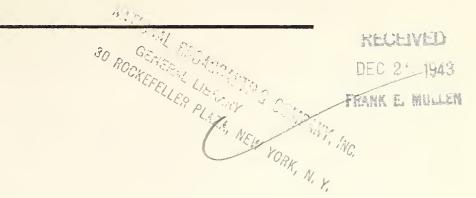
HEINL RADIO BUSINESS LETTER

2400 CALIFORNIA STREET

WASHINGTON, D. C.



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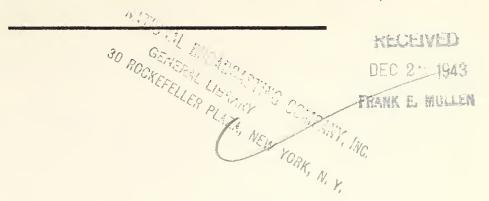
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GRAB FM WHILE GOING IS GOOD, McDONALD URGES PUBLISHERS

Urging newspapers not to again be caught asleep at the switch as they were with standard broadcasting stations, and to take advantage of their present golden opportunity to secure FM licenses, Commander E. F. McDonald, President of the Zenith Radio Corporation, has written the following letter to 600 leading publishers of the country:

"Twenty years ago, when radio was young, Col. R. R. McCormics, publisher of the Chicago Tribune, asked me,

"'Why should I, a newspaper man, go into radio broadcast-ing?'

"Because', I replied, 'a newspaper is the hardest thing in the world to advertise. Outside of your own circulation, which you already have, there is no medium you can use to reach the public other than a direct competitor, such as other newspapers, magazines, billboards, radio, or even direct mail. If you own a broadcasting station, you are turning a potential competitor into part of your organization, and gaining new circulation of your own on the radio to advertise your publication.'

"That was good in 1923. It is even better today. Radio, although still an auxiliary, has become a great factor in molding public opinion, and a great advertising medium. The development of Frequency Modulation presents a new opposition in radio, an opportunity comparable to that given the railroads when the development of diesel-electric streamliners enabled them to recover much of the freight and passenger traffic they had lost to trucks and airplanes.

"This letter is not a bid for publicity, nor is intended to benefit either Zenith or the radio industry as plenty of FM stations will operate whether or not you act. We have no apparatus or transmitting equipment to sell you. My sole purpose is to point out the opportunity FM offers to the press of the United States in helping it retain the leadership in molding public opinion it has held for the past century.

"FM is an entirely new method of broadcasting. It was off to a flying start when war interrupted production of new radio receivers and construction of new broadcasting stations. Its superiority to the Amplitude Modulation now used for standard broadcasting is so striking that I believe it will quickly dominate the field of local broadcasting in the post-war period. Moreover, it is ideally adapted to the needs of a newspaper.

- "1. FM broadcasting stations are much less expensive to erect and operate than the old type Amplitude Modulation stations.
- "2. There will be plenty of FM channels available; wave lengths are not, as with present Amplitude Modulation, limited to a fortunate few.
- "3. FM erases static, both man-made and nature-made, and transmits programs in its area with dependability, fidelity, and realism hitherto unknown.
- "4. While the range of an FM transmitter is limited, it will cover the heart of any newspaper circulation area without interference from other stations at any hour of day or night.
- "5. FM is, in my opinion, destined to replace most of the present-day stations except long-range, clear channel stations. Many will disagree with me on this statement, but may I suggest that many were not in agreement with me some years ago when I stated, as I still state, that television was, and is, just around the corner, for stock salesmen only.

"FM faces none of the economic hurdles that have held back television. It is here. I grant you that not more than one per cent of existing radio sets are equipped to receive FM, but I predice that when the war is over it will be difficult, if not impossible, to sell any radio for forty dollars or more that does not have FM, and prices may go well under this.

"Now I am going to make an unorthodox suggestion with which you may not agree. I feel that it is a mistake for a newspaper owning a broadcasting station to compete with itself by selling radio time for advertising. I believe it will pay many newspapers to erect an FM station and charge the cost of its operation to advertising the newspaper. This will build good will and win the gratitude of the public by eliminating the annoyance of commercial announcements, plug-uglies if you will, that the public resents on the radio today. I speak from experience when I say that an FM station presenting good programs without commercial sponsorship will win and hold a large share of the radio audience. If you, on the other hand, want to compete with yourself by selling time on your FM station, you may, but you will not enjoy the audience and popularity you will without advertising.

"We have operated Zenith FM radio station WWZR in Chicago for nearly four years, and sold no advertising. We use no live talent - use only high fidelity transcriptions and recordings, of which there are splendid services available. We make only two announcements an hour, and even these are recorded. On one of these announcements we present the merits of Zenith as you could present the merits and features of your publication. We find that this practice creates no public resentment.

"The number of FM sets in Chicago is limited, but there are scores of restaurants catering to thousands of customers who

use our FM music constantly in preference to any other music, radio or otherwise, available. In addition to this, there are about fifty war plants, employing thousands upon thousands of war workers in their factories, who entertain their workers and maintain production levels with music from our FM station.

"I have long felt that publishers of the printed word, who have molded public opinion for so long, are best qualified to be, and should be, the major owners of broadcasting stations. The Chicago Tribune went into broadcasting in 1923 and has done a splendid job for the public, and for itself, with its standard broadcasting station, WGN; recently it has broadened its service with FM radio Station WGNB. Many publishers missed the opportunity to get AM wave lengths when radio was young. Opportunity knocks again because FM wave lengths are available now, but applications to FCC for FM are already many. The FM audience of today is not large; neither was the audience for standard broadcasting stations when the original broadcasters entered that field and secured their valuable wave lengths. After the war, the FM audience will grow much more rapidly than the original radio audience did in the early days of radio.

"If you are interested and would like technical details about cost of stations, cost of operation, area coverage, etc., please write. We have set up a department to answer your questions, but, as I said earlier in this letter, we have no apparatus or transmitting equipment to sell you.

"I would like your reactions."

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BELIEVED LEWIS WILL PUT NEW LIFE IN AMERICAN FM NET

It is expected that the appointment of William B. Lewis, former Chief of the Domestic Bureau of the Office of War Information, and former Vice President of the Columbia Broadcasting System, and General Manager of the American FM Network, Inc., will prove a shot in the arm for that organization. Mr. Lewis, now working on a country-wide survey to evaluate CBS programs and to make recommendations for their improvement based upon his conversations with broadcasters in practically every State in the union, will start with the American Network upon the completion of that task within the next few months.

The appointment of Mr. Lewis to the FM vice-presidency also definitely removes another possibility who has been talked of to succeed Neville Miller as head of the National Association of Broadcasters if, indeed, Mr. Miller is to be succeeded. Another name also apparently eliminated was that of Lieut. Commander Harry C. Butcher, U.S.N.R., also a former CBS vice-President, now aide to General Eisenhower in Africa. Commenting upon the suggestion that he head the NAB, Commander Butcher wrote: "One war at a time is enough."

Mr. Lewis succeeds John R. Lathan, who has returned to the agency field. At the conclusion of his first year with OWI, Mr. Lewis said:

"If we have learned one important lesson from this first year of wartime radio (although, actually, we've learned dozens), it's that quantity is nowhere near so important as quality. You can snow the public six-feet-under with announcements, appeals, instructions, special war theme and informational shows, but - if they aren't good shows and announcements - then you'll get no better results than listener fatigue and tumbling Crossleys.

"Today, we're aiming for better war information, presented more intelligently with less routine, and placed in program schedules where the most persons can hear them. The American people, as radio's staunchest supporters, have every right to expect that their daily listening will offer both escape from war anxiety and needed relaxation from wartime rigors. You can't bludgeon them with a million do-this-but-don't-do-that plugs. If you insist on trying, they'll just exercise that wonderful American prerogative of walking over to the family receiver and snapping the switch marked 'off'.

"Their right to listen to what they want, when they want, is one of the things we're fighting for. They want clear explanation of both factual war information and the issues which are involved, presented with due consideration for everyday standards of good taste. They want to know what this war is all about, how they can help win it. And radio, intelligently coordinated, can give them the answers."

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DOESN'T SEE TELEVISION SUPPLANTING DAILY PAPERS

In the opinion of Ira A. Hirschman, Vice-President of Bloomingdale's Department Store in New York, television will not change a fundamental habit of "wanting to sit quietly and read something that is not moving through the ether, whether through voice or sight." Mr. Hirschman, addressing the American Marketing Association, said that radio has never been able to do more than supplement printed advertising and stated that television presentations by department stores would center in the display field, chiefly the showing of miniature display windows in homes, and therefore would be developed by display personnel rather than by advertising copy writers.

He also predicted the eventual coordination of television with newspapers in the advertising field and urged newspaper publishers to investigate carefully and seek to integrate television into their advertising with maximum advantage to themselves.

WAR TRANSFORMER AND CAPACITORS STANDARDS O.K.

Standard specifications on radio transformers and capacitors, evolved by the War Production Board, the American Standards Association and the radio industry have proved generally satisfactory, the Radio Replacement Parts Industry Advisory Committee said at its recent meeting in Washington, WPB announced last Saturday. Production using these standard specifications is covered by Order L-293. Standard specifications for radio volume controls also are being drafted, WPB said.

The tight labor situation is the principal problem facing the radio replacement parts industry, Committee members indicated. Materials and facilities do not constitute major problems at present.

The distribution of radio parts under the terms of Limitation Order L-265, which provides that civilian orders for electronic equipment need no ratings but are filled by manufacturers on a certificate showing that the components are needed as maintenance, repair and operating supplies for radio customers, was discussed. Industry members said the distribution system under the order worked fairly well. Under Order L-265 the industry practice is to prorate distribution of radio parts to various outlets throughout the nation and not on a "first come, first served" basis, resulting in comparatively equitable distribution, the Committee said.

Frank H. McIntosh, Chief of the Domestic and Foreign Branch of the Radio and Radar Division, WPB, was Government Presiding Officer at the meeting.

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SYLVANIA PLANS NEW POST-WAR RESEARCH CENTER

Among the plans of Sylvania and one which will be well under way when hostilities have ceased, is its centralized research center. Nearly 30 acres of land have been purchased for this purpose at Bayside, Long Island. Located away from the distraction of a manufacturing plant, or the center of a city, all of the advantages of such close associations can be maintained due to its proximity to New York City.

Sylvania's rapidly broadening scope in the fields of lighting, radio and electronics has made such a research center highly desirable. Though it is questionable whether or not any new buildings can be constructed for the duration, adequate land space will be available for such plans as may be developed to fulfill probable future needs.

Research work will eventually cover the design of new products, development of existing designs, application research and devices in which new products are to be used. Plans call for

Production Development Laboratories with all facilities for the study and design of production processes, methods and techniques, together with the development of automatic production equipment, so that new products can be turned over to the various Sylvania plants ready for manufacture.

In addition, a research center of the type planned offers an ideal location on which to train those student engineers who join the company through the Centralized Engineering setup. Following an intensive course under Sylvania's own engineering and research men, supplemented by guest instructors, the relative aptitudes of the men for either research or production engineering can be determined and the men assigned to positions where they will be able to do their best work.

In a corresponding way, other administrative functions, some of which have already been established in the New York area, will be considered for eventual location in the center.

Eventually a considerable staff of research workers will be employed at the Research Center, and, with this in mind, recreational facilities and a modern cafeteria are included in the plans.

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CAPITAL GETS NEWS BY RADIO DURING NEWSPAPER STRIKE

The brunt of the news coverage suddenly fell upon the Washington broadcasting stations yesterday (Monday) in a printer's strike which for a day deprived Washington of its newspapers. Although negotiations between the publishers and the printers had been under way for some time, the strike apparently came out of a clear sky.

The <u>Washington Post</u> and the <u>Times-Herald</u> managed to get out with skeleton editions but the evening papers - the <u>Star</u>, the <u>News</u> and the <u>Times-Herald</u> evening editions - were forced to suspend. Nor was the word "strike" used. The Columbia Typographical Union simply called the printers into "a continuous meeting" and as long as they were at this meeting they could not return to work. The printers demand \$1 a day increase and the publishers offer to pay 72 cents. The War Labor Board ordered the printers back to work pending settlement.

Praise was heard for the broadcasting stations and their public service during the emergency and bitter criticism against the strikers. This writer didn't hear a single good word for them. Also it is believed notwithstanding the all-out support given to labor by President Roosevelt and the New Deal, the Washington newspaper strike (which might as well have been against the broadcasting stations or anything else) in the National Capital did labor more harm than good and seemed to be another assurance that strikes in wartime might prove a boomerang to labor in the 1944 election and result in subsequent stringent labor legislation.

FCC PROSECUTOR DENIES RESIGNING: CAPITOL SAYS HE'S OUT

Following a report that Eugene Garey, prosecuting lawyer for the House Committee investigating the Federal Communications Commission, had resigned, Mr. Garey at his office in New York called this "grossly exaggerated" and declared he would be back in Washington in January when the hearings were resumed. Despite this denial came the positive assertion that Chairman Fly and the FCC having succeeded in forcing former Chairman Cox, of Georgia, to resign, had likewise been successful in putting the rollers under Mr. Garey and that the latter's resignation was now in the hands of the Committee and would be accepted when the group reconvened after Christmas.

If this proves true, Mr. Fly's fight on Mr. Garey may not do the FCC Chairman any good politically because Garey is a foe of the New Deal and an intimate friend of Jim Farley, who is looming so large in the present anti-New Deal picture. It was further reported that Mr. Garey would join with Senator Wheeler, of Montana, in an investigation of the book "Under Cover" and its author, John Roy Carlson.

Prior to the adjournment of the House Committee for the holidays, investigators said that John A. Kennedy, now a Captain in the Navy, owner of Station WCHS at Charleston, W. Va., would be asked to testify concerning charges made to the Committee by Miss Sylvia Mercer, his former secretary.

Miss Mercer, of Kell, Ill., identified herself as at one time secretary to Kennedy and charged that he was instrumental, in part, in seeking establishment of a "competing" radio station.

She testified that Kennedy allegedly backed W. A. Carrol of Charleston as the "dummy" head of the Kanawha Valley Broadcasting Co. in 1937 when a representative of the Ford industries sought FCC sanction for a competing station in Charleston. Miss Mercer said the Kanawha company was awarded a permit for Station WGKV and the Ford industries application was denied.

She said WGKV authorities made no attempt to comply with the construction orders issued by the FCC and did not begin operating the station until 1939. Then, she said, WGKV, situated in the same building as WCHS, and using its facilities, was operated at a loss.

Howard Chernoff, Managing Director of WCHS, denied Miss Mercer's charges and described her as "a former disgruntled employee." He said that "her charges will be answered fully, if and when we are given the opportunity."

Chernoff said "neither Captain Kennedy nor radio station WCHS owns a single share of stock in Station WGKV, nor do we have any options, written or oral, for any portion of that station or its stock."

SUIT TO FORCE PAPER TO PRINT RADIO PROGRAMS DEC. 27

Newspapermen throughout the nation will focus their eyes on the District Court in Denver, Colorado, on December 27th when Judge George Luxford opens a hearing on two motions filed by attorneys for the Denver Post, defendant in an unusual action filed by Eugene P. O'Fallon, Inc., operator of Station KFEL, Denver.

The radio station filed an action in the Denver district court last October 23rd seeking to restrain the Post from omitting the listing of KFEL programs and those of the Mutual Broadcasting System (which are carried by KFEL) from the Post's daily log of local radio programs.

The Post's defense, according to the <u>Editor & Publisher</u>, is expected to be based on the fact that a newspaper is not a public utility, that it is not forced to accept any advertising or other matter it does not care to publish, in accordance with tenets of freedom of the press.

The complaint contends that failure of the Post to list KFEL programs is in violation of the Unfair Practices Act of Colorado and that the omission is designed to injure Station KFEL and destroy competition.

The Post's radio log lists only Stations KOA (over which the Post has two daily newscasts), KLZ and KVOD. In addition to KFEL, the Post also eliminates the log of KMYR, an independent station. KOA is the NBC outlet; KLZ is affiliated with CBS, and KVOD with the Blue network.

The Scripps-Howard Rocky Mountain News, a morning paper, publishes the daily logs of all five stations. The Post appears evenings and Sundays.

Attorneys for the Post have filed two demurring motions against the KFEL suit. Hearing on the two motions was originally set for December 20, but was postponed one week at the request of Harry S. Silverstein, chief counsel for KFEL, who advised the court he could not appear that day on account of another court action in which he represents clients outside of Denver.

KFEL's action alleges that the Post has established and maintained a "discriminatory blacklist and boycott" against KFEL and Mutual, and that the Post's attitude is "attended by circumstances of fraud and malice".

The complaint points out that the listing of three other radio stations in the Post's radio log is made without charge, and that the Post thereby secretly extends to them special services not accorded to KFEL, which has been forced to pay \$5 a line to list its program in the Post's radio program schedule.

KFEL charges that the list of programs published by the Post in its log is "false and misleading" as a result of the omission of KFEL programs and such omission was "intentionally done to divert business from KFEL and to convey the impression that KFEL is not on the air."

In addition to asking an injunction against the Post to prevent its continued omission of KFEL program listings, the suit seeks treble actual damages amounting to \$2,395, on the basis of KFEL's paid listings in the Post, and exemplary damages.

The suit also claims that the public interest demands that the people be unhampered by any artificial or unnecessary restraints, public or private, upon their choice of radio stations.

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DENIES NBC TRIED TO HIGH-PRESSURE "CATHOLIC HOUR"

There was a denial of an assertion James L. Fly, Chairman of the Federal Communications Commission made before the Senate Interstate Commerce Committee that the National Broadcasting Company had attempted to throw the "Catholic Hour" off the air. This came in a letter to Chairman Burton K. Wheeler from Edward J. Hefron, Secretary of the National Council of Catholic Men, who said:

"Last Spring the National Broadcasting Company did ask the National Council of Catholic Men to consider moving the 'Catholic Hour' from 6 o'clock Sunday evening (Eastern time) to 3 o'clock Sunday afternoon, saying that at the earlier hour they would be able to assure us a larger number of cooperating stations than were then carrying our program * * *

"The Board of Directors of the National Council of Catholic Men considered NBC's proposal at its meeting on May 1, 1943, and thereupon informed NBC that it would prefer not to have the hour of our program changed. NBC accepted this decision with good grace and with no impairment of the good relations that have existed between us since the inauguration of the 'Catholic Hour' nearly four-

teen years ago.

"Our transcript of the testimony before your Committee yesterday seems to suggest that NBC may have accepted this decision of the NCCM Board only as a result of organized efforts by Catholic groups to persuade them to do so. Actually, the negotiations were private, entirely between the National Broadcasting Company and the National Council of Catholic Men. NCCM released no word concerning the matter, either during the pendency of negotiations or afterward, to individuals, groups, newspapers or magazines.

In concluding the hearings on the Wheeler-White Radio Bill, Senator Wheeler said:

"The Committee generally is in favor of preventing either the Government or some small group of men in industry from being able to control and monopolize the ideas peoples have presented to them over the radio." * * * "The problem that confronts us is to work out legislation which will guarantee, as far as possible, the right of both sides on

important controversies to be heard", he said.

"Both sides agree upon this right, but disagree as to how it can be accomplished. The industry would like to determine, itself, whether it is operating in the public interest. It is contended the FCC has too much control, and that this creates fear in the minds of broadcasters that they must do what the bureaucrats like or lose their licenses.

"I want to take away any fear of revocation, but, on the other hand, there will have to be some standards set up so that a broadcasting chain or station cannot take a public-be-damned attitude, only sending out its own views."

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MAJESTIC TO OFFER PUBLIC 70,000 SHARES OF COMMON

The Majestic Radio and Television Corporation of Chicago nas registered 70,952 shares of common stock with the Securities and Exchange Commission which it proposes to offer publicly. The stock is said to be outstanding and in that case the proceeds of the sale will be received by the shareholders who are offering the stock. They are reported to be:

Edward F. Barile, 500 shares; Mrs. Cora Casagrande, 5,000 shares; Dudley E. Foster, 1,000 shares; Mrs. Margaret Foster, 980 shares; Mrs. Florence Freese, 1,000 shares; Joseph J. Neri, 500 shares; Mrs. Marie L. Tracey, 56,945 shares and Mrs. Janet M. Vanmeter 5,000 shares.

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SENATOR TRIES TO HAVE COMMENTATOR YANKED OFF AIR

Although he doesn't mention the commentator by name, it is believed Drew Pearson, Blue Net commentator, was referring to himself when he wrote the following:

"Debonair, dashing Senator Burnet Maybank of South Carolina rushed to the telephone the other night, demanded that the Federal Communications Commission take a certain radio commentator off the air.

"Maybank was beside himself with fury because the commentator had reported that Maybank's predecessor in the Senate, War Mobilizer James Byrnes, disagreed with Southern Senators regarding the soldier-vote bill and paid tribute to Senator Claude Pepper of Florida as the only Southern Senator with enough statesmanship to put the soldiers' vote ahead of race prejudice.

"What was not mentioned on the radio, but what was a fact nevertheless, was that ex-Senator Byrnes was especially provoked with his old friend and fellow South Carolinian Maybank. It was Byrnes who did most to elect Maybank to office. Without Byrnes' powerful support, the junior Senator from South Caroline would have

got nowhere.

"Hence, shortly after Maybank's vote against the soldier-vote bill, a member of Byrnes' staff gave Maybank some plain, unadulterated language. 'The country would have been much better off', he said, 'if we had left you in Charleston.'"

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:::: TRADE NOTES ::::

Lack of radio tubes was one of the answers to the question "What is bothering you most?" asked in the WPB survey.

"Screen actors have to make their audiences forget that they are looking only at projected images", Lionel Barrymore said. "On the radio sound alone must supply an illusion which is no easy job. In a way it is like painting in monochrome."

The Dominican Government has awarded the Heraldic Order of Christopher Columbus to Niles Trammell, President of NBC, and Eli (Buck) Canel, who has charge of NBC's Latin American programs.

A survey just completed reveals that 65 of WOR's 1943 sponsors have used the station from four to 18 consecutive years. This figure is 22 percent of the 300 accounts on WOR's 1943 books, and shows a high average of sponsor renewals. Of these 65 longterm sponsors, 25 have been accounts of WOR for seven years or more.

Paul Hollister, CBS Vice President in Charge of Advertising, George Crandall, Director of Press Information, and William J. Fagan, Administrative Manager of the Network Sales Department, were speakers at a meeting of the CBS Construction and Building Operations Supervisors' Group last Thursday.

The Supervisors' Group was set up some weeks ago as an orientation unit to familiarize supervisors with general operations of other departments of the network, so that operations within the supervisors' divisions would function more efficiently.

Consolidated net income of the American Cable & Radio Corporation after deducting provisions for taxes, interest and other charges of subsidiaries amounted to \$1,389,503 for the nine months ended Sept. 30, 1943, as compared with \$658,963 for the corresponding period of 1942.

Consolidated net income of all America Corporation and its subsidiary companies for the nine months ended September 30, 1943, amounted to \$810,110, as compared with \$1,097,138 for the corresponding period of 1942. Gross cable operating revenues of All America Cables and Radio, Inc. aggregated \$6,108,344, a decrease of \$292,746 from the similar 1942 period.

"The growing attempt to bring radio under censorship is disturbing, according to the questions from the floor of a forum held by the Catholic Lawyers Guild of Brooklyn", the Editor & Publisher comments. "It was quite evident that the speakers and their audience were in agreement on the idea that the powers of the FCC must be redefined by Congress to avert the possibility of government control over speakers and their utterances. Otherwise the guarantee of free speech becomes a dead letter."