

HEINL RADIO BUSINESS LETTER

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INDEX TO ISSUE OF MARCH 3, 1944.

Congress Asked To Order Committee To Resume WMCA Case.....	1
M.C. Charges FCC Tried To Reach Him Through Broadcasters.....	4
New York Times Pays \$987,500 For WQXR.....	5
Fly Again Prods House Committee To Hear FCC.....	6
Radio Mfgs. Urged To Specify A Or B Capacitors.....	7
Petrillo Demands NBC, Blue Turntablers Join AFM.....	7
Trammell Foresees Television As Great Postwar Development.....	8
FCC Hasn't Heard Of Prospective Marshall Field-WJJD Buy.....	9
Zenith Forms New Radionics Corp.....	10
Seeks To Justify Use Of Midwest Radio Service Name.....	10
Baltin New Television Broadcasters' Secretary.....	11
Trade Notes.....	11

No. 1607

CONGRESS ASKED TO ORDER COMMITTEE TO RESUME WMCA CASE

There will probably be a continuation of the rough and tumble debate on the floor of Congress which a discussion of the Federal Communications Commission probe stirred up earlier in the week when Representative Miller (R), of Missouri, next Tuesday will renew the demand made by his colleague, Representative Wigglesworth(R) of Massachusetts, that the Investigating Committee resume hearings on the same of Station WMCA.

Representative Wigglesworth touched off the fireworks earlier this week by telling members of the House that for years charges of the most serious character have been levelled at the FCC "including inefficiency, political favoritism, illegal action, corruption and dictatorial domination of the air." He called on Chairman Lea to resign or "conduct a fearless investigation". Representative Lea denied any charge of "whitewashing" the investigation. He said that he had "no present plans to resign", and was in hope that a "full, frank and constructive investigation" might now get underway.

"Has the select committee received the cooperation of the administration?" the speaker (Mr. Wigglesworth) asked. "It has not. On the contrary, it has met with constant obstruction, intimidation and underhand tactics in what appears to be a desperate effort to hamstring the work of the committee and to suppress the truth." * * *

"Generally speaking, the full force of the administration has been thrown against the work of the committee. The subservient portion of the press, extreme left-wing organizations, and every direct and indirect means available has been utilized in this connection.

"When the present Chairman, (Representative Lea) of the Committee was appointed, it was reliably rumored that the White House had sent instructions to whitewash the investigation and fold up the committee." * * *

"Since his appointment there has been continuous difficulty in arriving at a satisfactory arrangement with the Federal Communications Commission with a view to obtaining for the committee staff essential documents and data." * * *

"Statements in the public press indicate that Eugene L. Garey's resignation as Chief Counsel of the Investigating Committee, was demanded under threat of criminal action, not against himself but against a friend and associate." * * *

"If these facts are true, that is dirty ball. If these facts are true, it is coercion or blackmail by the executive branch of this Government in attempting to obstruct the proper functioning

of the legislative branch of the Government in the interest of the people. It is difficult to believe that the Attorney General or the Assistant to the Attorney General or any other responsible person in the Department would lend himself to such tactics of the gutter.

"The allegations made in the public press should be investigated. The people of the Nation are entitled to know how the Department of Justice is operating under the Roosevelt administration.

"What is the President afraid of, Mr. Speaker? What is his administration afraid of? What is it that they fear to expose to the light of day? What can there be that is so wrongful or damaging as to lend to this obstruction, intimidation, and political coercion or blackmail?"

Taking up the cudgel for the other side, Representative Hart (D), of New Jersey, said that he had been the one who had urged a delay in hearing the WMCA case until the New York court was given a reasonable time to dispose of the suit Mr. Flamm had filed against Mr. Noble. He said:

"I believe that to have called Mr. Noble, the defendant in this action, involving the same transaction, involving the same parties, and, under the force of the process of the committee and under the force of the oath to which he would have been subjected, to have compelled him to disclose on the witness stand before our committee the defense of the suit pending against him, involving a huge sum of money, would have been highly improper per se, an abuse of power, an ignoble perversion of the function of a Congressional Committee, an injustice to Mr. Noble as a defendant, and an affront to the court of competent jurisdiction which will soon be called upon to hear the evidence and to deliver a just verdict upon the facts and upon the law."

Representative Hart said that the Congressional Committee had not held any hearing and had not called any of the parties to testify until after the New York suit was filed, which was in August of last year. When he spoke of a "reasonable time" for the New York Court to act, Mr. Hart said he had something like six weeks in mind.

"The controversy here and between the executive and legislative branches of the Government is whether or not the Committees of this House and the Committees of the body at the other end of the Capitol can require the members of the executive departments to disclose to us information which we deem to be necessary which we deem to be vital to legislation which has to be considered", Representative Hoffman (R), of Michigan, interjected. "We have had the executive department say to us, 'We want so much money.' In one instance the President said, as I recall, that he wanted 10 times \$10,000 for additional secretaries. We gave him the money. He hired them. If the newspaper reports are correct, in the Senate yesterday one of these hired men that our constituents are paying had the effrontery to tell the Congress which appropriates the money that it is none of

its business what they are doing, or what they are saying, nor what they have done, how they are spending the taxpayers' money which we gave them, nor how they propose to spend future appropriations."

Representative Lea (D), of California, said that shortly after he had been made Chairman of the Committee that Mr. Fly had called him up and offered the fullest cooperation.

"It seemed to me that the mere fact that I had engaged in conversation with Mr. Fly was presented as an inference that there was something wrong about it", Mr. Lea continued.

"As a matter of fact I have not seen Mr. Fly for about a year and a half now. The contact I had with him was when he called up by telephone, not at my invitation. He, or the Commission, did not dictate the Committee program in the slightest particular. The Federal Communications Commission as far as I am aware has not controlled any part of the work that has been done by this Committee."

"It was suggested by the gentleman from Massachusetts that he had understood that the President had sent down word that the investigation was to be whitewashed. If the President ever sent such word, he did not send it to me.

"You can be dead certain that Franklin Roosevelt knows enough about me to know that if he sent such a message as that it would be the thing that would most deeply cause my resentment. He will not tell you for one moment that he has such an opinion of me, that I am so subservient or so pusillanimous that any such statement would affect my conduct. The broad truth is that I do not believe there is a word of truth in any such report. Nothing has come from the White House, nor has anybody who represented the White House ever said anything like that to me or requested me to do anything in this situation."

Speaking of Mr. Garey, Representative Lea said:

"Within three days of my appointment, almost before I had started my work as Chairman, information came to me indirectly that he had initiated or started to create distrust and undermine me as Chairman of this Committee. As time went on reports came to me which I could not ignore as tending to confirm these earlier reports. In repeated contacts he had treated me with an insolence that I had never before seen displayed by an employee of any Member of this House. My experience has convinced me that he is vindictive to an extreme degree. As an investigating attorney he has the fault of being an inveterate hunter of headlines and too frequently by the smear route to that end."

Representative Cox (D), of Georgia, on the other hand defended Mr. Garey:

"I made a careful survey of the entire country in an effort to find somebody to propose to the Committee as its General Counsel. I interviewed literally hundreds of people. The result was that the name of Mr. Garey was brought to my attention, and I asked him to

come down for an interview. I had never met him before. He came. He reluctantly agreed to undertake the work, that is, to serve as the counsel for the Committee.

"I say to you that he was not down here looking for a job. His being down here has cost him hundreds of thousands of dollars, and that is not an exaggeration. He is a lawyer of very large practice. All that he waived and put aside in order that he might be true to the trust that had been reposed in him. He did a lawyerlike job."

Representative Lea also said:

"It is charged that three members of the Committee met on February 16, discontinued the hearings as to the sale of Station WMCA at New York and thereby we were suppressing information, white-washing the investigation. The Committee did not vote to discontinue that hearing, but on the contrary voted only that the hearing be postponed until the court having jurisdiction of a private controversy involving the facts on which the investigation was being made should have a reasonable opportunity to dispose of the case. There was no disagreement of the three members as to the fact that the transaction involved should be investigated. We were also in agreement that the further hearing of the matter at this immediate time was not warranted. I believe we did the right thing, but this is true, that if we made any mistake it was not that of refusing to hear the matter but only as to the time the hearing should be held."

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M.C. CHARGES FCC TRIED TO REACH HIM THROUGH BROADCASTERS

Apparently intended to show that the Federal Communications Commission is playing politics, Francis Case (R), a Member of Congress from South Dakota, broke in on the debate in the House over the FCC investigation, saying:

"I am a member of the Appropriations Subcommittee for Independent Offices which handles appropriations for the Federal Communications Commission. A very unusual thing happened to me this afternoon. During the call of the House immediately preceding the gentleman's speech, I was called by long-distance telephone from Aberdeen, S. Dak., the call being placed by Harvey Jewett who is the owner or principal owner of a small radio station there, and who also happens to be the National Republican Committeeman for the State of South Dakota. Mr. Jewett told me that he had a letter which he had received from the head of a broadcasting association of which his station is a member, which asked him to get in touch with me. He read a letter to me over the telephone.

"The letter, as nearly as I can recall, said that the writer had been in telephonic communication that morning, the morning of the writing of the letter, with Mr. James L. Fly, Chairman of the Federal Communications Commission, in which Mr. Fly told him that Francis Case, a Republican from South Dakota, was a member of the Committee

3/3/44

that was trying to deny the Federal Communications Commission a proper appropriation. The writer of the letter suggested that Mr. Jewett kindly do what he could in the matter and further suggested that a copy of any communications showing what he did in the matter be sent to Mr. Fly in Washington.

"Mr. Jewett said that he knew nothing about the matter other than what was in the letter and had called up to find out what the score was. He did not attempt to tell me what I should do but merely asked me what it was all about.

"I told Mr. Jewett that it was very interesting that some interesting statements were expected to be made on the floor this afternoon with regard to the Federal Communications Commission and that I hoped that he would send me a copy of the letter. I advised him that the appropriation matter was now before the Senate, that the withholding of the appropriation by the subcommittee, and the House, was taken as an action of the Committee in which there was only one member of the subcommittee who opposed it * * * *

"In some paragraph or sentence of the letter read to me the suggestion was made that the reason that the Committee was acting was because of some misleading information brought before it by the special and select committee. As the Record will show at the time that appropriation was under consideration here on the floor, the action of the subcommittee was taken on the basis of a specific recommendation by the Joint Chiefs of Staff supported by a field study, by the opinions of the theater commanders, and endorsed and transmitted to the President by the Secretary of War and the Secretary of the Navy in a strongly worded letter accompanied by the text of a proposed Executive order.

"I have made this statement, under the indulgence of the gentleman from Massachusetts (Mr. Wigglesworth) because this incident happened within the hour, and when the gentleman spoke of political intimidation, it occurred to me that this attempt to get the owner of a small station in South Dakota, who happens to be the National Committeeman of my party in my State, to influence my position in an appropriation matter taken with members of both parties on what we deemed to be its merits, was perhaps a little evidence in point."

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NEW YORK TIMES PAYS \$987,500 FOR WQXR

The formal application for the transfer of license of Station WQXR in New York from John V. L. Hogan to the New York Times has just been received by the Federal Communications Commission. The sale price is given as \$987,500, which includes WQXQ, the FM outlet.

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FLY AGAIN PRODS HOUSE COMMITTEE TO HEAR FCC

Although accused by the Investigating Committee of holding out on them on essential documents, Chairman James L. Fly of the Federal Communications Commission, stating that "all of us stand ready to be cross-examined" has addressed another letter to Chairman Lea (D), of California, of the House FCC investigating Committee asking to be heard. Representative Lea said he would call his Committee together to consider Chairman Fly's request. Mr. Fly's letter read:

"I am impelled once again to request that the Commission be given a prompt hearing before the Select Committee. It is of importance that the Congress and the public understand that throughout a full year of 'investigation' the members and the staff of this Commission have stood ready to appear and to present the complete record of the Commission's policies, decisions and actions.

"In the light of the present critical status of the Commission's appropriation pending in the Congress, which is brought about by the prejudicially one-sided record before the Select Committee, it is extremely urgent that the Commission be permitted to offer the complete facts on the work of the Radio Intelligence Division and the Foreign Broadcast Intelligence Service.

"It is also of some importance that there be no question as to the continuing readiness of the Commission to meet all questions regarding its grant of the petition of Donald Flamm, seller, and Edward Noble, buyer, to permit the transfer of Station WMCA from Flamm to Noble. The Select Committee has long had all Commission documents pertaining to this Station. Flamm has stated that the Commission had no connection with the negotiations of the sale, which is the subject matter of the present private litigation between Flamm and Noble in the Supreme Court of New York County. I venture, therefore, to suggest that the Select Committee may desire at an early date fully to question the Commission members and staff as to any and all Commission action relating to Station WMCA. I am convinced that this testimony will in no way impinge upon the testimony in the private litigation now pending. And I should think it unfortunate if the present charges so loosely flung about regarding this private transaction were permitted to cast any reflection on the integrity of this Commission or the legal propriety of its decisions.

"It is just possible that this repetition of our many requests for a prompt and full hearing may meet with the point that the Select Committee's legal staff is somewhat depleted. In view of the competence of the Committee members and of the documents and information in their possession, and in view of the further fact that the Commission's staff will carefully organize material to be presented, I think it clear that the Committee can proceed with a thorough-going hearing. If, however, any member of the Committee suggests that the Committee may be handicapped in this regard, let me assure you that after the hearing suggested, all of us will stand ready again to appear before the Committee and to be cross-examined exhaustively."

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RADIO MFGS. URGED TO SPECIFY A OR B CAPACITORS

As a means of conserving the scarcer high grades of mica and providing more prompt deliveries of components, radio equipment manufacturers were urged by members of the Fixed Capacitor Manufacturers Industry Advisory Committee at a recent meeting in Washington, to specify American War Standards Characteristic A or B capacitors (condensers) in circuit locations where they will serve efficiently the purposes for which the equipment is intended, the War Production Board said today.

A WPB representative told members of the Committee that an estimated 50 percent of the capacitors in use on ground and aircraft radio equipment could use Characteristic A or B mica capacitors effectively.

A representative of the Mica-Graphite Division of WPB said it has been the policy of the division to deny authorization for the use of the highest grades of mica for capacitors in circuit applications where a lower grade of mica would serve the purpose. Capacitor manufacturers have assisted in observing this policy, he said. Supplies of mica will be available to continue the policy, he indicated.

Backlogs of unfilled orders for mica capacitors have decreased between the end of December and the end of January, WPB representatives told the Committee members. The backlog for paper dielectric capacitors has remained at about four months' production, the industry members were informed. The backlog for ceramic capacitors at the end of January had increased approximately 20 per cent over the end of December and now represents approximately five months' production.

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PETRILLO DEMANDS NBC, BLUE TURNTABLERS JOIN AFM

James C. Petrillo has delivered an ultimatum to NBC, Blue and WOR, New York City, that all record turntable handlers join the American Federation of Musicians.

CBS will not be affected at present by the new Petrillo demand because its technicians are all members of the International Brotherhood of Electrical Workers, Local 1212, an AFL affiliate, while technicians at NBC, the Blue and WOR are members of the National Association of Broadcast Engineers and Technicians, an independent organization. IBEW has a three-year contract with CBS.

If the demand is met, added salary costs may run from \$35,000 to \$50,000 per network.

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3/3/44

TRAMMELL FORESEES TELEVISION AS GREAT POSTWAR DEVELOPMENT

In a statement to NBC affiliated stations, Niles Trammell, President of the National Broadcasting Company this week declared that of all the post-war developments promised by the progress of the art and science of radio, television presents the greatest challenge and the greatest opportunity. It is a challenge which can be met only by the cooperation of Government, the broadcasters and the radio manufacturing industry, Mr. Trammell declared.

He revealed the American Telephone & Telegraph Co. had made tentative plans to install between 6000 and 7000 miles of coaxial cable within the next five or six years, making relay of television signals possible on a network basis.

Under this plan, according to the Associated Press, New York and Washington would be linked by cable by 1945 as New York and Philadelphia are today; New York, Boston, Chicago and Los Angeles by 1946; the South added by 1947 and the network complete by 1950.

The basis of NBC television activities, Mr. Trammell advised affiliated stations, may be summarized as follows:

I. "NBC will cooperate with the Government and with other members of the industry in line with its research, experimentation and practical operating experience in television, in the effort to secure the best possible standards of operation for a commercial television broadcasting system in the United States.

II. "In developing a basis for an eventual television network, NBC will cooperate in every way with the owners and operators of the stations affiliated with its network.

III. "In preparation for the expected expansion of television services in the post-war period, NBC will, within the limitations of wartime operations:

"(a) Expand its existing program service by tapping new sources of program material and talent, and by developing new program techniques;

"(b) Transmit field programs once a month or oftener from points outside the studio;

"(c) Resume studio broadcasts from the NBC television studio in Radio City;

"(d) Continue research and development in all phases of television.

IV. "As soon after the war as materials become available, NBC will construct a television station in Washington, D. C., so that a service of sight-and-sound may be available in the nation's capital, and from the nation's capital to other cities when interconnection between stations is made available.

V. "To establish the anchor points of television system, NBC has filed additional applications with the Federal Communications Commission for construction permits for television stations in Chicago, Cleveland, Denver, San Francisco and Los Angeles.

VI. A nationwide network will not spring up overnight, but must proceed as an orderly, logical development. Such a development would establish television networks in the following possible ways:

3/3/44

"1. An Eastern Network that will extend from Boston to Washington, with stations located at such intervening points as Worcester, Providence, Hartford, Schenectady, New York, Philadelphia, Wilmington, and Baltimore, with perhaps an extension to Syracuse, Rochester and Buffalo.

"2. A Mid-West Network that will develop with Chicago as its hub, spreading out to Milwaukee, Minneapolis, St. Paul, Des Moines, St. Louis, Indianapolis, Detroit and Cleveland.

"3. A Pacific Coast Network between the great talent center of Hollywood connecting with San Francisco and gradually extending to other important points.

"These regional networks will gradually stretch out over wider areas, and will themselves become linked together. Thus, city after city, across the continent will be brought into network operation, until finally complete nationwide networks will become a reality."

Including enclosures, Mr. Trammell's statement to the affiliated stations comprised 16 typewritten pages.

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FCC HASN'T HEARD OF PROSPECTIVE MARSHALL FIELD-WJJD BUY

Although it was reported from Chicago that Marshall Field was about to buy Station WJJD in that city from Ralph L. Atlass, evidently no word of the transaction had reached the Federal Communications Commission officially. Nevertheless, word from Chicago was to the effect that the deal was practically closed.

Color is lent to the report by the fact that Mr. Atlass is also the owner of Station WIND of Gary, Indiana, which also covers Chicago, and therefore has been considered a Chicago station. If that were held to be correct, Mr. Atlass under the regulation that no one shall own more than one station in the same or overlapping areas, would have to dispose of either WJJD or WIND by June 1st. Seeking a ruling on the order and as the first test case, Mr. Atlass recently applied to the FCC for a hearing on this. His request was granted but as yet the date of the hearing had not been set.

WJJD operates with 20,000 watts on 1160 kc. limited time and the call letters are the initials of Senator James J. Davis, of Pennsylvania. This came about through Mr. Davis being the head of the Moose Lodge when that organization owned the station.

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ZENITH FORMS NEW RADIONICS CORP.

H. J. Wines, for seventeen years General Sales Manager of the Frigidaire Division of General Motors Corporation at New York and Chicago, has been appointed General Manager and Director of the newly formed Zenith Radionics Corporation of New York, subsidiary of Zenith Radio Corporation, with headquarters in the Empire State Building. Commander E. F. McDonald, Jr., President of the radio company, will also head the radionics company.

In a release from Chicago on March 1st, J. J. Nance, Vice-President and Director of Sales of Zenith Radio Corporation and its subsidiaries, reported that their shipments for the month of February were the largest in the company's history. Both the months of January and February of this year exceeded any preceding two months in the company's history. The shipments for the ten months of its present fiscal year exceeded those of any previous full year. Zenith's shipments February 29th alone also exceeded any previous single day reaching a peak of \$1,400,000.

Mr. Nance stated that the recent order placing Chicago in Group 1 Acute Labor Area should not affect Zenith as it holds orders for Government equipment sufficient to maintain production at full capacity, thus assuring continuous employment of its people. Zenith has not only met each and every one of its scheduled deliveries of radionic apparatus to the Government this year, but has exceeded its scheduled deliveries on a number of its products for the Armed Forces.

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SEEKS TO JUSTIFY USE OF MIDWEST RADIO SERVICE NAME

Nathaniel Goldberg, trading as North Eastern Radio Co., 799 Broadway, New York City, and as Midwest Radio Service Co., 80 East 11th St., New York City, has filed answer to a Federal Trade Commission complaint charging him with the use of unfair and deceptive acts and practices in connection with the sale of radios and radio parts.

Goldberg denies the complaint's allegations that in his advertising matter he falsely represents that he maintains a radio laboratory and is a manufacturer of radios; that he and his employees are radio engineers; that he sells his merchandise at factory or manufacturers' prices, and that the radios repaired by him are factory rebuilt sets and will give new radio performance. The respondent asserts that none of the advertising matter complained of was used during or subsequent to 1943 and that much of it was discontinued prior to that year.

Goldberg formerly was service representative in New York and New Jersey for Midwest Radio Corp., of Cincinnati, a large well-established firm which manufactures and sells radios under the trade name "Mid West". In justification of certain of his representations objected to in the complaint, Goldberg alleges that after the termination of his employment with Midwest Radio Corp. in 1940 he used, in his business, laboratory equipment purchased from Midwest, continued in his employ factory service men who had been in the employ of

Midwest, carried in stock a line of factory-made radios and sold radios and radio parts at exceptionally low prices which actually represented a savings to the purchaser of up to 50 percent. He contends that he is a manufacturer of radios within the meaning and use of the term among members of the purchasing public.

"The complaint alleged, and the respondent denies, that through the use of his trade name Midwest Radio Service Co., and through the use of representations in advertisements addressed to owners of Mid West radios and customers and former customers of Midwest Radio Corp., the respondent has led the public to believe that he is still connected with or maintains a factory branch for the Cincinnati corporation.

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BALTIN NEW TELEVISION BROADCASTERS' SECRETARY

The Board of Directors of Television Broadcasters' Association, Inc., have announced the appointment of Will Baltin as Secretary-Treasurer of the Association. Mr. Baltin has been Program Manager of the DuMont Television Station, W2XWV in New York City since 1940.

Mr. Baltin will devote himself to handling the business affairs of the Association and will coordinate the activities of member television companies for the advancement of television during wartime and in the post-war period.

The Television Broadcasters' Association, Inc. was organized in January to advance the interests of television in the United States. Allen B. DuMont of the DuMont Laboratories, Passaic, N.J. is President and Lewis Allen Weiss of the Don Lee Network, Los Angeles, is Vice-President.

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::: TRADE NOTES :::

The Storage Battery Division of Philco Corporation at Trenton, N.J., has just received its fourth Army-Navy "E" Award.

Stations KYCA, Prescott, Ariz., and KWJB, Globe, Ariz., became affiliated with the National Broadcasting Company network as of March 1st.

In a sketch of Robert E. Hannegan, Democratic National Chairman, Marquis Childs, columnist, says: "For one thing Hannegan intends to organize a big radio campaign - spend some real money."

Fulton Lewis, Sr., 73, father of MBS commentator, died Wednesday at his home in Washington, D.C. A member of the bar for almost a half century, he was twice President of the Washington Arts Club, head of the District unit of the Society of Colonial Wars, and for 16 years President of the Washington Law Reporter Company.

The Allen B. DuMont Laboratories, Inc., at Passaic, N.J., was among those to receive the Army-Navy production award this week.

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