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FRANK E. MULLEN

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No. 1627

May 12, 1944

TO PROBE CHARGE FLY TRIED TO BLUFF "READER'S DIGEST"

Subpoenas have been issued for De Witt Wallace, Editor of Reader's Digest, and Greta Palmer, a writer for that publication, to appear in Washington next Tuesday, May 16th, in connection with a charge made by Representative Miller (R), of Missouri, that Chairman James L. Fly of the Federal Communications Commission endeavored to throw a scare into the Reader's Digest to prevent it from printing an article "roasting" the FCC. Mr. Miller, who is making hay while the sun shines as Acting Chairman of the House Committee investigating the Communications Commission while his Democratic colleague, Representative Lea (D), of California is absent, declared last Tuesday that Chairman Fly "in one of the most brazen attempts to censor the press" had threatened and attempted to intimidate the Digest.

It was said that the publication had planned an account "damaging" to the FCC based upon records of the House Committee inquiring into the charges that the Commission has struck fear into the radio world by its dictatorial tactics. Representative Miller had made a personal inquiry, he revealed, which uncovered the attempt at censorship of material which, in the opinion of Mr. Fly, would be damaging to his agency.

"It is my understanding", Representative Miller said, "that the article was to receive national circulation and wrote Wallace that use of material from the records of the investigation would not protect the Digest from liability for prosecution.

"I have also heard that threats of other legal action by the Government were made by Mr. Fly, one involving the Department of Justice."

"This is a bold attempt to impose arbitrary censorship upon the press", said Mr. Miller. "If the inquiry shows that the Reader's Digest article offers a comprehensive and fair treatment of FCC activities, as uncovered by the Committee, I personally will put it into the Congressional Record and it may then be reprinted everywhere without fear of Administration reprisals."

It was reported that the Department of Justice has hinted at a possible anti-trust suit against Reader's Digest as a means of bringing pressure to bear.

The subpoenas for Editor Wallace and his staff writer are said to include a copy of the manuscript of the proposed article and a three-page letter from Chairman Fly to Mr. Wallace allegedly threatening the editor with prosecution if the article appeared in print.

It was a coincidence that on the same day that Representative Miller made the charge against Mr. Fly, Representative Celler(D) of New York, speaking on an entirely different matter told of the tremendous circulation the Reader's Digest had acquired. Representative Celler said:

"The circulation of the Reader's Digest in England is 262,000. It is the largest monthly publication in England. It has several foreign additions, to wit, Spanish, with a circulation of 753,000, which circulates in South America and other Spanish-speaking countries. Its Portuguese edition is placed at 313,000, the Arabic edition at 125,000, and the Swedish edition at 248,000. The domestic circulation, including the armed forces, is over 7,000,000. Thus, all told, this unusual magazine sells over 8,701,000 copies per annum and is probably read by three times that number in family groups."

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WHEELER-FDR VISIT REVIVES VICE-PRESIDENTIAL RUMORS

Although other reasons were given for the call of Senator Burton K. Wheeler, (D), of Montana, on President Roosevelt last Wednesday, the first time the latter has visited the White House in six years, it revived rumors that Senator Wheeler was again being considered for Mr. Roosevelt's running mate in the forthcoming election. Mr. Wheeler ran as the Progressive Party candidate for Vice-President with Senator Robert M. LaFollette in 1924.

The object of the visit this week to the White House was said to have been that Senator Wheeler in his capacity as Chairman of the Senate Interstate Commerce Committee had gone to the White House to invite the President to attend a joint celebration by Congress of the 100th Anniversary of telegraphy. Very few swallowed this story.

Senator Wheeler after his 45-minute session with Mr. Roosevelt - which was quite a time to spend with the President busy as he probably was after his long absence with everybody trying to get at him and he undoubtedly endeavoring to conserve strength after his illness - Senator Wheeler said one of the things talked about was the international communications situation which his Committee is just now taking up. The impression given was that Mr. Roosevelt was satisfied with the way Senator Wheeler was handling this matter.

In view of the bawling out the President gave the radio as well as the newspaper people the day before the Senator's visit for not covering the Montgomery Ward story the way the President thought it should have been covered, it is not improbable that Mr. Wheeler may have expressed his own well known views on commentators. This may very readily have led to some discussion of the Wheeler-White Radio Bill now under consideration and the proposals of Senator Wheeler and other members of Congress that a clause be inserted to give anyone unjustly attacked on the air an opportunity to answer in

the commentator's own time. The President may have indicated whether or not he wanted a new radio law enacted before the election.

Also Senator Wheeler, being the #1 radio and communications authority on the Hill, the President may have asked him what he thought of the progress of the House FCC investigation and "where do we go from here?" on that.

Senator Wheeler, who has been off the reservation for years and one of the President's severest critics, has been a "very good boy" of late. One example was the way he went to the rescue of the FCC appropriations bill in the Senate recently and praised Chairman James L. Fly to the skies. This didn't prevent the Senate from ripping a half a million dollars out of the appropriations in addition to the million the House had socked it. Nevertheless, it was another indication of a more friendly attitude of Senator Wheeler towards the Administration.

If Senator Wheeler discussed the subject of radio commentators with the President, he may have told him about the message he sent to the Ohio State Institute for Education by Radio last week, which read in part as follows:

"There is not one respectable newspaper that would sell its lead story day after day to an advertiser, nor is there a newspaper owner who would allow an advertiser to sponsor a daily column of comment about news of the day But the dollar has been radio's master and I am often impelled to wonder just how much of what I hear has been dictated by the advertiser.

"I am certain that the average big-money sponsor in hiring a news commentator (unless possibly he had large Government contracts) would be more likely to employ a commentator with the views of the National Association of Manufacturers than one with possibly the views of any liberal administration in power. In the future, radio broadcasters, I believe, will find they can greatly strengthen themselves with the people by following the example of the Fourth Estate, of presenting unhampered factual news.

"You who are educators have an opportunity, the privilege and duty to use your knowledge and ingenuity to raise the standards of American radio. You have failed in your efforts in the past. Let us hope and work for a brighter future."

If there is any truth in the rumor that Senator Wheeler is again flirting with the vice-presidential idea, he is indeed treading a slippery path and would do well to read Charley Michelson's new book "The Ghost Talks", who speaks of Mr. Roosevelt's "genial trait of sending people away with the idea that he is quite in accord with them. Samples: Farley's faith in the idea that he had the President's word that he would not run for a third term, and the faith of various candidates for the vice-presidential nomination in 1940, each one thinking that he had the green light, despite the actuality that Roosevelt had determined on Henry Wallace for the second place on the ticket and would take nobody else."

\$500,000 FCC CUT UP TO CONFEREES; JETT FIGHTS FOR RID

Within a short time conferees of the House and Senate will meet to decide whether the \$509,000 trimmed by the Senate from the Federal Communications Commission appropriations shall be restored. The House last March had reduced the FCC appropriations by \$1,654,857. The Senate approved this slash and added another \$509,000 of its own.

Hardest hit by these cuts was the Radio Intelligence Division of the FCC and Commissioner E. J. Jett, George E. Sterling, RID Chief, and others testifying this week before the House Committee investigating the FCC, made an eleventh hour effort to impress members of Congress with the importance of the radio intelligence work and the necessity of the \$509,000 being restored.

According to Commissioner Jett, the Radio Intelligence Division today has 12 monitoring stations, 59 secondary monitoring stations, 88 mobile units, three intelligence centers, with a total personnel of 635.

"Former counsel of the House investigating committee has claimed that our expansion, modest as it was to meet the war-time emergency, was unwise; that money appropriated for RID has been wasted", Commissioner Jett said. "What we have done with this small unit is the best answer to all these. * * * *

"I want to clear up one point on which there has been studied confusion. It has been charged that 'radio intelligence' is a misnomer as applied to our activities; that RID is not equipped to do radio intelligence work; and that RID is not equipped to do anything but local monitoring. And with an abandon which does not require consistency, it is charged both that RID has penetrated into the field of 'military intelligence', and at the same time that RID is not performing 'military radio intelligence'. It is also said that RID is not equipped to perform 'military radio intelligence'.

"These conflicting charges result from a complete lack of understanding of fundamentals as to what radio intelligence as performed by the FCC actually is and as to what constitutes military radio intelligence. Radio intelligence simply means obtaining information or knowledge by means of radio. The information or knowledge obtained may have legal significance, diplomatic significance, commercial or economic significance or it may have military significance.

"Military Radio Intelligence is primarily concerned with monitoring enemy transmitters to determine the disposition of military or naval forces and other information of a military significance. Military radio intelligence also includes policing one's own radio service to insure security of operations and adherence to authorized military procedures; and the transmission of communications designed to mislead the enemy or to jam its radio services. The Radio Intelligence Division of the FCC is not designed to perform military radio intelligence. It is designed to perform an

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an entirely different kind of operation. However, the facilities necessary to enable RID to discharge its primary responsibilities also can be used to perform special services which are of great value to the Armed Services. A marked misapprehension originating with certain officials in the Armed Services and fostered before this Committee has been engendered about the Commission's activities of this kind."

Speaker Rayburn this week appointed the following as House conferees on the Independent Offices Bill which contains the FCC appropriations: Representatives Woodrum (D), of Virginia; Fitzpatrick (D), of New York; Starnes (D), of Alabama; Hendricks (D), of Florida; Wigglesworth (R), of Massachusetts; Dirksen (R), of Illinois; and Case (R), of South Dakota.

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COLLEGE PROGRAM TO TRAIN GIRLS FOR RCA VICTOR

The first college program to train girl high school graduates as engineering drafting aides has been established at Purdue University, it was announced this week by the RCA Victor Division of the Radio Corporation of America. The program calls for the training of some 70 high school graduates and recent graduates at the Lafayette, Ind. University in a 23-week intensive course starting July 7th. Interest in radio, mathematics and drafting will prove helpful to applicants.

While in school the girls will live on the campus and will receive a nominal salary as "employees in training", in addition to room, board, tuition and books, and they will enjoy all undergraduate privileges.

In cooperation with the United States Employment Service, representatives of RCA Victor Personnel Department, will visit high schools in eastern Pennsylvania and southern New Jersey to interview candidates for the training course.

Upon completion of their training, the girls will be assigned to one of the RCA Victor plants as engineering drafting detailers. Working with experienced draftsmen, they will make drawings to show the size, shape and details of assemblies, sub-assemblies or parts.

Girls who completed training in the first electronic program several weeks ago at Purdue are now actively engaged in vital war work in RCA Victor plants, located at Camden and Harrison, N.J.; Lancaster, Pa.; Indianapolis and Bloomington, Ind.; and Hollywood, Calif.

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\$3,250,000 MENTIONED IN SYLVANIA-COLONIAL RADIO SALE

Sylvania Electric Products, Inc., has virtually completed negotiations for the purchase of all the common stock of the Colonial Radio Corporation for about \$3,250,000, payable 60 per cent in cash and the balance in its own common stock, it became known Wednesday, according to the New York Times, when a special meeting of stockholders was called for May 18 to approve an increase in authorized common stock from 905,000 to 1,200,000 shares.

It was explained that none of the additional authorized common shares will be required for the Colonial acquisition, but that if the stockholders approve, the company will file with the Securities and Exchange Commission a registration statement covering the proposed sale, for cash, of part of the newly authorized shares in an amount yet to be determined.

The management of Sylvania declared that no sale of stock is essential at this time for any present need and that whether any is sold in the near future will depend upon the future decision of directors with respect to the market price of stock. As the company's lighting, radio and electronics business is expected to be substantially larger after the war, substantial amounts of additional working capital will be required, it was stated.

The reported terms for the purchase of Colonial Radio call for payment of about \$1,950,000 in cash and the issuance of common stock of Sylvania Electric Products for the remaining 40 per cent of the purchase price, taken at \$1.50 a share less than the market value shortly prior to consummation of the sale. As the company has 854,474 shares outstanding, the present unissued common shares totaling 50,526 will be adequate to effect the purchase.

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IMPROVED ANTENNAS TO ELIMINATE TELEVISION "GHOSTS"

"'Ghosts' are now haunting television engineers and driving them almost to distraction as they try to plan television reception for crowded cities", explained Dr. Orestes H. Caldwell, editor of Electronic Industries, and former Federal Radio Commissioner, speaking before a group of 200 radio engineers at Newark, N.J. last Wednesday.

"A particular ghost which haunted us most persistently, while we were looking in recently, came to us directly from the Waldorf Astoria Hotel", continued Dr. Caldwell. "The Waldorf, I know, doesn't ordinarily harbor ghosts, - yet its great flat south wall presents an ideal reflecting surface for television waves coming from the transmitters on the Empire State and Chrysler towers.

"When these Waldorf-reflected waves are thrown back three or four city blocks, and strike our antenna on top of the Grand Central Palace, they produce a second fainter television picture, overlying the main picture received by direct wave.

"On some evenings we get a whole galazy of these ghosts. In addition to the Waldorf ghost, other ghosts arrive from the Hotel Shelton, the Hotel Lexington, and other nearby structures. But all our ghostly visitors perform their ghostly gyrations with perfect precision, moving together like highly trained spooky Rockettes in a ghostly ballet.

"Improved antennas will eliminate these reflected images", Dr. Caldwell predicted, "and the postwar era will see television blossoming forth as a billion-dollar business, far surpassing any achievement to date by its kindred radio and electronic arts."

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CBS CONTINUES TELEVISION SCRAP; GOLDSMITH GETS INTO IT

Paul W. Kesten, CBS Executive Vice-President, who began the television controversy which has been raging within the industry for the past two weeks, added new life to the scrap this week by asserting (a) that engineers of 15 radio companies all voted for, not against, improved television pictures and (b) that in a survey just made, independent broadcasters affiliated with Columbia "overwhelmingly" supported the CBS demand for better television pictures.

At about the same time Dr. Alfred N. Goldsmith, former Vice-President and General Engineer of RCA, in a lengthy and detailed argument, disputed Columbia's contentions.

In a statement issued by Mr. Kesten the network endeavored to refute the idea that its recent proposal for higher television standards lacked support from industry engineers.

"On the contrary", Mr. Kesten said, "one of the few motions passed unanimously by Television Committee 3 of the Radio Technical Planning Board contained recommendations almost identical with Columbia's recent proposals."

"The companies represented in this unanimous vote included such manufacturers as Radio Corporation of America, Philco, General Electric, Du Mont, Zenith, Farnsworth, Stromberg Carlson as well as such television broadcasters as NBC, Howard Hughes Productions, and CBS", the statement continued.

"Note the similarity between the Committee's recommendations as reported to the Television Panel on March 14 of this year, and Columbia's proposals made public on April 28:

"CBS recommendation: vastly improved television pictures as soon as possible after the war. RTPB recommendation: "This committee looks forward to the eventual establishment of a television service of exceptional quality."

"CBS recommendation: wider channels to permit more detailed pictures, channels at least 14 or 16 megacycles wide. RTPB recommendation: ' ..considerably wider channels will be required for such service, at least 20 megacycles wide.'

"CBS recommendation: move television 'upstairs', in frequencies above 200 megacycles. RTPB recommendation: 'the Committee recommends that a number of channels be allocated above the 6 megacycles channels (this means above 290 megacycles).

"CBS recommendation: double the present number of channels from 18 to 36, to increase competition and provide better service. RTPB recommendation: 'It should be understood that at least 30 channels . . . would be required for national allocation ...'

"The RTPB committee added: 'It was felt that ample provision should be made at such frequencies for experimentation with color television and high definition monochrome (black and white) television.' CBS similarly recommended that the proposed new standards should be used for full color television as well as vastly improved black and white pictures.

"This parallel between the industry's engineering recommendation and Columbia's own proposals is the more striking in view of recent statements alleging that CBS was taking a unique position, not shared by other technical experts of the industry."

Ninety-one independent radio stations in 38 States have been heard from to date, CBS reported, in response to a questionnaire sent by the network to its affiliated stations on the subject of improved television pictures.

"Voting overwhelmingly for the radical improvement in television standards which CBS recently proposed to the FCC, to the manufacturers of equipment and to the broadcasting industry, broadcasters' opinions were divided on questions of 'eyestrain', on the extent of consumer set-purchase after the war, and on the importance of full-color television as compared with black-and-white", CBS stated.

Dr. Goldsmith in a letter to the Editor of the New York Times wrote, in part:

"A leading broadcasting network asserts that purchasers should be told not buy the present type of television receiver and to wait until pictures richer in detail can be received at higher frequencies, the possibilities of which should be explored for at least a year by a dozen radio laboratories.

"Speaking as a radio engineer for myself alone, I venture to point out that a dozen laboratories and their skilled personnel, together with the added engineers and equipment necessary for field tests, cannot and should not be diverted from the war effort. When

peace comes, television research and field tests may be in order, but only if they are still in the public interest and if they are conducted on a reasonably economic basis - conditions not likely to prevail for several years after the war.

"We have enjoyed the highest television broadcasting standards in the world, with successful transmission of thirty complete pictures per second of the 525-line variety. We operate approximately in the 50-to-200-megacycle band; the English with twenty-five complete pictures per second, each having 405 lines, on frequencies of only about 40 megacycles. Yet prior to the war British standards stimulated rapid commercial growth in television. The British, not prone to invest in useless articles, bought and used television receivers * * *

"It is proper to offer any product at any time when it is acceptable. Progress can usually be financed out of profits. It would not be objectionable if television receivers of 1947, for example, became obsolescent in 1952 or 1953. As long as a good product can be sold at a reasonable price and enjoyed for a goodly number of years - and there is no reason to doubt that present-day television can supply just that - it is certainly a right and perhaps a duty to offer it.

"Your editorials on the subject are scientifically accurate, relevant and analytically temperate in tone. In my opinion they indicate the future of television and help to guard the rights of the public."

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NAB AUGUST MEET IN CHICAGO IF WAR DOESN'T INTERFERE

The Board of Directors of the National Association of Broadcasters, meeting in Washington this week, reaffirmed its view that an executive war conference of broadcasters should be held in Chicago the latter part of August. President J. Harold Ryan said:

"The vital role which radio broadcasting has played and in an increasing measure will play in the war effort, has given rise to many problems. It is imperative that these problems be met effectively and after full consultation with military and other Government leaders.

"A conference such as we contemplate holding in Chicago in late August affords the only opportunity for that necessary contact. In recognition of the paramount needs of the armed forces for the transportation facilities we are urging that only the executive and key personnel of NAB active and associate members attend.

"The program will be strictly confined to a discussion of the relation of broadcasting to the war effort and to such routine matters as will enable the industry's trade association to function

more effectively in the national interest. In event of any emergency which may arise at the time set for the meeting, I am authorized by the Board to indefinitely postpone the session. Events will be carefully watched and if it is felt that our meeting will in any way impair larger national interest, we will, of course, abandon our plans."

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NAB RESISTS PETRILLO DEMANDS; ENGINEERS, AFM CLASH NEAR

The Board of Directors of the National Association of Broadcasters in Washington voted to oppose the latest pressure exerted by James C. Petrillo that the broadcasters employ union musicians as platter turners.

The NAB membership was urged to resist any demands of the American Federation of Musicians to force the employment of union members to play records and transcriptions used for station broadcasts.

Action came as a result of a statement issued by Petrillo in "International Musician", official A. F. of M. publication, calling on all local unions to secure "platter turner" contracts from radio stations, expecting to gain the employment of at least 2,000 musicians by the radio industry for such services.

The NAB also sent to its membership a transcript of testimony of Mr. Petrillo in the Senate last year where he admitted to Senator Tobey that his effort to force broadcasters to use musicians as "pancake turners" was not "sound" and is "a mistake" and that he only did it in certain stations because "he could get away with it".

Alto to be-devil the broadcasters as June 1st approaches is the jurisdictional row between Mr. Petrillo of the A.F.M. and the National Association of Broadcast Engineers and Technicians, which are not affiliated with any national union. For several years they have been turning the platters in the stations but because of Petrillo demands that the musicians take this over there is expected to be a clash between the two groups on June 1st when the new contracts become effective. NBC, the Blue Network and WOR have already signed the contracts which would transfer the platter turning jobs over to Petrillo.

The resolution passed by the NAB Board follows:

"WHEREAS, James C. Petrillo, President, American Federation of Musicians, has in the April issue of the official journal of his union commended to the locals of his union a plan to force upon the broadcasting industry and in particular upon the smaller units thereof, the employment of more than 2,000 additional unneeded members of the Musicians Union, and

"WHEREAS, the sole duties of these unneeded union members will be that characterized by Mr. Petrillo as pancake turning, namely, to place records and transcriptions on turntables, a minor and incidental part of the work of others now employed by all broadcasting stations, and

"WHEREAS, Mr. Petrillo in the City of Chicago has succeeded in imposing this made work upon some broadcasting stations at a salary scale of \$90.00 a week for a 25 hour work week, and

"WHEREAS, Mr. Petrillo in sworn testimony before a Committee of the United States Senate has stated that to force broadcasters to utilize members of the American Federation of Musicians as pancake turners is 'not sound' and 'is a mistake'.

"NOW, THEREFORE, the NAB is determined in its opposition to this unjustified and needless employment, and urges its membership of broadcasters to resist any demands of the American Federation of Musicians to employ such pancake turners, and

"FURTHER, that the NAB pledges its support and aid to all broadcasting stations which resist these demands as contrary to the best interests of labor, industry and our nation."

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N.Y. CITY TURNS DOWN \$25,000 LA GUARDIA BROADCAST OFFER

As had been expected, the New York City Board of Estimate made short work of the offer by Coty, Inc., of which Grover Whalen is President, cosmetic manufacturers, for \$25,000 to sponsor the Sunday afternoon broadcasts Mayor LaGuardia is now making over the Municipal Station WNYC. The offer was for a series of 25 talks and was to have been given over one of New York City's commercial stations.

In discussing the offer, the proposition was turned into a political football by the Board of Estimate and a grand time was had by all.

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With its production of radar and radio equipment reaching record high levels in each succeeding month, net income of Philco Corporation in the first quarter of 1944 totaled \$946,326 or 69 cents per share, after estimated Federal and State income and excess profits taxes and after provision for adjustment and renegotiation of war contracts.

In the first quarter of 1943, adjusted earnings amounted to \$708,702 or 51 cents per share of common stock.

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