

# HEINL RADIO BUSINESS LETTER

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No. 1612

March 21, 1944.

## STINGING BLOW TO FCC IN SENATE \$2,000,000 FUNDS SLASH

Despite a two-hour plea by Senator LaFollette (Progressive), of Wisconsin, and a personal appeal from Senator Barkley (D), of Kentucky, back in his old role of presidential defender, the Senate yesterday (Monday), upheld the House cut of \$1,654,857 in the FCC appropriations for the Radio Intelligence and Foreign Broadcast Divisions plus \$509,000 from the regular FCC budget which the Senate Appropriations Committee requested be looped off.

Senator Wheeler (D), last week had lined up with the Administration in its last ditch fight by lauding Chairman James L. Fly and the FCC to the skies, but he might just as well have saved his breath. When the Senate finally called the roll for the amendment offered by Senator Mead (D), of New York that the full \$2,163,875 be restored, it was roundly beaten by a vote of 38 to 22. This was accomplished by 13 Democrats joining 25 Republicans against the FCC restoration as follows:

NAYS - 38 - Aiken, Austin, Ball, Bankhead, Brewster, Bridges, Brooks, Buck, Burton, Bushfield, Byrd, Clark, (Mo.), Davis, Eastland, Ferguson, George, Gillette, Hawkes, Holman, McCarran, McKellar, Millikin, Overton, Revercomb, Robertson, Russell, Stewart, Taft, Thomas, (Idaho), Tydings, Vandenberg, Walsh, (N.J.), Weeks, Wherry, White, Wiley, Willis, Wilson.

Only eighteen Democrats, 3 Republicans, and 1 Progressive stood by the Administration and the FCC:

YEAS - 22 - Andrews, Barkley, Capper, Clark, (Idaho), Downey, Ellender, Guffey, Hatch, Hill, Johnson (Colo.), LaFollette, Langer, McFarland, Maybank, Mead, Murray, O'Mahoney, Radcliffe, Shipstead, Thomas (Utah), Tunnell, Wheeler.

Then Senator Mead offered an amendment to restore the \$509,000 cut recommended by the Senate Committee but this was beaten by a vote along similar lines of the \$2,163,875 restoration amendment, namely 32 to 24.

Practically the whole fight so far as the million and a half dollar portion of the appropriation - that for the Radio Intelligence Division - waged around whether the Senate should take the word of Secretaries Knox and Stimson and the Joint Chiefs of Staffs that the FCC was overlapping the Army and Navy, or of President Roosevelt and of numerous lesser officials whose testimonials Mr. Fly was accused of gathering.

When Senator Barkley finally took the floor in behalf of the President, he said:

"It seems to me unfortunate that the affairs of the Federal Communications Commission have gotten into the posture of controversy and criticism back and forth on account of matters which have nothing to do with the pending amendment or the pending appropriation, and nothing to do with the war, as a matter of fact. I do not know to what extent the long-existing controversy between the Federal Communications Commission and a portion of the Congress had anything to do with the action of the House in reducing the appropriation by a million and a half dollars. It may be that it had nothing to do with it, and was not thought of in that connection. Nevertheless, it is difficult to dissociate the two things altogether, in view of what seems to me to be the drastic cut made by the House, and the even more drastic cut made by the Senate Committee. \* \* \* \*

"It may be that there are Senators and Members of the other body of the Congress who prefer to take the judgment of the Secretary of War and the Secretary of the Navy to that of the President, but they certainly cannot indulge in that preference on the ground that either one of these officers is a high military or naval officer, any more than the President is. Neither of them is a military or naval officer."

Senator Bridges (R), of New Hampshire, asked Senator Barkley if he considered Admiral Leahy an authority.

"Of course Admiral Leahy is a very high ranking naval officer", Senator Barkley replied, "and enjoys the confidence of the country, and has had an outstanding record as a naval authority. But from the standpoint of the command of the Navy, the President of the United States outranks Admiral Leahy, of course. I think the President's judgment in that matter is entitled to the same consideration to which it would be entitled in any other matter where the decision must be made by the Commander in Chief of the Army and Navy."

Senator Brewster of Maine inquired:

"Do I Understand that we are being urged now to support the proposal upon the basis of the fact that it is the opinion of the President of the United States which is involved?"

Mr. Barkley. "I am not urging the Senator from Maine or any other Senator to vote for the amendment offered by the Senator from New York on the ground that it is the judgment of the President that the activity ought not to be transferred. That is his judgment. I respect that judgment."

Mr. Brewster. "The Senator does not always follow that judgment." (Laughter)

Mr. Barkley. "Well, I follow it much more frequently than does the Senator from Maine. I hope the Senator from Maine accords to me the right to differ even from the President of the United States whenever I feel that it is my duty to do so. \* \* \* In this particular instance my judgment coincides with that of the President, and I am just as happy or more happy to say so, than I am to say so when I disagree with him."



Mr. Bridges. "Am I to understand the Senator from Kentucky to infer that those who oppose the amendment are placing dollars ahead of lives?"

Mr. Barkley. "No; I am not saying that at all. But I say that I am not willing to economize even to the extent of \$2,000,000 if by doing so I think I am jeopardizing the lives of any of our men anywhere in the world."

Senator LaFollette said defending the FCC that the Commission had located a radio station in the German Embassy in Washington and that it never had an opportunity to communicate with Germany.

"I cannot find any contention in the record that the armed services have done a single thing about closing out the espionage nests in Central and South America. Commission representatives went to those neighboring countries under the general direction of Secretary Hull and there, cooperating with the local governments, effectively assisted in closing out the espionage radio operations in Central and South America. I may say that more important than eliminating and preventing the reopening of any illicit, illegal radio communications in Central and South America with our enemies, is preventing their reopening here in the United States and elsewhere in our territory."

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#### PETRILLO DEMANDS WLB HEARING; SENATOR WOULD STOP HIM

There were two important developments in the Petrillo case Monday. First the American Federation of Musicians formally filed objections with the War Labor Board to the New York Panel report on the ground that it was contrary to law and fact and beyond the powers and jurisdiction of the Board to adopt. In addition the musicians asked for a public hearing to submit further arguments.

Second, Dr. Joseph E. Maddy, President of the National Music Camp of Interlochen, Mich., appeared before the Senate Interstate Commerce sub-committee, headed by Senator Worth D. Clark (D), of Idaho, to again protest against his high school musicians being kept off the air by Petrillo.

Since 1942, Dr. Maddy said, Petrillo has kept all school bands and orchestras off the networks, denying freedom of the air to nearly two million boys and girls. His quoted excuse is that "music educators are murderers, training musicians to take the bread and butter from union musicians."

"This war by Petrillo against the school children of the United States is indefensible", commented Senator Vandenberg (R), of Michigan, "Congress must take effective action in this matter."



Senator Clark agreed, telling the witness that the Committee was endeavoring to draft a bill which would meet objections of the Department of Justice to legislation, previously submitted, which was criticized as unconstitutional.

The witness said legislation making it unlawful for any person or group to interfere with the broadcasting of educational programs, so certified by the Federal Communications Commission or some other agency, should be the answer.

"If not too broad, it could very easily be enacted", said Senator Clark, who asked Dr. Maddy to draft a bill making it unlawful to interfere with the broadcasting of non-commercial music or cultural programs.

"I believe Congress is thoroughly out of sympathy with Petrillo's treatment of your organization", Senator Clark said to Dr. Maddy.

Dr. Maddy said the union leader once threatened him if he disclosed that he had been forced to pay for a 50-piece "standby" union orchestra before the union would permit a high school orchestra to broadcast at the music educators' National Conference at Chicago in 1928.

"You better be careful what you say over the radio if you value your health", he said Mr. Petrillo told him.

Senator Clark said that the Senate sub-committee before acting further would await the outcome of any action the War Labor Board might take.

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#### GIVING DIES CRACK AT WINCHELL MAY SOOTHE CAPITOL HILL

If anything could calm the boys on Capitol Hill and maybe prevent Congress from hamstringing commentators with a new set of libel laws, it was the good work of Mark Woods, President of the Blue Network, in getting Andrew Jergens of the Jergens Lotion Company of Cincinnati, Walter Winchell's sponsor, to offer Representative Dies (D) of Texas, equal time to scrap it out over the air with Winchell. Mr. Dies promptly accepted the offer which was made through the Jergens Company's advertising agency Lennen & Mitchell, and the debate is scheduled to take place next Sunday night, March 26th. Mr. Winchell will go on at his usual time 9 P.M., EWT, and Representative Dies will follow him with the same audience at 9:15 P.M.

In the meantime a subpoena has been served on Mr. Woods for recordings and scripts of Mr. Winchell's broadcasts for the past two years. Also Mr. Jergens, who is supposed to be paying Winchell \$5,000 a broadcast will probably be called.

Thus quite a few people most certainly will be put through the ringer and maybe the outcome will be to tighten up on radio libel laws so that it will be obligatory to give anyone attacked an opportunity to reply and make the commentator personally responsible for what he says instead of his sponsor.

However, it is the belief that Mark Woods insisting upon the Texan being offered equal time to reply to Winchell will do much to get Congress off the necks of the commentators. As a matter of fact, if it were possible for the networks or radio stations to give every Senator and Representative as much time as he wanted on the air, it is the belief of this writer that the criticism of radio on the Hill would almost vanish.

Not being able to do this the next best thing for the nets or stations to do is to allow anyone who thinks he has been attacked over the air equal time to reply.

However, Mr. Woods offering this free time to Mr. Dies is liable to set a precedent which may cause broadcasters considerable trouble. The Winchell sponsors and Mr. Woods most certainly will be called upon to also give time to Representatives Hoffman (R) of Michigan, Rankin (D), of Mississippi, and others who have been involved with Mr. Winchell.

In fact, a Rankin-Winchell debate has already been suggested by the Mississippi Legislature. A resolution proposed that it be held at a joint session of the Mississippi House and Senate in Jackson. Mr. Winchell was quoted as not having any particular desire to face the people of that State, but suggested that the debate be held in Madison Square Garden and the proceeds go half to the poor and needy of Mississippi, and half to the Red Cross.

Also Senator George (D), of Georgia, and others who have hit back at Drew Pearson, may demand a crack at Mr. Pearson. However, most of the complaints are against Mr. Winchell. He is the main target.

An effort will be made by Representative Dies and his colleagues to put the heat on Mr. Jergens, Winchell's sponsor, if he comes to Washington to testify, but it has been charged that because Mr. Winchell is a defender of the President and could be of such great assistance in the fourth term fight, the White House would exert every effort to keep him on the air.

When Representative Dies spoke to the House about Mr. Winchell last Friday, Representative Hoffman similarly assailed the Winchell broadcasts asserting that the Jergens Co. paid Mr. Winchell \$260,000 a year for his Sunday evening radio comment and stating:

"For his own good and for the good of the country, the Dies Committee should summon Jergens to explain why he permits, why he sponsors the continuance of the vicious attacks upon Congress, upon those in the armed forces, by Winchell.

"In view of Winchell's record, it is pertinent to inquire of Jergens whether Winchell has any hold upon him, which prevents him from taking steps to curb his spokesman, his employee, in the face of mounting public indignation."

"There is said to be a printed record", Mr. Hoffman charged, "in Government files, thus far withheld from the public under the faithful old alibi 'not in the public interest', which sheds an illuminating light upon the relationship between sponsor and broadcaster."

Station KGHL, of Billings, Montana, has offered Representative Dies 15 minutes of Mr. Winchell's own broadcast time. The station said it would replace Winchell with a transcribed speech by Dies "the first Sunday after it is received".

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#### RMA N.Y. SPRING MEETING - INDUSTRY PROMOTION CAMPAIGN

The unprecedented 1944-45 war production program will be the principal topic of discussion at the annual RMA "Spring Conference" in New York April 12 and 13th.

Production, employment and other problems of the war program, will be discussed by the Board of Directors and many committees, together with tentative future but distant reconversion problems.

Numerous RMA committees will hold meetings to make reports and recommendations for consideration of the RMA governing board on April 13th. Several Committees also are holding preliminary meetings, before the New York "Spring Conference" where the program for the entire industry's annual "war conference" at the twentieth annual RMA convention in Chicago, on June 6 and 7 will be developed.

Immediate employment and labor problems, including draft deferments, absenteeism, etc., will be considered at the New York RMA meetings, together with changes in the immediate production program, involving "cutbacks" and contract terminations.

Plans for an RMA industry promotion-publicity campaign to emphasize the important part radio-electronic manufacturers have played in the war effort and to inform the public of what products to expect after the war were prepared at a meeting of the RMA Advertising Committee, March 14th, in Cincinnati.

The RMA project, involving a substantial expenditure for wide industry promotion purposes, will be presented for approval to the RMA Board of Directors at its New York meeting April 13th.

The opinion was expressed by Committee members that the public had not been sufficiently informed of the vital part the radio-



electronic companies had played in producing essential equipment for waging the war.

The Cincinnati meeting of the Advertising Committee was held at the Crosley Corporation Plant. Upon the invitation of S. D. Mohan, of the Crosley Corporation, a member of the Committee the visitors were taken on a tour of the Crosley plant

A special committee, with James H. Rasmussen of The Crosley Corporation as Chairman, has been named to consider the project for postwar promotion of export receivers. The Committee will meet next Thursday, March 23rd in New York to consider a list of subjects for possible standardization, as minimum standards, of export sets, in cooperation with representatives of the RMA Engineering Department.

Thirty RMA export managers and engineers held a meeting last month at the Roosevelt Hotel, New York City, for preliminary discussion of the receiving set export promotion project and possible inclusion of an official RMA "seal", upon establishment of the proposed minimum RMA standards for export sets and subject to future approval by the RMA Board of Directors.

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#### NETHERLANDS PATRIOTS SEIZE GERMAN CONFISCATED RADIOS

Netherlands patriots armed with revolvers raided on March 16th the municipal offices at Groothuizen in occupied Holland, according to the German-controlled Netherlands radio, the Netherlands Information Bureau reports, and seized seventy-six radio receivers which had been previously confiscated from the local population by the Germans. After over-powering two guards who had been maintaining a day-and-night watch over the sets, the patriots carried off the receivers in a lorry, the radio report said.

Confiscation of the estimated 1,000,000 radio receiving sets in occupied Holland was ordered last May, but the German authorities experienced the greatest difficulty in carrying <sup>out</sup> the order, despite the unlimited fines and prison sentences up to five years imposed on those who failed to comply.

The deadline for turning in all radios, originally set for last June 2nd, was postponed to July 9th, and successively to later dates until a "final deadline" of October 20th was set. This, too, was again extended to October 22nd.

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To the NBC studios last week came a letter from a soldier in the Aleutians, according to Leonard Lyons, in connection with a Soldiers Vote broadcast. "Don't go all out for the Soldier's Vote", he suggested. "After all, there are still a few of us left who don't want to come back and find Bob Hope President."

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## CBS WINS 1944 PAN AMERICAN COLOMBISTA SCROLL

The 1944 Scroll of the Pan American Colombista Society has been awarded to the Columbia Broadcasting System for "activities in promoting the welfare of the peoples of the New World", according to an announcement from the Society's headquarters in Havana, Cuba.

The scroll will be presented on Pan American Day, April 14th, to William S. Paley, President of the Columbia Broadcasting System, and to Edmund A. Chester, Director of Latin American Relations for the network.

The Pan American Colombista Society, one of the foremost Latin American cultural organizations, was created to perpetuate the name and memory of Christopher Columbus, and to promote better inter-American understanding.

The award was granted in recognition of the contributions of CBS to hemispheric solidarity through its 99-station Network of the Americas (Cadena de las Americas). A complete program schedule comprising music, drama, news and special features is beamed daily in Spanish and Portuguese to all of the neighbor republics by short wave.

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## PERMITTED USES OF QUARTZ CRYSTALS

The War Production Board has announced that it had increased the number of permitted uses of quartz crystals. This action was taken by amending General Conservation Order M-146 as the result of an easier supply-demand situation.

Heretofore quartz crystals could be used only in the manufacture of radio oscillators and filters for war purposes and a few other military items. In addition to these uses, they may now be used for:

1. Manufacture of radio oscillators and filters for governmental activities directly connected with defense, public health, welfare, or security. This will permit the police, forestry services, and similar activities to get the quartz radio parts they need.
2. Manufacture of radio oscillators and filters for commercial broadcasting stations and other commercial communication systems.
3. Manufacture of optical or electrical parts for use in research or production instruments manufactured to fill orders rated AA-2X or better.

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## "RADIO FORUM FOR THE ABUSED" SUGGESTED TO REP. DIES

Taking up the cudgel in the fight between Representative Dies, of Texas, and the commentators, the Washington Post says:

"It is an undeniable fact that certain radio commentators have been tactless enough to criticize the distinguished Chairman of the House Committee on Un-American Activities. Some, indeed, have gone so far as to impugn his motives and patriotism - and those of other members of Congress as well. Never one to take disparagement lightly, Mr. Dies has countered by a threat to 'investigate this matter on the ground that it is distinctly un-American.' He has now issued a subpoena for the scripts of one offender, Walter Winchell, for a period of the past two years. He proposes to take each statement and to 'establish its truth or falsity'.

"We have no desire to appear subversive, but with all deference to the gentleman from Texas we feel skeptical of his ability to achieve this result. The dividing line between truth and falsity is often elusive. And in the realm of opinion, one man's predilections may be another man's abhorrence.

"It is edifying to learn from Mr. Dies that some radio commentators have 'become adept in taking advantage of the loopholes in the libel laws'. His indignation on this score is attributable, perhaps, to the fact that he has not always been so adept himself. On one occasion when he was careless enough to forsake his Congressional immunity and assail a Federal employee as subversive, he found it necessary to eat his words rather expensively. He has been more careful since - not so much in his language as in the locale of his oratory. The libel laws do not apply at all to remarks made upon the floor of the House.

"It is Mr. Dies' opinion that broadcasting companies ought 'to afford maligned persons an opportunity to answer false charges over the same facilities and to the same audience'. The idea, we confess, is an appealing one. We cannot help wondering if the Congressman would be in favor of an extension of this scheme to the House of which he is a member. We can, of course, discern one practical objection: the time of the House might be altogether consumed in hearing responses to the charges advanced by the Dies Committee."

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## PHILCO CONTINUES TO INCREASE WARTIME PRODUCTION

Philco Corporation's output of radar and radio equipment for the Army and Navy is still continuing to increase, and in the first two months of 1944 was substantially ahead of the same period last year, it was reported by John Ballantyne, President, in announcing that the Company is borrowing an additional \$10,000,000 under the terms of its \$30,000,000 three-year V-loan to finance this increased production. The Company had previously drawn on this credit, which was arranged in January, 1943, to the extent of \$15,000,000, and the new borrowings will increase its use of the credit to \$25,000,000.

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## BRITISH PRESS RATE REFERENCE CLARIFIED - EDITOR PROTESTS

Chairman James L. Fly of the Federal Communications Commission last week restated what he had previously said about the British preferential press rate, to the House Committee investigating the FCC. This, however, did not prevent the World's Press News in London taking a rap at him.

Suggesting that he was attempting to advance "American commercial dominance under guise of 'a democratic philosophy for the free flow of international communications'", the newspaper trade journal upheld the contention of Reuters in a statement issued in New York through The Associated Press that the 2-cent Empire press rate, about which Mr. Fly complained before a House Committee on Feb. 19, was equally available to British and American agencies.

In his subsequent appearance before the House group, Mr. Fly said:

"My previous testimony in regard to the barriers in the way of the free flow of press communications from points in the British Empire to the United States as compared with press traffic between those British Empire points and England erroneously indicated that Reuters was given preferential rate treatment over American press associations for despatches between the same points. As a matter of fact, the low British Empire press rate of one British penny (or a little less than two United States cents) a word is available to correspondents of all nationalities between points in the British Empire.

"However, the Reuters correspondent can transmit his despatches from any point in the British Empire to his headquarters in London at the low British Empire rate. The American correspondent, on the other hand, must pay considerably higher rates for his despatches from the same points to his headquarters in the United States. Even when there are direct circuits to the United States from British Empire points, we have, in general, been unable to have rates established on these circuits comparable to the low British Empire rate.

"Indeed, the American correspondent in a British Empire point usually transmits his despatches to London for retransmission to New York because the combination of rates over these routes is lower than the rates direct to New York. In the same manner, American news for Australia, for example, can be transmitted at cheaper rates if it is sent to Canada for retransmission to Australia than if the news is transmitted directly from the United States to Australia. Thus, in general, the tendency is to force the bottlenecking and a second transmission through London, or in limited instances through Canada. Handicaps in time and in cost are thus imposed."

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