WEEKLY
Television Digest®
with consumer electronics®

26th YEAR OF PUBLICATION 26 1945-1971

The authoritative service for broadcasting, consumer electronics & allied fields

AUGUST 2, 1971

VOL. 11, NO. 31

SUMMARY-INDEX OF WEEK'S NEWS

BURCH-EYE'S VIEW OF CABLE STATUS: Here's CATV situation & time-table, from FCC Chmn. Burch—straight from the shoulder: (1) Commission meets today, Aug. 2, with intention of coming up with final vote on cable policy to be presented to Senate & House Communications Subcommittees before Congress adjourns Aug. 6.

(2) Then, work on wording of decision & rules themselves continues, with expectation of issuing them by Oct.-Nov. (3) If Congress or President's cable committee, by Oct.-Nov., have "input" which FCC believes should be in rules, Commission will put them in. (4) Effective date of new rules will be in about 120 days—March-April. Reason: There will be extensive petitions for reconsideration, and it will take that much time for Commission to weigh them.

That's it. Now, for all the rumor & speculation about political maneuvering. Said Burch: "I've had no pressure from OTP, Pastore, Macdonald or others. They respect the Commission's prerogatives. We promised them we wouldn't come up with a fait accompli—and we haven't. As for the efforts of various groups—broadcasters, cable, copyright—to get their ideas across, there's nothing insidious about that. They have problems, and they believe they also have the solutions."

As of last week, Burch said he thinks majority stands about same on major aspects of policy—as it has over last couple of months—though even in majority there's some splits on individual items. Burch didn't go into details, but we've learned that such factors as these appear firm:

(1) In top-100 markets, where 2 distant signals would be allowed, one must be nearest uhf. Originally, it had been expected that the uhf must be within 100 miles; now, it's understood, distance is 200. (2) In requiring CATV to give access to groups, no charge can be made if a group's use is under 5 min. (3) In measuring "access channels" and non-TV uses, bandwidth will be the gauge, i.e., if 10 stations are carried, then matching 60 MHz must be set aside. Reason is that some uses may be non-TV, narrower than TV channels, and Commission is lumping space.

In measuring "significant viewing" for carriage purposes, it's understood Commission has decided to use ARB's 1970 prime-time viewing figures. It has asked ARB to make special run which will exclude viewing in CATV homes from these totals. FCC will also use 1970 ARB prime-time figures to rank markets—instead of 1967 net weekly circulation employed in previous rulemakings. It's understood, however, that this has significant effect on only 7 markets. (Our new CATV Atlas, to be published in Sept., will contain full texts of FCC policy statement, market rankings & other significant tabulations.)

OTP Dir. C. Thomas Whitehead is moving fast, talking to combatants. He had NCTA in July 27, copyright owners next day, NAB next—will see them again, separately, next couple weeks; no dates yet. White House aide Peter Flanigan was strongly in act in first joint meeting of groups July 23—pressuring all 3 to negotiate, come up with compromise. That's Administration's short-term aim. Long-term cable goals will come out of Nixon's cable committee in couple months. It's too early to tell how pressure-to-negotiate is working. You'll get every imaginable prediction—depending on who you talk to, including differences within each camp. Whitehead and/or OTP Gen. Counsel Nino Scalia & staff have been meeting, also, with broadcast groups—largely at initiative of latter—including Metromedia, Westinghouse, Cox, Kaiser, GE, "Paxton group" (MST task force headed by Fred Paxton, WPSD-TV Paducah). Apparently, major individual cable groups (except for Cox)—such as TelePrompTer, ATC, Cypress, Viacom, Community Tele-Communications, Cablecom, Time, TV Communications, National Trans-Video, etc.—haven't sought audience.

You get same kinds of conflicting reports about currents in Congress. One source will assure you Pastore has told FCC it better put long lead time on rules, give him many months for hearings, legislation. Another source, citing allegedly impeccable authority, will swear exactly opposite—that Pastore has decided to let Commission completely alone, is happy with its progress. Take your pick. Pastore wasn't available for comment. You have Burch's statement, above. But nobody's taking anything for granted. Agreeing with Burch, they find nothing "insidious" about getting their licks in.

KVII-TV SEEKS DENIAL OF KGNC-TV RENEWAL: Charging that KGNC-TV Amarillo had engaged in anti-competitive practices to obtain Lawrence Welk Show & Notre Dame football, KVII-TV Amarillo last week asked FCC to refuse to renew license of its competitor. Veteran commissioners & lawyers said they believe this is first time a TV station has asked govt. to force competitor off air.

Amarillo stations have been feuding for months, and last spring FCC ruled that all 3 had engaged in "hypoing" during rating sweeps (Vol. 11:22 p5). FCC ruling came after KGNC-TV & KFDA-TV had complained against KVII-TV questionnaires on news during 2 straight sweeps and KVII-TV filed counter charges.

In complaint last week, KVII-TV charged that Stauffer Publications acquired 2 shows for Amarillo through leverage of its ownership of WIBW-TV Topeka, which also has rights to both programs. "By forcing program distributors desiring to do business with WIBW-TV to also do business with KGNC-TV, Stauffer has acted contrary to the antitrust laws," KVII-TV claimed. "That Stauffer obtained the rights...through a 'tying' arrangement with WIBW-TV...is, on the face of things, the only plausible explanation." Complaint was filed over 2 months past deadline for contesting renewals (Tex. licenses expired Aug. 1), but KVII-TV said it learned programs would go to KGNC-TV less than 30 days ago. KVII-TV has carried syndicated Notre Dame football in past and Welk show when it was on ABC.

Stauffer Bcst. Vp Thad Sandstrom labeled charges "ridiculous." He pointed out that WIBW-TV won syndication rights to Hee Haw after it was dropped by CBS, but that KGNC-TV lost to KVII-TV in bidding for show.

BMI MAILS NEW MUSIC PACT: With blessing of All-Industry TV Music Licensing Committee, BMI late last week mailed proposed new contract to all TV stations. It's similar to ASCAP pact, provides that stations pay BMI 58% of ASCAP rate or 1.09% of net receipts after deductions, whichever is less.

Robert Smith, out-going chmn. of Committee, said rate declines with growth of industry revenues and, based on 6% annual growth, new contract will save TV stations $9 million over 7-year life of pact. "The agreement is a good one and we strongly & unanimously recommend its acceptance," Smith wrote stations. Under contract, stations will have option of itemizing expenses (which could lead to smaller payment) or simply filing net receipts.

Next on FTC's list to verify advertising claims may be food or home appliance industries, we're told, and Commission has scheduled Aug. 17 meeting to decide. First industry FTC went after was auto (Vol. 11:24 p5), and it's now under 60-day order to comply. Commission is also expected to step up pace by going after one industry per month, instead of one every 3 months as announced earlier. TV manufacturers may also be ordered to back up claims, although Commission source told us such ads are being "toned down." Claims of over-the-counter drugs, subject of recent congressional hearings, are also high on Commission's list. Meanwhile, FTC said Mattel & Topper toys have agreed to halt deceptive ads with famous race car drivers endorsing toy cars on children's shows.

Proposal that FCC establish guidelines to protect public from alleged false TV advertising (Vol. 11:30 p3) has been referred to Gen. Counsel's office for further study. "This is tantamount to burying it—at least for long, long time," said Commission official. He said Gen. Counsel's office "is not sympathetic" toward proposal, which originated in Complaints & Compliance Div.

June network TV billings of $112.2 million were down 9.2% from June 1970, according to TvB-BAR, which attributed decline to loss of cigaret ads. For first 6 months of 1971, network billings were $784 million (CBS $293 million; NBC $273 million; ABC $218 million), down $82.9 million from 1970. Cigarets accounted for $75.7 million of decline.

Winning lottery numbers may not be broadcast under any circumstances, FCC said, clarifying its N.J. lottery decision (Vol. 11:29 p5). Commission said earlier ruling was misunderstood by some stations to mean that winning numbers may be aired as part of news item.

Metromedia is buying independent Ch. 11 WTCN-TV Minneapolis-St. Paul for $19.7 million from Chris-Craft.

Fight between WHDH-TV and Boston Bcstrs. Inc over Ch. 5 Boston broke out on new front last week when SEC filed civil complaint in Boston federal court against BBI Exec. Vp Nathan David & others. Complaint involves sale of unregistered securities in planned CATV company, Synergistics Inc.—which has filed petition for bankruptcy. Most of SEC charges against David had been made before FCC by WHDH-TV (Vol. 11:17 p6), which quickly sent copy of court filing to Commission—as did BBI. WHDH-TV said SEC complaint gives FCC "objective standard...for evaluating BBI's charges that WHDH's allegations were reckless & irresponsible." BBI countered that questioned stock sales took place in 1968, that all allegations already are in Ch. 5 record, that complaint is "ill-founded."

NBC N.Y. got 1,200 calls from viewers following Today Show incident July 30, which saw newsman Edwin Newman abruptly terminate live interview with George Jessel. Newman took action after Jessel's 2nd reference to N.Y. Times & Washington Post as "Pravda." Callers, said NBC spokesman, were divided 60-40% in favor of Newman's action. (Calls also were very heavy to NBC Washington.) NBC News Pres. Reuven Frank said Newman handled "unfortunate occurance with dignity & dispatch...and in the best possible taste to correct a live broadcast situation which seemed to be getting out of hand."

New Yorkers are getting around-the-clock coverage of Apollo 15 flight direct from Houston via TelePrompTer Manhattan CATV, which is also feeding it to competitor Sterling Manhattan Cable. Coverage started at 8:15 a.m. July 30, will continue through splashdown Aug. 7. Natural History Museum's Hayden Planetarium scheduled 3-a-day theater-TV pickups of TPT's coverage in connection with its regular sky shows July 31-Aug. 2.

Renewal of WKWF(AM) Key West, Fla. has been set for hearing to determine if owner John Spottswood has engaged in unfair competition. Spottswood also owns Key West CATV, and WKIZ(AM)-WFYN-FM charged that he carries WKWF on cable but has refused to carry competing radio signals.

Spot TV offers advertisers "greater efficiencies" today than year ago because of larger audiences, TvB claims. In 2nd Spot TV Planning Guide, TvB said viewing is up 6.3% in early evening, 13.9% at night, compared with decreases in cost-per-thousand of 7.4% in prime time to 21.2% in late evening.

Aug. will be light month at FCC, except for this week (p. 1)—only Aug. 4 & 18 scheduled for regular meetings, Aug. 11 & 25 for emergency items. Majority of members, including Chmn. Burch, will be in town.

CANADIAN CATV POLICY: Concluding that Canadian CATV is covered under "single system" Broadcasting Act, Canadian Radio-TV Commission has announced its CATV policy, expects to hold public hearings this fall. As part of solution to "reduce the harmful effects" of unregulated CATV on local broadcasters, Commission plans to have cable operators pay stations for all programs taken off air.

Exactly how much cable operators must pay stations for programs wasn't specified, but figure will be based on percentage of gross revenue per mile of cable. Also, Commission suggested change in tax law to deny business deductions for money spent by Canadian firms buying ads on neighboring U.S. stations. Broadcasters could also require cable system to substitute local station's commercials for those of U.S. station when both are carrying same program. This would apply to both simultaneous or delayed telecasts. However, Commission still won't permit CATV to sell ads.

Other recommendations: Commission would extend renewals to 5 years; CATV systems which fulfill "basic Canadian services" may carry up to 3 channels from stations not licensed in Canada; systems must delete or replace identical programs scheduled by local station; systems are "encouraged" to reserve one channel for local expression. Commission concluded that "Canada must quickly develop a program production industry reflecting both purely Canadian and international cultures. Otherwise, we will simply have a technically sophisticated distribution system for imported programs."

New NBC children's TV series aimed at 3-6-year-olds is planned for early 1972, will balance education & entertainment with emphasis on former. Network said it will announce details later. Weekday, 30-min. series will be scheduled independently by stations which will receive program by special feed, same as news. Stations will pay for program service (unspecified) to offset network's production cost, but will retain revenue from local sales. They'll be no network ads, but stations will have two 2-min. slots for ads—at beginning & end of programs.

Commenting on uneasy truce existing between Congress & networks following House's 226-181 vote against motion to get CBS & its Pres. Frank Stanton cited for contempt (Vol. 11:29 p1), NBC Pres. Goodman said: "When nearly half of the congressmen disapprove of what you've been doing, you can assume charges of bias will continue. Our answer is to keep on doing our news job, because we are fair when a politician likes what he sees and we are biased when he doesn't."

Stations & public haven't abused fairness doctrine & personal attack rules in telephone interview programs, FCC is expected to rule soon in dismissing proposal that stations be required to keep tapes of such shows—with names & addresses of participants—for 15 days. Ex-Comr. Cox was prime advocate of plan (Vol. 10:29 p5).

KRAQ are call letters for Ch. 15 Sacramento, not KMVE as reported (Vol. 11:30 p7).

Children view TV commercials with mistrust & contempt, according to study by Harvard Business School behavioral scientist Scott Ward. His $25,000 year-long study was financed by National Institute of Mental Health and is part of much larger probe by Surgeon General into effects of TV violence on children. Ward discussed results in interview with Newhouse News Service, but neither Ward nor Mental Health officials could be reached for comment. Ward's study reportedly involved 1,094 high school students in Washington's Md. suburbs and 5-to-10-year-olds in Boston. Ward said "somewhat cynical attitudes" toward TV ads begin to show between 2nd & 4th grades. "They say things like 'this commercial is funny, but it isn't true,'" Ward said. "On the basis of experience, they say commercials lie." Most high school students, he said, "respond to ads as something to laugh at—not to believe in...The kids are paying attention to a program, and then their attention tunes out when the commercial comes on. It's a defense mechanism." As children grow older, they become more "jaded to commercial exposures," and if they do watch commercials, their attention has "greater focus on the commercial itself rather than upon the product advertised...The kids say they like commercials because they have good music or are funny. They say they dislike them because they lie or paint a false picture."

"Numerous questions" that need to be resolved in TV rating methodology were cited by ANA & AAAA last week in asking Advertising Research Foundation to make comprehensive study of "all relevant CONTAM data" on TV viewing. They expressed "a strong desire to achieve truth" in ratings, asked: "Can one single truth be agreed upon where different things (TV tuning vs. reported TV viewing) are being measured by different methods [Nielsen meters vs. ARB diaries] and at different times?" For months, broadcasters have been arguing with ARB, charging that diaries underestimate viewing (Vol. 11:21 p4).

Screen Actors Guild contract with producers is first to provide payments to performers for material released to home videoplayers. Payment formula, based on producers' gross income, will be same as that for movies sold to free TV, but with 50% of gross excluded to encourage growth of new market. SAG contract is expected to serve as model for other talent & technicians' unions.

For leaking secret papers on 4-power Berlin talks, West German govt. is threatening to take Second German TV Network and magazine "Quick" to court. Network commentator read 2 telegrams from German ambassador in Washington commenting on Bonn's position regarding Soviet suggestion for Russian consulate in West Berlin.

Denial of application by WBTV Charlotte seeking increase of tower height and change of transmitter site has been recommended by FCC Examiner James Tierney. He said changes would pose "very real threat to uhf growth."

Special edition of Educational Bcstg. Review to be published by NAEB in Sept. will deal exclusively with House Commerce Committee's attempt to cite CBS & Pres. Frank Stanton for contempt of Congress.

Personals

Rep. Charlotte Reid (R-Ill.) was confirmed unanimously for FCC by Senate July 29, as expected (Vol. 11:30 p6), will become first woman commissioner in 16 years. She expects to be on job Oct. 1 for term expiring June 30, 1978, succeeding Comr. **Thomas Houser.**

FCC Chmn. **Dean Burch** shot double-eagle 2 July 23 on 495-yard par-5 16th at Burning Tree, which he joined recently...**Joseph Zias,** from FCC Office of Opinions & Review, appointed chief, Renewal & Transfer Div., Broadcast Bureau; **Roscoe E. Long,** from FCC gen. counsel's office, named legal asst. to FCC Comr. **Robert Wells,** succeeding **Dean Salter,** who rejoined Denver law firm Holme, Roberts & Owen.

Oscar Katz, program consultant, returns to CBS-TV as N.Y. program vp, succeeding **Paul Rauch,** who becomes vp for daytime programs; ex-Daytime Programs Dir. **Michael Filerman** appointed dir. of late night & summer programs, new post. Katz was with CBS in various executive spots from 1938-62, has since been with Desilu & General Artists.

Walter Hart, ex-Metro TV Sales, appointed national sales mgr., KTTV L.A...**Everett Martin,** gen. mgr., WLVA-TV-AM Lynchburg, Va., elected asst.. secy.-treas...**Dave Daughtry** promoted to news dir., WSM-TV Nashville...**Leonard Chaimowitz,** CBS o&o PR, named press information dir., WCBS-TV N.Y.

Walt Brown, ex-KABC(AM) L.A., named sports dir., Fetzer Stations...**Joe Pellegrino,** ex-KGO-TV San Francisco, named sports dir., WPVI-TV Philadelphia, succeeding **Bill White,** now broadcaster for N.Y. Yankees.

Irving Kahn, TelePrompTer chmn. & chief exec., elected NCTA satellite committee chmn.; **Delmer Ports,** NCTA engineering dir., becomes staff liaison to committee...**Herbert Jolovitz,** ex-NCTA govt. liaison dir., joins staff of Ohio Gov. John Gilligan...**Richard P. Walters,** Scientific-Atlanta mktg. mgr., commercial communications, resigns, plans to relocate in cable field...**Ferris Peery** elevated to CATV Div. mgr., Anixter-Pruzan...**H. Allan Kelly** promoted to sales mgr., Communications & CATV Div., Essex International...**Harry White** resigns as gen. mgr., San Jose TV Cable Service.

C. Russell Dupree, who pioneered EVR development at CBS Labs, elevated to film operations dir...**Larry Loeb** promoted to gen. attorney, ABC International and ABC Films...**George Hunt,** ex-Life magazine managing editor, appointed editor, Time-Life Films.

George Gilbert, ex-Paramount Pictures Music, named eastern mgr., Allied Artists TV...**Maury Midlo,** WDSU-TV New Orleans, elected chmn., NBC-TV Affiliates Promotion Committee.

Desmond J. Baker, head of own PR firm in Salt Lake City and onetime program mgr., KCPX there, appointed special asst. to President Nixon...**Bruce Owen** promoted to senior economist, OTP.

William Hall, ex-Leo Burnett, joins Metro TV Sales, Chicago; **Vincent Barresi,** to Detroit office...**David Glaser** promoted to central sales & service mgr., Nielsen Consumer Research Div.

Thomas Skinner, WQED Pittsburgh, elected chmn. of Public Information Committee, NAEB ETV Stations Div.; **George Rogers,** WCET Cincinnati, elected Development Advisory Committee chmn.; **Sharon Greenwell** named NAEB personnel services coordinator; **Suzanne Braun,** ex-Northern Va. ETV Assn., appointed librarian & research asst.

Herman R. Henken promoted at RCA Communications Systems Div. from ad & sales promotion mgr. to commercial mktg. services mgr.

ABC's 2nd-quarter earnings were $4.4 million (63¢ a share), down from $5.7 million (80¢) in 1970, according to Pres. Leonard Goldenson. Revenues for period were $173.3 million, compared with $178.3 million last year (see financial table). Six-month earnings of $6.9 million were down from $10.1 million last year. Goldenson said 3rd- & 4th-quarter sales "are better than had been anticipated." ABC Radio Pres. Walter Schwartz said that first-half sales for div. were up 48.5% and that 4 radio networks have total of 1,301 affiliates, up "substantially in quality & quantity."

ABC-owned stations will expand local news & public affairs programs and offer wider range of entertainment to local evening schedules starting in fall, network announced. KABC-TV L.A., KGO-TV San Francisco & WLS-TV Chicago will expand weekday evening news programs by 30-min., offer local public affairs features on weekend. WABC-TV N.Y. & WXYZ-TV Detroit plan 30-min. prime-time public affairs programs for weekend. All 5 will schedule new local sports programs adjacent to network's Mon. night football.

FCC Comr. Robert Wells says he hasn't made up mind, hasn't committed himself anywhere about seeking governorship of Kan. next year, though friends urge him to run (Vol. 11:29 p5), and isn't about to make move without consulting White House. He says GOP primary is fairly wide open, notes he has never run for office—though he believes that isn't necessarily handicap. Candidates must declare by June 20, and primary is in Aug.

Stay on effective date of rules ordering networks out of domestic program syndication is expected to be lifted by FCC this week. Noting D.C. Appeals Court has upheld rules (Vol. 11:19 p5), Commission expects to make ban against domestic syndication effective Oct. 1, 1972, and will prohibit networks from acquiring financial interests in presently syndicated shows after Oct. 1 this year.

Apollo 15 telecasts began well with coverage of launch seen by 25 million, included tracking of rocket 6 min. for 275 miles, plus docking. Highlights of 21-1/2 hours of coverage where to be views of 5-6-hour moon-buggy excursions Aug. 1 & 2 and coverage of blast-off for return to earth Aug. 2—most of it timed when most Americans can watch.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

STATE OF THE INDUSTRY

Sales to dealers (domestic-label), from EIA, for week ended July 16 (28th week of 1971):

	July 10-16	1970 week	% change	July 3-9	1971 to date	1970 to date	% change
Total TV	182,000	155,238	17.2	153,067	4,988,389	4,266,972	16.9
color	94,213	73,350	28.4	83,061	2,659,350	2,124,441	25.2
monochrome	87,787	81,888	7.2	70,606	2,329,039	2,142,531	8.7
Total radio	272,755	247,239	10.3	261,734	9,873,266	8,449,976	16.8
home, portable	136,547	158,659	-13.9	111,691	4,148,158	3,621,800	14.5
AM-only	68,443	84,221	-18.7	58,189	2,404,136	2,295,129	4.7
FM & FM-AM	68,104	74,438	-8.5	53,502	1,744,022	1,326,671	31.5
auto	136,208	88,580	53.8	150,043	5,725,108	4,828,176	18.6
Total phono	62,269	74,094	-15.9	45,830	1,863,116	1,551,649	20.1
portable-table	46,516	59,003	-21.2	32,262	1,426,234	1,056,122	35.0
console	15,753	15,091	4.4	13,568	436,882	495,527	-11.8

Color TV 5-week moving average: 1971—104,016; 1970—88,717 (up 17.2%)

COLOR PRICES CRUMBLING IN 18V"-19V" AREA: Even with higher-than-expected color TV sales, that price increase just didn't stick—in important 18V"-19V" market.

RCA has made it official, in effect rolling back factory prices of all 8 of its 18V"-19V" models, presumably to pre-May 19 increase levels or below. Rollback was in form of additional "allowances" of $10-$24 to distributors, which apply also to sets in distributor inventory. Most sets in these screen-size areas—those introduced in both March & May—had been increased by $20, or were up $20 over models they replaced. RCA hasn't revised suggested list prices, but offering prices could come down below last year's figures.

RCA calls cuts "promotional," points out that none of affected sets is solid-state or has matrix tubes. Company's policy, of course, has been to phase in solid-state sets. Nevertheless, it's learned that RCA's Aug. introductions this week will include only 3 color sets—all hybrids. Its widely anticipated 19V" color set with 110-degree tube and modular solid-state chassis won't be introduced until fall.

Although competitors merely said they were studying RCA's new pricing, those whose 18V" & 19V" sets are now priced out of line are expected to follow RCA's lead. There seems to be no thought now of cutting console prices.

Why didn't increase stick? Simply because not enough of industry went along. Many announced boosts, but some left big-selling 18V"-19V" segment of line relatively unchanged. Admiral actually went $30 below last year's official starting price with black-matrix 18V" at startling $299.95. It's believed, however, that major impetus to RCA's new cuts was GE's 18V" & 19V" sets, still starting at attractive $329.95 & $389.95 ($379.95 N.Y. fair trade price) respectively vs. RCA's 18V" starting price of about $379.95 (open list) and $419.95 for 19V" leader. Also figuring in decision undoubtedly was fact that 18V"-19V" is big area for imports, generally priced below many domestic models, although up from last year.

Those manufacturers which noticeably increased 18V" or 19V" prices last spring, in addition to RCA, include Emerson, Magnavox and Philco-Ford. Zenith generally doesn't publicize its suggested list prices, but in N.Y. 18V" starts at $359.95 ($20 below RCA's former starting price), 19V" at $439.95 ($20 above RCA's pre-reduction price), relatively unchanged from last year. In answer to our question, Zenith spokesman said company is "not contemplating" any price changes.

In some cases, 18V"-19V" price boosts last spring were more apparent than real. Those whose increases were real can be expected either to reprice or introduce promotional models reflecting realities of current situation.

JAPAN SETS FIRST-HALF TV EXPORT RECORD: With strong June push, Japan's TV exporters set new first-half records for shipments to U.S., breaking previous high marks for total TV & b&w TV logged last year, and 1969 record for color, according to Finance Ministry.

Exported to U.S. in month were 358,000 complete TVs—up 19% from June 1970—including 100,000 color (up 42%) and 257,000 b&w (up 12%). In first half, Japanese TV exports to U.S. approached 1.9 million, up 35%. Color exports at 588,000 were up 57%, and up 52% from high set in same 1969 period. Monochrome exports were up 27% from last year to 1.3 million. Also exported in period were nearly 18,000 b&w chassis & kits, up 131%.

Dollar value records were also set—nearly $160 million, up 45% from last year. Color TV exports carried $94.6-million price tag (up 60%), with b&w at $64.9 million. B&w chassis added $639,000 more (up 130%). Average value of Japanese color rose sharply to $160.85, vs. $149.93 in first-half 1970; b&w was up moderately, from $49.25 to $49.67.

Japanese transistor radio exports to U.S., including auto, posted moderate 3% decline to just under 5.6 million; radio-phonos were up 34% to 775,000. For details, see p. 9.

Final first-half color TV totals from EIA-Japan show production of 2.83 million sets, off 7% from same 1970 period, shipments up 17.2% to 3.17 million. Home-market sales of 2.44 million were up 7.2%, while exports jumped 69.8% to 732,370. Export totals reflect factory sales, not govt. export clearances, which are shown in Finance Ministry figures.

ZENITH-JAPAN CLASH: Japanese took umbrage at apparent allegation made by new Zenith Pres. John Nevin, in July 25 N.Y. Times article that Japanese were dumping radios here. Nevin was quoted saying: "We've been diddling around for 3 miserable years over the Japanese dumping of radios & TV sets..."

Asking for correction "in the interest of clarity & fairness," EIA-Japan counsel H. William Tanaka wrote Nevin that charges of Japanese dumping have become "convenient excuse to explain a whole host of financial problems besetting American companies." TV dumping case, Tanaka said, has no application to radios, and no radio dumping investigation has ever been started by Treasury. "Frankly," Tanaka said, "the Japanese industry is tired of playing the role of scapegoat." Zenith spokesman said Nevin had intended to refer only to TV dumping and was not accusing Japanese of undervaluing radio exports.

In another foreign front, Rep. Mills (D-Ark.) recommended border tax plan to ease payments-balance problems, while 3 senators planned bill to give President right to grant "most-favored-nation" (MFN) trade status to any country. Mills suggested imposition of border tax on imports, combined with tax rebate for exporters, as way to make U.S. goods more competitive in world markets. Plan, he said, would be as fair as European system of subjecting imports to "value-added" taxes, while refunding taxes on exports.

MFN proposal, supported by Magnuson (D-Wash.), Cooper (R-Ky.) & Ribicoff (D-Conn.), would significantly reduce duties on imports from communist countries, whose products are subject to rates set in 1930. Electronics imports from MFN nations are dutiable at 6%-10.4%, while non-MFN rate is 35%. Move is in response to present thaw in U.S.-China relations. Yugoslavia, major supplier of cabinets to phono assemblers here, already has MFN status.

Treasury Dept. adopted proposed simplification of Antidumping Regulations, eliminating rule preventing comparison of product's home-market price with export-to-U.S. price when domestic sales equaled less than 25% of quantities sold other than to U.S. (Vol. 11:18 p12). Rule hampered imposition of dumping duties in instances where foreign industries were exporting items at less than fair value on worldwide basis, while maintaining small, high-priced market at home.

"Weather button," which automatically tunes govt.'s new weather stations, is hottest trend in multi-band radios. Here's up-to-date status of weather band: There are now 31 stations, expected to rise to 44 by year's end, with goal of about 200 on air within 2-3 years. Stations have power output of 300 watts. Majority are on 162.55 MHz, but 4 are 162.4 MHz.

CARTRIDGE VTR PRODUCTION: Ampex & Philips are poised to begin production of their color cartridge VTR systems. Philips' VCR output is scheduled to begin this week in Vienna for fall marketing in Germany. Ampex-Toshiba joint venture Teamco (Japan) has set up production lines and is ready to start turning out Instavideo units for U.S. & Japanese market. Ampex is now taking distributor orders, promises U.S. deliveries before year's end.

Thus, 4 different systems will shortly be in production. All are currently aimed primarily at educational-institutional use, but can, of course, be used in the home since they feed through antenna terminals of conventional color set. Motorola is producing & selling EVR Teleplayers. Sony is producing videocassette players in Japan, plans to market them in U.S. around first of next year, but could beat own target date by month or so. Sony units are expected to sell in U.S. for $800 (playback-only; record attachment extra). Ampex's targeted U.S. prices are $800 for b&w playback unit, $900 for color playback, $1,000 for color record-playback.

Philips' production-model VCR will be unveiled at Berlin Electronics Show this month, with initial sales in Germany under Philips brand, followed by units private-labeled for German manufacturers Grundig & Telefunken. Price hasn't been announced, but $600 was early target figure. Unit is record-playback deck, has varactor TV tuner and clock-timer for recording. All of initial production will be for PAL color system, with SECAM & NTSC versions to come later. North American Philips is expected to demonstrate NTSC version here this fall.

Videoplayer, industrial VTR and closed-circuit TV camera manufacturers are expected to oppose FCC's proposed 2,000-microvolt limit on output of devices designed to feed into TV sets (Vol. 11:30 p10). Most seem to feel that this would result in unsatisfactory picture. EIA Consumer Electronic Group's Video Div. has engineering committee exploring problem, is expected to file comments giving industry consensus, and will ask non-EIA members such as CBS/EVR and Cartridge TV Inc. to join in the filing. Comments are due Aug. 25, replies Sept. 6.

Mergers & acquisitions: Instrument Systems Corp. has acquired operating assets of Concord Electronics from Ehrenreich Photo for undisclosed cash & shares. Concord will be under ISC's Benjamin Electronics Sound Div., with hq moved from L.A. to Farmingdale, N.Y. Present Concord management won't be retained. Benjamin head, Joseph Benjamin, said Concord line of consumer electronics, CCTV & VTR, mainly from Far East, will complement Benjamin's European-produced hi fi... **North American Philips** purchased Transitron's resistor manufacturing subsidiary, Electra-Midland, for undisclosed amount of cash... **Industry merger activity** dropped 24% in first half of year, compared with 1970, according to W.T. Grimm & Co., Chicago consultant. Firm said there were 57 electronics mergers in period, down from 75 in 1970. Nearly 53% of mergers involved divestitures, compared with 45% last year.

EIA BACKS SAFETY AGENCY: EIA's Consumer Electronics Group (CEG), as expected, endorsed Administration-proposed safety agency bill in testimony before Senate Consumer Subcommittee last week, and opposed more stringent bill sponsored by Chmn. Moss (D-Utah) and Commerce Committee Chmn. Magnuson (D-Wash.). CEG Special Counsel J. Edward Day backed proposal to establish new Consumer Safety Administration within HEW, stating it would be "major mistake to set up an entirely new federal agency." He added that HEW already has functioning Office of Product Safety.

Day also opposed Magnuson-Moss provision for post of "Consumer Safety Advocate" he claimed would become "high-level heckler" with effective power to override action taken by agency. He urged that proposed 90-day lead time between publication of safety standard and compliance date be extended to at least one year to give manufacturers time to change over. He opposed proposals for agency R&D and testing of consumer products, noting that existing agencies are equipped for product testing. He also urged that measure eliminate provisions for criminal penalties or triple-damage suits.

Administration has proposed that HEW's Food & Drug Administration be converted into Consumer Safety Administration. It quietly took first step in that direction last spring, when Bureau of Radiological Health, which administers X-ray standards, was transferred from Public Health Service to FDA (Vol. 11:23 p10).

Assn. of Home Appliance Mfgrs. testimony before Subcommittee was generally similar to EIA's. UL Pres. Baron Whitaker also endorsed Administration bill with certain modifications—particularly an amendment to authorize govt. recognition of "independent 3rd-party evaluation & inspection programs in determining compliance with a federal product safety standard." UL also proposed that regulated industries be required to pay for all govt. testing & policing. Consumer advocate Ralph Nader favored independent agency concept of Magnuson-Moss bill.

PRODUCTION RANKINGS: Japan became world's largest manufacturer of consumer electronics last year, while U.S. maintained overwhelming leadership in output of industrial electronics & parts, according to study released by EIA-Japan. Report ranks 6 largest electronics-producing nations by value of 1970 output in 3 major classifications (value in millions):

Country	Consumer	Industrial	Parts
U.S.	$3,940	$19,683	$5,056
Japan	4,072	2,195	2,486
W. Germany	795	1,788	886
U.K.	423	1,169	620
France	410	1,150	506
Italy	227	606	245

Magnavox has opened consumer electronics parts center in Cleveland suburb, Westlake (Charles Avery, mgr.). Firm now has 8 parts centers; others are in N.Y., L.A., S.F., Dallas, Atlanta, Chicago, Toronto.

MAY IMPORTS CLIMB: With TV setting pace (see p. 7), May imports of nearly all major consumer electronics classifications were up from same 1970 month, according to Commerce Dept. Lone exception was complete phonos, off 1.4% to 148,101. though radio-phonos posted 13.5% gain.

Imported in month were nearly 1.2 million audio tape instruments, up 12.3%. Recorders were up just 4% on strength of 33.9% increase for stereo cartridge units & 61.5% jump in battery-powered cartridge units, as all other types (including radio-recorders) failed to reach year-earlier levels. Tape player units rose 22.6% to 581,211, despite less-than-1% setback for auto players.

Home transistor radio imports were up 5.5% to almost 2.2 million, with all of gain accounted for by clock radios (up 58.5%).

U.S. IMPORTS

	May 1971		May 1970	
	Units	Value ($)	Units	Value ($)
Color TV, over 17V"	30,524	5,440,089	11,833	2,148,746
Japan	28,354	5,062,272	11,351	2,023,750
Taiwan	2,112	359,997	—	—
Color, 11-17V"	75,051	11,083,021	30,799	4,141,245
Japan	69,586	10,548,359	28,167	3,952,256
Taiwan	5,464	354,312	2,624	181,771
Color, 10V" & under	3,816	564,812	15,207	2,209,885
Japan	3,816	564,812	15,207	2,209,885
B&w, over 17V"	57,052	3,391,195	36,191	1,799,392
Japan	26,131	1,547,312	22,598	1,238,476
Taiwan	8,972	377,325	9,188	268,833
Mexico	21,316	1,407,387	3,587	218,555
B&w, 11-17V"	163,800	7,863,900	115,767	5,373,541
Japan	107,122	5,061,433	75,928	3,664,199
Taiwan	55,989	2,761,637	34,285	1,416,397
B&w, 10V" & under	110,110	5,451,030	69,866	3,220,027
Japan	83,000	4,168,431	54,214	2,579,161
Taiwan	26,459	1,229,294	15,626	635,188
Clock radio	359,593	3,740,661	226,883	3,003,706
Japan	144,272	1,797,188	151,875	2,356,221
Taiwan	54,433	655,234	22,299	197,496
Hong Kong	97,710	783,126	32,941	270,027
Singapore	51,222	422,018	—	—
Tr. rad., AM, AC	87,264	498,183	111,959	557,737
Japan	28,165	212,311	28,040	252,089
Taiwan	7,402	36,899	9,148	30,094
Hong Kong	50,697	245,173	74,167	272,434
Tr. rad., AC, other	235,982	6,216,806	282,767	6,313,815
Japan	177,849	5,308,916	223,017	5,595,625
Taiwan	37,210	601,736	28,827	362,756
Tr. rad., AM, batt.	545,550	1,975,968	683,320	2,486,947
Japan	149,006	878,490	147,403	1,159,082
Taiwan	60,544	194,588	92,571	309,289
Hong Kong	313,337	817,240	417,419	973,487
Tr. rad., batt., other	937,799	10,285,601	747,533	9,879,687
Japan	371,947	6,636,915	395,178	7,183,586
Taiwan	58,549	546,456	84,344	443,679
Hong Kong	481,476	2,782,161	246,526	1,756,617
Auto radio	221,224	2,203,431	73,963	1,306,821
Transceiver	195,642	2,349,732	110,113	1,102,156
Radio-phono	135,931	4,267,185	119,782	2,771,079
Phono, stereo	8,776	326,406	12,473	274,545
Phono, mono	3,394	44,234	17,975	251,993
Record changers	460,846	5,024,328	316,179	3,454,655
United Kingdom	420,999	4,318,888	279,575	2,940,990
West Germany	18,126	602,021	34,904	491,351
Rcrdrs., AC, stereo, cart	28,397	1,083,689	21,214	673,732
Rcrdrs., AC, stereo, reel	34,331	2,336,351	77,069	3,303,878
Rcrdrs., AC, mono, cart	68,660	1,084,865	94,941	1,688,957
Rcrdrs., AC, mono, reel	8,974	178,600	9,947	302,718
Rcrdrs., batt., cart	354,364	6,139,298	219,469	3,637,404
Rcrdrs., batt., reel	16,063	604,566	63,996	716,254
Radio-recorders	106,522	3,777,939	106,757	4,417,079
Tp. players, auto.	237,361	4,472,149	238,848	5,152,980
Tp. players, other	223,968	5,135,889	159,025	3,749,781
Tp. players, comb.	119,882	4,721,959	76,195	3,445,018
Video recorders	5,053	676,649	1,357	431,007

Trade Personals

William Weisz, Motorola pres., recuperating from heart attack, is expected to return to office in early fall. He's at Skokie Valley Community Hospital, Skokie, Ill.

Keith Niemann promoted at Magnavox Consumer Electronics Co. from dealer development mgr. to vp & special asst. to Pres. **George Fezell... Russell Miller,** ex-Boeing, appointed Zenith corporate business planning dir.; **John Gillan,** ex-Ampex, joins as asst. PR dir... **Joachim Herz** appointed North American Philips corporate product & mkt. planning mgr.

Charles Phillips elected pres., Rheem Mfg. Califone-Roberts Div.; **Michael Reago** appointed Roberts eastern sales mgr... **Franz Leibenfrost** elected BASF Systems pres., succeeding **James Moran,** resigned; **Werner Balz** named exec. vp.

Osamu (Sam) Otaka, former asst. dir., Electronics Div. of Japan Light Machinery Information Center, N.Y. office of EIA-Japan, resigns from EIAJ to take mktg. post with Murata, Kyoto-based capacitor manufacturer... **Paul Malloy,** former Nuevo Laredo, Mex. plant mgr., promoted to Transitron Semiconductor Div. vp-gen. mgr., succeeding **Straton Georgoulis,** resigned... **Al Schadlick,** ex-Texas Instruments, appointed Teledyne Semiconductor distributor mktg. mgr., succeeding **Les McElwain,** resigned.

WARD'S, PENNEY'S SETS: Montgomery Ward's Fall-Winter 1971 catalog prices for color sets show relatively little change from basic starting points last year. Catalog features 16 color sets, starting with 12V" at $227, with 18V" at $319.95 & $354.95 and 19V" at $389.95. Sole 23V", consolette, is $419.95. Three 25V" consoles are $519.95, three step-ups $579.95, three double-ended consoles $679.95 (3-function all-channel remote $759.95). Line is topped by 2 combinations at $1,150, with remote & stereo-8 deck. Monochrome sets: 9V" at $67.95, $72.95 & $82.95, 12V" at $87.95 & $97.95, AC-battery 9V" $107.95, 12V" $117.95, 19V" $124.95 & $144.95, three 22V" consoles $219.95.

J.C. Penney features Penncrest color TV for first time in fall-winter catalog. Leader is 12V" at $239, 16V" with "Chroma-Loc" pushbutton automatic color at $299, 18V" with Chroma-Loc at $349, remote-control 18V" at $389. Monochrome sets are 9V" at $67, 12V" at $83, 16V" at $97 and 19V" at $125.

Retail sales of color TV set first-half record of 2.8 million—26% over comparable 1971—according to NBC Planning Vp Allen Cooper, who estimated that U.S. color TV households numbered 29.7 million as of July 1, or 48.2% of all TV homes. Increase in TV homes was 2.1 million in first half, 1.1 million in 2nd quarter.

Color TV sales, domestic-label distributor-to-dealer, set record for year's 28th week, ended July 16, of 94,213 units (see State of the Industry). Previous record for that week—91,279, was set in 1969.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
ABC			
1971-6 mo. to June 30	358,319,000	7,204,000[a]	1.02
1970-6 mo. to June 30	371,382,000	10,140,000	1.43
1971-qtr. to June 30	173,319,000	4,428,000[b]	.63
1970-qtr. to June 30	178,382,000	5,690,000	.80
Admiral			
1971-6 mo. to June 30	190,856,000	39,000[a]	.01
1970-6 mo. to June 30	169,955,000	(9,661,000)	--
1971-qtr. to June 30	99,816,000	607,000[a]	.12
1970-qtr. to June 30	87,479,000	(4,686,000)	--
Admiral International Enterprises			
1971-6 mo. to June 30	56,137,055	1,568,979	.49
1970-6 mo. to June 30	49,229,790	1,909,835[a]	.59
1971-qtr. to June 30	30,723,607	944,961	.29
1970-qtr. to June 30	26,156,434	1,271,007[a]	.40
Aerovox			
1971-6 mo. to June 30	14,536,000	2,000	--
1970-6 mo. to June 30	17,589,000	435,000[a]	.32
American Electronic Labs			
1971-6 mo. to May 31	15,534,110	277,628[a]	.17
1970-6 mo. to May 31	14,101,164	(838,863)	--
1971-qtr. to May 31	7,947,117	146,197[a]	.09
1970-qtr. to May 31	7,150,711	(618,755)	--
Arvin			
1971-6 mo. to June 30	85,796,000	2,794,000	1.02
1970-6 mo. to June 30	77,384,000	886,000	.32
1971-qtr. to June 30	42,975,000	1,469,000	.53
1970-qtr. to June 30	42,199,000	708,000	.26
Citizens Financial			
1971-6 mo. to June 30	8,737,000	707,000	.42
1970-6 mo. to June 30	7,244,000	518,000	.32
Clarostat			
1971-6 mo. to July 3	4,811,600	79,400	.14
1970-6 mo. to July 4	5,276,500	11,700	.02
Cohu Electronics			
1971-6 mo. to June 30	3,849,482	93,842	.07
1970-6 mo. to June 30	3,855,346	(75,455)	--
Combined Communications			
1971-6 mo. to June 30	15,675,946	1,066,722[a]	.50
1970-6 mo. to June 30	10,976,682	473,548[a]	.24
Conrac			
1971-6 mo. to June 30	23,778,297	858,839	.62
1970-6 mo. to June 30	27,711,353	836,355	.60
1971-qtr. to June 30	11,763,663	450,145	.33
1970-qtr. to June 30	13,601,461	319,004	.22
Cox Cable			
1971-6 mo. to June 30	6,125,940	506,571[c]	.14
1970-6 mo. to June 30	5,050,744	733,298[c]	.20
1971-qtr. to June 30	3,195,004	309,878[c]	.08
1970-qtr. to June 30	2,542,061	368,329[c]	.10
CTS			
1971-6 mo. to June 30	40,602,692	2,603,529	.77
1970-6 mo. to June 30	35,245,169	2,034,966	.60
1971-qtr. to June 30	21,256,753	1,448,518	.43
1970-qtr. to June 30	17,442,615	1,015,802	.30
Electronic Memories & Magnetics			
1971-6 mo. to June 26	42,222,000	2,202,000[a]	.33
1970-6 mo. to June 27[d]	44,972,000	1,567,000	.20
Fuqua Industries			
1971-6 mo. to June 30	157,349,000	4,382,000	.58
1970-6 mo. to June 30[d]	155,400,000	2,595,000	.35
1971-qtr. to June 30	79,650,000	2,234,000	.30
1970-qtr. to June 30[d]	78,083,000	851,000	.10
ITT			
1971-6 mo. to June 30	3,303,438,000[e]	181,234,000[e]	1.57
1970-6 mo. to June 30[d]	3,014,848,000	161,809,000	1.42
1971-qtr. to June 30	1,727,835,000[e]	104,278,000[e]	.90
1970-qtr. to June 30[d]	1,597,920,000	92,981,000	.82
Oak Electro-Netics			
1971-6 mo. to June 30	42,764,735	430,614	.16
1970-6 mo. to June 30	38,409,119	(160,360)	--
1971-qtr. to June 30	22,495,417	410,799	.20
1970-qtr. to June 30	19,421,346	(29,068)	--
Raytheon			
1971-6 mo. to July 4	636,741,000	17,883,000	1.24
1970-6 mo. to June 28[e]	624,418,000	17,734,000	1.18
1971-qtr. to July 4	360,672,000	9,009,000	.62
1970-qtr. to June 28[e]	317,272,000	8,928,000	.60
Sangamo Electric			
1971-6 mo. to June 30	43,611,000	969,000	.36
1970-6 mo. to June 30	42,663,000	798,000	.29
Viacom International			
1971-6 mo. to July 3	9,603,000	668,000	.18
1970-6 mo. to July 3[f]	9,936,000	920,000	.24
1971-qtr. to July 3	5,129,000	363,000	.10
1970-qtr. to July 3[f]	5,130,000	537,000	.14

Notes: [a]After special credit. [b]After special charge. [c]After extraordinary items. [d]Restated. [e]Record. [f]On pro forma basis.

Admiral reported substantially improved results for 2nd quarter & first half (see financial table), with sales up 14% in quarter, 12% in half, and profits in both periods, as against losses last year. Sales totals got $9.5-million boost due to new private-label contract with Montgomery Ward, under which Ward pays for products when produced rather than when shipped. Similar pact was negotiated last year between Sears & Warwick. Admiral reported $1.3-million gain from sale of Govt. Electronics Div., nearly offset by $1.2 million cost of final shutdown of TV picture tube operation. Admiral International Enterprises reported sales up 17.5% in quarter, 14% in half, with operating income up 13% & 6.5% for same periods. Net income was lower than in 1970 when firm had $436,000 gain as result of Canadian dollar devaluation.

Canadian Westinghouse will shut down Brantford, Ont. TV-stereo plant in Sept., laying off 275. Firm announced plan to discontinue production, switch to purchasing from RCA Ltd. last Feb. (Vol. 11:8 p8). Move won't effect Tube Div. Westinghouse is Canada's only b&w TV picture tube manufacturer.

Two Taiwan ceramic capacitor ventures are scheduled to start this fall. Mallory Taiwan will employ about 140 in 32,000-sq. ft. facility; subsidiary of Globe-Union Centralab Div. will have about 300 workers, 40,000-sq. ft. plant. Both plan sales to export-assemblers there and off shore.

Gillette is newest International Tape Assn. member. Razor manufacturer is entering blank cassette marketing. ITA has 113 members.

WEEKLY
Television Digest®
with consumer electronics®

26th YEAR OF PUBLICATION 26 1945-1971

The authoritative service for broadcasting, consumer electronics & allied fields

WITH THIS ISSUE: Complete Text of FCC's Report to Congress on CATV Regulation.

AUGUST 9, 1971

VOL. 11, NO. 32

SUMMARY-INDEX OF WEEK'S NEWS

SKELLY WRIGHT CLOBBERS FCC AGAIN: For 2nd time in 6 weeks, D.C. Appeals Court Judge Skelly Wright has thrown bombshell at FCC regulatory policies which Court felt worked to private benefit of broadcasters and to detriment of public. This time, Court ruled (2-1) that commercial stations must sell time—spots & programs—for discussion of controversial issues. Wright wrote majority opinion, joined by Judge Robinson. Judge McGowan dissented, charged Court has put FCC "in a constitutional straitjacket which dictates the result [of fairness doctrine study] in advance."

Though Commission decided not to appeal June decision invalidating its renewal policy (Vol. 11:24 p1), agency is sure to seek further judicial review of this one. Most likely course is to seek reconsideration by full 9-man Appeals Court—action favored by Chmn. Burch & Gen. Counsel's Office. "We have nothing to lose by fighting this one," Commission lawyer told us, "whereas in renewal case we could have very likely gotten something even worse from the

Supreme Court. Our chances of getting reconsideration are excellent; our chances of winning are good."

OTP Dir. Clay T. Whitehead doesn't like decision. He told us: "OTP is in sympathy with the Court's objective of stimulating the free & open exchange of ideas through the broadcast media. It does not seem, however, that the means chosen to achieve this objective are desirable... As imperfect [as present system] may be, it would be much worse to establish a system in which the government decides who will be heard and which issues he will be permitted to address. The BEM-DNC decision invites precisely this type of dangerous government involvement in program content and public debate. The decision gives new importance to the need for a thorough review by all branches of government of the question of access to the media."

Communications lawyers condemned decision. Many were critical of Skelly language, called it "rambling" (45-page decision), "contradictory," "absolutely wrong in interpreting Red Lion," "far, far beyond the dictates of the First Amendment." Two cases were before Court: (1) FCC refusal to issue declaratory ruling, sought by Democratic National Committee (DNC), that stations must sell time for discussion of controversial issues and for solicitation of political contributions. (2) Business Executives Move for Peace (BEM) complaint, denied by FCC, against WTOP(AM) Washington for refusing to sell time for spots opposing Vietnam War. DNC Gen. Counsel Joseph Califano labeled decision "a phenomenal breakthrough. We are going to open TV to political discussion and to the political parties."

Judge Wright said "the editorial advertising ban, particularly when licensees accept advertising generally, establishes an unmistakable infringing of First Amendment liberties...Of course [decision] leaves the Commission the power to require that if editorial advertisements are accepted on one side of an issue, then broadcasters must accept at least some advertisements on the other side of the issue, free of charge if necessary...In the end, it may unsettle some of us to see an antiwar message or a political party message in the accustomed place of a soap or beer commercial. [But] a society already so saturated with commercialism can well afford another outlet for speech on public issues."

Thus, Court remanded cases to Commission and ordered agency to adopt "reasonable regulatory guidelines to deal with editorial advertisements...Since the issues on which BEM & DNC seek to speak are current & changing, it is essential that regulations be developed speedily and that the affected broadcasters pass promptly upon petitioners' applications to buy time...We conclude that none of the spectres raised by the Commission & intervenors-spectres of chaos, grossly unbalanced programming & financial disaster—is enough to justify a flat ban on editorial advertising."

Just as he did in renewal case, Wright quoted favorably only dissenter in both—Comr. Johnson. Endorsing Cox-Johnson study of Okla. stations 3 years ago, Judge said it gives "a depressing critique of the Commission's apparent inability to enforce its own standards." More of Wright's language:

"The present system, allowing a flat ban on editorial advertising, conforms to a paternalistic structure in which licensees and bureaucrats decide what issues are 'important', how 'fully' to cover them, and the format, time & style of the coverage. Even if broadcasters were to succeed in presenting a full spectrum of viewpoints and partisan spokesmen on non-advertising time, their retention of total initiative & editorial control is inimical to the First Amendment...A discrimination against all controversial speech...is a form of censorship. It is a favoritism toward the status quo and public apathy and, in these cases, a favoritism toward bland commercialism. Such favoritism flies in the face of the First Amendment...

"In the Commission's view, an attack [on licensees' right to program their stations] goes to the heart of the system of broadcasting...We disagree. The actual issue before us is relatively narrow...We do not have to cut to the 'heart' of our system of broadcasting...All we do is forbid an extreme form of control which totally excludes controversial public debate from broadcast advertising time...The Commission's fairness doctrine properly leaves licensees broad leeway for professional judgment in that area. But in the allocation of advertising time, the broadcasters have no such strong First Amendment interests. Their speech is not at issue, rather, all that is at issue is their decision as to which other parties will be given an opportunity to speak...It is crucial that noncommercial groups & individuals have the same rights of initiative as commercial advertisers...What petitioners argue is that editorial advertisements should at least be considered and that some should be aired. Such a modest reform would not substantially undermine broadcasters' editorial control over their frequencies...Neither chaos nor anything approaching chaos would follow the modest reform at issue...There is still room for broad exercise of the broadcasters' discretion [but] a relegation of all editorial advertising to non-prime time or any other major discrimination in the placement of editorial advertisements would no doubt go too far."

In his dissent, McGowan said majority has given FCC "a task of heroic proportions, and one whose very complexities undermine the premise upon which it is founded. The question is whether the Constitution requires that it be undertaken. I am not convinced it does."

First test of decision came before Commission had time to absorb it. Decision came Aug. 3. On Aug. 3 & 4, Communications Workers of America union asked FCC for help, because CBS & NBC had turned down its request to buy time to explain tentative agreement with Bell System. CWA members had to vote by Aug. 10. Networks had turned CWA down on grounds spots were "controversial." FCC said it hadn't had time to weigh Court's decision, noted that Court said broadcasters aren't required to accept all such commercials—rejected CWA complaint. Comrs. Lee, Lee & Houser were absent. Johnson dissented, said Court's ruling requires sale of time. If some union members disagreed with commercials, he said, they could buy time or get "very modest amount" of free time.

NAB was quick to move, too. Citing last week's decision, NAB asked for 90-day postponement (from Sept. 10) of comment deadline in fairness-doctrine review. "The sheer volume of material to digest in preparing to formulate its position is staggering," NAB said.

SHAPE OF 'FINAL' CATV PLAN: "I guess neither side will be very happy about it." That comment by an FCC member, on Commission's "letter of intent" to Congress on CATV rules, summarizes industry reaction quite well. You can study full text—copy herewith to all subscribers—see how "final" document affects you. But anti-CATV broadcasters still don't like plan, though it's somewhat better for them than anticipated. And cablemen, on other hand, are unhappy about a few added last-minute restrictions—though pleased that Commission has made substantial move to end cable freeze.

Biggest question still remains: When will rules go into effect? Letter to Congress isn't official FCC action. Actual rules, FCC said, will come "by the end of the year, with an effective date of March 1, 1972." But few people believe freeze will truly be ended by March 1. Battles yet to take place in Congress, White House & courts (and probably another round or 2 at FCC) seem certain to extend that date. Many observers wouldn't be surprised to see freeze still on a year from now. One commissioner, in fact, told us: "I think it will take about 3 years."

Just about everyone agrees that Chmn. Burch achieved remarkable piece of regulatory policy-making through skilled compromise. He captured Johnson's vote through liberal "access" channels, H.R. Lee's through generosity to ETV, R.E. Lee's through aids to uhf. R.E. Lee's vote for proposal was quite a surprise, but he concluded he'd achieve more by give-&-take than by simply dissenting. He got quite a bit: Of 2 distant signals CATVs may carry, one must be uhf, even if it's 200 miles away (vs. 60 & 100 miles in earlier drafts). "Significant viewing" test in overlap cases was tightened sharply, substantially reducting out-of-town carriage. And many markets were singled out for special restrictions, on grounds CATV impact on stations might be greater than average.

In news conference Aug. 5, Burch was questioned primarily about finality of decision and effective date. He said document is "letter of intent, not rules...not a fait accompli." Asked if FCC would delay effective date beyond March 1, if requested by Congress or White House, he said: "I can't give an answer on that...It depends upon a request by whom and why..." He said there's been "no undue influence" to postpone action...Congress & the White House are entitled to have a look in advance." He stated that document has "long-range implications" but "is not the final word...We're free to revisit this document, but a lot of work went into it; it's the considered view of the Commission."

NAB had no official reaction yet, but Paul Comstock, govt. relations exec. vp, stated: "CATV is getting about everything they want. It's the beginning of a major erosion of broadcasting. A lot will happen between now and March. I doubt whether the rules will be effective then. We're not taking this as final."

NCTA Chmn. John Gwin said: "The Commission has taken a bold, progressive & practical approach... [While] we may not completely agree with all of the requirements, we are buoyed by the FCC's decisive handling of the issues." TelePrompTer Chmn. Irving Kahn said: "The FCC proposals represent a significant effort to accelerate the growth of cable TV, particularly in major markets where the service has been denied to the public... They indicate an attitude of open-mindedness that we believe will be reciprocated on Capitol Hill..." NAEB Pres. William Harley was pleased "that a number of points which noncommercial interests urged on the Commission have been incorporated, such as free access by educational, governmental & public interests; 2-way capacity; provision for channel leasing; and the proposal for a technical standards committee. We think that experience will demonstrate a need to extend free public & educational access to additional channels."

Sen. Pastore (D-R.I.), chmn. of Communications Subcommittee, didn't comment on FCC action, but he immediately sent letter to OTP Dir. Clay T. Whitehead, asking for reaction as soon as possible. Whitehead was studying document, not ready to comment yet. There was no statement from Rep. Macdonald (D-Mass.), Pastore's House counterpart.

FCC Cable Bureau Chief Sol Schildhause, in news conference, said it's hoped that new rules will be "a go-no-go thing"—minimizing time-consuming conflicts to be resolved by Commission in hearings. But outsiders are very dubious. They're particularly leery of "significant viewing" formula, using ARB or other independent surveys. Lawyers anticipate more haranguing about this than Commission dreams of.

In matters of "access"—free channels—and what is carried on them, there's a lot of uncertainty. FCC hasn't applied its rules on fairness, personal attack, obscenity, lotteries, etc. to them—apparently expecting CATV operators to provide "guidelines" which FCC will review. As for federal-state relationships, Commission has a lot of controls it never spelled out before. Many of these are "suggestions"—whatever that may turn out to be in practice.

We strongly urge you to read text of document—several times—because it takes considerable study. And, as Schildhause pointed out, there will be a lot of additional FCC proceedings—covering sports, ETV ownership of systems, AM-FM signal carriage, accounting standards, technical standards, rules of access, rates, federal-state relationships, etc. Commission will call on industry & govt. for advice—in matters such as technical standards (EIA, et al.), federal-state (NARUC, et al.).

OTP continues to press for compromise among industry factions, will meet again this week (separately) with NAB, NCTA & copyright owners. OTP also has put out bids for study of "wired city," seeking report within 2-3 months—with ultimate goal of pilot project funded at least in part by govt.

STAGGERS NEWS PROBE IN L. A.: Claiming that employes from all 3 networks in L. A. are anxious to talk about incidents of staged news, House Commerce Committee Chmn. Staggers (D-W. Va.) confirmed last week that his Investigations Subcommittee staffer James Broder has been in city questioning cameramen, soundmen, film editors & correspondents. Most contacted so far by Broder have been CBS employes. Subjects discussed included burning by U.S. Marines of Vietnamese village in early 1960s, coverage of Idaho forest fire, and CBS documentaries "Selling of the Pentagon" & "Project Nassau."

Networks labeled whole thing "a witch hunt," accused Staggers of harassment following recent House rejection of his contempt motion against CBS (Vol. 11:29 p1). But Staggers denied it, said Broder was visiting L. A. on FAA matter when "a number of people sought him out." Staggers denied there was any "formal investigation at this time." Subcommittee spokesman said Broder was "contacted by people who knew he was out there... They involved people from

CBS, but were not limited to CBS...There are no subpoenas or coercive measures being employed...no improper influence or intimidation." Spokesman said one person offered to discuss "the whole process of how TV news is presented and produced and in some cases managed... But it's just another instance of our getting information that we might do something about or not. The information might not be relevant...While [Broder] is not pursuing any investigation directed against CBS, we are not going to turn our backs on any relevant material made available to us."

CBS employes interviewed so far include correspondent Bill Stout, cameramen Merl Severn & Tom McEnry, film editor Gil Leveque, soundman Jack Reynold. ABC cameraman Ralph Moyer was interviewed; NBC employes who spoke to Broder haven't been identified. Freelance correspondent Roy Gardner also was interviewed. John Harris, L. A. bureau chief for CBS, said Broder was investigating charges of news slanting, editorializing, etc. by all 3 networks. "He also seemed to be interested in knowing whether film editors slant things," Harris said. Harris also said he called Broder at his L.A. hotel, demanding explanation, but said Broder "refused to meet me and was very evasive."

Just before news of Broder's L. A. visit leaked out last week, Staggers told us that his House setback over CBS "didn't stop a thing. We have the same power & responsibilities as before...but we're in no hurry, we're not vindictive, and we have nothing special in mind." Another Investigations Subcommittee member, Rep. Pickle (D-Tex.), said: "We'll be more alert to possible violations than in the past. We'll have more aggressive investigating, but we're not carrying on any vendetta against the networks." Rep. Blanton (D-Tenn.): "You can be well assured there'll be no backing off...We have expert investigators that are still exploring these broadcasts." Rep. Shoup (R-Mont.): "Our over-all investigation will continue...I think we ought to pursue this."

Staggers said he's backing to hilt legislation requiring all broadcasters to disclose editing techniques in news & documentaries and placing networks under FCC jurisdiction. "I don't see why they would object to this," he said, adding that such legislation would embody networks' own guidelines. He said Committee now has "all the information it needs" to consider legislation. However, whole matter is now in hands of Communications Subcommittee Chmn. Macdonald (D-Mass.), who has not yet decided when—or whether—to hold hearings. He has indicated that other issues such as CATV, childrens' programming and siphoning of sports by closed-circuit TV have priority (Vol. 11:29 p1). (Note: ABC became last network to submit guidelines on news & documentaries to Investigations Subcommittee. In single page statement, ABC said it wouldn't tolerate distortions or editing out of context.)

* * * *

In Senate, meanwhile, Sen. Sam Ervin (D-N. C.) announced his Constitutional Rights Subcommittee will begin hearings, probably this fall, "undertaking a broad study of the state of freedom of the press in America...The Subcommittee is concerned with the application of the First Amendment to both the printed press and the broadcast press." He cited CBS contempt issue in House, grand jury subpoenas of journalists, publication of secret Pentagon documents on Vietnam and use of press credentials for police covers as incidents that "have brought into sharp relief existing concern about the relationship between government and the press." Ervin Subcommittee spokesman said hearings would also consider Newsmen's Privilege Act sponsored by Sen. Pearson (R-Kan.), added that details for hearings hopefully would be worked out before recess ends Sept. 8.

Appeal of mandatory CATV origination decision (Vol. 11:20 p1) to Supreme Court by Justice Dept. & FCC isn't sure thing. Solicitor Gen. Erwin Griswold requested & received 60-day delay in filing until Oct. 9. His petition for delay said JD needs to consult with FCC to determine impact of decision on TV industry, and "if it is decided" to appeal, time to prepare is needed. It had been assumed both FCC & JD were strongly inclined to appeal—but latest move by Griswold casts some doubt on action.

Subscriber fees for TIO members have been boosted 10% for stations, $12,500 each for 3 networks who now pay $75,000 apiece. "This is the first rate structure change since 1959" when TIO was formed, according to Dir. Roy Danish.

FCC is "streamlining" Office of Information & Office of Secretary by putting them under Exec. Dir. John Torbet, saying it will "assist the orderly & expeditious handling" of FCC business.

SPENDING BILL CLEARS SENATE: Wrapping up 3 days of sometimes heated but surprisingly non-partisan debate, Senate approved by 88-2 margin and sent to House last week the most comprehensive campaign reform legislation in 46 years. Stuffed with floor amendments, bill was hailed by sponsor Sen. Pastore (D-R.I.) as representing "a spirit of bipartisan compromise...that will make it difficult for the President to veto." And while Minority Leader Scott (Pa.) agreed, bill now faces very uncertain future in House with differences to be ironed out later by joint conference.

Here are bill's key provisions: (1) Over-all limit of 10¢ per eligible voter for broadcast & print ads in federal elections or primaries, not more than 6¢ of which may be spent in any single category—broadcast or print. Democrats at first wanted 5¢ limit in each category while White House insisted on 10¢ over-all limit allowing candidate to spend money as he wished. (2) Repeal Sec. 315 for all federal elections. (3) Require broadcasters to sell time at lowest unit rates 60 days prior to general elections, 45 for primary. (4) Full reporting of contributions & expenses. (5) Limit amount candidate can spend of his own money to $50,000 for Presidential & Vice Presidential candidates, $35,000 for Senate, $25,000 for House. (6) Establish 6-member Federal Elections Commission to administer reporting & disclosure requirements.

Inclusion of Elections Commission and striking $5,000 limit on individual contributions were among key compromises to gain White House support. Bill would become effective Dec. 31, limit each Presidential candidate to maximum of $8.3 million for TV & radio—exclusive of production costs. In 1968, Republicans spent $12.7 million, Democrats $6.1 million.

While Senate Republicans claim White House now supports bill, biggest hassle with House is expected to come over equal time provision. House has traditionally opposed tampering with Sec. 315, and only last year agreed to waive it for Presidential & Vice Presidential candidates only. According to Russell Hemenway, national dir. of Committee for an Effective Congress, expansion of equal time exception has "ensured the death of the reform bill in the House. There is no support for repeal...and even minimal research destroys the Administration's surface argument for it."

House Communications Subcommittee Chmn. Macdonald (D-Mass.) strongly opposes Sec. 315 repeal for all federal candidates. His bill repealing it for Presidential & Vice Presidential candidates only is now before Commerce Committee, which plans to renew debate on issue soon after recess ends Sept. 8. Other provisions of Macdonald's bill—which doesn't mention primaries—place 5¢ limit on broadcast ads, but allow candidates to spend up to 10¢ in print media (Vol. 11:21 p5). However, it's understood Macdonald can live with most other provisions of Senate bill.

Elsewhere in House, Speaker Carl Albert expressed confidence bill would reach floor soon after recess ends, while Minority Leader Ford (Mich.) emphatically denied charges by liberal House Democrats that GOP was trying to delay or sidetrack reform. "That's a completely erroneous statement," Ford said, adding that Republicans "probably will back a bill broader than any they have supported."

Taking broad swipe at news media and "extremist groups of left & right," House Commerce Committee Chmn. Harley Staggers (D-W. Va.) said there is too much "destructive criticism of the government and what is being done... They are trying to make every member of Congress look like a crook." He spoke in Washington before newly-organized group, Accuracy in Media (AIM), which seeks to detect & correct errors in news. Staggers spoke of battle with CBS (Vol. 11:29 p1) and divulged that former Speaker McCormack phoned him while issue was being debated to say he backed Staggers to hilt. "He said he wished he could be there to stand by my shoulder," Staggers said. AIM has asked CBS for outtakes from documentary "Selling of the Pentagon." Group is headed by Dr. Francis Wilson, professor emeritus of political science at U. of Ill., and lists as advisory board members former Secy. of State Dean Acheson, Ambassador Elbridge Durbrow, N.Y. attorney Morris Ernst, author & editor Eugene Lyons, columnist & foreign correspondent Edgar Mowrer, Dr. Charles Marshall of Johns Hopkins U., Harvard govt. Prof. William Elliott and Adm. William Mott, exec. vp, U.S. Independent Telephone.

Stations won't be required to keep tapes of all telephone interview programs, FCC ruled last week, rejecting proposed rule as unnecessary record keeping. Commission also expressed "serious doubt" that rule would "constitute reasonable requirements."

ARB disclosed last week reasons for using time-formatted diary with product usage questions in 1971-72 surveys. Switch from open-end diary was made following "crash" study brought on by widespread broadcaster criticism that ARB was costing TV stations millions of dollars by underestimating audiences (Vol. 11:20 p5). Pres. Peter Langoff said ARB originally had planned to use open-end diary this year, while making detailed study of possible 1972-73 changes. "This would have been our preferred timetable," he said. "Conducting this kind of research on a 'crash' basis is heavily risk-laden. Not undertaking it was equally risk-laden from a business standpoint... We believe we made the only possible business-like response to a critical situation." He said ARB is cooperating fully with audit of study being made by Statistical Research at request of TvB. ARB concluded that time-formatted diary induces fuller reporting of audience viewing than open-end diary and that product questions "have no significant effect on audience viewing levels." TvB, NAB & individual broadcasters have strongly opposed the product usage questions.

WRLH (Ch. 31) Lebanon, N.H. resumed programming after 3 years, using RCA transmitter, 180-ft. tower. Scott McQueen is pres.; Ted Nixon, gen. mgr.; Harry Kivler, chief engineer; Hank Holmes, program dir. Kettel-Carter is rep; 30-sec., $36. There are now 894 stations on air (596 vhf, 298 uhf), 688 commercial, 206 non-commercial.

Personals

Renville McMann, CBS Labs vp & engineering dir., promoted to exec. vp, expected to succeed **Dr. Peter Goldmark,** pres. & reasearch dir., who retires in Dec. (Vol. 11:23 p10)... **Joseph Sullivan** promoted to daytime sales dir., CBS-TV... **R. Kent Replogle** elevated to vp & gen. sales mgr., WTTG Washington; **Glenn T. Potter** succeeds him as sales mgr.

George Elliott, ex-KDTV Dallas-Ft. Worth, named vp & gen. mgr., KFSA-TV Ft. Smith, Ark., succeeding **Bob Ordonez** now vp & gen. mgr., KORK-TV Las Vegas... **Steve Condos** promoted to commercial operations mgr., KTTV L.A... **Wendell Vice,** ex-KPOL(AM) L. A. appointed business mgr., WPVI-TV Philadelphia... **Glen Banks** elevated to vp & controller, KTAR-TV-AM-FM Phoenix... **Charles Kadlec** promoted to planning & administration dir., WBBM-TV Chicago.

Boyd Matson promoted to sports dir., WBAP-TV Ft. Worth-Dallas... **Ray McMackin,** ex-KDKA-TV Pittsburgh, appointed sports dir., KING-TV Seattle... **Walt Brown** is new sports dir. of KOLN-TV Lincoln & KGIN-TV Grand Island, Neb.—and not for all Fetzer stations, as reported (Vol. 11:31 p5).

Warren Braren, exec. dir. of NCCB, Aug. 15 becomes assoc. dir. of Consumers Union, will specialize in broadcast media & electronics... **Richard Brodsky,** recent Harvard Law School graduate, joins staff of FCC Comr. Johnson.

NBC Today Show incident, in which interview with comedian George Jessel was halted abruptly after he made derogatory remarks about Washington Post & N.Y. Times (Vol. 11:31 p3), has spilled over into Congress. House Investigations Subcommittee has asked for and received transcript of show, and Rep. Harsha (R-O.) is asking Chmn. Staggers (D-W. Va.) for full investigation. However, Subcommittee isn't expected to pursue matter.

TelePrompTer first-half earnings were \$3,005,831 (96¢ a share), up 42.4% from restated 1970 income of \$2,110,027 (68¢). Revenues for first half were \$19,424,527, up 30.2% from \$14,921,322 (see financial table). Second quarter revenues were \$10,041,688 vs. 1970's \$7,653,306, and earnings rose to \$1,598,464 (51¢) from \$1,166,573 (38¢).

FCC won't reconsider its April clarification of policy statement on broadcast of drug-oriented records (Vol. 11:16 p4). Commission also refused to rule on record policy adopted by WYBC-FM New Haven or to analyze alleged "inconsistencies" between clarification statement and original order (Vol. 11:10 p4).

CBS Canadian CATV sale has been approved by CRTC; 80% of systems were sold, CBS realizing about \$20 million (Vol. 11:23 p5).

Blonder-Tongue pay-TV system, termed "Number 4745," has been approved technically by FCC, 2nd system okayed. First was Zenith's.

STATIONS vs. RENEWAL CHANGE: Charging that "the vast majority" of complaints & petitions against station renewals "are part of a nationally coordinated movement to restructure broadcasting to its own liking," NAB was among several groups last week to file against FCC plan to revise renewal procedures. While never identifying "movement," NAB charged its tactic "is to avoid prior dialogue with the broadcaster in the hope that a last-minute threat of a petition or complaint will induce the station to submit to its demands."

FCC has proposed, among other requirements, that each station air detailed announcements of its operations every 8 days to stimulate comments from public. Groups generally favoring idea—such as Black Efforts for Soul in TV (BEST) and Citizens Communications Center—are expected to file this week.

NBC called announcements "unnecessary," but added that if Commission decided otherwise it should limit announcements to no more than 2 each month during last 5 months of license and every 16th day other times. Network also suggested that half of announcements be scheduled 6-11 p.m. on TV, 7-10 a.m. or 4-7 p.m. on radio. It also proposed that content of proposed announcements be "drastically revised" since they were in "direct conflict" with Ascertainment Primer and contain "surplusage which contributes nothing to the requests being made of the public to communicate their comments on the station's performance."

ACLU supported Commission's proposal. "It can hardly be said that the actions of citizens' groups have seriously interfered with station operation," it said. "What has the station really to fear? If it has met its obligations to the public interest and is effficient enough to keep good records, it is not in danger." American Women in Radio & TV noted: "A system of measurement which does not deal generally with entertainment programming in determining the responsiveness to community needs... will necessarily be a distorted one."

FCC waived one-to-a-market rule to permit WTRF-TV Wheeling to continue ownership of FM. Owner Forward Communications, which acquired WTRF-TV-FM in 1969, had told Commission it would surrender FM license rather than attempt to sell station because of "hardship" involved in attempting to separate physical facilities. FCC noted that WTRF-FM is losing money and that "the existence of a qualified buyer who could successfully run the station [is] speculative." Comrs. H.R. Lee & Johnson dissented.

Full Text of FCC CATV Report

Enclosed herewith to all Television Digest subscribers is 20-page White Paper reprinting complete text of FCC's Aug. 5 letter to Congress detailing plans for CATV regulation. Extra copies are available at \$2 (\$1.50 each for 10 or more), from Charles Watson, Business Mgr., Television Digest, 2025 Eye St. NW, Washington, D.C. 20006. Phone: 202-965-1985.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

STATE OF THE INDUSTRY

Sales to dealers (domestic-label), from EIA, for week ended July 23 (29th week of 1971):

	July 17-23	1970 week	% change	July 10-16	1971 to date	1970 to date	% change
Total TV	190,528	161,042	18.3	182,000	5,178,917	4,428,014	17.0
color	101,757	80,343	26.7	94,213	2,761,107	2,204,784	25.2
monochrome	88,771	80,699	10.0	87,787	2,417,810	2,223,230	8.8
Total radio	248,020	239,324	3.6	272,755	10,121,286	8,689,300	16.5
home, portable	143,732	171,969	-16.4	136,547	4,291,890	3,793,769	13.1
AM-only	79,115	97,935	-19.2	68,443	2,483,251	2,393,064	3.8
FM & FM-AM	64,617	74,034	-12.7	68,104	1,808,639	1,400,705	29.1
auto	104,288	67,355	54.8	136,208	5,829,396	4,895,531	19.1
Total phono	70,290	85,165	-17.5	62,269	1,933,406	1,636,814	18.1
portable-table	53,286	70,765	-24.7	46,516	1,479,520	1,126,887	31.3
console	17,004	14,400	18.1	15,753	453,886	509,927	-11.0

Color TV 5-week moving average: 1971—107,329; 1970—88,152 (up 21.8%)

JAPAN ORDERS 5% TV 'CHECK-PRICE' HIKE: Japanese TV manufacturers received sudden blow last week—not from American protectionists, but from their own govt. As one of first steps in major new program to stem rapid deterioration of U.S.-Japan trade relations, Ministry of International Trade & Industry (MITI) in effect ordered increases of up to 5% in export prices of many color & monochrome sets destined for U.S., effective Sept. 1.

Boom was lowered virtually without warning on Japanese manufacturers. What's more, MITI put manufacturers' own trade association, EIA-Japan, in charge of policing prices, instructing it to form "cartel" to facilitate export controls. MITI said it expects price increases to curtail growth of TV shipments to U.S., and there were hints that if they didn't, cartel might be asked to adopt "voluntary" quotas—possibly in about 6 months.

Although MITI hadn't clarified all details of its action at week's end, increases were made in govt. check (minimum) prices at "FOR" (free-on-rail) level—that is, price at which Japanese manufacturers sell to exporters, who traditionally add 3%-4% markup. It's understood that existing contracts may be fulfilled at old prices. Sets already being sold at 5% or more above check prices wouldn't be affected. It's not known what percentage of sales are made at check price—long & complex check-price list contains minimums for various types & sizes of sets.

News of MITI action threw U.S. importers and American offices of Japanese manufacturers into complete tizzy, set off series of conferences and kept cables to home offices & Japanese suppliers humming. A 5% boost in factory export prices could mean retail hikes of 7% to 15% or more, depending on method of distribution. Major brunt will be borne by retail mass merchandisers & catalog houses which strike hard bargain in set purchases, and secondarily by some OEMs using Japanese sets as price leaders, probably least by U.S. subsidiaries of Japanese manufacturers featuring deluxe higher-priced sets.

Move gave encouragement to some American manufacturers who were already beginning to feel they were coming into position to regain some of market they had lost to Japanese. GE has been actively soliciting OEM and private-label orders with argument that if it keeps its plant operating at capacity it can match or beat Japanese prices. Admiral & Warwick have also stepped up search for private-label orders with similar sales pitches. Wells-Gardner is cranking up 19V" production, getting into direct color competition with Japanese for first time. By sheer coincidence, MITI move came just at time when some U.S. manufacturers were reducing prices on 18V"-19V" color (see below).

Japanese pricing action was not, as reported in some accounts, directly related to U.S. dumping proceedings, although it may well serve to elevate many set prices far above dumping levels. In Canada, meanwhile, Anti-Dumping Tribunal begins hearings Aug. 9 to determine whether Canadian industry has been injured by dumping of TVs from Japan & Taiwan (Vol. 11:28 p7), and it's shaping up as real donnybrook.

EIAJ filed brief with Tribunal, stating: (1) Japan's home-market selling prices & practices have changed since 1970 and that no dumping could possibly be found on basis of 1971 prices. (2) It wasn't Japanese dumping which adversely affected Canadian industry, but expiration of basic TV patents (in 1966) which previously had barred imports of competitive sets (Vol. 6:2 p6). (3) Tribunal should look into question of whether TV sets actually are "produced" in Canada at all—as required under terms of Anti-Dumping Act—since many manufacturers there merely assemble "substantially completed subassemblies" imported from U.S.

EIA-Canada said it will present proof of injury from dumping by both Japanese & Taiwanese manufacturers, even though some of its members import sets from Taiwan. Canadian Admiral broke with EIAC on issue, its affiliate Admiral Overseas (Taiwan) filing brief arguing that imports from Taiwan haven't hurt Canadian industry, but instead have served to help Admiral compete with Japanese imports. Other briefs were filed by Hitachi TV Taiwan Ltd. and Canadian importer Magnasonic. Although Taiwan govt. has no diplomatic relations with Canada, Taiwan Electric Appliance Mfrs. Assn. served notice it will appear at hearing, which will be held at Skyline Hotel in Ottawa (govt. hearing rooms are undergoing renovations).

Tariff Commission rejected IUE request that workers laid off at Warwick's Zion, Ill. plant be declared eligible to receive import adjustment aid. Noting that Zion plant made phonos, Commission ruled that such items aren't being imported into U.S. in such increased quantities as to cause significant unemployment or underemployment of plant's workers as results of tariff concessions by U.S.

Japanese govt., meanwhile, officially "liberalized" 151 more industries, in most cases permitting foreigners 100% ownership. Included on 100% list: TV-radio receiver & audio equipment manufacturing. American electronics firms felt decontrol effort was case of too little & too late, since govt. indicated it intends to keep computers off "liberalized" list for 3 more years, after which it will permit 50% foreign ownership.

MORE CUTS IN 18V"-19V" COLOR PRICES: Portable & table color TV prices continued to seek lower levels last week following word of RCA's \$10-\$24 reduction in factory prices of all 18V" & 19V" sets. Not all manufacturers are expected to participate in readjustment—sharp difference in prices among makers was what caused erosion of higher-tagged brands in first place.

RCA followed its 18V"-19V" reductions last week by introducting new 16V" color set with swivel stand at suggested list of \$309.95—\$10 below official suggested list price of its 16V" portable leader (without base) which included increase of \$10 May 19. (For other RCA drop-ins, see p. 10.)

Philco-Ford confirmed last week that it had reduced its 18V" & 19V" prices \$10-\$30 July 16, acting before word of RCA's cuts. Two 18V" sets are now down \$20 to \$359.95 & \$379.95. Two 19V" have been reduced \$10 to \$419.95 & \$439.95, while 19V" remote with stand is down \$30 to \$499.95. Sylvania last week (effective Aug. 1) cut three 18V" sets—2 down \$20 to \$329.95 & \$349.95, one down \$30 to \$359.95. Emerson is understood to have repriced, but officials wouldn't confirm that it had moved.

Other manufacturers merely say they're "studying" new pricing situation. Magnavox said it plans no price changes in next 30 days. Teledyne Packard Bell is discussing situation.

Admiral & GE already start below average in portable area—in fact, RCA's action was believed to be at least partially in response to agressive GE pricing. Zenith has already stated it plans no changes (Vol. 11:31 p6).

Motorola is also "studying." In meantime, it broke long-planned promotional campaign for new 18V" Quasar Insta-Matic portable at $369.95, hoping to top its earlier successful drive on 16V" Insta-Matic at $319.95. Motorola's lowest-priced 18V" is a competitive $339.95, but previous low for 18V" Insta-Matic (open list) was about $399.95.

Some manufacturers privately complained that this was heckuva time to get into price war—just when freight, component & labor costs were rising steeply. One pointed to President Nixon's new "open mind" on wage-price controls and expressed fear of price freeze at low promotional point. Nobody denied that increases might soon be necessary again, despite current round of slashes in portable-table color sets.

Ironically, cuts in U.S.-made sets are coming at time when Japanese govt. is dictating increase in TV export prices (see p. 8)—"low-cost imports" soon may not be an argument.

2ND QUARTER—PROFITS UP ACROSS-BOARD: Every single consumer electronics firm in our quarterly tally of financial results reported increased profits for both 2nd quarter & first half over comparable 1970 periods. With one exception, all had sales increases for both periods.

Improvement in 2nd quarter built on gains of first quarter (Vol. 11:22 p9), but showed up much stronger—if only because 2nd quarter 1970 was so abysmally poor. Our survey of financial results measured performance of 14 bellwether firms, large & small, against last year's comparable figures.

Eight of these firms are considered consumer electronics specialists—because large portion of their business is in that field. This year their aggregate 2nd-quarter earnings were $10,174,000, as compared with aggregate loss for same 8 firms of $6,739,000 one year earlier. All 8 either improved net earnings or reduced losses. Only one (TMA) was in loss column for 1971 period, as compared with 5 in 1970 period. All 8 showed sales increases for 2nd quarter, and aggregate sales were up 23.2%.

For first half, aggregate earnings of same 8 firms (obtained by totaling net income and subtracting losses) came to $25,296,000 as compared with loss of $6,330,000 in first-half 1970. Two showed losses for 1971 half (TMA, Warwick) as opposed to 4 in 1970. Aggregate sales for period rose 21% from year earlier. In first half as in quarter, all showed increases in sales & profits (or reduction in losses).

Six widely diversified firms which include consumer electronics in their product lines reported net income increase of 48.6% on aggregate sales rise of 5.1% in first quarter. All showed increases in earnings and all but one (GTE Sylvania) had improved sales for both quarter & half. In first half, same firms enjoyed 22.9% increase in earnings, 5.7% boost in sales over 1970's half. None was in the red for either quarter or half in 1971 or 1970.

Companies covered in our financial survey: Specialized firms—Admiral, Magnavox, Soundesign, Superscope, TMA (to May 31), Warwick, Wells-Gardner, Zenith. Diversified—Arvin, GE (included in consensus but not in aggregate figures), GTE Sylvania, Motorola, NUE and RCA.

RCA 4-channel promotion for fall & pre-Christmas season offers choice of any 5 Q8 tape cartridges free—$40-$45 value—with purchase of any 4-channel tape system at $199.95-$299.95. Another audio products promotion is giveaway of 7 brand-name premiums, including Kodak cameras, Mattell dolls & games with radios, phonos & recorders. Promotional introductions are highlighted by 16V" color portable with swivel stand and 2 AccuColor consoles with detent uhf tuning, all open-listed, open-list 15V" b&w and 20V" b&w at $149.95, portable mono phono with AM at $44.95, stereo with FM-AM at $89.95.

Sears adds new high-end 25V" color consoles & combinations in 1972 Home Entertainment/Electronics Catalog. Two consoles at $699.95 feature electronic pushbutton tuning (12 vhf channels, 6 uhfs) or hinged doors. New combination is $979.95. Highest-priced color set in regular 1971 fall-winter catalog is $629.95. New specialized catalog features equipment by Sony, Fisher, Koss, Harman-Kardon, Craig, Sansui, Pioneer, BSR, Garrard, Concord, Ampex, Qatron, Electro-Voice and other name brands as well as Sears' own brands. Some of name brands advertised are also Sears private-label suppliers.

EYES ON BERLIN: For 27 years, U.S. consumer electronics industry couldn't have cared less about Funkaustellung. But this year's 28th Funkaustellung will have almost as many familiar U.S. faces as an EIA meeting. Of course, they're all coming to see bildplatte—but they may get a few surprises.

Funkaustellung—this year called Internationale Funkaustellung—is Germany's annual Radio & TV Exhibition, in Berlin Aug. 27-Sept. 5, and main attraction will be world premiere demonstration of color version of AEG Telefunken-Teldec bildplatte, or videodisc, which won't be shown in U.S. until next fall or winter. Funkaustellung is huge combination trade & consumer show, this year will have some 250 exhibitors in nearly 950,000 sq. ft. of roofed exhibition space in 23 halls at Berlin's Fair Grounds.

It's already foregone conclusion that star of Funkaustellung will be videoplayer. Although American manufacturers will be making trip specifically to see color videodisc, show's promoters say that at least 9 European manufacturers will be showing videoplayers—Blaupunkt, Bosch, Grundig, Loewe, Opta, Nordmende, Philips, Saba & Siemens. Most will be demonstrating various versions of Philips VCR, now in production (Vol. 11:31 p8), but Nordmende, is expected to show its super-8 color film system and Bosch probably will demonstrate EVR. Largest category of non-German exhibitors will be Japanese manufacturers, who are also expected to display smattering of videoplayers.

Underlining growing European videoplayer excitement, big German magazine Spiegel joined its American counterparts in devoting long cover story July 15 to "TV ala Carte." And there are some indications that Funkaustellung will feature a surprise attraction this year—perhaps another type of videodisc.

* * * *

In action which may be significant for closed-circuit VTR & camera manufacturers, FCC last week voted to waive provisions of its RF radiation rules to permit Motorola to market its EVR Teleplayer, "and to grant future similar requests for waiver." But there's catch—Commission added stipulation that grants will be subject to prior tests in FCC lab to determine that equipment meets technical standards it has proposed for "Class I TV devices" (Vol. 11:30 p10). Many VTR manufacturers and videoplayer advocates have indicated that they feel standards are too strict. There's real question now as to effect of FCC's move on VTR systems now on market—will they be subject to testing and conformity with proposed rules which their manufacturers concede they don't meet? EIA Consumer Electronics Group, meanwhile, is asking 60-day delay in Aug. 25 deadline for comments on FCC's proposed standards while its video playback systems engineering committee, under Motorola's Bud Massman, studies situation. ITA is also filing for 60-day extension.

Warwick has joined International Tape Assn.; Robert Walker will represent company on ITA Video Committee.

Tape contributed nearly 30% of retail dollar volume of recording sales in 1970, according to annual tally by Recording Industry Assn. of America (RIAA). Total sales of recordings in U.S. for 1970 were given as $1.66 billion at list-price value, up 4.7% from $1.586 billion in 1969. In 1970, record sales totaled $1.182 billion, up only slightly from $1.17 billion in 1969. Total recorded tape sales last year were up nearly 15% to $478 million from $416 million. Of this figure, 8-track cartridges represented $378 million (up from $300 million in 1969), cassettes $77 million (from $75 million), open-reel $18 million (down from $20 million), 4-track cartridges & others $5 million (from $20 million). RIAA tape figures are higher than those of National Assn. of Record Merchants (NARM), but generally lower than those of Ampex & EIA (Vol. 11:30 p11).

Nippon Video Assn. has been formed by 30 Japanese videoplayer software firms. Chmn. is Shigeru Akimoto, pres. of Tokyo Bcstg. Service (TBS). Objectives are promotion of programming sales, market research, combating copyright infringement & bootlegging. Members: Apollon Music, Asahi Music Service, Cat, Chikuma Shobo, Classic Pony, Daiei, Fuji Pony, King Record, Kodansha, Minoruphone, Nihon Keizai Shimbun, Nihon Kogyo Shimbun, Nikkan Kogyo Shimbun, Nikatsu, Nippon Columbia, Nippon Eizo Shuppan, Nippon Gramophone, Nippon Victor, Pack-In Video, Pony, Shochiku, TBS, TCJ, Teichiku, Toei Video, Toho, Toshiba Music, Video Library, Video Pack Nippon, Yomiuri Eion.

Brand name is most important factor in consumer decision to buy color TV, according to Mart magazine survey of top-volume retailers, and was cited as responsible for 73% of purchases. In monochrome TV, however, price was decisive (63% of purchases) as it was for table-portable phonos (52%), tape recorders (42%) and radios (48%). In console phonos, style was most important (54%). In selecting compact stereo, features were major factor in decision (44%).

British color TV set deliveries in 1971's first half were up 46% over last year's corresponding figure, totaling 278,000 units, according to British Radio Equipment Mfrs. Assn. (BREMA), while monochrome deliveries were down by 16% to 666,000. Reduction in excise (purchase) taxes and ending of installment sale (hire-purchase) restrictions by British govt. are expected to increase ratio of color TV sales to rentals.

Standard form for reporting measurements of TV & FM receivers in compliance with FCC Part 15 (oscillator radiation) rules has been published by EIA Engineering Dept. (Bulletin No. 4). Developed at suggestion of FCC, it's $11, is designed to supersede various forms used by individual manufacturers.

Videoplayer standardization via FCC rules was given consideration some time ago, says Chief Engineer Raymond Spence, "but we decided that was better done by EIA and the industry." OTP also has given some thought to idea—but is believed favoring leaving subject to resolution by marketplace competion.

JAPAN'S 6-MONTH EXPORTS: Japan's first-half consumer electronics exports to U.S. present mixed picture when compared with 1970. Finance Ministry indicates auto & AM home radios and transceivers joined TVs & radio-phonos on up side, while exports of FM radios & phonos declined.

Home transistor radio exports dropped 8% to 4.86 million, with FM off 12% to 3.2 million, AM up 1% to 1.7 million; of clock radios exported (see table below), 861,000 were FM. Other gainers included auto radios (up 51.5%) and transceivers, up 32.8% to 1.19 million. Phono shipments were off 35.8%.

In audio tape instruments, cassette recorders gained 25.9%, radio-recorder combos (mainly cassette) jumped 32%, while auto tape players & open-reel recorders declined:

JAPANESE EXPORTS TO U.S.

	First-Half 1971		First-Half 1970	
	Units	Value ($)	Units	Value ($)
Total TV	1,913,186	160,167,194	1,410,608	110,028,520
color	587,989	94,578,639	373,931	59,071,339
b&w	1,307,583	64,949,589	1,029,057	50,679,664
b&w chassis, kits	17,614	638,967	7,620	277,517
Rad.-phono, stereo	308,004	19,772,450	578,154	14,513,856
Rad.-phono, mono*	467,383	5,420,894	—	—
Rad.-rcrdrs. & other comb	1,596,636	64,841,911	1,205,852	51,570,739
Clock-rads.*	1,112,417	17,237,225	—	—
Tr. rads. w/FM	2,290,964	59,492,969	3,597,733	79,266,338
Tr. rads., other	1,452,888	8,337,339	1,682,767	12,867,692
Auto radios	716,473	11,041,972	472,933	7,673,608
Trcvrs., under 100 mw.	1,013,937	3,376,722	679,765	2,527,947
Trcvrs., other	171,656	6,886,122	212,756	4,850,311
Phonos	136,325	1,978,839	212,279	2,982,411
Tape players, auto	1,048,732	19,490,800	1,078,193	23,461,706
Tape rcrdrs., reel	149,274	4,725,989	409,764	11,203,756
Tape rcrdrs., cass.	2,703,579	46,593,086	2,146,574	42,236,886
Other cart., rcrdrs. & players*	530,680	13,049,600	—	—
Tape decks*	828,045	9,430,056	—	—

*Not reported separately in 1970

Every TV set can be highly accurate clock—and automatically keep every clock in the house accurate to within one microsecond, on basis of test being conducted by National Bureau of Standards (NBS) in cooperation with KLZ-TV Denver. System uses one line of vertical interval between TV pictures to transmit signal geared to chronometer. Decoding circuit for TV set currently costs about $400, but NBS estimates IC version could be made in mass production for about $10. Pushing button on set would give time readout on screen. Other special electric clocks in house could be plugged into TV set for automatic synchronization. FCC approval for standard time-&-frequency service would be required.

Capacitor sales by U.S. manufacturers during 1971's first 4 months increased 1.9% in units, but declined 15.7% in dollar volume from same 1970 period, according to EIA. Sales totaled 935.9 million (up 1.9%) at $141.4 million (down 15.7%). Only category showing increase in both units & dollar volume was variable capacitors at 18.7 million (up 18.3%) & $3.8 million (up 2.7%). Fixed ceramic types had unit increase of 20.1% to 535.2 million, dollar decrease of 1.9% to $26.1 million.

COMMENTS ON TUNER RULE: FCC's proposed uhf tuner rulemaking (Vol. 11:26 p8) brought several comments to Commission, most agreeing generally with intent but with some suggestions. EIA filed none, apparently standing on its generally favorable original reaction. Among other comments: Zenith—Said 3 MHz maximum deviation is too stringent; rule should allow for warmup. ACTS—Doesn't like FCC plan to allow identification of alternate channels, said all should be shown. Tarzian—Same as ACTS; also said tuner should be allowed in color sets without AFC. EIA-J—Generally endorsed proposal.

GTE Sylvania—Suggested rule read: "Any receiver utilizing such a 7°-position uhf detent tuning system for color reception should be AFC equipped, unless a minimum of 20-degree rotation of the fine tuning control is provided for each MHz of frequency change."

Trade Personals

George Connor, ex-Admiral refrigerator-range mktg. mgr., named pres. of Teledyne Packard Bell Sales Co., new subsidiary formed for marketing of TPB products (but which may also handle other complementary lines); **Kenneth Johnson** becomes vp & consumer affairs mgr.; Product Planning Mgr. **B.C. Bateman** assumes same post in Sales Co.; **William Horn**, former TPB vp-mktg. dir., named special products vp on staff of TPB Pres. **C. Gus Grant**.

Jerry Michaelson, Magnavox major accounts mgr., named vp...**John A. Cunningham** promoted from mdsg. mgr. to gen. sales mgr., Westinghouse Portable Products Div...**William Lehrburger** appointed vp-mktg. dir. for U.S. Div. of Singer's North Atlantic Consumer Products group.

M.T. (Bud) Fuglesang, ex-Lantz International sales vp, named national sales mgr. for Topp's Juliette line; **William Kritek**, ex-Hotpoint, appointed Topp appliance service mgr...**Jack Wexler**, ex-Interphoto, joins Craig in new post of mktg. administration mgr...James Boyle named mktg. vp, RCA Magnetic Products Div., with hq in N.Y., responsible for domestic & international marketing of audio, video & computer tapes.

Donald Waite appointed pres. of Bell & Howell's new Industrial & Training Equipment Group, comprising Audio-Visual, Avicom & Professional Equipment Divs.; he's former exec. asst. to pres... **Norman Provost**, ex-Sprague, named Plessey (U.S.) Materials Div. vp, post held by **Joseph Scheer** until resignation last month; Plessey Pres. **Marshall Butler** will temporarily add duties of Semiconductor Group vp, also formerly held by Scheer.

William Hewlett, Hewlett-Packard pres., to receive Western Electronic Mfrs. Assn. 1971 Medal of Achievement for "outstanding leadership"...**James Kaplan**, promoted from sales dir. to sales vp, Cornell Dubilier...**Norman Korbitz**, ex-Motorola Semiconductor, named plant services dir., General Instrument Microelectronics Div.

Consumers have scaled down plans to purchase new homes, cars or appliances, according to Commerce Dept.'s quarterly survey.

ELECTRONICS SALES RANKING: GE reclaimed position as nation's 2nd largest seller of electronics products, displacing RCA which held 2nd last year, according to annual ranking by Fairchild Publications. This year, listing covers top 50 firms, instead of traditional top 100. Additionally, top-50 list was easier to get on this year, requiring electronics sales—through latest 4 quarters to July 1—of just $143 million. Electronics sales of $160 million were needed to make top 50 last year.

Continuing as leader was IBM with $5.63-billion estimated electronics sales, out of corporate $7.5-billion total. GE's electronics sales were given as $2.3 billion (out of $9.3 billion), with RCA at $2.1 billion out of $3.4 billion. Last year GE was given $2 billion in electronics (out of $8 billion), RCA $2.02 billion (out of $3.4 billion).

Other consumer electronics firms moving up from 1970 rankings include Magnavox & Motorola, both up one; Admiral & 3M, each up 3; Warwick, up 11. Moving in other direction were: Zenith, down 3; North American Philips, down 4; GTE, down 5; Teledyne, down 7. New to top-50 list is Avnet (up 4 places), while Lear Siegler, 33rd last year, is missing.

Among firms listed, with ranking & electronics sales in millions (total sales in parentheses): ITT 5th, $1,600 ($6,400); Westinghouse 8th, $1,127 ($4,025); Motorola 10th, $789.8; Ford 14th, $618.2 ($15,456); GTE 15th, $600 ($3,600); Zenith 16th, $593.9; Magnavox 23rd, $449.6 ($560); General Motors 26th, $419.1 ($20,954); Teledyne 27th, $408 ($1,166); Admiral 34th, $245.1 ($377.1); North American Philips 35th, $244 ($542.3); Ampex 36th, $203.6 ($290.9); Warwick 38th, $197; 3M 44th, $171.5 ($1,715); Avnet 49th, $144.4 ($289.4).

Continuing as sales leader among component producers was Raytheon, in 11th place (down from 9th last year), with electronics sales of $784.5 million out of $1.259-billion total. Others include Bendix 12th, $731 ($1,466); North American Rockwell 17th, $571 ($2,411); Texas Instruments 20th, $518 ($796.9); TRW 25th, $428 ($1,585); General Instrument 31st, $267; Corning Glass 33rd, $246.8 ($617.1); Fairchild Camera 43rd, $176.1 ($202.7).

Foreign top 5 (reduced from last year's top 10) is same as 1970's, led by Matsushita with electronics sales of $1.067 billion out of $2.052 billion. Others: Siemens $1,500 ($3,455); Hitachi $880 ($3,150); General Electric of England $667.2 ($2,136). Dutch Philips is given gross sales of $4.189 billion, with no electronics breakout.

Waller Corp., OEM manufacturer of FM tuners & FM-AM radio chassis, which has wholly-owned facilities in Japan, has sold Tijuana, Mex. plant to Gould Inc., whose Brush Div. (recording & test instruments) will operate it.

Zenith's new Hong Kong radio plant (Vol. 11:30 p9) is scheduled to start pilot production this fall. The 76,000-sq.-ft. facility, recently purchased by Zenith, is now being modified to make radios.

Distribution notes: Motorola appoints R. Cooper Jr. Inc. for Chicago area replacing factory branch... **Hitachi** names J.H. Fagan, New Berlin, Wis., for Wis., Minn., N.D., S.D. & Ia... **Teledyne Packard Bell** Distributing Co. (790 Ahua St., Honolulu) formed to handle distribution throughout state, succeeding SCI Distributing; branch mgr. is Dick Mediary, ex-Shafer Co... **Westinghouse** Portable Products names Freitag-Fuller Inc., Mamaroneck, N.Y. rep for consumer electronics in metropolitan N.Y., and Grossman, DeBartolo, Hannon & Wolens Inc. for Chicago area.

TV set prices edged up above 1967 reference period in April, according to Labor Dept. Consumer Price Index. Here are April 1971 consumer electronics price indexes (100 equals 1967 level), with percentage change from March 1971 & April 1970: Portable & console TV sets, 100.1 (up 0.2% from March & 0.6% from year earlier); portable & table radios, 98.3 (unchanged from March and down 0.7% from 1970); portable tape recorders, 95.1 (down 0.7% from March, unchanged from 1970); TV replacement tubes, 121.6 (up 0.2% & 6.1%).

Strongly opposed to increase in Japan-to-U.S. ocean freight rate increase averaging 17.5% next Oct. (Vol. 11:20 p11), Council of All Japan Exporters Assn. has asked Fair Trade Commission there to start investigation under Japan's Anti-Monopoly Law. Increase was approved by 23 shipping company members of 2 freight conferences. Noting that Japan-to-U.S. rates on some shipping went up 7.5% last Oct., exporters asked FTC to advise Japanese-owned shipping companies to withdraw from rate-increase agreement.

Mitsubishi is 2nd Japanese color TV producer to challenge Telefunken PAL patents. Firm has developed PAL-compatible receiver, plans exports to Europe later this year. Sony is currently exporting unlicensed Trinitron PAL-type sets to England. Only Telefunken-licensed Japanese manufacturer is Hitachi, whose exports are restricted to PAL countries other than Germany & Italy.

Consumer ad campaign geared entirely to warranty has been inaugurated by Hitachi Sales Corp. of America. Ads feature program covering all TV sets with 5-year warranty on transistors, 2 years on all other parts, one year carry-in labor. Radio & recorder warranty covers transistors for 5 years, other parts & labor for one year.

New hi-fi show policy formulated by IHF: Shows will be organized & promoted in areas where local dealers & reps indicate need for them. IHF also will assist other groups planning hi-fi shows. Dealers & reps interested in planning shows were asked to contact IHF at 516 Fifth Ave., N.Y. 10036.

Color TV sales set record for 29th week of year at 101,757 units, previous record for that week having been set in 1969. It was 10th time this year weekly domestic-label sales record has been set.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
Automatic Radio			
1971-9 mo. to June 30	28,060,000	(680,000)	--
1970-9 mo. to June 30	32,881,000	888,000	.36
1971-qtr. to June 30	10,121,000	(190,000)	--
1970-qtr. to June 30	10,295,000	36,000	.01
John Blair & Co.			
1971-6 mo. to June 30	30,578,000	1,288,000	.50
1970-6 mo. to June 30	31,012,000	1,797,000	.69
1971-qtr. to June 30	15,205,000	776,000	.30
1970-qtr. to June 30	15,458,000	1,003,000	.39
Capital Cities Bcstg.			
1971-6 mo. to June 30	45,026,000	23,882,000[a]	3.19
1970-6 mo. to June 30	44,156,000	5,602,000	.76
1971-qtr. to June 30	25,872,000	21,660,000[a]	2.90
1970-qtr. to June 30	23,244,000	3,109,000	.43
Cowles Communications			
1971-6 mo. to June 30	35,327,000	10,737,000[a]	2.70
1970-6 mo. to June 30[b]	46,321,000	2,757,000[a]	.69
Esquire Radio & Electronics			
1971-6 mo. to June 30	8,151,539	281,361	.43
1970-6 mo. to June 30	6,309,268	320,967	.50
Foote, Cone & Belding			
1971-6 mo. to June 30	113,009,000[c]	477,000[d]	.21
1970-6 mo. to June 30	130,814,000[c]	1,058,000	.48
Griffiths Electronics			
1971-year to April 30	9,623,000	(92,000)[e]	--
1970-year to April 30	6,593,000	(211,000)	--
National Union Electric			
1971-6 mo. to June 30	72,162,189	1,005,742[e]	.49
1970-6 mo. to June 30	70,995,290	719,952	.35[f]
1971-qtr. to June 30	35,100,382	249,706[e]	.12
1970-qtr. to June 30	33,777,599	91,547	.04[f]
Oxford Electric			
1971-6 mo. to June 30[g]	10,502,259	543,085[a]	.38
1970-6 mo. to June 30[b]	10,160,642	(381,338)	--
1971-qtr. to June 30[g]	5,782,147	763,562[a]	.27
1970-qtr. to June 30[b]	5,437,809	(169,339)	--
Soundesign			
1971-6 mo. to June 30	15,216,000	483,000	.36
1970-6 mo. to June 30	9,531,000	24,000	.02
1971-qtr. to June 30	7,987,000	309,000	.23
1970-qtr. to June 30	5,287,000	2,000	--
Sprague Electric			
1971-6 mo. to June 30	57,278,041	(5,367,116)	--
1970-6 mo. to June 30	68,523,343	(1,948,048)	--
1971-qtr. to June 30	29,627,024	(2,933,874)	--
1970-qtr. to June 30	31,900,907	(2,404,290)	--
Standard Kollsman			
1971-6 mo. to June 30	36,651,595	(2,002,359)	--
1970-6 mo. to June 30	43,513,093	180,088	.08
Storer Bcstg.			
1971-6 mo. to June 30	31,588,000	2,184,900[a]	.52
1970-6 mo. to June 30	30,989,000	4,569,600	1.08
1971-qtr. to June 30	17,182,000	1,378,600[a]	.33
1970-qtr. to June 30	16,444,000	2,295,300	.54
TelePrompTer			
1971-6 mo. to June 30	19,424,527	3,005,831	.96
1970-6 mo. to June 30[b]	14,921,322	2,110,027	.68
1971-qtr. to June 30	10,041,688	1,598,464	.51
1970-qtr. to June 30[b]	7,653,306	1,166,573	.38
Texas Instruments			
1971-6 mo. to June 30	384,016,000	16,694,000	1.51
1970-6 mo. to June 30	443,164,000	17,347,000	1.57
1971-qtr. to June 30	193,042,000	8,518,000	.77
1970-qtr. to June 30	221,450,000	9,283,000	.84

Company & Period	Revenues	Net Earnings	Per Share
J. Walter Thompson			
1971-6 mo. to June 30	381,000,000[c]	3,456,000	1.27
1970-6 mo. to June 30	364,000,000[c]	3,315,000	1.20
1971-qtr. to June 30	204,000,000[c]	2,225,000	.82
1970-qtr. to June 30	191,000,000[c]	2,220,000	.80
Wells-Gardner Electronics			
1971-6 mo. to June 30	9,421,000	49,000	.12
1970-6 mo. to June 30	8,176,000	(267,000)	--
1971-qtr. to June 30	4,166,000	24,000	.06
1970-qtr. to June 30	4,083,000	(108,000)	--
Westinghouse Canada			
1971-6 mo. to June 30	128,538,000	1,940,000	.75
1970-6 mo. to June 30	110,110,000	1,573,000	.60

Notes: [a]After special credit. [b]Restated. [c]Billings. [d]After CATV loss. [e]After special charge. [f]Adjusted. [g]Before extraordinary item.

FINANCIAL REPORTS: Consumer electronics financial statements continued to show improvement (see p. 10). In latest batch, NUE reported 78% increase in first-half earnings, with sales up for both half & quarter (see financial table). Chmn.-Pres. C. Russell Feldmann said increases for both periods were derived almost solely from consumer product sales. Non-recurring loss of $275,106 (14¢ per share) reflected loss from sale of Emerson TV cabinet plant in Canastota, N.Y.

Wells-Gardner reported operating profits for both quarter & half, compared to losses for both periods in 1970. Pres. Grant Gardner said better performance was aided by "more uniform production of fewer chassis models with approximately the same number of over-all total models per customer." Order backlog at end of half was $20,308,000 vs. $19,437,000 one year earlier.

Two consumer electronics industry suppliers reported profit rebounds. Oak was handily in black in 2nd quarter, reversing loss position of year earlier, crediting improvement in TV & appliance markets, continuing cost reductions and large orders for CATV converters. Griffiths Electronics was in black for half and for fiscal year. Company said fiscal 1971 operations were aided by increase in sales of picture-tube gun mounts and continued strong demand for replacement color tubes.

Electronics industry executives feature prominently on National Business Council for Consumer Affairs, established last week by President Nixon. Members include Edward Reavey, Motorola; Charles Odorizzi, RCA; Charles Hammond, Westinghouse; Raymond Herzog, 3M; Stanley Gault, GE; Donald Kircher, Singer; John DeButts, AT&T. Chairman is Robert Brooker, Marcor (Montgomery Ward). Administrator will be Commerce Dept.'s William D. Lee, ex-GE.

Macy's is featuring 25V" Curtis Mathes color console at $399 in N.Y. area stores. "Enormous special purchase" made possible $100 saving from regular price, say Macy's ads. Sets have automatic color control, 3-stage IF, instant-on, walnut-grained vinyl finish. Brand name isn't given in ads.

WEEKLY Television Digest
with Consumer Electronics
A TELEVISION DIGEST WHITE PAPER

AUGUST 9, 1971, VOL. 11:32

Full Text

FCC Plans for CATV Regulation

As Detailed in Letter to Congress Aug. 5, 1971. Including Dissent by Comr. Robert Wells and Appendices with Market Rank and Signal Carriage in Top 100 Markets

Dear Mr. Chairman:

In accordance with our commitment in my testimony before the Senate Communications Subcommittee on June 15, 1971 – reiterated before the House Communications and Power Subcommittee on July 22, 1971 – we are submitting this summary of the Commission's proposals for the near-term regulation of cable television.

The Commission has been intensively engaged in the process of reviewing its cable policies since the summer of 1968, when the Supreme Court affirmed the Commission's authority to regulate the industry. In recent months, very nearly full time has been spent trying to find a satisfactory resolution of the difficult problems involved. Ample opportunity has been afforded all interested persons to present their views on the subject. The policies put forward here result from an intensive study of the issues, balancing all the equities, and represent our best judgment on the regulatory course that should be followed.

As set forth in our previous Statements to the Congress, our objective throughout has been to find a way of opening up cable's potential to serve the public without at the same time undermining the foundation of the existing over-the-air broadcast structure. We believe both these "goods" can be achieved and that cable can make a significant contribution toward improving the nation's communications system – providing additional diversity of programming, serving as a communications outlet for many who previously have had little or no chance of ownership or of access to the television broadcast system, and creating the potential for a host of new communications services. We believe the policies set out here will achieve these results. But we intend to monitor very closely the growth of the cable television industry and remain prepared to take such further action as may be called for on the basis of experience. We are proposing to break new ground, largely unexplored. As a consequence, we must and will proceed with caution. But further delay, in our view, would disserve the public and deny the nation tangible benefits.

It has been argued that the Commission should delay the next phase of cable's evolution until new copyright legislation is passed. We fully recognize that the continued economic health of those who create program material is crucial to both broadcasting and cable, but we have come to the conclusion that copyright policy is most appropriately left to the Congress and the courts. We therefore strongly urge and hope that the Congress will enact a copyright law – indeed, prompt action seems to us essential. In this connection, we note the present efforts of the principals to reach an agreement and hope that these efforts will be fruitful.

In short, we believe that the two matters – cable regulation and copyright – can be separately considered; that the Commission, with appropriate review by the Congress, can resolve the regulatory matter; and that this will provide necessary background for Congressional resolution of the copyright issue. It seems to us that our approach promotes and facilitates an informed resolution of cable copyright. The Copyright Office and the Department of Justice have also recommended that this approach be followed. We intend, however, to keep a close watch on how the new regulatory program detailed here works out, and to revisit the copyright question within two years if the problem has not in the meantime been resolved.

In this connection, we note that the matter of program exclusivity, as it is affected by cable carriage, is a matter that has both copyright and regulatory implications. Thus, we intend to study whether present or future considerations call for altering our existing CATV program exclusivity rule (Section 74.1103), which in effect protects only the network programming of network affiliates. We have also in progress a rule making proceeding (*Further Notice of Proposed Rule Making in Docket 18179*, 27 FCC 2d 13 (1971)) concerning the exclusivity practices of broadcast stations in terms of both time and geography and the impact of these practices on the ability of UHF broadcasters and cable operators to obtain programming.

The specific policies on which agreement has been reached, described in detail below, are the result of a number of interlocking proceedings. The policies are designed to be part of a single package because each has an impact on all the others, but they may generally be divided into four main areas:

I: television broadcast signal carriage;
II: access to, and use of nonbroadcast cable channels, including minimum channel capacity;
III: technical standards;
IV: appropriate division of regulatory jurisdiction between the federal and state-local levels of government.

We are continuing our work on the final documents. Our time table is such that we will not release these documents until the latter part of the year. Thus, there will be an ample opportunity during the present session of the 92nd Congress for your Subcommittee as well as other committees and the Congress to consider our proposals. During this time we also expect to have available the results of other studies of cable television currently in progress, and will, of course, take them into account. As we now project the time table, therefore, rules will be promulgated by the end of the year, with an effective date of March 1, 1972.

Before turning to a discussion of the policies, we should stress that while these policies will generally govern our disposition of cable matters as they come before us, there are always exceptional situations that call for exceptional actions. The very purpose of an administrative agency is to insure flexibility to act in the public interest in particular situations. In this area of operation under new policies, we will be alert to such special situations as they arise and will tailor our actions accordingly.

I: TELEVISION BROADCAST SIGNAL CARRIAGE

Our basic objective is to get cable moving so that the public may receive its benefits and to do so without, at the same time, jeopardizing the basic structure of over-the-air television. The fundamental question is the number of signals that cable should be permitted to carry to meet that objective. In attempting to resolve this question, we have agreed on a formula that we are persuaded will achieve the following purposes:

(1) Assure that cable viewers will receive all television signals significantly viewed in their community.
(2) Assure that cable viewers will receive at least a minimum level of television service.
(3) Permit cable carriage of a limited number of distant signals in those markets where we believe this can be done without undue impact on local television stations.

This approach would replace the retransmission consent (*Notice of Proposed Rule Making and Notice of Inquiry in Docket 18397,* 15 FCC 2d 417 (1968)) and commercial substitution (*Second Further Notice of Proposed Rule Making in Docket 18397-A,* 24 FCC 2d 580 (1970)) proposals that, we have concluded, simply will not wash. We propose to act in a conservative, pragmatic fashion – in the sense of protecting the present system and adding to it in a significant way, taking a sound and realistic first step, and then evaluating our experience.

We have determined to restrict the carriage of distant signals to a relatively small number and hope thus to serve two purposes: first, to minimize the possibility of adverse impact on the existing broadcast structure and, second, to spur the development of the variety of non-broadcast services that represent the long-term promise of cable. We believe that the overall approach described will allow the integration of cable service into the nation's communications structure without undue disruption.

The television signal carriage rules would divide all signals into three classifications:

(1) *Mandatory carriage* – signals that a cable system must carry.
(2) *Minimum service* – a minimum number of signals that, taking television market size into account, a cable system may carry.
(3) *Additional service* – signals that some systems may carry in addition to those required or permitted in the two above categories.

Before proceeding to a discussion of these classifications, it is necessary to establish the frame of reference in which the rules would operate.

First, the signal carriage rules would be tailored in their application to markets of varying size in accordance with the estimated ability of these markets to withstand additional distant signal competition. The rules would vary according to whether the cable system is in the top 50 television markets, in markets 51-100, in a market below 100, or not in a television market at all. Appendix A contains an alphabetical list of markets 1-50 and 51-100, and this list would become a permanent part of the rules. The list is derived largely from the American Research Bureau's 1970 prime time households ranking. Earlier, television markets were ranked according to the net weekly circulation of the largest station in each market, but we have now concluded that the prime time households ranking would serve as a more appropriate base. It more nearly measures the strength of each market, rather than just the circulation of the largest station in the market.

Second, it is necessary to delineate the area within each market to which the particular rules will be applicable. We have decided to define that area as a zone of 35 miles radius surrounding a specified reference point in each designated community in the market. A set of reference points fixing the center of the community to which each station is licensed would be included in the rules. For new television stations where reference points have not been specified, the 35 mile zone would be drawn from the central post office in the television station community. The purpose of drawing these zones is not to encompass the entire geographical area that stations in the market serve but rather to carve out the market's central city, suburbs, and nearby communities on which stations generally rely for their principal audience support.

Cable systems in communities partially within a 35 mile zone would be treated as if they were entirely within the zone. There is, however, one exception to this rule: namely, a top 100 market designated community (Appendix A) would be treated as within the zone of another market only if its reference point were within the 35 mile zone of the latter market. In those instances where there is an overlapping of zones to which different carriage rules are applicable, the rules governing the larger market would be followed. Authorized stations with construction permits, but which have not yet commenced broadcasting, would be treated as having a zone, and as operational for purposes of the minimum service rules, for a period of 18 months following the grant of permit.

Mandatory Carriage Signals

Existing rules contain a requirement that, on request, a cable system must carry all Grade B signals covering its community. This requirement has been a part of the Commission's CATV rules from the first, but its practical operation has been complicated as a result of footnote 69 to the *Second Report and Order in Dockets 14895 et al.*, 2 FCC 2d 725, 786 (1966), in which questions were raised as to whether a Grade B signal coming from one major market into another major market should be treated as a distant rather than a local signal. Two changes are to be made in this existing (Grade B) carriage rule.

The first is a requirement that all cable systems must carry the signals of all stations licensed to communities within 35 miles of the cable system's community. This requirement, based on policy considerations similar to those underlying existing carriage rules, is intended to aid stations – generally UHF – whose Grade B contours are limited. (In markets smaller than the top 100, systems would be required to carry all stations within 35 miles and, on request, all Grade B signals from other small markets.)

The second change concerns the overlapping market or footnote 69 situation and takes into account the circumstance that some Grade B signals, while theoretically available over-the-air, are not actually viewed to any significant extent in some parts of their service area. Our earlier proposal in Docket 18397 would have regulated this situation by the use of fixed mileage zones. Under that proposal, a cable system in the top 100 markets (i.e., within the 35 mile zone of a designated top 100 community) could carry the Grade B signal of a station from another top 100 market only if the system were located wholly within 35 miles of the latter market. We have decided to retain this concept but with an important qualification to reflect actual viewing patterns – which is, after all, the heart of the matter. Thus, the rule would require carriage of a signal from one market into another if that signal were found to have significant over-the-air viewing in the cable system's community. Further, its application – which has been limited to overlaps between major markets – would be extended to overlaps between major and smaller markets.

The standard as to what constitutes "significant viewing" can reasonably be drawn at several points. After studying the various alternatives, we have concluded that an out-of-market network affiliate should be considered to be significantly viewed if it obtains at least a 3% share of the viewing hours in the television homes in the community, *and* has a net weekly circulation in the community of 25% or more.* For independent stations, the test of significant viewing would be a 1% share of viewing hours *and* a net weekly circulation of at least 5%. The lower figures for independent stations are intended to reflect the smaller audiences that these stations generally attract even in their home markets and, because so many of them are UHF, to afford them a practical boost by virtue of cable carriage. You will note that, in contrast with the standard set forth in our House testimony, the test is now formulated so that both its components (audience share *and* net weekly circulation) must be met. This more rigorous test gives greater assurance that a signal thus carried is in fact "significantly viewed."

We will include in the rules a list of counties in all market zones, showing which out-of-market signals are significantly viewed. This list will be based on ARB's 1971 Television Circulation/Share Study which will be available shortly. For those countries that already have 10 percent or more cable penetration, a special ARB tabulation will be used. Because these new tabulations are not yet available, we have had to use most recent available county data in preparing attached Appendix B. This chart illustrates the approximate number of signals that may be carried in designated cities in the top 100 television markets.

Those wishing to make supplemental showings as to significant viewing of additional stations in specific cable communities would also be permitted to do so. Any survey data submitted, however, must be obtained from an independent research organization and include a sufficient sample of off-the-air television households to assure that the results lie at least two standard errors (95 percent confidence limits) above the required viewing level.

Minimum Service

Consistent with other public interest considerations, cable viewers should have at least a minimum number and choice of signals. It would, of course, be desirable to adopt one nationwide standard. However, again to act conservatively with respect to the possible impact on local broadcasting, we have decided to establish minimum standards of adequate television service that would vary with market size. (Noncommercial educational and non-English language stations are not included in these minimum standards but are discussed separately below.) The minimum service standards would be as follows:

(1) *In television markets 1-50:*
three full network stations
three independent stations

(2) *In markets 51-100:*
three full network stations
two independent stations

(3) *In smaller television markets (below 100):*
three full network stations
one independent station

If after carriage of stations within thirty-five miles, those from the same market, and those meeting the viewing test, minimum service is still not being supplied, distant signals would be permitted to be carried as needed to make up the defined minimum of service.

Additional Service

Cable systems in the top 100 markets would in any case be permitted to carry two signals beyond those whose carriage would be required under the mandatory carriage rules. Distant and out-of-market signals carried to provide minimum service would be counted against these additional signals so that if, for example, two distant signals were carried to provide minimum service, no additional signals could be carried. Cable systems in smaller markets (below 100) would not be permitted to import network or independent television signals beyond

---

**Share of viewing hours:* the total hours all television households viewed the subject station during the week, as a percentage of the total hours these households viewed all stations during the period. *Net weekly circulation:* the number of television households that viewed the station for 5 minutes or more during the entire week.

the minimum service level. Noncommercial educational and non-English language stations could also be carried in accordance with the policies outlined below.

The rationale for the foregoing may be simply stated. It would appear that the minimum number of distant signals that might reasonably open the way for cable development is two additional signals not available in the community. We will therefore permit this amount in the larger markets where it is necessary and feasible in terms of impact on broadcasting. In this connection, we stress again our recognition of the need for *ad hoc* actions in some situations. Thus, if a system has available for carriage a great number of signals meeting the "significant viewing" test, this may be sufficient to facilitate its growth and may make unnecessary the provision of two additional distant signals. This question can only be resolved on the basis of the facts of each case (e.g., the number of "significantly viewed" signals; the extent, if any, to which those signals exceed the minimum test; and the nature of the market, including the financial position of the stations in the market). Similarly, in the second 50 markets there could be anomalous situations that call for separate treatment – perhaps permitting only one imported signal, or even none. On the attached chart (Appendix B) we have designated markets that might receive such special treatment.

But generally, we will act in the above described fashion. We have therefore, in the same chart, indicated the effect of our policies in the designated cities of the top 100 markets. We cannot claim that it is mathematically certain in every detail – e.g., some "significantly viewed" signals might be added on an appropriate showing or, in some areas, as a result of the forthcoming ARB cable-controlled sweep, some signals that we have included might not meet the requisite standards. A foreign language or educational signal (or signals) might also be carried, although we believe such carriage would at most have minimal impact on local commercial broadcasters. But even with these qualifications, we believe the chart illustrates the scope and effect of our policies and thus gives a picture of the overall plan in practice.

Carriage Rules for Cable Communities Outside Any Television Market

Cable systems in communities entirely outside the zone of any commercial television station would be permitted to carry television signals without restriction as to number or point of origin, but must carry all Grade B signals.

Impact

We have carefully considered the question of cable's impact on the continued viability of over-the-air broadcasting. Broadcasters argue that any distant signal cable policy will have a disastrous impact on already shaky UHF stations. On the other hand, we have independent studies such as those submitted by the Rand Corporation suggesting that UHF will be likelier helped than hurt by cable – because UHF is still handicapped by reception problems, and these problems disappear with carriage on cable. Our own study of the matter has persuaded us that it would be wrong to halt cable development on the basis of conjectures as to its impact on UHF stations. We believe the improvements that cable will make in clearer UHF pictures and wider UHF coverage will at least offset the inroads on UHF audiences made by the limited number of distant signals that our rules would permit to be carried.

As to similar arguments concerning cable's impact on VHF in the smaller markets, it is our judgment – considering such factors as cable's rate of penetration and the growth of broadcast revenues – that the approach we propose will not undermine these stations in their ability to serve the public. Of course, as in any general policy, there may well be exceptional cases – as to a particular market or, more likely, a particular station in that market. In such an event, we would be prepared to take appropriate action.

The viewing patterns in off-the-air and cable homes would soon become apparent and serve as an index of cable's impact on local broadcast service. We intend to obtain early and continuing reports from representative communities, and broadcasters would be free to submit such reports at any time. If these reports and the financial data from operating stations were to show the need for remedial action, we could and would take prompt action. The range of possibilities here is broad. Effective non-network nonduplication protection might be afforded to affected stations. Or, we might consider halting cable's growth with distant signals at discrete areas within the community – something we have done on occasion in the past. The Commission has the flexibility to handle injury problems in a variety of ways, should such problems in fact arise.

Leapfrogging

We have concluded that it is appropriate to adopt leapfrogging rules regulating which signals may be carried. These rules, while providing cable systems with some flexibility of choice, are also designed to give an expanded market to stations that might otherwise be passed over. In particular, priority would be given to carriage of UHF independent stations in order to improve their competitive position. This policy would be implemented by a rule requiring cable systems in the top 100 markets carrying distant independent television signals to carry, as a first priority, one UHF independent station from within 200 miles. If there is no such UHF station, any VHF station within 200 miles or any UHF station could be carried. The second distant signal in these top 100 markets would be free from restrictions as to point of origin. With respect to systems below the top 100 markets, or the unusual case of a top 100 market system restricted to carriage of only one independent distant signal, such carriage would also be free from restrictions as to point of origin. Finally, in those few markets where a third independent may be brought in, that signal must be in-state or one within 200 miles; if no such signals are available, there would be no restriction as to point of origin.

The cable system may vary the distant signals to be presented in any fashion it wants, so long as it does not exceed the number to be imported and meets the leapfrogging requirements. In the event an *independent* signal is blacked out at times because of some nonduplication requirement imposed by the Commission, the system might substitute other distant signal programming in line with the same pattern of priorities. The system might even bring in network-affiliated stations as a part of its "additional two signals" – again, consistent with these priorities and, of course, our nonduplication rules.

Any system within a market zone adding an additional network or noncommercial educational station would be required to carry the closest station of that type or, if the closest station were not from the same state, then the closest instate signal.

Educational Stations

The unregulated importation of distant educational signals might both threaten existing local educational stations and also abort construction of new educational stations. We have, therefore, always provided educational stations and other educational television interests an opportunity to object to importation of distant educational television stations. In our cable deliberations, the filings concerning carriage of distant educational television stations generally argued in favor of simplified procedures – to lighten the burden on educational broadcasters and to protect their interests in providing local educational programming whenever possible.

We have settled on the following rules: a cable system must carry educational stations within 35 miles and, on request, those that provide a predicted Grade B contour over the cable system's community. The Commission will attempt to settle disputes involving educational stations on the basis of a showing from the objecting party and the response of the cable system involved. While all objections to educational station carriage will be considered, we would not anticipate precluding carriage of tax-supported stations from the same state as the cable system. In order to insure that educational interests have adequate notice of proposed importation, we would retain our requirement that the cable system serve notice of its intention to carry any educational station upon the local school superintendent, all educational stations placing a predicted Grade B contour over the cable system's community, and any local or state educational television authority. Finally, we recognize that educational stations are unlikely to develop in some areas and that cable carriage of distant educational signals is unlikely to have any appreciable impact on commercial broadcast stations. Consequently, we will allow a cable system to carry any number of educational signals, local or distant, in the absence of objection.

Foreign Language Stations

Many communities have an interest in non-English language programming. For the most part, the communities involved are situated near the Canadian or Mexican borders and have populations with a high interest in French or Spanish language programming. This phenomenon is also apparent in other cities with foreign language populations – e.g., New York City, Miami, Los Angeles. In addition, there are citizens and non-citizen residents and visitors to this country not conversant in English who remain essentially without adequate television service. To serve these minorities more effectively, we would permit cable systems to import non-English language programming. In order to encourage the carriage of such programming, we would not count against the quotas discussed previously the distant signal of a non-English language station when carrying these programs.

The non-English language stations are similar to educational stations in that they generally attract select, small audiences, yet serve a saleint need. We do not anticipate that this undertaking will be detrimental to local television service because of the small number of viewers such stations generally attract. Again, there could be exceptions to this general proposition. We would, of course, act on any showing of adverse consequences to local televison service caused by non-English language signal importation.

We believe that the choice of the station or stations to be carried should be left to the cable operator. He would be free to choose non-English language stations from those available in the United States or might choose foreign stations not programmed in English. If a non-English language station is available locally, the cable operator would be allowed to import a foreign language station programming in another language without counting against the distant signal quota.

Sports

Sports events stand on a separate footing from other programming presented on commercial televison. Public Law 87-331, among other things, exempts professional sports from the anti-trust laws for the purpose of allowing professional football, baseball, basketball, and hockey to enter into pooled or league television agreements with networks, and to black out television broadcasts of home games within the "home territory" of the team concerned. Certainly, cable systems should not be permitted to circumvent the purpose of the law by importing the signal of a station carrying the home game of a professional team if that team has elected to black out the game in its home territory. For example, if the Washington Redskins were playing the New York Giants in Washington, D.C., and the game were blacked out there, a cable system in Washington, D.C. would not be permitted to bring in a New York City station televising the game.

We will follow the spirit and letter of Public Law 87-331, since it represents Congressional policy in this important area. We intend to issue very shortly a notice of proposed rule making directed to this specific area, in order to ascertain the full thrust and purposes of 87-331 and how best we can formulate a rule to implement these purposes. We will give this proceeding expedited treatment, so that it is concluded before the significant emergence of new systems under these rules. In any event, a system may carry any sporting event if it is televised on a station that must be carried under the mandatory carriage rules. In effect, then, cable systems will be able to carry whatever sports events are carried locally – including those on stations meeting the "significant viewing" test.

Another aspect of concern involving sports programming is the possibility that such programming now presented on broadcast television might be siphoned off to cable. Our current rules (Section 74.1121) prevent cable systems from showing sports events for a separate per program or per channel charge unless these events have not been televised live on a regular basis on broadcast television at no direct charge to viewers during the two years preceding the proposed subscription showing. The Commission has also initiated proposed rule making looking to a ban on the showing of sports events on cable systems on a subscription basis if the events were televised in the community of the system during any one year in the five years preceding the proposed subscription showing.

These rules, of course, do not take into account the circumstance that cable systems, on an interconnected basis, might outbid broadcast networks for the rights to sports events to be shown on a non-subscription basis on cable systems. In such a case, off-the-air viewers would not be able to receive the event. This situation would be different from that of a cable system providing its subscribers with sports programming that is not currently being broadcast: for example, some cable systems currently carry the blacked out home games of sports teams to their subscribers pursuant to a contract with the team involved. Sports teams apparently enter such agreements when they are playing to capacity crowds and the number of cable subscribers would not hurt the home gate but would provide additional revenue through the sale of cable carriage rights. In the latter instance, cable is performing a valuable public service to its subscribers in presenting sports programming that was previously unavailable to *any* television viewer.

We are not unmindful of the possibility that a nationwide interconnected cable network, whether achieved by terrestrial or satellite technology, could remove sports programming from conventional broadcast television by offering sports teams more favorable terms than broadcast interests might be willing to pay. This would carry the risk of adverse public consequences by depriving off-the-air viewers of accustomed sports programming. But, in our judgment, this problem – if it arises at all – is far from imminent. The type of interconnection and, most important, the cable penetration levels necessary to permit the formation of a network capable of outbidding broadcast networks are far in the future. We intend to keep a close watch on this question and to take whatever action is called for within our jurisdiction. We would, of course, welcome Congressional guidance in this area of national concern. It may be that the scope of the issue is so complex – involving not only communications policy, but also antitrust and other considerations – that legislation may be the ultimate answer if, in fact, sports siphoning were found to be an imminent danger, contrary to the public interest.

Procedural Matters

Our experience with the notification requirements of our existing rules has uncovered certain practical difficulties. First, it has not been feasible regularly to review notifications for adequacy and consistency with our signal carriage and other rules. Second, the existing requirement of notification has not effectively given public notice of pending proposals. Finally, the notices have not provided us with sufficient information on a number of matters relevant to the settlement of disputes. Consequently, we would revise our rules to cure these deficiencies as to all cable systems proposing either to start up new operations or to add local or distant stations after the effective date of our new proposals.

Before instituting service, a cable system would be required to file with the Commission a request for certification of compliance. The application would have to contain (1) a copy of the franchise, license, permit, or certificate granted by the appropriate governmental source to construct and to operate a cable system in the community; (2) a list of the broadcast stations intended to be carried (including any survey made of signals meeting the significant viewing test); (3) an affidavit showing service on all television broadcast stations placing a predicted Grade B contour over the community of the system, on the superintendent of schools in the community in which the system will operate, and any local or state educational television authorities; and (4) a completed copy of FCC Form 325 (Annual Report of CATV Systems). Form 325 would contain information concerning the cable system's operation – location, ownership, number of subscribers, signals carried, channel capacity, and extent of program originations. When a cable system proposed to add local or distant signals to an existing system, the franchise and Form 325 would not have to be refiled but the other procedures related above would be required. The Commission would issue public notices of all petitions for authorization accepted for filing.

Interested persons would be permitted to object to proposed cable service within 30 days after the Commission gives public notice. Whether or not an objection is filed, a cable system would not be permitted to commence new service without receipt of a certificate of compliance from the Commission. Absent special situations or showings, petitions consistent with our rules would receive prompt certification. The rules are meant to operate on a "go, no-go" basis. For example, the carriage rules reflect our determination of what is, at this time, in the public interest *vis-a-vis* cable carriage of local and distant signals.

Grandfathering

Cable systems already in operation on the effective date of the rules would be permitted to continue operation and to provide the existing lineup of signals without regard to the new requirements of signal carriage if that service had been previously grandfathered in the *Second Report and Order in Dockets 14895 et al., supra,* or if the service were commenced in compliance with the rules after December 20, 1968 and was then consistent with the rules proposed in Docket 18397. For those systems now limited to discrete areas in their communities by Commission order, any expansion beyond those areas would have to be consistent with the new rules.

II. NON-BROADCAST CHANNELS (ACCESS)

In our July 1, 1970 *Notice of Proposed Rule Making in Docket 18397-A,* we stated:

> The structure and operation of our system of radio and television broadcasting affects, among other things, the sense of "community" of those within the signal area of the station involved. Recently governmental programs have been directed toward increasing citizen involvement in community affairs. Cable television has the potential to be a vehicle for much needed community expression.

Confronted with the need for more channels available for community expression on the one hand and, on the other, with the promised emergence of cable television's capacity to provide an abundance of such channels, we stated in our July 1, 1970 *Notice* the principle that the Commission ". . . must make an effort to ensure the development of sufficient channel availability on all new CATV systems to serve specific recognized functions." We will seek to serve these purposes through a number of interrelated requirements spelled out in the following discussion.

We will tailor our actions to take into account the public interest considerations stemming from possible impact of cable on broadcast services. We recognize that in any matter involving future projections, there are necessarily some risks. As we have also stated, what makes those risks so clearly worth taking is the chance of obtaining great benefits to the public from cable's new services. It follows that along with making distant or overlapping signals available for the first time in specified markets, we should act to require a bandwidth that will ensure the availability of these new services. Otherwise, some cable operators might construct systems adequate only to the carriage of broadcast signals, or might long postpone the availability of non-broadcast channels. We believe this would be a most unwise decision, since the use of non-broadcast bandwidth is of high public promise and can be profitable to the cable owner. Indeed, it may be the critical factor making for cable's success. The public interest, as well as the cable industry's economic interest, may well be found in reducing subscriber fees and relying proportionately more for revenue on the income from channel leasing. *In sum, we emphasize that the cable operator cannot accept the distant or overlapping signals that will be made available without also accepting the obligation to provide for substantial non-broadcast bandwidth. The two are integrally linked in the public interest judgment we have made.*

Channel Capacity (Bandwidth)

We envision a future for cable in which the principal services, channel uses, and potential sources of income will be other than over-the-air signals. We note that 40, 50, and 60 channel systems are currently being installed. The cost difference between installing 12 and 20 channel capacity would not appear to be substantial. We urge cable operators to consider that future demand may significantly exceed current projections, and we put them on notice that it is our intention to insist on the expansion of cable systems to accommodate all reasonable demand.

At the same time, we do not want to impose unreasonable economic burdens on cable operators. Accordingly, we will not immediately require a minimum channel capacity in any except the top 100 markets. In those markets we believe a 20 channel capacity (actual or potential) is the minimum consistent with the public interest.

We will also adopt a rule that for each broadcast signal carried, cable systems must provide equivalent bandwidth for non-broadcast uses. This seems a reasonable way to obtain the necessary minimum channel capacity and yet gear it to particular community needs. Finally, the "N + 1" availability concept, discussed below, is also pertinent to the question of channel capacity.

Public Access, Educational, and Government Channels

Broadcast signals are being used as a crucial component in the establishment of cable systems, and it therefore seems appropriate that certain basic goals of the Communications Act be furthered by cable's advent – the opening up of new outlets for local expression, the promotion of added diversity in television programming, the advancement of educational and instructional television, and the increased information services of local governments. Accordingly, we will require that there be one free, dedicated, non-commercial, public access channel available at all times on a non-discriminatory basis. In addition, we will require that one channel be set aside for educational use and one channel for state and local government use on a developmental basis and that, upon completion of the basic trunk line, for the first five years thereafter these two channels will be made available free. After this developmental phase – designed to encourage sophisticated educational and governmental innovation in the use of local television – we will then be in a more informed position to determine, in consultation with state and local authorities, whether to expand or curtail the free use of channels for such purposes or, indeed, whether we should continue the developmental period for a further time. We do not want the free uses described above to constitute an unreasonable economic burden on cable system operators and subscribers. Therefore, a system operator will be obliged to provide only use of the cable channel on a free basis; production costs (aside from brief live studio presentations not exceeding five minutes in duration) may be charged to users.

Leased Channels

After cable systems have satisfied the priority of providing one free public access channel as well as the free developmental channels for education and government, they may make available for leased uses the remainder of the required bandwidth and any other available bandwidth (e.g., if a channel carrying broadcast programming is blacked out because of our non-duplication requirement or is otherwise not in use, that channel also may be used for leased programming). Indeed, to the extent that the public access, educational, and governmental channels are not being used, these channels may also be used for leased operation. But such operations may only be undertaken with the express understanding that they are subject to immediate displacement if there is a demand to use the channel for the dedicated purpose.

Expansion of Capacity

Our basic goal is to encourage experimentation that will lead to constantly expanding channel capacity. Cable systems will therefore be required to make an additional channel available for use as the demand arises.

There are many ways of administering this general goal. Experience will be valuable to users, systems, and the Commission alike. Initially, however, we propose to use the following factor to determine when a new channel must become operational: Whenever all operational channels are in consistent use during 80% of the weekdays (Monday-Friday), for 80% of the time during any three-hour period for six weeks running. The system will then have six months in which to make a new channel available. Such an N + 1 availability should encourage use of the channels, with the knowledge that channel space will always be available, and also encourage the cable operator continually to expand and update his system. We contemplate that at least one of the leased channels will give priority to part-time users; the remaining leased channel capacity may be used by full-time lessees.

As mentioned above, we are aware of the risks inherent in the N + 1 formula. A cable owner has an obvious economic incentive to devote his bandwidth to profitable channel leasing activities, and might thus be motivated to restrict use of the access channels to avoid triggering the N + 1 availability. A whole variety of techniques might, quite obviously, be employed. While it would not appear to constitute any problem in the immediate future, we intend to institute now a proceeding to assure that the N + 1 concept is not frustrated at some later date through rate manipulation; this proceeding will deal with appropriate future regulatory policies as to the rates charged for these leased channel operations for interstate services. We are also aware that the formula may be too rigorous and impose economic burdens on operators.

The six-month period allowed for activation of new channels, for example, contemplates the relatively modest effort needed to convert existing potential capacity into actual capacity. Obviously, if it were necessary to rebuild or add extensive new plant, this could not reasonably be expected within any six-month period. The latter consideration again points up the necessity of building now with a potential that takes the future into account. In the new proceeding referred to above, we will also explore this aspect of possible rebuilding or extensive new construction that might be required under our rules. In sum, we adopt the 80% figure only as a general formula. Inasmuch as this area of regulation is new, we will reexamine the N + 1 concept at an early time if unanticipated problems develop.

Two-Way Capacity

After studying the comments received and our own engineering estimates, we have decided to require that there be built into cable systems the capacity for two-way communication. This is apparently now feasible at a not inordinate additional cost, and its availability is essential for many of cable's public services. Such two-way communication, even if rudimentary in nature, can be useful in a host of ways – for surveys, marketing services, burglar alarm devices, educational feed-back, to name a few. Of course, viewers should also have a capability enabling them to choose whether or not the feed-back is activated.

Regulations Applicable to Public Access, Educational, Government, and Leased Channels Presenting Non-Broadcast Programming

Having provided for these access channels, we turn to the question of the regulation of the public access and other channels presenting non-broadcast programming. First, we believe that such regulation is properly the concern of this Commission. This is so not just because we have required the creation of such channels and specified their initial or continuing priority. As stated, the channels are designed to fulfill Communications Act purposes and are integrally bound up with the broadcast signals being carried over the system. It is by no means clear that the viewing public will be able to distinguish between a broadcast program and an access program; rather, the subscriber will simply flick across the dial from broadcast channels to public access or leased channel programming, much as he now selects television fare. Further, the leased channels will undoubtedly involve interconnected programming, via satellite or interstate terrestrial facilities, matters that are within the Commission's jurisdiction. Similarly, it is this Commission that must make the decisions as to conditions to be imposed on the operation of pay channels, and we have already taken steps in that direction (See Section 74.1121.)

Federal regulation is thus clearly called for. The issue is whether also to permit local regulation of these channels, if not inconsistent with Federal purposes. We think that in this area this dual form of regulation would be confusing and impracticable.

Further, we do not believe that the purposes we seek to advance would be served by detailed regulations at this time; rather as set forth more fully below, we think it is important to allow a period of considerable experimentation. Thus, we believe that, except for the government channel, local regulation of access channels carrying programming is precluded, at least at this time. We stress that if experience and considerations brought forth in the further proceeding indicate the need or desirability therefor, we can then delineate an appropriate local role.

Similarly, aside from channels for government uses, we do not believe that local entities should be permitted to require that other channels be assigned for particular uses. As stated above, this in our view is peculiarly a matter of federal concern. We stress again that we are entering into an experimental or developmental period. Thus, where the cable operator and the franchising authority seek to experiment by providing additional channel capacity for such purposes as public access, educational, and governmental – on a free basis or at reduced charges – we will entertain petitions and consider the appropriateness of authorizing such experiments, to gain further data and insight and to guide future courses of action. For the same reasons, we will permit existing systems to continue operating under more "generous" specifications than those described in this section.

The question of what regulations we should impose at this time is a most difficult one. We simply do not know how these services will evolve. The comments received, while helpful and well-intentioned, understandably could not now supply definitive standards. We believe that our best course is to facilitate use of these channels on a first-come, first-served nondiscriminatory basis with only the most minimal regulations, in order to obtain experience, and on the basis of that experience and the comments received in a new proceeding, to lay down more specific regulations. We stress, therefore, that the regulatory pattern here described is interim in nature – that we may make minor or indeed major changes as we gain the necessary insight.

Turning to our interim rules, we are guided by two main policy considerations: (1) to allow maximum experimentation and (2) to prevent, particularly during this critical early period and probably at all times, one entity sitting astride all this channel capacity and deciding what programming should or should not enter subscriber homes.

We will authorize the commencement of cable service and, with that commencement, require the offering of these services. We will further require that, in accordance with our regulations, the cable system promulgate rules to apply to these services, and will require that the rules be kept on public file at the system's headquarters and with the Commission. What matters during this experimental period is not form but substance, and we will lay down the substantive guides that we believe are appropriate at this time. We believe that we have full discretion to act in this fashion. See *Philadelphia Television Broadcasting Co. v. F.C.C.*, 123 U.S. App. D.C. 298, 359 F. 2d 282 (1966).

With respect to the public access channel, the rules to be promulgated by the system must specify nondiscriminatory access on a first-come, first-served basis during this interim period. It also follows that, during this interim period, the cable operator must not censor or exercise program content control of any kind over the material presented on the public access channel. However, his rules shall proscribe the presentation of any advertising material (including political advertising spots), of lotteries, and, in terms identical to 18 U.S.C. § 1464, of obscene or indecent matter. The regulations shall also specify that persons or groups seeking access be identified, and their addresses obtained; these are reasonable requirements, and this information should be publicly available.

We do not envision any other proscriptions during this experimental period. We recognize that open access carries with it certain risks. But some amount of risk is inherent in a democracy committed to fostering "uninhibited, robust, and wide-open" debate on public issues. (*New York Times Co. v. Sullivan*, 376 U.S. 254, 270 (1964)). In any event, further regulation in this sensitive area should await experience and the outcome of the proceeding we expect to initiate. For example, we intend to explore whether it would be feasible or desirable to provide subscribers a locked switch to cut off the public access or leased channels, should parents wish to control their children's viewing.

In short, we recognize that the public access channel requirements may result in many problems for the cable operator, especially during the break-in period. Effective operational procedures can evolve only from trial and error, and it is probable that different systems will have diverse problems not presently capable of being solved by uniform regulation. We note, for example, the need to decide how applications for access time shall be made, who must make them, what overall time limitations might be desirable, how copyrighted material will be protected, how production facilities will be provided, how the public can get some advance notice of what is to be presented, and so on. All these questions will probably be answered by cable systems in a number of different ways. Again, we will require that the rules adopted by cable systems in these respects be filed with us and made available to the public. But experimentation appears to be the best way to determine what will be workable for the long run. Only with experience will we be able to tell what further general rules, if any, are called for.

The cable operator, except for channels programmed by the system itself, similarly must not censor or exercise program content control of any kind over the material presented on the leased channels. Specifically, his rules shall provide for nondiscriminatory access on a first-come, first-served basis with the appropriate rate schedule specified. Again, he shall obtain the names and addresses of the persons or groups seeking access, and shall adopt rules proscribing the presentation of obscene or indecent matter (in the precise terms of 18 U.S.C. § 1464), lotteries, and advertising material not containing the necessary commercial identification. Finally, in contrast with existing cablecasting rules (Section 74.1117), we will not require commercials only at natural breaks on these channels. It is our expectation that there will be experimentation in this respect, with some channels used entirely for advertising, some following the pattern of present commercial broadcasts, and others that of Section 74.1117. We do not wish to inhibit in any way the presentation of new materials over these channels during this critical introductory period. Again, we leave to the rule making proceeding such questions as dealing with false and misleading advertising, some possible modified fairness or personal attack requirements, and the like.

Liability

Many cable operators are concerned about potential civil and criminal liability resulting from use of these public access and leased channels. There is little if any possibility of a criminal suit in a situation where the system has no right of control and thus no specific intent to violate the law. *See, e.g., Baird v. Arizona State Bar*, 401 U.S. 1 (1971); *In Re Stolar*, 401 U.S. 23 (1971); *Law Students Civil Rights Research Council v. Wadmond*, 401 U.S. 154 (1971); *Yates v. United States*, 354 U.S. 298 (1957).

The cable operator's real fears seem, in fact, to center mainly around potential libel suits. The possible number and scope of such actions is, however, severely limited. In *Rosenbloom v. Metromedia, Inc.*, 39 U.S.L.W. 4694 (1971), the Court extended the "actual malice" rule of *New York Times Co. v. Sullivan, supra.*, to cover any situation where "the utterance involved concerns a matter of public or general interest." Since most users will presumably air opinions on matters that are of at least as much "public or general interest" as in the *Rosenbloom* case, it seems likely that their speech would come within the "actual malice" rule. No such malice could be imputed to a cable operator who had no control over the given program's content.

In the unlikely event that some material presented on these non-broadcast channels were to fall outside the broad scope of the Court's recent decisions such as *Rosenbloom*, this would not necessarily mean that the system is liable. (Of course, the programmer would remain fully liable.) We have adopted the no-censorship requirement in order to promote "robust, wide-open debate" and for the policy reasons set out above; these are, we believe, valid regulations having "the force of law." While the matter is of course one for resolution by the courts (as also would be the due process issues raised), we suggest that state law imposing liability on a system that has no control over these channels would frustrate federal purposes. In any event, if any problem should develop in this respect, it is readily remedied by Congress and, in this connection, we would welcome clarifying legislation. *Cf. Farmers Educational and Cooperative Union v. WDAY*, 360 U.S. 525 (1959).

Production Facilities

It is obvious that our goal of creating a low-cost, nondiscriminatory means of channel access cannot be attained unless members of the public have available some reasonable production facilities. We expect that many cable systems will have facilities with which to originate programming, and such facilities should also be available to produce program material for public access. Hopefully, colleges and universities, high schools, recreation departments, churches, unions, and other community sources will have low-cost video-taping equipment available to the public. Whatever sources are available, however, we will require that the cable operator maintain at least minimal production facilities for public use within the franchise area.

In this experimental stage, when cablecasting material may well come from diverse sources, it could be self-defeating to require a cable operator to carry this material and at the same time to meet stringent technical standards. We note specifically that the use of half-inch video tape is a growing and hopeful indication that low-cost video tape recording equipment can and will be made available to the public. While such equipment does not now meet our technical standards for broadcasting, the prospects for its improvement and refinement are excellent. Further, since it provides an inexpensive means of program production, we see no reason why its development should not be encouraged for use on cable channels.

Many elaborate suggestions have been made for comprehensive community control plans such as neighborhood origination centers, mobile communications vehicles, and neighborhood councils to oversee access channels. Here again the Commission will encourage experimentation rather than trying to enforce a more formal structure at this time.

Applicability

These access rules will be applicable to all new systems that become operational in the top 100 markets (as defined in Section I above). Currently operating systems in the top 100 markets would have five years to comply with this section. Existing systems in markets below the top 100 would be required to meet these access rules when and as the system is substantially rebuilt.

Our reasons for focusing on the top 100 markets may be briefly stated. We have delineated these markets (within 35 mile zones) as the recipients of special benefits in order to stimulate cable growth. But, correspondingly, that growth should be accompanied by these access requirements or the public will not fully receive the benefits we seek. To the extent that this may pose some problems for systems operating in relatively small communities in these markets, such systems are free to meet their obligations through joint building and related programs with cable operators in the larger core areas.

Finally, if these requirements should impose an undue burden on some isolated system, that is a matter that can be dealt with in a waiver request, with an appropriate detailed showing.

III. TECHNICAL STANDARDS

Our objective in determining for the first time what technical standards should be made applicable to cable television systems has been to devise rules that assure the subscriber at least a minimum standard of reception quality, while at the same time permitting the continuation of technical experimentation. Thus, unlike our regulatory approach in broadcasting, we do not specify standards prescribing either the methods for measuring transmission performance or specifying the types of equipment that cable systems must use. Instead, the thrust of our rules is to require that a signal must meet certain standards of minimum technical performance on its arrival at any subscriber's terminal.

At this time our requirements would apply only to the carriage of standard television signals. We expect, however, that there will be need for technical standards – in some measure possibly different – for carriage of cable originated programs, return (two-way) communication, and various miscellaneous cable services as they develop. While appropriate standards for these services and other technical aspects of cable are under study, it will be necessary to call on the various technical industries for advice and consultation, and we plan soon to announce the formation of a task force of experts to advise us in designated areas. We intend to continue the rule making process and to request comments on such matters as limitations on permissible cross-modulation, ghosting, measurement techniques, carriage of aural broadcast signals, and a requirement for synchronous delivery of VHF stations.

In anticipation of the various uses of cable television – some of which are already beginning to be realized – we are defining four classes of cable television channels. Class I channels will be those segments of bandwidth used for carriage of standard television signals. It is only to Class I channels that our technical standards would apply initially. Class II will be used for cable originated programming, including public and educational access services. Class III channels will be for non-television miscellaneous services and printed message material. And Class IV channels will be those used for return communication. Our purpose in defining four classes of channels is to recognize that the varied services expected to be provided by a cable system will use different amounts of bandwidth or require different technical parameters, some "channels" requiring a full 6 MHz of bandwidth, others more or less. As suggested above, different technical standards may well be needed for different cable services, and we have therefore fixed on these separate channel definitions to facilitate whatever standards we adopt.

At this time our technical standards will include specifications for frequency boundaries, visual carrier frequency levels, aural carrier frequency levels, channel frequency response, terminal isolation, and system radiation. We will provide, however, that systems of unusual design that cannot comply with one or more of the technical specifications will be permitted to operate on an adequate showing that the public interest is benefited thereby. The Commission will reserve the right in such instances to prescribe special technical standards to ensure that subscribers will be provided with good service quality.

Responsibility for designing, installing, maintaining, and operating cable systems to ensure that our standards are met will be placed on system operators. We will require that every cable system operator conduct complete performance tests of his system at least once a year and keep the results of such tests on public file for five years. The performance tests will compel measurements made at no less than three widely separated points on the system, at least one of which would be representative of terminals most distant from the system input. We will, of course, require that the operator record a description of the instruments and procedures used in making such measurements and a statement of the qualifications of the person performing the tests.

We will also require that the operator of each system maintain a current listing of channels delivered to subscribers and the station or stations whose signals are delivered on each Class I cable channel.

Each system operator will have to be prepared at any time to show, on reasonable request from the Commission, that his system does in fact comply with the technical standards. Additionally, it should be noted that successful completion of the performance tests will not relieve the system operator of the obligation to meet the technical standards at each subscriber terminal. The implementation of these rules would generally eliminate the degradation of local broadcast signals. We will also reserve the right to require additional tests at specific terminals.

We consider it important that the cable industry move forward as quickly as possible with a program to obtain compliance with the technical standards we plan to adopt. Thus, we will require that new systems and those that may now be in the planning or construction phase and have not delivered programs to subscribers on the effective date of these rules will have to comply with the technical standards within one year. For existing systems, however, we envision a five-year compliance period.

IV. FEDERAL-STATE/LOCAL RELATIONSHIPS

In the *Notice of Proposed Rule Making in Docket No. 18892,* 25 FCC 2d 50 (1970), we stated that we favored federal regulation of some aspects of cable television and local – i.e., state or municipal – regulation of others under a federal prescription of standards. The comments generally agreed that certain areas of cable regulation can best be dealt with at the federal level because states and municipalities lack the necessary resources for effective regulation. We are also persuaded that, absent affirmative Commission action, state and local bodies would be free in other areas of regulation to style cable growth in a manner at odds with the Commission's nationwide regulatory plan. Accordingly, it is our view that federal regulation is clearly indicated in such areas as signals carried, technical standards, program origination, cross-ownership of cable and other media, and equal employment opportunities. And federal regulation of matters directly affecting programs and signals carried is, of course, entirely consistent with *United States v. Southwestern Cable Co.,* 392 U.S. 157 (1968).

The comments generally advanced persuasive arguments against federal licensing. We agree with the contention that federal licensing at this time would place an unmanageable administrative burden on the Commission. Accordingly, we will not now take that step. Furthermore, local governments are markedly involved, since cable must make use of streets and alleys, and local authorities are able to bring to bear a special expertness on such matters, for example, as how best to parcel a large urban area into cable districts. Local authorities are also in a more effective position to follow up on service complaints.

Accordingly, we will leave a number of areas to local regulation, but will take steps to insure efficient nationwide communications service with adequate facilities at reasonable charges. And we will expect to accomplish this by specifying minimum requirements in the local franchising process.

Basic Qualifications– Choice of Franchisee and Service Area

We will require that the cable system, before commencing operation with broadcast signals, file a copy of its franchise with us and a certificate showing that the franchising authority in a public proceeding has considered the system operator's legal and financial qualifications, and the adequacy and feasibility of his construction arrangements.* We are authorizing the use of broadcast signals in order to obtain new benefits for the public, and no such benefits will be forthcoming if the cable applicant is legally, financially, or technically unable to operate. The character of the cable applicant takes on added significance because he may well be engaged in program origination. Nor does this consideration rest on the validity of the Commission's *First Report and Order in Docket 18397* – a matter now before the courts – since in any event the cable system is free to originate, and may well do so in order to promote its growth. Some governmental body must ensure character consistent with the public interest and, in the circumstances, that body will be the local entity authorized to do so by state law.

While local authorities must examine the above aspects of eligibility and certain others to be discussed, we do not believe it is appropriate to set out comparative criteria to govern the selection process. This is a new realm and we think it best to allow for a variety of experiments and approaches. We do intend to collect and publish data on the various methods used, so that we may review the matter and also be of assistance to the many franchising entities involved.

The local entity must also make the determination whether to divide up the city, county, or state, and, if so, how. We would only stress the obvious – that it must make provision that the franchisee extend service equitably to all parts of the franchise area. A plan that would bring cable only to the more affluent parts of a city, ignoring the poorer areas even though dense in population, simply could not stand. No broadcast signals would be made available in such circumstances. We emphasize however that, barring such inequity, we do not intend to supervise the manner of dividing up political subdivisions. There are obviously a variety of reasonable ways to proceed here, and the matter is one uniquely for the judgment of the local entity.

Construction Timetable – Franchise Duration

We will require that the local franchising authority set reasonable deadlines for construction and operation of systems to ensure that franchises do not lie fallow or become the object of trafficking. Specifically, we will provide that the franchise require that the cable system have an operable head-end within one year after this Commission grants a certificate of compliance, and that thereafter it meet substantial percentage figures for extension of energized trunk cable, such figures to be set

*While we are not at this time instituting rules concerning the franchise selection process, we do strongly suggest that the local franchising authority require a public invitation to all who might want to compete for a local franchise, that all bids be placed on public file and reasonable public notice be given, that a public hearing be held to afford all interested persons an opportunity to testify on the merits or demerits of the various applicants, and finally that the franchising authority release a public report setting forth the basis for its action.

by the local authority. This represents neither an innovation nor a hardship for local franchising authorities, since many already impose similar requirements. We believe, in general, that the cable franchisee should be required to extend energized trunk cable to 20 percent of the franchise area per year, for its first five years of operation, with the extension to begin within one year after the Commission issues its certificate of compliance. But we will not lay this down as an inflexible rule, recognizing that particular local circumstances may vary.

We will require the franchising authority to place a reasonable limit on the duration of the franchise, and its renewal. This obviously requires striking a balance between a sufficient time scale to attract venture capital and, in effect, a franchise in perpetuity. The latter is unsatisfactory to state and local regulatory authorities and would be an invitaiton to obsolescence, because of cable's explosive technological development. We think that, generally speaking, a franchise should not exceed 15 years, with a reasonable renewal period. The economics of cable operation would appear to allow for amortization of initial investment over a 15-year period, and efficient operators can reasonably expect their franchises to be renewed. In short, while we will set out the 15-year period as a general guide, we recognize that the local franchising authority may decide to vary the period based on particular circumstances. For example, an applicant proposing to wire inner-city areas free or at reduced rates might be given a longer franchise.

Subscriber Rates – Service Standards

We will require that the franchising or other governmental authority specify or approve initial subscriber rates for services furnished by the franchisee; that a program be instituted for the review and, as necessary, adjustment of such rates; and that reasonable advance notice be given to the public of all proposed rate changes with the right of the affected members of the public to be heard. The appropriate standard here is the maintenance of rates that are fair to the system and to the subscribing public – a matter that once again will turn on the facts of each particular case and, in the next years, the accumulated experience of other communities with cable. Finally, while we will specify general technical standards, the franchising authority must have a program to ensure quality of service and to review service complaints. Once again our provisions will be designed to impose a general standard of franchisee responsibility while leaving specific substantive decisions to local authorities.

Franchise Fees

We proposed a two percent limitation on local franchise fees in our *Notice of Proposed Rule Making in Docket 18892, supra.* While we have decided against adoption of this specific limitation, we believe that some provision to ensure reasonableness in this respect is necessary for a variety of reasons.

First, many local authorities have – understandably but unfortunately – exacted high franchise fees for revenue-raising rather than regulatory purposes. Though most fees seem to run about five percent, some have been known to run as high as 36 percent. The ultimate effect of any revenue-raising fee is to levy an indirect and regressive tax on cable subscribers, and our further concern is that the combination of high local franchise fees and cable's other financial responsibilities may so burden the industry that it will be unable to carry out its part of an integrated national communications program.

We must also take into account the likelihood that cable systems may, in the near future, be subject to Congressionally-imposed copyright fees. We are, of course, aware that cable has in many places achieved public acceptance, but there are limits on the number of different directions in which cable revenues can be stretched. As we indicated in our above *Notice*, our goal is to strike a balance that permits the achievement of federal goals and at the same time allows adequate revenues for the maintenance of an appropriate local regulatory program.

This Commission imposes a fee to finance its own cable regulatory program. The regulatory program to be carried out by the local entity is different in scope and indeed may differ from jursidiction to jurisdiction. While we think that generally franchise fees should run between three and five percent as a maximum, we believe it more appropriate to specify a general standard to be implemented within the specific local context. Thus, we will simply require that the franchise fee must be a reasonable one that does not interfere with the effectuation of federal goals. But when the fee is in excess of three percent (including all forms of consideration, such as initial lump sum payments), the franchising authority shall submit a showing of the appropriateness of the fee specified, particularly in light of the planned local regulatory program. The franchisee shall also set forth a showing that the fee specified does not interfere with achievement of his responsibilities as defined in relevant Commission rules and documents. As we gain more experience in this area, we will doubtless take further action and may well issue a further notice of inquiry or proposed rule making when our cable rules go into effect.

Grandfathering

We will apply generous grandfathering provisions. An existing cable system will be required to certify that its franchise includes the above provisions within five years of adoption of our rules or upon renewal of its franchise, whichever occurs first. This delay should relieve both cable systems and local authorities of whatever minor dislocations the new rules might cause.

Advisory Committee

The provisions of this Section of the document represent the bare minimum needed to get cable under way, and some matters are best left to *ad hoc* consideration. We believe that a special committee composed of Commission representatives, and representatives of state and municipal entities, the cable industry, and of public interest groups would be most helpful, and we propose in the near future to create such a committee. This committee, through its Commission representative, can then report to and advise the full Commission as to the next appropriate steps in this important area. For, as we gain experience and data, we must be alert to take such further action as will promote the public interest. We intend also to make available to local entities the information garnered through proceedings of the Commission and the proposed committee, so that such local entities may be better informed as to pertinent approaches and data in this dynamic field.

V: FURTHER QUESTIONS

Despite the length of this document, you will appreciate that it does not contain as full a treatment of every aspect of cable development as will be included in our *Final Report and Order.* But it does set out the essence of our proposals, and our rules will follow directly from them.

We also want to make clear that there is much unfinished business in the cable field. For example, there is the outstanding proceeding dealing with cross and multiple ownership problems. Clearly, this federal matter must be resolved without undue delay so that threshold eligibility questions are laid to rest. To cite just one instance, strong arguments have been advanced that local ETV station operators should not be barred from any and all ownership participation in cable systems in their communities; and, as a matter of equity, these arguments should be dealt with before franchises are awarded in the markets that we are now proposing to open for cable penetration. We will therefore split out matters such as this for resolution before our new rules become effective.

This document itself refers to several new proceedings to deal further with a number of difficult problems. In the access area, for example, there will be a proceeding to consider the shape of new regulations (if any) on the access and leased channels; and this will reach to the important issue of preventing abuses, particularly with respect to rates, that might thwart the fullest possible provision and use of such channels.

In the federal-state/local area, there will be a proceeding to consider various aspects of matters treated here only in a preliminary way. This will include the difficult issue of delineating which services are interstate in nature and which intrastate and, even if the former, whether federal regulation should be exclusive.

Possible problems concerning carriage of radio station signals have not been treated here although some of the same issues raised by carriage of television signals may also be raised by radio signal carriage. Further inquiry and proceedings in this area will be required.

We have also been asked by the cable television industry to take action to encourage the manufacture and sale of television receivers specifically designed for use with high capacity cable systems, eliminating the need for set-top converters, improving reception of adjacent channels, and reducing direct pick-up interference. Inquiry in this area is clearly indicated and it will be an item on the agenda of the industry task force we propose to establish to assist us in formulating further technical standards.

Additionally, it may become necessary in the future to adopt a uniform set of cable accounting standards to aid in the implementation of effective regulatory programs. We will, therefore, issue a *Notice of Proposed Rule Making* to explore the need for and possible form of such standards. At this comparatively early point, however, the NCTA's *Accounting Manual for Cable Television* can serve as a useful focal point for discussion of this issue.

Our continued attention will also be required to ascertain whether existing rules to prevent the siphoning of programming from over-the-air broadcasting are effective or whether further regulations are indicated. We have referred to this at greater length in our discussion of sports events under "Television Broadcast Signal Carriage," above. We intend to keep a close watch on this whole question and will be receptive, as we indicated earlier, to Congressional guidance in this vital area of national concern.

Underlying all these issues is the fundamental fact that cable is not static but rather is an emerging technology, with a host of possible services still to come. It follows that our regulatory pattern must evolve as cable evolves – and no one can say, at this stage, what the precise direction will be. Many of those who testified at our hearings urged that cable's tendency will and indeed should be more and more toward a common carrier concept. And that, of course, would have profound regulatory consequences for which the Commission and the Congress must be prepared.

This document signifies the amount and the substance of regulation that we believe is essential now for the orderly development of the cable industry. But its ability to survive and prosper will ultimately, in our view, be tested in the market place. We have, in short, proposed first steps – long overdue. We welcome your participation in this most important matter and, in effect, a continuing partnership. Our objective and yours is surely the same – to bring to the American people an effective and a diverse communications system, in accordance with the mandate of the Communications Act of 1934.

This letter was adopted by the Commission on August 3, 1971, Commissioners Burch (Chairman), Bartley, R.E. Lee, Johnson, H.R. Lee, and Houser voting for adoption of the document, and Commissioner Wells dissenting (separate statement attached hereto).

BY DIRECTION OF THE COMMISSION

Dean Burch
Chairman

Attachments

DISSENTING STATEMENT OF COMMISSIONER ROBERT WELLS

I would have preferred to concur in the action of the majority in the adoption of this document for we all have the same goals. Our objective is to provide for the further development of cable television systems, done in such a manner that we do not disrupt or diminish the service now being brought to the public by the broadcasting industry. Since we all wanted to achieve this goal, most of our differences are matters of degree.

However a segment of the action taken by the majority represents another example of over regulation at the Federal level. It was done without local franchising authorities having an adequate opportunity to demonstrate their ability or inability in this complex field.

We do not have before us a case of federal funding where some federal controls are inevitable. We have preempted jurisdiction where for various reasons the basic requirements for these systems vary from one franchise area to another. Rather gratuitously the majority has assumed that *all* expertise in this matter is at the Federal Communications Commission. It is true that the Commission has held many hours of hearings and discussions on cable television and should be more informed than most local franchising authorities in many aspects. This does not mean that the Commission has acquired the necessary skills required to deal with local problems which reasonably can be expected to arise in such a complex field. The rationale for assuming our expertise in local situations, which is thought to be so great so as to preclude even giving local authorities any control over what is needed in the way of local access channels, escapes me.

While I would favor a nationwide interconnected cable television network, at this time I oppose allowing signals to be imported from any distance as is proposed in the document before us. The possibility of adverse impact by such signals upon existing broadcast services is of grave concern. I would have been more cautious now, hoping that experience would permit us to come to the point where all restrictions might be abolished.

Stating my objections briefly, I believe we could have given cable systems less in distant signal importation and still stimulated its growth. On the other hand, I would not have the Commission burdening cable operators with what could prove to be excessive capital outlays because of our proposals for non-broadcast channel capacity. I am sure that in some cases our channel capacity requirements will prove to be quite reasonable. The local franchising authorities are in the best position to make that determination and I would leave the matter of access channels entirely to them. Neither would I make any reference to franchise fees or subscriber rates for these again should be left to the judgment of the local authority, and the Commission should not preempt this jurisdiction.

Although I realize any distinction between markets by size is purely arbitrary, I would have preferred a figure other than markets 1-50. For the purpose of this subject, the placing of Wilkes-Barre, Pennsylvania in the same category as New York City is not logical when one considers the question of the ability of the Wilkes-Barre market to withstand the impact of additional distant signal competition. Again, I realize any figure is open to argument, but I do feel we could have arrived at a better division.

I also see the Commission's action as one which will result in a substantial number of requests for waivers from the cable television systems in the many different areas covered by these proposals. Such requests would, in my judgment, have been far fewer in number if local issues had remained for the local authorities' determination, and decisions could be handled far more expeditiously.

On a matter as complex as this one, I could write a lengthy document. I do not choose to belabor all the details. Although I agree with the motives, I disagree with many of the principles involved in our federal-state relationship and have stated some of these objections. Most of my other differences are matters of degree. In the final analysis, I disagree with such a substantial amount of this document that I have no alternative but to dissent.

APPENDIX A
THE MAJOR TELEVISION MARKETS AND THEIR DESIGNATED COMMUNITIES

(numbers in parentheses indicate market ranking)

First Fifty Major Markets

Albany-Schenectady-Troy, N.Y. (34)
Atlanta, Ga. (18)
Baltimore, Md. (14)
Birmingham, Ala. (40)
Boston-Cambridge-Worcester, Mass. (6)
Buffalo, N.Y. (24)
Charleston-Huntington, W. Va. (36)
Charlotte, N.C. (42)
Chicago, Ill. (3)
Cincinatti, Ohio-Newport, Ky. (17)
Cleveland-Lorain-Akron, Ohio (8)
Columbus, Ohio (27)
Dallas-Fort Worth, Tex. (12)
Dayton-Kettering, Ohio (41)
Denver, Colo. (32)
Detroit, Mich. (5)
Greensboro-High Point-Winston-Salem, N.C. (47)
Greenville-Spartanburg-Anderson, S.C. - Asheville, N.C. (46)
Hartford-New Haven-New Britain-Waterbury, Conn. (19)
Houston, Tex. (15)
Indianapolis-Bloomington, Ind. (16)
Kalamazoo-Grand Rapids-Muskegon-Battle Creek, Mich. (37)
Kansas City, Mo. (22)
Los Angeles-San Bernardino-Corona-Fontana, Cal. (2)
Louisville, Ky. (38)
Memphis, Tenn. (26)
Miami, Fla. (21)
Milwaukee, Wis. (23)
Minneapolis-St. Paul, Minn. (13)
Nashville, Tenn. (30)
New Orleans, La. (31)
New York, N.Y.-Linden-Paterson, N.J. (1)
Norfolk-Newport News-Portsmouth-Hampton, Va. (44)
Oklahoma City, Okla. (39)
Philadelphia, Pa.-Burlington, N.J. (4)
Phoenix-Mesa, Ariz. (43)
Pittsburgh, Pa. (10)
Portland, Ore. (29)
Providence, R.I.-New Bedford, Mass. (33)
Sacramento-Stockton-Modesto, Cal. (25)
Salt Lake City, Utah (49)
San Antonio, Tex. (45)
San Francisco-Oakland-San Jose, Cal. (7)
Seattle-Tacoma, Wash. (20)
St. Louis, Mo. (11)
Syracuse, N.Y. (35)
Tampa-St. Petersburg, Fla. (28)
Washington, D.C. (9)
Wichita-Hutchinson, Kan. (48)
Wilkes-Barre-Scranton, Pa. (50)

Second Fifty Major Markets

Albuquerque, N. Mex. (81)
Amarillo, Tex. (95)
Baton Rouge, La. (87)
Beaumont-Port Arthur, Tex. (88)
Cape Girardeau, Mo.-Paducah, Ky.-Harrisburg, Ill. (69)
Cedar Rapids-Waterloo, Iowa (66)
Chattanooga, Tenn. (78)
Columbia, S.C. (100)
Columbus, Ga. (94)

Davenport, Iowa-Rock Island-Moline, Ill. (61)
Des Moines-Ames, Iowa (67)
Duluth-Superior, Minn. (89)
Evansville, Ind. (86)
Fargo-Grand Forks-Valley City, N.D. (98)
Flint-Bay City-Saginaw, Mich. (62)
Fort Wayne-Roanoke, Ind. (82)
Fresno, Cal. (72)
Green Bay, Wis. (63)
Greenville-Washington-New Bern, N.C. (84)
Harrisburg-Lebanon-Lancaster-York, Pa. (58)
Huntsville-Decatur, Ala. (96)
Jackson, Miss. (77)
Jacksonville, Fla. (68)
Johnstown-Altoona, Pa. (74)
Knoxville, Tenn. (71)
Lansing-Onondaga, Mich. (92)
Lincoln-Hastings-Kearney, Neb. (91)
Little Rock, Ark. (51)
Madison, Wis. (93)
Mobile, Ala.-Pensacola, Fla. (60)
Monroe, La.-El Dorado, Ark. (99)
Omaha, Neb. (54)
Orlando-Daytona Beach, Fla. (56)
Peoria, Ill. (83)
Portland-Poland Spring, Me. (75)
Raleigh-Durham, N.C. (73)
Richmond-Petersburg, Va. (64)
Roanoke-Lynchburg, Va. (70)
Rochester, N.Y. (57)
Rockford-Freeport, Ill. (97)
San Diego, Cal. (52)
Sioux Falls-Mitchell, S.D. (85)
South Bend-Elkhart, Ind. (80)
Spokane, Wash. (76)
Springfield-Decatur-Champaign-Jacksonville, Ill. (65)
Texarkana, Tex.-Shreveport, La. (59)
Toledo, Ohio (53)
Tulsa, Okla. (55)
Wheeling, W. Va.-Steubenville, Ohio (90)
Youngstown, Ohio (79)

APPENDIX B
CABLE SIGNAL CARRIAGE IN MAJOR MARKETS

The attached chart depicts the number of signals that cable would be permitted to carry under our new rules in the designated cities of the top 100 television markets. For each market:

- Column I shows stations authorized in the market
- Column II lists signals meeting the viewing test
- Column III shows distant signals permitted to be added
- Column IV totals the above three columns and gives the total number of signals available under our rules in each of the designated cities

Additionally, the "Overlapping Market Comparison" in Column V shows how many signals from out of the market would be available under our existing rule which (other than in special footnote 69 situations) requires the carriage of all Grade B signals and compares it with the comparable number that will be available under our new viewing test, restricting carriage of out of market signals to those that are significantly viewed in the home market (the "Viewing Test" entries in Column V are the same as the entries in Column II). In all cases, noncommercial educational stations and foreign language stations are not included.

In calculating signals available under the viewing test (Columns II and V), audience survey information has been used which includes data on cable subscriber viewing in the home county. Since cable viewing of out of market signals may conceivably distort off-the-air viewing patterns, we have undertaken a special survey to be conducted by ARB of the counties where there is substantial cable penetration (more than 10%). Viewing test results in Columns II and V are, therefore, subject to adjustment when the survey results become available. In overlapping market situations where out of market network stations meet the significant viewing test, those stations would, of course, be required to be deleted when presenting programs which duplicate the programming of the home market network stations.

Explanatory notes:

* Indicates certain markets that do not follow the usual pattern and where special treatment might, on further consideration, be appropriate. These include markets in which a great number of overlapping market signals meet the significant viewing test and markets below the top 50 in which an independent television station already exists.

[a] Market includes a foreign station.

[b] Indicates there is a non-operational station in the market with a construction permit less than 18 months old.

Market	I Market Signals Net	 Ind	II Viewing Test Signals Net	 Ind	III Additional Signals Net	 Ind	IV Total		V Overlapping Market Comparison New Viewing Test vs Existing Rule Viewing Test	 Out of Market Grade B's
1 New York, N. Y. Linden-Paterson, N.J.	3	5	–	–	–	2	10		–	5
2 Los Angeles-San Bernardino-Corona-Fontana, Calif.	3	8	–	–	–	2	13		–	–
3 Chicago, Ill.	3	4	–	–	–	2	9		–	–
4 Philadelphia, Pa.- Burlington, N. J.	3	3	–	–	–	2	8		–	3
5[a] Detroit, Mich.	3	3	–	–	–	2	8		–	4
6 Boston-Cambridge- Worcester, Mass.	3 3	3 3	– –	– –	– –	2 2	8 8		– –	4 7
7 San Francisco- Oakland- San Jose, Calif.	4 4	4 4	– –	– –	– –	2 2	10 10		– –	5 5
8 Cleveland-Lorain- Akron, Ohio	4 4	2 2	– –	– –	– –	2 2	8 8		– –	– 3
9 Washington, D. C.	3	3	–	–	–	2	8		–	4
10 Pittsburgh, Pa.	4	1	–	–	–	2	7		–	3
11 St. Louis, Mo.	3	2	–	–	–	2	7		–	–
12 Dallas-Ft. Worth, Texas	3	2	–	–	–	2	7		–	–
13 Minneapolis-St. Paul, Minn.	3	1	–	–	–	2	6		–	–
14 Baltimore, Md.	3	2	–	1	–	2	8		1	6
15 Houston, Texas	3	1	–	–	–	2	6		–	–
16 Indianapolis- Bloomington, Ind.	3 3	2 2	– 2	– –	– –	2 2	7 9		– 2	– 2
17 Cincinnati, Ohio- Newport, Ky.	3	1	–	–	–	2	6		–	5
18 Atlanta, Ga.	3	2	–	–	–	2	7		–	–
19 *Hartford- New Haven- New Britain- Waterbury, Conn.	6 4 6 4	1 1 1 1	– 2 – 2	– 3 – 3	– – – –	2 2 2 2	9 12 9 12		– 5 – 5	3 4 2 2
20 Seattle- Tacoma, Wash.	3 3	2 2	– –	– –	– –	2 2	7 7		– –	1 –
21 Miami, Florida	3	2	–	–	–	2	7		–	2
22 Kansas City, Mo.	3	1	–	–	–	2	6		–	1
23 Milwaukee, Wis.	3	1	–	–	–	2	6		–	1
24 Buffalo, N. Y.	3	1	–	1	–	2	7		1	2
25[b] Sacramento- Stockton- Modesto, Calif.	3 3 3	2 2 2	– – –	– 1 1	– – –	2 2 2	7 8 8		– 1 1	4 8 6
26 Memphis, Tenn.	3	–	–	–	–	3	6		–	–
27 Columbus, Ohio	3	–	–	–	–	3	6		–	–
28 Tampa-St. Petersburg, Fla.	3	1	–	–	–	2	6		–	–

Market	I Market Signals		II Viewing Test Signals		III Additional Signals		IV Total	V Overlapping Market Comparison New Viewing Test vs Existing Rule	
	Net	Ind	Net	Ind	Net	Ind		Viewing Test	Out of Market Grade B's
29 Portland, Oregon	3	1	–	–	–	2	6	–	1
30 Nashville, Tenn.	3	1	–	–	–	2	6	–	–
31 New Orleans, Louisiana	3	1	–	–	–	2	6	–	2
32 Denver, Colorado	3	1	–	–	–	2	6	–	2
33 *Providence, Rhode Island -	3	–	3	–	–	2	8	3	7
New Bedford, Massachusetts	3	–	3	1	–	2	9	4	6
34 Albany -	3	–	–	–	–	3	6	–	1
Schenectady -	3	–	–	–	–	3	6	–	1
Troy-N. Y.	3	–	–	–	–	3	6	–	–
35 Syracuse, N. Y.	3	–	–	–	–	3	6	–	3
36 Charleston -	3	–	–	–	–	3	6	–	1
Huntington, W.Va.	3	–	–	–	–	3	6	–	–
37 Kalamazoo -	4	1	–	–	–	2	7	–	6
Grand Rapids -	4	1	–	–	–	2	7	–	1
Muskegon -	4	1	–	–	–	2	7	–	–
Battle Creek, Mich.	5	1	1	1	–	2	10	2	3
38 Louisville, Ky.	3	1	–	–	–	2	6	–	1
39 Oklahoma City, Okla.	3	–	–	–	–	3	6	–	1
40 Birmingham, Ala.	3	–	–	–	–	3	6	–	–
41 Dayton-Kettering, Ohio	3	1	3	–	–	2	9	3	4
42 Charlotte, N.C.	3	1	–	–	–	2	6	–	5
43 Phoenix-Mesa, Ariz.	3	2	–	–	–	2	7	–	–
44 Norfolk -	3	1	–	–	–	2	6	–	1
Newport News-	3	1	–	–	–	2	6	–	3
Portsmouth -	3	1	–	–	–	2	6	–	1
Hampton, Va.	3	1	–	–	–	2	6	–	1
45 San Antonio, Tex.	3	1	–	–	–	2	6	–	–
46 Greenville -	5	1	–	–	–	2	8	–	–
Spartanburg -	5	1	1	–	–	2	9	1	1
Anderson, S. C.	5	1	–	–	–	2	8	–	–
Asheville, N. C.	5	1	–	–	–	2	8	–	3
47 Greensboro -	3	–	–	–	–	3	6	–	4
High Point -	3	–	2	–	–	3	8	2	3
Winston-Salem, N. C.	3	–	–	–	–	3	6	–	5
48 Witchita -	3	–	–	–	–	3	6	–	–
Hutchinson, Kan.	3	–	–	–	–	3	6	–	–
49 Salt Lake City, Utah	3	–	–	–	–	3	6	–	–
50 Wilkes-Barre -	3	–	–	–	–	3	6	–	1
Scranton, Pa.	3	–	–	–	–	3	6	–	2
51 Little Rock, Ark.	3	–	–	–	–	2	5	–	–
52 [a]*San Diego, Cal.	3	1	1	4	–	2	11	5	6
53 *Toledo, Ohio	3	–	3	2	–	2	10	5	5
54 Omaha, Neb.	3	–	–	–	–	2	5	–	1

	I		II		III		IV	V	
Market	Market Signals		Viewing Test Signals		Additional Signals		Total	Overlapping Market Comparison New Viewing Test vs Existing Rule	
	Net	Ind	Net	Ind	Net	Ind		Viewing Test	Out of Market Grade B's
55 Tulsa, Okla.	3	–	–	–	–	2	5	–	–
56 Orlando - Daytona Beach, Fla.	3	–	–	–	–	2	5	–	–
57 Rochester, N. Y.	3	–	–	–	–	2	5	–	4
58 Harrisburg -	5	–	–	1	–	2	8	1	1
Lebanon -	5	–	2	1	–	2	10	3	5
Lancaster -	5	–	3	2	–	2	12	5	9
York, Pa.	5	–	3	1	–	2	11	4	3
59[b*] Texarkana, Tex. -Shreveport, La.	3	1	–	–	–	2	6	–	–
60 Mobile, Ala. -	3	–	–	–	–	2	5	–	1
Pensacola, Fla.	3	–	–	–	–	2	5	–	–
61 Davenport, Iowa - Rock Island-Moline, Ill.	3	–	–	–	–	2	5	–	–
62[*] Flint -	3	–	4	2	–	2	11	6	8
Bay City -	3	–	–	–	–	2	5	–	1
Saginaw, Mich.	3	–	–	–	–	2	5	–	1
63 Green Bay, Wis.	3	–	–	–	–	2	5	–	1
64 Richmond -	3	–	–	–	–	2	5	–	–
Petersburg, Va.	3	–	–	–	–	2	5	–	4
65[*] Springfield-Decatur-Champaign -	5	–	–	–	–	2	7	–	–
Jacksonville, Ill.	5	–	3	1	–	2	11	4	1
66 Cedar Rapids -	3	–	–	–	–	2	5	–	–
Waterloo, Iowa	3	–	–	–	–	2	5	–	1
67 Des Moines - Ames, Iowa	3	–	–	–	–	2	5	–	–
68 Jacksonville, Fla.	3	–	–	–	–	2	5	–	–
69[*] Cape Giradeau, Mo. - Paducah, Ky. - Harrisburg, Ill.	3	1	–	–	–	2	6	–	–
70 Roanoke -	4	–	–	–	–	2	6	–	2
Lynchburg, Va.	4	–	–	–	–	2	6	–	–
71 Knoxville, Tenn.	3	–	–	–	–	2	5	–	1
72[*] Fresno, Calif.	3	1	–	–	–	2	6	–	–
73[*] Raleigh-	2	1	–	–	2	2	7	–	4
Durham, N. C.	2	1	1	–	1	2	7	1	2
74 Johnstown -	3	–	2	–	–	2	7	2	4
Altoona, Pa.	3	–	1	–	–	2	6	1	–
75 Portland - Poland Springs, Me.	3	–	–	–	–	2	5	–	–
76 Spokane, Wash.	3	–	–	–	–	2	5	–	–
77 Jackson, Miss.	3	–	–	–	–	2	5	–	1
78 Chattanooga, Tenn.	3	–	–	–	–	2	5	–	2
79 Youngstown, Ohio	3	–	–	–	–	2	5	–	11

Market	I Market Signals Net	I Market Signals Ind	II Viewing Test Signals Net	II Viewing Test Signals Ind	III Additional Signals Net	III Additional Signals Ind	IV Total	V Overlapping Market Comparison New Viewing Test vs Existing Rule: Viewing Test	V Out of Market Grade B's
80 South Bend - Elkhart, Ind.	3 3	– –	– –	1 –	– –	2 2	6 5	1 –	– 1
81 Albuquerque, N. Mex.	3	–	–	–	–	2	5	–	–
82 Fort Wayne-Roanoke, Ind.	3	–	–	–	–	2	5	–	1
83 Peoria, Ill.	3	–	–	–	–	2	5	–	3
84 Greenville - Washington New Bern, N.C.	3 3 3	– – –	– – –	– – –	– – –	2 2 2	5 5 5	– – –	2 – –
85 Sioux Falls - Mitchell, S. D.	3 3	– –	1 –	– –	– –	2 2	6 5	1 –	2 –
86 Evansville, Ind.	3	–	–	–	–	2	5	–	–
87 Baton Rouge, La.	2	–	–	–	3	2	7	–	3
88 Beaumont-Port Arthur Texas	3	–	–	–	–	2	5	–	1
89 Duluth-Superior, Minn.	3	–	–	–	–	2	5	–	–
90 Wheeling, W.Va. - Steubenville, Ohio	2 2	– –	3 3	– 1	– –	2 2	7 8	3 4	4 4
91[b]*Lincoln - Hastings - Kearney, Neb.	3 3 3	1 1 1	3 – –	– – –	– – –	2 2 2	9 6 6	3 – –	4 – –
92 Lansing - Onondaga, Mich.	2 3	– –	3 3	– –	– –	2 2	7 8	3 3	8 9
93 Madison, Wis.	3	–	–	–	–	2	5	–	1
94 Columbus, Ga.	3	–	–	–	–	2	5	–	–
95 Amarillo, Texas	3	–	–	–	–	2	5	–	–
96 Huntsville - Decatur, Ala.	3 3	– –	– 2	– –	– –	2 2	5 7	– 2	– –
97 Rockford - Freeport, Ill.	3 3	– –	– –	– –	– –	2 2	5 5	– –	5 5
98 Fargo-Grand Forks- Valley City, N. D.	3	–	–	–	–	2	5	–	–
99 *Monroe, La. - El Dorado, Ark.	2 2	1 1	– 4	– –	1 –	2 2	6 9	– 4	– 2
100 Columbia, S. C.	3	–	–	–	–	2	5	–	2

WEEKLY Television Digest® with consumer electronics®

26th YEAR OF PUBLICATION 26 1945-1971

The authoritative service for broadcasting, consumer electronics & allied fields

AUGUST 16, 1971 VOL. 11, NO. 33

SUMMARY-INDEX OF WEEK'S NEWS

WELLS CLOSER TO RACE FOR GOVERNOR: More intrigued than ever by prospect of seeking governorship in his native Kansas, FCC Comr. Robert Wells is believed to be very close to throwing hat in ring. Adding credence to reports from Kan., White House official last week confirmed that Wells has recently discussed with Administration the possibility of making race.

White House isn't expected to stand in Wells' way—in fact probably will encourage him behind scenes—though President is expected to maintain his neutrality in GOP primaries. And Wells would face stiff primary—next Aug.—in fact probably would be underdog against Republican Lt. Gov. Reynolds Shultz, who also is expected to run.

Though Wells himself is making no comment, as things now stand he is expected to resign from Commission in mid-to-late fall, return to Kan. for final political soundings, then make decision to run or not by end of year. Among those encouraging him is ex-Gov. Alf Landon, GOP Presidential nominee in 1936 and owner of WREN(AM) Topeka. Wells spent most of July in state feeling out sentiment, is supported by most Kan. stations & newspapers. He'll return to Kan. late this week (for wedding of son), will continue to measure political climate.

Indicating how far things already have gone, 2 Kan. lawyers have been approached as possible Wells campaign directors. Both declined.

Broadcasters are vitally interested in who is named to fill 2-3 Commission vacancies in next 10 months. In addition to Wells' seat, Bartley's term expires in June. White House is expected to pick black for one of these seats—probably to replace Democrat Bartley. A current prospect is Ted Ledbetter, pres. of Urban Communications Group, who is "interested." He's independent, electrical engineer, editor-publisher of Black Communicator. "He isn't a radical; he's to the right of Nick Johnson," we're told.

Commenting on upcoming Commission openings, one broadcaster told us: "If Nixon appoints another liberal, he will dry up most sources of political contributions from the industry. We have taken enough kicking around from a supposedly friendly Administration." He cited "the Burch CATV plan, the Skelly Wright Court, the hangers-on (such as Henry Geller) at the FCC, the Barry Coles, the anti-broadcasting and anti-free enterprise rulemakings, programming harassments, illogical extensions of the fairness doctrine, and many individual decisions which have hurt our ability to serve the public."

* * * *

Appearing on "Newsmakers" (WTOP-TV Washington) last week (see p. 3), FCC Chmn. Dean Burch was asked: "When do you plan to resign?" A. "I have no plans." Q. "Are you planning to go back into politics in you home state?" A. "I really don't have any plans other than leaving here and going to my office." Q. "That's your long-range planning?" A. "Yes."

FCC TO FREEZE BOSTON'S BBI BECAUSE OF SEC: Boston Ch. 5 case is likely to bust wide open again at FCC soon. Commission is expected to put CP of Boston Bcstrs. Inc. (BBI) on ice pending court & FCC hearings & decisions on qualifications of BBI Exec. Vp Nathan David in SEC stock-sale case (Vol. 11:31 p3). Meanwhile, Commission can let WHDH-TV continue to operate as is, or it could permit WHDH-TV to continue but lock up its profits, or it could turn over operation to some neutral "interim" permittee and give profits to charitable institutions.

FCC leans to view that SEC charges against David, if sustained in courts, would disqualify BBI as licensee—because one strong element of Commission decision taking channel from WHDH-TV and giving it to BBI was that David would work fulltime at station, thus giving it "ownership-management integration."

If Commission sets BBI for hearing on David's qualifications, it undoubtedly will tell BBI to quit spending in preparation for imminent start (Sept. 12 has been BBI target), in light of fact that court & FCC proceedings will take mighty long time—probably years. ABC-TV has been prepared to affiliate with BBI, with CBS-TV to switch from WHDH-TV to WNAC-TV; latter is now with ABC-TV.

OTP WITHDRAWS PUBLIC BROADCASTING BILL: First legislative proposal to come out of Office of Telecommunications Policy since its creation early last year—long term financing bill for CPB—has gone back to drawing boards. Faced with strong opposition from Congress, CPB & HEW, bill proposed to lump CPB funding & HEW facilities grants into single "public communications" category in addition to restricting how CPB could spend money and distribute programs.

OTP prepared bill "in close consulation with both CPB & HEW," Gen. Counsel Antonin Scalia told Office of Management & Budget (OMB), and "we believed it to be substantially acceptable to all parties immediately concerned. Since that is evidently not the case, we hereby advise you of our intention not to proceed with this bill, and accordingly withdraw our request for coordination & advice. It is our hope to propose different legislation on this same subject in the near future, but it appears that no immediate purpose will be served by proceeding within the framework of the previously submitted bill."

However, there's little rejoicing at CPB, which told OTP all along it couldn't live with proposal. CPB Pres. John Macy considers it crucial to get long-term financing bill through Congress this year; and squabble with OTP didn't help chances one bit. House Communications Subcommittee Chmn. Macdonald (D-Mass.) has made it clear he's through with one or 2-year extension bills. Corporation, meanwhile, considers excise tax on sets essential to permanent financing plan, but since Administration opposes tax, acceptable long-term plan hasn't appeared.

OTP bill "abandons the carefully studied & analyzed decisions of Congress in 1967 by indicating that the public broadcasting movement is not one enterprise...but at least 2 separate & distinct entities, the Corporation and the local distributors," Macy said in letter to OMB. "The legislation establishes an adversary relationship between the 2, naming agencies of the federal govt. as arbiters; narrows the scope of the Corporation's activities and...denies its decision-making responsibility." He said CPB Board was unanimous in rejecting such principles.

Macy urged these modifications to draft bill: (1) Grant money only to FCC licensees and "other identifiable entities." OTP made it difficult to determine who was eligible for grants, so it's suggested that only noncommercial, ETV-radio stations licensed by FCC be eligible. However, legislation should allow grants to nonbroadcast, noncommercial entities in areas of country where no public broadcast facilities exist. In any case, CPB would decide who gets money and how much. (2) Two separate bills are required if grants are not limited to FCC licenses and take in other fields of educational telecommunications.

(3) Changes in payment formula. Instead of $100 million set aside in Public Broadcasting Fund at beginning of each fiscal year, CPB wants $150 million. From this Fund, CPB wants $35 million first year, $40 million 2nd, $50 million each of last 3 years. CPB would also support "a statutory set proportion of funds to be returned to public broadcast licenses under standards established by CPB after consultation with the public telecommunications industry." (4) Eliminate all language restricting types of programming CPB can offer.

Even though OTP has withdrawn bill, OMB has asked CPB, HEW & FCC for comments, and first 2 have complied. FCC initially supported OTP bill—although never officially—and is now considering withdrawing its proposed comments to wait for new bill.

HULBERT PR PLAN FOR NAB: "Immediate & crucial" activities of NAB PR dept. must be "targeted [toward] support of the industry's government relations program." This is view of James Hulbert, who takes over officially Aug. 16 as NAB PR exec. vp. In memo to NAB Board members outlining plans, Hulbert said: "The industry's prinicipal public relations deficiency has been our lack of planned & persistent effort to influence the government establishment in Washington by PR means...

"Objectives should be to reach the Congress, the FCC, the Executive Dept., the FTC, etc., by developing public understanding & support...We must reach the public." Hulbert said other problems which require "immediate attention" include license renewals, CATV, access, advertising & consumerism. "License renewal is unquestionably the most important," he said. "I have been developing an over-all PR plan of action on this one, some part of which will get underway before I officially take over."

Hulbert is determined to forge close working relationship with Exec. Vp for Govt. Relations Paul Comstock and TIO Dir. Roy Danish—ingredients of a successful NAB effort which most NAB executives realize have been lacking in past. "One of our big problems has been that we have relied on rhetoric [to answer our critics] instead of fact-based research," new exec. vp said.

Hulbert—who received substantial raise to $37,500—was promoted from vp-asst. to pres. to succeed Paul Haney, NAB's first PR exec. vp (Vol. 11:30 p5). Job was created last fall (with 2 other exec. vps) following 9-month study by ad hoc committee. Special Board meeting in Oct. 1970 (Vol. 10:41 p2) approved major overhaul of PR dept., but most of recommendations haven't been effectuated (distinct press, broadcast, promotion & publications bureaus, for instance), probably never will be. One that was hasn't been very successful; NAB officials admit that daily audio feed for radio stations leaves much to be desired. It was designed to get favorable news about industry on air.

"It's very obvious to me that you could have a pay cable channel...which would give you new movies, uninterrupted movies, things of that nature for which people would be willing to pay." This, according to FCC Chmn. Dean Burch, is a major benefit CATV can offer public. Appearing on prime-time "Newsmakers" program on WTOP-TV-AM Washington, Burch added: "Cable TV from [FCC] point of view is simply giving the technology an opportunity and then it's up to the public and to the businessman and the cable operators to determine the actual desires of the people...I think if my own personal experience is any example, if I could stay home at night and watch a new movie for $2, or a dollar, or whatever, I certainly would."

Opponents of Viacom spin-off from CBS won a round last week in 9th Circuit Appeals Court, San Francisco, when Court ruled that its June 4 stay of action was still in effect, ordered oral argument Sept. 14. Opponents' brief is due Aug. 30, proponents' (FCC, CBS, Viacom) Sept. 9. If courts ultimately rule against spin-off, FCC approval could be voided, with potential of Commission, CBS & Viacom being held in contempt of court.

CABLE-EDUCATION OF OTP: OTP continues feeling its way on both short-term & long-term CATV policy, still learning essentials of cable. Last week, OTP Gen. Counsel Antonin Scalia & staff held another fact-finding session with NCTA representatives Aug. 11, NAB Aug. 12, will meet with copyright owners Aug. 16. It's expected there will be another such round—then OTP Dir. Clay T. Whitehead is likely to call another all-groups meeting in attempt to achieve compromise.

Last week's NCTA representatives were Gary Christensen & Charles Walsh. For NAB, they were Vincent Wasilewski, Jack Harris, A. Louis Read & Michael Horne. For copyright owners, they will be David Horowitz, Arthur Scheiner & Gerald Phillips. OTP also plans sessions with major cable operators, as it has with station groups (Vol. 11:31 p2).

On long-term front, meanwhile, OTP Asst. Dir. Walter R. Hinchman has gone to principal industry groups with 6-point broad-gauge inquiry seeking their positions on: Public impact, industry structure, access, copyright, impact on existing media, regulatory framework. Among other cable developments:

(1) It's not widely known yet, but World Administrative Radio Conference for Space, in Geneva, recently adopted recommendation made by U.S. regarding maritime service: "...that for some communications functions, such as certain broadcasting & fixed applications, other means than radio could be used, thereby making portions of the spectrum available for services which are dependent on radio." This reminded observers of FCC's first post-war allocations policy decision in 1945 (Doc. 6651), which included: "Obviously, with the severe shortage of frequencies, it would not be in the public interest to assign a portion of the spectrum [to a service] which could utilize wire lines instead."

(2) Canadian Cable TV Assn. is pretty happy about CRTC's new policy (Vol. 11:31 p4), according to Pres. Robert C. Short, who writes us: "The regulations on signal carriage are precisely what our Assn. proposed. The decisions attending local program origination are very close to what the Assn. suggested. The suggestions for broadcaster cooperation are in harmony with what we proposed...The additional exhortation to both broadcasters & cable companies to increase support to Canadian program production is something which we think can be worked out satisfactorily. There is scope in the CRTC proposal for cable companies to buy Canadian package programs on a first run or re-run basis, and the cable company retains the freedom of choice."

(3) Aug. 14 National Journal has 11-page article on cable including these quotes: From Rep. Macdonald (D-Mass.)—"Whitehead is a nice guy, but he doesn't know his ass about cable." From John Barrington, PR vp of TelePrompTer, whose R.H. (Hank) Symons heads NCTA presidential selection committee—"I can say unequivocally that [TPT] would not support Bruce Lovett [for NCTA president]." From NCTA Chmn. John Gwin, when asked whether FCC Chmn. Burch might become pres.—"I can't imagine that he would be interested. It's just ridiculous to think about it."

GOVT. REPORT ON TV VIOLENCE: Surgeon General's (SG) Committee on TV & Social Behavior expects to issue its final report this fall—possibly in Sept.—on how TV effects children. Committee Vice Chmn. Dr. Eli Rubinstein said all 4 studies commissioned by govt. are expected to be presented on Sept. 4 to American Psychological Assn. annual convention in Washington. SG report and conclusions from these studies are expected shortly thereafter.

"We are moving right along on schedule. It's still our expectation to have a final report this fall," Rubinstein told us. His statement contrasted with recent comments by FCC Chmn. Burch to Sen. Pastore (D-R.I.) and Rep. Macdonald (D-Mass.) that SG study "is barely under way and, even so, has to start back at the ABC's of personality formation." Burch told both that Commission is looking forward to govt. report for "expert guidance" for working out rules on children's TV, but that he doubts SG report will be issued soon. Burch is also scheduled to address IRTS meeting next month on children's TV.

So far, 2 studies commissioned by SG Committee have been released. First was conducted by Harvard Business School behavioral scientist Scott Ward (Vol. 11:31 p4), concluding that children view TV commercials with mistrust & contempt. Second, from Pa. State U. researchers, claims that children are more prone to violent behavior when exposed to "aggressive" programs such as "Superman" & "Batman" but display much better qualities when exposed to "socially constructive" programs such as "Misterogers' Neighborhood."

Rubinstein said his Committee has worked closely with networks, which have commissioned their own studies, and all have exchanged information. ABC has released preliminary report on 2 studies (Vol. 11:29 p4), concluding that exposure of children to TV violence "does not seem to lead to heightened aggressive behavior," but does create "negativism, resentment & suspiciousness." About $1 million was appropriated for SG study.

"Judgment call" was made in refusing to approve rehiring of reporter Jacqueline Eagle by Office of Information, according to Stanley McKinley, FCC Deputy exec. dir. Miss Eagle's brother George works for Washington Post-L.A. Times Service and is stringer on his day off for Cable News. Miss Eagle worked for FCC 1967-69, has since been employed by Media/Scope, is now an associate of Media Business newsletter. She has written to Exec. Dir. John Torbet & Rep. Koch (D-N.Y.), terming rejection "serious reflection on my professional integrity," noting that her previous service with Commission, while brother had same jobs, was "without incident." Said McKinley: "The job of the press is to get information. The job of someone in our information office is to be privy to anything & everything. It was a judgment call in terms of appearance. There was no thought of any wrongdoing. In the CATV area, particularly, it's very sensitive."

NBC-TV is cutting one commerical break from its 2-hour movie telecasts with start of new season, reducing interruptions from 6 to 5 per hour, in its campaign to reduce on-air clutter.

RENEWAL PLAN UNDER FIRE: FCC's attempt to increase stations' "dialogue" with community and to define "substantial service" in its proposed rules on license renewals (Vol. 11:8 p1) has been roundly criticized by consumer groups and broadcasters alike. As deadline for comments passed last week, networks & station owners were calling most proposals "unwarranted, wasteful & burdensome," while Black Efforts for Soul in TV (BEST) and United Church of Christ claimed rules would turn stations into "a suggestion box" and abolish responsibility to seek community involvement.

Public service announcements, annual reporting and program percentages were vehemently opposed by broadcasters; they generally supported changes in filing times, extensions and petitions to deny. Most consumer groups approved only the announcements. Only opposition to filing rules came from United Church of Christ, which requested "automatic 30-day extension" to file a petition to deny once petitioner announced intention to file against station. "It would also provide a 30-day cooling off period to give a 2nd chance for a settlement if negotiations failed," Church said.

But strongest words from both sides came over public announcements, which require station to air every 8th day (prime time for TV, 7-9 a.m. or 4-7 p.m. for radio) that station's frequency is "public property," that licensee must operate in public interest, and solicit suggestions & criticisms from audience.

"Another tragic chapter in the Commission's long history of hostility to citizen participation," was BEST's view of announcement rule. It claimed FCC was displaying "insensitivity to the needs & problems of minorities...The death knell for black participation in the decision making process of broadcasting has now been sounded. No longer will licensees be obligated to develop dialogue with significant black groups...The rules de-emphasize the licensee's obligation to 'ferret out' the views, needs & interest of the public and focus more distinctly upon the monotonous continual drone of the licensee announcing that its ears are open to public comment."

United Church of Christ agreed, but on whole, it called total rulemaking proposal "a modest step in the right direction," and supported it.

"It strikes us as unfair," Metromedia countered, "to the majority of viewers to promulgate a set of rules which require the broadcaster to devote large portions of his time, money & staff to handle the complaints of a minority of viewers...Freedom from such regulations would allow the licensee to devote more time to ascertaining & meeting the needs of the whole community, rather than devoting a majority of his attention to a minority of the audience...This approach to public awareness is as myopic as the Commission's approach to the fairness doctrine. It assumes that a member of the audience receives his communications from only one source; that he never listens to another station; that he never reads a newspaper."

Cohn & Marks law firm called it "the greatest saturation announcement campaign the world has ever known," suggested notices be aired once every 3 months. All broadcasters urged that announcements be reduced. NBC suggested once every 16 days or 2 a month during last 5 months of license (Vol. 11:32 p7). CBS suggested weekly notices during single month each year, while ABC said notices should be simplified & shortened." GE Bcstg. said notices should be restricted to every 2 weeks just prior to renewal.

Requirements on public service and news programs also were condemned by broadcasters. Metromedia called it "an unprecedented intrusion into the daily programming prerogatives of the licensee... These proposals, taken in conjunction with Commission action in the area of children's programs, would result in governmental dictation of the program content of from 1/4 to 1/3 of the broadcast day." Cohn & Marks labeled it unconstitutional. "It is irrelevant to this inquiry that the licensee did not present any particular program," law firm said. "The issue is the programs which he did present and whether they met local needs & problems."

"Handful of licenses"—up to 10%—should be granted for more than 3 years, Washington attorney Marcus Cohn writes in Aug. 14 Saturday Review. "The effect upon the performance of all radio & TV stations would be beneficial...Stations would vie with one another for this unique award...A number of them would jump at the opportunity to attempt to better their programming...It is a sad commentary on the efficacy & flexibility of the administrative process that the FCC has no way in which to join the applause bestowed on stations that win Peabody & duPont Awards...The entire thrust of the Communications Act and of the FCC regulatory policies has accentuated the negative...The net result of [limiting all renewals to 3 years] has been to dampen enthusiasm for excellence. The Commission should have some carrots to pass out to outstanding broadcasters."

WXIX-TV Cincinnati-Newport has been purchased by Welch & Morgan, Washington attorneys, for about $5 million, according to partner Vincent Welch.

Democratic & Republican National Committees' fuss over Presidential TV appearances is ready for FCC action, and staff is recommending that all requests for time under fairness doctrine be denied. Democrats demanded time to answer 3 appearances last spring by Nixon, while Republicans want time to respond to DNC program on ABC. Staff believes that all 3 networks, according to available evidence, have presented balanced coverage of Vietnam—principal issue between litigants. Meanwhile, DNC told D.C. Court of Appeals that Democratic Party has suffered "irreparable injury" because of Commission's failure to act on its complaints. Court was asked to (1) order FCC to act within 10 days, or (2) rule that failure to act constituted denial and that Court should exert jurisdiction.

Special Committee on Media Research has been formed by AAAA to "deal with the controversies over TV audience measurements" and other problems. Jack Hill, Ogilvy & Mather, is chmn. of 16-man group.

Personals

Malcolm Kahn promoted to eastern sales dir., CBS-TV Stations National Sales; **Henry Wild** elevated to planning & finance vp, CBS-TV Stations Div; **Harvie Schwartz**, to electronic maintenance mgr., CBS EVR Div.; actor **Darryl Hickman** named gen. program exec., CBS-TV.

NCTA names committee chmn.: **Bruce Lovett**, ATC, Legislative; **Amos Hostetter**, Continental Cablevision, PR; **William Karnes**, National Trans-Video, Engineering; **Joel Smith**, TV Communications, Election Procedures... **Don Andersson**, ex-TV Communications, returns to NCTA as membership services dir., succeeding **Donald Burton**, resigned.

Robert L. Rierson, WTOP-TV Washington program dir., Sept. 1 becomes dir. of bcstg., WCBS-TV N.Y., new post with responsibility for programming, operations, community services, advertising & promotion... **George Lyons** promoted to gen. mgr., WZZM-TV-FM Grand Rapids, succeeding late **William Dempsey**; **Willard Smith** elevated to gen. TV sales mgr.; **Charles Paukstis**, chief financial officer, and **Mrs. Nancy Dempsey**, elected dirs.

Dietrich Ginzel advanced to national sales mgr., WPIX N.Y... **Frank Beazley** promoted to sales dir., WCAU-TV Philadelphia... **Robert Schneider**, ex-Telerep, appointed regional asst. national sales mgr., WTVJ Miami.

Ray Jacobs elevated to news & special events dir., KTVU Oakland-San Francisco, succeeding **Warren Cereghino**, resigned... **Richard Williams**, ex-WTEN Albany, named news dir., WTNH-TV Hartford-New Haven; **Malcolm Potter**, ex-WTVD Raleigh-Durham, appointed promotion mgr.; **William Harris** to operations mgr... **Charlotte Morris** rejoins WNEW-TV N.Y. as public affairs dir... **Melvin Harris**, ex-WOUB-AM-FM Athens, O., named program coordinator, WKBF-TV Cleveland.

Albert Miegle, ex-Telesis, appointed midwest engineering vp, Cypress Communications... **Russ Stone**, ex-Comm/Scope, appointed Times Wire western sales mgr... **Eric Winston** elevated to system product development director, Jerrold Electronics.

Neil Vander Dussen promoted to broadcast systems div. vp, RCA Communications... **John Ball**, ex-Comsat, named transmission engineering mgr., PBS... **Ralph Feller**, ex-Look magazine, named promotion mgr., Macfadden-Bartell.

John Lehman elevated to N.Y. sales mgr., Peters, Griffin, Woodward... **Jack Satterfield** promoted to Philadelphia mgr., Blair TV, succeeding **E. Gordon Walls**, retired... **Mike Carson** promoted to St. Louis sales mgr., Metro TV Sales... **Roger Blaemire**, ex-CBS Spot Radio Sales, joins Katz TV, Chicago.

John Kueneke, ex-KEST(AM) San Francisco, joins Blair TV, San Francisco; **Richard Tomlinson**, ex-TvAR, joins Chicago staff... **Matthew Culligan**, ex-Mutual Bcstg. pres., named pres. & chief exec., Teletape Productions (TV, commercials & industrial film producer).

Results of L.A. news probe by House Investigations Subcommittee staffer James Broder (Vol. 11:22 p4) is now being studied by staff, but no official report is likely for some time. "We will attempt to verify the significance of the statements made to us" by network employes in L.A., Subcommittee spokesman said. Networks are furious over investigation which involved mostly CBS employes and questioning of CBS newsman Morley Safer regarding burning of Vietnamese village in early 1960's. "There may come a time when there is something done with this, a report perhaps, or hearings, then it's possible that nothing will come of it," Subcommittee spokesman told reporters. In separate investigation, Subcommittee is expected to release report soon on NBC documentary "Say Goodbye," which indicated polar bear was shot to death when it was actually tranquilized.

"The Doomsday Flight" film depicting bomb hoax to extort money from an airline is so volatile that govt. fears unstable persons may try to imitate it, so FAA has asked TV stations not to show it. "You would be making the highest possible contribution to the safety of the more than 160 million passengers" by not airing film, FAA Administrator John Shaffer wrote stations. So far, 20 stations have said they won't show film, and we're told most broadcasters consider Shaffer's request "reasonable." Another FAA spokesman said film hasn't been shown on U.S. TV since Shaffer wrote stations. He said each time film is shown "the number of anonymously telephoned bomb threats received by the local airline rises significantly." It's understood distributor MCA is withdrawing film.

FCC has won fairness doctrine case in an appeals court—in the San Francisco Circuit, not District of Columbia. Unanimous Court upheld Commission ruling that armed forces recruitment spots weren't subject to free time for response. Appeal was taken by one Alan Neckritz against KFRC-AM San Francisco.

N.Y. World Trade Center (WTC) is interfering with signal from WXTV Paterson, N.J. by causing "severe ghosting effect," according to station, so FCC is allowing station to set up temporary antenna at site, 70 Pine St., in Manhattan, while main antenna is rotated to reduce radiation towards WTC. Changes are to be completed by end of month.

Diversity of viewing choices for public was cited by TIO in announcing that 57% of TV homes can receive at least 7 TV stations, up from 53% in 1968. Based on special Nielsen figures, study shows that 17% of TV homes can receive 10 or more stations, 97% at least 3.

CBS has bought X-Acto (precision knives & tools) for unannounced cash sum. N.Y. firm will operate as unit of CBS Columbia House. In another cash purchase, amount undisclosed, CBS bought Cadence Industries' "Popular Library," paperback publisher.

New CATV arm of Wometco, Wometco Communications, has advanced funds & received warrants to buy 80% of All State Cablevision. All State operates system in East Brunswick, N.J., holds franchises.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

STATE OF THE INDUSTRY

Sales to dealers (domestic-label), from EIA, for week ended July 30 (30th week of 1971):

	July 24-30	1970 week	% change	July 17-23	Jan.-July 1971	Jan.-July 1970	% change
Total TV	251,177	207,326	21.2	190,528	5,430,094	4,635,340	17.1
color	129,017	100,148	28.8	101,757	2,890,124	2,304,932	25.4
monochrome	122,160	107,178	14.0	88,771	2,539,970	2,330,408	9.0
Total radio	298,909	249,879	19.6	248,020	10,420,195	8,939,179	16.6
home, portable	222,339	168,589	31.9	143,732	4,514,229	3,962,358	13.9
AM-only	120,190	97,813	22.9	79,115	2,603,441	2,490,877	4.5
FM & FM-AM	102,149	70,776	44.3	64,617	1,910,788	1,471,481	29.9
auto	76,570	81,290	- 5.8	104,288	5,905,966	4,976,821	18.7
Total phono	137,901	138,664	- 0.6	70,290	2,071,307	1,775,478	16.7
portable-table	114,791	109,694	4.6	53,286	1,594,311	1,236,581	28.9
console	23,110	28,970	-20.2	17,004	476,996	538,897	-11.5

Color TV 5-week moving average: 1971—105,632; 1970—86,780 (up 21.7%)

MAGNAVOX CUTS PRICES OF 34 COLOR SETS: Magnavox, which led industry into last spring's shaky price increases, last week conceded that it couldn't stay on lofty perch all by itself and chopped fair-trade tags by \$10-\$76 on most of color line. Sears Roebuck, it's learned, has cut four 18V" & 19V" color sets by \$20-\$30. And RCA has promotional 16V" color set which could undersell its previous leader by \$10.

Magnavox dealers received letter last week telling them that part of last April's hike was being rolled back on 34 models to keep them competitive, but assuring them that many of its dealer margins were still above last year's points for comparable models. Unlike other recent reductions, which have been confined generally to portables & table models, Magnavox's cuts run virtually across-board. Examples: 18V" leader down \$10 to \$349, 19V" down \$20 to \$429, 25V" down \$40 to \$529. Biggest reduction: 2 tambour-door models down \$76 from \$775 to \$699. (For complete list of price changes, see p. 11).

Retail price reductions, effective Aug. 18, will be promoted in 30-day ad campaign starting Aug. 29, with theme of "Magnavox Fights Inflation." Magnavox's reluctance to roll back prices was indicated in promise to dealers: "We will try again."

RCA, which increased factory allowances \$10-\$24 on 18V" & 19V" sets (Vol. 11:31 p6), has introduced promotional open-list 16V" color set with swivel stand designed to sell at around \$309.95—some \$10 below suggested list of its leader 16V" without stand.

Sears' sets, repriced last month, include best-selling 19V" Medalist, whose "recommended retail price" was reduced \$30 from \$429.95 to \$399.95, and 2 Japanese-made 18V" sets—both down \$20, to \$319.95 & \$279.95. For other recent price cuts, see Vols. 11:31 p6 & 11:32 p9.

Even as color prices continue to crumble in promotional summer-fall season, if business remains good—and import prices rise as anticipated—it wouldn't be surprising to see industry institute its annual late-fall price increase on schedule, followed, of course, by traditional post-Christmas decrease.

6-MO. TOTAL-MARKET TV SALES SET RECORD: Total TV & color TV sales set all-time high for first half, in terms of total market—domestic production plus imports—according to EIA compilation released last week. More than 6.6 million sets sold by factories here or imported in period represented increase of 28.4% over last year's first half, while color sales exceeded 3 million for increase of 42.3%.

Imports rose by greater percentage than domestic production, and in first half represented 51.8% of all monochrome TV sales here, up from 50.1% one year earlier, while imports comprised 20.2% of color sales (up from 17.5%) and 37.3% of total TV sales (from 36.4%). In first half of this year, imports took 90.5% of all home radio sales, 22.5% of auto radio sales, 38.3% of phono sales, 96.2% of tape recorder sales and 98.3% of tape player (non-recording) sales.

In TV, sets bearing labels with other than U.S. manufacturers' trade name showed dramatic increases in market share. These foreign-brand sets, in first half, comprised 37.2% of all monochrome sets sold here (vs. 29.7% in first half 1970), 13.8% of color sets (vs. 9.7%), for 26.5% of total color-plus-b&w market (vs. 21.2%). Strangely, foreign brands' share of audio market declined somewhat, to 73.8% of home radios (vs. 76.8%), 26.2% of phonos (vs. 34%) and 76.2% of recorders (vs. 78.7%).

Despite increases in production at U.S. manufacturers' plants outside U.S., growing percentage of imports came into U.S. under "foreign" brand names (including most store & private labels). Foreign-label share of color imports rose to 68.5% this year from 55.1% in first half 1970; for b&w, figure increased to 74.4% from 59.2%. For total TV (color & monochrome), domestic-label imports actually declined 6.8% this year, while foreign-label imports rose by 62.1%. In monochrome, U.S.-branded imports fell 12.8%, foreign-label rising 52.3%. For color sets, domestic-label imports rose 14.8%, while foreign-label imports more than doubled.

In most categories, U.S. factory sales were up smartly—37.8% for color, 17.3% for monochrome, 28.4% for all TV, 38.8% for home radio, 24.2% for phonos—and even 24% for tape recorders, which very few domestic manufacturers are now producing. Domestic factory sales of TV showed improvement in 2nd quarter, color rising 46.5%, monochrome 22.3%, over same 1970 period.

On tape scene, action appears to be shifting from recorders to non-recording players. Total tape recorder market went up only 12.8% from first-half 1970, quite low for that hitherto fast-growing product, while home tape players rose by 44.1%. Although EIA doesn't report domestic auto tape player production, imports of car players totaled 1,353,787 units in half, down slightly from 1,394,434 reported in 1970 period. It's good guess that market for tape instruments of all kinds (recorders, car & home players) totaled nearly 8 million units in first half 1971, increase of more than million units from year earlier. Here are first-half 1971 market figures from EIA, at factory sales & import levels:

Product	U.S. Produced	Imports U.S. Brand	Imports Foreign Brand	1971 1st Half Total	1970 1st Half Total	% Change
Total TV	4,174,064	722,446	1,761,896	6,658,406	5,111,180	30.3
color	2,439,855	194,719	423,057	3,057,631	2,148,057	42.3
monochrome	1,734,209	527,727	1,338,839	3,600,775	2,963,123	21.5
Total home radio	1,455,963	2,541,671	11,276,948	13,274,582	15,304,328	-0.2
AM-only	772,581	1,408,842	4,161,250	6,342,673	6,346,944	-0.1
FM & FM-AM	683,382	1,132,829	7,115,698	8,931,909	8,957,384	-0.3
Total auto radio	5,440,982	n.a.	n.a.	7,016,630	5,651,032	24.1
AM-only	4,430,594	n.a.	n.a.	5,775,664	4,844,298	19.2
FM & FM-AM	1,010,388	n.a.	n.a.	1,240,966	806,734	53.8
Total phono	1,500,247	295,641	636,036	2,431,924	2,145,618	13.3
Total tape recorder	150,717	756,955	3,026,793	3,934,465	3,486,463	12.8
Home tape players	35,386	118,868	1,885,912	2,040,166	1,415,557	44.1

GROWING UNEASINESS OVER TAIWAN: Taiwan's wave as American consumer electronics' home away from home shows signs of having crested. Even though plants are just now coming on stream and TV exports to U.S. are rising toward 200,000-per-month rate (Vol. 11:29 p7), new American expansion there has certainly passed its peak. Manufacturers looking for non-U.S. plant sites are carefully combing alternatives—including Mexico, Korea & Singapore—or just sitting tight.

President Nixon's upcoming visit to Peking and portents of major change in U.S. China policy are merely contributory factors to unease about Taiwan's future. While there are no hints that U.S. will abandon Taiwan, or that Chiang Kai-Shek will turn his back on U.S.—on which he has prime economic dependence—still, there's feeling of uncertainty.

Real basis for new shyness over Taiwan, however, has little to do with America's China policy. It's far more closely related to over-all foreign trade policy. As one manufacturer put it: "If something is done about Japanese imports, then Taiwan may also be in real trouble." There's a real protectionist tendency developing in the Administration and in Congress. Although Taiwan has been a hedge against Japanese goods, it now looks as though any action against Japan could be accompained by action against Taiwan. Tariff Commission's "escape-clause" hearings on TV imports is certain to delve into Taiwanese as well as Japanese competition—as Canadian dumping injury hearings are now doing (see below).

Nobody is changing any firm plans for locating in Taiwan. It's just that there seems to be little prospect for any more expansion than has already been announced. Corning Glass is going ahead with its plans to build picture-tube glass plant there—and RCA is still in joint Chinese-U.S. building tube plant. These are 2 key installations to supply big TV set industry there. However, if govt. should erect trade barriers to sets from Taiwan, these plants may primarily be bases there for sales to far eastern and other countries in competition with Japanese.

One manufacturer told us: "With what's going on in Washington now, we must be careful about going anywhere." As to Taiwan: "There are waves in the water, but they're not high enough yet to cause real worry."

TURMOIL ON FOREIGN TRADE SCENE: It was another hectic week for those involved with imports—as who isn't? Here were some of major happenings & portents:

(1) While domestic manufacturers continued to push prices down for fall season (see p. 7), substantial increases in costs of Japanese sets—as we forecast last month (Vol. 11:27 p10)—became increasingly inevitable. Although many importers gave assurances that 5% increase in Japanese TV floor or "check" prices would have little or no effect on them (Vol. 11:32 p8), it appeared that they could result in boosting costs of very substantial number of Japanese imports—perhaps as many as 50%.

But that's only small part of price pressures on imports. Panasonic Consumer Products Vp Ray Gates was first to concede that prices would be up, although not necessarily across-board, on next price sheet, Dec. 27. He cited higher freight rates, "drastic increases" in costs in Japan, higher costs resulting from eventual dock settlements, possible revaluation of yen or devaluation of dollar. "We'll certainly have nothing you can say is a lower price," he said.

(2) West Coast dock strike is beginning to pinch, with open port of Vancouver jammed and some shipping lines refusing to take on merchandise because there's no way to unload it. Then there's spectre of possible East & Gulf Coast walkout Oct. 1, with negotiations in that dispute scheduled to start Aug. 18.

(3) U.S.-Japan trade relations continued to worsen. U.S. response to Japan's "too-little-too-late" liberalization was openly hostile. In advance buildup for Aug. 24 top-level U.S.-Japan trade talks, State Dept. informed Japan that it was ending its efforts to persuade it to eliminate quotas & prohibitions on certain types of imports—including computers—and implied that if agreement couldn't be reached for adjustments to compensate for trade losses, U.S. would be free to retaliate against Japanese exports here.

(4) Tariff Commission turned down requests by EIAJ & Sony to postpone start of Aug. 24

hearings on import injury to U.S. TV industry. Witness list now includes EIA's Consumer Electronics Group & Tube Div., labor unions, American Retail Federation, EIAJ, Sony, Taiwan Electrical Appliance Mfrs.

(5) Hearings on landmark $360-million suit against Japanese manufacturers by NUE (Vol. 10:52 p8) are scheduled to start today (Aug. 16) in N.J. federal court, Newark, with all-star batteries of top attorneys on both sides. NUE charges TV dumping by Japanese producers cost it $120 million, seeks triple damages.

(6) Canadian Anti-Dumping Tribunal held full week of hearings to determine whether industry there has been injured by dumping of TVs from Japan & Taiwan—and inclusion of Taiwan in proceedings became important issue. EIA of Canada said that "virtually the entire [30%] growth of the Canadian [TV] market over the past 4 years has been appropriated by the Japanese & Taiwanese manufacturers, whose sales in Canada increased almost fourfold while sales by Canadian manufacturers increased by 0.5%." EIAC vp & chmn. of its Consumer Products Div. John Pollock said dumping may threaten industry's "very existence."

EIAC presented data showing that Canadian TV industry declined from $7 million profit in 1966 to $3.3 million loss in 1970, utilization of its production capacity dropping to 46% in b&w, 52% in color. Although Canadian Admiral is EIAC member and was included in its filing, Admiral Overseas (Taiwan) urged that Taiwan be excluded from any injury finding, principally on grounds imports from that island were "minuscule" and couldn't possibly have caused injury. Hitachi TV Taiwan made similar argument.

EIA-Japan said changes in market & economic conditions were responsible for Canadian manufacturers' declines—not dumping. In attempt to refute dumping argument, EIAJ attorneys presented tabulation of 1970 Japanese TV shipments to Canada, which they said showed aggregate sales price 10.2% above "normal value" on Japanese market. Canadian TV manufacturers import sets at 20.1% above normal value, importers at 8.9% above normal value. Dumping is defined as export sale below "normal value." Hearings resume Aug. 17 with cross-examination, are expected to last day or 2.

HEALTHY TV SALES PACE IN JULY: After setting record for June (Vol. 11:29 p8), color TV sales to dealers (domestic-label) came within 0.4% of beating July record, set in 1969.

Color sales were 25.4% ahead of July 1970, monochrome showing healthy 9.5% gain, only 51 sets shy of July 1969's sales. For year's first 7 months, color sales were up 25.4% from 1970, 8.5% ahead of same 1968 period and just 1.8% behind 1969. All-time domestic-label color sales record was set in 1968.

Domestic-label radio & phono sales showed some softness in July, total phonos & portable phonos showing first monthly declines in 1971 from year earlier. Home-portable radio sales have been bounding all over the lot this year—from 7.5% decrease (compared with 1970) in June to 78.7% increase in April. For year's first 7 months, all categories except console phonos registered increases over 1970 (see State of the Industry). Here's compilation of EIA domestic-label sales to dealers for July as compared with same 1970 & 1969 months:

Product	July 1971	July 1970	% change	July 1969
Total TV	776,772	662,057	17.3	777,027
color	408,048	325,399	25.4	409,354
monochrome	368,724	336,658	9.5	368,673
Total radio	1,081,418	980,060	10.3	1,181,483
home, portable	614,309	611,368	0.5	729,391
AM-only	325,937	343,227	-5.0	414,387
FM & FM-AM	288,372	268,141	7.5	315,004
auto	467,109	368,692	26.7	452,092
Total phono	316,290	346,960	-8.8	390,809
portable-table	246,855	273,577	-9.8	303,647
console	69,435	73,383	-5.4	87,162

PHILIPS TV DISC NEXT WEEK? Telefunken-Decca Teldec color video-disc may well share spotlight with new competitor next week at Berlin Radio & TV Exposition (Vol. 11:32 p11)—Philips' hitherto top-secret video record-playing system. Although Philips officials declined last week to comment on prospect, there's increasing expectation that its see-hear phono will be demonstrated, probably in joint showing with its German manufacturing subsidiary.

Philips' system is understood to operate on completely different principle from mechanical pressure-stylus technique developed by Teldec. Teldec, incidentally, is expected to show color disc designed for 1973 marketing, and not its promised videodisc changer, which is still under development.

In Japan, meanwhile, Sony said full-scale production of its videocassette players would begin in Oct., with first 12 months' output calculated at 70,000 units, and about 150,000 in calendar year 1972. Although Sony has announced that recording accessory would be available, it apparently considers its unit basically playback only device, since it says it is considering combating piracy by developing tape which could be used only with Sony system—and making it available to software companies only.

New Magnavox prices (see p. 7): Increases were confined to color sets 18V" & larger. Remote-control premium on 25V" consoles was reduced from $150 to $125. The two 18V" were cut to $349 (down $10) & $379 (down $20). Only one 19V" was reduced—leader, by $20 to $429. The 21V" & 23V" sets and all combinations were unchanged. Cuts in 25V" consoles: Leader down $40 to $529, step-ups $569 (down $30), 3 at $599 (down $50), others at $649 (down $50) with remotes $775 (down $75), $669 (down $51), remote $825 (down $74), tambour door models $699 (down $76), other door models $750 & $775 (down $45), remotes $875 & $900 (down $70).

List of electronics & related industry executives on Presidentially-appointed National Business Council for Consumer Affairs last week (Vol. 11:32 p14) was incomplete. Among members: Kenneth Axelson, J. C. Penney; James Button, Sears; John deButts, AT&T; Alfred Eisenpreis, Allied Stores; Stanley Gault, GE; Elisha Gray II, Whirlpool; Charles Hammond, Westinghouse; Raymond Herzog, 3M; Donald Kircher, Singer; Richard Mayer, W. T. Grant; John Nevin, Zenith; Charles Odorizzi, RCA; Edward Reavey, Motorola; Donald Smiley, Macy's. Robert Brooker, Marcor (Montgomery Ward) is chmn.

GE has increased market share in color & monochrome TV in first half, according to TV Receiver Products Dept. Acting Gen. Mgr. Donald Johnstone, who predicted total industry color TV sales will be about 6.4 million this year, increase of 200,000 over earlier GE forecast. He said GE's sales increase in first 6 months was "substantially higher" than industry total-market boost of 31% in color, 17% in monochrome. In color, he said GE "continued our strong momentum" in large-screen sizes, while battery portable was particularly strong in b&w.

Color TV sales will increase 40% by 1975, with b&w also rising, Motorola Video Products Planning Mgr. Charles Eissler forecast last week at Texas Electronics Assn. convention. These are his personal forecasts for 1975: Color TV sales to consumers (domestic plus import) will rise from about 6.7 million in 1971 to 7.2 million in 1975, with penetration of 71% of households. By end of 1975, replacement should account for 40% of color sales. Current mix of 60% portable-table should rise to 80%, with most popular screen sizes 25V", 21V", 19V", 17V" & 13V". Monochrome sales will rise from current 6.9 million to 8.6 million, going to 10.6 million if $50 retail level is reached. Audio equipment sales will increase from 1.9 million to 2.8 million units, radios going from 44.4 million to 56 million. Service industry's capabilities must increase 65% to keep up with sales growth, he said.

Airlifts from Japan are increasing as impact of West Coast dock strike is felt. Superscope has arranged "multiple flights each week" of DC-8 stretch jets, each carrying some 90,000 lbs. of Sony recorders "to insure continued availability of product." Superscope said it won't increase prices, but will absorb excess costs of air shipment as long as strike continues. Akai, which says it took orders for 2,000 portable quarter-inch VTRs at Consumer Electronics Show, chartered JAL plane to fly 1,000 units to U.S., plans to export 20,000 to U.S. & Europe by year's end. Meanwhile, shippers & ship operators were making tentative plans for possible shutdowns of Atlantic & Gulf ports. Negotiations covering these ports are scheduled to begin Aug. 18. International Longshoremen's Assn. contract expires Sept. 30.

Mergers & acquisitions: Zenith has agreed to sell its Rauland subsidiary's special-purpose CR tube business to Texas Instruments, terms undisclosed. Production facilities for these products—tubes for air traffic control use and large-screen graphic displays—will be moved to Sherman, Tex. Some 25 employes were said to be affected by deal, which doesn't alter other Rauland operations... **Robins Industries** has completed acquisition of Fairchild Sound Equipment Corp. (Vol. 11:30 p11), which will operate as wholly owned subsidiary under present staff. Terms weren't announced.

Zenith dropped in 5 TV sets last week "to meet the competitive market conditions of the '70s." At $89.95, "lowest ever for a Zenith TV," is new b&w in 12V" size, which "now accounts for better than 26% of the industry's b&w sales," according to Zenith Sales Corp. Pres. Walter Fisher. Step-up is $99.95. New 19V" b&w remote is open-listed. Two 25V" Chromacolor sets with Customized Tuning are $795 & $895 (remote).

Admiral's "Real Sale," Sept. 13-Nov. 1, features as traffic-builder a $4.95 transistor radio at $1.99. In color TV, three 23V" consoles will be reduced $50, $60 & $65, one 25V" cut $70. A b&w 16V" set will be down $20, with "special values" in 12V" & 18V" monochromes. One stereo console will be reduced $50. Prices weren't released.

Trade Personals

Harry Recker, ex-gen. mktg. mgr., named Philco-Ford gen. sales mgr., responsible for all sales through company-owned distributors in realignment of Consumer Products Div. to separate one-step from 2-step distribution. **R.E. Nugent Jr.,** ex-Atlanta zone mgr., appointed dir. of independent distributor sales. **James McMurphy,** sales vp, also heads new special markets office (national & regional accounts) until permanent dir. is named. **A.B. Laverty** named business operations dir., Philco-Ford Consumer Products, succeeded as forecasting & product supply dir. by **D.E. Hannabarger.**

George Konkol, GTE Sylvania senior vp and vp of EIA Tube Div., assigned over-all responsibility for Precision Materials Group, Whippany, N.J. succeeding late **Gerald Moran; Gordon Fullerton,** ex-pres. of Sylvania subsidiary Wilbur B. Driver Co., named senior vp with responsibility for Electronic Components Group, succeeding Konkol... **Peter Dunn,** ex-operations mgr., Zenith Rauland Div., named to new post of special product line mgr. for flat-face metal-cone CRTs at Fairchild-Dumont, Clifton, N.J.

Daniel Hirshfield, ex-confidential asst. to HEW Secy., appointed RCA creative services dir., with over-all responsibility for corporate executive writing & editing activities; **R. Kenyon (Ken) Kilbon,** ex-editorial & publication services mgr., appointed RCA editorial services dir., responsible for writing speeches & articles for top executives... **Daniel Del Frate,** ex-Westinghouse Consumer Co. mktg. dir., named mktg. mgr., RCA Solid State Div., Somerville, N.J.

Walter Dance & **Reginald Jones,** senior vps, elected to GE board... **Peter Philippi** promoted from mktg. mgr. to vp-gen. mgr., Magnavox Systems (facsimile)... **Paul Katz** appointed Standard Kollsman finance vp.

Paul Osler, ex-distributor products controller, promoted to corporate budget control dir., P.R. Mallory; **Robert Minnerup** named Mallory Capacitor Co. asst. sales mgr... **Philip Gomez,** ex-Materials Group mgr., Texas Instruments, named to head worldwide operations of distribution subsidiary TI Supply Co.; new Materials & Electrical Products Group is headed by vp **Edward Hill,** who continues as acting mgr. of Control Products Div.

Al Menegus, ex-district mgr., promoted to publisher, Electronic Technician/Dealer, succeeding **Hugh Wallace,** resigned... **Nat Frost** elevated from national sales mgr. to gen. mgr., Birnbach Co., succeeding **Howard Saltzman,** resigned.

To the suburbs: GE will complete construction of new corporate hq in Fairfield, Conn. in mid-1974, company announced after town approved zoning changes. Hq currently is in N.Y. Philco-Ford, meanwhile, conceded it is looking at its properties outside Philadelphia to determine how it might use them most efficiently, but called "premature" the reports that hq would be moved. Company has no plans to move or close production plants in Philadelphia.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
Columbia Cable			
1971-9 mo. to June 30	2,988,000	345,000	.34
1970-9 mo. to June 30	2,472,000	254,000	.27
Grass Valley Group			
1971-6 mo. to June 30	1,444,000	232,000	.16
1970-6 mo. to June 30	2,005,000	364,000	.25
Lynch			
1971-6 mo. to June 30	9,113,000	(1,561,000)	--
1970-6 mo. to June 30	10,044,000	(240,000)[a]	--
MCA			
1971-6 mo. to June 30	144,321,000	7,453,000	.91
1970-6 mo. to June 30	138,419,000	6,342,000	.78
1971-qtr. to June 30	65,453,000	3,834,000	.47
1970-qtr. to June 30	65,605,000	3,321,000	.41
National General			
1971-6 mo. to June 10	273,991,000	8,319,000	1.58
1970-6 mo. to June 10	262,544,000[b]	6,860,000[a]	1.33
1971-qtr. to June 10	136,170,000	4,046,000	.77
1970-qtr. to June 10	132,785,000[b]	4,645,000[a]	.90
Sonderling Bcstg.			
1971-6 mo. to June 30	11,394,000	701,000	.70
1970-6 mo. to June 30	10,918,000	713,000	.71
1971-qtr. to June 30	6,180,000	545,000	.54
1970-qtr. to June 30	6,038,000	528,000	.53
Terminal-Hudson			
1971-6 mo. to June 30[c]	6,759,833	152,973	.12
1970-6 mo. to June 30	9,155,802	182,950	.14
1971-qtr. to June 30[c]	3,490,174	111,052	.09
1970-qtr. to June 30	4,516,974	73,450	.06
Times Mirror			
1971-28 wk. to July 11	248,946,857	14,390,389	.86
1970-28 wk. to July 11[b]	234,656,930	16,306,039[a]	.97
1971-16 wk. to July 11	144,687,984	9,760,827	.58
1970-16 wk. to July 11[b]	133,563,937	11,232,002[a]	.67
Reeves Telecom Corp.			
1971-6 mo. to June 30	4,674,000	(491,000)[d]	--
1970-6 mo. to June 30[b]	6,266,000	(4,980,000)[e]	--
1971-qtr. to June 30	2,349,000	(116,000)[d]	--
1970-qtr. to June 30[b]	2,856,000	(3,369,000)[e]	--

[a]After special credit. [b]Restated. [c]Included King Optical May 15-June 30. [d]After CATV sale gains. [e]After special charge.

Distribution notes: Teledyne Packard Bell expands territory of Michigan Plumbing & Heating Supply, Kalamazoo, to cover entire state, replacing Calka Distributing, Detroit, and Taylor Electronics, Flint. TPB appoints Walter Reed district rep, with hq in Baton Rouge... **Emerson** names Jack Lederer, ex-Tecca Distributing (Cleveland), branch mgr. for Emerson of Western Pa.

Beat the blackout with new "All American Sports Amplifier," scheduled for production by Community Antenna Development Co. (4444 Classen Blvd.), Oklahoma City, at $97.50 complete or $40 in kit form. Designed to be attached to TV set, amplifier's developer claims it will enable set to pick up stations as far as 150 mi. away, forecasts 250,000 will be sold this fall.

Gillette, which recently entered blank cassette field, and Sovi S.A. (Mexico) have joined International Tape Assn.

WEEKLY
Television Digest®
with consumer electronics®

26th YEAR OF PUBLICATION 26 1945-1971

The authoritative service for broadcasting, consumer electronics & allied fields

AUGUST 23, 1971

VOL. 11, NO. 34

SUMMARY-INDEX OF WEEK'S NEWS

CONFUSION ON TV PRICE FREEZE IMPACT: "About the only thing we're sure of...is that a state of confusion exists and no one is sure of the final outcome," Katz rep firm told its clients in referring to President Nixon's wage-price freeze. And that just about sums up industry situation at week's end, because there had been no clarification of allowable pricing structure for network & local fall programming.

NAB, lawyers, FCC—all were flooded with inquiries from stations with essentially this question: "Obviously, we are selling 30 sec. in new fall schedule at substantially higher cost than we're getting today; is the higher fall rate legal?"

Generally, answer was "nobody knows." President's Cost of Living Council put out Q.'s & A.'s last week—more are due this week—but none clarified broadcast situation. Closest to covering problems was this: "Q. What is the selling price for a material if there have been dual price situations, i.e., a published price and a discounted price at which actual transactions were made?"

"A. Sales may be made at the highest price at which substantial volume [10% or more] of actual transactions were made during the 30-day period of time ending August 14. If products have been selling at a discounted price and not at the published price during the base period, the maximum price would be the highest discounted price at which substantial transactions were made."

"Now, what the hell does that mean for my spot sales?" station mgr. asked us. ABC & NBC are taking position that they have been selling fall spots at higher-than-summer rate for several months, therefore higher rates are legal. CBS isn't so sure—but hasn't reduced Sept. prices to Aug. levels. Several ad agencies immediately sought to buy fall time on networks & stations at last week's rate. "You can guess what we're telling them," said network vp.

Katz sees the key issues thus: "Audience is TV's product; price is the CPM." Therefore, higher rates per spot are permissible as long as CPM isn't higher. Katz pointed out that many summer spots—sold at much cheaper rate than same time in fall—actually cost more because of much lower CPM. Rep firm said these questions must be answered:

"(1) Since new programs and adjacencies to them are actually 'new product offerings,' is it not possible to establish new rates for them just as you would any new product or service? (2) Are rate cards with pre-freeze effective date stipulating post-freeze increases permissible? (3) If a station shows significant audience increases during the freeze, can it raise its rates accordingly...using, let us say, the pre-freeze CPM as the measure not to be exceeded?"

Another major question affects many stations which have increased rates to be published in next SRDS, or those which have announced higher rates effective at future date. "There are variations by the dozens which are causing problems for individual stations, judging from the calls we've been getting," NAB officials said.

NAB said it "is actively seeking to determine in conferences with govt. officials the full effect...Definitive answers will be passed along as soon as we are able to obtain them...Such questions as seasonal adjustments, rate protection...business sold but not run, etc. still are to be answered." Association—which hasn't gone directly to govt. for answers—expects many to be forthcoming this week when Cost of Living Council issues further guidelines. "They [OEP] are in total chaos," NAB attorney Louise Knight said. "You have to give them some time."

FCC Gen. Counsel Richard Wiley is coordinating FCC study of impact of wage-price freeze on broadcasting, and Commission is expected to issue statement in 7-10 days. His impression is that OEP believes price freeze covers broadcast seasonal rates—unfairly freezing stations at summer prices for fall—and, if OEP so rules, believes that FCC "should go to bat for broadcasters" to get restriction lifted. On Aug. 20, FCC warned common carriers that their rates are covered, ordered them to postpone or withdraw higher tariffs that would go into effect in next 90 days. "Any such tariffs that are not promptly withdrawn or postponed will be rejected," FCC said. Manufacturers RCA & Jerrold said they anticipate no problem with White House order.

Program syndicators also are expected to be affected adversely by price freeze—which nobody expects to end in announced 90 days. Under network prime-time rule this fall, many first-run shows are in syndication in various numbers of markets. One programmer posed this situation: "Let's say I've got a show placed in 25 markets, and after 3-4 airings, it shows signs of being a big hit. Now to get started, I may have sold it cheaply to Station X in the 25th market, and all of a sudden I have all 4 stations in the 24th or 26th market bidding for it. I would have to sell it at the same cheap rate Station X got."

TV stations aren't unhappy about unexpected dividend of price freeze, however: Both NAB TV Code & TIO planned substantial increases in subscribers fees this fall. "Evidently, they're both out for the duration," NAB official said. (Note: Wage & price freeze, coupled with import surcharge, has very substantial impact on consumer electronics. For that story, see p. 7.)

OTP INTERRUPTS CABLE-COMPROMISE TALKS: OTP's efforts to mediate CATV conflict were suspended abruptly late last week when Dir. Clay T. Whitehead cancelled planned meetings with NAB Aug. 23, copyright owners Aug. 26. No announcements were made, but here's what we understand happened: OTP had 3-hour session with NCTA leaders Aug. 20, felt them out on compromises. Cablemen concluded compromises were at their expense—in large part taking away what FCC had given in its recent policy statement (Vol. 11:32 p3)—declined to yield. Faced with this, Whitehead evidently concluded there's no sense, for immediate future at least, in rushing into new talks with other 2 groups.

Specifics of OTP suggestions weren't disclosed, but it's understood they involved usual gut issues—distant signals, exclusivity, overlap, leapfrogging, etc. Whitehead sat in on part of meeting. Gen. Counsel Antonin Scalia was there throughout, as was his asst. Henry Goldberg. For NCTA: John Gwin, Gary Christensen, Alfred Stern, Irving Kahn, Robert Beisswenger, Bruce Lovett, Walter Schier.

Pausing on this "short-term" front, OTP continues long-range cable-policy study. Last week, it began receiving responses to 6-point questionnaire (Vol. 11:33 p4). NAB reiterated its oft-expressed concerns about cable—costs to public, harm to stations, siphoning of programs, etc. On other matters, NAB suggested: (1) Congress set 7 years for CATV franchises—and station licenses. (2) Great care be used in "access" to cable channels—"especially since the TV medium is uniquely available to children." (3) CATV shouldn't be "full" common carrier. (4) State & local authorities should set most rules covering cable operations—including franchise fees, designation of "municipal" channels, etc.

NCTA hadn't completed response, sent in some documents filed earlier with FCC, will complete statement later. Among others yet to respond are EIA & copyright owners.

Also on long-term front last week, OTP awarded contract to Malarkey, Taylor & Assoc. for 3-month study looking toward broadband "wired city" experiment (Vol. 11:32 p4). Winning bid was $64,000. OTP Asst. Dir. Walter Hinchman said study "will identify those new broadband services which might be offered on a pilot or experimental basis to test the social benefits, public acceptance, and economic viability of such services."

NCTA's proposals for special FCC cable-oriented receiver rules met opposition from NAB & MST last week. NAB said CATV isn't broadcasting; therefore, FCC has no power to specify rules for cable sets. MST said rules "would burden all TV buyers with costs that should be borne by the operators & users of cable systems and would provide a captive audience for the cable industry."

FCC ASKS REMAND OF BOSTON CH. 5 CASE: Boston Ch. 5 case underwent yet another unusual convolution last week. FCC decided it would like to hold oral argument to get parties' views on next step to take—in light of SEC charges against Boston Bcstrs. Inc. (BBI) Exec. Vp Nathan David (Vol. 11:33 p2). Commission had been leaning toward freezing BBI's CP and setting SEC matter for hearing—but sentiment shifted, for present at least, toward oral argument.

But Commission can't simply schedule such argument on its own. It has to get court approval—because basic case is over, having gone all way to Supreme Court, which declined to review Appeals Court decision affirming grant of Ch. 5 to BBI, taking it from WHDH-TV. So FCC last week filed pleading with D.C. Appeals Court, asking that case be remanded to Commission so that the oral argument can be heard. FCC said sole purpose of argument is to determine next step in light of SEC-David case—to decide whether to reopen comparative case and, to get down to basics, decide who is to operate Ch. 5, and when.

FCC sent letter to BBI, same time it filed court pleading, stating: "No stay of your authority to construct has been issued, but further construction is undertaken at your own risk, and without prejudice to whatever action the Commission may deem appropriate in the event that its request is granted by the Court."

BBI Pres. Leo Beranek issued statement Aug. 20: "BBI has been advised by its counsel that the Commission's action is without precedent, and it is confident that the Court will not accede to the Commission's request." He also said BBI "has always been cognizant" that it is building at its own risk, "a risk which BBI accepts," and he expects construction to be completed by end of month. (No statement had been received from WHDH-TV at press time.)

Earlier in week, BBI sent letter to FCC Chmn. Burch, stating among other things that it would be most unfair to freeze CP, in light of fact that several millions have been spent on construction and more than 40 people have been employed in preparation for takeover soon from WHDH-TV (BBI aims for Sept. 12).

COURT SLUGS INDUSTRY IN POLLUTION CASE: And yet another stunning blow to broadcasters from D.C. Appeals Court. This time, Court held that stations must carry more anti-pollution material to counter commercials for high-powered engines & gas. And what hurt, particularly, is that decision was written by Judge Carl McGowan—whom broadcasters had considered an ally because of his dissent in another tough decision (Vol. 11:32 p1). Further twisting knife was fact that McGowan was joined by Judge Roger Robb, whose past votes led industry to believe he could be counted on in such cases. Judge Wilbur Miller dissented.

Case involved "Friends of the Earth" (Gary Soucie, exec. dir.), which had demanded time on WNBC-TV N.Y. to respond to commercials for high-powered cars and leaded gas. Station turned down request, saying that auto & gas ads aren't important controversial matters and that station had carried many programs presenting anti-pollution views. "Friends" appealed to FCC, got turned down year ago.

Last week's court decision disagreed with Commission's position that auto, gas & other commercials differ from cigaret ads in "Banzhaf" case; there, FCC said cigaret commercials are "unique" product because of Surgeon Gen. findings. Said Court:

"Where the Commission departs from Banzhaf is in insisting that, because cigarets are unique in the threat they present to human health, the public interest considerations which caused it to reach the result it did in Banzhaf have no force here. The distinction is not apparent to us, any more than we suppose it is to the asthmatic in N.Y. City for whom increasing air pollution is a mortal danger. Neither are we impressed by the Commission's assertion that, because no governmental agency has as yet urged the complete abandonment of the use of automobiles, the commercials in question do not touch upon controversial issue of public importance."

Grover Cobb, NAB Stations Relations Exec. Vp, said decision "will have a drastic effect in radio & TV service. There is almost nothing advertised that might not be deemed controversial by some group...If every group were to demand free time to respond to every advertisement, and were it to be granted, as this ruling seems to indicate that it must, broadcast programming would become a shambles. Stations would be at the mercy of all types of fringe groups representing an infinite number of variant opinions." FCC officials were shook. Gen. Counsel Richard Wiley said he's in favor of seeking Appeals Court en banc reconsideration, also was surprised to find McGowan & Robb voting as they did, in light of their records.

ABC RENEWS PREP H PUSH: Citing survey of 230 affiliates showing they favored TV Code acceptance of Preparation H by 4-1 ratio, ABC-TV Vp Richard Beesemyer pledged new fight to get product on Code stations. NAB TV Board—reversing Code Board recommendation—voted 8-7 in June not to accept hemorrhoidal spots (Vol. 11:26 p4).

Bessemyer (also member of NAB TV Board) said poll shows that 8 TV directors "weren't representing the views of a majority of their constitutents" when they voted to continue ban on Prep H. He said he will request special vote (either by wire or meeting) to reconsider matter.

Bessemyer poll has caused debate around Prep H to continue since Board meeting, and TV Code Board members have received heavy influx of pro & con mail. Albert J. Gillen, president of Poole Bcstg., was highly critical of Code Board members who voted for Prep H. In letter to many broadcasters, he charged "that the Code each year becomes looser & looser & looser, and I feel the laxness with which the Code is administered has caused TV many, many problems."

WKTR Dayton-Kettering has declared bankruptcy, will be sold to Ohio ETV Commission for $550,000.

FCC has ordered full inquiry into its renewal policy procedure, as anticipated (Vol. 11:30 p1), with eye toward complying with D.C. Appeals Court decision declaring policy unconstitutional (Vol. 11:24 p1). Comments are due Nov. 1, replies Dec. 1. Commission also ordered its examiners & Review Board "where appropriate" to tailor 9 hearing cases referred to in Judge Wright's decision. Cases, now likely to proceed on comparative basis, involve WPIX N.Y., WNAC-TV Boston, WTAR-TV Norfolk, WESH-TV Daytona Beach, WGHP-TV High Point, WIFE-AM-FM Indianapolis, WOOK(AM) Washington, KTLE(AM) Pocatello, WHCN(FM) Hartford.

Feuding Amarillo stations have backed away from showdown at FCC. KVII-TV had charged KGNC-TV with anti-competitive practices to obtain Lawrence Welk Show and Notre Dame football, asked Commission to deny renewal (Vol. 11:31 p2). Last week, KVII-TV withdrew petition after reviewing KGNC-TV's response, said "no useful purpose would be served" by further proceedings.

Fine of $4,000 was levied against Colormedia by U.S. District Judge Owen Cox in Corpus Christi, Tex., and charges against 4 top company officials dropped after company pleaded guilty to federal obscenity charges stemming from closed-circuit telecast of "Oh! Calcutta!" (Vol. 11:21 p6.)

NAB's daily audio radio feed was cancelled last week by new PR Exec. Vp James Hulbert, who said move "in no way indicates the abandonment of the concept." In memo to Board, he said new plan is to offer audio report (1-3 times weekly) only when news warrants. Stations will be informed of feed through UPI & AP wires. He also said NAB would acquire portable equipment so that events could be covered. "The reports [have not been] of the quality which should be associated with NAB," he said. "The principal problem was that there were not 7 daily news stories a week on broadcasting matters of the type we could carry. There were perhaps 2 or 3 a week." He said audio service averaged 40-50 calls daily, "half of which we estimate were non-broadcast." On other hand, he said, when important news was available and stations were informed through wire services, "about 160 calls was a typical response." Daily service started in May, was recommended by ad hoc PR committee last fall.

GE Cablevision has assigned 6 upstate N.Y. CATV franchises to Athena Communications, Gulf & Western subsidiary. One community, Rotterdam, has approved shift; OK from others—Colonie, Glenville, Niskayuna, Schenectady & Scotia—is pending. Locations have combined subscriber potential of 65,000 homes. GE, which operates WRGB Schenectady, said move was in compliance with FCC prohibition of ownership of TV station & CATV in same market.

Democratic & Republican National Committees' squabble over Presidential TV appearances and requests for time under fairness doctrine has been denied by FCC, as expected (Vol. 11:33 p5). "It is a wholly impracticable quagmire for this agency to attempt to evaluate" how much "partisan" material is involved in specific Presidential TV appearance, Commission said. Comr. Johnson dissented.

KVRL (Ch. 26) Houston went on air Aug. 15 using RCA equipment, 999-ft. tower. Bruce Kelly is mgr.; Richard Albitz, sales mgr.; Lee Gordon, operations mgr. Base hourly rate is $450. There are now 895 stations on air (596 vhf, 299 uhf), 689 commercial, 206 non-commercial, 134 CPs.

Revenue of typical uhf station increased 28.2%—from $729,000 in 1969 to $935,000 last year—according to special breakout of annual reports to NAB. Of 62 uhfs responding to survey, 27 showed profit. Typical station, however, lost $58,000 in 1970, compared with 1969 loss of $175,100.

ARB yearly figures for U.S. TV households & TV market Areas of Dominant Influence (ADI) show TV households increase of 2.2 million during past year, bringing total to 62,969,000. ADI markets remained at 207, but supplementary markets increased by one (Flagstaff, Ariz.) to 25.

Composite week for licenses expiring in 1972, issued by FCC: Sun., Sept. 20, 1970; Mon., June 21, 1971; Tues., March 9, 1971; Wed., May 19, 1971; Thur., Jan. 7, 1971; Fri., April 23, 1971; Sat., Oct. 17, 1970.

Govt. relations dir. is sought by NCTA—applications to Bruce Lovett, Legislative Committee Chmn., 1629 K St. NW, Washington.

FCC Comr. Robert Wells said last week that no one had been asked to direct a possible Wells' campaign for gov. of Kansas next year. Commenting on report that 2 Kan. lawyers had been approached to serve as his campaign director (Vol. 11:33 p1), Wells said: "I have asked no one, nor have I authorized anyone to act in my behalf." Staunch Wells supporter in Kan. had told us that 2 Topeka attorneys—Frank Sabatini & Jack Quinlan—had been approached on Wells' behalf. However, Quinlan said last week that ex-Gov. Alf Landon and others had talked to him about Wells' prospects and sought his support "but at no time was I asked" to direct campaign. "Bob Wells is a good man," he added. Sabatini was on vacation, couldn't be reached. We regret the erroneous impression left by earlier report.

Network TV billings were down in July by 1.9% compared to same 1970 period, bringing Jan.-July figures down by 8.7%. June billings declined 9.2% (Vol. 11:31 p3). July billings totaled $101,624,400 compared to 1970's $103,598,200, TvB & BAR reported. Jan.-July billings went from $970,495,700 in 1970 to $885,648,800 this year. CBS had $331.3 million, NBC $309 million, ABC $245.3 million. TvB & BAR also report that top 100 advertisers last year bought $2.2 billion in network spot, up $155 million from 1969. For same period, radio was down 8.5%, magazines 7.3%, while newspapers rose 0.9%.

WQAD-TV (Ch. 8) Moline, Ill. was granted license renewal by FCC last week in 4-2 vote (Comrs. Johnson & Bartley dissenting, H.R. Lee not participating) over competing application of Community Telecasting Corp. (Sterling [Red] Quinlan, pres.-69% owner). Majority said WQAD-TV "is entitled to a plus of major significance" on past programming & integration of ownership.

NBC's "Campaign '72," educational materials dealing with 1972 elections and directed toward teenagers, will be made available to schools & organizations. Series of 10 films will be produced by NBC News, beginning during state Presidential primary campaigns, distributed by NBC Educational Enterprises.

PR efforts of AM & FM stations will be surveyed by RAB & BPA to provide "a more accurate picture of the extent to which radio stations of all sizes, in all parts of the country, are equipped to promote themselves." Andrew Erish, ABC-owned stations, is in charge of project.

Sale of WREC-TV Memphis by Cowles to N.Y. Times for 562,000 shares of Class A common stock has been approved by FCC but subject to outcome of several unrelated suits against Times and Cowles. Fee was $219,328; Comr. Johnson dissented.

"Face the Nation" transcripts from 1954-70 will be published in 14 volumes this fall by CBS subsidiary Holt, Rinehart & Winston. Annual editions will be published beginning with 1971 telecasts.

Universal Subscription TV, Boston, is first to apply to FCC to use Blonder-Tongue "BTVision" subscription TV system recently approved by Commission (Vol. 11:32 p7).

Personals

NCTA Pres. **Donald Taverner** leaves office Sept. 6, becomes pres., WETA-TV Washington at reported $40,000, will remain available for NCTA special assignments until Dec. 31.

Arthur Glenn, ex-KTAR Phoenix, named vp & gen. mgr., KOCO-TV Oklahoma City, succeeding **J.B. Chase**, resigned; **Vince Poleo** promoted to local sales mgr., KTAR, succeeding Glenn...**John McKay**, ex-KMOX-TV St. Louis, named sales dir., WCBS-TV N.Y.; **George Shannon** elevated to planning & administration dir.; **George Dessart**, to station relations mgr.; **Thoren Schroeck** named gen. sales mgr., KMOX-TV, succeeding McKay.

Tony Converse promoted to gen. program exec., CBS-TV...**Marcia Stein**, ex-Group W, appointed information services mgr., CBS News.

Grant Norlin, ex-KXTV Sacramento, appointed gen. sales mgr., KHOU-TV Houston.

Christopher Ridley promoted to advertising & press information dir., CBS-TV Stations Div., succeeding **Leonard Chaimowitz**, now press information dir., WCBS-TV N.Y...**Ann Berk** named advertising & promotion mgr., WNBC-TV N.Y...**Jacques Lesgards** promoted to European engineering operations dir., ABC.

David Williams joins Canadian Cablesystems Ltd. as exec. vp & board member...**Leo I. George**, ex-Krieger & Jorgensen, sets up own Washington law firm, 1255 New Hampshire Ave., N.W. 20036. Phone: 202-833-2488.

John McDonough named finance vp, American TV & Communications...**Theodore Baum**, ex-pres., Vikoa, resigns as a dir...**Carter G. Elliott rejoins** IVC as ad & PR mgr...**Cynthia Thompson**, ex-Southern Cal. Assn. of Govts., joins NCTA PR staff.

Sy Guttenplan appointed eastern sales office mgr., Anixter-Pruzan, CATV supplier...**Harry Poindexter** elevated to financial PR coordinator, Tele-Communications...**Jerry Baker**, ex-Theta Cable, named mktg. mgr., Cypress Communications...**Martin Moran**, ex-Jerrold, appointed northeast sales mgr., Theta-Com.

ABC correspondent **Harry Reasoner** will be featured speaker at ANA media workshop, Sept. 13, Plaza Hotel, N.Y...**Kenneth Castelli**, ex-H-R TV, joins Blair TV, N.Y.; **James Smith**, ex-ABC-TV, to Blair San Francisco.

Richard Boucher, Memorex vp, appointed gen. mgr., Information Media Group, succeeding **John Del Favero**, resigned...**Jack Daniels**, ex-CBS EVR sales dir., appointed videocassette mkt. development dir., Visual Information Systems...**John Pierce**, exec. dir., Research-Communications Sciences Div., Bell Labs, retires Sept. 1 to become engineering prof., Cal. Institute of Technology...**Arno Scheffel**, ex-TRW Systems, named senior project engineer, Conrac.

Richard Kelliher promoted to sales development vp, Metromedia Producers.

Use of 2-way CATV for education including computer-assisted instruction is among many recommendations found in "Communications Technology for Urban Improvement," report to HUD by Panel on Urban Communications of the National Academy of Engineering Committee on Telecommunications. Panel recommends that cities and federal govt. start some 18 pilot projects including system linking doctors at central hospital with others in satellite clinics and 24-hour TV surveillance of high crime areas. Committee Chmn. is William Everitt, U. of Ill.; Urban Communications Chmn., Dr. Peter Goldmark, pres. of CBS Labs. Other panelists include Robert Adler, Zenith; Henri Busignies, ITT; Richard Gifford, GE; James Hillier, RCA; Kenneth McKay, AT&T; Daniel Noble, Motorola; Robert Potter, Xerox; Allen Puckett, Hughes Aircraft. Copies of 217-page study are $3, Commerce Dept., Springfield, Va. 22151.

CPB & OTP plan to meet this week, try to hammer out differences in long term financing plan for Corporation. OTP's version drew strong criticism from CPB and has been withdrawn (Vol. 11:33 p2). CPB would like to get bill firmly entrenched in Congress before session ends. "We've been promised a lot of support if we can get a bill up there by this Sept. or Oct.," CPB source told us. As incentive, Rep. Springer (Ill.), ranking Republican on Commerce Committee, has asked OTP to have acceptable bill on his desk by time Congress returns from recess Sept. 8. "We hope the framework for this bill can still be used," CPB spokesman said. "We're trying to get back on the track again." But if OTP backs off or stalls, CPB has "other options," is prepared to submit its own bill. "But we don't want to do that," he said. "The best thing for all of us is a measure with the President's imprimatur on it."

NAB committee meetings: Convention, Sept. 1; Exec., Sept. 2; Regional Mgrs. , Sept. 14-15; Radio Code Board, Sept. 21 in Denver; Secondary Market TV, Sept. 22. OTP Dir. Clay T. Whitehead will be luncheon speaker at final fall conference Nov. 17 in Dallas. Speakers for other 5 will come from top govt. agencies & Congress. FCC officials are expected to participate in afternoon panel at all 6.

TV Communications, in one of largest CATV purchases, is buying Continental Telephone's systems serving 70,000 subscribers, bringing TVC total to 172,000. Price is 1,625,000 TVC shares plus $2.5 million cash—for total about $16.2 million. (For details of systems involved, see Television Factbook.)

Gross Bcstg.—fighting at FCC since 1967 for extension of time to build Ch. 51 KJOG-TV San Diego—received setback last week when Commission remanded case to Review Board on trafficking charge and to determine if Gross had kept FCC informed of major changes in applications.

Obituary

Stanton Kettler, 63, Storer Bcstg. vice chmn., died Aug. 18 in Miami after long illness. He spent entire broadcasting career with Storer, became pres. in 1965, vice chmn. in 1967. Wife, daughter survive.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

STATE OF THE INDUSTRY

Sales to dealers (domestic-label), from EIA, for week ended Aug. 6 (31st week of 1971):

	July 31-Aug 6	1970 week	% change	July 24-30	1971 to date	1970 to date	% change
Total TV	188,837	171,601	10.0	251,177	5,618,931	4,806,941	16.9
color	108,670	88,802	22.4	129,017	2,998,794	2,393,734	25.3
monochrome	80,167	82,799	- 3.2	122,160	2,620,137	2,413,207	8.6
Total radio	250,078	239,879	4.3	298,909	10,670,273	9,179,058	16.2
home, portable	103,076	125,166	-17.7	222,339	4,617,305	4,087,524	13.0
AM-only	49,827	70,030	-28.9	120,190	2,653,268	2,560,907	3.6
FM & FM-AM	53,249	55,136	- 3.4	102,149	1,964,037	1,526,617	28.7
auto	147,002	114,713	28.1	76,570	6,052,968	5,091,534	18.9
Total phono	53,492	82,160	-34.9	137,901	2,124,799	1,857,638	14.4
portable-table	37,923	62,785	-39.6	114,791	1,632,234	1,299,366	25.6
console	15,569	19,375	-19.6	23,110	492,565	558,272	-11.8

Color TV 5-week moving average: 1971—103,344; 1970—82,840 (up 24.8%)

NIXON'S BOMB CHANGES WHOLE MARKET PICTURE: Entire course and competitive structure of consumer electronics business may well have changed in 20-min. period Aug. 15, when President Nixon used electronic media to announce drastic alteration in U.S. trade policy. Whatever else results from action, our best estimate is that it will set back Japanese TV exports to U.S. by some 20% in 2nd half.

Shock waves hadn't subsided in Japan nearly one week later, but it was clear that—no matter what action is taken there—turning of the import tide sought by many domestic manufacturers was in sight. But U.S. manufacturers themselves are being forced to rethink their production policies, particularly in overseas plants.

President's move was hailed with various degrees of enthusiasm by Zenith Chmn. Joseph Wright, Magnavox Pres. Robert Platt, Motorola Chmn. Robert Galvin and Westinghouse Chmn. Donald Burnham. GE promised compliance but was non-committal. RCA had no comment at all. Sprague Chmn. Robert Sprague was "favorably impressed" but skeptical about its impact in stemming imports. Wall St. was impressed with new potential of U.S. TV manufacturers, bearish on importers & Japanese manufacturers.

Imposition of 10% import-duty surcharge is most immediate factor in reshaping industry here—but it's probably only the beginning. Maximum impact will be faced by TV sector—surcharge could add enough to retail prices of large-screen color & monochrome portables in many cases to make foreign-brand sets directly price-competitive with U.S.-made merchandise. If 10% surcharge had been in effect during year's first half, importers (including U.S. manufacturers) would have had to pay about $19 million in extra duties on TV sets alone.

Obvious aim of surcharge is to force upward revaluation of Japanese yen, along with other major world currencies, and levy is expected to remain in force at least until Japan acts. Key to whether surcharge is lifted probably will be actual extent of Japan's revaluation—and importers were shuddering at prospect of "mild" revaluation on top of surcharge, which would price them completely out of market. Should Japan go it alone, increase yen value without waiting for similar action by other countries, Treasury Secy. has right to eliminate surcharge on Japanese goods only. It's good bet that Japan wants such assurance—possibly is negotiating it right now—along with promise that importers would be able to increase resale prices to reflect new costs.

Surcharge applies to all imports, of course—including those from U.S. plants in Taiwan, Singapore & Mexico—and manufacturers here will do considerable soul-searching before any further eastward movement. Zenith's Wright expressed position of many when he said his company halted all planning for future shift of existing production facilities out of U.S. American industry, of course, regards its overseas plants as "defenses" against Japanese competition, and temporary surcharge becomes impetus to keep as much production as possible at home.

U.S. manufacturers' foreign plants haven't been hit as hard as Japanese competition. Surcharge is applied only to dutiable value of imports, with American-made parts exempted. (In case of Mexican facilities, surcharge will be relatively light, since products assembled there are almost entirely from U.S. parts, and duty & surcharge are levied only on "value added" by assembly.) In addition, those countries probably won't be expected to revalue, thus improving their position over long haul.

While new trade policy undoubtedly will improve competitive standing of U.S.-made TV, it should make relatively little difference in brand position of other products. Nearly all radios, compact phonos, tape recorders & players are imported or assembled from foreign parts—so surcharge will show up across-board—major result being decrease in over-all sales volume as result of higher prices.

One immediate effect of Nixon's action was Tariff Commission's postponement of hearing on import injury to TV industry from Aug. 24 to Oct. 6—officially in response to request from American Importers Assn. & Americal Retail Federation—but unquestionably Commission actually wants to hold things up until effects of new foreign trade situation are evident. Another result of new U.S. trade policy probably will be cancellation of 5% increase on minimum TV export pricing ordered earlier this month by Japanese govt. (Vol. 11:32 p8).

New moves don't mean end of competition from Japan. They do mean significant setback—but resourcefulness & initiative of Japanese manufacturers, with full backing of their govt., will continue to keep U.S. manufacturers on their toes.

REACTIONS TO CONTROLS—BEWILDERMENT: Combination of import surcharge & price freeze left most manufacturers & importers confused & bewildered—and most hadn't arrived at definitive pricing policies by week's end. Many were awaiting govt. guidelines promised this week in hope that they'd clarify things, somehow.

Of all manufacturers, importers & merchandisers we contacted last week, only 2 gave evidence of any firm plans to cope with new situation: (1) Sears Roebuck announced it would make automatic refunds on products in its Christmas catalog priced above ceilings. (2) Magnavox said it would outboard surcharge on most imported products, passing it along to consumer as separate charge.

Under new rules, 10% surcharge on foreign content of product may be passed on to consumer, but no markup can be taken on it anywhere along line. Thus importers (and this includes all domestic manufacturers) are faced with 3 basic pricing choices for foreign-content products: (1) Keep surcharge separate from price of product. (2) Absorb entire surcharge. (3) Absorb part of it and outboard the rest. Disadvantage of first course is that it clearly reveals to everyone—distributor, dealer, ultimate consumer, competitor—exact cost of imported end product.

First Japanese manufacturer to respond publicly was Sony of Japan, which said its retail pricing in U.S. would be increased 10% on some products. Statement was amended later to say that change in pricing would reflect surcharge only. At Panasonic, Vp Ray Gates said firm would absorb surcharge temporarily, start passing all or part of it on to customers after situation crystallizes.

Most other importers frankly said they didn't know what they'd do, many admitting they'd probably follow whatever Sony, Panasonic & U.S. manufacturers do. At week's end, majority were accepting orders only for merchandise in inventory before Aug. 16. Combination of West Coast dock strike and good business has prevented any significant stockpiling—particularly of TVs—and decisions will have to be made soon. One side effect of govt. order was a run on imports by dealers seeking to stock up on pre-tax goods, and some importers said their inventories were being depleted rapidly.

Most independent importers and those Japanese manufacturers who have been pricing their way into U.S. market find themselves in real bind. General feeling is that Panasonic & Sony are importers in best position to weather surcharge storm because of unique nature of products and high consumer acceptance. Olympic Pres. Herbert Kabat says he's less able to absorb increases than U.S. subsidiaries of Japanese manufacturers "who can break even or take a loss here and make a profit in Japan." He said he hadn't decided how, but "we must pass it along."

As to absorbing surcharge, consider this remark by one importer: "Say I've got a radio which sells for $9.95. I'll have to pass along the 40¢ surcharge. Swallow it? How can I?—it's my total profit."

Domestic manufacturers were as confused—but not nearly as unhappy—as importers. Magnavox has already notified dealers of its plan to go the outboard route on imported products—that is, price tag might read "$139.95 plus $6 surtax." Most of industry's retail price advertising, predicts Magnavox Consumer Electronics Pres. George Fezell, will use prices before surcharge ("$139.95 plus tax"). As to products continuing some foreign components & subassemblies, Fezell says it's mainly accounting job: "We'll examine the taxable content of the set, look at the profit we make on it, look at the retail price, and decide whether to absorb the tax or pass on all or part of it."

Magnavox, which reduced prices of 34 color sets by $10-$76 as of Aug. 18 (Vol. 11:33 p7), has latitude to inboard surcharge in some cases, increasing prices & markups without going above ceilings established in the 30 days prior to freeze. A few others are in that position, but those who cut color prices before July 15 may be frozen into promotional pricing.

But they may not be—at least in color TV. Little-noted escape clause written into Economic Stabilization Act, which gave President price-control powers, specifies that prices may be frozen "at levels no less than those prevailing on May 25, 1970." Office of Emergency Preparedness says this date may be used instead of base period. In some cases, prices of 1970 & '71 color models were higher than those of comparable sets today.

Biggest pricing dilemma of all may be that faced by catalog houses, with their Christmas books already off the presses and big spring/summer catalogs virtually put to bed. Some of their prices will be above new ceilings, and some imports may now be priced too low for profit—because of surcharge. While most were still pondering what to do, Sears tackled at least part of problem by announcing it would slip sheet in its 13 million already-printed Christmas books telling customers they'd get refunds or credits for over-ceiling-priced items. However, Sears spokesman said he didn't know how company would handle surcharges on imported products. Swallowing them could cause considerable dent in balance sheet.

There was strong disposition by many importers & manufacturers at week's end to seek changes in ground rules to make pricing more workable. Principal proposals: (1) To avoid 2-price system for identical products—surcharge pass-along for those arriving after Aug. 15, no surcharge for those which came in before—establish cut-off date after which importer may pass along surcharge on all imported products, regardless of when imported, with no surcharge on any sold before that date. (2) Develop formula to permit straight price increase rather than surcharge pass-along. One frequently mentioned is 7%-8% increase in price charged by importer (who absorbs remainder of 10% surcharge), permitting normal markups to be added to new priced base. Prospects for these changes seem dim, since govt. has shown more inclination to tighten than relax rules. (For official & semi-official interpretations, see Q-&-A, p. 11.)

International Tape Assn. has invited all tape equipment manufacturers & importers to meeting in N.Y. Aug. 25 to discuss & clarify new rules. (For confusion in broadcast industry caused by price-wage freeze, see p. 1.)

KOREA BECOMES TV IMPORT SOURCE: South Korea's developing electronics export industry moved into big time in June, joining Japan & Taiwan as TV supplier to U.S. import market. Commerce Dept. totals for month show first imports of Korean TV—3,000 b&w sets (11V"-17V" size), valued at $123,000.

Korean sets contributed to record 2.48 million TVs imported from all countries in first half, 33.6% jump from same 1970 period. Total color imports in period were up whopping 64% to 617,605, while b&w posted 26% gain to nearly 1.9 million. Second-quarter TV imports rose 36% to nearly 1.4 million, with color up 89% to 369,000, b&w up 24% to just over million.

Korean sources indicate imported sets were 12V" portables produced there by Samsung-Sanyo, Korean-Japanese venture established in 1970, and that sets will be marketed here under Sanyo brand. F.O.B. price of set appears to be $41, well under price of similar sized TVs imported from other Far East countries. Samsung-Sanyo expects to export some $6 million in consumer electronics this year. Another Japanese firm, Crown Radio, also has TV export assembly operation in Korea.

Average pricing of imported Japanese TVs held close to first-half 1970 levels except for 10V"-&-under color, off about $5 to $141.85. Prices for other color sets were: Over—17V", $177.48; 11-17V", $146.87. Japanese b&w averages: Over-17V", $60.70; 11-17V", $48.24; 10V" & smaller, $49.01. Average price for Taiwan over-17V" b&w rose $10 to $39.11, with 11-17V" up $5 to $45.92, reflecting increased exportation of complete sets, as opposed to semi-finished chassis; small-screen b&w price rose $2 to $42.48. Mexico average, all over 17V", was $64.14, up less than $1.

Consumer acceptance of 12V" as standard size for compact TVs caused first-half decline in imports of 10V"-&-under color and b&w sets—only classification to log unit decline. As result, mini-TVs lost sizable chunk of import market share. Only 5% of color imports in period were smaller sizes, compared with 21.7% last year. Color over 17V" accounted for 37.7% (up from 32.4%), with 11-17V" at 57.7% (up from 45.9%). Screen-size share in b&w (with year-earlier share in parentheses): Over-17V", 22.3% (15.8%); 11-17V", 51.3% (50.4%); 10V" & under, 26.4% (33.7%).

MANY LOW-COST VTRS ILLEGAL—FCC: As FCC prepared to move into age of the videocassette, it discovered that many—probably most—industrial-educational VTRs, cameras and other closed-circuit devices designed to feed into standard TV sets were being sold illegally.

Is FCC crackdown now in progress? "I don't like to use that word," we were told by FCC Chief Engineer Raymond Spence, "but in essence that's what it is. Whenever we see an ad for one of these things, or read a report that one is being sold, we send out a letter." Growing number of such devices had escaped Commission's notice until it started looking into widely publicized coming of the home videoplayer.

Illegality of such machines has generally arisen out of ignorance of FCC's rules, Spence said. All devices capable of radiating RF energy come under rules and must be certified by manufacturer as complying. Since there have been no specific rules for closed-circuit devices designed to feed standard TV sets, these systems have come under Sec. 15.7 of FCC rules, a catch-all section applying to "all other" devices. Few manufacturers or importers of these devices have certified. Spence says none of such devices has been in compliance.

With dawning of videoplayer age, FCC has proposed new rules to cover what it calls "Class I TV Devices"—those designed to feed into TV sets (Vol. 11:29 p10). Although radiation limits specified for these devices are lower than those in Sec. 15.7, it proposes 2,000 microvolt limit for power output, which most such existing & proposed products don't meet. EIA & ITA have asked postponement of Aug. 25 deadline for comments until Oct. 25, and FCC is expected to grant this extension shortly.

In meantime, FCC has granted manufacturers of the products option of meeting its proposed new rules instead of Sec. 15.7. To do this, they must submit sample device to FCC lab, for determination whether it meets these proposed standards. Motorola (EVR) & Sony have been only companies so far to apply for such waiver—although both can reasonably be expected to oppose some of provisions of proposed new rule as too strict.

FCC's concern in proposing new standards—and in crackdown on devices which don't meet its rules—is that gadgets which feed through antenna terminals (or which use short-distance wireless transmission) into unused TV channel are likely to interfere with neighboring TVs, even feed back through master or cable TV systems. Commission would prefer that video-cassette, VTR & other closed-circuit equipment be designed to feed video-frequency signal directly into set, bypassing RF section completely—but this requires modification of TV set.

Meanwhile, Spence warns that anyone who advertises or attempts to sell any video device designed to use standard TV set as monitor "can expect a letter from us."

Motorola has now built about 1,000 EVR Teleplayers, shipped some 650, we were told by Vp Lloyd Singer last week, but is holding up remaining shipments until it receives FCC approval, expected momentarily. Production is now being stepped up sharply, he said.

CBS last week demonstrated first EVR color cassette made directly from video tape on its color beam recorder. It was also first EVR program produced by network—this one from CBS News, containing 25 min. of highlights of Apollo 15 moon mission. Quality was excellent, with "live broadcast" rather than film look. First run of cassette will be 500 copies (price $34.95) for distribution by Motorola Teleprogram Center and presumably other videocassette libraries.

Asked if network planned more EVR programming, CBS News Vp-Programming Dir. Bill Leonard quipped: "We're thinking of packaging outtakes from The Selling of the Pentagon."

Note: Visitors to this week's Berlin Radio & TV Exhibition won't see public showing of Philips video disc after all. There will be no such showing, Dutch Philips said in commenting on our report that demonstration might be held (Vol. 11:33 p11).

Q & A ON NIXON MOVES: Following are questions & answers on impact of President Nixon's wage-price freeze & import surcharge, representing latest thinking of Office of Emergency Preparedness (OEP), and are subject to change & refinement.

Q. Can new product models be introduced at higher prices?

A. Not unless new model is so different from old as to be new product. Addition of new features apparently isn't enough to justify price hike.

Q. Whose prices are frozen?

A. Everyone's, from manufacturer or importer through retailer.

Q. How do you define "substantial transactions"?

A. Office of Emergency Preparedness defines this as 10% of actual transactions.

Q. How about co-op ad programs? Volume discounts?

A. Ad allowances are not considered part of price, so may be dropped. Elimination of volume discounts would, however, have effect of raising prices to large purchasers, so such pricing programs must be continued.

Q. What is base for 10% import surcharge, and how is it levied?

A. Surcharge is 10% of dutiable value on products imported after Aug. 15, collected by Customs at time merchandise is imported or withdrawn from bonded warehouse for consumption. An imported TV costing $100 would be liable for regular $6 (6%) duty, plus $10 surcharge. If TV contains U.S.-made parts worth $50 and was imported under provisions of Tariff Schedule 807 (which exempts U.S. content from duty), duty would be $3 plus $5 surcharge.

Q. Who is liable for surcharge, and how long will it be in effect?

A. As with all other regular & special duties, payment is responsibility of importer. Foreign exporters are not permitted to absorb any part of such costs. Unlike 90-day wage-price freeze, no time limit has been set on surcharge.

Q. Are all electronic items covered by surcharge?

A. With one exception, yes. Auto radios, auto tape players and other items imported from Canada for use as original equipment parts by U.S. car manufacturers are exempt from surcharge, as they are from regular duties.

Q. Can 10% surcharge be added to imported products already in distribution pipeline?

A. No. Price may be increased only on those specific items on which surcharge was actually paid.

Bell & Howell will either beef up or get out of consumer electronics & magnetic tape, according to Chmn. Donald Frey. B&H's position in tape recorders & components is being examined carefully, he said, while magnetic tape operation (formerly Greentree Electronics) will either be made competitive or sold. Closing out those fields might result in some writedowns, but nothing substantial, he added. B&H quit audio recorder production and marketing of color CCTV & VTR equipment last year.

Trade Personals

John Platts, Whirlpool pres., elected to added post of chmn., effective Sept. 30, succeeding **Elisha Gray**, retiring, who remains on board & also becomes finance committee chmn... **Edward Stehle** appointed head of new GE customer relations operation; **William Clemments**, former Dealer Sales Operation mgr., succeeds Stehle as Retail Sales Div. gen. mgr... **John Cunningham** advanced at Westinghouse Portable Products Div. from mdsg. mgr. to gen. sales mgr., new post.

Gerard Hyman resigns as pres. of Concord Electronics, recently acquired subsidiary of Instrument Systems, now part of Benjamin Electronics; among those continuing with Concord are West Coast Operations Mgr. **Lawrence Whittington**, Engineering & Products Development Vp **Robert Halpers**, National Sales Mgr. **Don Gervin... Jack McMurray** appointed Akai America national sales mgr. for video tape products; **Philip Welch** for audio tape products... **Richard Stover** rejoins Superscope as Eductional Products Div. gen. mgr.

Gees Bruynes, former North American Bureau mgr. for Dutch Philips, named chmn.-pres. of Philips Electronic Industries, Canada, succeeding **H.A.C. Van Beurden**, who returns to parent firm... **Leland Gehrke**, former managing dir. of 3M of England, appointed corporate group vp-international, succeeding **Maynard Patterson**, who was relieved at own request; **A.R. Fredriksen** named to new post of vp-Europe; all effective Oct. 1... **Charles Belzer**, ex-RCA Sales Corp. b&w TV product mgr., appointed mktg. vp for Samsonite Furniture Div.

David Wolff, ex-Bruno-N.Y. sales vp, elected pres. of distributor L&P Electric, succeeding **Mike Morris**, who becomes consultant... **Robert Barman** promoted at Teledyne Packard Bell to region mgr., covering New England & Rochester, N.Y. markets; **Robert Colvett** advanced to region mgr. covering distributors in Kan., Mo., Ark., Neb., Tenn. & Ill... **Robert Higgins**, Symphonic mktg. services dir., adds duties as national premium sales mgr.

Charles Hear advanced at RCA Entertainment Tube Div. from Harrison plant tube mfg. mgr. to receiving tube production mgr. for Harrison & Woodbridge plants... **Glen Overstreet** appointed mktg. research mgr., industrial & commercial markets, Sylvania Electronic Systems.

Columbia Records is latest label to issue cassettes designed for playback through Dolby-equipped recorders. Dolby Labs has compiled catalog of Dolby cassette releases from Columbia (27 titles), Ampex (38), London (93), Musical Heritage Society (21), Precision Tapes (8) & Vox (2), available from Dolby Labs, 333 Ave. of Americas, N.Y. 10014. Dolby says 30 recording companies & tape plants in 12 countries are now equipped to encode duplicating masters for Dolby playback. List includes RCA Italiana, but not U.S. parent firm. Dolby says 5 U.S. FM stations are now experimentally broadcasting B-type Dolby material—KIOI San Francisco; KANU Lawrence, Kan.; KARK-FM Little Rock, Ark.; WFMT Chicago; WLRS Louisville.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
Andrea Radio			
1971-6 mo. to June 30	1,310,434	(52,442)	--
1970-6 mo. to June 30	1,476,471	2,491	.01
1971-qtr. to June 30	810,719	(18,791)	--
1970-qtr. to June 30	616,686	(9,429)	--
Bartell Media			
1971-6 mo. to June 30	20,096,000	421,000[a]	.18
1970-6 mo. to June 30	18,869,000	276,000[b]	.12
Canadian General Electric			
1971-6 mo. to June 30	224,266,000	6,308,000	.77
1970-6 mo. to June 30	227,753,000	4,307,000	.53
Capitol Industries			
1971-year to June 30	143,055,000	(8,092,000)	--
1970-year to June 30	178,119,000	8,715,000	1.91
Grey Advertising			
1971-6 mo. to June 30	97,842,000[d]	682,000	.57
1970-6 mo. to June 30[c]	96,188,000[d]	624,000	.52
Lee Enterprises			
1971-9 mo. to June 30	27,988,457	2,581,324	.88
1970-9 mo. to June 30	26,111,878	2,295,901	.78[e]
1971-qtr. to June 30	10,040,174	930,774	.32
1970-qtr. to June 30	8,718,118	769,022	.26
Morse Electro Products			
1971-qtr. to June 30	18,814,695	566,820[c]	.23
1970-qtr. to June 30	13,859,995	296,827	.13
Pacific & Southern Bcstg.			
1971-6 mo. to June 30	7,747,513	414,875	.25
1970-6 mo. to June 30	6,472,223	572,661	.35
1971-qtr. to June 30	4,685,379	303,065	.18
1970-qtr. to June 30	3,501,917	398,151	.24
Vikoa			
1971-6 mo. to June 30[c]	6,597,000	(2,712,000)[b]	--
1970-6 mo. to June 30[c]	7,488,000	(1,446,000)[b]	--
1971-qtr. to June 30	3,263,000	(2,720,000)[b]	--
1970-qtr. to June 30	3,624,000	(917,000)[b]	--

Notes: [a]After special credit. [b]After special charge. [c]Restated. [d]Billings. [e]Before extraordinary credit.

Tiny radio paging receiver weighing less than 4 oz. and only slightly larger than pen & pencil set was introduced last week by Motorola Communications Div. With only 80 components vs. 210 in predecessor, new pager is claimed to use more hybrid IC technology than any communications product to date, including 8 proprietary thick-film circuits. Manufacturing technique is unique: Each individual radio is completely assembled, tested & packaged by one assembly technician, who encloses signed note to customer, which says "I built this receiver in its entirety and I'm proud of it. I hope it serves you well—please tell me if it doesn't." Motorola says this technique may be applied to other products. Company sees radio pagers coming closer to consumer-product area, is making TV commercials available to paging-service operators plugging unit.

Color TV sales to dealers, domestic label, registered another advance week ended Aug. 6, for 29th consecutive week—but it was only major product which did (see State of the Industry). Monochrome TV sales were below those of year earlier for only 5th time this year, while portable-table phonos were down for 7th time in year's 31 weeks.

WEEKLY
Television Digest®
with
consumer electronics®
26th YEAR OF PUBLICATION 26 1945-1971

The authoritative service for broadcasting, consumer electronics & allied fields

AUGUST 30, 1971

VOL. 11, NO. 35

SUMMARY-INDEX OF WEEK'S NEWS

PRICE FREEZE IMPACT STILL CLOUDY: Broadcasters remained bewildered last week over impact of President's price-wage freeze on their activities (Vol. 11:34 p1)—but they've picked up powerful ally in FCC and Chmn. Dean Burch. Commission has agreed to serve as "conduit" for licensees' questions to Office of Emergency Preparedness, and Burch hopes to take stations' case for exemption of their seasonal rate selling practices to Cost of Living Council early this week. However, situation could be somewhat clearer before then—at our deadline (Aug. 27) Council scheduled Aug. 28 news conference to discuss "decisions dealing with seasonality," such as sports, hotel rates, etc. TV wasn't specifically mentioned.

Council has released several sets of Q-&-A's on what is & isn't covered by price-wage freeze, but none cleared broadcasting situation. OEP Dir. George Lincoln told National Press Club questioners Aug. 25 that Council is going to have to "wrestle" with seasonal rates question in "next day or 2"—but action was withheld until news conference. Nonetheless, broadcasters are encouraged: "The pattern that seems to be developing in the answers given recognizes the seasonal-rate concept that is so essential in TV selling," according to NAB reading. On other hand, OEP pointed out that all 7 requests for exemptions that have been ruled on—all non-broadcast questions—have been denied.

NAB has retained Hogan & Hartson law firm to help it seek answers for member stations "on a multiplicity of matters unrelated to the seasonal rate issue." Cited were such issues as proposed TV Code fee increase, labor & personnel matters, program contracts, etc. NAB & Washington TV stations met with FCC officials last week to explain myriad problems that have arisen, and Burch has been in direct contact with networks.

FCC Exec. Dir. John Torbet—who is fielding most of inquiries—said "we're getting the same questions from everybody." They deal with seasonal rates, announced rate increases not in effect yet and minute prices in or adjacent to new fall shows. Networks are continuing to sell at fall rates higher than summer and don't forsee problem (even if TV season rates aren't exempted generally) since they had done "substantial amount" of business—described in President Nixon's order as more than 10%—at increased rates, before freeze.

According to couple of rep firms, same 10% criteria won't apply to most national & local spot buying. "Business has been very sluggish for fall, though it has picked up considerably in last 2 weeks," rep firm told us. "However, since 4th-quarter business was far below expectations of last winter, there have been very few stations that have increased rates...Except for isolated instances, spot buying hasn't been affected by price-wage freeze."

RAB Pres. Miles David predicted that price-wage freeze will "stimulate ad expenditures," bringing about heavy use of radio for "fast entry" to market. "Advertisers who have been hesitating to release budgets will move faster now," he said. "We believe advertisers will take to radio in particular because of the speed with which advertisers can get on the air."

Democratic National Committee last week asked 3 networks for "comparable prime evening time...without cost" to respond to President's Aug. 15 economic message. DNC said Nixon "injected partisan issues" into speech by blaming inflation "on previous Democratic Administrations." Officially, only CBS commented: "We received the DNC request and we are studying it. There will be no reply until sometime next week." Unofficially, DNC move was labeled "a cheap publicity stunt" and "an obvious attempt to pressure networks." It was pointed out that all 3 networks had aired responses of many Democrats to President's message.

FCC ASKED TO REFEREE N.Y. STATIONS' MOVE: Fight over proposed shift of N.Y. TV stations from Empire State Bldg. (ESB) to World Trade Center (WTC) has moved to FCC. N.Y. Port Authority (PA) has asked Commission to conduct hearing on issue, claiming WTC hasn't caused anticipated interference (Vol. 10:51 p5).

PA had long ago agreed to move stations to WTC, furnishing new equipment, free rent, etc. Value of this was estimated up to $50 million—though PA said it would only be $14 million. However, PA considers this agreement void if interference doesn't develop as anticipated—and PA says interference is de minimis, now that WTC buildings' skeleton & skin are almost finished.

PA told FCC that studies by Opinion Research Corp., Princeton, in Jan. & June-July, showed only 0-3% of public said they noted interference of type which might be caused by WTC. Said PA to FCC: "We are advised that as a matter of statistical principle, the 0-3% range of affirmative response is tantamount to a completely negative response; i.e., the probability is that no interference is being observed." On top of that, PA said, engineering analyses show that new structures in mid-Manhattan, built since theoretical predictions were first made, have reduced potential interference to negligible amount. Furthermore, PA told Commission, an engineering study indicates that, if stations move to WTC from ESB, the new mid-Manhattan structures would actually reduce quality of signals now obtained in areas of northern Manhattan. Technical studies submitted to FCC were by Atlantic Research, Silliman, Moffet & Kowalski and Paul Penfield Jr.

Martin Levy, chief of FCC Broadcast Facilities Div., said mass of material hasn't been digested yet and that N.Y. stations are expected to file response—then Commission will decide whether to conduct hearing. He also reported that phone company is concerned by move of stations to WTC, telling Commission that strong TV fields could disrupt operations of automatic switching equipment in nearby Bell System buildings.

COURT UPHOLDS FCC ON CIGARETS: "The fairness doctrine requires a current judgment, and it would lose its vitality if the FCC & licensees could not reasonably determine... that an issue is no longer controversial." This was ruling of U.S. Appeals Court (4th Circuit) in Richmond last week in upholding FCC order that stations which carry anti-smoking spots don't have to balance them with pro-smoking spots under fairness doctrine.

Commission order had been appealed by Tobacco Institute and 7 cigaret manufacturers on grounds FCC hadn't justified reversal of earlier position that cigaret smoking is controversial issue. Noting that Congress banned cigaret commercials from TV-radio, Court said: "The Commission, therefore, was justified in reaching the conclusion that, regardless of its former views on the controversy over cigarets, it is now reasonable for a licensee to assume that the detrimental effects of cigaret smoking on health are beyond controversy."

Still pending in Washington (D.C.) federal court is suit by several stations challenging constitutionality of ban of cigaret advertising on radio only (Vol. 10:49 p4).

FTC hearings on advertising—"with special attention to TV"—are scheduled Oct. 20, 21 & 26 in Washington. Commission said its "primary interests are to: Consider advertising addressed to children. Determine whether TV advertising may expolit desires, fears & anxieties. Consider technical aspects of the preparation & production of TV commercials. Consider consumers' physical, emotional & psychological responses to advertising." Plan to hold field hearings has been shelved tentatively, though FTC said it would consider sessions outside Washington "depending upon the geographical location" of witnesses. Notices of appearance must be filed by Sept. 15, copies of statements by Oct. 1.

Playtex Tampon spots are "unacceptable" under TV Code, Code Dir. Stockton Helffrich warned subscribing stations last week. He noted that effort is being made to place commercials on TV stations. Code Authority also informed subscribers that "Relax-N-Trim" TV commercials have been ruled unacceptable by NAB Code Authority because of unsupported claims. Helffrich said advertiser hadn't responded to Code inquiries as far back as April.

CBS Hospital TV Network established at Chicago hospital convention offers companies selling to hospitals chance to show wares to 100 hospitals via EVR. Players will be placed in offices of administrators. Cost for programs up to 25 min. is $2,995. CBS's exec. producer is John R. Willey.

Cable systems in Bedford & Oolitic, Ind., serving 2,700, have been sold to Channel 7 Inc., Tyler, Tex., price undisclosed, through Daniels & Assoc.

Rulemaking for 4-channel stereo, using system developed by Louis Dorren, is sought by KIOI(FM) San Francisco in petition filed with FCC.

SHAFTO THUMPS CABLE DRUM: One of few veteran telecasters outspokenly in favor of CATV, G. Richard Shafto—former Cosmos Bcstg. chief, now cable operator, last week presented analysis of cable & station viewing concluding: "I believe that CATV can have a major effect upon TV, mostly good. As to the effect of CATV upon radio, I regard it as minor to neglible—and as to its effect upon billboards & direct mail, I can visualize no preditable consequence."

Speaking before Assn. for Education in Journalism at U. of S.C. Aug. 23, Shafto found only instance where station suffered substantial loss of audience because of cable is in one-station market. He found, for example, WBTW Florence was watched 13.8 hours weekly (37% share) in Florence cable homes, 24.4 hours (72% share) in off-air Florence homes. "Superior programming," he said, "may achieve a 40-45% share—but never 72%. So I am unable to feel sorry for the local broadcaster who complains that CATV brings about a drop in his share of audience from 70% to 30% or 40%."

On other hand, Shafto states, cable helps uhf. In Florence CATV homes, he found WNOK-TV Columbia with 4.2% share, WOLO-TV Columbia with 12%—but no viewing in off-air homes. And vhf WIS-TV Columbia had 25.7% share in Florence cable homes vs. 24.6% in off-air homes. He also analyzed viewing in Sumter & Orangeburg, S.C., found cable impact all to the good. One big factor is that cable homes watch TV 32% more hours thatn non-cable. Shafto concludes:

"May I therefore, as a broadcaster and a CATV operator, renounce the fear or greed which prompts an alliance of well-to-do-broadcasters who are seeking to thwart CATV. Their lobbying, if successful, can deny many American homes a wider choice of video programs—and forestall in the non-TV communities access channels for public discussion."

FCC shouldn't change distant signal rules until there is a new copyright bill, NAB TV Chmn. A. Louis Read told Ark. Bcstrs. Assn. "Importation of distant signals is unfair in the extreme because CATV systems pay no copyright for programs...while broadcast stations must pay," he said. "Broadcasters believe that if the latest version of the FCC rules is adopted it will have a serious adverse impact on TV & radio." He added that in discussions with OTP Dir. Clay T. Whitehead (Vol. 11:34 p2), NAB has taken position that rules are "unacceptable. We expressed the view that NAB would consider alternatives, but that we could not seriously consider any proposal that would erode free, over-the-air service."

National CATV Credit Group formed at NCTA convention consists of 12 manufacturers & suppliers. Paul Askos, Ameco, is pres.; Sol Hirschorn, Vikoa, vp; Chester Jandzio, AEL Communications, secy./treas.

Cal. Community TV Assn., largest regional CATV meeting, is scheduled Nov. 3-6, Del Coronado Hotel, Coronado, Cal.

Cox Bcstg. has purchased Butler Auto Auction Gibsonia, Pa., for undisclosed cash sum.

CBS'S MYSTERY GROUP: CBS/Comtec, least-known of CBS's 4 groups (CBS/Bcst., CBS/Columbia, CBS/ Holt & Comtec), is in state of quiet jubilation as one of its first major ventures appears likely to hit pay-dirt. This is RAVE, electronic film-tape editing system owned by CMX Inc., joint venture of CBS & Memorex. One system has already been delivered, and there are firm orders for 4 more—at average price of about $250,000.

Comtec stands for "communications technology" and its challenge is to seek out new growth areas for CBS within that framework—not necessarily connected with broadcast field. Organized less than 2 years ago, it encompasses—retroactively—CBS Labs & CBS/EVR Div., but is looking to add many more projects & enterprises. Its policies are set by Pres. Ralph O. Briscoe & CBS TV Services Pres. Edward L. Saxe. It can roughly be described as CBS's "new-product" operation. As Briscoe puts it: "Most of the magic is not in technology itself, but in application."

In addition to CMX, Comtec has fathered a 2nd joint venture—Dacom, co-owned with Savin Business Machines. It is developing new type of low-cost, high-speed business facsimile system. According to Saxe, when Comtec became involved with Savin, an entirely different project was intended—one related to broadcasting—but Comtec became so intrigued with Savin's competence in facsimile that it set up joint corporation to develop & exploit system. Briscoe sees little or no potential for fax in broadcasting—"it's low in the order of the home communications package." Comtec went into these partnerships, according to Briscoe, "to gain experience in venturing—in a different kind of marketing." Comtec currently has moratorium on joint ventures until it has better feel of where it's going and how to get there. "There are many other ways of accomplishing our goals," Briscoe told us—"for example, developing new products from scratch; we intend to make far more use of CBS Labs."

With scheduled departure of Peter Goldmark as pres. of CBS Labs at year's end, Comtec is bringing Labs far closer under its wing. Labs will work closely with CBS's joint-venture groups to bring about maximum technical interplay with technical groups in these other companies.

Before Comtec will embark on new project, it must meet 2 requirements: (1) There must be an "enabling project which can be accomplished within a short time—it must be viable on its own, but have an opportunity to branch out into many other related fields. (2) It must have some relationship to something else we're doing, either in the Labs or in other ventures—there must be synergy."

In long run, Comtec prefers ventures on its own to partnership projects, says Briscoe, "but we're not quite ready—we must build up a technology base. We're not enthusiastic about a nose-to-nose competitive situation—we're looking for uniqueness in technologies & systems."

As example, CBS will not enter hotly competitive industrial-educational-home VTR field, but will accelerate exploitation of its unique EVR. Briscoe isn't believer in sudden videocassette revolution. "Some of us spend too much time reading our own press releases. The consumer isn't waiting breathlessly for our product. But EVR will start going into homes through the back door in about a year, as an industrial-educational product. Then the stage should be set for a more consumer-oriented product."

NEW STATIONS ON AIR: WGTU (Ch. 29) Traverse City, Mich., began programming Aug. 23 using GE equipment, 1,242-ft. tower. Thomas Kiple is pres. & gen. mgr.; James Mathews, gen. sales mgr.; Ronald Baker, chief engineer. Base hourly rate is $300.

WNPE-TV (Ch. 16 ETV) Watertown, N.Y. started programming Aug. 19 with 939-ft. tower. Richard Jones is gen. mgr.; James Edwards, chief engineer.

There are now 897 stations on air (596 vhf, 301 uhf), 690 commercial, 207 non-commercial, 125 CPs.

FCC collected $15,948,180 in fees during first full year of fees, with this breakdown: Safety & Special, $5,113,637; common carrier, $4,390,087; broadcast, $3,631,088; field engineering, $1,338,984; cable TV, $611,406; chief engineer, $269,930; Commission's budget for year was $26.1 million.

Justice Dept. has given go-head to acquisition of Collins Radio by North American Rockwell Corp. in $35 million stock deal. JD took look at transaction since companies are competitors in aerospace communications, but said it will not sue to block merger. Collins stockholders vote on proposition Aug. 31.

Radio audience level is increasing, according to soon-to-be-released spring RADAR study (by Brand Rating Index). Preliminary report claims nearly 146 million—or 92.9% of all persons 12 & over in U.S.—listen to radio sometime during week, with average more than 3 hours daily. This is 18 min. more than average last spring. Quarter-hour level rose to 25 million compared with 21.7 million last year.

Line-up of speakers for Sept. 26-28 Neb. Bcstrs. Assn. convention, Lincoln: FCC Chmn. Dean Burch, Neb. Gov. J.J. Exon, Sen. Carl Curtis (R-Neb.), AAF Pres. Howard Bell, AWRT Pres. Marianne Campbell. Burch also makes annual appearance in N.Y. before IRTS Sept. 14—will discuss kid's TV—keynotes NARS convention in Washington Sept. 22.

Communications Workers of America union has appealed, in D.C. Appeals Court, FCC decision turning down CWA's request to buy time on CBS & NBC to explain agreement with Bell System (Vol. 11:32 p3).

APBE management seminar is scheduled Oct. 7-9, NAB hq, Washington.

KROC-TV-AM-FM Rochester, Minn. names Avery-Knodel rep.

Personals

Ronald Dietrich, ex-OEO gen. counsel, appointed FTC gen. counsel, succeeding **Joseph Martin**, now with U.S. Arms Control & Disarmament Agency; **Caswell Hobbs** elevated to asst. FTC Chmn. Kirkpatrick; **Thomas Krattenmaker** named asst. evaluation dir., Consumer Protection Bureau.

Ted Ledbetter, pres. of Urban Communications Group and editor-publisher of Black Communicator, retained as consultant to Office of Telecommunications Policy; **Clay T. Whitehead**, OTP dir., speaks before Ohio Bcstrs. Assn. in Columbus Sept. 29, before IRTS in N.Y. Oct. 6.

Jack W. Lee, LIN Bcstg. exec. vp, resigns to form J.W. Lee & Co. broker, 777 Third Ave., N.Y. 10017, phone 212-753-9022; also plans Washington office... **Ralph Beaudin**, ex-Meredith Bcstg. & ABC Radio, joins LIN as radio vp; **Joseph Lord**, ex-First National City Bank, N.Y., appointed LIN vp-administration.

Harry Francis promoted to vp & operations mgr., Meredith Bcstg... **Melvin Levine** promoted to planning & administration dir., WCAU-TV Philadelphia... **Lawrence Forsdick** advanced to program mgr., WCBS-TV N.Y... **William Shomette** promoted to program dir., KENS-TV San Antonio, succeeding **Sam Spivey**, resigned.

William Roversi, ex-WLWC Columbus, named general sales mgr., WLWD Dayton... **James Harvey** advanced to commercial operations mgr., WTTG Washington... **Jerry Fielder** advanced to promotion mgr., NBC West Coast, succeeding **Jay Michelis**, now promotion dir., NBC, N.Y.

Casey Cohlmia, ex-Phillips Advertising, Dallas, and one-time BPA pres., joins KDFW-TV Dallas as promotion-advertising dir... **David Soden**, ex-WILL-TV Urbana-Champaign, Ill., named promotion & publicity dir., WNEM-TV Bay City-Saginaw-Flint... **William Wheless** promoted to public affairs dir., WFBC-TV Greenville, S.C.

Arthur Porter, ex-WNEW-TV N.Y., named business mgr., KPIX San Francisco... **James Brooks**, ex-WKYC-TV Cleveland, named chief engineer, KNBC L.A... **Jake Sneller** promoted to chief engineer, KRNT-TV-AM-FM Des Moines, succeeding **Charles Quentin**, retired.

Don Menchel, exec. vp, TelCom, elected a dir... TvB Pres. **Norman Cash** receives 12th Annual CARTA Award Sept. 9... **Kent Fredericks** promoted to eastern sales mgr., ABC-TV Spot Sales... **Arthur Berla** rejoins Avery-Knodel N.Y. TV sales.

Frederick Taylor promoted to account exec., Metro TV Sales, N.Y... **Steve Herson**, ex-Benton & Bowles, joins Tele-Rep N.Y. sales... **Dan Denenholz**, vp & secy., Katz rep, retires after 40 years.

Ken Knight elected vp, Laser Link... **Allen Kushner** promoted to OEM mktg. vp, Times Wire & Cable ... **Louis Pourciau** promoted to engineering vp, IVC ... **Jack Blanchard**, ex-Sperry Flight Systems, appointed engineering mgr., Ameco.

Richard Walters, ex-Scientific-Atlanta, appointed southeastern sales mgr., Theta-Com... **O. William Lindberg**, ex-Cable Channels, named southern sales engineer, Jerrold CATV Systems Div... **Linda Brodsky**, ex-Straus Assoc., named PR dir., TVC

Willmar K. Roberts promoted to chief, FCC Lab Div... **Charles A. Higginbotham** appointed chief, Industrial & Public Safety Rules Div., FCC Safety & Special Bureau.

David Stewart elevated to national program projects dir., CPB; **Ronald Morrisseau**, to TV activities asst. dir.; **Donald Trapp**, ex-HEW educational bcstg. facilities dir., HEW, named radio projects mgr.

Richard Kelliher promoted to sales development vp, Metromedia Producers... **Floyd Shipley**, ex-Decibel Products, becomes partner in William B. Carr & Assoc. consulting engineers... **Stan Walker** ex-FAS International's Famous Schools Div., named communications dir., Videorecord.

Richard Kosmicki, ex-Loews, appointed PR mgr., Gulf & Western... **W. Brock Johnson** promoted to corporate purchasing services dir., Superior Continental... **Harry Julian** promoted to Fla. CATV rep, AEL Communications... **Mason Hamilton**, ex-Vikoa, named sales engineer, Jerrold southern CATV systems div.

Public TV news will take on "single identity" through creation of National Public Affairs Bcst. Center, its new vp & gen. mgr., Jim Karayn, said last week. Karayn, ex-NET Washington bureau chief, said public has been confused by existence of several news organizations on public TV, but denied Center was designed to compete with commercial network news. "Perhaps," he said, "we will have a nightly public affairs program, but that wouldn't come until after the 1972 elections...Our mandate will be to try to cover in new ways not just the events of the election year but also the long range implications of that year." Center's acting chief executive, Sidney James, is also chmn. of WETA-TV Washington, and station will offer Center its production facilities. Center will also produce such weeklies as "Washington Week in Review" and "30 Minutes with..." Its annual budget, about $3 million, will come mostly from CPB. Center will be governed by 15-member board; 9 will be selected from public; other 6 include James, Donald Taverner, newly appointed WETA-TV pres.; Center pres., not yet chosen; and 3 WETA board members.

Deadlines for comments & replies in fairness doctrine inquiry have been extended by FCC, at request of NAB & ACLU, to: Dec. 10 & Jan. 24 (general & political broadcasts), Oct. 11 & Nov. 24 (access regarding commercials & public issues).

AFTRA has petitioned FCC to start rulemaking to require that FCC, in all station sale proceedings, notify AFTRA and other unions, declare unions parties in interest, give unions right to intervene when sale affects their members.

ABC-TV fall live clearances have increased 101 half hours per week on primary affiliates, 50 hours per week on secondary stations.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

MANUFACTURING & SALES • TV • PHONOGRAPHS • TAPE PRODUCTS • RADIO • COMPONENTS • NEW PRODUCTS • FINANCE

STATE OF THE INDUSTRY

Sales to dealers (domestic-label), from EIA, for week ended Aug. 13 (32nd week of 1971):

	Aug. 7-13	1970 week	% change	July 31-Aug. 6	1971 to date	1970 to date	% change
Total TV	178,866	154,239	16.0	188,837	5,797,797	4,961,180	16.9
color	95,502	79,304	20.4	108,670	3,094,296	2,473,038	25.1
monochrome	83,364	74,935	11.2	80,167	2,703,501	2,488,142	8.7
Total radio	296,682	308,234	-3.7	250,078	10,966,955	9,487,292	15.6
home, portable	127,977	147,383	-13.2	103,076	4,745,282	4,234,907	12.1
AM-only	59,954	79,569	-24.7	49,827	2,713,222	2,640,476	2.8
FM & FM-AM	68,023	67,814	0.3	53,249	2,032,060	1,594,431	27.4
auto	168,705	160,851	4.9	147,002	6,221,673	5,252,385	18.5
Total phono	59,694	69,723	-14.4	53,492	2,184,493	1,927,361	13.3
portable-table	41,939	47,219	-11.2	37,923	1,674,173	1,346,585	24.3
console	17,755	22,504	-21.1	15,569	510,320	580,776	-12.1

Color TV 5-week moving average: 1971—105,832; 1970—84,389 (up 25.4%)

FLOATING YEN ADDS TO IMPORT WOES: Just when importers & manufacturers thought they were beginning to understand ramifications of govt. surcharge-plus-price-freeze, Japan cut yen loose from dollar and created new host of uncertainties, questions & problems—and, in some quarters, new round of jubilation.

There's widespread expectation Japan will drop other shoe soon and revalue yen upward—if she receives assurances at next week's scheduled U.S.-Japan Economic Council meeting that this will result in lifting of 10% import surcharge. But there seems to be no possibility of surcharge removal before Japan takes such action. And many U.S. manufacturers—including much of TV industry—can be expected to press for retention of surcharge regardless of Japanese currency adjustments until that country remedies other conditions which they insist make for unfair import competition.

Floating of yen, of course, adds further to price paid for imports. Can this additional cost be passed on by importers? Preliminary guidelines by OEP merely hint that increases in costs of imported goods may be passed on to customers, with regular mark-up. But manufacturer who buys imported components must swallow price differential caused by increase, can't pass this price rise along by boosting price of end product. This could be reversed or modified—or clarified to death—but it was best interpretation available at week's end.

Change in value of yen hits hardest at smaller importers and Japanese parts suppliers. Former group, already battered by 10% surcharge, will find it hard to remain competitive both with U.S. manufacturers and U.S. subsidiaries of Japanese producers, could quickly get caught in real economic squeeze. Japanese parts suppliers, who might have remained competitive with U.S. parts industry under 10% surcharge alone, now may find their cost advantage offset by services offered by their U.S. counterparts.

Big crunch for Japanese TV makers: They must either raise dollar prices of export TV sets to conform with yen's move or reduce home-market prices. Any lowering of TV set prices in respect to home market could make them vulnerable to further dumping charges.

Yen's change in value gives Taiwan producers advantage over those in Japan—Taiwan's currency is pegged to dollar and govt. there said last week there would be no change. Coming off best of all foreign facilities are U.S.-owned plants in Mexico. Mexican peso is geared to dollar—so there's no currency differential—and surcharge is extremely small, since it's applied only to value added by Mexican assembly of U.S.-made parts.

Even before Aug. 27 news about yen, most U.S. set makers & importers hadn't reached firm decisions about pricing of imported sets and those with substantial imported components. Those who were considering absorbing most or all of 10% surcharge will have to rethink—few, if any, will be in position to eat both surcharge and currency differential, which is expected to be at least 5% at outset. Another 5% increase—Japanese govt.'s boost in minimum TV set export prices, scheduled to go into effect Sept. (Vol. 11:32 p8)—has been "withheld" by Ministry of International Trade & Industry, as forecast here last week.

One problem facing manufacturers & importers—to inboard or outboard 10% surcharge all the way down distribution line—apparently was solved by Cost of Living Council (CLC) at week's end. From latest series of Q-&-A's: "Q—Should the import surcharge be shown in dollars & cents on the invoice when the charges are passed on to the consumer? A—Yes." Like most other OEP clarifications, this one needs some clarification: Does "should" mean "must?" What if manufacturer absorbs part of surcharge? Etc.

We questioned virtually all U.S. manufacturers and many importers about their plans for surcharge, before Japan's yen announcement came. Most were still in "undecided" stage or "seeking clarification" on some points. Magnavox is already on record as passing on most surcharges (Vol. 11:34 p11). Admiral plans to absorb some, pass some on, believes dealers will outboard surcharge to avoid cutting margins. RCA hasn't made final decision, but initially has advised distributors it will pass on surcharge, presumably outboarded. Hitachi has examined costs of each product, deciding how much to pass along. Panasonic plans "selective" repricing. Superscope will pass surcharge along.

Teledyne Packard Bell made surprising announcement that it's cutting factory prices of all portable TV sets—color & monochrome—by up to 10% in form of "anniversary allowances" to distributors. Large portion of TPB's portables are Japanese-made, but spokesman told us company had large inventory, having stocked up in preparation for West Coast dock strike. Company is understood to be negotiating for domestic source for some portables.

Domestic set makers & assemblers are facing real problem in foreign component content in U.S.-made sets—where they use imported & domestic parts interchangeably. Rules currently provide that foreign content must be determined for each individual set to compute surcharge pass-along. EIA is formally requesting CLC to permit "averaging"—assigning average surcharge to each set based on total mix of post-surcharge foreign vs. pre-surcharge & domestic parts in any given model. Slight liberalization has already come from CLC: If you can't segregate pre-surcharge & post-surcharge editions of identical products, you may elect to charge pre-surcharge price for quantity equal to amount imported before surcharge. After that, surcharge may be added to all items.

Montgomery Ward & J.C. Penney fell in line with Sears (Vol. 11:34 p7), will include flyleaf in Christmas catalogs promising automatic refunds on products priced above ceilings. But it appears certain they'll have to eat surcharges on import which weren't inventoried before Aug.16. Since most of big Spring-Summer catalogs go to press in mid-Sept., they'll have to make some quick decisions re surcharge and currency differentials.

Genuine distress marked emergency meeting in N.Y. sponsored by International Tape Assn. and attended by 78, including representatives of 20 manufacturers & importers—mostly the latter—as well as spokesman for OEP. Interchange of suggestions & proposals included these: (1) Since tape equipment is largely foreign industry, it should be exempted from surcharge as it doesn't damage domestic manufacturers. (2) Govt. should reimburse losses by importers forced by contract to supply merchandise at pre-surcharge cost, or alternatively, rule that customer must pay surcharge. (3) Goods in transit or strikebound Aug. 16 should be exempted. (4) Govt. should allow prices to be increased to compensate for cost of borrowing money to pay surcharge. (5) Increase duties less than 10% and permit markup on full price. (6) Promise to remove surcharge as soon as yen is revaluated. "If we don't get these," suggested ITA counsel M. Warren Troob, "my office will be available to fill out your Chapter XI papers."

JAPAN'S COLOR EXPORTS SOAR IN JULY: While interpretations & ramifications of import surcharge & money revaluation made major headlines (see p. 6), there were these other foreign-trade developments last week: (1) Japanese color TV makers set new monthly records for year in pre-surcharge July production & exports to U.S. (2) Court heard motions in NUE suit against Japanese. (3) Treasury said English-made diamond phono stylus tips are possibly being dumped here.

Apparently unconcerned by strike which closed all West Coast U.S. ports on July 1, Japanese TV producers shipped 417,515 sets here that month, up 18% from same month last year, Finance Ministry reports. Color exports, 137,661, leaped 59.5%, setting this year's monthly high; b&w shipments rose just 4.9% to 279,854. Seven-month totals put TV exports over 2.3-million mark, up 31.7%—color at 725,650 sets (up 57.7%), b&w 1,587,437 (up 22.5%). EIA-Japan put July color TV output at 647,444, up 4.6% from July 1970, with worldwide exports up 66.2% to 145,185, domestic shipments up 16.8% to 495,521.

In Newark, Federal District Court Judge Robert Shaw withheld decision on Japanese argument that antitrust & FTC Act provisions cited by NUE in $360 million triple damage suit don't apply in dumping cases. NUE has charged Japanese set makers & sales subsidiaries conspired to dump (sell undervalued) TVs in U.S., fix prices & restrain trade (Vol. 10:52 p8). As result, NUE says, it was forced out of TV manufacturing and suffered injury valued at $120 million. Shaw set Sept. 13 for hearing on defendant's motion to dismiss case on grounds that NUE's use of 1916 Anti-Dumping Act in this action is unconstitutional. Judge also set deadlines for resolving jurisdictional & evidence-discovery questions, slated Nov. 1 for next pre-trial hearing. NUE attorney Morton Rome indicated plan to expand list of specified defendants, but new companies are expected to be affiliates of those already named.

Treasury ordered appraisement withheld on English phono tips, following preliminary probe of dumping complaint filed by National Stylus Corp. (Vol. 11:11 p9). Requests for hearings are due Aug. 31, written comments Sept. 20. Treasury said initial analysis indicates tips are being exported to U.S. at less than home-market price.

NEW 25V" TAKES OVER 20% OF COLOR SALES: Two of the 3 new color tube sizes introduced last year—25V" & 19V"—have emerged as stars of first-half sales. Breathing new life into TV console, 25V" ran neck-&-neck with 23V", represented more than 20% of domestic-label sales to dealers. The 19V" seems to have enhanced appeal of mid-size range (18V" & 19V"), helping make it most popular table-portable size by 2-to-1 margin.

Of major new screen sizes, only 21V" appears to be sagging. In first half, 20V" & 21V" sets together accounted for smaller percentage of domestic-label color sales than 20V" alone in comparable 1970 period.

In first-half mix, portables & table models rose to 55.8% of total sales. Nevertheless, each color TV category increased in actual sales from same 1970 period. Here's comparison of 1971 vs. first-half 1970 (figures do not total because of rounding to nearest thousand):

Type	1st Half 1971	% of Total	1st Half 1970	% of Total	% Increase
Portable-table....	1,385	55.8%	984	49.7%	40.8%
Console	1,020	41.1%	941	47.6%	8.4%
Combination	76	3.1%	52	3.2%	46.2%
TOTAL......	**2,482**		**1,979**		**25.4%**

In console market, 25V" sets represented 44.5% of total, running close behind 23V" at 48.5%, with other sizes (principally 20V" & 21V") totaling 7%. Interestingly, new 25V" size has resulted in increase of large-screen sizes' share of console market—23V" & 25V" representing 93% of console mix vs. 91.7% in first half 1970. (Because 25V" is new size, there was no breakout in 1970 figures, but sales of that size were almost nil in first half.)

Portable breakdown by screen size shows strong drift to 18V"-19V" at expense of 14V"-17V" & 20V"-21V" categories in U.S.-branded sets, with big-screen (23V" & 25V") also increasing their share. While actual sales in all portable-table size categories were up, 18V"-19V" area showed biggest (63.8%) increase. That size bracket in first half '71 represented 53.1% of portable-table market, up from 45.6% in 1970 period. Second largest category is 14V"-17V", whose share of total declined to 26.9% from 31.6%, while 23V"-25V" increased share to 11.3% from 10.6%. The 20V"-21V" group dropped to only 8.7% of table-portables from 12.2% year earlier.

Estimate of total domestic-label color TV mix (portable, consoles & combinations) shows biggest improvement in 18V"-19V" category, but with 23V"-25V" still strong and only 20V"-21V" actually declining in unit sales. The 23V"-25V" group represented 47.6% of domestic-label color market (down from 51.6% year earlier), 20V"-21V" dropping to 7.8% (from 10%), 18V"-19V" at 29.6% (from 22.7%), 14V"-17V" at 15% (15.7%).

EXPORTS GAIN IN FIRST HALF: Export-oriented consumer electronics firms stepped up overseas sales activities in first half, logging some significant gains over 1970. But even so, Commerce Dept. totals indicate, exports are mere drop in bucket compared with imports.

Foreign-bound shipments of complete end products, plus TV chassis, were valued at about $30.6 million, up 14% from $26.9 million last year. Despite increase, total dollar export volume was equal to only about 16% of total U.S. importers paid for just foreign-made TV ($190.6 million) in same period.

Auto radios contributed most to export growth, with units up 12.4%, value climbing by $1.9 million, 40.7% increase. Next largest gainer was color TV, units up 27.2%, value up $1.7 million, or 27.5%. Only other product classification to improve performance by $1 million or more was TV chassis & kits, with units up 22%, value up 11%. Other unit gainers: Home radios, up 8.5%; b&w picture tubes, up 42.7%.

Canada continued far-&-away biggest foreign customer, accounting for 82% of color TV exports, 33% of b&w, 97% of car radios, 39% of b&w picture tubes. West Germany was most important color picture tube purchaser (50% of total), though exports there, 45,400, were down by 46%. Exports of TV tuners (not shown in table below) climbed 34.5% to 2.9 million. However, all but 300,000 were sent to Mexico, where bulk received additional processing in preparation for re-export to U.S.

Average price of exported b&w TV fell about $12 from 1970 to $105.50, while pricing of color rose by just $1 to $339. Average pricing on other items, with year-earlier averages in parentheses: TV chassis & kits, $30.50 ($33); home radio, $12.25 ($16.95); radio-phono $135 ($117); auto radio $26.35 ($21.05); color tube, $90.60 ($95.75); b&w tube, $18.45 ($16.45). Following are selected U.S. exports of consumer electronics & components in first half:

U.S. CONSUMER ELECTRONICS EXPORTS

	First Half 1971		First Half 1970	
	Units	$ Value (add 000)	Units	$ Value (add 000)
Color TV	22,823	7,737	17,945	6,067
B&w TV	31,743	3,349	33,332	3,912
TV chassis & kits	339,243	10,196	277,994	9,180
Home radios	130,287	1,597	120,082	2,034
Radio-phonos	7,782	1,053	8,136	950
Auto radios	254,445	6,710	226,298	4,767
Picture tubes, color	89,952	8,151	141,298	13,532
Picture tubes, b&w	66,019	1,219	46,254	761

ZENITH REALIGNS: Major upper-echelon restructuring gives Zenith its first imprint from new president, former Ford Vp John Nevin. Created were 3 new corporate-level consumer electronics operating groups, which give stronger top-management control over key activities. Moves are reminiscent of similar changes made at Philco-Ford & RCA after auto industry executives were brought into those companies.

New Sales & Mktg. Group is headed by Mktg. Exec. Vp Walter Fisher (also pres. of Zenith Sales Co.) with corporate sales vp title added by J. D. (Dan) Dougherty, who continues as Zenith Sales Co. exec. vp. Revone Kluckman, former vp-controller, moves up to senior vp, Mfg. & Material Group, responsible for worldwide manufacturing, purchase & material control, including Rauland Div. (picture tubes). Appointed senior vp, Engineering & Research Group, was J. E. Brown, ex-engineering vp. Karl Horn was named engineering & research vp, is slated to succeed Brown as E&R Group chief at year's end. Brown has passed Zenith mandatory retirement age, may continue as consultant.

In other appointments: Francis Crotty, ex-vp-patents, becomes technical affairs vp, responsible for coordinating technical developments between groups, quality assurance activities, Zenith Radio Research Corp. and Patent Dept. Joseph Fiore moves up at Rauland Div. from mfg. vp to exec. vp and succeeds Horn as corporate CRT operations gen. mgr. Unannounced was retirement of Robert Alexander, operations exec. vp. Changes mark first revamping of Zenith structure since reshuffling following death last year of Pres. Sam Kaplan (Vol. 10:17 p9), when exec. vp posts were created and Kaplan's duties divided among Chmn. Joseph Wright, Fisher & Alexander.

FCC postponed 2 months deadline for comments on proposal to limit RF radiation & voltage output for VTRs & cameras intended to feed into TV set antenna terminals (Vol. 11:30 p10). Delay to Oct. 25 was at request of EIA & ITA... **Dutch Philips** demonstrated videocassette system in London, indicated unit would be marketed there in fall, price $600-$700. In U.S., Norelco officials indicated introductory price would be nearer $1,000... **Amplifying** MCA annual report statement that firm was working on color video disc system, Operations Vp Lee Grundeis said final development & marketing were still far off.

Furniture stores apparently are increasing their share of consumer electronics sales. According to National Home Furnishings Assn., furniture retailers last year sold $1.24 billion in TV-radio-stereo merchandise, representing 12.1% of their total sales vs. $1.2 billion (11.6% of sales) in 1969 and $1.1 billion (10%) in 1968. Their TV sales last year were $875 million, up 1.9% from 1969, with TV-stereo volume estimated at $370 million, up 8.2%.

Passing up EIA fall conference Oct. 4-7, Consumer Electronics Group, is expected to meet in Washington instead. Reason is that important Tariff Commission hearings on import injury to TV industry begin Oct. 6.

TV SETS 'SAFE'—HEW: New consumer booklet, "What's Being Done About X-Rays from Home TV Sets?," should go long way toward dispelling any remaining public fears about safety of industry's product. Prepared by HEW's Bureau of Radiological Health, it's a calm appraisal of entire TV radiation situation, contains first publicly announced change in Surgeon Gen.'s "6-ft." warning. "There should be no significant health hazard in watching TV at a distance at which the image quality is satisfactory to the viewer," leaflet says.

Booklet also explains that X-ray levels from properly operated & serviced TV sets made since mid-1968 "are at levels too low to present a public health problem." It points out that all b&w sets and color sets up to about 14V" "have not been found to pose an X-ray problem" and that "most color sets have been found not to give off measurable levels of X-radiation." It quotes Surgeon Gen. saying "he believes that TV X-rays do not have much potential for biological damage—in fact, there is no evidence that TV receiver X-radiation has resulted in human injury." It warns consumers against using do-it-yourself X-ray testers and urges servicing by qualified technicians. Booklet (stock no. 1715-0012) is for sale by GPO at 10¢.

Establishment of radiation emission standards for critical TV components is being considered by HEW, according to Robert Elder, head of Radiological Health Bureu's Electronic Products Div. Standards, he indicated, would help in granting exemptions from TV consumer record keeping requirements by insuring that only low-emitting receiving & picture tubes would be used for replacement purposes. Spokesman for EIA denied published reports that TV manufacturers had requested formulation of such standards.

Teledyne Packard Bell, in addition to reductions in all color & monochrome portables (see p. 7), schedules Nov. anniversary promotion including: 23V" color console reduced $30 to $499.95, portable 18V" color down $40 to $399.95; b&w portables—9V" at $69.95 and 19V" at $129.95—both off $10; audio equipment reduced up to $50. TPB has extended Tele-Magic one-button color control throughout console line, starting at $549.95, while 2 models at $529.95 are now equipped with Tele-Matic flesh-tone circuit.

Mergers & acquisitions: Teledyne Packard Bell acquired **Master Sales Div.** of Universal TV Co. Master operates leased consumer electronics repair & accessory sales depts. in 36 White Front discount stores... **Courier Communications**, parent of consumer electronics importer Fanon, was acquired from Whittaker Corp. by Resdel Engineering of Pasadena. Firm will be run as Resdel subsidiary Fanon/Courier Corp.

Ampex expects to return to profit column for rest of fiscal 1972, ending May 2, despite loss in first fiscal quarter, ended July 31, according to Pres.-Chmn. William Roberts. (See financial table.)

July Japanese color production, record for year, included 180,000 sets by Matsushita, 90,000 by Sony, 80,000 by Hitachi, 60,000 by Sanyo.

FIRST-HALF IMPORTS: TV imports from major source countries in first half were up substantially from same 1970 period, Commerce Dept. figures show (Vol. 11:34 p10). Japan, as usual, was by far largest supplier, accounting for nearly 1.8 million sets, up 31%. Imports of Japanese color TV rose 64% to 577,075, b&w 20% to 1.2 million. Taiwan accounted for 474,631 b&w sets, up 38.3%, while b&w imports from Mexico jumped 72% to 165,773.

Imports of audio tape instruments totaled 7.1 million units, up 17.7%, as recorders (including radio-recorders) rose 15% to 3.8 million, with tape players up 21% to almost 3.4 million. Among other gainers were auto radios, up 74%; transceivers, up 28%; record changers, up 19%. Logging declines were transistor home radios, off 3% to 13.8 million, and phonos (including radio-phonos), down 1% to 931,677.

Following are first-half 1971 imports of selected consumer electronics, with 1970 results for comparison. Where no source country is indicated, principal supplier is Japan.

U.S. IMPORTS

	First Half 1971		First Half 1970	
	Units	$ Value	Units	$ Value
Color TV, over 17V"	232,993	41,505,362	121,564	21,733,896
Japan	218,691	38,814,430	118,048	20,876,914
Taiwan	11,660	2,002,076	—	—
Canada	2,624	679,942	3,505	852,913
Color TV, 11-17V"	356,624	51,444,362	172,389	23,632,530
Japan	330,386	48,526,166	153,457	22,287,403
Taiwan	26,211	2,913,006	18,869	1,322,253
Color, 10V" & under	27,998	3,970,146	81,459	11,985,196
Japan	27,998	3,970,146	81,454	11,982,700
B&w, over 17V"	416,684	24,704,409	235,208	12,961,758
Japan	185,289	11,247,489	118,142	7,164,101
Taiwan	62,025	2,425,948	49,551	1,441,060
Mexico	165,773	10,632,686	65,489	4,146,783
B&w, 11-17V"	957,292	45,464,871	748,520	35,195,208
Japan	641,398	30,943,886	494,969	23,263,516
Taiwan	311,143	14,286,641	202,318	8,288,924
S. Korea	3,000	123,000	—	—
B&w, 10V" & under	492,590	23,518,091	500,278	23,811,953
Japan	390,246	19,124,565	403,140	19,767,890
Taiwan	101,463	4,310,303	91,430	3,714,229
Clock radio	1,982,896	20,556,747	1,190,883	13,920,784
Japan	839,928	10,035,329	724,751	9,820,694
Taiwan	274,892	3,246,171	146,626	1,450,777
Hong Kong	621,117	5,119,164	248,264	1,970,497
Tr. rad., AM, AC	606,810	3,429,788	741,990	3,622,828
Japan	145,791	1,278,067	205,881	1,759,664
Taiwan	49,407	186,562	75,786	314,074
Hong Kong	352,919	1,743,662	403,373	1,440,639
Tr. rad., AC, other	1,544,451	37,448,585	1,888,603	40,961,679
Japan	1,157,762	32,384,773	1,489,285	36,209,104
Taiwan	215,645	3,214,866	186,885	2,229,340
Hong Kong	119,568	1,089,292	—	—
Tr. rad., AM, batt.	4,224,079	14,962,795	4,428,014	15,620,352
Japan	1,165,380	6,727,901	829,838	5,922,306
Taiwan	659,568	2,020,756	524,174	1,766,421
Hong Kong	2,250,082	5,753,109	2,750,992	7,090,195
Tr. rad., batt., other	5,416,040	61,703,670	5,927,947	60,937,379
Japan	2,159,899	38,580,759	2,306,037	41,500,092
Taiwan	477,954	4,954,104	977,930	4,921,216
Hong Kong	2,595,092	15,712,256	2,652,206	13,018,091
Auto radio	963,459	13,936,244	553,262	8,792,513
Transceiver	959,195	12,692,960	750,769	8,528,855
Radio-phono	750,934	24,730,451	657,244	16,376,859
Phono, stereo	136,562	2,878,545	199,002	3,348,027
Phono, mono	44,181	589,019	81,042	901,453
Record changers	2,260,907	25,512,582	1,898,187	20,348,944
United Kingdom	2,085,389	21,393,421	1,662,858	16,361,364
West Germany	125,515	3,787,356	224,556	3,791,262
Recorder, AC, stereo, cart	167,575	6,411,196	141,751	4,930,078
Recorder, AC, stereo, reel	233,855	14,892,485	344,054	16,575,416
Recorder, AC, mono, cart	475,854	9,348,646	482,247	9,529,015
Recorder, AC, mono, reel	86,684	2,487,298	132,065	4,165,052
Rcrdr., batt., cart	2,015,390	35,049,945	1,263,167	21,846,315
Rcrdr., batt., reel	142,235	3,681,174	348,427	4,200,543
Radio-recorder	662,155	25,585,838	576,436	22,993,206
Tp. player, auto	1,353,787	25,515,956	1,394,434	30,584,746
Tp. player, other	1,283,882	27,642,857	1,022,080	24,826,929
Tp. player comb.	720,898	28,638,209	362,980	17,361,613
Video recorder	14,650	3,928,879	8,940	3,154,686

Electrohome profits more than doubled in 1971's first half, with sales up 24% over year ago. Pres. Carl Pollock said he expects U.S. 10% import surcharge to have little effect on 1971 earnings since exports to U.S. represent less than 10% of company's total sales. He reported high demand for color sets in Canada resulting from removal of excise tax last June, and said outlook for rest of year was favorable.

Mexico's sales of consumer electronics in first half fell from comparable 1970 results, National Electronics Industry Mfg. Chamber said. TV factory sales of 166,000 were off 29%, radio volume declined 18% to 354,000, stereo console sales of 53,000 units were down 22%.

Centralab Taiwan, Globe-Union subsidiary, is about to start production of ceramic disc capacitors in 40,000-sq.-ft. leased plant. About 300 will be employed.

Japan Electronics Show, slated for Osaka, Oct. 1-7, has 296 scheduled exhibitors, including 70 foreign firms representing 10 countries.

New sets: Philco-Ford has added deluxe 23V" color set at $649.95, plus 2 stereo consoles, 8-track tape deck and special promotional stereo packages—including mobile cart, stereo headphones, 5 stereo-8 cartridges in single package... **Magnavox** will offer components for conversion to 4-channel stereo—auxiliary amplifier with 4-channel controls at $69.95 and 4-channel cartridge deck.

Receiving tube sales by U.S. factories totaled 107.2 million units in first half, down 3% from same 1970 period, EIA reports. Sales to OEM were up 3.1% to 51.4 million, exports rose 7% to 7.9 million and direct govt. purchases climbed 11.1% to 2.9 million. Only market area posting sales decline was replacement, off 11.1% to 45 million. Totals include U.S.-brand imports.

Soundesign, reporting 60% sales increase with only 10% rise in operating expenses for first half (Vol. 11:32 p14), attributed rise to stereo sales, which Pres. Ely Ashkenazi said were more than double those of 1970 period. Earnings were 20 times those of first half 1970.

Trade Personals

Franklin Weikel, former RCA Parts & Accessories ad & sales promotion mgr., shifts to same post with RCA Consumer Electronics... **John Platts**, named recently to succeed **Elisha Gray** as Whirlpool chmn. (Vol. 11:34 p12), also succeeds him as Warwick chmn... **James Russo** resigns as Automatic Radio gen. sales mgr.

Arthur Hausman, Ampex exec. vp, adds newly created title of chief operating officer... **Clark Grey**, former Avnet Electronics exec. vp, named Allied Electronics corporate service dir.; **Dave Yaniko** advanced from operations mgr. to operations & products control vp... **Edward Prager**, ex-Ponder & Best, appointed Universal Tape vp.

David Peck, former development & planning vp, advanced at Sprague to Far East operations vp; **Gerald Tremblay**, Sprague World Trade Corp. pres., adds responsibility for all European sales & mfg. operations... **Richard Lee**, former ITT Avionics pres., advanced to gen. mgr. of newly formed ITT Electro-Components Group, which includes Cannon Electric and Electron Tube Div... **J. D. Strand** named asst. to sales mgr., Nortronics Distributor Sales Div.

John Parkhurst, ex-Sony & MGA, appointed Gusdorf N.Y. area sales mgr... **Robert Gage** joins Teledyne Packard Bell as region mgr. covering 7 western states... **Ronald Fattibene** resigns as NUE Emerson TV-Radio Div. PR dir. to become financial & shareholder relations dir. of Sterling Precision.

Charles Jeffrey advanced at Zenith Hearing Aid Sales to ad & sales promotion mgr... **Bernie Allmayer**, ex-GE, joins Philco-Ford Audio-Video Div. PR staff... **Robert Graham**, ex-Intel, named Teledyne Semiconductor vp-mktg. dir... **David Marriott** promoted at Fairchild Semiconductor to European operations gen. mgr., replacing **Douglas O'Connor**, who returns to U.S. as staff asst. for international operations.

Tape topics: Rohm & Haas, plastics & chemicals producer, bought assets & technology of GRT Video Tape Div. for undisclosed sum... **Fly without fear**—fear of damage to recorded magnetic tapes from metal detectors, that is. Word from Dept. of Transport is that magnetic fields generated by weapon sensors, used as hijack prevention aids by airlines, aren't strong enough to erase tape. Agency report was supported by 3M finding that tapes are safe in magnetic fields up to 50 gauss, while detectors generate fields in 1-4 gauss range... **N.Y. sales office** & warehouse has been opened by Dalsung Industrial, South Korean blank cassette mfr. , at 1182 Broadway. Firm also has office in L.A... **BASF** is introducing "jam-proof" cassette cartridge loaded with chromium dioxide tape, priced from $3.89 to $8.29.

Sanyo's $59.95 fair-trade 12V" b&w portable which was promoted by Master's discount stores (N.Y. area) at $64.50 (Vol. 11:29 p10), has been reduced to $58.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

Company & Period	Revenues	Net Earnings	Per Share
American TV & Communications			
1971-year to June 30[a]	11,064,703	751,140	.15
1970-year to June 30[a]	8,760,616	(125,412)	--
Ampex			
1971-qtr. to July 31	72,975,000	(774,000)[a]	--
1970-qtr. to July 31	64,528,000	(3,000)[a]	--
Entron			
1971-6 mo. to June 30	3,041,706	(87,456)[b]	--
1970-6 mo. to June 30	2,433,498	(448,244)[b]	--
1971-qtr. to June 30	1,697,426	50,101	.04
1970-qtr. to June 30	1,348,415	(226,496)	--
International Electronics			
1971-6 mo. to July 31	5,042,868	218,069	.20
1970-6 mo. to July 31	4,468,332	135,175	.12
1971-qtr. to July 31	2,415,531	74,452	.07
1970-qtr. to July 31	2,142,703	34,305	.03
Koss Electronics			
1971-year to June 30	5,757,540[c]	437,620	.27
1970-year to June 30	3,701,370[c]	210,732	.13
1971-qtr. to June 30	1,689,777[c]	125,951	.08
1970-qtr. to June 30	871,051[c]	(61,721)	--
Meredith			
1971-year to June 30	138,385,095	3,119,146	1.13
1970-year to June 30	143,868,833	6,419,031	2.32
1971-qtr. to June 30	35,387,561	691,792	.25
1970-qtr. to June 30	34,572,629	311,626	.12
Movielab			
1971-6 mo. to July 3	8,016,829	(920,047)	--
1970-6 mo. to July 4	13,785,288	(1,423,917)	--
Rollins			
1971-qtr. to July 31	34,634,380	2,505,895	.31
1970-qtr. to July 31	31,631,375	2,290,686	.28
Scientific-Atlanta			
1971-year to June 30	16,427,229	391,347[d]	.43
1970-year to June 30	18,145,117	226,156[d]	.25
1971-qtr. to June 30	4,101,588	118,208	.13
1970-qtr. to June 30	4,373,769	100,005	.11
Starr Bcstg.[e]			
1971-year to June 30	7,082,997	518,188	1.06
1970-year to June 30	6,294,743	313,815	.66
Tele-Communications			
1971-6 mo. to June 30	5,835,140	263,457	.08
1970-6 mo. to June 30	3,702,412	151,773	.06
Wells, Rich, Greene			
1971-9 mo. to July 31	78,981,000[f]	1,867,300	1.17
1970-9 mo. to July 31	66,477,000[f]	1,341,400	.85
1971-qtr. to July 31	25,935,200[f]	505,700	.32
1970-qtr. to July 31	22,425,700[f]	440,700	.28

Notes: [a]Restated. [b]After special credit. [c]Shipments. [d]After special charge. [e]Pro forma. [f]Billings.

Consumer electronics prices showed no major changes from April to May, according to Labor Dept.'s Consumer Price Index. Using base of 100 to represent 1967 prices, portable & console TV sets settled at exactly 100 in May, down 0.1% from April and up 0.4% from May 1970; portable-table radios were at 98.4, up 0.1% from April but down 0.7% from year earlier; portable tape recorders 94.7, down 0.4% & 0.5% respectively; TV replacement tubes 121.9, up 0.2% & 5.6%.