

# HEINL RADIO BUSINESS LETTER

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No. 1609

## FCC CLASH PUTS FDR IN ANOTHER HOLE WITH CONGRESS

Explosions on two fronts on Capitol Hill over the Federal Communications Commission allegedly defying Congress on the same day that President Roosevelt had smoothed down the ruffled feathers of the Senate by allowing Jonathan Daniels to testify, came at an embarrassing time for the President who at that moment was doing his utmost to appease the legislative branch.

Also Representative Miller (R), of Missouri, coming right out and saying that if the Administration permits the FCC investigation to reveal even a small portion of the corruption "they will already have lost the November elections" confirms the predictions made in these columns that the FCC would be one of the national campaign targets. Unquestionably bureaucracy will be a big Republican issue and if so, Chairman James L. Fly is very likely to be put forward as a No. 1 example.

Not only was there a crossing of swords last Tuesday between Chairman Fly when, after he was kept waiting for more than a year, he was given his chance to testify before the House Investigating Committee and Representatives Miller and Wigglesworth (R), of Massachusetts, but Mr. Miller later continued the offensive on the floor of the House. Here the FCC was defended by Representative Warren G. Magnuson (D), of Washington.

Representative Miller, who declared the Investigating Committee was blocked and now was a "whitewash move", said in part:

"The indefinite postponement of the WMCA case is not only most unusual, quite aside from the way and manner in which the postponement was considered and acted upon, but is without a parallel in legislative history.

"Congressional committees and their staffs have been known to refrain from investigations and disclosures in matters wherein criminal prosecutions were known to be pending, and rightly so, it may be. But there is no record of any case where the mere pendency of a civil action has been made the pretext for stopping hearings once commenced on a matter between private persons.

"It must be remembered that the Committee's investigation of WMCA had been completed before Flamm filed his suit against Noble. Flamm's suit against Noble was not filed until very early in August, last, while the Committee was holding hearings in New York concerning the FCC's activities in respect of foreign language stations and their personnel. The Committee's investigation had been completed weeks before the Flamm suit was instituted, so far as the committee staff could complete the matter without open hearings before the Committee.

"As the mystery of this New Deal drama unfolds, you will find moving mostly behind the scenes the significant name of Thomas J. Corcoran, once an aide to Mr. Roosevelt. It will be shown later on, that Mr. Noble employed the former chief counsel of the FCC at the suggestion of Mr. Corcoran and that Mr. Corcoran was in the picture to the point where he may have shared in a fee estimated to run as high as \$50,000.

"The \$50,000 bait hung out by Edward J. Noble to 'Tommy the Cork' in a law case does not explain the vigor with which the New Deal so-called inner circle has tried to prevent disclosures in these hearings.

"That Donald Flamm was flimflammed out of a radio station in a fast-moving business deal - and now wishes to recoup - does not explain the administration's violent efforts to put a stop to these investigations.

"May I suggest to you that the administration sees that if they permit this investigation to reveal even a small fraction of the corruption which must exist after 12 years of control of all of the departments of this Government, they will already have lost the election next November.

"And worse, if this Committee of Congress - of Congress, mind you - if this Committee of Congress submits to this administrative gag, we will find that we have closed the door to the shady corridor which leads to the real truth about which men were really responsible for the horror of Pearl Harbor. "

Replying, Representative Magnuson said:

"The gentleman from Missouri devotes a great deal of time to the sale of a radio station in New York and to the fact the Committee temporarily postponed hearings on the matter until such time as a New York court had decided the matter; the case now being before the courts in New York and not before the Committee regarding the matter of whether or not there was any collusion or fraud or whether the sale was this or that. That is a matter of testimony and of course has nothing to do directly with the Federal Communications Commission.

"There is a lot of innuendo that somebody said this or that about and to Mr. Noble and Mr. Flamm. The gentleman from Missouri says that Mr. Noble has now become a power in the radio industry. Maybe the gentleman's objections to Mr. Noble becoming a power in the radio industry goes back to the time when he resigned in 1940 to campaign for Mr. Willkie. That is about as far-fetched as some of the statements that have been made in these speeches."

"In all fairness to Mr. Flamm, does not the gentleman think that Mr. Noble should be submitted to this Committee's investigation, because Mr. Flamm has had to answer every question propounded to him without the benefit of objection or a ruling of a court as to whether or not it may be relevant?" Representative Cole (R), of



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Missouri asked. "Does not the gentleman think Mr. Noble should be subjected to the same thing?"

"I have no reason to believe he is not going to be subjected to it", Representative Magnuson replied.

"But the Committee's action has precluded that", Mr. Cole persisted.

"That is the trouble with this whole business - it has not precluded anything", the Gentleman from Washington answered. "Now we merely have some other matters that we want to settle in the meantime while this controversy has gone to New York. We said we would postpone it for a reasonable time. I do not know of any statement that has been made that these parties will not be called in if it is pertinent to a Congressional investigation for the purpose of legislation, but we do not want to go to washing somebody's linen in New York."

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#### FLY DENYING FCC FELL DOWN DOMINATES HOUSE INVESTIGATION

An expression which Chairman James L. Fly of the Federal Communications Commission frequently uses, "Then we moved in" might well describe his taking the witness stand in the House FCC probe after having been kept waiting for more than a year. In the absence of counsel to replace Eugene L. Garey and staff, Mr. Fly, in the words of one high FCC official "took complete charge of the proceedings". Someone remarked "you could almost smell the whitewash".

It was an eleventh hour attempt on the part of Mr. Fly to save his Radio Intelligence Division which the House had taken an axe to and which, while he was testifying, was at the mercy of the Senate. "The Radio Intelligence Division did a good job at all times" he maintained.

Chairman Fly was on the stand continuously at the Tuesday, Wednesday and Thursday hearings and will resume next Tuesday.

A new charge was injected into the hearing when Representative Miller (R), of Missouri, asked Mr. Fly what he knew about 'what happened to an American force of destroyers and light cruisers in Alaskan waters as a result of information sent out by the Federal Communications Commission."

Mr. Fly denied any knowledge of the incident and classed it with other "unfounded" charges against the FCC. Representative Miller did not elaborate upon the question.

The witness denied at length the allegation that in failing to stop the Japanese language broadcasts he had contributed to the Pearl Harbor disaster. He said that prior to Dec. 7, 1941,



"peacetime" conditions prevailed in Hawaii and that communications out of the islands were not censored.

"All they would have to do is walk into a cable office and send it", Mr. Fly asserted. "There is no doubt that Japanese authorities were thoroughly informed on the situation in the islands."

He said that had any illicit short-wave stations operated by the Japanese been in existence "our direction finding stations would have located them."

Representative Magnuson (D), of Washington, then pointed out that there were hundreds of Japanese workmen employed at the Navy Yard, any one of whom may have supplied the enemy fleet with information through regular consular channels of cable and wire, then totally uncensored. Also that it "would have been possible for example, for one of the Japanese maids working in the Navy Yard to have cabled the information direct to Japan."

Discussing "the Committee counsel's flight of fancy that sometime prior to Pearl Harbor I defeated an Army and Navy plan to eliminate Japanese language programs from Hawaii stations", Mr. Fly said:

"This charge was first made by Committee Counsel on the opening day of public hearings.

"The charge has been made in one form or another later on in the record -- though there is a common origin, I think. It was made slightly more definite by Committee Counsel during his examination of Commissioner Craven, Ensign Harold Graves, and Director J. Edgar Hoover. Admiral Hooper was supposed to have come to me with a proposal for stopping these broadcasts and I was supposed to have scotched it. And then when the Army and Navy had about arranged with the stations for stopping them voluntarily, I stepped in and stymied the plan with a speech. That's the charge. There's not a whit of evidence to support it. None of the witnesses questioned even knew anything about the matter. I don't know anything about it. There's just nothing to it.

"The answer is that there was no speech scotching non-existent arrangements to stop broadcasts which the Army and Navy did not want stopped. Here are the facts.

"In the early part of 1941, Admiral Hooper and a member of the Commission's staff discussed the question of the desirability of Hawaiian stations broadcasting Japanese language programs. As a result of this discussion, it was agreed that the Commission would record and analyze these Japanese language broadcasts in order to determine whether or not they were subversive in nature.

"All the Japanese language programs broadcast by Hawaii stations during the period from July 6 to July 12, 1941, were monitored. These recordings were translated and analyzed by the Commission's staff.

"The analyses revealed that these programs were principally devoted to the broadcasting of commercial spot announcements for national and local business firms. Music normally was entirely transcribed."

"Careful analysis did not disclose any subversive activity or perceptible political significance in these broadcasts. Admiral Hooper was kept fully advised on the situation."

Chairman Fly then quoted from a final letter to the naval officer August 23, 1941, sent by E. K. Jett, then Chief Engineer of the FCC, and then added: "Admiral Hooper never did reply to this letter and as far as we know or have any record, he never came back at us on the matter again."

Chairman Fly stated that the FBI and the Army and Navy took the law into their hands and tapped the wires at Pearl Harbor prior to the attack.

Representative Miller introduced a letter from Chairman Vinson of the House Naval Affairs Committee which said that Mr. Fly's opposition to the bill permitting wire tapping and his failure to halt Japanese language broadcasts in Hawaii placed the FCC in the position of partial blame.

Mr. Fly asserted the letter's language showed, in his opinion, that it was inspired by Rear Admiral Stanford C. Hooper, Navy communications officer, now retired.

"Mr. Vinson signed it, but Hooper's fingerprints are all over it", Mr. Fly snapped.

"Here is an effort by Hooper to remove me as Chairman of the Board of War Communications. He tried through the Navy Department and he tried through the Naval Committee and he failed. It is pertinent to the rumor that I had something to do with the retirement of Hooper", Mr. Fly said.

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#### PAUL GALVIN'S BROTHER DIES

Word was received by Bond Geddes of the Radio Manufacturers' Association of the death last Tuesday in Chicago of Joseph Galvin, a brother of Paul V. Galvin, President of RMA. Funeral services for Mr. Galvin were held this morning (Friday) at St. Giles Catholic Church, Oak Park, Illinois.

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## FCC PRESENTS NEW 5,000 TO 20,000 WATT STATION ANALYSIS

During the year 1943 there were 221 standard broadcast stations operating with power of 5 to 20 kw, an analysis just made by the Federal Communications Commission reveals. One of these stations was located in Alaska, 1 in Hawaii, 4 in Puerto Rico, 2 in the District of Columbia, and 213 were in 45 of the States. There are no stations operating with this power in the States of Nevada, Vermont and Wyoming. Included in the 221 stations are 15 non-commercial stations. There also were 6 outstanding construction permits. Forty of these stations operate on clear channel frequencies and 181 on regional frequencies, and may be grouped as follows:

<u>Number of Stations</u>	<u>Power</u>	<u>Time</u>
1	20 kw	Limited
9	10 kw	Unlimited
1	10 kw	Limited
1	7½kw	Unlimited
1	5kw-N-10kw-D	Unlimited
1	1kw-N-10kw-D	Unlimited
154	5 kw	Unlimited
3	5 kw	Limited
10	5 kw	Daytime
37	1kw-N-5kw-D	Unlimited
2	500 watts-N-5kw-D	Unlimited
<u>1</u>	100 watts-N-5kw-D	Unlimited

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One hundred and seventy-one of these stations have filed revenue reports for the year ended December 31, 1943, reporting "net time sales" amounting to \$51,207,000, and the same stations reported \$42,051,000 for the year 1942, an increase of \$9,156,000 or 21.8%.

Five of the 171 stations showed a decrease in net time sales and the remaining 166 showed increases ranging from \$1,000 to \$182,000, and may be grouped as follows:

5 stations reporting decreases of \$1,000 to \$56,000; 37 stations reporting increases of \$1,000 to \$25,000; 49 stations reporting increases of \$25,000 to \$50,000; 43 stations reporting increases of \$50,000 to \$75,000; 19 stations reporting increases of \$75,000 to \$100,000; 18 stations reporting increases of \$100,000 to \$182,000.

One hundred and fifty-six of the 206 commercial stations serve as outlets for the four major networks as follows:

Blue - 32 stations; Blue and Mutual - 6 stations; Blue and National - 2 stations; Columbia - 49 stations; Columbia and Mutual - 2 stations; Mutual - 20 stations; National - 45 stations.

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## CBS BROCHURE ON PROGRAM PROMOTION OF 128 STATIONS

A report on Columbia Broadcasting System's 1943 program promotion campaign has been released by the network in brochure form. The campaign was launched in September 1943, and broke simultaneously in 128 CBS "station cities" throughout the United States.

The report, contained in a large 16-page brochure, is based on verified statistics received from the 128 participating stations. Each station was supplied by CBS with material for use in media within their own markets. This material included live and recorded announcements for use on the stations; mats for newspaper advertising; talent posters by such well-known artists as James Montgomery Flagg and many others for display purposes; car and bus cards; post card pictures of talent for direct mail; informative booklets on the programs and a special press book prepared by CBS Press Information.

Total broadcasts on the stations of live and recorded announcements, many of which featured the network stars themselves, numbered 47,045.

The newspaper insertions in the "station cities" reached a national monthly circulation of 543,577,000 - an average daily circulation of over 19,000,000.

Over 175,000 of the brilliant, large posters portraying leading CBS artists or directors were displayed throughout the "station cities", on billboards, in department stores, hotel, theater and station lobbies and in other suitable locations.

The car cards displaying the CBS stations' programs, call letters, and frequencies reached an overall monthly circulation of 1,146,656,000 - 38,200,000 daily.

CBS Press Information's 132-page book supplied a diversity of material for radio editors, feature editors and radio columnists.

The brochure points out that the program promotion campaign, a voluntary CBS station-network cooperative effort, attained its objective:

"To invite the mass of the American people to listen to those (CBS) programs, and to recognize the fact that they were being offered by the foremost talent, sponsored by the foremost advertisers and broadcast over the foremost network in America."

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Frederick A. Turner, 37 years old, was picked up in Brooklyn by the Federal Communications Commission for operating an amateur radio set despite the fact that all amateur licenses were suspended at the outbreak of the war. Turner had a homemade set and there was no evidence linking him to any espionage activity. He was evidently operating the set for his own amusement and was communicating with other pleasure seeking amateurs, several of whom will be arrested soon, the FCC said.

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## SENATE COMMITTEE WOULD SLASH FCC FUNDS \$2,163,857

At almost the same hour yesterday (Thursday) that Chairman James L. Fly was endeavoring to convince the House Committee investigating the Federal Communications Commission that Admiral S. C. Hooper had tried to kick him out, instead of vice-versa, the Senate Appropriations Committee administered a swift kick to the FCC by not only approving the House cut of \$1,654,857 from the FCC appropriations but recommended another cut of \$509,000 itself.

This was a painful surprise on the part of New Dealers who had predicted that the Senate would restore the \$1,654,857 which would completely wipe out the FCC Radio Intelligence Division. However the Senate Appropriations Committee was on the warpath for bureaus and bureaucrats and mercilessly descended upon Mr. Fly and the FCC along with the TVA, FEPC, and nearly a score of other bureaus in the \$8,557,943,938 independent offices bill. This Committee recommendation will be taken under consideration by the Senate probably early in the week.

The Senate Committee also approved an amendment prohibiting use of TVA funds for political purposes through payment of newspaper or radio advertisements.

Last year the Joint Chiefs of Staff, in a letter to President Roosevelt endorsed by Secretary of the Navy Knox and Secretary of War Stimson, requested that the functions of RID be taken over by the Army and Navy. Although the President rejected the request for an Executive Order to accomplish this purpose, the Joint Chiefs of Staff never have withdrawn their request or informed Congressional appropriations committees that they have changed their minds.

It was this action which caused the House to recommend abolishing the RID and transferring its activities to the Army and Navy and which no doubt caused the Senate to uphold the House.

The original request of the Federal Communications Commission was \$8,371,700, the largest in its history and compared with a request for the fiscal year 1940 of \$1,830,000. For radio intelligence work which was set up by emergency funds of the President back in 1941 to the extent of \$1,600,000, the request was \$1,960,000. The amount asked for non-war Commission work was \$2,209,000 for salaries with an additional of \$16,700. This would be affected by the further cut of \$309,000 which the Senate has recommended.

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Addressing the Empire State Town Meeting at Union College, Schenectady, George W. Healy, Jr., Director of the Domestic Branch of OWI, spoke of the "generous support" OWI receives from radio stations, newspapers and other media.

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## U.S. SIGNAL CORPS RADIO EQUIPMENT CALLED BEST AT FRONT

"The mobile headquarters radio station is far and away the best field radio equipment at the front. This is the unanimous opinion of all British and American officers interviewed." - From an official report to the Chief Signal Officer from the Mediterranean theater.

The recipient of the unusual and convincing citation quoted above is radio set SCR-299 - developed by the Signal Corps - which has been in the thick of battle on every front and which has rendered exceptional service under the most severe combat conditions.

"SCR-299 radio stations", another report says, "have been the main means of radio communication between the American forces in North Africa, having covered at one time a range of 2,300 miles with satisfactory performance. If operated on proper frequency, it is believed that these radios will cover any reasonably long distance with 24-hour service. The SCR-299 proved to be the real answer to the problem of long distance communication in the African and Italian theaters."

But as these enthusiastic statements and others in a similar vein were coming into Washington, a new and improved version of the SCR-299 had been developed and tested by the Signal Corps and was even then being produced and shipped overseas as rapidly as possible.

The new station is called the SCR-399 and, while it retains the major radio components of its predecessor which have proved so valuable, the frequency range has been extended, the mobility increased, and a new cabin-like shelter has been developed which can be mounted on the bed of a standard 2½-ton cargo truck. Formerly a specially-designed panel truck was used. This model added to production requirements, was less easily maneuvered, and rendered the vehicle more susceptible to enemy identification because of its distinguishing characteristics. The new truck and shelter combination allows more interior space and permits receivers to be mounted in chests which can be removed from the shelter. Like its predecessor it may be operated while in motion.

When necessary the shelter and the installed radio equipment may be removed and set up on the ground as a complete field radio station with all the communications facilities intact. Both the shelter and the detachable trailer - which transports a gasoline-driven power generator - can easily be camouflaged, and the trailer can be separated from the shelter as much as 200 yards by extension cables. Remote control provision incorporated in the equipment permits operation of the radio station from as far as a mile away. That is, the operating position can be separated from the equipment by this distance.

The transmitter and its accessories, together with two standard Signal Corps receivers, operating chests, spare parts chests and all other equipment necessary to make up a complete mobile radio



station, are securely fastened in the shelter. The radio components are placed on shock-proof mountings to absorb vibrations. Throat or lip microphones may be used to permit voice modulations if gas masks must be worn.

Two operators may sit at the operating chests inside the shelter with all receiving and transmitting controls within easy reach. Moderate temperatures are maintained through use of an electric heater in cold weather and by the heater fan and ventilating blower during hot spells.

A companion set for airborne transport - the SCR-499 - includes all the principal components of the SCR-399 except that none of the radio equipment is installed in the shelter and the power unit is not installed in the trailer. Canvas covers are provided as protection for the major radio parts and the various units may then be transported by air or other means to a desired destination where they are quickly set up as a field radio station either in a shelter, a tent or a vehicle.

The SCR-299 helped pave the way for Allied victories in the Mediterranean theater from El Alamein to Italy. In Africa alone it operated on five networks, including circuits from Oran to England, Gibraltar, Casablanca, Algiers and Accra.

From the Pacific theater comes the following comment from a Signal Corps colonel:

"New Guinea is 1,000 miles from Australia. The Japanese at one time had air superiority. Our only form of communication was radio. We were fortunate enough to get two SCR-299 stations - for two months that was our only form of communication.

"Sometimes we took the set from its panel truck and set it up in the jungle. We used remote control because the Japanese had direction-finding equipment. By the use of this equipment they could determine the approximate location of our transmitters.....If we had not been supplied with the two radio stations, we would have been almost completely isolated."

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#### NETWORK STATIONS FIGHT FCC MOVE TO PUBLICIZE CONTRACTS

Spirited opposition was shown last week to the proposed rule of the Federal Communications Commission to make public certain records including network affiliation contracts.

James D. Wise represented NBC and Radiomarine Corp., and Philip Hennessy, for King-Trendle Broadcasting Corp. and Scripps-Howard Radio at the public hearing. Briefs were filed by Julius Brauner, for CBS; William Dempsey, for Don Lee Broadcasting System; Robert T. Bartley, for NAB; and James A. Kennedy, for All-America Cables & Radio, Inc. and the Mackay system.

Messrs. Wise and Hennessy argued that "broadcasting is a private, competitive industry", not a common carrier, and therefore network affiliation contracts should not be made public.

FCC Chairman James L. Fly argued that broadcasting is not a standard product and that publication of the figures would tend to stimulate competition among broadcasters.

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::: TRADE NOTES :::

The War Production Board announced yesterday that as a result of increased supplies, use of shellac has been eased for phonograph record manufacture and in the second quarter of 1944 its use will be permitted on the basis of one-fourth of manufacturers' total consumption in 1941. The manufacturer will be allowed to purchase 40 per cent of the total in the form of low-grade shellacs and 60 per cent in the form of high-grade shellacs, officials said.

Through the design and creation of an electronic "master mind" employing 126 vacuum tubes to calibrate Signal Corps radio apparatus, Philco Corporation engineers saved 144,000 manhours of labor last year and, with other economies, made it possible to reduce the cost of this one type of equipment to the Government by \$1,170,000 in 1943, it was announced this week by John Ballantyne, President of Philco Corporation, in a letter to stockholders.

A demonstration of new advertising techniques in television will highlight an address by Thomas F. Joyce, Manager of the radio, phonograph and television department of the RCA Victor Division, Radio Corporation of America, at a special "Television Day" program of the Sales Executive Club of New York. The luncheon-meeting will be held in the Hotel Roosevelt ballroom Tuesday, March 14.

E. Anthony & Sons, Inc., West Yarmouth (Near Hyannis), Mass., has been granted construction permit for a new station to use frequency 1240 kilocycles, 250 watts, unlimited time (facilities of formerly licensed station WOCB), pursuant to procedure provided in Public Notice of January 26, 1944.

Merritt R. Schoenfeld, formerly Network Sales Manager of the Central Division of the Blue Network, has been appointed Assistant General Manager of the Central Division.

E. K. Hartenbower, of the Central Division Sales staff, will succeed Schoenfeld as Sales Manager of the Division, and Gilbert R. Berry, Sales Manager of Station WENR, will take over the post of Assistant Sales Manager of the Division.

Joe Ryan, formerly a 12-Station Regional Chief of Information for the War Food Administration in Milwaukee, has been named to the post of Farm Editor for KSO and KRNT. Mr. Ryan came to the Des Moines Cowles Stations, direct from special assignments on the Milwaukee Sentinel.

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