerned, I am releasing brief summaries of the pertinent facts as to each of the 39 cases which the Cox Committee made public.

"These summaries show:

1. Ten of the men branded as draft dodgers are today in the military service. Four more are awaiting induction.
2. Another nine men are on duty with the Commission in Hawaii. Eight of these have the unique ability to receive the Japanese Kana Code which has three times as many characters as our alphabet. All of these men are rendering assistance in aiding Army bombers lost over the Pacific - a service which the Chief of Staff of the Seventh Air Force Command declared on May 15 of this year to be 'absolutely necessary to the successful operation of the Army's lost plane procedure in the Hawaiian area.'
3. The other 16 are assigned to the Commission's monitoring stations throughout the United States and are loyally and efficiently serving our country by keeping its air lanes

3. (Cont'd) free of fifth column radio activity. In each of these cases it has been determined in accordance with National Selective Service policy that these men, because of their special skills, can best serve the war effort in this civilian capacity.
4. Eleven were not subject to the draft at the time they were employed by the FCC. Eight were employed at a time when they were not in a Selective Service classification subject to induction. Three were employed before the Selective Service Act became effective. Another, while classified as 1-A, is clearly disqualified for physical reasons. Still another was employed but four months before he became too old for military service.
5. All 39 have outstanding radio qualifications for the Commission's work. Thirty-three of them held radio operator licenses before coming with the Commission, 20 having both commercial and amateur licenses. This requires extensive knowledge of radio theory and operating practices. Almost without exception these men can receive International Morse code at speeds ranging from 25 to 40 words per minute."

Commissioner Durr said the deferred men are largely employees of the Commission Engineering Department in monitoring service.

"Some of these men are familiar with operations of Japanese radio stations and their codes", Mr. Durr said. "It took tremendous time to train them and while their peace-time duties were to watch for unlicensed stations or regulation infractions, their war-time work is more important and they constitute a vital war function. The FCC has requested no deferments for other workers."

At the office of Neville Miller, President of NAB, it was said that broadcasters throughout the nation had requested and obtained deferments for scores of essential technicians, but that of the 500 employed in the industry 75 percent at present were in armed services and women are being trained to replace those deferred.

The radio industry is classified as essential and such information as weather news, emergency warnings and even recruiting bulletins could not be put on the air without help from the engineers, technical supervisors and repairmen, he said.

X X X X X X X X

A local broadcasting station has been established in British Somaliland, the Commerce Department reports. Known as Radio KUDU, the station broadcasts short programs daily in the native language.

X X X X X X X X

PETRILLO WAR LABOR BOARD WILL LABOR ON LABOR DAY

Labor Day to the contrary notwithstanding, the tri-partite panel of the National War Labor Board will begin hearings in New York that day (Monday, September 6) in connection with the dispute between James C. Petrillo and his American Federation of Musicians, and the electrical transcription companies. The panel will endeavor to arrive at some agreement for the resumption of manufacturing broadcast station recordings.

The members of the panel are Gilbert E. Fuller, President of the Raymond Whitcomb Company of Boston, Arthur S. Meyer, Chairman of the New York Mediation Board, and Max Zaritsky, President of the United Hatter, Cap and Millinery Workers, AFL. Mr. Meyer will serve as Chairman and represent the public.

X X X X X X X X

ZENITH COMES THROUGH WITH A MILLION AND A HALF

At the close of the fiscal year, the Zenith Radio Corporation made a net profit of \$1,507,927 equal to \$3.06 per share.

Voluntary refunds and price reductions were \$6,995,141 on Government contracts and additional renegotiation settlement refund of \$8,600,000 (or total refunds \$15,595,141), and profits for the year amounted to \$4,361,540 which, after deduction for Federal income, excess profits, and capital stock taxes totalling \$2,853,613. The Company has operated at a profit for the past ten consecutive fiscal years and has paid dividends of one dollar per share during each of the past seven fiscal years.

Zenith continues, as in the past, to participate in the war effort on a large scale in all departments, E. F. McDonald, Jr., President, reported. "Our activities, confined to the radionic field (Radio, Radar and Electronics) are many and varied and the apparatus being produced is most vital and highly technical. The Company is engaged extensively in the development and production of certain types of radionic equipment generally referred to as 'Radar'. Because the management is confident that due credit will be given to the Company for the important part it is playing in this development, we have not seen fit to publicize the extent of our accomplishments in this connection while the war is still in progress.

"Shipments for the current fiscal year to date and orders on hand for shipment during the balance of the year are considerably in excess of one hundred million dollars.

"In 1941 the Signal Corps was endeavoring to find a solution to the patent and resulting royalty situation. Under a plan proposed by your management, the Government obtained free licenses for the duration of the war from all but three or four of the companies manufacturing radionic equipment, under the patents owned

or controlled by those companies. As a result of Zenith's own contribution and suggested proposal the Government has been saved many millions of dollars in royalty payments on radionic patents. For this contribution the Company received official recognition."

Zenith's subsidiary, Wincharger Corporation, Sioux City, Iowa, has converted its plant, almost entirely, to the war effort. It is designing and producing dynamotors on a large scale for use with tank and aircraft radio equipment, also flight instruments and secret devices in connection with Radar.

X X X X X X X X

TERRELL PRAISED BY FDR; TURNER TO SUCCEED HIM

In addition to a personal letter of thanks from President Roosevelt, William D. Terrell, the first Radio Inspector in the United States, who is retiring after 40 years of service in the communications field, was also tendered a dinner by his associates headed by E. K. Jett, Chief Engineer of the Federal Communications Commission, and presented with an engraved watch from field service workers and a silver tray from office co-workers and friends.

As had been expected, George S. Turner, who has been Assistant Chief of the Field Division of the Engineering Department since 1940, was appointed to succeed Mr. Terrell.

The letter from the President read:

"Dear Mr. Terrell:

"I take the occasion of your retirement from Federal service to convey to you my thanks and gratitude for the forty years' service in the field of governmental radio services.

"You can well be proud of the record you have made.

"Very sincerely yours,

(Signed) "Franklin D. Roosevelt"

Mr. Turner, a native of Independence, Mo., has the degrees of Bachelor and Master of Law from the Atlantic Law School in Atlanta, Ga. During World War I he served as radio instructor at the Great Lakes Naval Training Station and was subsequently commissioned Ensign in the Volunteer Naval Reserve.

After the war, Mr. Turner became the original radio-operator-engineer at Station 9XAB, Kansas City, Mo., one of the first experimental radio broadcast stations in the Middle West, and in 1921 was employed by the Southwestern Bell Telephone Co. in Kansas City. From 1924 to 1931 he served with the Department of Commerce, first as a Radio Inspector and later as Assistant Radio

Supervisor of the Radio Division. Mr. Turner came with the Federal Radio Commission in 1931 as Radio Inspector in Charge at Atlanta. He is a member of the Institute of Radio Engineers and the Georgia bar.

X X X X X X X X

PETRILLO N.Y. HEARING DATE CHANGED TO TUESDAY, SEPT. 7

Waking up to the fact a trifle late that they had called the Petrillo hearing panel in New York on Labor Day (see our earlier story on page 5), the War Labor Board decided not to labor on labor day and changed the time of the meeting to Tuesday, September 7th.

When the WLB was asked Thursday by this news service if some mistake had not been made and if they had noticed their meeting date fell on Labor Day, the reply was: "Oh, yes - but we work Labor Day and every other day." Nevertheless a change of the time of the meeting was made later.

X X X X X X X X

RADIO MANUFACTURERS TO ORGANIZE NEW PLANNING BOARD

The biggest turnout of manufacturers since the last annual convention will be in attendance at an industry gathering to be held in New York City September 15 and 16 by the Radio Manufacturers' Association.

President Galvin has called a meeting of the entire RMA Board of Directors September 16th, co-incident with the meeting arranged on the previous day by the Manufacturers' Association and the Institute of Radio Engineers, to organize the new Radio Technical Planning Board.

There will be a morning meeting of the entire RMA Set Division, of which R. C. Cosgrove of Cincinnati is Chairman, and a following afternoon meeting of the new special RMA Postwar Planning Committee, also headed by Mr. Cosgrove. Also on September 15th, there will be a meeting of the Executive Committee of the Parts Division of which Ray F. Sparrow, of Indianapolis, is Chairman. During the following week a meeting of the Transmitter Division's Executive Committee, of which the Chairman is G. W. Henyan, of Schenectady, is scheduled.

Organization of the Radio Technical Planning Board, whose work will be related to that of the RMA Postwar Planning Committee, will include representatives from several broadcasting, scientific and other radio organizations. The RTPB luncheon meeting will be confined to representatives of the various industry groups and will be presided over jointly by Chairman A. S. Wells and Chairman Haraden

X X X X X X X X

REDUCTION IN LAMINATED PLASTIC COST

The cost of laminated plastic sheets, rods and tubes, important material used in the manufacture of electrical equipment, radio and many other vital war items, will be reduced about 10 percent effective as of September 1st, the Office of Price Administration announced last Tuesday.

OPA stated that 10 manufacturers in the industry, accounting for virtually the entire \$72,000,000 annual production, have agreed to restore price levels that prevailed in 1939 and 1940. Most of the manufacturers have signed individual voluntary agreements formalizing the new schedule of prices. The reduction will be effected by cancelling a price increase of 10 percent announced generally by the industry early in 1941 and which was reflected in current maximums established under Maximum Price Regulation No. 406.

General Manager Chester Bowles commended the spirit of cooperation shown by the manufacturers and praised the industry for its action in voluntarily lowering prices at a time when productive capacity cannot keep pace with the demand for laminates. Mr. Bowles pointed out that OPA suggested the reduction as a means of reducing the cost of the war and was part of the general fight against inflation, since the cost and subsequent prices on many articles in which the laminates are used will be reduced.

The lowered prices will result in large savings to the government on direct purchases and still larger savings on articles in which laminates are used and which are bought almost solely by the government. The new prices of sheets, rods, and tubes will be reflected in lowered prices for parts and equipment made from these shapes under a new regulation now being prepared, OPA stated.

The laminates industry has almost entirely shifted to the production of war items, particularly for parts in aircraft, motor vehicles, and ships in addition to radio and electrical equipment. Laminates have taken an increasingly important role in war production because they combine in one material the advantages of light weight, high strength and excellent insulating qualities.

X X X X X X X X

FRANK M. RUSSELL HOST TO MORGAN BEATTY IN CAPITAL

As the guest of Frank M. Russell, Vice-President of the National Broadcasting Company in Washington, Morgan Beatty, NBC's #1 commentator in London, was greeted by many Capital public relations notables at the Statler last Tuesday.

The list included Maj. Gen. Alexander D. Surles, Director of the War Department Bureau of Public Relations; Lieut. Col. Edward Kirby, of the War Department; Frank Mason, Assistant to the Secretary of the Navy; Rear Admiral Joseph Redmond, U.S.N.; Capt. Leland Lovette, Brig. Gen. Denig, U.S. Marine Corps; Byron Price, Director of Censorship; J. H. Ryan, Assistant Director of Censorship; Michael McDermott, State Department; Palmer Hoyt, Director of Domestic Bureau, OWI; and Carleton D. Smith, Manager of WRC.

X X X X X X X X

SEVAREID TELLS STORY FROM BURMA WILDS WITH HAND SET

An Army radio handset dropped to a party of 21 thought to have been lost in the Burmese wilds in a plane crash, enabled Eric Sevareid, CBS correspondent to tell their thrilling story and of the kind treatment by headhunters. They have been marooned there since August 2nd.

"I am grinding this out on a hand-crank wireless set dropped to us by one of the rescue planes of the air transport command", Mr. Sevareid radioed. "We are in a village of aborigines perched atop of one of the 6000 foot mountains."

Mr. Sevareid landed O.K. armed only with a pen-knife.

"A short distance away I found our plane's radio operator, Sergt. Walter Oswald, of Ansonia, Ohio", the radio correspondent continued. "His leg was broken. I tried to make a splint and bandage his leg with the silk of his parachute. It wasn't a very professional job but he was able to hobble with me to the wreckage of the plane, where we both collapsed, exhausted and frightened.

"Until the very last moment in those sickening minutes before the plane crashed, Sergeant Oswald had stuck to his radio. While we were bailing out he sat frantically sending out messages of our position and calling for help.

"His appeals had been heard, for within an hour after our crash a plane appeared overhead. We knew then we weren't completely lost.

"Slowly the members of our party collected on a trail near an aborigine village. The group, including Davies, landed on the other side of our mountain. Before we were assembled, I could hear natives yelling in strange jargon along the trail. I was unarmed - except for the pen-knife - so I rushed to the side of our pilot, who had a pistol.

"But the natives came bearing food and drink. They led us to their village where they killed goats and pigs for us. These aborigines became our devoted friends."

X X X X X X X X X

NEW WAGE ORDER INCLUDES RADIO MANUFACTURERS

A general 40% minimum wage order which has been issued by the Wage and Hour Division, Department of Labor, and which includes radio and most related manufacturers, becomes effective September 13. The order applies alike to male and female workers, the Radio Manufacturers' Association has been advised.

In addition to factory workers the order applies to clerical, maintenance, shipping and selling occupations, but exempts such workers in separate wholesale or sales departments.

X X X X X X X X X

FCC ORDERS INVESTIGATION OF "HIGH" PRESS WIRELESS RATES

The Federal Communications Commission in considering its Proposed Report of June 22n, 1943 on the investigation of Press Wireless rates for ordinary press service between the United States and China, and noting therein the high rate of earnings of Press Wireless, ordered a general investigation of Press Wireless' rates and charges for communications services. Press Wireless, respondent to the investigation, was ordered to appear and show cause why the Commission should not find its existing rates and charges unjust and unreasonable and why the Commission should not order an interim reduction in rates pending conclusion of the proceedings.

The Commission further stipulated that Press Wireless file its answer to the Order by September 20, 1943, and designated the matter for public hearing in Washington October 20, next.

X X X X X X X X

:::: TRADE NOTES ::::

After denying a previous petition by Donald Flamm, former owner of WMCA, New York, Justice David W. Peck Tuesday signed an order Tuesday for a rehearing of argument on Donald Flamm's petition for an injunction restraining Edward J. Noble from disposing of Station WMCA, pending trial of Mr. Flamm's suit for a rescission of the sale contract on the station. The Justice stated that he desired to go more deeply into the question as to when Mr. Flamm really obtained proof that fraud had been involved in the deal.

There is a report that OWI is contemplating the erection of three 200,000 watt short-wave transmitters in the vicinity of San Francisco to cover the Far East and that the Government will establish a precedent by operating them. Also that a similar battery would be installed at the Crosley plant in Cincinnati whose broadcasts would be directed towards South America and possibly Europe.

The Chairmanship of the Engineering Committee for the Fourth District of the National Association of Broadcasters has been accepted by Clyde M. Hunt, Chief Engineer for Station WTOP, CBS station in Washington, D.C.

The forthcoming Fourth District meeting will be held in Asheville, N.C., September 3rd (today) and tomorrow.

Export problems regarding tubes and also parts will be considered at another meeting in Washington September 8th of the special Export Committee of the Radio Manufacturers' Association, headed by Chairman Walter A. Coogan, cooperating with the Office of Economic Warfare.

NOTE - DUE TO THE FACT THAT MONDAY, SEPTEMBER 6TH IS LABOR DAY, THERE WILL BE NO ISSUE OF THIS SERVICE NEXT TUESDAY, SEPTEMBER, SEPTEMBER 7TH.

Former FCC press representative Russell Clevenger has resigned as a member of the Public Relations Department of N. W. Ayer & Son, Inc., to accept a position as Vice-President in charge of the Public Relations Department of Albert Frank-Guenther Law, Inc., in New York, with which he was previously associated.

Wyeth Chemical Co., Jersey City, N.J., selling and distributing a medicinal preparation designated "Hill's Cold Tablets", and Hill Blackett and Glen Sample, trading as Blackett-Sample-Hummert, 221 North LaSalle Street, Chicago, an advertising agency employed by the Wyeth Chemical Co., are charged in a complaint issued by the Federal Trade Commission with misrepresentation and false advertising in radio continuities and in advertisements in newspapers, magazines and other periodicals.

July was featured by a 17% increase over June production of signal equipment, which includes radio and radar. The July electronic production totaled \$234,000,000.

"One of the most noteworthy achievements of the month occurred in the field of signal equipment which increased 17%", Chairman Nelson's monthly WPB report stated, adding that among the production bottlenecks eliminated was quartz crystal output, said to have been "increased markedly", with conservation and substitution programs.

Preliminary estimates of signal equipment in August were understood by RMA to be about 10% higher than the July deliveries.

The District Commissioners in Washington have made an appropriation for 10 two-way radio instruments to be installed on ambulances used in the central control. The service was put into effect to provide for the emergency use of ambulances for the entire city.

In the proposal listed with the Securities and Exchange Commission by the Emerson Radio Corporation, the sellers of the 175,000 \$5 par capital stock shares are Benjamin Abrams, President, who will sell 105-100 of his 162,062 shares; Max Abrams, Secretary and Treasurer, who offers 52,500 of his 73,346 shares, and Louis Abrams, a Director, who offers 17,500 of his 27,853 shares. F. Eberstadt & Co., of New York, were named as principal underwriters. The public offering price will be furnished later.

Replacing its old AM installation, the Massachusetts State police now have 105 FM-equipped cars and 7 250-watt fixed transmitters. In addition to this there are 25-watt transmitters at Martha's Vineyard and Nantucket.

Misrepresentations of the therapeutic value of a medicinal preparation known as "OCA" and "OCA Pinkovels" is alleged by the Federal Trade Commission in a complaint against Trans-Pac Services, Inc., 233 West 14th St., New York, which sells the produce, and Dorland International, Rockefeller Center, New York, the advertising agency which aids in the preparation and dissemination of advertisements of the preparation, in Spanish language advertisements appearing in newspapers and circulars and broadcast over the radio.

X X X X X X X X