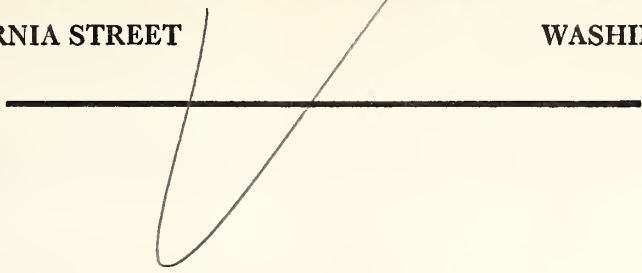


# HEINL RADIO BUSINESS LETTER

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No. 1561

September 14, 1943

WOODS SHOWS COURAGE WITH PEARSON - ALSO FLY ON BLUE

Although it might have had serious consequences with the present New Deal Federal Communications Commission controlling his licenses and at the moment passing on the sale of the Blue Network, Mark Woods took a more courageous stand in giving Drew Pearson an opportunity to reply to President Roosevelt than did Hugh Baillie, President of the United Press and United Features Service which distributes Mr. Pearson's column to 600 newspapers, who refused to print Pearson's answer. Radio is frequently accused of having no voice and of being afraid to come back at the Administration, but here is a case where radio allowed Mr. Pearson to reply where the press didn't.

Also at the hearing on the proposed sale of the Blue Network to Edward J. Noble, Mr. Woods stood his ground when James L. Fly, Chairman, sharply charged that "the American Federation of Labor and the Small Businessmen's Association don't want to come to the backdoor for a handout but want the same treatment that others get. You chase them out of the front part of the shop and tell them to go around to the back door and at the appropriate time you'll give them a handout." Mr. Woods denied there was any discrimination of the character alleged by the Chairman. He had previously explained, as of course Mr. Fly well knew, that the Blue Network subscribed to the Code of the National Association of Broadcasters which prohibits the sale of time for discussion of controversial issues, but permits free time if both sides are treated equally. Further hearings on the proposed sale were put off until next Monday, September 20th.

In the course of last Friday's hearing, Mr. Woods was put through quite a course of sprouts on how he handled commentators, controversial issues, and why labor unions were not permitted to buy time. The questions on commentators were aimed at Drew Pearson and Walter Winchell.

Mr. Fly asked Mr. Woods whether the Blue Network would have accepted the Ford Sunday Evening Hour program, with W. J. Cameron as commentator. Mr. Woods said it would, because he thought Mr. Cameron's views were his own, rather than the views of the Ford Motor Company.

Mr. Woods explained it was the network's policy to sell time to concerns with goods to sell, and not to organizations which have membership objectives.

Mr. Woods told the FCC that his network would accept a program from the Ford Motor Co., with W. J. Cameron as commentator, or from General Motors Co., with John Van Der Cook as commentator,

but would refuse a program of the American Federation of Labor because "they have a particular philosophy to preach".

He said, however, that the network has offered free time to the AFL, the Small Businessmen's Association and others.

It was here that Mr. Fly exploded about the "backdoor handouts". The revised inventory of the Blue Network, the first sale of its magnitude in the history of radio showed a total original cost for the three stations, plus other property and fixtures, of \$1,003,720.83 and a replacement cost of \$797,500. Broken down among the three stations, the figures were an original cost of \$733,200 for WJZ and a replacement cost of \$534,000; \$143,900 for WENR, and a replacement cost of \$162,500, and \$126,619 original cost for KGO and a replacement cost of \$101,000.

Mr. Woods, in a prepared statement, said that the Blue Network covers an integrated operation of 166 stations built up over a period of 17 years. Fifty new stations have joined the network since it began independent operation in 1942 - practically all of them independents up to that time.

Indicative of the uptrend in Blue time sales, is the fact that it will do an estimated business of \$15,900,000 in 1943, as compared to \$11,461,000 in 1942.

Technically the Commission only approves the transfer of the licenses of WJZ, WENR, and KGO but actually it is going into the details of the sale with a fine tooth comb.

Frank C. Goodman, Executive Secretary of the Department of National Religious Radio of the Federal Council of Churches of Christ in America, appeared in support of Mr. Noble's application. He said he also testified in behalf of the American Bible Society, the Home Mission Council of America, and the World's Christian Endeavor Union.

Len De Caux of the Congress of Industrial Organizations, will be among the witnesses when the hearing is resumed September 20th. The CIO contends labor is at a disadvantage as compared with employer and business interests in the matter of radio time.

The fact that Drew Pearson was not allowed to reply through his newspaper column, as Mark Woods had permitted him to do, was revealed in a story printed in Marshall Field's New York newspaper last Sunday which printed the suppressed column, and said:

"Pearson, it was learned today, has tried several times to reply to the press conference attacks on him by President Roosevelt and Hull which resulted from his criticism of Hull's attitude toward Soviet Russia. The President called Pearson a 'chronic liar'.

"Several of the newspaper editors who use Pearson's column are understood to have urged him to reply. He was anxious to do so, and wanted to give further details to back up his charge that Hull



had been antagonistic toward our Soviet allies. Friends say he wrote two or three columns in reply, but all were turned down by Baillie.

"The United Press president has now gone to California, leaving behind a flat edict, it is understood, that Pearson cannot reply in any way to the Roosevelt-Hull charges. In effect, this censors Pearson in any discussion of Administration policies toward Russia.

"The columnist, it is reported, is still fighting to get his story across."

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#### SECRETARY HULL CHOOSES RADIO FOR HIS IMPORTANT SPEECH

Another break for radio was the fact that Secretary of State Cordell Hull last Sunday night broadcast his speech instead of releasing it to the press exclusively. Coming at a time when such serious charges are being hurled at the State Department and when the Department is in the midst of a new struggle, the speech, the first formal address Mr. Hull has made in more than a year, was looked forward to with unusual interest.

However, the Secretary, who sounded rather feeble over the air, did not touch on any of the State Department internal troubles but instead undertook an exposition of United States foreign policy for both the war period and after advancing as cardinal requirements for postwar relations establishment of international means of resolving political and legal disputes and "readiness to use force if necessary, for maintenance of peace."

Secretary Hull's speech was carried by the National Broadcasting Company.

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#### BLAMES FDR POLICY FOR PETRILLO - WSAY REFUSED INJUNCTION

Putting Petrillo squarely on the Administration doorstep, the New York Times said last Saturday:

"The lawyer for six leading transcription concerns, appearing before a special panel of the War Labor Board, was completely justified in declaring that what Mr. Petrillo's union proposes is that the manufacturers of an invention must either 'go out of business or, in the alternative, agree that every person who uses the invention should hire or preferably pay the union for the same number of men as would be used if the invention did not exist.' If the Petrillo proposals were accepted they would clearly destroy established industries and thwart new technology.



"On the ground of the public interest, Mr. Petrillo has no case whatever. Yet his ban on recordings, which deprives musicians of income at the same time as it deprives the public of music, continues. Mr. Petrillo, it is true, is a very unreasonable man. He has, in fact, unmitigated gall. At hearings he shouts, flails his arms, pounds the table, and doesn't care what accusations he makes either against the transcription and broadcasting companies or against Government officials. But all these uningratiating personal qualities would be of little importance under a proper state of law and law enforcement.

"Mr. Petrillo gets his power to dictate to the American people what music they shall and shall not hear through the Wagner Act and under the sweeping immunities that unions enjoy from the Federal anti-trust, anti-conspiracy and anti-racketeering laws. There is no point in objecting to Mr. Petrillo's aims or methods as long as we accept the state of law that encourages such aims and the use of such methods."

Through a decision Saturday in Rochester, N. Y., by Supreme Court Justice William F. Love, radio station WSAY lost its motion for a temporary injunction against Petrillo and Local 66 of the Musicians Protective Association of Rochester.

Gordon P. Brown, owner of the station, sought the order pending trial of a suit for a permanent injunction and undetermined damages. He asserted that the national and local unions unlawfully coerced the Mutual Broadcasting System and the Blue Network on July 15 to cut station WSAY from all "live" music, both remote sustaining and studio programs, because of a dispute with the local union. The station has since operated with recorded music only.

Mr. Brown declared that there was no labor dispute involved under the law but that there was a conspiracy among the defendants to force the hiring of five musicians for which the station had no need.

In refusing the temporary injunction, Justice Love held that there was no malice, actual coercion or intent completely to destroy the plaintiff's business. He said a different showing might be developed on trial of the suit, but that on the affidavits before the court the restraining order must be refused. The trial is scheduled for September 20th.

The dispute arose over the union's demand that WSAY contract to hire five musicians. The union also sought an accounting from WSAY to determine whether it could afford to hire more musicians. Information as to the station's financial status was refused.

The Petrillo hearings before the War Labor Board will continue in New York next Friday, September 17th, at which time the Musicians Union side of the case will be heard.

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## FLY BREAKS LOOSE ON THE SUBJECT OF NEWS COMMENTATORS

The high-light of the press conference of Chairman James L. Fly of the Federal Communications Commission was his taking a fall out of radio news commentators. He said:

"One thing, of course, we have always got to bear in mind is the necessity of having a broad general public service in radio - not a tendency to constrict and exclude, particularly in the field of public discussion, the presentation of views on important current issues, political, social, economic in character.

"To the extent that broadcasting fails to meet that most important public need, to that extent it is deficient. There seems to be something of a tendency in the industry generally to restrict and exclude rather than to lay down sound policies that will give us broader and more wholesome public service. I really think it is time for the industry itself to take hold of this whole problem and see how opportunities can be made to render broader service and to agree on rendering more fundamental services. It is conceivable; it may be the easiest way out to constrict and exclude, but it is not so clear that the easiest way out is the most constructive way.

"And, in the event the industry does not see the light?" the Chairman was asked.

"That would be a matter for the consideration of the Commission. It is something of a defensive complex, you know, that enters into this sort of thing, a tendency of the industry to avoid these vital questions on the public issues, to take refuge behind shibboleths rather than move out in a fundamental and vital way and grasp the issues and do something about rendering a public service in regard to them.

"I rather suspect that if the present tendency continues, the overall utility of the broadcasting will tend to diminish from day to day, month to month, year to year, simply because of the ease of adopting restrictions and constrictive and exclusive measures. We seem to be simply sticking to the point that so long as an outfit is big enough and has some product to sell over a national network, it will get the time, and if not it won't get it. That's too easy a standard. Then, too, I would suppose it doesn't help that situation any where we permit that small restricted group to promote their own ideas and their own philosophies and press those upon the public's attention. You have that in a number of instances, which only accentuates the fact that you don't render a broad public service.

"I heard a so-called news program last night. It always is supposed to be a news program. Through the months it has been tending more and more to get away from the news of the day to the philosophies of the particular sponsor. Things like that are done in a somewhat subtle if not over-subtle manner. Only by careful listening do you discover that he is not giving you news or comment on the world news, but is peddling ideas to you from the company headquarters. Where ideas and ideals and philosophies are promoted



they ought to be promoted openly, and in any case when they are promoted they should be counterbalanced by other presentations so that the public will have the benefit of both sides of the controversial issues.

"A radio license is a public trust. It may be exploited selfishly, and properly so, but it should not be so exploited exclusively and as against the great public interest. The privilege of extending your voice into the living rooms of virtually all the people of this country is a rare one. It cannot be extended to everybody, and he who undertakes to operate or exercise control over that vital mechanism which belongs to the public, takes with that privilege and that opportunity a grave public duty. The mechanism of free speech and indeed about the only practical mechanism of free speech we have is entrusted to him and it is placed in his hands in trust for the public."

"Why do you say this is the only practical mechanism?" someone broke in.

"Because the day is gone when a man can accomplish anything in terms of national public opinion by the soap box method", Mr. Fly replied. "All you get out of what you can say orally or what you can say before any audience that comes before you is a certain degree of mental catharsis. So far as affecting national public opinion by means of speech in this modern complex society the personal effort is well nigh futile. The only way we can talk to the people as a whole is through radio broadcasting.

"I am not talking about the press; I am talking about speech and the mechanism of free speech. In the early days free speech was a much more practical matter in that audiences were smaller. You could reach people better. But now that the distances are great and the population is so great and society is so complex, the possibility of accomplishing anything by word of mouth is rather small. So, as that society has developed, we have come upon here what is really the first practical mechanism that makes free speech much more than a theoretical thing. It is a vital public force and a practical force. It is no longer theoretical."

"Is there any possibility of the Communications Act being rewritten by Congress in such a way that they might remove that vital public interest factor subtly?" a reporter ventured.

"I don't think there is the slightest possibility; not the slightest", Mr. Fly went on. "It is conceivable that some of the powerful interests might bring so much pressure to bear that we might get some slight change of wording. I don't know, but anytime you take away from the license of the broadcaster that fundamental duty to serve the public interest then you have prostituted your whole great public mechanism of free speech to selfish interests. The dangers in any system where the broadcasters would not be under a duty to serve the public interest are well nigh frightening.



"By these remarks do you imply that it is impossible to have sponsored news commentators?" a reporter asked.

"From the standpoint of ideal service it may well be that there ought not be any sponsorship of news or comment", Chairman Fly answered. "I would take no position on that. You certainly do have some splendid examples of courage in news reporter and commentators who are paid by the sponsors. And I certainly had not intended to level any criticism at such news reporters and commentators or at those sponsors."

"The responsibility is to the broadcaster to see about the news?" the reporter persisted.

"I am not trying to delineate at this moment or to tell you what the Commission will do or not do", Mr. Fly said. "I am giving you some of my own basic philosophy in regard to standards of public service and the principles to control public service. I am suggesting in terms of the ideal but not in the idealistic sense merely as distinguished from the practical. I am not talking about a specific legal requirement or about any particular thing the Commission may do as a matter of legal procedure. In fact, I should have saved this speech for a later date."

"I gather that you mean that the industry itself has to take hold at this point to correct any of the abuses that are more or less flagrant?" the Chairman was asked.

"Yes, to correct any of the abuses that are more or less flagrant and also to come to grips with the broader, more fundamental questions and to expand the issues of the free speech mechanism on a sound basis rather than continue to hide behind formulae and shibboleths which from time to time tend to restrict service rather than expand it", he concluded.

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#### OWI CUTS OUT RADIO TRANSCRIPTIONS IN LATEST SHAKE-UP

It was announced today (Tuesday, September 14) that the major cuts in the Office of War Information have been the elimination of certain production activities - including radio transcriptions - and the elimination of field offices, and the curtailment of certain minor activities in the various bureaus.

Otherwise there was apparently no change in the status of radio in what Palmer Hoyt, OWI Domestic Director, described as "A strengthening of the organization and realignment of personnel in the Domestic Branch. Donald Stauffer continues to be listed as head of the Radio Bureau though there were reports of his retiring.

"This realignment", Mr. Hoyt said, "will produce these results: It will improve our effectiveness in serving the media of information and the war agencies of the government. It will

strengthen control over our varied programs, so as to carry out the policies laid down by Congress. It will effect many economies, but we will get the maximum possible return out of every dollar and every man and woman on the job."

James Allen, formerly Director of Public Relations for the Department of Justice, who has been with OWI since its establishment, continues as principal Assistant Director.

Stephen E. Fitzgerald, formerly Director of Information for WPB, and until recently an OWI Deputy Director, becomes Assistant Director in Charge of Operations.

The general field of war information is divided into six areas, each covering a group of related war agencies. Each area is assigned to a Deputy of the Director. Heretofore, the Deputies have been responsible for policy in their respective fields and for liaison with the government departments concerned. Hereafter, each Deputy will, in addition, be directly responsible for the conduct of all war information programs in his field. Program Managers have been reassigned from the Office of Program Coordination to the staffs of the appropriate deputies and will work under their direction.

Deputies and their agencies and areas are as follows:

Military Information: Agencies - Army and Navy - George H. Lyon, formerly City Editor of the New York World Telegram; Production and Manpower: James R. Brackett, formerly Executive Secretary of the Temporary National Economic Committee - Agencies War Production Board, War Manpower Commission, Office of Defense Transportation, Petroleum Administration for War, Maritime, Solid Fuels Coordinator; Food, rationing, price control: Agencies Office of Price Administration, War Food Administration of Agriculture - A. R. Whitman, formerly Vice President and Account Executive of Benton & Bowles; Labor and Civilian Welfare: Agencies - War Labor Board, Department of Labor, Interior, Federal Security Agency, War Production Drive, Production Information Com., Committee on Congested Areas - Herbert Little, formerly head of Labor News Desk for OWI and former Labor reporter for Scripps Howard Newspapers; Taxation, finance, economic stabilization: Agencies - Treasury, Office of Economic Stabilization, War Housing, Office of Civilian Defense, Red Cross National War Fund Herman S. Hettinger, formerly on faculty of Wharton School of Finance of the University of Pennsylvania; Enemy Information - To be announced

Arthur Sweetser, former Director of Information for the League of Nations, will continue as a Special Deputy for liaison with the United Nations Information Center, and liaison for the Domestic Branch with the State Department and representatives of all foreign government as regards the work of the latter in disseminating information within the United States.

OWI Bureau Chiefs are as follows:

News Bureau: Charles L. Allen, Acting Chief, now on leave as Assistant Dean, Medill School of Journalism, Northwestern University;



Radio Bureau: Donald Stauffer, former Executive Vice President in charge of Radio, Ruthrauff & Ryan; Magazine Bureau: Dorothy Ducas, former editor of McCalls, etc.; Motion Picture Bureau - To be named; Book Bureau: Chester Kerr, formerly Director of Atlantic Monthly Press; Editor of Harcourt Brace & Co.; Office of Program Coordination: Robert Ferry, formerly Vice President of Geyer Cornell & Newell; Account Executive with Young and Rubicam; Bureau of Special Services: Katherine C. Blackburn, formerly Director of Division of Press Intelligence; Executive Secretary of Woodrow Wilson Foundation.

Functions which OWI's Domestic Branch will continue to perform may be summarized as follows:

1. It will clear and coordinate all war news releases by government departments and agencies.
2. It will serve as the channel between war agencies and the radio industry; coordinate and allocate all government requests for radio time; prepare radio war messages; clear government war radio programs.
3. It will clear all speeches and magazine articles by policy-making officials, in accordance with the directive of the President.
4. It will serve as the channel between war agencies and the motion picture industry; coordinate and allocate all government requests upon the motion picture industry. Although OWI will not itself produce motion pictures, it will coordinate the motion picture productions of other government agencies to avoid waste, duplication, or conflict.
5. It will serve as a central point of contact with magazine publishers to coordinate government requests for magazine space and to provide war information to magazine editors.
6. It will serve as a central point of contact with book publishers and authors.
7. Although OWI will not itself produce posters, it will coordinate the production and distribution of posters by other government agencies to eliminate waste, duplication of conflict, and will maintain a small creative art and planning section for the assistance of Federal war agencies. The Government Printing Office has agreed to accept no posters for printing which have not previously been cleared with OWI.
8. Although OWI will not itself produce publications for distribution directly to the public, it will continue to operate the Inter-Agency Publications Committee which reviews all proposed government publications to eliminate non-essential printing. The Bureau of the Budget will not approve the expenditure of funds for proposed periodical publications not previously cleared with the Inter-Agency Committee. A. H. Feller, General Counsel of OWI, is Chairman of the Committee.
9. OWI will also maintain the following services:
  - Press clippings: This service has been greatly curtailed by reduced appropriations. Every effort is currently being made to restore sufficient service to meet essential government needs.
  - Public opinion surveys: OWI will conduct such surveys only in connection with specific war information problems. Results are not to be used publicly, but are for the guidance of government administrators and information men.
  - Public inquiries: A small staff has been retained to handle inquiries from the public.

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## CBS STATIONS LAUNCH BIG PROGRAM PROMOTION CAMPAIGN

One of the most comprehensive and powerful campaign of voluntary program promotion ever undertaken in network radio will shortly be launched simultaneously by every station on the network of the Columbia Broadcasting System.

Breaking in every CBS "station city" in the United States late this month, the campaign, over the station signature of each, will use as media: radio, newspapers, transportation advertising, posters and direct mail to ring up the curtain of the Fall and Winter season of CBS network programs.

In their use of radio itself, the CBS stations plan the broadcasting of more than 45,000 special announcements inviting listeners to important programs immediately forthcoming. The stars of the network programs have themselves recorded for the stations over 600 personal invitations to listen to their programs; these recordings are a second branch of the station's use of radio to display its wares.

Newspaper advertising to a total daily circulation of over 12 million contemplates use by each station of every major newspaper in every "station city", with sustained, frequent and sizeable space.

In every CBS "station city" where transportation advertising is available, the CBS stations will carry cards displaying their programs, call letters and frequencies, to a total monthly passenger circulation of over 840 million, a full run of giant car and bus cards keyed to every program on the network for every day in the week.

CBS stations are planning vigorous use of a series of brilliant large posters announcing each full-network program. Many of these posters present portraits of leading artists or directors, drawn especially by James Montgomery Flagg, famous illustrator. The initial showing of these posters will exceed 65,000 and the full campaign contemplates use of more than 500,000.

More than half a million miniature posters will be circulated by CBS stations and many other direct-mail measures are under way.

In issuing the announcement, CBS emphasizes the fact that this campaign does not replace, but is superimposed on top of the full "normal CBS station procedure in voluntarily serving their clients and agencies with practical promotion campaigns for every program on the network - a method which the industry has been kind enough to designate year after year as the leading effort of its kind."

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: : : TRADE NOTES : : :  
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Radio stations are invariably swamped with telephone calls asking if an air-raid alarm is a test or if it is a real thing. These people might be told that they could always get the answer by tuning in the local station. If the station is off the air, it is the real thing.

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Sonora Products, Inc., Sales Division for Sonora Radios & Records, announced that it has purchased the plant and facilities of Standardline Wood Manufacturing Co., which will be operated by Sterling Wood Manufacturing Co., a newly organized Illinois corporation.

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Burridge D. Butler, President of Prairie Farmer-WLS has returned from a six weeks business trip to Phoenix, Arizona. During his stay in Arizona he supervised the activities of the Arizona network stations - KOY, Phoenix, KTUC, Tucson; and KSUN, Bisbee-Lowell.

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Press and radio were complimented for their observance of the code of censorship, in the annual report of General George C. Marshall, Chief of Staff, who said, that "a genuine cooperation has been attained by these great news disseminating agencies."

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Philco Corp. earned \$1,526,282 or \$1.11 a share in the first half of 1943, compared with an adjusted profit of \$1,152,877 or 84 cents a share in the same period a year ago. July shipments were the highest on record, with further gains expected during the remainder of the year. Shipments consisted mainly of radio and electronic equipment for the armed forces.

Renegotiation of 1942 contracts has been completed, resulting in an adjustment of \$220,350 in earnings, which was charged to the \$1,000,000 reserve for contingencies, the report revealed. The reserve is now \$779,650, leaving \$2,209,992 profit, or \$1.61 per common share, as originally reported.

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NBC's public service department will hold its annual Fall meeting at Radio City Tuesday and Wednesday, September 14-15, to make plans for the coming year, Dr. James Rowland Angell, Public Service Counsellor, will preside. Representatives from all divisions including Judith Waller, Manager of the Central Division of the Public Service Department, and Jennings Pierce, Director of the Department's Western Division, will be present.

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"I hear the local Bing Crosby on Station WTOP, Washington, Arthur Godfrey, does so well he can afford to look down his nose at a \$60,000 annual offer to transfer to New York. It's a case of hitting the public fancy and jackpot at one and the same time", writes Andrew Kelley, in the Washington Daily News.

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