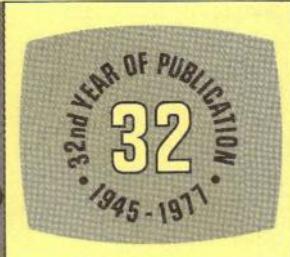


WEEKLY

# Television Digest®

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**NEWSPAPER-STATION DIVESTITURE** ordered by Appeals Court in remand. Appeal to Supreme Court certain. Bazelon, Wright & Robinson would divest unless there's clearcut reason for status quo. (P. 1)

**HOUSE HEARS NETWORKS** defend record on TV violence, attack Gerbner findings, promise to do better next season. Gerbner asks independent evaluation of violence data. Wiley has 'sympathy' for Group W request on pre-screening. (P. 2)

**WASHBURN GOES FOR DROP-INS:** Rulemaking on 4 cities due this week after tie vote defeats move for terrain studies. Hooks wants to go much further. Lee dissent hits majority's claimed UHF commitment. (P. 4)

**NBC's POLITICAL FORUM** features divergent views, biggest names in broadcasting, govt. & academia. Van Deerlin sees FCC Sec. 315 decisions 'politically motivated.' (P. 5)

**JD-NBC DECREE OPPOSED** by all who comment—for widely varied reasons. FCC remains silent because of network inquiry. (P. 6)

**KAHN PUSHED FOR CHMN.** of FCC by Van Deerlin & Moss. (P. 6)

**COURT PRESSES NEWSPAPER-STATION SPLITS:** Harsh court decision on station-newspaper cross-ownership last week wasn't surprise to lawyers in case, but impact is shocking nonetheless. U.S. Appeals Court ruled 3-0 that FCC shouldn't have grandfathered any such combinations in same city—unless there's clear evidence that it's in public interest to do so. Commission had left undisturbed most combinations, ordering breakup only when properties are sold—plus 7 divestitures in "egregious" cases where someone owned just about everything in town.

Everyone is going to appeal this. FCC discusses it this week, and guessing is that it will go directly to Supreme Court, not seek reconsideration by Appeals Court. Judges were Bazelon, Wright & Robinson, with Bazelon writing decision. Trio is Court's toughest panel in such matters, and lawyers who participated in oral argument had little doubt case would come out this way. Speculation is that Supreme Court will accept case—because of importance. FCC rarely appeals to Supreme Court, usually is given hearing when it does.

What frightens many broadcasters, if decision stands, is not only forced sell-off of newspaper-station situations—but implications that Court may eventually order splits in all or most existing TV-AM-FM combinations, or even in multiple ownership in different cities. NAB is holding off decision until its special media-structure committee, chaired by Douglas Manship, WBRZ Baton Rouge, meets March 10. Report of its decision will be sent to all stations in-

### Consumer Electronics

**COLOR SALES** to dealers close to record in year's first 8 weeks, running at 9-million annual rate. Feb. sales hit 630,000, thanks to record final week. (P. 7)

**ITC ADVANCES TV** quota case timetable, to vote on import restrictions this week. Staff study shows domestic industry down, but coming back. Jan. color & total TV imports set records. (P. 7)

**NEW CB SERVICE** delayed but not forgotten by FCC, which probably will seek comments on 220- & 900-MHz bands within 6 months. Best bet now is 900 MHz. Chances of adding new 27-MHz channels remote. (P. 8)

**1976 IMPORTS** of audio equipment rose sharply from depressed 1975 levels. Home radios up 57.9% to 43.9 million, total tape hardware up 67.5% to 27.6 million, record changers up 60.5% to 6.8 million. Auto tape players climbed 86.3%. (P. 12)

**MATSUSHITA'S NET** doubled in fiscal 1976, but Quasar loss held U.S. operations at break-even level. Gladding shows CB loss. Kenwood details business operations. RCA increases dividend. (P. 13)

**IMPORT IMPACT AID** for ex-color tube production workers at Westinghouse's Horseheads, N.Y. plant approved by Labor Dept. (P. 13)

volved in newspaper cross-ownership situations.

Value of stations involved may be about \$2.5 billion, according to Horace (Buzz) Gross, of Frazier, Gross & Clay. Firm analyzed situation in 1970 for ANPA, found 96 TVs involved, worth \$1.593 billion; 229 AMs at \$279 million; 151 FMs at \$34 million. Though several stations or newspapers have been sold off, Gross figures value of remainder has increased to \$2.5 billion.

FCC officials were quite unhappy with decision. Said one: "Bad judges make bad law. If you're interested in quality broadcasting—which we're supposed to be—it's a bad decision. They substituted their judgment for ours. It's not a legal decision. It's a policy decision."

Conclusion of decision summarizes Court's view well: "The Commission has sought to limit divestiture to cases where the evidence discloses that cross-ownership clearly harms the public interest... We believe precisely the opposite presumption is compelled, and that divestiture is required except in those cases where the evidence clearly discloses that cross-ownership is in the public interest." Latter cases, they said, could be handled through waivers.

Some observers found a bit of comfort in a footnote suggesting that Court doesn't believe virtually all combinations should be divested. Talking about possible new divestiture rules, Court said: "If, for example, the Commission were to adopt on remand a policy of requiring divestiture where combinations have over 30% of the market in the community of operation, it would presumably be necessary to determine the market shares of given combinations by hearing." A bit of comfort also was gleaned by operators whose "egregious" situations had been ordered divested by FCC; Court remanded FCC's entire decision for new look—even egregious cases; it could have let those divestitures stand.

Court discussed numerous studies presented by parties in case, found them inconclusive, speculative, etc. They dealt with quality of service from newspaper-affiliated stations, need for broadcast revenues to survive, depressed values of forced sales, etc. It also rejected all arguments about "disruption" of service, of concern about sales to non-local interests, and the like—found little danger to public involved.

**HOUSE KEEPS HEAT ON TV VIOLENCE:** Having declined to appear at 2 earlier House sessions on family viewing (FV), networks & NAB finally had their day before Congress last week—for first time on issue of excessive sex & violence since FV's beginnings in 1975. Appearing toward end of 9-hour hearing before House Communications Subcommittee, broadcasters defended efforts to reduce violence, criticized research finding that TV violence last fall was at highest level since 1967. They adamantly refused to admit connection between TV violence & social behavior, but promised to do better next season anyway.

Next steps: Senate Communications Subcommittee is likely to hold exploratory hearing on TV violence in near future, and House side intends to remain active. "It does seem like an endless road," commented Chmn. Van Deerlin (D-Cal.).

Network representatives mounted vigorous attack on definition of violence used by Annenberg School research team (Vol. 17:9 p1). Bcst. Group Pres. John Schneider said preliminary CBS figures for 1976-77 season found violence on CBS at same level as year earlier—in contrast to Gerbner finding that violence was up on CBS during family hour, at same level as year before during late evening. NBC Vp-Bcst. Standards Herminio Traviesas said network already has turned down 6 pilots for next season because of violence. ABC-TV Pres. Frederick Pierce said violent programs "represent a diminishing percentage of ABC's over-all prime-time schedule." NBC-TV Pres. Robert Howard added that of 128,000 communications from public received by network Sept. 1-Jan. 31, only 0.8%—1,128—dealt with sex & violence.

Network executives disputed claims of writers & producers—made at L. A. FV hearing (Vol. 16:34 p3)—that networks demand "action" in scripts. By contrast, CBS Vp-Program Practices Van Gordon Sauter said network cut violence in scripts by 24% before shows went on air last fall.

Annenberg's George Gerbner defended his findings, calling his method "the most exacting and precise of its type." Noting that CBS Office of Social Research had requested that Gerbner

reveal precise week he studied, Gerbner offered to turn over all his data to 3rd party—he suggested Library of Congress—"for the purposes of comparison [with network data] by qualified researchers." CBS executives later told us they'd have 'no qualms about releasing anything to anybody.' (CBS is sole network to do systematic violence ratings comparable to Gerbner work.)

In face of criticisms and sharp questions on his definition of what constitutes violent act, Gerbner said: 'We do not deal with anything that is questionable, subtle or sophisticated. We are quite content with dealing with what is clear-cut. The borderline cases come up infrequently and are generally not recorded."

Though network officials later told us they thought their criticisms had effectively blunted force of Gerbner's findings, several members of panel disagreed. Van Deerlin: 'I was satisfied that, whatever the nature of his measurement, it is absolutely standard with him from year to year. The fact that the measure of violence was up this year should be of some concern to the network executives.' He said independent examination of data by 3rd party is "something we could assist in without further hearings." Rep. Gore (D-Tenn.): 'The issue does not rise or fall on the measure itself. I have no doubt that if, in the future, there were to be a continuing high level of TV violence and a definitive finding that TV violence has a harmful effect, then a public interest standard would be met which would enable us to act against TV violence."

Reps. Wirth (D-Colo.) & Markey (D-Mass.) pressed network representatives to admit link between TV violence and social behavior, but all 3 staunchly refused. 'I don't know why there is a reluctance to admit the connection,' Markey said. 'The networks take credit for innovative children's programs, and for educational & public affairs programs, but no one wants to take credit for violence. On those programs, all of a sudden, it's the parents who have to take responsibility.'

NAB Pres. Vincent Wasilewski & Chmn. Wilson Wearn got cordial reception in comparison with networks. They outlined plan to seek voluntary guidelines on sex & violence (Vol. 17:5 p1), promised to consider suggestions from "any quarter." Noted Wearn: 'Violence isn't going to suddenly disappear on TV, just as it isn't going to suddenly vanish from our society. But we are trying to do something about the total amount of violence and the programming that is offensive to the public.'

"The Commission is not a guarantor for the industry's good faith and responsible action," Chmn. Richard Wiley testified, making plea for keeping programming responsibility where it is right now—with licensee. As for Gerbner finding that TV violence isn't decreasing, if it's true, "I can only express my personal disappointment and dismay."

Ex-FCC Gen. Counsel Henry Geller said he agreed with finding of L.A. Dist. Judge Ferguson that Wiley "intervened too deeply" with networks in FV negotiations, said govt. 'has to stay out of content regulation.' He suggested antitrust exemption to "create a climate" in which broadcasters could act together to reduce violence, said that when FCC Chmn. Newton Minow got assurance from U.S. Attorney General in 1962 that antitrust exemption could be granted, networks "showed no interest in it at all."

Group W proposal to require 4-week advance screenings of network shows (Vol. 17:9 p4) got push from several members, but networks resisted, stating that programs often weren't ready that far in advance, and that problem didn't exist anyway. Wiley, noting he didn't want to 'prejudge' issue, commented: 'If local licensee discretion is to be meaningful, then the licensee has to have some idea of what he's putting on. So I have some sympathy with the Westinghouse request.'

AMA's Dr. Robert Stubblefield urged broadcasters not to think in "adversarial terms," but to think of "high-risk children, in broken homes, in emotionally and economically deprived families," then join with AMA, PTA, ACT and others to improve TV, rather than "cry 'censorship.'"

During entire day-long hearing, 'nobody's mentioned sex,' remarked Rep. Russo (D-Ill.)—despite advance announcement that session was to cover both sex & violence on TV. 'I guess that means sex is not a problem,' he concluded.

**WASHBURN GOES FOR DROP-INS:** After much agonizing and 3-day delay, FCC Comr. Washburn March 4 decided to go with 3 other commissioners and will vote to put out 4 proposed VHF drop-ins for comments—although actual decision won't be firmed until this week. Vote will be 4-2—Lee, Quello dissenting, Hooks dissenting in part, White not participating. Along with decision, there'll be statements by 5 commissioners.

At March 3 meeting, Washburn lost on 3-3 tie effort to postpone final vote until Commission could obtain information from terrain shielding study (it'll be done concurrently with rulemaking). Wiley then moved adoption of rulemaking, and session broke up with commissioners standing 3-2, Washburn saying he was undecided. Next day, Washburn indicated he'd concur.

Markets are same as reported earlier (Vol. 17:9 p2), and in each market FCC denied requests to reserve drop-ins for ETV. However, educational interests are expected to apply for dropped-in channels in all markets except Salt Lake City (Ch. 13). Commission said Ch. 11 Charleston-Huntington, W. Va. would add first independent service to 834,200; Ch. 12 Johnstown-Altoona would provide 3rd VHF network service (replacing UHF) to 594,000 in Grade B contour; Ch. 8 Knoxville would provide Grade B to over 1 million, compared with 730,000 in Grade B of existing UHF. FCC noted that Ch. 8 Johnstown "might be able to provide even greater service" than Ch. 12, asked for comments on Ch. 8 as alternative.

In dissent labeled "The Stench," Lee predicts lawyers & engineers will prosper as Commission gets further drop-in petitions from "all over the land... We have seen but the tip of the iceberg." He said TV interference is like pollution—"it builds up slowly until it permeates the atmosphere." He argued that comments won't provide agency with any information it doesn't already have "in abundance," was critical of majority who claimed renewed commitment to UHF—particularly when 2 drop-ins are planned to replace existing U's.

Washburn sees Johnstown-Altoona Ch. 8 as holding most potential because it'll provide new interference-free Class B service to 831,000 (237,000 more than Ch. 12) and provides opportunity for first black-owned VHF station (black group seeks Ch. 8 drop-in).

Hooks said he concurred on seeking comments in 4 cities, but "to the extent that the document reflects a very conservative approach to additional assignments based on an economic analysis of a hypothetically optimum number of stations supportable in a given market rather than on chiefly technical considerations, I must dissent." He said that Commission hasn't managed spectrum properly, that there's doubt agency has "attempted to establish the largest number of VHF stations technically possible... Ours is not to structure or to attempt to allocate broadcast station revenues; ours is to structure the spectrum with diversity and plentitudes as guiding principles."

In joint statement, Wiley & Fogarty stressed their determination "to bring about... the full comparability of UHF to VHF... The Commission's decision is not inconsistent with this important objective." They noted that potential for VHF drop-ins "is very limited," that hopes for growth must lie with UHF.

\* \* \* \*

Commission has 5 full days of business scheduled this week as agency tries to clear as much as possible before open meetings become effective next week (Vol. 17:9 p5). (Incidentally, there'll be no FCC meetings next 2 weeks because actual in-house workings of Sunshine Law haven't been worked out.) Due this week:

March 7—Rulemaking requiring stations (radio & TV) to keep tapes of all public service, documentary, news (etc.) programs for 3 years; network radio inquiry. March 8—New comparative hearing policy statement (Vol. 17:2 p5). March 9—Regular agenda; definition of cable system (see p. 6); cable-microwave rates; briefing by gen. counsel. March 10—Roadside radio & viewability waivers. March 11—DataComm 77 Exposition at Sheraton Park Hotel.

Complaint that KOOL-TV Phoenix violated fairness doctrine by not identifying source of spots furnished by TIO was dismissed by FCC. Commission said complainant Barry Silverman hadn't shown any "controversy surrounding the desirability of com-

mercial TV" and pay cable wasn't discussed "in any meaningful and obvious way." Agency also noted one of spots invited public to write TIO for more information, revealing that message was "on behalf of broadcasters."

**NBC's POLITICAL FORUM:** Biggest names in broadcasting, govt. & academia debated election process and role of TV in Washington March 4-5—under aegis of NBC—and as might be expected proposals & solutions put forth were almost as numerous as participants. Duke Prof. James Barber took novel approach that, "except for news & sports, TV as a mass medium is almost finished." He added:

"The most important contribution [in covering candidates] the televisers can make depends on the shucking off malaise, accidie & predestinationism and exploiting their imaginations, lest they die before having lived." Forum was divided into 4 panels—primary coverage, campaign financing, role of media, debates & Sec. 315—sessions on selection of Vice President (featuring Sens. Humphrey [D-Minn.] & Dole [R-Kan.] and 2-party system with Democratic National Chmn. Kenneth Curtis & GOP National Chmn. William Brock. Among positions in prepared statements:

(1) Rep. Van Deerlin (D-Cal.)—In Communications Act rewrite, Congress must "ask itself" whether Sec. 315 & fairness doctrine limitations on free speech of broadcasters are justified. Citing Aspen decision (which permitted Ford-Carter debates), he said "this and other recent FCC decisions interpreting Sec. 315 have also appeared to be politically motivated." (2) Ex-Sen. Pastore (D-R.I.)—"Simply stated, the cost of presidential election campaigns has sky-rocketed to the point of serious national concern... There is still too much cynicism that our elections are ultimately bought... and it has been the ever-increasing expense of vital TV time which has contributed most substantially."

(3) George Washington U. Prof. Jerome Barron, on exclusion of other candidates from Ford-Carter debates—"Are there not great dangers to any free society when big media and the most important politicians together are able to act in concert to deny those outside the established order an opportunity for entrance?" (4) Sen. Tower (R-Tex.)—Federal funding of campaigns "encourages more & more frivolous candidates to dip into the till. [It's] fundamentally wrong." (5) Rep. Anderson (R-Ill.)—"I think the new financing law proved to be remarkably successful." (6) Ex-Sen. McCarthy (D-Minn.)—"The federal election act is wrong in theory and disastrous in practice. [It] is discriminatory & repressive... It should not be amended. It should be repealed."

(7) On presidential primaries, Rep. Udall (D-Ariz) and Reagan campaign mgr. John Sears called for regional primaries; columnist George Will and Rep. Jordon (D-Tex.) liked present system.

Test of closed-circuit TV coverage of House for 90 days was announced by Speaker O'Neill (D-Mass.). House will retain control of cameras—principle opposed by networks, PBS & House Bcstg. Subcommittee.

FCC set March 18 for conference on federal-state-local cable regulations, will examine rates, franchises, technical standards, pole attachments, access, etc.

**1976 GOOD TO ABC:** Highest revenues & earnings ever for 1976 (and 4th quarter) were reported by ABC last week, with broadcast revenues exceeding \$1 billion for first time. TV network was cited as "major contributor"; owned TV stations reported "exceptional revenue & profit gains," and radio network and owned AM-FM stations "all were again the best performers in the industry."

Revenue for year was \$1.34 billion, up from \$1.06 billion; net income was \$71.7 million, up from \$17 million. Oct.-Dec. revenue was \$391.2 million, compared with \$321.7 million. Per-share earnings for year jumped from 99¢ to \$4.05.

\* \* \* \*

BAR/TvB reported last week that advertisers spent \$286.7 million on network TV in Jan., a 26.8% increase over same month last year. Of total, NBC got \$99.9 million, ABC \$94.2 million, CBS \$92.5 million.

**Free lunches & dinners** at "expensive" restaurants for FCC commissioners & staffers were attacked in petition to FCC filed by NCCB. Attorneys Henry Geller & Charles Firestone argue that such meals should be banned when offered by those subject to FCC regulation. Excused would be reporters and other unregulated groups, as well as "meals of nominal value at infrequent occasions" and "free hospitality" at industry conferences & meetings. Because FCC doesn't require logging of such meals, petitioners state they "are not aware of frequency, but they believe from personal observation that Commission employees do dine at the expense of industry representatives at restaurants such as Le Provencal." CAB already has proposed stiffer rule, and Senate Commerce Committee staff has informal ban on free lunches.

**Charging infringement** of its helical-scan patents, Arvin Echo has filed suit in Chicago federal court against Bosch Fernseh, which manufactures "standard" broadcast segmented helical VTRs for itself, RCA, IVC & N. American Philips. Echo said it once held licensing negotiations with Fernseh and disclosed technological secrets. Meanwhile, first meeting of SMPTE-sponsored working group to seek 1" non-segmented broadcast VTR standardization (Vol. 17:6 p2) was held in N. Y., covering areas of tape geometry, number & types of ancillary tracks and editing needs.

**WTAR-TV Norfolk** has been favored for 3rd time by FCC Judge David Kraushaar for renewal of license over competitor Hampton Roads TV. Judge gave WTAR-TV "plus" for past performance, said Hampton Roads failed to demonstrate it would do "anything different or better (or even as well) as the incumbent." Kraushaar also favored WTAR-TV in March 1973 & Jan. 1975 decisions.

**Citing First Amendment**, FCC again has denied rulemaking requested by Sandy Frank to prohibit program stripping in prime-time access. Commission said such a rule would be "a very substantial restraint... on the freedom of persons engaged in legitimate business activity."

**JD-NBC DECREE OPPOSED BY ALL:** Nobody who commented on Justice Dept.-NBC consent agreement in antitrust case (Vol. 16:47 p1) favored it, but reasons were very varied. CBS & ABC claimed it raised First Amendment problems, infringed on FCC authority and substitutes regulation for competition.

On other hand, NCTA, 24 of largest cable companies, 6 major program producers and public interest groups didn't like it because it continues network exclusivity rights for programming. Said NCTA: Consent decree "just about completely eliminates any chance of pay cable to obtain good product until it is quite old, if ever." NCTA said Sens. Kennedy (D-Mass.) and Abourezk (D-S. D.) support this position. Added cable companies, in joint filing:

"The Justice Dept. is the last party we would expect to support the oligopolistic networks in their efforts to suppress potential competition." They said there should be no exclusivity whatsoever on movies, although they wouldn't object to cable blackout 15 days before network airing.

Movie producers said consent decree puts govt. "stamp of approval on such illegal & pernicious network practices as long-term options, unreasonable exclusivity and internal production... The commenting parties will continue to be... among the principal victims of ongoing network antitrust violations." Producers said if JD doesn't withdraw agreement, they'll ask L. A. Dist. Court to throw it out.

CBS called decree "blatantly anti-competitive" because it restricts amount of programming NBC can produce and it will "exacerbate" current shortage of quality TV programming. Network included affidavits from 2 professors calling decree "extremely anti-competitive."

ABC said JD antitrust charges are "totally without merit." Since decree becomes effective only if other networks agree to similar restrictions, such agreements would require court to decide whether it "should supersede the FCC as the regulator" of TV, ABC added. Network asked court to dismiss 3 antitrust suits against networks or at very least to stay them pending outcome of FCC network inquiry.

FCC decided against commenting because of pending network inquiry (Vol. 17:3 p2).

**FCC should appeal** fee decision to Supreme Court before refunding any money, according to Senate Communications Chmn. Hollings (D-S. C.) & House Chmn. Van Deerlin (D-Cal.). In letters to Atty. Gen. Griffin Bell & FCC Chmn. Wiley, congressmen say latest Appeals Court decision rejecting FCC fee schedule (Vol. 16:51 p1) jeopardizes nearly all fees collected by federal agencies, shouldn't be left standing without at least attempting appeal. Deadline is March 16. Congressmen also requested that GAO Comptroller Gen. Elmer Staats review situation.

**Govt. Reorganization Authority** requested by President Carter has been okayed by Senate 92-0, faces House hearing this week. Senate amendment barred reorganization of independent agencies such as FCC & FTC.

**KAHN FOR FCC CHAIRMAN:** Reps. Van Deerlin (D-Cal.) & Moss (D-Cal.) have made known to White House their choice for FCC chmn.: Alfred Kahn, chmn. of N. Y. State Public Service Commission. "This guy is superb," Van Deerlin told us, "an ideal candidate." He stressed that pair's preference for Kahn is "not an anti-anybody campaign"—apparent reference to current front-runner Charles Ferris (Vol. 17:4 p5). Kahn is ex-Cornell U. dean & economics prof., is best known for vigorous regulation of AT&T, promotion of common-carrier competition in N. Y. State.

Ferris last week denied published report "confirming" that President Carter already had offered him post of FCC chmn. "I'm being very careful about what I say, and nothing has changed" since Ferris told us job hadn't been offered him, he said.

**'Now we have the spectacle** of those same well-meaning people—once horrified over the way Nixon, Agnew and that crowd were attacking broadcasters' independent news judgment—now in the forefront of those who would control program content... The very same people who screamed so loudly a few years ago against advertiser influence over program content, now turn around and urge advertisers to boycott programs. How quickly they forget. Today sex & violence, tomorrow a documentary, or a news broadcast that offends."—Bill Leonard, CBS Washington Vp, before FCBA.

New fiber optics firm—Times Fiber Communications Inc.—has been launched formally, parties signing agreement Feb. 25. Joint venture of Insilco and Fiber Communications Inc. was announced in Dec. (Vol. 16:49 p3). Lawrence DeGeorge, vice chmn. of Insilco and head of Times Fiber, said production will begin in April, first shipments in Sept. A dir. & consultant is Irving Kahn, former head of Teleprompter. Times Fiber will have largest exhibit at NCTA convention in April, taking space previously held by Jerrold.

**Cable definition** comes before FCC March 9, very likely for final decision. Terms are still as previously reported—exempting systems under 500 from most regulation, start of rulemaking to explore exempting systems up to 1,000, no regulation of MATV, etc. (Vol. 17:7 p5). Commission soon will reconsider its pole attachment decision, and greatest area of uncertainty surrounds its authority, if any, over power company poles.

**Govt. shouldn't attempt** to control news coverage of terrorists, according to N.J. Gov. Brendan Byrne, who chairs National Advisory Committee on Criminal Justice Standards & Goals. He said Committee's report on contingency planning for terrorism recommends no standards or controls for media despite feeling that "the media is an essential part of the terrorist's enterprise."

**ABC's programming** blend last fall "set a new tone for the entire industry," according to ABC-TV Pres. James Duffy. Speaking to L. A. sales execs., he said "Roots" is not 'a one-time phenomenon but rather the culmination of years of growth through innovation & hard work."

## Personals

NBC Sports Vp **Carl Lindemann** will resign this week, plans not indicated.

House Speaker **Thomas O'Neill** (D-Mass.) addresses NAB convention TV luncheon March 29, Washington Hilton; **Tom Pettit**, NBC News correspondent, addresses Bcst. Engineering Conference March 28, Shoreham Americana.

**Howard Chernoff**, former diplomat and one-time boss of then-broadcaster Rep. **Lionel Van Deerlin** (D-Cal.), named consultant on broadcasting for House Communications Subcommittee's (now chaired by Van Deerlin) Communications Act rewrite; **Charles Firestone**, Citizens Communications Center lawyer, succeeds **Frank Lloyd** as member of rewrite broadcast advisory group; Lloyd resigned to become consultant to OTP (Vol. 17:7 p8).

**Donald Baker**, Justice Dept. asst. atty. gen. for antitrust, will leave post May 31, successor unnamed, in apparent reversal of earlier decision by Atty. Gen. **Griffin Bell** to retain Baker (Vol. 17:6 p6); Deputy Asst. Atty. Gen. **Joseph Sims** replaces **Jonathan Rose** as Antitrust Div. deputy asst. atty. gen. for regulatory matters; **John Shenefield**, Richmond lawyer, succeeds Sims as deputy asst. atty. gen. for administrative matters.

**Michael Brockman** named ABC-TV vp-tape production operations & administration, new post; **Jacqueline Smith**, ex-CBS-TV, elected vp-daytime programs, ABC Entertainment... **Sheldon Pinchuk** appointed dir., motion pictures for TV, NBC-TV; **Ronald Korda** named broadcast ratings mgr.; **Vincent Vacca** appointed communications mgr.

**Paul Hughes**, ex-TeleRep & Poole Bcstg., named vp-gen. mgr., WCCO-TV Minneapolis, succeeding **Sherman Headley**... **David Kennin** advanced to program mgr., WFLD-TV Chicago... **Michael Casserly**, ex-KMOX-TV St. Louis, named news dir., KCMO-TV Kansas City... **William Kobin**, ex-Children's TV Workshop, named gen. mgr., KTCI-TV & KTCA-TV St. Paul.

**Melinda McFarlin** promoted to asst. editor, Television Factbook... **Charles Roda**, ex-ARB, rejoins Meeker TV, N. Y... **Judith Baer**, Communications Engineering Services, will seek alternate assoc. dirs. seat on NCTA board at April 16 election during Chicago convention.

**Catholic Apostolate of Mass Media**, Washington, holds annual Mass & Communion Breakfast March 13, St. Matthews Cathedral & Mayflower Hotel. Moderator is FCC Comr. Robert Lee. Annual award of merit goes posthumously to late Sen. Philip Hart (D-Mich.). Speaker is Patrick Collins, WTOP-TV Washington reporter.

**San Diego** affiliation switch, announced last spring, takes place June 27 with KGT-TV (Ch. 10) moving to ABC, KCST-TV (Ch. 39) to NBC.

**First 4.5-meter** earth stations were granted Feb. 18—to Teleprompter in Kalispell, Mont. & Gaithersburg (Md.) CATV Inc.

## Television Digest

with  
Consumer Electronics...

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**FCC Comr. Quello** on "Roots," to Birmingham Urban League: "I found it fascinating, educational, over-melodramatic, historically distorted, inspirational, sometimes inflammatory, but over-all thought-provoking and thoroughly worthwhile... However, [it] lost considerable historical authenticity in its sensationalized TV version—replete with all the melodramatic trimmings of violence, sex & racial strife."

Add Senate Communications Subcommittee members (Vol. 17:9 p4): Democrats Magnuson (Wash.) & Ford (Ky.), Republicans Packwood (Ore.), Schmitt (N. M.) & Danforth (Mo.). With additions, Communications becomes largest Commerce Subcommittee—8 Democrats, 5 Republicans. Add Consumer Subcommittee members: Packwood & Danforth. Consumer has only 5 members.

**Teleprompter** in 1976 had first profitable year since 1972, earning \$445,000 (3¢ per share) on revenues of \$112.9 million—vs. \$5.3 million loss on \$95.3 million revenues in 1975. Fourth quarter last year produced earnings of \$1.9 million on \$30.2 million revenues—vs. loss in comparable year-earlier quarter of \$967,000 on \$26.8 million revenues.

**WNUS(AM) Springfield**, Mass. filed \$4 million suit against NBC opposing termination of network's News & Information Service. NBC was accused of deceptive trade practices, breach of contract & deceit. Network announced last Nov. it would terminate service May 29; WNUS' agreement expires Jan. 1.

**AWRT** annual convention, April 27-May 1, Minneapolis, features addresses by FCC Comr. Margita White, ABC Pres. Elton Rule, Belo Bcstg. Pres. Mike Shapiro. AWRT plans annual seminar on careers in broadcasting March 11, Essex House, N. Y.

# Consumer Electronics®

A Section of *Television Digest* with *Consumer Electronics*

MANUFACTURING & SALES • TV • AUDIO • TAPE PRODUCTS • VIDEOPLAYERS • COMPONENTS • NEW PRODUCTS • FINANCE

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Feb. 18 (7th week of 1977):

	Feb. 12-18	1976 week	% change	Feb. 5-11	1977 to date	1976 to date	% change
Total TV.....	247,409	207,761	+19.1	208,236	1,685,263	1,436,543	+17.3
color .....	156,402	127,061	+23.1	122,488	1,046,719	856,782	+22.2
monochrome .....	91,007	80,700	+12.8	85,748	638,544	579,761	+10.1
Total radio.....	625,814	473,441	+32.2	482,163	4,043,979	3,662,991	+10.4
home, portable ..	380,386	229,415	+65.8	256,015	2,363,039	1,974,818	+19.7
AM-only .....	75,467	59,653	+26.5	74,287	712,617	418,495	+70.3
FM & FM-AM ..	304,919	169,762	+79.6	181,728	1,650,422	1,556,323	+6.0
auto .....	245,428	244,026	+0.6	226,148	1,680,940	1,688,173	-0.4

Color TV 5-week moving average: 1977—155,961; 1976—128,920 (up 21.0%).

**8-WEEK COLOR SALES CLOSE TO RECORD:** Feb. was encore of Jan. in color sales to dealers—2nd best in history for the month, less than 4% shy of record set in 1973. It's indicated that sales in final Feb. week totaled about 189,000 units, a record for 8th week of any year and best week so far in 1977.

Feb. color sales totaled more than 630,000 sets, up better than 20% from Feb. 1976. Sales for year's first 8 weeks totaled about 1,235,700, some 21.4% ahead of 1976 pace—just 3.7% shy of first-8-weeks' record set in 1973—at annual rate of 9 million. TV manufacturers, who had been forecasting 8-8.2 million sales this year, are beginning to raise sights, tentatively looking at 8.5-9 million year. If good sales continue through March, there'll be increases in production schedules.

**ITC TV QUOTA VOTE DUE THIS WEEK:** International Trade Commission has accelerated timetable by one week for wrapping up TV escape clause (Tariff Act, Sec. 201), will vote on whether increased imports are injuring domestic industry March 8, meet March 10 if necessary to decide what restrictive action it should recommend to President Carter in report due March 22.

If U.S. manufacturers are indeed in trouble because of soaring imports in 1976, whatever help they get they're going to need even more in 1977, if Jan. results from Commerce Dept. foreshadow next 11 months. Figures show importers set new opening month records for both total & color TV shipments.

Picture of shrinking domestic industry showing signs of modest financial recovery was painted in public portions of staff report on investigation presented to Commission last week. Figures indicate domestic industry—including foreign-owned Magnavox, Quasar & Sony plants here—had annual 2-shift, 5-day capacity to produce about 12.4 million color sets in 1976, down only slightly from 1975, but well below 5-year peak of 16.3 million of 1974. B&w capacity last year shrank to 3.5 million from 4.3 million of 1975, less than half of peak 8.3 million of 1972. Capacity totals exclude ability to assemble sets from imported chassis.

Combined data from 11 domestic firms shows 1972 was peak year for TV operations, with sales of \$2.5 billion, net of \$213.9 million. While sales rose to \$2.7 billion in 1973, income dropped to \$159.4 million, and in 1974 industry showed aggregate \$30.9-million loss as sales slipped to \$2.55 billion. Recovery in 1975 left net at \$13.5 million, though sales continued slide, falling to \$2.27 billion. In first 9 months last year, sales were \$1.81 billion, net at

\$78.8 million. But industry members aren't sharing equally in profits. In 1972, ITC staff says, 8 of 11 reporting companies showed profit or at least broke even. In 1973 it was down to 6 of 11, dropping to 4 of 12 in 1974, 3 of 11 in 1975. Through Sept. last year, it was 4 of 11.

First look at inventories of imports vs. U.S.-made TV sets, if accurate, puts to rest conjecture that importers have been stockpiling color in anticipation of restrictions on shipments to U.S. Figures—which include inventories of U.S. manufacturers, importers & major private-brand retailers—show total color stockpile of 1.14 million at end of Sept. 1976, with imports at 509,000. While import total was well up from 220,000 of same 1975 period, it represented 44.7% of total inventories at time when imports were accounting for 41.5% of market at new-supply level. At end of Sept. 1975, import color inventories were 29.4% of total when imports were 26.4% of market. In fact, on historic basis, import color inventories could be considered low. At end of 1974, imports were 34.5% of total color stockpile but only 17.2% of market; in 1973, totals were 30.1% & 16.4%; 1972 showed 22.5% & 16.7%, while 1971 provided picture more similar to current situation, with import inventories at 25.3%, share of market at 21.6%.

Speedup in handling of case could be tied to planned Washington visit of Japanese Prime Minister Takeo Kukuda week of March 21 to discuss whole international trade situation, including color TV & steel import problems, valuation of yen, etc. There's speculation ITC wants report on President's desk before Kukuda arrives, and in some quarters there's belief that, if it finds injury, ITC will recommend tight restriction on imports of both color & b&w TV and parts to give President lots of room for backing off in negotiated settlement. Incidentally, ITC closing of Sec. 201 case restarts clock on investigation of Sylvania's unfair import competition (Sec. 337) complaint against Japanese, suspended last Dec. (Vol. 16:51 p8).

Total Jan. TV imports rose 30.7% to 608,000, as color climbed 110.8% to 261,100, b&w edged up 1.6% to 347,000; figures include 16,600 color & 20,100 b&w in unfinished form. Japan supplied 329,800 TVs, up 81.9%, including 227,100 color (up 103.6%), 102,700 b&w (up 47.1%). Imports from Taiwan dropped 15.4% to 214,000, as modest 5.5% rise in color to 11,500 fell far short of offsetting 16.4% b&w drop to 202,500. Korea's 50,900 total was up 66.8%, as color jumped sevenfold to 8,900, b&w 43.3% to 42,000. In addition, Singapore, which started supplying color in 4th quarter last year, accounted for 500.

**NEW CB SERVICE STILL IN WORKS:** Despite temporary delay, FCC will propose new CB service this year—probably within 6 months. While both 220 & 900 MHz will be included as possibilities, there's general agreement at most FCC levels that 900-MHz band eventually will be chosen.

Proposal was almost issued at time of PC 77, we've learned, but chaotic state of CB market, unfinished spectrum study by Office of Plans & Policy and internal disagreement caused FCC to back off at last minute. OPP spectrum alternative study, put together by Personal Radio Planning Group, will be issued "in next few weeks," spokesman said. Even though study makes no specific recommendations, it will focus on 3 possibilities: (1) Further expansion at 27 MHz. (2) 220 MHz. (3) 900 MHz.

Chances of additional channels being added at 27 MHz are virtually non-existent, bureau chiefs & staffers at FCC told us, and OPP spokesman acknowledged that "any new CB service has got to get away from the skip problem" which will increase in 27-MHz band as sunspot activity rises over next 2 years.

Several factors weigh against selection of 220 MHz, even though many CB producers feel it would be preferable to 900. Office of Telecommunications Policy doesn't particularly want CB there due to govt. use of portions of 220-225 MHz. OTP has agreed to drop geographical restrictions on use of CB at 220, but it still would retain secondary status to govt.

"They can go there if they don't cause interference to govt. uses and accept interference from govt. uses at the same time," Frequency Management Div. Staff Officer Leo Buss told us. "We told FCC that several years ago when we offered them 2 MHz in that spectrum. More recently, we've dropped the geographical restrictions but we'd prefer to see them go to 900 MHz."

OTP offer to make 2 MHz available at 220-225 MHz, with remaining 3 MHz reserved for

amateur use, is other problem pointed up by both Buss and Chief Engineer Raymond Spence. "I don't know if we could confine CB to 2 MHz," Spence said. "CB & amateur services mix like fire and water, and we don't need that problem." Additionally, Spence said, potentially serious TVI problem at 220 makes 900 spectrum most attractive alternative.

Major drawback to 900 MHz cited by many CB producers is claim that equipment production costs would be prohibitive. Subsequent phase of OPP studies on CB's future will deal with cost question, but many at FCC say they're satisfied that reasonably priced CBs operating in 900 band are already possible. Various people at FCC, including commissioners, bureau chiefs & staff engineers, have seen demonstration of Motorola 900-MHz CB prototype and most came away impressed.

"The costs are not that far out of line," Safety & Special Bureau Chief Charles Higginbotham told us. "The 900-MHz demonstrations have been very attractive." Spence said initial estimates are that 900-MHz CB equipment could be marketed with "not more than a 30% differential from 27-MHz equipment." Eventually, he said, costs could drop to same level as current CB gear.

Though delay isn't seen as serious matter, impending solar-storm activity—with resulting skip propagation phenomena—was cited as major reason FCC must act on new service sometime this year. "We can't hold off much more than 6 months on a proposal," Spence said. "It would take at least 6 months for a report & order after the proposal is issued, which means Jan. 1978, and it would probably be the end of 1979 before equipment is on the market. By that time, sunspots will be rising and skip building so we've got to do it soon."

Charge that FCC buckled under to pressure from CB producers in delaying new service brought immediate denials. "Our concern is the total market," Spence said. "All these problems [transition from 23 to 40 channels] have a negative effect on the consumer as well. We need to let the market and the service settle down." Adds Higginbotham: "The principal reason we didn't come out with a proposal earlier is that we just weren't ready to do it."

No matter what FCC does, Spence & others stressed that 27-MHz band won't be eliminated. "It couldn't be done even if we wanted to do it," Spence said. "That service is here to stay, as far as I'm concerned." As for new service, Spence & Higginbotham feel it will probably be 900 MHz. "Unless we find that we don't need another band, which I don't think will happen, a proposal will probably be out in 6 months and my personal guess is that the final result will be 900 MHz." "I don't like to say it before we've heard comments," Higginbotham said, "but if it's between 220 & 900, it looks like 900 is right."

Duty-free import list was revised by President Carter to withdraw preferences from Taiwan-made tape players & transceivers. Also dropped were radios from Hong Kong, Korea & Singapore; plugs, jacks, switches & circuit boards from Mexico; luminescent lamps (including LEDs) from Malaysia and ferrite cores from Hong Kong. In recent related actions, Presidential Trade Negotiations Office rejected Monsanto request for special classification to permit duty-free import of LEDs & semiconductor parts from Malaysia and similar bid for carbon resistors by Virshay Intertechnology. Also turned down were requests that 16.5" b&w tubes (from IBEW) & small DC motors (International Components) be removed from preference list.

TV set & component makers will be asked this month by Public Bcstg. Service (PBS) to submit bids for development of home decoders for captioning service for deaf, using vertical-interval line 21, as recently approved by FCC (Vol. 16:50 p4). Receiver project has \$367,000 budget, and PBS expects it to result in decoder attachment at \$200-\$300 retail and built-in decoder which would add about \$100 to price of set. PBS sees regular transmissions starting in late 1978 or early 1979.

TV safety record worsened last year. Consumer Product Safety Commission's 1976 Hazard Index ranks TV 68th most injurious product of 375 items classified, as against 83rd ranking in 1975. List rates products by frequency & severity of accidents, adjusted for age of persons involved. Just below TV, in 69th place, is group covering radios, phonos, recorders & telephones, up from 80th. Outdoor TV & radio antennas, for which CPSC plans standards (Vol. 17:9 p11), dropped to 213th from 156th, while indoor antennas climbed to 204th from 277th. TV stands dropped to 176th from 158th, cathode ray tubes to 357th from 354th.

Grundig is investing \$10 million in Taiwan TV plant slated to start production by midyear, with initial capacity for 20,000 b&w sets monthly, employing 800. Color output is keyed to 1978 start of color tube production there by Philips. All products are earmarked for Europe.

Speakers at EIA spring conference at Washington's Mayflower Hotel: Commerce Undersecy. Sidney Harman, luncheon March 15; Senate Majority Leader Robert Byrd (W.Va.), Govt.-Industry Dinner March 15.

**CB Scene:** FCC extended comment date on proposal to tighten transmitter harmonic & spurious radiation specs (Vol. 17:8 p10) from March 2 to May 31, replies June 30. Comments on separate proposals to bring amateur equipment under type-acceptance program and ban linear amps in 24-35-MHz band (Vol. 17:7 p11) are due May 25, replies June 6... **E.F.** Johnson promotion offers consumers free speaker with purchase of 40-channel CB in March-July, expense-paid Disney World trips to distributors ordering 200 40-channel units a month for 5 months and dealers correctly answering questions posed by Johnson "mystery shopper"... **Tandberg** introduces \$600 stereo system with built-in CB receiver... **P-S** enters in-dash market with \$300 FM-AM-CB unit called **Leopard**... **Fanon-Courier** plans new generation of CBs using 3 IC chips made by parent Ressel. Firm says ICs will eliminate up to 60% of electronics used in current CBs, improve reliability and result in smaller transceivers. First CBs using chips are scheduled for late summer or early fall... **FCC** expects Feb. license applications to hit 750,000, 2nd highest month in history.

**Japan Electronics Transceiver Assn. (JET)** meets with Bristol Electronics agent Nissin Electric in Tokyo, March 10 to discuss license agreements on patents Bristol claims to cover PLL circuitry (Vol. 17:5 p8). Pres. Stanley Revzin says Bristol is interested in negotiating flat fee, not royalty, agreements. Nissin is producing new Bristol CB line, first models of which showed up at PC 77... **Other OEMs** are equally busy. Jan. transceiver imports hit 1.63 million, up 63.9%. New statistical breakouts show CB units, including toys, accounting for 2/3 of unit volume. There was apparently no massive build-up of 40-channel models poised for importation in Jan. Of 568,500 base & mobile CBs imported in month, 269,000 (47%) had 23 or fewer channels.

**Panasonic pushes** hi-fi sound component-matching concept in new car stereo line which includes 2 cassette players (\$80 & \$100) and 8-track player (\$70) with 4.5-watt-per-channel output, FM-AM stereo tuner (\$80), power amp with 10-watt output and range of high-performance speakers. Car components system can be put together by owner "with some bracketing, a little mechanical inclination," firm says. FM-AM-8-track (\$130) & FM-AM-cassette (\$155) combination units have been added to in-dash line. All new products will be available in June; in-dash CB-FM-AM unit shown at Winter CES immediately.

**New study** of non-broadcast TV for business, govt. & non-profit organizations by D/J Brush Assoc. will be published this spring by International Industrial TV Assn. Pre-publication price (before May 15) is \$20 for ITVA members, \$32 for non-members. Orders: ITVA, 26 South St., New Providence, N.J. 07974.

**Hitachi** is establishing b&w TV assembly plant in Athens, Greece, splitting ownership with local investors. Facility will turn out about 500 sets monthly. It's Hitachi's 3rd such mini-plant—others are in Morocco & Ecuador; more are planned for Colombia & Nigeria.

**Bill to give FCC authority to require installation of interference-rejection components in consumer electronic products** was reintroduced by Sen. Goldwater (R-Ariz.). Similar bill, co-sponsored by Rep. Vanik (D-O.), died in committee during last Congress. New proposal, primarily aimed at reducing CB-TV interference problem, also embraces electronic warning systems, including home burglar alarms. Though FCC recently said it already has necessary authority to set TV interference-rejection standards (Vol. 16:47 p8), Goldwater's office said bill "would spell out their authority more clearly." Quoting FCC statistic that "in past years" 90% of all TVI problems could be cured only at TV set, Goldwater said elimination of most of 200,000 complaints projected for next FCC fiscal year will save enough time to offset time required to administer new law.

**Game patent battle** may be moving into new phase. Magnavox, which holds exclusive rights to Sanders patents, confirmed it's discussing issue with programmable game makers RCA & Fairchild. Magnavox already had signed license agreements with some ball-&-paddle game producers, is in litigation with others. RCA isn't talking about situation in detail, but attorney admitted "we have been notified by Magnavox and we're looking into it." If successful, Magnavox claim that patents cover programmables could have significant impact on market and give smaller producers 2nd thoughts about entering business. Latest firms to sign worldwide license agreements with Magnavox: Jobenseng Electronics, Sands Electronics & Video Systems (Hong Kong), Kiyo & Phoenix International (Japan), Sportel Ltd. (U.K.).

**Consumer exhibition organization, Audio/Communications Show Corp.**, has been launched by Charles Ray, one-time Onkyo national sales mgr. First event will be hi-fi show at Statler-Hilton, N.Y., May 20-22, with simultaneous hi-fi & CB shows penciled in for Chicago in Sept. A/CS will sponsor hi-fi shows only in cities IHF shuns, will stay away from trade-show format to avoid conflict with EIA-sponsored CES & PC events, Ray told us. Group has formed Industry Advisory Council of manufacturers & importers: 30 E. 42nd St., N.Y. 10017. Similar hi-fi exhibition is planned for New York, Nov. 10-13, also at Statler-Hilton, by High Fidelity Music Show Inc., sponsors of Washington & Philadelphia hi-fi shows.

**RCA Studio II** programmable video game (Vol. 17:2 p11) is now being sold in 4 markets (Portland, Me., Oklahoma City, Indianapolis, Spokane), will be shipped to N.Y., Omaha & Des Moines retailers in next 3 weeks, Distributor & Special Products spokesman said. Game will be in national distribution by June. Additional cartridges will be added in late April or May. Firm won't field color version this year—"we'll have a tough job filling orders on this one."

**Antitrust suit** has been filed against 14 manufacturers & importers of audio products in San Francisco federal court by service dealer James Ballard, Sunnyvale, charging they conspired to establish artificially low warranty repair payments.

**1976 IMPORTS SOAR:** Almost obscured by record-shattering year enjoyed by importers of TV & CB (Vol. 17:6 p8) was 1976 boom in audio equipment imports. Commerce Dept. totals indicate records were set by importers of home & auto radios and audio tape equipment, while sizeable gains were registered by other audio products.

Total of 49.4 million radios were imported last year, up 59.9%, led by 75.8% increase for auto radios to 5.47 million, while home & portable models rose 57.9% to 43.94 million. For complete phonos (excluding tape combinations), gain was 68.5% to 767,200, as radio-phonos rose 86% to 404,200, phono-only 52.5% to 363,000. Combined record-changer & automatic turntable imports jumped 60.5% to 6.84 million, while imports for just-developing manual turntable market soared 189.4% to 1.28 million.

In tape hardware (not included in table below), total imports climbed 67.5% to 27.6 million, with recorders & players each at 13.8 million, respectively up 68.7% & 66.2%. In recorders, cassette & cartridge non-combination models rose 64.7% to 8.66 million, combinations 88% to 4.65 million, open-reel 10% to 493,000. Automotive tape players

climbed 86.3% to 9.1 million, while home players, including combinations, were up 37.4% to 4.7 million.

Average color TV import pricing indicates general modest slippage for imports from Japan, slight increase for Taiwan-made sets. Average FOB pricing by screen size, with 1975 averages in parentheses: 19" & over, Japan \$194.61 (\$198.30), Taiwan \$177.85 (\$189.39), Korea \$158.96 (\$154.70); 18", Japan \$210.31 (\$222.04), Taiwan \$186.18 (\$183.66); 16" 17", Japan \$171.69 (\$186.69), Taiwan \$173.51 (\$142.53), Korea \$216.15 (\$189.71); 14" 15", Japan \$192.54 (\$183.92), Taiwan \$164.90 (\$173.08), Korea \$148.22 (\$186.29); 13", Japan \$158.33 (\$159.72), Taiwan \$155.69 (\$151.03), Korea \$148.23 (\$184.89); 11" 12", Japan \$167.68 (\$171.43), Taiwan \$55.21 (\$73.24), Korea \$147.02 (\$154.80); 10" & under, Japan \$166.66 (\$163.10), Taiwan \$148.73 (\$154.80). B&w averages: 19" & over, Japan \$89.81 (\$90), Taiwan \$71.91 (\$72.73), Korea \$70.39 (\$68.93); 18", Japan \$56.17 (\$56.17), Taiwan \$36.58 (\$36.57); 13" 17", Japan \$79.45 (\$70.80), Taiwan \$68.52 (\$69.01), Korea \$49.13 (\$47.74); 11" 12", Japan \$54.13 (\$54.84), Taiwan \$55.39 (\$57.48), Korea \$50.33 (\$53.94); 10" & under, Japan \$64.27 (\$67.67), Taiwan \$53.26 (\$40.42), Korea \$62.17 (\$64.00).

#### U. S. IMPORTS

	1976		1975	
	Units	Value(\$)	Units	Value(\$)
Color, 19" & over .	1,578,043	309,895,332	548,280	108,897,617
Japan . . . . .	1,442,627	280,754,064	502,037	99,556,027
Taiwan . . . . .	135,921	24,173,713	41,444	7,849,131
S. Korea . . . . .	2,994	475,937	10	1,547
Color, 18" . . . . .	5,224	1,057,784	29,756	5,960,653
Japan . . . . .	3,082	648,194	12,779	2,837,495
Taiwan . . . . .	33	6,144	16,948	3,112,625
Color, 16" 17" . . . . .	110,559	20,130,368	57,315	9,512,994
Japan . . . . .	85,182	14,624,684	29,495	5,506,498
Taiwan . . . . .	22,124	3,838,799	27,402	3,905,540
S. Korea . . . . .	1,520	328,343	375	71,143
Color, 14" 15" . . . . .	249,091	47,846,482	125,009	22,956,783
Japan . . . . .	244,080	46,998,446	119,709	22,016,810
Taiwan . . . . .	4,863	801,893	5,135	888,744
S. Korea . . . . .	50	7,411	220	40,938
Color, 13" . . . . .	413,044	26,202,965	194,007	30,969,501
Japan . . . . .	360,198	57,030,542	148,000	23,638,335
Taiwan . . . . .	49,495	7,705,680	34,553	5,215,488
S. Korea . . . . .	3,321	492,273	11,247	2,079,482
Color, 11" 12" . . . . .	342,685	55,300,786	192,656	31,696,854
Japan . . . . .	290,903	487,792,918	171,900	28,468,161
Taiwan . . . . .	12,091	667,496	12,066	883,733
S. Korea . . . . .	39,659	5,830,620	8,556	1,324,481
Color, 10" & under . . . . .	135,092	22,049,321	67,551	10,756,249
Japan . . . . .	124,026	20,669,734	59,978	9,752,561
Taiwan . . . . .	10,879	1,617,994	5,913	846,977
S. Korea . . . . .	—	—	1,596	105,336
B&w, 19" & over . . . . .	304,841	10,838,984	220,615	17,488,211
Japan . . . . .	92,866	8,340,496	26,827	2,539,256
Taiwan . . . . .	186,598	13,418,084	177,075	13,375,535
S. Korea . . . . .	24,114	1,697,351	14,349	1,044,256
B&w, 18" . . . . .	24,141	905,073	119,305	4,983,930
Japan . . . . .	790	44,372	1,880	355,719
Taiwan . . . . .	23,281	851,614	117,274	4,606,654
B&w, 13" 17" . . . . .	259,122	19,594,113	233,072	17,316,843
Japan . . . . .	135,387	10,756,205	76,986	6,472,936
Taiwan . . . . .	106,970	7,329,620	152,570	10,056,230
S. Korea . . . . .	12,086	593,778	1,800	85,914
B&w, 11" 12" . . . . .	2,867,939	156,434,633	1,764,079	101,027,043
Japan . . . . .	826,600	44,741,614	338,337	19,430,126
Taiwan . . . . .	1,729,230	95,783,443	1,270,401	73,406,574

	1976		1975	
	Units	Value(\$)	Units	Value(\$)
S. Korea . . . . .	310,752	15,641,999	154,383	8,017,291
B&w, 10" & under . . . . .	871,249	53,877,213	637,551	39,923,164
Japan . . . . .	356,164	22,889,889	194,884	13,196,124
Taiwan . . . . .	478,335	25,477,339	380,541	22,481,430
S. Korea . . . . .	81,564	5,071,463	60,824	3,931,674
Color unfinished* . . . . .	461,377	38,811,382	—	—
B&w unfinished* . . . . .	155,649	6,430,649	—	—
Auto radio, AM . . . . .	2,470,535	45,915,851	1,559,239	29,401,530
Auto radio, FM . . . . .	3,003,098	83,300,661	1,553,897	49,250,753
Ck. radio, dig., AM . . . . .	222,000	1,817,530	142,847	1,081,991
Ck. radio, dig., FM . . . . .	5,523,695	65,904,593	4,715,473	65,600,202
Ck. radio, other, AM . . . . .	553,910	4,087,104	445,892	3,715,806
Ck. radio, other, FM . . . . .	1,199,878	14,484,046	1,192,312	15,543,386
Tr. radio, AM, AC . . . . .	9,637,761	3,699,496	388,500	1,835,263
Tr. radio, FM stereo, AC, w/o spkrs.* . . . . .	1,526,977	149,798,157	—	—
Tr. radio, AC, w/o spkrs., other . . . . .	248,531	6,216,315	1,121,642	76,963,073
Tr. radio, FM stereo, AC . . . . .	190,433	9,234,964	1,368,174	39,853,249
Tr. radio, AC, other* . . . . .	910,800	12,858,178	—	—
Tr. radio, AM, batt . . . . .	9,586,356	27,969,500	7,629,667	21,643,320
Tr. radio, FM, batt . . . . .	8,285,326	107,939,962	7,309,470	96,709,515
Tr. radio, multiband . . . . .	6,051,327	90,856,366	3,480,335	46,670,960
Tr. radio, auto, CB . . . . .	11,326,050	577,551,376	2,485,736	128,796,342
Tr. radio, auto, other . . . . .	1,444,287	73,126,346	453,987	23,862,309
Tr. radio, hand-held . . . . .	7,567,013	56,752,412	4,155,219	28,294,683
Tr. radio, other . . . . .	2,766,359	173,966,715	1,730,104	94,702,924
Rad. phono, console . . . . .	42,294	1,093,408	75,515	2,300,270
Rad. phono, other . . . . .	361,908	10,822,351	144,779	5,514,121
Phono, stereo . . . . .	89,422	5,585,769	88,892	5,301,847
Phono, other . . . . .	273,598	2,719,331	154,112	1,859,438
Record changers . . . . .	6,603,967	96,834,708	4,262,933	72,341,097
United Kingdom . . . . .	6,409,132	88,354,720	3,830,972	49,359,973
West Germany . . . . .	121,468	6,666,920	284,031	14,876,301
Automatic turntables* . . . . .	239,215	12,507,089	—	—
Japan* . . . . .	168,008	9,245,797	—	—
Manual turntables* . . . . .	1,276,277	38,606,230	—	—
Japan* . . . . .	744,766	291,692,971	—	—
United Kingdom* . . . . .	159,493	1,071,824	—	—

\*Not reported separately in 1975.

**Full-time dir.** is being sought by Institute of High Fidelity. Post has been vacant for year. IHF ran ads in N. Y. Times, Wall St. Journal, received more than 100 replies first week.

Guide to UL's 380 published standards, "Catalog of Standards for Safety," is available without charge from UL, 333 Pfingsten Rd., Northbrook, Ill. 60062.

**MATSUSHITA NET UP:** Matsushita's 1976 net jumped 107% from same fiscal year-earlier period on 23% sales rise (see financial table), despite 4th-quarter slowdown which saw sales rise 19% to \$1.64 billion, while income rose 63% to \$67.8 million. Company said export sales for year were up 65% to \$1.43 billion, domestic volume increased 14% to \$4.36 billion. Total consumer electronics sales rose 29% to \$2.64 billion, accounting for 46% of volume, up from 44% in 1965. In Japan, spokesman said losses at Quasar held performance of Matsushita Electric of America to about break-even level, but indicated Quasar has begun operating profitably.

**Gladding**, in delayed release of fiscal 1976 results, said loss for year includes \$1.3-million reserve for portions of fishing equipment business expected to be dropped, plus CB inventory writeoffs, while loss in first fiscal quarter was blamed on CB business. Gladding reported it disposed of money-losing stereo operation last year. It also said it has new \$32-million revolving credit agreement, predicted it would show profit in current quarter.

Kenwood sales of hi-fi, communications & test equipment in North America last year totaled \$54.6 million, up 56.3% from 1975, and excludes \$9.9 million in hi-fi sold in PXs overseas, company says in prospectus for planned 5-million-share (ADR) offering, which, at recent price, would raise about \$13.8 million. Report shows sales in year to Nov. 20 at \$176.9 million, up 26.6%, with domestic sales up 17.6% to \$75.7 million, exports of \$101.2 million up 34.4%. Company sales breakout (in millions): Audio \$142.1, communications \$23.3, test equipment \$2.16, other \$4.07. Audio breakdown: Receivers \$43.5, amplifiers \$27, speakers \$17.1, tuners \$15.4, cassette decks \$14.9, turntables \$12.5, stereo systems \$5.3, other \$6.5. Kenwood said it paid \$247,000 in patent royalties last year, including \$64,000 to RCA, \$58,000 to Dolby, \$44,000 each to GE & Zenith, which indicates firm sold about 160,000 FM-stereo receivers & tuners. Company reported all its test-equipment sales in U.S. are under Dynascan's B&K label. Of proceeds from stock sale, Kenwood said \$5.8 million would go for expansion in Japan, \$2 million to U.S. sales operation, \$4 million to Europe.

\* \* \* \*

RCA increased quarterly dividend 5¢ to 30¢ a share, first hike since Feb. 1968. Pres. Edgar Griffiths said increase reflects "strong earnings rebound [and] expresses the confidence we feel in our prospects for 1977 and the years ahead."

—

"Audioscope TV tuner," new component to link TV sets & VTRs to home sound systems, will be placed on Japanese market by Sony this month at about \$215, offered later this year in U.S. Tuner splits audio from video signal to prevent interference, feeds TV audio to sound system. It also can be used to supply high-quality audio to home VTR, Sony says. Unique feature is built-in 5" b&w monitor which can be used to display TV program or audio waveform. Product could find large audience among hi-fi buffs dissatisfied with TV audio quality.

Sanyo acquired 690,500 of the 789,700 publicly-held shares in U.S. production subsidiary, Sanyo Mfg. Corp., formerly Warwick's TV business, as result of \$4.43 tender offer which expired Jan. 19 (Vol. 16:50 p7). With shares previously purchased from Whirlpool, Sanyo now owns 72.3% of SMC; Sears retained 25.4%; remaining 2.3% is still owned by public. Sanyo said it has no plans to renew tender offer. At plant in Forrest City, Ark., SMC is currently assembling color consoles for Sears using subassemblies supplied from Reynosa, Mex. facility of Thomas International (surviving segment of Warwick) under contract expiring in April. Thereafter, SMC will import most parts from Japanese parent. Thomas, which is also performing some assembly work for Hy-Gain at Reynosa, plans to dispose of that facility.

**Import impact aid** for ex-color tube production workers at Westinghouse's Horseheads, N.Y. plant was approved by Labor Dept., though agency rejected similar request for those making industrial tubes because it found layoffs in that area stemmed from increased productivity. LD said plant's picture tube sales fell 38% in 1974, rose 8% in 1975, held about even in 1976, until layoffs started in July. LD said Westinghouse quit tube business partly because of some lost sales to U.S. TV OEMs who switched to imported tubes, implied it gave more weight to profits lost because of price cuts to meet import competition. Report shows that while imports have increased share of U.S. color tube market fivefold since 1974, they still account for less than 3% of either U.S. production or consumption.

**First major casualty** of 1977 is Litronix, halting consumer electronics, but continuing optoelectronic parts. Pioneer in electronic watches & calculators, it recently completed cost-cutting program (Vol. 17:7 p13). Company said it was dropping consumer products because of "severe price erosion"—similar reason given by Rockwell in phasing out hand-held calculators. Litronix will discuss extended debt payment program with creditors. Meanwhile, general attrition in watch ranks is continuing. Electronic Arrays has left module business, while pioneering module supplier Frontier has chopped work force by half, is seeking to negotiate payment plan with creditors. There's also report National Semiconductor is considering dropping National watch line.

**Zenith's omission** of Sony from list of defendants cited in counter-counterclaim filing in \$1-billion antitrust suit against Japanese TV manufacturers & marketers of sets in U.S. (Vol. 17:9 p7) was because Sony did not join with other defendants in counter-suit last Aug., Zenith spokesman explained to us. Sears was added to list because it allegedly participated in claimed Japanese conspiracy to take over U.S. consumer electronics market; its 25% ownership in Sanyo's U.S. TV manufacturing operation is only incidental, Zenith said.

**Buckbee-Mears** celebrates manufacture of its 3 millionth Trinitron aperture mask for Sony.

## Trade Personals

**Rick Policicchio** advanced at Sylvania to Entertainment Products Group national product services mgr.; **John Nugent** named controller for Replacement Mkts. Operation...**Donald Ponturo**, ex-Solid State Div., appointed RCA staff vp, labor relations, succeeding **Joseph Siegel**, now RCA Service Co. industrial relations vp; **David Brenner**, RCA Consumer Electronics, advanced from financial planning mgr. to financial operations dir...**James Holmes**, ex-Falconbridge Nickel, elected Electrohome chmn. & chief exec., succeeding **D.S. Sykes**, who continues as finance exec. vp.

**Terry Sexton**, ex-Toshiba & Asahi, named B&B (Alaron) national sales mgr...**Paul Sacks**, ex-Sankyo, joins Hitachi as eastern gen. mgr., succeeding **Ronald Friedlander**, now sales vp...**Hiroshi Tada**, who resigned as Sansui (U.S.) exec. vp last May, rejoins as head of new Premium/Incentive Div... **Mark Rosenker** joins EIA Communications Div. as PR dir., new post...**Paul Freedman** appointed Mercury Time East Coast region sales mgr.

**C. Russell Campbell** advanced at GTE to legislative affairs asst. vp, succeeding **William Neumeyer**, retiring in July...**John Kuehn**, ex-Pickering, appointed Audio Dynamics chief engineer...**James Pfau** named to new post of private-label sales vp, Litton Microwave Cooking; he's succeeded as mktg. services dir. by **Fred Scheuerman**, ex-business planning dir...**F. Holmes Lamoreux**, Arvin treas., named a dir.

**Tony Solla** advanced from General Instrument discrete semiconductor mktg. administration mgr. to rectifier worldwide product mgr., succeeding **Robert Brown**, resigned...**Francis Cunningham**, Bunker Ramo Amphenol Div. pres., International Div. Pres. **David Parry**, Electronic Systems Div. Pres. **Dale Scarbrough** & Gen. Counsel **David Fewkes** elected corporate vps...**James Spencer** joins sales staff of Amvid Communications Services, distributor of videoplayer hardware & software...**Richard Daunoras**, North American Philips controller, advanced from vp to senior vp.

**Tape topics:** Another attempt is being made to create singles market for recorded tape. **Trinity International**, new Houston firm, is offering Mini-Tape, 3 1/2" wide by 2" deep triangular endless-loop cartridge which, with adaptor, fits standard 8-track hardware. Blank (30-min.) retails for \$1.29, re-usable plastic adaptor 98¢. Pres. **Leonard Fields** told us company is producing cartridges in Detroit using Ampex tape, expects to be in national distribution with blanks in May. He said **Trinity** is negotiating with record companies, and recorded Mini-Tapes could be available in June... **RCA Records** will use Dolby system on all new cassette releases...**TEAC** starts delivery of Elcaset decks to dealers in June, priced under \$1,000...**Toshiba** joins Sony & Matsushita in adopting Olympus Optical's capstan-drive microcassette system, while GE has started marketing here \$75 Sanyo-made micro meeting Philips-developed rim-drive standard.

## 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 Bctg. Cos.			
1976-year to Dec. 31	1,342,181,000	71,747,000	4.05
1975-year to Dec. 31	1,064,648,000	17,096,000	.99
1976-qtr. to Dec. 31	391,228,000	24,387,000	1.36
1975-qtr. to Dec. 31	321,752,000	(3,953,000)	--
Doyle Dane Bernbach			
1976-year to Dec. 31	64,387,000	5,640,000 <sup>a</sup>	3.10
1975-year to Dec. 31 <sup>b</sup>	52,393,000	3,252,000	1.79
1976-qtr. to Dec. 31	21,269,000	2,790,000	1.52
1975-qtr. to Dec. 31 <sup>b</sup>	17,056,000	2,281,000	1.25
Dynascan			
1976-year to Dec. 31	102,487,000	7,730,000	2.97
1975-year to Dec. 31	48,605,000	5,156,000	2.18
1976-qtr. to Dec. 31	23,522,000	434,000	.16
1975-qtr. to Dec. 31	16,700,000	1,806,000	.76
Fuqua Industries			
1976-year to Dec. 31	535,851,000	13,643,000	1.52
1975-year to Dec. 31	505,719,000	(17,627,000)	--
Gladding			
1976-year to Sept. 30	71,133,000	(1,183,000)	--
1975-year to Sept. 30	64,045,000	(8,047,000)	--
1976-qtr. to Dec. 31	14,051,000	(216,000)	--
1975-qtr. to Dec. 31	19,405,000	2,830,000 <sup>b</sup>	.81
Matsushita Electric Industrial <sup>d</sup>			
1976-year to Nov. 20	5,787,492,000	222,600,000	--
1975-year to Nov. 20	4,695,936,000	107,434,000	--
MCA			
1976-year to Dec. 31	802,918,000	90,234,000	5.02
1975-year to Dec. 31	811,484,000	95,513,000	5.35
1976-qtr. to Dec. 31	228,409,000	21,111,000	1.17
1975-qtr. to Dec. 31	235,862,000	24,051,000	1.35
Needham, Harper & Steers			
1976-year to Dec. 31	35,605,000	1,388,000	1.67
1975-year to Dec. 31	29,990,000	713,000	.85
1976-qtr. to Dec. 31	9,890,000	254,000	.30
1975-qtr. to Dec. 31	8,180,000	447,000	.55
Soundesign			
1976-year to Dec. 31	132,847,000	8,249,000	2.50
1975-year to Dec. 31	103,716,000	3,647,000	1.13
1976-qtr. to Dec. 31	37,041,000	2,108,000	.64
1975-qtr. to Dec. 31	37,817,000	2,044,000	.63
Sprague Electronic			
1976-year to Dec. 31 <sup>a</sup>	199,562,323	6,844,524	1.97
1975-year to Dec. 31 <sup>a</sup>	161,856,496	(10,302,845)	--
1976-qtr. to Dec. 31 <sup>a</sup>	53,548,695	998,064	.28
1975-qtr. to Dec. 31 <sup>a</sup>	41,259,492	(3,882,851)	--
Teleprompter			
1976-year to Dec. 31 <sup>b</sup>	112,952,000	445,000	.03
1975-year to Dec. 31 <sup>b</sup>	92,254,000	(5,325,000)	--
1976-qtr. to Dec. 31 <sup>b</sup>	30,217,000	1,946,000	.12
1975-qtr. to Dec. 31 <sup>b</sup>	26,791,000	(967,000)	--
Viacom International			
1977-year to Jan. 1	45,777,000	3,782,000	1.02
1976-year to Jan. 3	39,376,000	3,097,000	.85
1977-qtr. to Jan. 1	11,693,000	1,028,000	.28
1976-qtr. to Jan. 3	10,098,000	858,000	.24

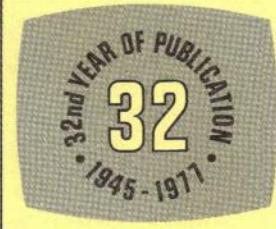
Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Restated. <sup>c</sup>Adjusted. <sup>d</sup>At 295 yen per \$1.00.

Plans to buy TV sets continued decline in Feb. survey by Conference Board. Only 5.4% of families had plans to buy color set within next 6 months in Feb. 1977, down from 6.2% in Dec. and 6.5% in Feb. 1976. Monochrome TV buying plans dropped to 1.4% in Feb. from 1.8% in Dec. and 1.7% in Feb. 1976.

WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**BACKE PHILOSOPHY ON RUNNING CBS** stresses giving group presidents 'their heads.' Early low profile deliberate, although he'll move to forefront 'when time is ripe,' won't 'lay back and let people run over us' in Washington. Pay cable isn't seen as 'major threat.' CBS News in black. (P. 1)

**SENATE COMMUNICATIONS** schedule promises exploratory hearings on full gamut of communications concerns, legislative hearings on license renewals, Bell Bill, public broadcasting. (P. 2)

**FCC REJECTS 'SIMPLISTIC'** renewal bill, refuses to adopt 'quantitative' program guidelines. Cable definition adopted, multiple ownership rules amended. Split develops on roadside radio. (P. 3)

**WALLIS HEADS CPB:** U. of Rochester chancellor succeeds Benjamin in close race, edging out Santarelli. Board reaffirms independence from White House, voting to bar any new dir. from serving as chmn. (P. 4)

**POLE BILL COMPROMISE** is fashioned by NCTA & NARUC, submitted to Van Deerlin. House Subcommittee mulls whether to consider bill immediately or include in Communications Act rewrite. (P. 5)

**FCC, NAB & BROADCASTERS** go direct to Supreme Court on cross-ownership appeal. (P. 5)

**BACKE PHILOSOPHY ON RUNNING CBS:** "I work through my managers... I'm no cheerleader," CBS Inc. Pres. John Backe told us in explaining why he has kept such low profile since succeeding Arthur Taylor as pres. Oct. 13. "Our group presidents must be given their heads," Backe added. He said early low profile should have been understandable since CBS was in middle of 4 major acquisitions (including \$50 million takeover of Fawcett Publications he negotiated as head of Publishing Group) and budgeting process for 1977 when he became pres.

But, he promised, he'll become more Washington-oriented and in forefront in other matters "when the time is ripe." As for Washington—where, to date, he has made only few courtesy calls—he said, "so far, I've seen no need to get more personally involved." However, he added, if challenges come, "I'm not going to lay back and let people run over us."

Of immediate interest to TV-radio is free rein given Bcst. Group Pres. John Schneider. And just about every network exec. we talked to likes new reliance on Schneider, who came up through ranks. "It's much different than the situation under Taylor," we were told. (Note: Schneider & CBS—network for 60 years' service—received Gold Medal awards from IRTS at March 8 banquet in N. Y. and neither Backe nor CBS Chmn. William Paley was present; company had board meeting in N. Y. next morning.)

Before seeing Backe, we'd been told that Paley has been taking much more active role in CBS affairs last few months and Backe conceded this was fact, said he'd asked Paley to become more involved. "Bill and I have a very good relationship," Backe said. They lunch together each Tues., see each other 2-3 more times each week. As example of Paley's increased involvement, it was pointed out he now attends meetings on Washington matters (averaging every 6 weeks), something he hadn't done in past.

Backe did tell us he—as well as Paley—is "deeply involved" in selection of new fall programs now underway, attends screenings, planning sessions, etc. On pay cable, he said: "Right now, we don't see it as a major threat," although CBS is watching its development closely. This is major change of direction for network, which early in Taylor's tenure was instrumental in having NAB set up separate office—with Hill & Knowlton as outside PR counsel—to fight inroads of pay TV.

Speaking to security analysts month ago (Vol. 17:8 p5), Backe said "the CBS News Div. is not a profit center." However, he conceded that Div. now is in black—mainly due to Cronkite news and "60 Minutes"—and has been for few months, though he wouldn't give details. He said CBS never expects news to show profit: "Once we did that, we would destroy the best [news] organization in the country." However, others at CBS tell us the News Div. is budgeted in black for 1977.

CBS has no major diversification on drawing board, according to Backe, with expansion to be limited to present groups—Bcast., Records, Publishing & Columbia (latter encompasses consumer-oriented operations—music clubs, retail stores, musical instruments, toys, etc.). He said Records Div. has gotten "short shrift" in past, and this will be corrected. Publishing is targeted as over-all "information group"—including electronics, etc.—"but that's way in the future." An eventual goal, also some years off, will be more balance in revenue & earnings—now dominated by broadcasting—among 4 divisions.

Backe obviously knows whereof he speaks, since Paley has said he'll step down as chief exec. officer after April 20 stockholders meeting in L.A. "Of course, Paley's settled on John as his successor," we were told in one way or another by several high-ranking CBS execs. Backe started series of letters to "fellow employees" Feb. 23—sent to their homes—in which he said: "I want to share with you and your family some of my thoughts about our company, where we are going and what we are trying to do." First letter dealt with "reservoir of talent" among CBS employees. Subsequent letters will deal with more substantive matters, Backe told us.

Backe's chief avocation is passion for flying—acquired when he was jet pilot for Strategic Air Command. After March 9 board meeting, he took off in his 7-place Cessna 401 for vacation in Naples, Fla., where he owns property.

**SENATE'S FULL COMMUNICATIONS SLATE:** Ambitious schedule of exploratory hearings on communications issues was approved by Senate Communications Subcommittee last week in brief organizational meeting. Emphasis in next several months will be on "overview" sessions to introduce members—many new to Subcommittee—to industry problems, with hearings on specific legislation—including broadcast license renewals and "Bell Bill"—targeted for July.

Chmn. Hollings (D-S.C.) told 3-4 members and 10 staffers that Subcommittee would first push review of telecommunications agencies, industries & technologies—rather than legislation—because "there's no need to immediately pass a bill." He also expressed satisfaction with fact that, "in communications, we're not dealing with a shortage situation—like natural gas—but an abundance...It's like drinking water from a fire hydrant."

Most important hearings for industry in next few months will be May 2-4 session on networks, renewals, violence, advertising, children's TV & all-channel radio bill and June hearing on cable deregulation, federal-state-local regulation, pole attachments, forfeiture legislation.

Other "overview" hearings: Domestic common-carrier matters, including new technologies, computers, satellites, etc., March 21-23 & 28; international communications, including 1979 WARC & Comsat, in July: FCC 'housekeeping,' perhaps on fees in spring and on CB, land mobile & ham radio in fall; rural telecommunications, date unspecified. Legislative hearings:

License renewals, all-channel radio, other broadcast bills, "Bell Bill," & other common-carrier bills, all with July "target"; HEW public broadcasting facilities & technology demonstration bill renewal April 5; CPB authorization April 6; REA Act amendments to allow REA funding for cable, date unspecified.

Subcommittee agenda also notes: (1) "No legislative action is required for 2 football seasons" on sports anti-blackout extension bill which died at end of last session (Vol. 16:40 p3), but Subcommittee contemplates "possible hearings in fall" following FCC annual report, due in July. (2) Hearings on FCC, CPB & OTP appointments as nominations are submitted, on possible reorganization of OTP when plan is submitted by White House—"perhaps in June."

March schedule emphasizes common carriers, but also includes satellites, broadcasters, cable, public users of telecommunications. Among witnesses—all appearing March 23—are Viacom Pres. Ralph Baruch, Public Interest Satellite Assn. Co-Dir. Andrew Horowitz, Harvard U. Prof. Anthony Oettinger (also chmn. of Mass. Cable Commission), Consumers Union Assoc. Dir. Warren Braren, undetermined group of broadcasters.

**FCC REJECTS 'SIMPLISTIC' RENEWAL RULE:** Quantitative program guidelines for comparative renewal hearings would be "a simplistic, superficial approach to a complex problem," FCC said last week in rejecting concept it's been studying since 1971. Also, Commission said, such guidelines "would represent an unwarranted government intrusion on licensee program discretion," and even if licensee met such standards there wouldn't be "any real assurance of renewal."

Commission noted that it has told Congress comparative renewal process "has not and cannot operate effectively," said last week it'll continue to weigh renewals "in a manner consistent with policies & practices" developed in past hearings until Congress acts. FCC's action had been pushed by Chmn. Wiley and was tipped in clarifying statement on renewal of WESH-TV Daytona Beach (Vol. 17:2 p5). In last week's action, agency said:

"Licensees must present a reasonable amount of local & informational programming to justify renewal, but [FCC] was not convinced that the government should impose a national standard of performance in place of independent programming decisions attuned to the particular needs of the communities served."

Decision was unanimous, with Comrs. Quello, Hooks & Fogarty concurring. Quello said "rigid rules" forcing public service programming would be misuse of govt. authority but "my personal view" is that stations should do more of such programming. "Such performance, or lack thereof, will receive considerable weight in my personal future deliberations in renewal cases," he said.

Hooks & Fogarty will have joint statement, not written yet. They'll take position FCC should've adopted minimum list of quantitative program standards. Of last week's action, Fogarty said: "It's kind of a worthless document, but better than no document."

Renewal statement was one of many major FCC actions last week—some unannounced at press time—prior to Sunshine Law requiring open meetings starting this week. In other actions—and discussions which didn't reach final decision—Commission:

(1) Decided first meeting after Sunshine takes effect will be secret, to decide adjudicatory matter involving unauthorized use of frequency space to solicit prostitution in Nev. Public oral argument will be held ahead of closed meeting, latter for issuance of staff instructions.

(2) Unanimously decided new cable definition rules, much as reported earlier (Vol. 17:10 p6). They include exemption of systems under 500, ask for comments on exempting systems under 1,000, exclusion of MATV from regulation. Commission told staff to redraft order to remove & clarify language giving cable "parity" with MATV in markets where both existed.

(3) Granted "viewability" waivers to 5 cable systems, but at same time Commission expressed its determination not to erode non-duplication rules. Still pending are 7 other waivers on which staff (Gen. Counsel, Bcst. Bureau, Cable Bureau) couldn't agree. Divisions were told to try to come up with common recommendation, otherwise commissioners would decide and set future standards.

(4) Amended multiple ownership rules to prohibit future ownership of 3 stations (of same class—AM, FM or TV) where any 2 are within 100 miles of third if there'll be primary overlap. Under rule, AM-FM combinations will be counted as one station, however. Commission also proposed new rule to permit licensee to acquire up to 10% "passive interest" in several stations or newspapers which wouldn't be "commonly controlled." Comments are due April 22, replies May 3.

(5) Debated roadside radio, ended up sharply split with no decision. Staff was told to come back with new proposal limiting signal to 1-1/2 miles approaching bridges, tunnels, airports, etc. Fogarty said no govt. group is clamoring for service, that requests should be decided on case-by-case basis rather than through all-encompassing rule. Quello saw roadside radio as "a foot in the door toward govt. radio...I'm against it on principle & concept." He argued same service already is being provided by commercial stations, that it wouldn't do much good to get road information only 1-1/2 miles from destination.

(6) Concluded network radio inquiry and issued policy statement: Defining "network" as all program sources that feed programming entirely or chiefly by interconnection (this includes for first time AP & UPI audio); relaxed requirements for filing of network agreements; retained territorial exclusivity rule as is; repealed several rules designed to limit network control over stations; repealed "dual network" rule which limited use of programming from same network by more than one station in same market. New rules are effective April 25.

(7) Split 3-3, along party lines, on whether to permit sale of WLTH(AM) Gary to black group. White owner H. B. Snyder lost initial decision for renewal when FCC judge found him guilty of "grave wrongdoing" (Vol. 16:39 p8). Gary Human Relations Commission protested renewal, attempted to withdraw objection (prior to initial decision) when Snyder tried to sell to black group for \$190,000—far below market value. Voting for WLTH transfer were Democratic Comrs. Fogarty, Hooks & Quello; against Republicans Wiley, Washburn & White; Republican Lee not participating.

(8) Imposed suspension 'from practice [before FCC] for a period of one day' on attorney Benedict Cottone for alleged misconduct in KAYE(AM) Puyallup, Wash. renewal hearing. Special Hearing Officer Samuel Steinfeld had recommended 6-month suspension (Vol. 16:25 p6). In issuing staff instructions, Commission tentatively had decided on one-month suspension; final order reduces that to one day. Cottone already has appealed procedural matters, indicated he'll take final action to court.

**WALLIS IS NEW CPB CHMN.:** U. of Rochester Chancellor W. Allen Wallis will succeed Robert Benjamin as CPB chmn., board voted last week in closed & unannounced session. Board went on to elect Benjamin chmn. emeritus, Gloria Anderson vice chmn. Benjamin announced his intention to resign last Feb. (Vol. 17:6 p5) when he determined he was lame-duck chmn. in expired term with little chance of reappointment, and with faltering support from board.

Though Wallis' election was by acclamation, it followed vigorous campaigns by Dirs. Donald Santarelli & Lillie Herndon. First count gave Wallis 6, Santarelli 6, Herndon 3; Herndon then threw her votes to Wallis and Santarelli dropped out of race.

"I don't think it was his [Wallis'] idea to run," commented CPB official, who noted that board had barred CPB officers from attending election, which took place during 3-hour March 8 dinner session preceding regular board meeting next day. There was speculation that Wallis had been convinced to run to oppose candidacy of Santarelli, who was seen by several dirs. as "too political" for post of chmn.

In face of expected nomination of 3 new dirs. by Carter Administration in next week or 2, board took unexpected step of reaffirming independence from White House with unanimous resolution "reconfirming" previous board policy that no director can be chmn. without having first served on board for one year. Move had effect of torpedoing change in chairmanship to Carter appointee at board's Sept. election meeting.

**Spanish International Network's** application for translator in Denver, to bring programming via satellite from L. A. station, points up FCC's lack of planning and concerns NCTA, according to Aaron Fleischman, chmn. of NCTA Rural Telecommunications Committee. In letter to FCC Chmn. Wiley, he noted current rulemaking (Doc. 20539) would permit translators to be fed from "any suitable source," said many believe such a change would "overnight, dramatically change the role of translators." He said Spanish application "underscores many significant & technical questions"—asks whether broadcasters should be permitted to use translators to import signals into distant markets and effect of such action on UHF, among others.

**NARUC, NCTA AGREE ON POLES:** Chmn. Robert Schmidt of NCTA and NARUC Chmn. Paul Rodgers have notified House Communications Subcommittee they've developed pole attachment legislation both utilities & cable can support. In response, Chmn. Van Deerlin (D-Cal.) referred matter to fellow Subcommittee members, asking them whether bill should be considered separately or as part of Communications Act rewrite. Similar legislation died at end of last Congress because small cable operators convinced then-House Speaker Albert (D-Okla.) to block measure from coming to floor (Vol. 16:39 p5).

CATA didn't participate in formulation of latest proposal, either—causing Van Deerlin to specifically ask members to consider "all relevant views" in determining how to proceed with draft bill. NCTA doesn't expect CATA to oppose new bill.

Legislation provides that FCC regulate rates, terms & conditions for pole attachments if states don't regulate, and that "a just & reasonable rate" is one that assures that utility recovers "not less than the additional costs of providing pole attachments nor more than the actual capital & operating expenses of the utility attributable to that portion of the pole, duct or conduit used by the pole attachment."

N.Y. Public Service Commission—headed by FCC candidate Alfred Kahn (Vol. 17:10 p6)—has ordered utility companies to permit CATV systems to use their poles "under fair terms." Nine largest utilities were given 60 days to file proposed agreements with cable systems; smaller utilities were given 120 days.

**FTC has definitively rejected proposed guide** banning premium offers in children's TV ads. Though Commission voted unanimously to reject guide in unannounced action last August (Vol. 16:33 p2), some commissioners subsequently attempted to soften blow by seeking middle ground or reconsideration, and formal announcement issued last week is softer stance than that taken in closed meeting last Aug. "Rejection of the guide does not imply that such advertising is not subject to abuse," FTC stated. "Children, especially young children, are particularly vulnerable to TV advertising. The Commission will continue to monitor TV advertising directed to children, including premium advertising," on case-by-case basis. "They're back to square one," noted key staffer. "Pertschuk [expected nominee as FTC Chmn. Michael] is either going to have to start all over again or seek legislative guidance from Congress."

**Beefing up FTC Act** is goal of amendments authored by House Commerce Consumer Subcommittee Chmn. Eckhardt (D-Tex.) and subject of Subcommittee scrutiny last week. Among provisions, amendments would stiffen FTC penalties, making refusal to comply with agency more painful and use of procedural delays to avoid penalties more difficult. Most controversial section would enable consumers to sue advertisers for damages in class action suits if FTC determines that ad constituted unfair or deceptive act. Bill got strong support from FTC Chmn. Collier & Investigations Subcommittee Chmn. Moss (D-Cal.), strong opposition from business groups. Hearing continues March 15-16.

**FCC, NAB and broadcasters** will go direct to Supreme Court—bypassing reconsideration by full D.C. Appeals Court—of recent 3-judge Appeals Court decision ordering divestiture of newspaper-broadcast combines in same market (Vol. 17:10 p1). ANPA is expected to follow suit. Comr. Fogarty didn't participate in FCC's decision to appeal; aide said had he voted, he would've dissented. NAB Media Structure Group, acting under authorization of Exec. Committee, will seek funding from affected stations to sustain appeal, expected to cost minimum \$30,000; ex-FCC Comr. Lee Loewinger is group's lawyer. Meanwhile, Multimedia has agreed to trade WFBC-TV Greenville, S.C. (where it owns News Piedmont) to McClatchy Newspapers for KOVR Sacramento (where McClatchy owns Bee). Multimedia will get \$3 million for studio-office building (McClatchy leases) which it owns. Also last week, FCC asked Appeals Court to remand TV-cable cross-ownership case in which Commission ordered divestiture by Aug. 10. Agency wants court to retain jurisdiction, not rule until Supreme Court has decided newspaper-TV case.

**FCC Comr. Fogarty**, speaking to Catholic broadcast group in L.A. March 14: "In my judgment, TV has all too often fallen short in meeting [its] challenges... The great sadness—and at the same time the greater hope—is that TV can teach lessons of understanding and our common humanity, rather than of alienation & violence... TV can and must fulfill its long standing promise to the American people of program excellence... Not all programs need require sponsorship. Nothing prevents a broadcaster from developing quality programming in sustaining time, or better yet, in sustaining prime time. The broadcaster's primary obligation should be to his public, not to his shareholders. If this commitment is not good for the maximization of profits, it is good for the soul." While in L.A., Fogarty will hold news conference, meet with broadcast & cable execs., program producers, writers & directors.

**NBC enjoyed record sales & profits last year**, RCA annual report notes (see p. 10), and was largest contributor to parent company's total earnings. Its \$57.5 million profits represented 32.4% of RCA's net, while its sales of \$955 million were 17.8% of total. Figures compare with \$52.1 million profits and \$796 million sales in 1965. GE, meanwhile, reported its broadcasting & cable operations (3 TVs, 3 AMs, 5 FMs, 12 CATVs) "further improved their earnings performance" in 1976. Grand Rapids cable system will be GE's largest when completed in 1978.

**Voting strictures** on FCC Comr. White were removed when husband Stuart White changed law firms—from Hamel, Park, McCabe & Saunders to Wilkes & Artis, which has no communications clients. Comr. White had agreed not to participate in any case in which her husband's firm had interest; she said this applied to only 6-8 of over 400 cases since she joined FCC last fall.

**CBS board** has authorized purchase of up to \$50 million worth of company's stock on open market, calling move "a sound & advantageous investment of corporate funds."

## Personals

NBC-TV Senior Vp **Alvin Rush** promoted to exec. vp, program & sports administration; **Robert Mulholland**, NBC News, promoted to exec. vp-Olympics, will head task force planning coverage of 1980 games in Moscow; **Chester Simmons** promoted to vp-sports, succeeding **Carl Lindemann**, who continues with NBC as independent producer of sports & entertainment programming.

**Steven Trivers**, WQLR(FM) Kalamazoo, named chmn. of NRBA Oct. 9-12 convention, New Orleans Hilton.

**Michael Marden** promoted to N. Y. program development dir., CBS-TV; **Michael Sevareid** named Hollywood mini-series dir., new post; **Christine Grierson** advanced to Hollywood motion pictures for TV dir.; **Mae Helms** appointed Hollywood special programs dir.; **Martin Cohen** appointed planning & administration dir., CBS Sports, new post.; **Kevin Beattie** shifts from law dept. to CBS News as overseas business affairs dir.

**Gideon Fiat** appointed ENG dir., ABC News, new post, in planned expansion of network's ENG operation; **Anthony Farinacci** promoted to east coast business affairs dir., ABC-TV; **Johnna Levine** advanced to dir., business affairs for motion pictures for TV.

**Andrew Litsky**, former Carter campaign co-ordinator in Ida., named NCTA assoc. dir. of govt. relations... **Bob Curtiss**, ex-Telemation Program Services, heads new DPI Div., Daniels Properties cable & pay-TV programming unit, N. Y... **C. Ronald Dorchester**, ex-American TV Corp., named Communications Properties New England mgr., replacing **Paul Snyder**, resigned to form own business.

Commentator **Lowell Thomas** speaks at radio lunch March 29, Sheraton Park Hotel, during NAB convention; Thomas also will be inducted into new Radio Hall of Fame, along with 13 others (Vol. 17:5 p3); **Jonathan Hall** promoted to dir., NAB Radio Information Office; **Nancy McCormick** to coordinator, NAB employment clearing house... **Mary Lou Joseph**, aide to Sen. Ernest Hollings (D-S.C.), moves to Communications Subcommittee as professional staff member.

**Ralph Squires** named Columbus, O. cable TV administrator, replacing **Donald Hoferkamp**... **Constance Anthes** advanced to communication mgr., Arbitron; **Constance Musso**, ex-ABC Radio Spot Sales, N. Y., joins Arbitron as promotion specialist... **Annette Andruszsyn** advanced to personnel supervisor, Magnavox CATV Systems.

**HBO**—backed by 17 pay-cable systems—has started spot campaign on WNBC-TV & WOR-TV N. Y. promoting "uninterrupted" movies, special events & "improved reception." Campaign was turned down by WNEW-TV & WPIX N. Y., according to HBO, which said it now has 310 cable systems & MDS operations carrying its pay programming. Of total, 9 were added in Feb. and 86 receive signals via satellite.

**BTVision**—first over-the-air pay TV service since RKO-Zenith Hartford, Conn. experiment ended several years ago—went on air in Newark-N. Y. area March 1. Firm offers "major" movies 8 p.m.-2 a.m. on WBTB-TV (Ch. 68) Newark, which offers regular programming rest of day. At 8 p.m., encoded signal replaces regular broadcast, and "barker" voice is heard on sets not equipped with decoder, instructing viewer how to subscribe to station's Wometco Home Theater programming (BTVision is 80%-owned by Wometco). Station uses Blonder-Tongue Labs decoder, charges \$12.95 monthly plus \$25 deposit, \$20 installation—dropped during introductory period. Service is being offered only in certain markets, will expand as capability permits, with S. Orange, N. J. first area served. Firm also is negotiating with N. Y. cable & MATV systems to arrange for carriage of Wometco programs with use of systems' own converters instead of decoders. Also planned is per-program-charge capability "within a year" to offer specials such as championship boxing matches & concerts. To date, BTVision execs. have no estimate of service's success, but report "many, many phone calls." KBSC-TV (Ch. 52) L. A. plans to start pay operation April 1 (Vol. 17:7 p5).

Despite FCC approval of PBS petition to reserve line 21 of TV signal for hidden captions for deaf, CBS still opposes its use. In letter to President Carter—who wrote networks urging that they better serve America's hearing-impaired—CBS Pres. John Backe said use of line 21 hidden captions would be too expensive and unsuitable for live programs, added that better technology might be available in future. Backe said CBS spent \$4,000 to test-caption one "Waltons" episode, put cost of captioning equipment for local broadcaster at \$250,000, decoder for home set at about \$150.

Don't appoint industry advocates to Copyright Royalty Tribunal, House Judiciary Subcommittee Chmn. Kastenmeier (D-Wis.) wrote President Carter. "Ideal candidates would be those drawn from govt. service, the public interest community or academia," he said, in order to assure "fair" decisions. Noting that Copyright Law revision set April 19 deadline for President to appoint tribunal members, Kastenmeier urged Carter to begin as soon as possible.

Teleprompter has won long fight at FCC and in court for certification of Johnstown, Pa. cable system. In May 1975 on 4-3 vote (Vol. 15:19 p4), Commission refused to certify system because of 1966 bribery of Johnstown city officials. Last Aug., D. C. Appeals Court remanded case because FCC hadn't considered "fairness & integrity" of 1975 franchising agreement with Johnstown (Vol. 16:35 p4). Last week's decision was unanimous.

Legislation limiting network programs to one-half of total programming time available was introduced by Rep. Murphy (D-N. Y.). Bill also would require networks to divest all but one TV station. He said legislation was necessary because of failure of prime-time access rule, ability of networks to "subvert" development of new sources of national programs by dominating market as purchasers of programs for their owned stations.

# Consumer Electronics®

A Section of *Television Digest with Consumer Electronics*

MANUFACTURING & SALES • TV • AUDIO • TAPE PRODUCTS • VIDEOPLAYERS • COMPONENTS • NEW PRODUCTS • FINANCE

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Feb. 25 (8th week of 1977):

	Feb. 19-25	1976 week	% change	Feb. 12-18	Feb. 1977	Feb. 1976	% change
Total TV.....	323,399	276,291	+17.1	247,409	2,008,662	1,712,834	+17.3
color .....	189,321	161,910	+16.9	156,402	1,236,040	1,018,692	+21.3
monochrome .....	134,078	114,381	+17.2	91,007	772,622	694,142	+11.3
Total radio .....	851,497	903,485	-5.8	625,814	4,895,476	4,566,476	+7.2
home, portable ..	568,499	664,805	-14.5	380,386	2,931,538	2,639,623	+11.1
AM-only .....	91,016	111,466	-18.4	75,467	803,633	529,961	+51.6
FM & FM-AM ..	477,483	553,339	-13.7	304,919	2,127,905	2,109,662	+0.9
auto.....	282,998	238,680	+18.6	245,428	1,963,938	1,926,853	+1.9

Color TV 5-week moving average: 1977—159,583; 1976—135,196 (up 18%).

**ITC MULLS AID FOR 'INJURED' INDUSTRY:** Having decided American TV producers have been injured by imports, International Trade Commission will recommend to President March 22 what remedy should be. Commission will meet in "emergency" session March 14 to vote whether import quotas or higher duties offer best hope of keeping domestic industry viable, and to what extent restrictions should be imposed.

In first of 2 open meetings last week, Commission agreed 6-0 that imports of complete color sets were causing or threatening serious injury—but after that vote, Commission's direction was indiscernible. Chmn. Minchew & Comrs. Moore & Leonard voted injury also was caused by imports of complete b&w sets, unfinished & unassembled color & b&w's and sub-assemblies for both. Comr. Ablondi extended injury finding only to unfinished & unassembled color, while Comrs. Bedell & Parker, explaining they only found threat of injury, limited additional coverage to incomplete color.

Since 3 votes are officially considered majority, effect of ITC action is that imports of all sets—in finished, unfinished or kit form as well as subassemblies—are seriously injuring U.S. producers. "Subassemblies" means any combination of 2 or more components, but excludes picture tubes, speakers and most discrete components.

Fact that injury is comprehensive doesn't mean remedy has to be. At week's 2nd meeting, Minchew said he hoped delay would provide time for Commission to come up with unanimous recommendation. In fact, staff recommended against restrictions on subassembly imports to avoid injury to U.S. manufacturers who are all "largely dependent upon foreign suppliers." ITC general counsel viewed issue seriously enough to step out of normal role of legal advisor to tell Commission that limits on imports of subassemblies or unassembled sets could seriously hamper production by smaller manufacturers, even force them out of business.

Split views on injury from unfinished sets also could be vital. Under majority injury vote, any collection of parts which Customs might define as more than a subassembly would be subject to import restrictions. Adoption of "incomplete" as definitive term would limit restraints to imports of substantially finished assembled chassis. This would leave unhindered RCA & Sylvania color chassis export-assembly operation in Mexico, as well as RCA & Admiral color and RCA, Sylvania, Admiral & Zenith b&w chassis output in Taiwan. It also would open door to stepped-up U.S. production by Sony, Matsushita (Quasar) & Sanyo, and probably persuade more Japanese companies to assemble or buy sets here.

Staff appears to agree that only quotas or higher duties would suffice to help U. S. industry while it catches up technologically with Japanese TV producers. Staff would reject tariff-rate-quota or adjustment assistance as suitable alternatives. Even with restrictions, it may be too late for some companies: RCA & Zenith, which now dominate market, probably would be major beneficiaries of color import restrictions, though some benefit would rub off on others, ITC Deputy Operations Dir. William Fry conceded under Commission questioning.

If duty hike is approved, staff suggests 25% rate on color, 20% on b&w—from present 5%—assuming importers absorb half of increase. Report indicates this would offset current import price advantage of \$30 for 19" color, \$10 for 12" b&w over domestic-made sets. As for quota, staff envisions 1.3-million limit on complete color, 4.2 million on b&w, or return to average level of 1971-75. That would mean just 7% drop from 1976 imports for b&w, a 54% cut for color.

Taiwan, allotted 268,600, would come out 14% ahead of 1976, but Japan, at just 1 million, would be trimmed 60%. Korea's developing color industry would be hit even harder, allotted just 15,400, down 68%; Mexico, which has never supplied any complete color, would be granted 5,500 quota. Imports from all other countries would be limited to 2,800, down 86%—proposal that would be welcome in Canada, which supplied 16,000 last year and has just embarked on major TV export-to-U.S. program (Vol. 17:2 p10).

How recommended remedies would affect U. S. industry & economy is predicted in report by ITC Office of Economic Research. Concentrating on color (report says restrictions on b&w imports would have only minimal effect), OER estimates 1.8-million quota for complete & incomplete sets—or duty hike to 15%—would reduce consumption 4-6%. This could result in increased U. S. production of 355,000-505,000 sets, add 1,600-2,300 new jobs at cost to U. S. consumer (in form of higher prices) of \$61,400 per job. That, of course, is gross cost, which doesn't take into account creation of new jobs in secondary industries (up to 2,700), fact that employees would pay taxes instead of collecting unemployment, and general boost to economy. Impact also would be lessened if U. S. manufacturers decided not to go for price boosts Zenith Chmn.-Pres. John Nevin & GTE Consumer Electronics Pres. George Konkol testified they probably would seek (Vol. 17:3 p8; 4 p9).

**2-HOUR BETAMAX UNVEILED IN JAPAN:** Sony, Toshiba & Sanyo detailed marketing plans in Japan for 2-hour Beta-format home videocassette recorders, which go on sale there next week. All 3 carry identical price tags of about \$925. To owners of existing one-hour Betamax machines, Sony will offer 2-hour cassette changer at about \$85 in Japan this summer. Meanwhile, 3M is sampling OEMs with new videotape which it thinks could eventually make Betamax obsolete—or, with hardware modifications, increase recording time to 4 hours per cassette (see p. 11).

Japanese pricing on new decks seems to indicate they'll sell in U. S. at about same as current one-hour Betamax (\$1,300 including timer). Sony's original Betamax without timer carried \$1,030 list in Japan; new version was introduced in Sept. at \$786. Only difference among the 3 makes appears to be in timer—Sony's unit adds \$35 to price, while Sanyo & Toshiba are offering more deluxe units at about \$70.

Sony introduced 2 new cassettes, but stressed that new machines would record & play back using current cassettes as well—for 2 hours on K-60, one hour on K-30. New cassettes have different model numbers, but are priced about same—under \$14 for 2-hour, under \$10 for one-hour in Japan.

Sony's machine goes on Japanese market March 21, Sanyo's & Toshiba's April 1. All 3 use Sony-developed "noise-reduction system," apparently a sort of video equivalent of Dolby. They have switch to permit recording in one- or 2-hour-per-cassette mode. In playback, machine automatically selects proper speed to match mode in which cassette was recorded. It also has automatic switching between videotape & TV modes, color & monochrome, video recording & audio inputs.

Sony says it has now delivered 150,000 Betamaxes in U. S. & Japan, plans to produce 300,000 this year, of which about half will be shipped to U. S. Sanyo & Toshiba each say they'll start producing Beta recorders at about 3,000 monthly, stepping up to 5,000 later this year,

indicating total Beta-format player output could be about 375,000 in 1977. Sony's new Dothan, Ala. plant eventually is expected to have capacity of as many as 600,000 tape cassettes monthly, for sale in U.S. and possible export to Japan, and eventually Europe.

First display of 2-hour Betamax and JVC's competitive VHS system—and first showing of all of this year's video systems under one roof—is scheduled at ITA Audio/Video Seminar April 3-6 at Hilton Head, N.C. Also scheduled for showing there are Quasar VX-2000 and Philips/MCA videodisc system.

**GAMES PLAYING TO EMPTY HOUSE:** Bottom has just about fallen out of ball-&-paddle (b&p) game market at retail level. In many parts of country, consumer interest in games has virtually evaporated and promotional pricing at dealer-cost levels—and below—is now commonplace.

Sluggish market isn't total surprise. Retailers we quizzed generally expected sobering period after dizzying high industry experienced during Christmas season. But depth of slump is giving some stores jitters about future. "After I get rid of what I've got, I'm getting out for a while," Southern Cal. TV-appliance chain vp told us. Others told similar story, many indicating they'll sell off remaining inventories, then watch direction market takes before getting back in.

Microprocessor (MPU) games are viewed as important step in revitalizing retail market, but dealers across country complained about tardiness of suppliers in getting MPU games into pipelines. Earliest entry in advanced-game field—Fairchild's VES—is still in short supply and most retailers said they've been unable to get any. "I'd kill for some Fairchild games," southern dealer said. "It's about the only game my customers are interested in and I know I could sell them like hotcakes. We'll eventually get together with them, but right now they just tell us they can't supply any."

Volume sales of b&p units are possible now, handful of stores told us, but only with bar-gain-basement prices backed by heavy promotional activity. East coast chain did hefty business with Washington's Birthday promotion of \$34.77 four-game off-brand unit, and sales have remained comparatively strong since. "It's because we're promoting," he said. "People aren't coming in and saying: 'I want a game.' They're coming in for a bargain, and they're getting it."

Soft market is blamed on everything from cold weather to hot weather to consumer fears over possible picture tube damage, and several dealers laid it all on indiscriminate franchising policies of game producer. "Everyone's selling them," northern Cal. dealer griped. "They're in drug stores, camera stores, toy stores—you name it." At least one dealer said broadened retail base may be creating illusion of drastic slowdown—"it could just be a case of a lot more stores competing for the same amount of business."

In many states hit by severe winter weather, dealers forecast improvement in game sales as spring approaches. But Ohio retailer said week of warmer weather there was disaster. "After the winter we've had, who the hell wants to stay inside and play games? Now that the weather is improving, everyone wants to be outside."

Consumers are all too aware of reports that games may permanently damage TV picture tubes (Vol. 16:51 p10), according to majority of retailers contacted. None cited actual cases where consumer's set was damaged, but several reported permanent burn lines appearing on screens of in-store sets. "The burning-tubes story had a lot to do with slower sales," one said. Added buyer for midwest appliance-TV chain: "It's made it tough to sell a game as an add-on to a color sale, the way we used to."

**JAPAN MOVES INTO TECHNOLOGY LEAD:** Decision of America's No. 1 & No. 2 TV manufacturers to push major new consumer electronic product—home videocassette recorder—by importing technology as well as product marks significant turning-point in industry history.

For first time, U.S. consumer electronics manufacturers have embraced Japanese R&D in basic new product. In past, Japanese have capitalized on U.S. developments—often adding own improvements—in their products. Although concept of VTR itself is American invention,

application to home use involves innovative Japanese design—which American manufacturers are now recognizing by act of absorbing it completely, unchanged except for minor cosmetics. In simple act of entering home VTR market, U. S. set makers are giving up some of their sovereignty, turning over to Japanese firms their market research & strategy as well as product-development & testing functions.

Inspired by Sony's success with Betamax, RCA has reversed its position of 2-3 years ago. Company was gung-ho for own videocassette system from 1972 into 1974, when it shelved project after in-home tests convinced it that public lost interest when price approached \$1,000 (RCA's original target price was \$700). RCA had first crack at Sony Betamax in 1974, turned it down because of short playing time (corrected by Sony in new model) and high price (Vol. 14:48 p7).

Adopting ready-made Japanese technology & product appears to be attractive, low-risk method of exploring market. If market entry turns out to be mistake, U. S. manufacturer can beat hasty retreat without great loss since it has no capital investment in production facilities. But in case of VTR it wasn't choice of build-or-buy—U. S. manufacturers were caught unprepared for public acceptance of home VTR with no active development plans of own, despite 15 years of forecasts that home video recording could become next major consumer electronic product. So American manufacturers have no choice but to buy from Sony, JVC, et al. on terms & timing dictated from Japan, if they want any market exposure at all.

Some protectionists undoubtedly will make case that inroads of TV imports have so increased competition and weakened price structure that American companies, their very survival at stake, can no longer afford luxury of consumer R&D. Certainly this is at least partly true, but fact is that consumer end-product R&D fell off steeply before there was "import problem"—dating to cutbacks in military research. Now, as strongest critics of "unfair import competition" adopt Japanese technology, it becomes increasingly difficult for U. S. to re-establish technical leadership, our products (see slot-mask tube) increasingly becoming not-so-cheap copies of Japanese innovations.

Consumer electronics production leadership moved to Japan some years ago. Now "import problem" has reached Phase 2. With U. S. manufacturers planning lock-stock-&-barrel adoption of Japanese-developed product as their next high-ticket item, it must be recorded that 1977 was year that technological lead also moved to Japan.

**UPBEAT RCA REPORT:** Profits of RCA "Electronics—Consumer Products & Services" (consumer electronics, records & tapes, parts & accessories, consumer service) increased 65% last year to \$41.8 million on 17% sales increase to \$1.371 billion, according to annual report, which shows that category contributed 23.6% of corp. profits and 25.6% of sales. Report notes that high-end Color-Trak accounted for 42% of RCA's color TV dollar sales and contributed to increase of \$40 in average retail price paid for RCA console and \$20 increase for portable-table set. Company "essentially maintained" share of U. S. color market despite increased imports.

Distributor & Special Products had more than 3-fold increase in sales of CB & auto audio products over 1975. RCA Service Co. maintained level of more than million home-service contracts for TVs & appliances, though TV servicing business was "adversely affected by the improved quality of RCA sets [and] increased multiple-set ownership, making for less urgency in ordering repairs." RCA Records had record sales and doubled earnings for 2nd consecutive year.

Picture Tube operation "moved from a loss to a strong profit position," thanks to cost control and

growing overseas market. Half of RCA's picture tube output (including that of foreign operations) went into sets made abroad, with plant expansions planned this year in Mexico & Brazil.

Other RCA business segments: NBC once again contributed greatest portion of RCA's earnings—\$57.5 million on \$955 million sales; Electronics—Commercial Products & Services, \$7.5 million profit on \$689 million sales; vehicle renting, etc., \$41.4 million on \$780 million; communications, \$26 million on \$159 million; govt. business, \$2 million on \$368 million; other, \$1.2 million on \$942 million. Total employment dropped to 100,000 in 1976 from 113,000 in 1975. Foreign operations lost \$6 million on \$885 million sales.

Proxy statement reveals ex-Chmn.-Pres. Anthony Conrad hasn't received any compensation since resignation Sept. 16. In 1976, he was paid \$202,883; his contract called for salary of \$300,000 a year June 1, 1976-May 31, 1979. Pres. Edgar Griffiths received \$227,050, plus incentive awards.

**GE** reports its consumer product earnings rose 83% on 15% sales increase last year, with TV sets "sharing" in improvement, led by VIR models, which resulted in increase in color console sales.

**COLOR HOT IN FEB.:** Industry entered crucial month of March with color sales to dealers running at near-record 9-million rate (Vol. 17:10 p8), inventories in good shape and every prospect of continued good sales through spring. Total TV sales for year's first 8 weeks passed 2-million, as monochrome perked up by 11.4% over 1976 (see State of the Industry).

Four of year's first 8 weeks established new records for those specific weeks, climaxed by 8th week's 630,796. Color sales in Feb., as in Jan., were 2nd only to same 1973 months and monochrome sales were best for Feb. since 1974. Feb. color production exceeded sales, totaling nearly 692,000, up 26.5% from 1976, about same rate of increase as Jan., bringing production for first 2 months to 1,351,000, about 9% ahead of sales to dealers.

Factory plus distributor inventories at end of Feb. totaled some 2,130,000, up 21.2% from year earlier, increasing 2.6% during month. At factory level, stocks of 1,224,000 were up 39.4% in year, 4% during month. Distributor inventories, however, at 906,000, rose only 3.1% in year, less than 1% in month.

Increase in inventories was in line with rise in sales to dealers. At current sales pace, factory plus distributor inventories total about 15 1/2 weeks' supply—enough to last until new models are introduced—and, incidentally, exactly same number of weeks as inventories just one year ago (at 1976's slower sales pace). In contrast, inventories at end of Feb. 1975 totaled unsafe 19 1/2 weeks.

Sales of all consumer electronic products released by EIA were up in Feb. from 1976 month. Here's EIA's tally of sales to dealers for Feb. 1977 compared with 1976 & 1975:

Product	Feb. 1977	Feb. 1976	% change	Feb. 1975
Total TV .....	1,044,817	878,800	+18.9	745,645
color .....	630,796	522,378	+20.8	407,332
monochrome....	414,021	356,422	+16.2	338,313
Total radio....	2,559,927	2,272,492	+12.6	1,821,880
home, portable .	1,577,099	1,293,401	+21.9	1,235,855
AM-only....	296,012	233,631	+26.7	375,909
FM & FM-AM.	1,281,087	1,059,770	+20.9	859,946
auto.....	982,828	979,091	+0.4	586,025

**Proof of ad claims** for ColorTrak, submitted by RCA in response to questionnaire, was released by FTC last week. RCA had claimed survey showed ColorTrak was superior to 4 leading competing sets in terms of picture quality under typical viewing conditions. Test was conducted by CRC Group Inc. in Torrance, Cal., using top-of-line 25" consoles of RCA's 4 leading console competitors. Each of 2,022 consumers was shown 3 min. of "typical TV programming" via closed-circuit from broadcast VTR under varying typical lighting conditions. On over-all basis, ColorTrak was preferred 2.6-to-1 over Magnavox, 3.65-to-1 over Quasar, 4.51-to-1 over Zenith, 7.53-to-1 over Sears. Other tests showed same order of preference in tests for best color, best sharpness, most realistic tone or flesh tone, most natural color.

**3M's SUPER-TAPE:** 3M is now sampling OEMs with new videotape which it claims is such a radical improvement over existing product that it will require new generation of hardware. Along with parallel hardware developments, 3M thinks it could lead to such new devices as hand-held combination color camera & VTR, practical magnetic videodisc recorder. In nearer future, company sees it doubling recording time (and halving cost) per cassette of such devices as Betamax, with necessary hardware modifications.

New tape formulation is called "Metafine IV," utilizes fine metal particles, or pigment, rather than oxide formulation used in standard tape. We first reported development of this new tape in June 1974 (Vol. 14:24 p13); during development period it was known as "XRM." Current status of product—almost production-ready—was revealed at March 4-6 "Future of TV" conference at Annenberg School, U.S.C., by Mktg. Operations Mgr. Jack Hanks of 3M's Magnetic Audio/Video Products, who said Metafine had 4 times efficiency of oxide tape.

Elaborating last week, Hanks told us 3M has production capability for Metafine now, and output could start as soon as hardware is designed for it. Metafine has about 6 dB more signal-to-noise than best high-energy tape, increased energy across frequency spectrum. Metafine could result in doubled output for given length of tape—cut tape speed in half, make possible narrower videotape, etc. With development of solid-state CCD camera pickup, tiny VTR could be incorporated into home video camera. Hanks told us he sees "big breakthroughs" coming soon, with head manufacturers and other hardware makers "pouring money into R&D directed at needs of the consumer." At U.S.C. conference, he indicated Metafine and associated hardware developments could make tape cost-competitive with videodisc for pre-recorded programming.

**Game Plans:** Commodore plans to show PAL-compatible add-on game module for European market at Hanover Fair. Module uses chip made by MOS Technology, acquired by Commodore last year. It also may introduce cartridge PAL game using MOS microprocessor... **Esquire** magazine is sponsoring international TV games competition at shopping mall in Houston March 21-26, with competition between visitors & celebrities, including Esquire authors... **Recent FCC approvals:** Digitel Electronics (9898, 7878), Unisonic (T150), Olympos (Gamatic 77), Videomaster Ltd. (VM8S), Arbor International (7706).

Zenith's new b&w line features fewer models, some lower prices (prices unchanged except as noted): 9" AC \$115, AC-DC \$130 (top-end 9" at \$140 has been dropped); 12" AC \$120, new models for AC or car battery \$130 & \$140, swivel-base AC \$140; 16" sets are \$150 & \$160; 19" models are \$170, \$180 & \$190 (latter down \$10). The three 22" models in previous line have been discontinued.

**Correction:** Allied Leisure, in latest financial statement covering 9 months to July 31, 1976, had loss of \$1.4 million, expects to report loss for full year in excess of \$2.2 million. In earlier report we incorrectly indicated company had \$6 million loss in 2nd half (Vol. 17:8 p12).

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with  
Consumer Electronics...  
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**Trade Personals**

Earle Malm advanced at RCA Service from field sales mgr. to sales mgr. for consumer products, succeeding Edward Damm, now retail mktg. development mgr.; Clair Searfoss, onetime VM Corp., joins RCA Distributor & Special Products Div. as consumer products mdsg. mgr... Bud Sykora advanced at Panasonic Communications Div. to creative services mgr.; Julian Smalkin promoted at Service Group to national parts distribution mgr.

Wesley Wood, ex-Admiral sales & distribution vp, joins Sega's Segavision Div. (projection TV) as central sales mgr... Charles Rhudy advanced at GE from Housewares & Audio Business Div. PR Mgr. to press relations mgr. serving Major Appliance Div., succeeded by James Norton, former housewares ad & sales promotion mgr.

Howard Prosser, ex-Zenith, appointed Oak Industries Switch Div. electronic research & systems dir., new post; Robert Organ named Win-West Plastics Div. gen. mgr... Frederick Bihler, ex-C. P. Clare, named vp of Fujitsu America's new Component Sales Div... C. James Shaw, ex-Amphenol, named ad mgr., Mallory Capacitor & Distributor Products... Ben Strick joins Sanyo as western communications product sales dir.

Quasar will reach break-even point by May, Pres. Robert Bloomberg is quoted in Chicago Daily News interview, which estimates company's 1976 loss at about \$20 million. In last 2 years, Bloomberg said, parent Matsushita has invested \$15 million in plant modernization & automation, with employment now down to about 2,400 from 3,500 when it took over operation from Motorola. Decline results from shutdown of Pontiac, Ill. plant, automation and shift to procurement of components & subassemblies from Japan.

**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
Cohu			
1976-year to Dec. 31	15,541,959	306,034	.17
1975-year to Dec. 31	15,385,075	352,903	.20
1976-qtr. to Dec. 31	4,436,376	136,209	.08
1975-qtr. to Dec. 31	3,855,077	48,739	.03 <sup>a</sup>
Communications Properties			
1977-qtr. to Jan. 31	6,366,445	414,318	.09
1976-qtr. to Jan. 31	5,279,836	(109,490)	--
Electro Audio Dynamics			
1977-6 mo. to Jan. 29	31,409,000	640,000	.25
1976-6 mo. to Jan. 31	26,127,000	306,000	.12
ITT			
1976-year to Dec. 31	11,764,106,000	494,467,000 <sup>b</sup>	4.00
1975-year to Dec. 31	11,367,647,000	398,171,000 <sup>b</sup>	3.20
1976-qtr. to Dec. 31	3,467,000,000	72,000,000 <sup>c</sup>	.59
1975-qtr. to Dec. 31	3,148,000,000	110,000,000	.88
Oak Industries			
1976-year to Dec. 31	144,138,398	2,625,430	1.39
1975-year to Dec. 31	113,013,625	1,019,056	.41
1976-qtr. to Dec. 31	36,760,364	751,895	.40
1975-qtr. to Dec. 31	33,525,390	340,868	.15
Republic			
1977-6 mo. to Jan. 31 <sup>d</sup>	117,876,000	3,622,000 <sup>b</sup>	1.29
1976-6 mo. to Jan. 31 <sup>d</sup>	97,807,000	1,473,000 <sup>b</sup>	.52
1977-qtr. to Jan. 31 <sup>d</sup>	61,796,000	1,621,000 <sup>b</sup>	.58
1976-qtr. to Jan. 31 <sup>d</sup>	45,665,000	283,000 <sup>b</sup>	.10

Notes: <sup>a</sup>Adjusted. <sup>b</sup>Includes special credit. <sup>c</sup>After special charge. <sup>d</sup>Restated.

**Postage-stamp-sized** light valve will produce high-brightness large-screen TV picture in the home, Hughes Aircraft Liquid Crystal Programs Mgr. Alex Jacobson told "Future of TV" conference at U. of S. C.'s Annenberg School of Communications. Development is 5-10 years off, he said, but theory of liquid-crystal light valve (Vol. 16:47 p10) now has been proven. Discussing electroluminescent flat-screen displays, Xerox Research Center's Ben Kazan told similar story: "We know how to do it," but results still lack brightness & resolution, providing no early competition for picture tube. Both speakers concluded that projection TV using current techniques, with some improvement, offer only way to achieve giant pictures in near future.

Warwick said TV business it sold to Sanyo last Dec. had 4th-quarter sales of \$26.5 million, down 11.1% from same 1975, loss of \$1.1 million vs. \$2.1-million deficit. For year, TV sales were up 6.7% to \$85.5 million, loss shrank to just under \$3 million from \$10.9 million. Last year's loss included \$5.3-million reserve for severance pay & plant closings, so Warwick had indicated \$2.31-million TV operating profit.

**Obituary**

Lester Krugman, 63, N. American Philips PR dir., died March 6 at home in Rockville Centre, N.Y. Before joining Philips in 1966, he served as vp of Digitronics Corp. In 1955-56 he was Emerson Radio mktg. vp, after earlier serving in advertising posts at Bulova & National Telefilm Assoc. His wife, 2 sons survive.

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**COURT REVERSES FCC ON WBAI:** Agency ruling that Carlin record broadcast was 'indecent' is reversed on constitutional grounds in 2-1 Appeals Court decision. Much of Bible & Shakespeare would be banned under 'massively overbroad' decision, Court says. (P. 1)

**ACT 'DEMANDS' OF TV CODE:** Charren asks NAB to require stations to present after-school show weekly, daily program for pre-schoolers without ads. Says it'll require govt. action if NAB doesn't protect children. (P. 2)

**SIX-METER DISHES** offered by 2 firms claiming better performance. RCA Americom to demonstrate radio networking with new 6-ft. dishes. FCC suspends Americom long-term 'non-compensating' tariff. (P. 3)

**HOUSE COMMERCE BUDGET** threatened by Accounts Subcommittee, which proposes 22% cut. Subcommittee chairmen seek compromise with Accounts Chmn. Dent this week. Communications makes counter-offer of 11% cut. (P. 4)

**GROUP W, ABC AFFILIATION** fuss erupts in Baltimore as Hearst's WBAL-TV seeks ABC tie. McGannon pledges 'appropriate action' to protect all Group W affiliations. (P. 5)

**WBAI COURT REVERSAL 'DESERVED':** D. C. Appeals Court has rapped FCC again—this time ruling 2-1 that Commission was wrong in Feb. 1975 order holding that George Carlin monologue on "dirty words" couldn't be aired when large portion of audience might be children. "We deserved to be reversed on that one," commented Comr. Fogarty, who wasn't on Commission at time.

Case involves Pacifica's WBAI(FM) N. Y., which aired record in afternoon. On basis of single complaint, FCC ruled language "indecent" (Vol. 15:7 p4), openly solicited court test. Commission decision was unanimous, with 4 concurrences. At the time, Chmn. Wiley said decision raises "a number of difficult legal issues [but] I do not believe that the Commission can sit back and responsibly allow valuable channels of radio communication to drive the American home down into the gutter."

WBAI appealed on constitutional grounds, wasn't joined by any of many broadcast groups which have constantly spoken out on First Amendment rights. However, new NAB Gen. Counsel Erwin Krasnow said last week decision was strong signal to FCC to stay from indecent language and children's TV issues. Another lawyer, decrying fact "not a single broadcaster lifted his

### Consumer Electronics

**ITC RECOMMENDATION** of boost to 25% for color imports as balm for U. S. industry injury called 'not enough' by COMPACT members, 'too much' by Japanese. Many look to negotiated Japan export quotas for solution. (P. 7)

**SPLIT AT EIA** threatened as result of surprise endorsement of color duty rate hike by Board of Governors. RCA cast only nay vote on motion brought up without prior division-level discussion. (P. 9)

**RCA PICKS VIDEOCASSETTE** system, will reveal format when pact is signed; evidence indicates it's probably JVC's VHS. Griffiths promises 'dramatic changes' in picture tubes. (P. 9)

**CB PRICE WAR** may extend to 40-channel units as 23 glut continues. Catalog houses cut 40-channel prices. CB makers ask FCC help in stemming imports of 23s. (P. 10)

**ZENITH COLOR SALES** rose 10% in 1976, b&w declined 3%, resulting in market share drop for both, annual report says. Advent trims VideoBeam output. (P. 11)

**MCA VIDEODISC PLANS:** 250-300 titles by year's end, half of them movies at \$10-\$15; instruction, ballet, opera, travel, etc. priced higher on per-disc basis. Home-movie transfer possible. (P. 11)

hand to help," hailed decision as "very, very strong in favor of keeping the government's hand out of censorship."

Majority decision, written by Judge Tamm, castigated Commission's action for being "massively overbroad," said language would ban much of Shakespeare and the Bible. In concurring statement, Chief Judge Bazelon said he would have gone even further: "The Commission simply recorded its conclusion that the words were indecent, thereby creating the suspicion that its national standard is in fact either the composite of the individual commissioner's standards or what they suppose are the national standards... In sum, the tight limits on obscenity carefully formulated by the Supreme Court... have been thoroughly disregarded."

In dissent, Judge Leventhal said: "I cannot fault the FCC's order declaring that broadcast as indecent... What the licensee did was to broadcast [indecent words] broadside, almost lavishly loving reiteration of the special words in an afternoon broadcast when children were likely in the audience... What [decision] reflects is a determination... that the great bulk of society families would consider it potentially dangerous to their children."

Majority opinion countered that radio has large children's audience during nearly all hours of day, thus FCC action carries it 'beyond protection of the public interest into the forbidden realm of censorship... The direct effect of its order is to inhibit the free & robust exchange of ideas... by means of radio & TV... The Commission has ignored both the statute which forbids it to censor... and its own previous decisions & orders which leave the question of programming content to the discretion of the licensee... To whatever extent we err, or the Commission errs... it must be in favor of preserving the values of free expression and freedom from government interference in matters of taste."

Since Court was split on decision, Commission lawyers speculated there's likelihood that agency will ask for en banc rehearing by Appeals Court. There's little chance FCC will ask Supreme Court to review case, we're told.

**ACT 'DEMANDS' OF NAB TV CODE:** Saying it was responding to "mounting national concern about TV's impact on children," ACT last week "demanded" that NAB make changes in TV Code "to protect children." If NAB refuses, according to ACT Pres. Peggy Charren, "then it will be necessary for the regulatory agencies to protect children from unfair program & advertising practices."

Actually, ACT already has been turned down by FCC & FTC on most of the changes it seeks in TV Code, to wit: (1) Require each station to present at least one after-school program weekly for children. (2) At least one daily program for pre-schoolers on each station. (3) Require public service announcements directed to children on such issues as health, safety, nutrition & ecology. (4) Eliminate all commercials from pre-school programs. (5) Ban spots directed to children for heavily-sugared food products. (6) Reduce commercial time on kid TV to 6 min. per hour by Sept. 1978.

News release announcing action said ACT "demands" change in Code. However, in letter to NAB Pres. Wasilewski, Charren said ACT "requests" changes "in order to reduce the amount of physical & cultural violence children watch." She said present Code doesn't adequately protect children and that stations have failed to live up to FCC's 1974 policy statement on kid TV. ACT asked for meeting with NAB and for "prompt action on these matters."

NAB Senior Vp Thomas Swafford, who is top Code exec., was in Cal. last week and said he hadn't seen Charren's letter. However, he thought it "ironic" that ACT would seek such Code regulation since it opposed family viewing and filed amicus brief in court against concept (Vol. 16:48 p2). TV Code Board meets April 18-20 in Washington, will discuss Act request then. Code Board also meets March 29 (during NAB convention) with NCCB & American Medical Assn. to discuss violence.

Merger of Time Inc. & ATC is subject of "exploratory discussions," according to announcement by companies. Time owns 10.5% of ATC's 3,715,684 shares; at current prices, its acquisition of remainder would cost about \$85 million. Discussions

are in "very preliminary stage," according to Time official. ATC official said: "Normally, such discussions wouldn't even rate an announcement, but our stock moved up and attorneys advised us to put out a statement."

**NAB—TAPE & CAMERAS:** Coming off record TV season, broadcasters are expected to be seriously shopping new equipment at NAB equipment exhibit March 27-30 in Washington, and buying could hit all-time high. There'll be plenty of new and ultra-sophisticated products to lure them. Most dramatic will be complete new generations of cameras, many of them in under-\$20,000 range, and more convenient & better-performing ENG gear. There should be extremely strong interest in 1" helical VTRs as lower-cost alternative to 2" quads—but most broadcasters are expected to hold off on actual purchases pending standardization by SMPTE working groups (Vol. 17:6 p2).

There are usually plenty of surprises at NAB, and some companies keep their new-product introductions under wraps until show, but these are expected to be among the highlights:

Sony will show completely new 2-tube portable ENG camera using new mixed-field Trinicon for chrominance, Hitachi-developed Saticon tube for luminance, weighing 11 lb. without battery and priced under \$20,000 with lens. Single-tube industrial version will sell for about \$6,000 through audio-visual dealers. Sony also will show portable version of its BVH 1000 1" helical-scan broadcast VTR.

RCA is adding new compact TK-760 studio-field camera in \$45,000 range; weighing 45 lb., it has basic electronics designed after those in portable TK-76. RCA will feature complete ENG package. In tape, it will show new small editor for TR-600 quad VTR. It also will display circularly polarized TV antennas and all-solid-state 5-kw AM transmitter. RCA announced last week that it had signed agreement with Hitachi to distribute Saticon selenium arsenic tellurium broadcast camera tubes and has license to manufacture Saticon tubes.

Philips is expected to unveil new line of color cameras of modular construction. At same time, it has reduced price of LDH-20—"the most popular pro-

**DISHES—SMALLER vs. 'BETTER':** RF Systems of Fla. (Orlando) has begun offering 6-meter dish for earth stations, claims it offers important advantage over smaller dishes to east coast cable systems interested in WTCG Atlanta pay programming.

Sales Engineer Rod Hurlburt told us 1-meter increase in size over 5-meter model costs only \$2,000 more yet increases gain by 1.9 dB. Though 5-meter dish is okay for HBO, Hurlburt said, signal of WTCG may be too weak—especially in extreme southeastern & northeastern states such as Fla. & Me. (Both WTCG & HBO use RCA Americom satellite system.) He estimated cost of 6-meter dish & necessary electronics at "under \$24,000" (with installation another \$3,500), 5-meter at "under \$22,000," 10-meter at about \$65,000.

United States Tower & Fabricating Co., Afton, Okla., also plans to offer 6-meter dish by April 1, according to Mgr. Danny Weathers. Dish, feed & support will cost \$11,000, excluding electronics; firm has no plans to offer dishes in other than 6-meter.

Smaller dishes are suitable for radio. RCA

professional camera ever produced"—by more than \$4,500 to \$23,250, including internal gen-lock sync generator, NTSC/FCC encoder and Plumbicons.

Thomson-CSF Labs will feature first production versions of its tiny Microcam. Its main new product will be digital noise-reducer for tape & camera, said to push limits of cameras such as Microcam at extreme low light levels; it also removes grain from televised film.

JVC will show self-contained ENG 3-Plumbicon broadcast-quality camera at below \$20,000, as well as new cassette tape editing system. Hitachi will also have new under-\$20,000 camera.

IVC, currently negotiating with "several companies," presumably including Bosch-Fernseh, which are seeking to acquire it, will display portable version of its Fernseh-design BCN 1" segmented helical VTR which it first displayed at recent SMPTE conference. Also featured will be new version of 1" standard Chromacon industrial-type VTR with all-new electronics.

Harris will debut new lines of TV & FM transmitters. TV units feature IF modulation, solid-state exciter, with transversal sideband filter on single 1.5-sq.-in. printed circuit board. FM line has solid-state exciter, digitally synthesized modulator, is claimed to provide highest level of stereo separation, 2-6-dB increase in loudness without signal distortion. Circularly polarized antennas also will be on display.

NAB engineering sessions will be highlighted by panel themed "Beyond ENG," same topic as highly-attended panel at SMPTE (Vol. 17:7 p5); related session will discuss union situation vis-a-vis ENG. Other engineering topics include minicomputers in automation, digital video-measurement techniques, character generators, digital noise reduction. AM stereo workshop will feature proponents of all currently proposed systems as well as representatives of National AM Stereo Radio Committee.

Americom plans March 21 press conference in N. Y. to demonstrate UPI radio networking with 6-ft. dishes. RCA spokesman said single transponder could simultaneously distribute all 6 UPI audio services, offering 8-kHz bandwidth per service vs. 5 kHz currently offered by AT&T, still have two 8-kHz channels to spare. Satellite also could be used for news wire, teletype or cathode-ray tube news distribution, spokesman added.

Meanwhile, FCC has suspended RCA satellite tariff—for 5,000 hours per year of TV transmission at \$153 per hour, for Hughes TV—has designated certain issues for hearing. RCA filed tariff after signing 3-year agreement with Hughes, but WU & Alaska objected that fee didn't cover costs. RCA spokesman said firm planned to offer service initially at "non-compensating" rate for competitive reasons, renegotiate at later date to cover costs. Net result of FCC action is that Hughes will have to pay higher rate of \$350 per hour under previously approved tariff providing for 1,800 hours per year.

Western Cable Show returns to San Diego Nov. 9-11.

**COMMERCE BUDGET THREATENED:** House Administration Committee's Subcommittee on Accounts has recommended 22% cut in House Commerce Committee budget—move which, if approved, jeopardizes activities of several Subcommittees, including communications.

During rancorous hearing earlier this month, Accounts Subcommittee Chmn. Dent (D-Pa.) repeatedly attacked Commerce Committee's growing budget, made plea for slowdown, noted that Committee & its 6 subcommittees had submitted "the largest budget ever proposed in the history of the Congress." Chimed in Rep. Annunzio (D-Ill.): "We have cut the budgets of every committee practically, and they have been substantial cuts... The lid is going to blow off this place when we take this to the floor." In subsequent session, Accounts Subcommittee voted to slash Commerce by 22%—from requested \$4,094,075 to last year's level of \$3,197,000.

Commerce Subcommittee chairmen immediately appealed to full House Administration Committee to relent, and full Committee last week delayed final action on Committee budgets pending attempt to hammer out compromise with Dent. Subcommittee chief counsels met with Dent's staff in 4-hour session last week to go over budgets "penny by penny," resulting in revised budgets substantially lower than original request, but still far above Dent's recommendation. If Dent refuses to go along with compromise figures at session with ranking Commerce members—expected to take place early this week—full Committee members will be faced with decision

**Effort to organize NAB under Communications Workers of America apparently has failed** (Vol. 17:7 p4), according to several non-supervisory employees. However, prime-mover Mike Barry of govt. relations dept., refused to discuss subject. Other employees said that improved pension & health benefits will result from union effort and that committee is expected to be formed to deal with grievances. NAB Pres. Wasilewski, on advice of labor counsel, sent March 7 memo to employees saying union would "change our working environment. It would seek to pit management against the employees... Hard & fast rules would be sought and imposed on all... We do not believe that such an impersonal relationship would be a step forward." Wasilewski also attempted to clear "confusion" about departure of Virginia Carnahan (of Radio Information Office), who Wasilewski said left by mutual agreement. Carnahan, who has filed NLRB & EEO complaints against NAB, responded: "You have lied. I never agreed to leave NAB. I was fired." Ironically, last 2 issues of NAB's monthly Radioactive have included articles on "The Non-Union Radio Station and How to Keep It That Way" by Ron Irion. Latest issue also has by-line story by Carnahan on WASH(FM) Washington.

**MCA plans week-long** (March 28-April 1) demonstrations of video disc player at MPAA in Washington, primarily for govt. agencies. Special showing is available for broadcasters attending NAB; if interested, call John Horton, 202-296-4620. Horton said it's "an accident" that demonstrations are same week as convention.

of whether to impose across-the-board cuts, go back to 1976 budget levels, or fight it out among themselves.

"If I had to go back to last year's budget, I'd be terribly cramped," commented Consumer Subcommittee Chmn. Eckhardt (D-Tex.). He said he was confident that "we'll work out something," but was adamant that he couldn't cover Subcommittee's "complex & broad range of subject matter" in face of 22% cut. Investigations Chmn. Moss declined to comment altogether, but Communications Subcommittee Chmn. Van Deerlin (D-Cal.) was optimistic: "I don't think it will matter," he told us. "We'll have enough money to take care of our activities. And if what we are given is insufficient, we'll just go back for more" in supplemental request later this year.

If Commerce is forced to return to last year's budget levels, Communications will be especially hard hit. Subcommittee already has personnel commitments totaling \$256,000, and last year's total budget was \$266,000. Thus, cut would mean no consultants, almost no travel, and no raises for staffers during Subcommittee's planned Communications Act rewrite.

In compromise attempt, Communications will offer to cut budget 11% (from \$498,000 to \$443,000), with cuts coming mainly from funds for consultants & travel; Consumer will suggest 13% cut (from \$399,645 to \$346,581), and Investigations will offer 6% cut (from \$898,000 to \$845,000).

**Three CPB board nominees have been selected** by President Carter, though their names hadn't been released officially at week end. They're former FCC Chmn. Newton Minow, now with Sidley & Austin, Chicago law firm; Sharon Rockefeller, wife of W. Va. Gov. Jay Rockefeller & daughter of Sen. Percy (R-Ill.), and Gilian Sorenson, wife of unsuccessful Carter CIA nominee Theodore Sorenson. They would succeed Robert Benjamin, Virginia Duncan & Thomas Moore, whose terms expired March 26, 1976 but who remain until their successors are confirmed. No Carter nominee will be eligible for chairmanship until Sept. 1978 at earliest because of board policy—reaffirmed at last meeting—that no director can be chmn. without having first served on board for one year (Vol. 17:11 p4).

**Confirmed for NCTA convention**, April 17-20, Conrad Hilton Hotel, Chicago: Keynoter Art Buchwald; comic David Steinberg for April 19 banquet; Sen. Hollings (D-S.C.); Reps. Van Deerlin (D-Cal.), Brown (R-O.), Murphy (D-N.Y.); FCC Comrs. Wiley, White, Quello, Fogarty; Gulf Oil PR Dir. Robert Goralski (ex-NBC reporter); columnist Pat Buchanan, world premiere of Woody Allen movie "Annie Hall"; tennis tournament; post-convention Las Vegas trip; 107 exhibitors occupying 40,000 sq. ft.; panel on "access vs. pornography." Van Deerlin "meet the press" session will be televised by WTTW Chicago, offered to other PBS stations.

**FCC's first "sunshine" meeting** takes place March 24, has 6 cable items on agenda, 3 broadcast, none major. For details: Information Officer Samuel Sharkey, 202-632-7260.

**GROUP W-ABC AFFILIATION FUSS:** Baltimore's ABC-TV affiliate for 20 years has been Group W's WJZ-TV. Contract expired last Oct., and Group W said it has been attempting to negotiate new one since Sept. Enter Hearst's WBAL-TV (NBC affiliate), which made formal presentation for ABC affiliation. Then, WJZ-TV was invited to make similar presentation.

Responded Group W Pres. Donald McGannon, to ABC-TV Affiliate Relations Vp Robert Fountain: "I'm at a loss to understand your statement or intentions. We have been in discussions for several months covering valid elements of differences. [We accept] your offer to renew the WJZ-TV network affiliation contract on your terms and conditions.

"We have done this reluctantly and only after substantial efforts...to engage in meaningful negotiations...Your position that these matters were essentially non-negotiable left us with no other practical choice...We have never sought nor solicited a change in affiliation...despite ABC's poor competitive position for 18 years or more.

"We do not intend to permit you to terminate our contract because of [charges at FCC] of the overly dominant position of the networks...We intend to take whatever appropriate action is necessary...to protect our contractual position with each of the networks."

McGannon also noted—though he didn't mention name—that John Conomikes (vp-gen. mgr. of Hearst's WTAE-TV Pittsburgh) is "associated...with the ABC Affiliates Committee [Conomikes is chmn.]. We have noted that membership on this body has given rise to favored treatment, a matter which we are currently examining in detail." "No comment," said Fountain and ABC.

\* \* \* \*

As expected, all 3 networks opposed Group W's request at FCC that pre-screening issue be segmented from over-all network inquiry (Vol. 17:9 p4). "A network cannot pre-screen that which it does have," said ABC. CBS called request "inappropriate, groundless & unnecessary." NBC: "Proposal is procedurally unsound, substantively unnecessary and actually would be harmful to the public interest." ABC & NBC suggested that if network must pre-screen shows 4 weeks in advance for affiliates, as sought by Group W, then outside syndicators such as Group W Productions should be under same rule.

**FEDERAL-STATE-LOCAL CONFERENCE:** Ferment in cable regulation—as among federal, state & local authorities—was clearly evident last week. First, there was day-long FCC conference on subject. At week's end, there was significant court decision slapping down N. Y. Cable Commission's effort to control pay-cable rates.

During FCC's conference, Jeffrey Forbes, exec. dir. of Mass. Cable TV Commission, asserted that state cable regulation has been "heavy-handed & premature," that 70-80% of Mass. systems are unprofitable; that Mass. Commission is going to deregulate unprofitable systems, control only those making money.

N. Y. decision by Judge Port in Northern Dist.,

Brookhaven v. Kelly, held that FCC has preempted regulation of pay cable, particularly in rates. Appeal had been brought by several cable systems & NCTA, backed by FCC.

Among highlights of FCC conference: (1) NCTA & NARUC urged FCC to support their proposed legislation on pole attachments (Vol. 17:11 p5). NARUC's Paul Rodgers said he believes many states will assume control over poles "in the long term."

(2) Teleprompter's Russell Karp attacked FCC's leased-channel rules which require cable operator to grant use on first-come-first-served basis. "Some suppliers," he said, "are better than others." Karp also said Commission's rules on obscenity aren't adequate, don't protect public or operator. Chmn. Wiley wondered: "If you go too far [regarding rules on obscenity] you invite other trappings of regulation such as apply to broadcasting."

Comr. Lee, commenting on leased channels: "The lessees complain that cable overcharges. I'm worried about FCC becoming an even bigger bureaucracy. Fight it out fellows. We don't want to play God."

(3) Richard Waterman, for city of Oakland, urged FCC to provide informational guidelines on rate-setting—but not to cover rates with rules. Viacom's Ralph Baruch said that marketplace should determine rates, that local authorities' need for votes often controls rates.

(4) Warner's Gustave Hauser said FCC should require franchising authorities to provide "due process" for renewals as well as original grants. But Sheila Mahony, CTIC, said FCC just doesn't have legal authority to impose due process on franchising—because it's not "ancillary to broadcasting." Same goes for FCC limits on franchise fees, she said, adding there's a "myth of high local fees."

William Strange, Sammons, stated that FCC should give cities guides on franchising & renewals. Saying he favors 15-year renewals, he warned that "lenders will go elsewhere" if franchises are shortened. He also urged FCC to require that franchises include policy regarding construction schedule and adding of extensions. Asked by Wiley about forfeitures, Strange stated: "Establish the rules; we'll back you; we'll follow them," quickly adding that he was speaking for himself, not for industry as a whole.

FCC Cable Bureau Chief James Hobson was quite pleased with conferences, said summaries will be sent to all participants. "Discussions were on a very high plane, without rancor," he said. NCTA Vp-Gen. Counsel Stuart Feldstein said: "It's good to talk about problems common to all. But I'm not sure it will help the Commission make decisions."

—

NAB has received "good vibes"—although no commitment—for attendance of President Carter at closing session March 30 of next week's convention. White House official said if President does speak, broadcasters "won't like what he's likely to say"—expected to include attacks on sex & violence. Pre-registration (as of March 16) for convention was 4,428—largest ever.

## Personals

**Anne Cox Chambers**, Atlanta Newspapers chmn., nominated to be ambassador to Belgium; she's wife of Cox Bcstg. Chmn. **Robert Chambers**.

**David Gardam**, ex-RCA, returns to NBC as exec. vp with responsibility for personnel & labor depts. and planning activities; **Michael Sherlock**, ex-Hertz vp-administration, named NBC News vp-business affairs & administration.

**Louis Rudolph** elected vp-motion pictures and novels for TV, ABC Entertainment; **Eddie Foy III**, ex-20th Century-Fox, named casting dir.; **Don Bay**, Cal. attorney, appointed ABC-TV west coast broadcast standards & practices dir.

**CBS Bcst. Group Pres. John Schneider** keynotes June 13-15 BPA seminar, Beverly Hilton Hotel, L. A. . . National Black Radio Network Pres. **Eugene Jackson** speaks March 24 at National Conference of Black Lawyers lunch, George Washington U. Faculty Club, Washington.

FCC Chmn. **Richard Wiley** speaks to AP Bcstrs. June 2-4 annual convention, Chase Park-Plaza Hotel, St. Louis; **Jay Bowles** promoted to AP general exec. responsible for broadcast membership; in decentralization of broadcast dept., **Anthony Rizzo** named eastern exec., **George Otwell** for central states.

**Andrew Litak**, former Carter campaign coordinator in Ida., named NCTA assoc. dir. of govt. relations; **Alex Best**, Scientific-Atlanta, and **James Stilwell**, CPI, named recipients of NCTA top engineering awards... **Charles Walsh**, Fleischman & Walsh, Washington law firm, appointed chmn., NCTA Communications Act Rewrite Committee's legal sub-committee.

**Jeri Baker**, ex-asst. to MPAA Pres. **Jack Valent**, named HBO PR dir., succeeding Vp-PR **John Barrington**, who resigns May 1 to form own PR firm... **Nicki Goldstein** promoted to INTV vp-operations; **Robert Somerville** to vp-sales.

**Sheldon Cooper**, WGN Continental Bcstg. vp-TV gen. mgr., named broadcasting dir., new post; **Orlando White** advanced to urban affairs mgr., WGN-TV-AM Chicago... **Carlton Nopper** appointed vp-research & technical development dir., new post, WMAR-TV-FM Baltimore... **Carl Carey**, ex-NBC Spot Sales, appointed sales mgr., WNBC-TV N. Y.

**Ben Okulski**, ex-Worldvision, joins KBHK-TV San Francisco as gen. sales mgr... **Frederick Eppinger** advanced to local sales mgr., KPIX San Francisco... **Joseph Kaspar** promoted to technical operations mgr., WOR-TV N. Y.

**Glenn Lahman**, ex-KDKA-TV-AM-FM Pittsburgh, named chief engineer, WJZ-TV Baltimore... **Loren Lucke** promoted to treas., WCCO-TV-AM-FM Minneapolis... **Jerry Cannady** advanced to news dir., WALB-TV Albany, Ga.

**Jeff Richmond** advanced to news dir., KMST Monterey, Cal... **Frances Reyes**, ex-Wells Fargo Bank, appointed public affairs dir., KJEO Fresno... **Doris Sherry** named community affairs dir., WJAR-TV Providence.

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with  
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**Robert Schneider**, ex-Outlet Bcstg., joins Metro TV Sales as Chicago sales mgr... **George Carlino** advanced to Storer TV Sales Detroit office mgr... **Chris Pfeiffer** named Kaiser Bcstg. Spot Sales research dir.

"New faces" in broadcast regulation—featuring Q-&-A with FCC Comrs. White & Fogarty—is highlight of March 26-27 BEA convention, Mayflower Hotel, Washington. Also on agenda: (1) "Conversation with TV critics" Les Brown, N. Y. Times; Tom Shales, Washington Post; Neil Hickey, TV Guide; Robert Smith, Boston U. (2) "New forms of TV programming," Phil Boyer, WLS-TV Chicago; Marv Chauvin, WOTV Grand Rapids; Lewis Klein, Gateway Communications; NATPE Pres. James Majors, WJBK-TV Detroit; A. R. VanCantfort, WSB-TV Atlanta.

"**Jesus of Nazareth**," 2-part 6-hour film, will be presented by NBC as planned—April 3 & 6—despite pullout of sole sponsor General Motors after complaint by religious fundamentalist Rev. Bob Jones, of Bob Jones U. Jones said he understands that film fails to show Christ creating miracles. Rev. Paul Stevens, of Southern Baptist Convention, saw film, termed it "the greatest religious film I've ever seen." NBC continued seeking sponsors.

## Obituary

**Merlin H. Smith**, 62, ex-chief of Complaint's Branch of FCC Best. Bureau, died March 13 of cancer in Chevy Chase (Md.) nursing home. He was in broadcasting 17 years (once owned Ft. Wayne AM) before joining Commission in 1964. Survivors include wife Angelina (administrative asst. at Bcst. Bureau), brother George (ex-chief of Bcst. Bureau), 3 children.

# Consumer Electronics®

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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended March 4 (9th week of 1977):

	Feb. 26- Mar. 4	1976 week	% change	Feb. 19-25	1977 to date	1976 to date	% change
Total TV.....	242,923	208,306	+16.6	323,399	2,251,585	1,921,140	+17.2
color .....	148,132	125,395	+18.1	189,321	1,384,172	1,144,087	+21.0
monochrome .....	94,791	82,911	+14.3	134,078	867,413	777,053	+11.6
Total radio .....	822,876	452,850	+81.7	851,497	5,718,352	5,019,326	+13.9
home, portable ..	566,816	216,251	+162.1	568,499	3,498,354	2,855,874	+22.5
AM-only .....	105,557	34,882	+202.6	91,016	909,190	564,843	+60.9
FM & FM-AM ..	461,259	181,369	+154.3	477,483	2,589,164	2,291,031	+13.0
auto .....	256,060	236,599	+8.2	282,998	2,219,998	2,163,452	+2.6

Color TV 5-week moving average: 1977—155,756; 1976—129,555 (up 20.2%).

**ITC DUTY HIKE VOTE DRAWS FIRE:** In move that offended almost every interest involved, International Trade Commission voted last week to recommend President Carter boost duty rate on imports of complete & incomplete color TV to 25%. Action drew cry of "not enough" from union-industry group that started import-limiting case, while Japanese screamed "too much."

Full remedy vote was about as complicated as earlier injury determination (Vol. 17:11 p7). Five commissioners favored color rate hike (to 25% for 2 years, dropping to 20% for 2 years, 15% in 5th year), while Comr. Ablondi called for color quota of 1,272,000, leaving duty at present 5%. Three (Chmn. Minchew, Comrs. Leonard & Moore) voted to increase duties on complete & incomplete b&w imports as well.

Important part of decision was acceptance by commissioners of staff definition of incomplete TV as either chassis with picture tube in place, or if lacking tube, "at least assembled to the point where no more remains to be done, prior to installation into the cabinet, than the incorporation of the picture tube, tuner & incidental components." Term puts a limit on import relief by excluding knocked down chassis & subassemblies from restrictions. Definition is still subject to modification, but, as legal counsel to one commissioner told us, "we voted for it as written and we won't stand for having it changed much." Acknowledging wording leaves some gray areas, he said "any problems will probably be settled in Customs Court."

Remedy vote came under immediate fire from all sides. Committee to Preserve American Color TV (COMPACT) said it was "disappointed" ITC didn't recommend quotas, as requested in group's import relief petition, called membership meeting for March 18 to discuss ways to pressure President Carter to discard ITC suggestion in favor of its own. Union leaders felt ITC's exclusion of subassemblies and its divided stance on b&w leaves industry still too vulnerable. Zenith's John Nevin lauded verdict, but said unfair import competition is still basic problem. Only restrained approval came from GTE Sylvania's George Konkol, who said ITC's "meaningful remedy" should give industry "time & atmosphere it needs to achieve a stable & normal working environment."

Japanese, for once, agreed with COMPACT. All indicated they'd prefer a quota to what they view as confiscatory tariff. "At least with a quota I'd know how many sets I could sell. With a 20% increase in duty, I'm not sure I could sell any," one told us. Over-all Japanese reaction is pretty well summed up in State Dept. Aerogram, which says manufacturers there were surprised at severity of rate hike proposal, believe: (1) It will cause serious injury to Japan's TV

industry. (2) It will result in unnecessarily higher prices to public. (3) Is contrary to free trade principles. (4) ITC doesn't understand Japan's viewpoint. (5) Negotiated settlement is needed. Japanese also are seriously concerned ITC vote will precipitate similar protectionist moves in Europe.

Japanese preference for quota & feeling ITC doesn't have full grasp of situation are understandable. Rise of 20 points in duty of typical 19" color set would mean \$20 jump in landed cost, minimum \$40 hike at retail. ITC staff report suggests a 25% duty rate is needed to equalize U.S.-made & Japan-made pricing if importer absorbs half of increase. Apparently not considered is that Japan TV pricing has been under Treasury scrutiny since agency's 1970 dumping finding, and sources at Customs tell us average Japanese set resale price in U.S. is usually just above dumping level. Japanese marketers here generally can't absorb \$5 per set, let alone \$20, without getting hit with offsetting dumping duties.

Option would be price rise in Japan, but home color market there was up just 2.3% last year indicating saturation, which means any significant hike would cut demand sharply. Another possibility, and one more likely if ITC proposal carries through, is increased U.S. manufacturing by Japanese. Our sources indicate that knocked-down Japanese 19" chassis could be shipped here and assembled with U.S.-made picture tube for about 10% less than landed cost of same set coming in at 25% duty.

Among Japanese, those with U.S. production facilities are in better shape than rest. Sony, Sanyo & Matsushita-Quasar should be able to stay in TV with only moderate hardship. Others have to be thinking of either setting up here or finding U.S. assembly subcontractors.

Among U.S. TV companies, RCA, which stayed totally out of controversy, appears to be in driver's seat. Color chassis it's bringing in from Taiwan & Mexico are sufficiently unassembled to slide in under higher duty rate. Its TV business also is highly profitable now, and if RCA views this as good time to push for more market share, other U.S. TV makers will find it hard to make any meaningful price increases stick.

How RCA sees situation was outlined by Pres. Edgar Griffiths at informal meeting with security analysts last week. Import restrictions, he said, will create upward pricing pressures which should bring better profits to U.S. manufacturers. He said he doesn't think there will be any significant change in import-vs.-domestic color market share picture. There could be opportunity for RCA in private label color market, if Japanese are forced out, he said, noting RCA has necessary extra capacity. B&W is now strictly price business, and restrictions resulting in price boosts could destroy that market with no offsetting benefit to color, Griffiths said.

Case goes on March 22 to President Carter, who is virtually bound by ITC's unanimous view that color segment of domestic industry needs import relief. Split vote on b&w means he needn't do anything in that area. Carter has 60 days to come up with decision—investigation by ad hoc TV Task Force comprised of representatives of various agencies, chaired by Steve Falken of Office of Special Representative for Trade Negotiation, has already started.

Carter is free to order remedy other than that recommended by ITC, if he feels it will do job, or none at all in name of national interest. Congress then has 90 days to override, order implementation of ITC recommendation. With allowances for delays, it could be late Aug. or Sept. before any real action to limit imports is taken.

Both Japanese & Executive Office hope negotiated settlement—meaning voluntary Japanese color export limit—will be final solution. Japanese would prefer it because quota would be easier to live with, U.S. because it wouldn't require granting of any offsetting concessions as mandated by GATT terms. Deal would work for color because need for 50% local content would keep Japanese from shifting production to Taiwan or Korea. No such deal would work for b&w, because U.S.-owned Taiwan plants are major foreign source for that product. Japan-only pact would also stave off trampling toes of Taiwan's & Korea's developing color industries, and, closer to home, save Admiral from reversing plan to make virtually all color portables & console chassis in Taiwan this year.

Agreement concept is certain to come up in Washington talks between Carter & Japanese

Prime Minister Takeo Fukuda this week. Pending resolution of some kind, Japanese TV marketers & catalog houses here are in midst of pricing quandary. Planning for spring convention "is impossible," TV sales mgr. at one major Japanese firm told us. "I may just quote prices as if nothing was going to happen or I may not give them any prices at all," he said. One thing is clear: Japanese feel they've carved place for themselves here, and they're not about to pull out. "Right now I don't know how, but we're in the American color market to stay," promised one top Japanese executive.

**EIA VOTES SUPPORT FOR COLOR DUTY BOOST:** EIA formally re-entered lists of foreign trade war at Washington convention last week when Board of Governors cast near unanimous vote supporting ITC's recommendation for higher duty rates on color TV imports. It's first such partisan stance on issue taken by EIA since 1972 when leadership decided that shunning that controversy was only way to keep association from falling apart.

RCA cast only negative vote, 2 others abstained, when resolution was brought to floor without any formal prior notice. Usual practice of having such potentially divisive resolutions voted on first at division level wasn't observed in this case. It's understood representatives from GE & Zenith weren't present when vote was taken. Other TV producers on board include Admiral, Magnavox, Sylvania & Wells-Gardner. Last 2, members of COMPACT, voted in favor; other votes couldn't be learned.

As approved for immediate transmission to President Carter, resolution says EIA feels ITC recommendation was arrived at "fairly & equitably," has group's support, and urges Carter give matter "immediate, serious & appropriate consideration."

Vote is viewed as serious setback for Japanese as, for first time, it puts U.S. industry as whole in favor of color TV import restrictions, makes Carter's job of negotiating settlement acceptable to Congress even more difficult. Within EIA, feeling is one of tension. Most of Japanese-owned companies are members—Fisher Radio, JVC, Panasonic, Quasar, Sony & just-joined Hitachi in Consumer Electronics Group alone—and how they'll feel about staying in an anti-import EIA is big question.

EIA Pres. V.J. Adduci, generally credited with developing policy that got EIA out of foreign trade issue, said he hopes foreign-owned members "give this action proper evaluation," that they understand motivations behind vote. Japanese companies we talked with all officially withheld comment. Off record, they feel vote was ramrodded through an unprepared board, many members of which have no personal issue at stake and voted yes as favor to old friends. As for dropping out, "we have to consider that as possibly a proper course of action," one said.

**RCA PICKS VTR SYSTEM:** All available evidence indicates RCA has selected JVC-Matsushita 2-hour VHS format for its entry into video-cassette recorder market this fall. At closed luncheon meeting of security analysts last week, Pres. Edgar Griffiths said RCA had decided on a system (but declined to identify it), is now negotiating terms and will make announcement as soon as agreement is signed. He said RCA had talked with both Matsushita & Sony, was impressed with both systems. Among other points made by Griffiths in answer to analysts' questions:

(1) In picture tubes, RCA is "working on some really dramatic changes" in labs, which could show up in products soon. (RCA has set up complete experimental glass & tube facility at Princeton Labs.) Picture tube operation's output is sold out for rest of year. (2) Scheduled \$20-million labor cost increase for 1977 in Consumer Electronics operation as result of new union contracts should be completely offset by increases in productivity. (3) Market-share gap between RCA & Zenith is smallest it's been in years, Griffiths crediting marketing program, new ad agency (Leo Burnett) & ColorTrak line.

**Ad notes:** North American Philips was consumer electronics industry's biggest network TV spender last year, \$11 million (including ads for non-electronic products), TVB reports. Others on list: RCA \$10.2 million, GTE \$4.1 million, Zenith \$3.2 million, P.R. Mallory \$2.9 million, Panasonic \$2.7 million, Masco \$2.3 million, Sony \$2 million, Texas Instruments \$1.9 million, National Semiconductor \$1.6 million, Hy-Gain \$1.1 million, Rockwell \$1 million, Dynascan \$710,000, Craig \$660,000, Memorex \$439,000, Superscope \$420,000, Lafayette \$259,000, Kraco \$88,000, Motorola \$58,000, Koss \$55,000...Clarion shifts \$2-million account from Dubberly/Ornstein to Kresser & Mazner...Craig adds Beach Boys to rock & pop artist endorsers of car stereo line...Pacific Stereo picks J. Walter Thompson for creative & production work on TV ads, placement staying in-house...RCA revives Little Nipper trademark for \$1-million CB campaign.

**Catalog color:** Penney drops 12" color set (Chroma-Loc tuning) \$40 to \$260, through May 28; Ward slices \$100 off 19" (now \$340), \$200 off 25" console (\$500) through June 27, in new sale books.

**40-CH. PRICE WAR?** Suppliers are reluctant to discuss it, but pressure on 40-channel CB prices is building. Regional skirmishes—possibly forerunner to brutal price war—are breaking out across country, and Penney & Ward engaged selves in mini-catalog battle in latest sale books: Penney lopped \$20 off own-brand 40-channel leader, dropped price to \$77 through May 28; Ward sliced \$50 off full-featured Midland unit, now \$140. Others are also cutting prices, and Motorola dropped range on 4-model 40-channel line from \$179-\$259 to \$149-\$199.

Glut of 23s is obvious cause, with flow of imports showing little sign of tapering off as Far East producers frantically try to get rid of remaining parts, chassis, etc., before FCC's Aug. 1 cut-off date on production of CBs under current specs. Even those firms without heavy 23 inventories are hurting, since continuing presence of bargain 23s is keeping 40-channel market from getting started (estimates of 23-to-40 sales ratio range from 5-to-10-to-1).

Import situation prompted number of leading CB firms (E. F. Johnson, Hy-Gain, Pathcom, SBE, etc.) to schedule March 18 meeting with FCC Chmn. Wiley. Group was expected to ask for some form of govt. relief from import flood, also press for re-examination of plan to permit type-acceptance & certification testing by Japanese labs (Vol. 17:6 p11). CB suppliers, plus number of nation's independent testing labs, reportedly feel move will shift too much design & engineering influence to Japanese OEMs.

Market chaos isn't bad for everyone. Radio Shack says its 23 inventories are gone, that special inventory purchase of 23s (reportedly 50,000-plus Regency units) has moved through pipeline and that it's shopping around for more. "Similar activities are planned for March & April," Chmn. Charles Tandy said, "inasmuch as 40-channel sets are expected to move at less than the anticipated rate until the 23-channel 'market overhang' is sold out." Radio Shack reported Feb. sales of \$70,543,000, up 31% from last year.

**First hearing** in Universal Studios-Walt Disney copyright suit against Sony & others (Vol. 17:6 p10 et seq.) ended with U.S. Dist. Court Judge Warren Ferguson: (1) Taking under advisement defendant's motion to dismiss on grounds no false representation was made in selling Betamax. (2) Rejecting own earlier statement to attorneys that 3 charges of violating state laws might have to be separated from case.

Liquidation of Benjamin Electronics hi-fi & Concord Communications CCTV operations is being wrapped up by parent Instrument Systems. Company has disposed of most inventory & spare parts, retains brand names. IS said businesses lost \$2.2 million in fiscal 1975, \$562,000 last year, excluding \$893,000 in disposition costs. Sales were \$6.8 million in 1975, dropping to \$3 million last year.

**Zenith b&w prices:** New 9" AC (Vol. 17:11 p11) is open-listed (about \$110); four 12" carry-over models range \$120-\$140; two 19" models are \$160; 3rd is \$170; 3-model 22" line starts with \$250 leader, others open list.

**JAPAN'S EXPORT YEAR:** Although booming shipments of Japanese TV & CB to U.S. created most of excitement last year, exporters there also enjoyed solid growth in audio equipment, official final 1976 data from Finance Ministry shows.

Total radio exports for year more than doubled to 11.2 million, as home radios rose 44.2% to 3.2 million, while auto radios, including tape combinations, jumped sixfold to just under 8 million. Increase for phonos hit 400%, due mainly to 50-fold rise for phono-only units, as radio-phonos rose 92.7% to 446,000. Gain for tape was held to relatively modest 10.6%, as total units hit 13.4 million. Home & portable recorders & players were up 9% to 11.2 million, auto units rose 18% to 2.3 million. Here are details:

#### JAPANESE EXPORTS TO U.S.

Full Year 1976			Full Year 1975	
	Units	Value(\$)	Units	Value(\$)
Total TV.....	4,401,768	616,290,954	1,861,664	249,392,514
color.....	2,959,002	530,448,898	1,215,104	210,836,019
b&w.....	1,385,477	81,466,469	646,560	38,556,495
chassis & kits .....	57,289	4,375,587	—	—
Radio-phonos, stereo	32,540	2,819,574	130,937	11,397,006
Radio-phonos, mono.	413,335	30,633,560	100,486	2,241,672
Radio-rcdrs. &				
other combo .....	3,787,601	133,627,172	4,999,294	203,689,413
Auto radio .....	7,974,562	308,639,675	1,375,961	33,410,298
Clock radios .....	634,416	16,885,756	408,011	8,889,465
Radios AM .....	377,732	5,588,750	220,940	1,709,321
Radios FM .....	811,966	11,428,543	1,618,717	116,677,986
FM hi-fi rcvrs. &				
tuners*.....	1,419,395	174,198,205	—	—
CB trcvrs., under				
100mw.....	996,960	5,781,831	1,209,841	5,004,960
CB trcvrs., other .....	13,117,390	698,737,297	3,759,333	196,211,193
Phonos.....	787,985	45,594,074	14,900	103,304
Tape players, auto				
cart.....	1,496,849	25,105,635	1,928,855	33,043,016
Tape players, auto				
other*.....	778,597	17,415,807	—	—
Tape rcdrs., reel .....	94,698	4,688,006	31,672	2,868,636
Tape rcdrs., cass .....	4,307,029	115,593,172	3,182,028	78,578,144
Tape rcdrs., cart .....	1,210,485	23,765,868	894,700	17,983,114
Tape decks, audio .....	1,766,589	123,770,246	1,122,592	72,703,800
VTR*.....	95,672	6,728,075	—	—

\*Not reported separately in 1975.

Latest casualty of murderous electronic game business is Allied Leisure, Fla. home & coin-op game producer, which filed Chapter XI petition listing \$5.2 million in debts. Firm asked court to leave business in control of current management, claiming it could turn profit in next 6 months. Among creditors are General Instruments, National Semiconductor & Signetics. Allied, which also makes pinball & slot machines, reportedly was saddled with heavy inventories of unsold home video games after late parts deliveries caused it to miss out on most of lucrative Christmas market.

Sylvania Entertainment Products Group is advertising for legal counsel willing to locate in Batavia, N. Y. . . Pioneer seeks to fill newly created PR mgr. post. Milton Bradley, toy firm that unveiled its initial electronic game at Toy Fair last month (Vol. 17:8 p11), is seeking microprocessor programming mgr. & electronic development engineer for new Electronic Game Development Dept.

**ZENITH'S '76 STORY:** Zenith maintained leadership in color & monochrome TV last year, but its share of market declined in both areas, while import competition made it necessary to reduce color prices. Increased manufacturing efficiency was largest contributing factor in earnings increase. Zenith annual report gives this breakdown of sales (in millions of dollars) by product category:

Product	1974	1975	1976
Color TV . . . . .	\$614	\$645	\$723
B&W TV . . . . .	91	74	88
Audio. . . . .	101	90	90
Part & tube sales. . . . .	62	57	46
Hearing aids, watches . . . . .	43	35	31
Total sales . . . . .	\$911	\$901	\$978

Report says Zenith color TV unit sales to dealers rose 10% last year from 1975, while industry sales increased 19%, attributing decline to huge increase in imports. Zenith's monochrome TV sales declined 3% vs. industrywide 5% increase, "primarily the result of gains made by lower-priced competitive offerings." Price reductions late in 1976 on small-screen models strengthened company's competitive position. Zenith's color inventory at end of year (8 weeks' supply) was substantially below that of competitors (12 weeks) and lower than Zenith's own position at end of 1975 (10 weeks).

Of Zenith's \$27-million increase in 1976 pretax profits over 1975, contribution of \$36 million was made by manufacturing & other efficiencies, \$21 million by increase in color TV unit volume, while payroll & material costs resulted in \$29-million profit deterioration, price reductions subtracted another \$1 million. In 1975, increased selling prices added \$23 million to profits. Tabulation in report shows that in last 5 years Zenith's inability to raise prices to offset cost increases reduced its pretax profits by about \$137 million.

Report says that in 1976 about \$13 million was invested in machinery & equipment, of which \$6 million was for production equipment to support new 19" "Able" tube, identified in report for first time as "Chromacolor II."

Advent is slowing production on new Model 750 home projection TV because of slower-than-expected sales, which, combined with start-up costs, will result in low earnings or loss for fiscal 4th quarter to March 26. Company said full fiscal 1977 will be profitable. Advent is reducing previous sales estimate of 20,000 VideoBeam sales for calendar 1977, but declined to give new estimate. Company will resume production of higher-priced Model 1000A, suspended in Jan. It said April-June quarter isn't expected to be much better than Jan.-March in projection TV sales.

Hy-Gain showed profit in fiscal 2nd quarter, though down 72% from same year-earlier period, offsetting most of loss posted in opening quarter. Sales were off 18% in quarter, 24% for half.

**Chrysler picks** RCA & Texas Instruments to provide engine-control microprocessors starting with 1979 model car line.

**MCA DISC PLANS:** Magnavox videodisc players are expected to go into in-home test phase on good scale soon, with first regional marketing still scheduled toward year's end. MCA Disco-Vision will be ready with catalog of 250-300 titles, according to Programming Vp Norman Glenn. About half of these will be multi-disc feature films, remainder divided among how-to, opera, ballet, documentary, travel, etc.—"to give the public a chance to tell us what they want."

Initial feature films will be largely from MCA's Universal library and from American Film Theater package, latter purchased on non-exclusive basis from Irving Kahn (Vol. 15:28 p3). Features will sell for \$10-\$15 ("Jaws" might be our price leader at \$10"), will include such pictures as "The Sting," "Andromeda Strain," "Slap Shot," some Universal pictures not yet released. Movies will be released on disc after theatrical debut but before CATV airings, Glenn told us. Movies will be priced lower, on per-minute basis, than much instructional discs (Julia Child on chocolate mousse, for instance, may be \$5.98 for single disc), because they have little permanent reference value and "the price must be comparable to a trip to the theater."

Break-even point will depend on cost to MCA, of course, but Glenn says if production costs are kept at reasonable level, MCA may be able to make profit on run of 10,000 discs. Unions get 15-17% of gross for disc versions of recent movies, payable to health & welfare funds, according to formula. Glass master disc costs about \$80 to make, plastic disc blanks come to about 12¢ each in material costs.

MCA is developing one-shot disc made without master for special industrial use, expects it to cost about \$10, Disco-Vision Pres. Jack Findlater told us. Major initial use may be as substitute for microfilm, taking advantage of disc's huge storage capacity of about 54,000 frames. After consumer player population reaches fairly good level, Findlater indicated, service might be available to transfer super-8 movies to such one-shot discs.

Magnavox is readying player production in Greeneville, Tenn. plant. RCA Pres. Edgar Griffiths, meanwhile, told security analysts last week that company has about 1/3 of titles needed to launch videodisc production but needs "new approaches" to fill out initial catalog, which has previously been estimated, like MCA's, at 250-300 titles, no more than 50% movies. Disc production yield is now "satisfactory to excellent," he said.

**Videocassette coding** system for security & control of programming is offered by Video Automation Systems, Pound Ridge, N. Y. "Secure-Copy" involves coder used in recording process and decoder needed for playback. Any videocassette player or recorder can be adapted for specific code. Only players equipped with proper code can play back coded video-cassette.

**MCA's first** open demonstrations of institutional videodisc player (Vol. 16:48 p10) are slated for Motion Picture Assn. hq in Washington, March 28-April 1. Invitations from John Horton, 202-296-4620.

## Trade Personals

**Thomas Garvin** promoted at Magnavox to video game gen. sales mgr., responsible for marketing through mass merchandisers & Magnavox dealers; **Donald Green**, recently joined from Coleco as national sales mgr. (Vol. 17:7 p14), will handle sales to toy industry and report to Garvin; **Ron Hill** advanced at Magnavox from asst. sales training dir. to regional mgr. development dir., with added responsibility for competitive product information.

**Joseph Stephano** promoted at Zenith from mgr., Parts & Accessories Div. ad & sales promotion, to mgr., Special Markets Div. (institutional TV) field sales... **Harvey Zelniker**, ex-Pickering, joins Acoustic Research as national sales mgr.; **James Benedict** named asst. national sales mgr... **Richard Pierce** promoted to Molex Switch Div. mgr.

**Ichiro Hasegawa** appointed Toshiba America OEM Div. consumer products sales mgr., succeeding **Hidefumi Maeda**, who returns to parent in Japan in International Div. sales post... **Gene Schillinger** resigns as Sankyo consumer products national mktg. mgr.; **Jack McMurray** joins as audio national sales mgr., assuming part of Schillinger's former duties... **Larry Faetz** advanced at Dynascan Cobra Communications Group from western sales training mgr. to western sales mgr.; **Patrick McNamara**, onetime Admiral, joins as national ad mgr.

**James Flanigan** promoted at Chicago Miniature Lamp Works to gen. sales mgr., succeeding **Ray Galarneau**, resigned to enter rep field; **Tom McGuire** named eastern sales mgr., succeeding Flanigan... **Robert Schaeffer** advanced to Bendix Electrical Components Div. gen. mgr., succeeding **Donald Quinney**, retired... **Richard Wilde**, Sylvania Component Group materials mgr., adds planning duties.

**Robert Pepper** promoted at Analog Devices from Semiconductor Div. gen. mgr. to gen. mgr. of new Microelectronics Group, assuming duties of **Robert Peterson**, who resigns as Microelectronics Div. gen. mgr... **Alex Wallace** advanced at Globe-Union Centra-lab Electronics Div. from applications engineering mgr. to mkt. development mgr., circuit products... **George Edwards** joins Radio Shack ad & sales promotion dept. as art dir.

**CB Scene: FCC** will schedule hearings on application of American Federation of CBer's for license covering 5,000 transmitters. **AFCB** Pres. **George Bennett** was found guilty in 1973 by U.S. Dist. Court on several charges, including mail fraud, counterfeiting CB documents and unlicensed operation, stemming from his involvement with United CBer's of America... **PC-77** attendance was 15,974 (9,000 in 1976), with 401 (211) exhibitors occupying 81,300 sq. ft. (34,000)... **Midland** introduces compact CB for small cars (\$175) and SSB mobile unit with clarifier control on mike for SSB fine-tuning.

**Same old story:** Annual start-of-year color tube price increase has fallen apart. It's understood that **RCA**, operating close to full capacity, attempted increase to help recover added costs. Competitors didn't go along, and raise never came off.

## 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
Acton			
1976-year to Dec. 31	18,186,000	1,521,000 <sup>a</sup>	.57
1975-year to Dec. 31	9,052,000	176,000 <sup>a</sup>	.07
1976-qtr. to Dec. 31	7,599,000	428,000 <sup>b</sup>	.16
1975-qtr. to Dec. 31	2,323,000	103,000 <sup>a</sup>	.04
AT&T			
1977-year to Feb. 28	33,418,383,000	3,982,170,000	6.27
1976-year to Feb. 29	29,598,380,000	3,246,795,000	5.27
1977-qtr. to Feb. 28	8,558,167,000	1,000,002,000	1.55
1976-qtr. to Feb. 29	7,678,227,000	831,203,000	1.33
Buckbee-Mears			
1976-year to Dec. 31 <sup>c</sup>	55,970,000	(305,000)	--
1975-year to Dec. 31 <sup>c</sup>	50,054,000	1,087,000	.35
1976-qtr. to Dec. 31	13,533,000	(941,000)	--
1975-qtr. to Dec. 31 <sup>c</sup>	14,331,000	636,000	.20
Clarostat			
1977-year to Jan. 1	11,718,000	683,000 <sup>a</sup>	1.23
1975-year to Dec. 31	10,089,000	226,000 <sup>a</sup>	.41
Hy-Gain Electronics			
1977-6 mo. to Feb. 26	33,863,252	(296,624)	--
1976-6 mo. to Feb. 26	44,805,467	10,678,270	3.11
1977-qtr. to Feb. 26	21,551,597	1,737,974	.43
1976-qtr. to Feb. 26	26,187,481	6,268,861	1.83
MPO Videotronics			
1977-qtr. to Jan. 31	4,652,556	154,889	.26
1976-qtr. to Jan. 31	4,192,282	58,883	.11
Superscope			
1976-year to Dec. 31	181,000,000	7,900,000	3.43
1975-year to Dec. 31 <sup>c</sup>	157,300,000	6,000,000	2.60
1976-qtr. to Dec. 31	51,000,000	1,700,000	.74
1975-qtr. to Dec. 31 <sup>c</sup>	51,500,000	900,000	.39
Wells, Rich, Greene			
1977-qtr. to Jan. 31	7,581,767	206,936	.48
1976-qtr. to Jan. 31	6,936,000	149,400	.33

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>After special charge.

<sup>c</sup>Restated. <sup>d</sup>Adjusted.

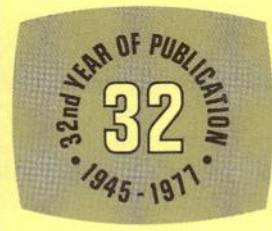
**Consumer electronics** won't get its customary brush-off treatment at seminars being held in conjunction with annual IEEE convention & exhibition (Electro) in N. Y., April 18-21. April 18 morning session will be devoted to CB, with papers & talks by FCC & industry spokesmen. Home & hobby computers will be covered in April 19 afternoon presentation. April 20 morning sessions will be on European consumer electronics market & impact of circularly polarized TV transmission antennas on reception, while afternoon session will cover history & future of TV games. Highlight evening session, April 20, is entitled "The State of the Art in Psychic Research," and is follow-up to parapsychology & ESP session that drew overflow crowds several years ago. Exhibit will be at Coliseum, sessions at Americana Hotel.

**Labor Dept.** opened 2 import adjustment assistance cases for displaced GE workers: (1) Former workers in Syracuse transistor, diodes & opto-electronics plant. (2) Light value TV production & special pickup tubes in Liverpool, N. Y. Agency also opened cases for workers producing transistors at RCA's Mountaintop, Pa. plant and those making ICs at Sommerville, N.J. facility.

WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**FCC'S PAY-CABLE RULES** are vacated by U.S. Appeals Court in unanimous decision; Court sets strict standard for future cable regulation, limits commissioners' ex parte contacts. U.S. Tax Court finds cable franchise costs depreciable. (P. 1)

**NAB—FIRST AMENDMENT & VIOLENCE:** President Carter won't be there, but record number of broadcasters are expected in Washington this week for NAB's 55th convention. First Amendment 'confrontation.' Wiley, Van Deerlin, Hollings, O'Neill featured speakers. (P. 3)

**PUBLIC BCSTG. SCORED** on EEO performance by Wirth-delayed draft House Communications Subcommittee report; FCC asked to reconsider recent EEO changes, strengthen them 'across the board.' (P. 4)

**MOSS CASTIGATES FCC** for mere one-day suspension of Cottone, asks full explanation. FCC responds that letter violates ex parte rules. (P. 4)

**1" VTR COUP—CBS** buys 15 Sony units, following order by NBC for 8, while SMPTE working group continues to ponder standardization. (P. 5)

**NEWSPAPERS' STAKE** in broadcasters' First Amendment struggle is ignored 'at their own peril,' Van Deerlin tells ANPA. (P. 5)

**FCC PAY RULES VACATED:** In total defeat for broadcasters and a major victory for cable, unanimous 3-judge panel of U.S. Appeals Court (D.C.) has thrown out FCC's restrictions on pay-cable programming, set strict standard for future regulation of cable and sharply limited FCC commissioners' freedom to talk with interested parties about pending rulemakings.

In case consolidating 15 challenges of FCC rules by broadcast, cable, motion picture, sports & public interest groups, Court threw out Commission's pay-cable rules because FCC "has exceeded its authority over cable TV in promulgating the pay-cable rules and because there is no evidence to support the need for regulation of pay-cable TV." Rules were challenged in March 1975 (Vol. 15:12 p2), argued in April 1976 (Vol. 16:17 p2). Judges MacKinnon, Wright & N. Cal. Dist. Judge Stanley Weigel made up unanimous panel.

Court rejected rules for several reasons: (1) FCC exceeded its jurisdiction in regulating pay cable because—though it still can regulate cable—objectives of pay-cable regulation aren't same as FCC's objectives in broadcast TV regulation. "We do require that at a minimum the Commission, in developing its cable-TV regulations, demonstrate that the objectives to be achieved by regulating cable are also objectives for which the Commission could legitimately regulate the broadcast media. Where the First Amendment is involved, more will be required."

(2) "Even if the Commission had jurisdiction to promulgate its anti-siphoning rules, there is no evidence in the record supporting the need for regulation." FCC claim that nationwide TV service would be harmed because whole nation can't be "wired" is "a naked allegation, unsupported in the record," Court ruled. "Indeed, the Commission has nowhere spelled out even a theory of the dynamic which could result in loss of broadcast TV service to regions not served by cable. Nor is such a dynamic readily apparent."

(3) Neither record nor previous decisions "sanction regulation of cable TV to prevent 'unfair competition.'"

(4) Rules violate First Amendment. Pay cable's use of wire rather than spectrum makes pay cable different from broadcast media, court stated.

On issue of ex parte contacts of industry representatives with commissioners—raised by ex-FCC Gen. Counsel Henry Geller as "friend of court"—panel stated it couldn't determine effect of such contacts on FCC's final rules, concluded that because of this lack of knowledge "it is simply not possible to know the contents of the 'full administrative record.'" Therefore, Court found, ex parte contacts "violate fundamental notions of fairness implicit in due process... It is imperative that agency officials involved in the decisional process of a rulemaking shun ex parte contacts on the subject matter of the rulemaking from the time a notice of proposed rulemaking issues until a final decision in the proceeding. If ex parte contacts nonetheless occur, the substance of the contacts must be reduced to writing and put in a public file."

Subscription-TV rules—for over-the-air pay TV—were left standing by Court pending FCC review of impact of ex parte contacts on those rules. However, Court added, "it seems unlikely" that ex parte information will require Commission to vacate STV rules. Court said it let those rules stand because earlier court affirmation—in NATO vs. FCC (1970)—wasn't reviewed by FCC in Commission's writing of pay-cable rules.

Other by-products of decision: HBO appeal for waiver of pay-cable rules for certain movie showings was dismissed as moot; FCC was ordered to terminate its proceeding on warehousing.

FCC, NAB & networks had no comment, but decision is certain to be appealed by broadcasters. Attorney told us "very sweeping opinion" goes into effect immediately. In order to be delayed, Court would have to grant stay. Part of decision on ex parte rules is expected to have immediate impact on operation of FCC. "In effect, the Court says, you can't talk to the commissioners on any rulemaking proceeding," lawyer told us. "There's going to be a lot of lonely guys over there."

NCTA Pres. Robert Schmidt commented: "We're very pleased with the Court's decision. It vindicates our position that the marketplace should determine these questions and not arbitrary rules of the FCC."

\* \* \* \*

Cable also won major victory in U. S. Tax Court which could mean tax savings of "hundreds of millions of dollars" for industry, according to attorney who participated in case. March 21 decision by U. S. Tax Court Judge C. Moxley Featherston reversed earlier IRS ruling that system owner can't depreciate cable franchise cost in computing federal tax.

IRS had applied to cable systems same logic it applies to broadcasters: Though franchise is granted only for certain fixed term, it should be considered of "indeterminate term" because it is usually routinely renewed.

IRS rule was challenged in 1974 by Chronicle Publishing, San Francisco. Firm owns Western Communications, Walnut Creek, Cal., owner of 9 systems in Cal. & N. M. with 90,000 subscribers as of March 1. Chronicle succeeded in convincing court that franchise cost should be depreciable because: (1) Rapidly evolving technology and regulatory change undermined any "reasonable certainty" that franchise would be renewed. (2) Even if renewed, franchise's terms & conditions could be expected to be substantially different.

**NAB-FIRST AMENDMENT & VIOLENCE:** President Jimmy Carter has sent his regrets, but over 6,000 broadcasters are expected in Washington March 27-30 for NAB's 55th convention, this year in 3 Washington hotels. As a matter of fact, none of new Administration's officials are on program—but there's good representation from Congress & FCC.

And while Commission didn't come up with usual blockbuster decision on this convention eve (principally because of sunshine law), D.C. Appeals Court more than took up slack with March 25 order vacating all pay-cable rules (see p. 1). That decision—along with recent decisions by same Court on broadcast indecency (Vol. 17:12 p1), newspaper-broadcast cross-ownership (Vol. 17:10 p1)—and TV violence, Communications Act rewrite and First Amendment (which NAB is seeking to spotlight) likely will dominate talk of conventioneers. Pre-registration was largest ever, and NAB officials expect 1973 attendance record of 6,083 (also in Washington) to be topped.

For first time, convention officially opened Sun. with presentation of Distinguished Service Award to Plough Chmn. Harold Krelstein. (Years ago, secondary-market TV had Sun. session, but it wasn't part of official convention agenda.) This week also sees further separation of TV & radio, working toward what amounts to back-to-back conventions next year in Las Vegas. Radio-TV meet jointly for opening session, Mon. luncheon speech by FCC Chmn. Wiley, afternoon "First Amendment Confrontation" and closing Wed. FCC panel—at which all commissioners except Quello will answer questions of broadcasters.

Logistics of convention "are horrible," NAB exec. told us, with 3 hotels used for sessions & exhibits and delegates spread all over Washington and Md. & Va. suburbs. Joint & radio sessions will be at Sheraton Park, TV at Washington Hilton, engineering at Shoreham Americana (along with most NAB staff offices), exhibits at all 3. Free shuttle busses will run frequently from several downtown hotels. Manufacturers won't set record in space they utilize—but only because NAB didn't have as much space as it could've sold.

Wiley plans "a philosophical speech" on de-regulation and the First Amendment. He'll also moderate panel of top FCC staffers at Tues. session. NAB Pres. Wasilewski speaks separately to TV & radio delegates. At TV, he'll state need for license stability, self-regulation and Code efforts (including 6 meetings with public this fall, patterned after FCC meetings), First Amendment and how emerging technology can affect localism under proposed Communications Act rewrite; at radio session, he'll stress what NAB is doing and plans to do for aural medium.

House & Senate Communications Subcommittee Chmn. Van Deerlin (D-Cal.) & Hollings (D-S. C.), respectively, will both appear before separate TV & radio sessions. Van Deerlin, in prepared text, will suggest that UHF Chs. 67-69 could be reallocated for new "low-power, narrow-bandwidth radio stations." He suggested as many as 450 such stations could be added to Washington, same number in Baltimore using same channels. "As you seek de-regulation, including a longer license term and relief from...paperwork, you must accept competition," Van Deerlin says. Future of radio study will be presented by Research Vp John Dimling.

NAB has a "keynoter" this year—CBS commentator Eric Sevareid to open First Amendment discussions. Panelists include ex-Comrs. Lee Loevinger, Kenneth Cox & Nicholas Johnson, Sen. Proxmire (D-Wis.) & ex-Senate Communications Subcommittee Chmn. Pastore (D-R.I.), recipient of this year's "Grover Cobb Award" (see p. 6). Session will be introduced with novel NAB "newspaper" printed just before a mythical "Federal Newspaper Act"—putting print media under fairness & equal time—becomes law.

Featured at Mon. TV session will be panel of ex-FCC chairmen—Dean Burch, Fred Ford, E. William Henry, Rosel Hyde & Newton Minow. House Speaker O'Neill (D-Mass.) speaks at Tues. TV lunch, concurrently with CBS radio commentator Lowell Thomas at radio and Cornell U. Astronomy Prof. Carl Sagan at engineering. Other TV highlights include "in-the-box" sessions on televised violence & pay cable, electronic news gathering, TV ratings, "what's new" in TV programming & syndication and 4th network proposals.

**PUBLIC BCSTG. SCORED ON EEO:** Draft House Communications Subcommittee report—circulated to members for comment 2 weeks ago—proposes strong criticism of public TV & radio for minority & female hiring practices, reserves especially harsh words for FCC. Subcommittee was to have considered report last week, but Rep. Wirth (D-Colo.) sought delay, subsequently asked CPB, PBS & public radio for comment by April 1.

PBS reportedly was especially chagrined with report's strong criticism, but Chmn. Van Deerlin (D-Cal.) & Wirth spokesman denied rumor that Subcommittee delayed report in response to pressure from public broadcasting groups. "I can assure you that it will be the first thing acted on after the Easter recess" ending April 18, Van Deerlin told us. "It was a question of convenience and giving the members adequate time to study the report."

Draft concludes: "No increased authorization for public broadcasting will be considered until the Subcommittee is satisfied that these goals have been achieved." Among goals outlined in report:

(1) PBS and public radio groups should seek more minorities & women for governing boards, encourage stations to adopt affirmative action plans, consider making adoption of such plans a condition for membership. PBS "has continually resisted assuming a position of leadership [in EEO matters] and has left CPB to take the political heat. Its lack of commitment borders on negligence."

"I am frankly astounded" that FCC suspended attorney Benedict Cottone for only one day (Vol. 17:11 p4), House Investigations Subcommittee Moss (D-Cal.) wrote FCC Chmn. Wiley March 22. Moss noted that special judge recommended 6-month suspension, said Commission "clearly ignored" judge's findings of Cottone's "contemptuous conduct." Congressman added that light censure "gives ample notice that no matter how flagrantly a practitioner violates the Commission's ethical rules, he can expect no meaningful sanction." On behalf of Subcommittee, Moss demanded that FCC "justify its decision in writing... Let me make it clear that I expect more than a simple recital of the Commission's written decision." FCC Exec. Dir. Richard Lichtwardt wrote Moss that case "is still in an active adjudicatory posture" and that it would be improper for Commission to respond until all avenues of appeal have been exhausted. He also told congressman that inquiry was being placed in public record under FCC's ex parte rules.

**Pole attachment** legislation shouldn't be considered by House Communications Subcommittee unless forfeiture bill also is included, NAB Senior Vp Donald Zeifang wrote Chmn. Van Deerlin (D-Cal.) "That would seem to be the only fair and equitable way to handle these issues after the way forfeiture legislation was killed by cable last session."

**WBAL-TV (NBC affiliate)** Baltimore has withdrawn request for ABC affiliation and network said it'll remain affiliated with Group W's WJZ-TV (Vol. 17:12 p5).

(2) CPB also must try harder to improve public broadcasting's EEO record, drop enforcement "timidity" stemming from fear of station reprisals or from effort to preserve "insulation" from govt. interference.

(3) Congress should "address directly" whether or not CPB should be made responsible for EEO policymaking & enforcement, should require all public broadcasting stations to establish public boards to qualify for federal funds. Senate should push for better CPB board nominees rather than to "simply defer" to President.

(4) President should appoint more women & minorities to CPB Board.

(5) FCC should reconsider recent EEO rules and "strengthen them across the board, especially insofar as they apply to public broadcasting." Specifically, draft recommends that FCC rescind detailed reporting exemption for stations with fewer than 10 employees and workforce survey exemption for stations with fewer than 50 employees; "dedicate itself to the 'vigorous oversight' promised by Chmn. Wiley in Aug. 1976" by "significantly increasing" EEO personnel, considering separate EEO unit for public broadcasting, changing Form 395 to "more accurately reflect" actual positions & titles used by broadcasters.

"The record of the FCC in EEO matters has been singularly disappointing, especially in recent years," draft states.

**House Commerce Committee's 22% budget cut**—by House Administration Subcommittee on Accounts—remains unchanged as Commerce chairmen were unsuccessful in attempt to seek compromise. Accounts Subcommittee had cut Commerce request of \$4.1 million by 22% to last year's budget total of \$3.2 million (Vol. 17:12 p4). However, if Subcommittee chairmen find later in session that they've run out of money, "we will be glad to give you serious and sympathetic consideration if necessary," Accounts Chmn. Dent (D-Pa.) told them. Accounts Subcommittee left up to Commerce chairmen how to divide up remaining funds, and at week end no decisions had been made. Expected to be especially cramped will be subcommittees that requested relatively large increases over last year's budget, including Communications & Consumer Subcommittees.

**Compensation of CBS execs.** in 1976, as disclosed in proxy statement for April 20 stockholders meeting in L.A.: Chmn. William Paley, \$500,577; Pres. John Backe (who didn't become pres. until Oct. 13), \$284,162; Bcst. Group Pres. John Schneider, \$325,000; CBS Records Pres. Walter Yetnikoff, \$257,923; CBS Columbia Pres. John Phillips, \$231,000. Statement reports that ex-Pres. Arthur Taylor was paid \$353,846 through Oct. 13, additional \$46,276 for remainder of year. CBS said it's "conditionally obligated, under certain circumstances," to pay Taylor \$250,000 annually in 1977-78 and \$100,000 in 1979. CBS Bcst. Group had net sales of \$1.042 billion in 1976, income before taxes of \$215.2 million.

**SONY'S 1" VTR COUP—CBS BUYS 15:** Even as SMPTE working group was attempting to reconcile differences between competing Ampex & Sony 1" helical teleproduction VTRs as candidate for successor to 2" quad machine (Vol. 17:6 p2), CBS—one of prime proponents of standardization—seemed to throw psychological weight on Sony's side with NAB-eve order of 15 Sony machines after year-long test of 3 prototype units.

It had previously been indicated that NBC had ordered 8 of the Sony omega-type BVH-1000 recorders. CBS said first group of new machines would be used at CBS Studio Center & TV City in Hollywood for electronic production, editing and central videotape operation. CBS-TV Engineering & Development Vp Joseph Flaherty called performance "equal to or better than" quad machines, with advantage of low initial & operating cost, small size, greater flexibility, forecast "rapid & widespread acceptance of this new videotape format in broadcast operations."

CBS, with ABC, was co-author of proposed compromise standard VTR specs to bring Sony & Ampex approaches into compatibility, being considered by SMPTE group, which meets in Washington March 31 following NAB. Ampex & Sony officials declined to comment on effect of CBS action & statement on deliberations; Flaherty, who represents CBS on standards group, wasn't available for further comment. However, SMPTE Engineering Vp Roland Zavada, Eastman Kodak, told us that it was hoped that any machines sold now could be retrofitted to meet future standard.

One VTR expert told us that original ABC-CBS proposed specs appeared to favor approach taken by Ampex's 1" VPR 1, but standards group's 2nd meeting seemed to veer closer to Sony. There was unconfirmed speculation that Ampex may be preparing modification of its machine for compatibility with tapes made on Sony unit.

Sony & Ampex 1" VTRs are non-segmented type. Segmented type developed by Bosch Fernseh already has achieved widespread acceptance in Europe, and is being offered here by IVC, Philips & RCA, in addition to Fernseh, but U.S. broadcasters' attention so far has been stolen by non-segmented approach.

Meanwhile, large number of NAB exhibitors prepared to show new generations of color cameras (Vol. 17:12 p3). Latest is Philips, which promises "unique camera & system, a breakthrough in TV technology." Another one of those blockbuster NAB-eve equipment announcements came from Ikegami: ABC has ordered 30 of its shoulder-carried HL-77 ENG cameras—over \$1 million worth—for its N. Y., Chicago & L.A. operations.

IVC is under "severely increased strain" on cash flow as result of change in credit arrangement by banks, causing some doubt as to how long operations can continue at current levels, company says. As result, it adds, it can't assure that current acquisition discussions (Vol. 17:12 p3) will go through, but if such talks are consummated, "the price per share payable... may well be substantially below the present market price."

"If the scarcity argument still holds any water, it may be more applicable to your industry where there are only 1,700 daily papers, than to the broadcasting industry where there are over 8,000 radio stations," House Communications Subcommittee Chmn. Van Deerlin (D-Cal.) told ANPA, inviting newspaper industry participation in Subcommittee's planned rewrite of Communications Act. "I have long thought that newspapers ignored the debate on the First Amendment protection for broadcasters at their own peril." Van Deerlin questioned whether new technologies might make newspapers "public trustees" just like broadcasters, citing example of Wall St. Journal publishing regional editions via satellite and future possibility of electronic delivery of papers directly to homes. "My point is not that we should extend the fairness doctrine and other such regulations to newspapers... I simply want to suggest to you that as distinctions between technologies become blurred, your stake in the First Amendment and all that it stands for becomes even more important."

Nomination of Michael Pertschuk as FTC chmn. has been formally announced by White House, as predicted (Vol. 17:8 p4), and Senate Commerce Committee—where Pertschuk served as chief counsel—plans March 30 confirmation hearing. Consumer Subcommittee also has set May 3-4 hearing on FTC Act amendments now being drafted by staff of Chmn. Ford (D-Ky.); amendments are expected to be similar to those being contemplated by House Consumer Subcommittee chaired by Rep. Eckhardt (D-Tex.) (Vol. 17:11 p5). Staff Counsel Edward Cohen has been named Senate Commerce consumer counsel, succeeding Edward Merlis, now Commerce staff dir. White House also announced it will nominate Esther Peterson to be special asst. to the President for Consumer Affairs, with special responsibility for bill to establish Agency for Consumer Advocacy. Peterson, Giant Food Stores vp-consumer affairs, was consumer advisor to President Johnson.

Networks have shown "a shocking lack of commitment to do something meaningful about the problem of excessive crime & violence in network programming," according to Group W. Commenting on network's opposition to its request that FCC adopt pre-screening rules for network programming (Vol. 17:12 p5), Group W added network's objections are "artificially constructed barriers intended to forestall the adoption of a measure which is essential if local stations are to have the practical ability to exercise their sole responsibility for the selection & broadcast of programming." Meanwhile, ABC said it'll expand pre-screening (starting April 4) to give affiliates "an opportunity to preview the full extent of ABC's prime-time programming."

First major demonstration of Warner Cable's 2-way system in Columbus, O. (Vol. 17:7 p2) was conducted last week, with city officials as invited observers. Show entitled "How Do You Like Your Eggs?" with MC Bill Cullen pitted on-screen panel against 200 terminal-equipped home viewers in quiz game. Viewers competed against panel in answering questions by using 5 numbered buttons on home terminal.

## Personals

**Ex-Sen. John Pastore** (D-R.I.) receives NAB's "Grover Cobb Award" at March 28 convention luncheon; he is being cited for "contributions to broadcasting and government."

**James Alic**, RCA Consumer Electronics Div. vp-operations, named NBC exec. vp responsible for finance, research & corp. planning; **Aaron Rubin**, NBC financial exec. vp, named exec. vp responsible for conducting "major corporate projects."

**S. Arthur Schimmel** promoted to vp-worldwide sales & distribution, ABC Picture Holdings, in re-organization; firm will continue to distribute ABC-produced films to theaters, adds responsibility for foreign syndication of current ABC Entertainment productions; **Barbara Gallagher** elected vp-asst. to the pres., ABC Entertainment, assumes added responsibility for artist relations; **Edgar Malkin** promoted to east coast contracts dir., ABC-TV, succeeding **Anthony Farinacci**, now east coast business affairs dir.

**Elton Rule**, ABC pres., receives National Conference of Christians & Jews Gold Medallion "for his contributions to the cause of brotherhood" at April 21 dinner, Waldorf-Astoria Hotel, N.Y.; **James Abernathy** advanced to ABC vp-corp. relations, remains responsible for firm's relations with investment & business communities.

Gen. Sales Mgr. **Roland King** promoted to station mgr., KMSP-TV Minneapolis; **Stuart Swartz**, local-regional sales mgr., succeeds King; **Paul Pearse**, ex-Blair TV, joins KMSP-TV as sales mgr... **William Garrison**, Multimedia Bcstg. engineering dir., named vp-engineering & govt. affairs.

**Robert Sammon** named corp. services dir., ABC; **Frederic Neuwirth**, ex-Tishman Realty, appointed real estate & construction dir., new post... **Robert Donahue**, ex-WJZ-TV Baltimore, joins WMAR-TV Baltimore as vp-engineering dir... **Lawrence Lynch**, Blair TV program dir., appointed a vp.

**Wanda Tucker & Clifton Hahne** named Katz TV Dallas sales mgrs.; **Pamela Gold** named asst. sales mgr., Katz TV N.Y... **Keith Swinehart**, ex-WCBS-TV N.Y., named eastern sales dir., CBS-TV Stations National Sales.

**Jan Eggers** named gold team sales mgr., **Jan Kopic** appointed blue team sales mgr., Harrington, Righter & Parsons, in div. of L.A. sales office... **Herbert Fuchs**, counsel to House Judiciary Committee for copyright legislation, retires... **Thomas Hingson** promoted to vp, Tower Communications Systems.

**Carter Hardwick**, vp-gen. mgr. of WCBD-TV Charleston, S.C., resigns to form broadcast management consulting firm: Box 146, Charleston 29402, 803-884-3867... **Richard Thrall** promoted to vp-Multimedia Program Productions, WLWT Cincinnati... **John Nielson**, ex-WKBD-TV Detroit, named engineering mgr., KBHK-TV San Francisco.

**Glenn Lahman**, WJZ-TV Baltimore chief engineer, and **John Lyons**, Riverside Bcstg. facilities

planning engineer, named Society of Bcst. Engineers fellows... **Donald Wear**, ex-special asst. to FCC Chmn. **Richard Wiley**, appointed TV/Radio Age chief of operations-Europe & United Kingdom, Paris hq.

**Scott Miller**, CPB exec. vp, resigns to purchase own business; **Raul Espinosa** promoted to CPB development dir... **Bryce Rathbone**, Arbitron TV eastern sales mgr., advanced to vp, Arbitron TV Sales... **Sandra Landau** advanced to Viacom Enterprises vp-business affairs, east coast.

**Bess Myerson**, ex-N.Y. consumer affairs commissioner, elected a dir., Warner Communications... **Larry Allen** promoted to engineering dir., Clearview Cable TV & Micro-Relay Inc... **Robert Hilliard**, ex-vp-gen. mgr. & co-owner of Southeast Cablevision, St. Augustine, Fla., appointed mgr. of Teleprompter Cable TV's N. Cal. district, Santa Clara hq.

—

"Competition" will be key word in legislative rewrite of Communications Act, ABC Senior Vp-Gen. Counsel Everett Erlick said in prepared remarks to March 27 radio affiliates' meeting in Washington. He forecast rewrite could be designed to "stimulate wider & more liberal use of every possible means to inject competition." These include cable & satellite services and such new technology as fiber optics, as well as new broadcast frequencies above & below present standard band. It would be unwise, he added, "for any radio broadcaster to assume that the stimulation of multiple, alternative means of communications will leave his operation unaffected." He strongly urged broadcasters to personally express views to Congress, rather than leave matter to Washington attorneys or NAB.

**Westar Bcst. Group** will demonstrate small antenna satellite distribution system for radio at NAB convention. System will use 10-ft. dish, offer audio channels with 5 kHz to 15 kHz bandwidth (vs. 5 kHz currently offered radio by AT&T). RCA unveiled similar service March 21 (Vol. 17:12 p3).

**TV frame identification** technique for videotape editing, developed jointly by CBS & Sony, will be exhibited by Sony at NAB convention. Called Vertical Interval Time Code (VITC) system, it permits frame identification at all tape speeds, including still.

**Heritage Communications**, Des Moines-based CATV company, is buying 25% of Kansas State Network (TV-radio-cable) for \$3.2 million. Pres. **James Hoak** said Heritage is acquiring stock as "investment," doesn't plan to seek control.

### Suite 9155—Washington Hilton

While in Washington for NAB convention, relax at Television Digest & Factbook suite, 9155, Washington Hilton, March 26-30. Present for Television Digest will be Mila Albertson, Mary Appel, Irwin Arieff, Ken Croken, Bob Gerson, Dave Lachenbruch, Paul Levine, Tack Nail, Don Roy, Otis Raymond, Ed Sellers, Mari Lou Vatter, Al Warren.

# Consumer Electronics®

A Section of *Television Digest with Consumer Electronics*

MANUFACTURING & SALES • TV • AUDIO • TAPE PRODUCTS • VIDEOPLAYERS • COMPONENTS • NEW PRODUCTS • FINANCE

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended March 11 (10th week of 1977):

	March 5-11	1976 week	% change	Feb. 26- March 4	1977 to date	1976 to date	% change
Total TV . . . . .	210,663	208,153	+1.2	242,923	2,462,248	2,129,293	+15.6
color . . . . .	133,456	117,154	+13.9	148,132	1,517,628	1,261,241	+20.3
monochrome . . . .	77,207	90,999	-15.2	94,791	944,620	868,052	+8.8
Total radio . . . . .	507,282	676,035	-25.0	822,876	6,225,634	5,695,361	+9.3
home, portable . .	246,848	444,943	-44.5	566,816	3,745,202	3,300,817	+13.5
AM-only . . . . .	80,226	97,010	-17.3	105,557	989,416	661,853	+49.5
FM & FM-AM . . .	166,622	347,933	-52.1	461,259	2,755,786	2,638,964	+4.4
auto . . . . .	260,434	231,092	+12.7	256,060	2,480,432	2,394,544	+3.6

Color TV 5-week moving average: 1977-149,960; 1976-129,265 (up 16.0%).

**JAPAN OFFERS 1.7-MILLION COLOR EXPORT QUOTA:** In bid to calm troubled trade waters and stave off U.S. imposition of unilateral restrictions on TV imports, Japan last week told U.S. officials it would voluntarily limit color exports to U.S. to 1.7-1.8 million, taking self imposed 40% cut from record 2.96 million shipped last year, we've learned from reliable sources.

There also were these developments: (1) International Trade Commission delivered report recommending increase in TV duty rates to President Carter and reopened investigation into Sylvania's unfair TV import competition complaint. (2) President Carter & Japanese Prime Minister Takeo Fukuda discussed trade problems. (3) EIA Consumer Products Group started looking into need to react to EIA Board's support of ITC TV duty boost proposal. (4) Japanese set new Feb. color & total TV export-to-U.S. records.

Japan backed up Fukuda's frequently-voiced expression of "understanding" of U.S. industry's concern with increased import penetration of color market via offer from Ministry of International Trade & Industry to set up & police export quota program. Offer is strictly feeler at this point, but it probably comes with blessing of major Japanese TV exporters, virtually all of which are on record that negotiated quota is preferable to 25% duty rate.

ITC report on TV Tariff Act Sec. 201 investigation leading to recommendation that 25% duty be imposed on imports of complete & incomplete color—leaving b&w to uncertain fate (Vol. 17:12 p7)—was sent to White House March 22. Critical definition of what constitutes "incomplete" followed staff recommendation, leaving industry uncertain exactly where on production line an unfinished chassis, dutiable at 5%, becomes incomplete and dutiable at 25% (see p. 10).

By 3-2 vote, ITC rejected Comr. Ablondi's motion that Sylvania Sec. 337 case be kept on ice until after Sec. 201 case is resolved—which could take until Aug. if President opts for something other than duty rate boost and Congress objects. Sylvania proceeding, now year old, was suspended last Dec. so ITC could concentrate on the one just completed. Because of time extension & suspension, decision on Sylvania isn't due until next Feb.

No firm agreement was reached during Carter-Fukuda meetings on how to handle TV trade problem, according to official announcements. But in press interviews, Fukuda and his staff indicated both leaders agreed negotiated settlement pegged to Japanese export restraint was best solution. On departure from U.S., Fukuda carried things one step further, stating he felt more Japanese investment in U.S. TV plants would be good idea.

Anger & annoyance over EIA board's resolution supporting ITC recommendation continued in membership ranks last week, particularly among Consumer Electronics Group companies, some of which are Japanese owned. There's strong feeling board overstepped its traditions, if not its authority, by taking highly controversial stand without first having brought issue up at division level. Of some 30 board members voting on resolution, RCA cast lone "no." Admiral abstained for corporate reasons, and there was one other (unidentified) abstention on procedural grounds.

CEG is in process of polling members to see what reactive action, if any, it should take. At present, it appears likely CEG will at least take steps to prevent similar "unapproved" board resolutions in future. Initial shock of vote having passed, Japanese members now show no sign of quitting EIA. They recognize that, as Zenith Exec. Vp Walter Fisher said in commenting on situation, "99.9% of what we do in EIA is for the industry as a whole." He said he was aware of Japanese members' displeasure, "but I've seen many resolutions passed that Zenith wasn't happy with." Staying clear of turmoil over whether board had right to pass resolution, Fisher told us "I can't say I'm unhappy that the board saw fit to take the stand it did," pointing out that Zenith is strongly on record in support of ITC recommendation.

Japan's Feb. TV exports to U.S. of 277,000 were up 14.9% from 1976, color rising 21.5% to 166,400, b&w edging up 6.3% to 110,600. In first 2 months, total exports were up 30% to 513,300, color up 24.5% to 302,800, b&w up 38.8% to 210,500. CB showed signs of comeback in month, shipments up 4.4% to 726,700, bringing 2-month total to 1.31 million, off 1.9%.

**MATSUSHITA TESTS 4-HOUR HOME VTR:** Videocassette playing-time battle may be escalating still further. We've learned that Matsushita has demonstrated feasibility model of VHS-type machine which plays at half speed—using noise-reduction technique similar to that used in Sony's 2-hour Betamax—getting 4 hours of recording on current 2-hour cassette, and even more importantly, increasing economy of tape usage.

It's not believed that there are any immediate production plans for 4-hour recorder. Matsushita currently is busy cranking up output of its own version of JVC-developed VHS-system recorder, and those who've seen it report it's completely different from the one now being sold in Japan by JVC—different in every aspect, that is, except format. "It's more reliable, much better, somewhat bigger—a sweetheart of a machine," said one expert.

It's Matsushita, not JVC, which is negotiating with American OEMs for adoption of VHS principle—and Matsushita machine is the one being peddled. It's the one we believe RCA has selected, and announcement should come soon. (RCA Consumer Electronics Vp-Gen. Mgr. Roy Pollack & Product Planning Vp David Daly were in Japan last week.)

Push for major U.S. marketing of home VTR assumes added importance to Japanese in view of certainty of restrictions on color TV imports as result of ITC action, and if 2-standard market (Betamax & VHS) develops here, there could even be some VTR price warfare. Although Sony currently is selling Betamax at \$1,300 list, it's believed that Zenith may be aiming at under-\$1,000 tag. RCA could be making its selection on basis of price around \$795 within year. RCA Pres. Edgar Griffiths stated in Jan. that VTR must come down in price to create mass market, and that even at \$800 it would "just skim the top of the market" (Vol. 17:4 p8). Although he's been RCA pres. for only 6 months, Griffiths has demonstrated he's not given to frivolous statements.

Unless & until 4-hour VHS machine is introduced, Betamax will have price advantage in tape. Cassette which will play 2 hours on new Betamax sells for slightly under \$14 in Japan (about \$16 here), while VHS 2-hour cassette is \$20 there. It seems quite possible that VHS machine may be priced below new Betamax here to help compensate for tape differential (in Japan it's \$40 less).

Meanwhile, Sony cut U.S. list price of its 19" Betamax console combination \$400 to \$1,995. Model has been slow seller since introduction of Betamax deck. It won't be replaced in new line this spring. (Note: Betamax deck to be demonstrated at next week's ITA Audio/Video Seminar will be standard one-hour model, not 2-hour as we erroneously indicated 2 weeks ago.)

**FIRST '78 TVs—GE'S INFRARED REMOTE:** GE is following last year's successful VIR introduction by adding digital remote varactor tuning using infrared light instead of ultrasonics. And it upgraded most of its non-VIR sets with new auto-color system which it says "puts GE's 'better' on par with the competition's 'best' in terms of automatic color control."

Random-access calculator-type remote system employs 82-channel digital frequency synthesizer & circuitry developed by Nitron Div. of McDonnell Douglas, shown at last June's IEEE Chicago Spring Conference (Vol. 16:25 p15) and in different form incorporated as tuning system for SBE CB base station (Vol. 16:2 p10). Phase-locked loop (PLL) circuitry with quartz-crystal reference is used to select frequencies, eliminating set-up controls, fine tuning & AFT. Remote keyboard contains 10 digits, volume up & down (30 steps), off-on, mute (latter not on set control). Channel indication is by 1/2" LED. Infrared link to set (used in some European remote controls) was selected, GE said, to eliminate interference among various makes of remote sets in showroom, avoid accidental turn-on in home.

New remote system & varactor tuning adds about \$140 to price of set (over manual mechanical tuning), will be included in 6 consoles and two 19", all with VIR. VIR feature has been extended to 16 of 21 consoles, 6 of 10 in 19" category (including remotes). Light-sensor contrast-brightness control has been added to VIR; non-remote sets continue to have mechanical tuning. Prices will be announced in May.

Lower-cost auto-color system is designed to prevent oversaturated colors, correct flesh-tones without major effects on other parts of spectrum, was viewed by Product Planning Mgr. Thomas Tucker as "directly competitive with all other automatic color systems on the market today"—obvious reference to ColorTrak & Color Sentry—"with the exception of our VIR, which is in a class by itself." Auto-color will be in all non-VIR consoles, some 19", 17" & 13" models.

GE has introduced 3 chassis in 3 years, Gen. Mgr. Fred Wellner said—and "you may still see another new chassis" this year. Missing from advance press showing were small-screen models, and Wellner said "some new things" were coming in that area in May. He reported GE's color sales up 38% over last year in 1977's first 2 months vs. about 20% industrywide. N. Y. showing demonstrated GE remains delighted with VIR—company's latest survey indicates that close to 90% of all TV stations now carry VIR signal on network or local programs or both.

**Hitachi's plan** to join Matsushita & Sony as U.K. color TV assemblers is drawing strong opposition from British manufacturers who are starting to view such operations as way for Japanese to sidestep voluntary export quota agreement. Hitachi wants to construct plant to employ up to 500 in economically depressed area in northeast England, would be entitled to govt. assistance if project is approved. U.K. producers claim industry already has excess capacity, say Matsushita & Sony alone could make enough color sets to meet expected demand increase over next several years, warn entry of another producer could force closing of existing plants.

**NATESA urges TV set & picture tube producers** to adopt "firm, uniform" warranty policies covering tube damage caused by video games. Servicer's group says wide disparity now exists among firms on replacement policies, fears intensified competition in game field will spawn inferior breed of products which require dangerous advance in TV brilliance "for adequate viewing." Until issue is clarified, NATESA recommends that servicers working on in-warranty sets or tubes advise owner that free replacement will be dependent on answer from supplier. FTC spokesman said investigation of situation (Vol. 16:51 p10) continues.

**Feb. CB license** applications dropped sharply from record 980,000 of Jan., but 504,486 total was 4th highest in history. March looks even better, with 450,462 received by 18th and "still coming in heavy," FCC official said. In Feb., 678,330 licenses were issued—highest ever—bringing total to 8,818,815. License applications for past 5 months: Oct. 318,000; Nov. 406,800; Dec. 456,000; Jan. 980,253; Feb. 504,486.

**Service shops** for consumer electronics grew 7% to 70,526, number of technicians rose 6% to 207,212, NESDA estimates. Of those, assn. says, 53,000 shops are full-time (up 7%) as are 157,000 servicers (up 5%). NESDA's annual survey shows number of technicians in training declined 14% to 22,418, as those learning on job rose 20% to 12,000, number enrolled in formal programs fell 20% to 10,418.

**Bristol Electronics**, through agent Nissin Electric, reportedly is asking Japanese CB makers for royalty payment of \$1.50 per unit to cover patent Bristol claims on PLL circuitry (Vol. 17:5 p8 et seq.). Japanese source reported that leading OEM suppliers Cybernet & Uniden have rejected proposal but are studying patent situation along with other CB producers.

**ITC'S REPORT:** TV duty rate hike to 25% for 2 years (followed by 2 years at 20%, one at 15%) would not reduce total market, as anticipated U.S. production increase of 400,000 color & 600,000 b&w sets would match expected drop in imports, according to joint statement by ITC Chmn. Minchew, Comrs. Leonard & Moore. They recommended duty increase be applied to complete & incomplete color & b&w in report to President Carter in TV Sec. 201 case (see p. 7). They also estimate 4,500 workers would be added to U.S. industry.

In separate statement, Comr. Leonard noted that duty boost would equalize price differential between imported & domestic-made TV assuming: (1) Importers absorb 50% of increase. (2) There's average 75% markup from importer through retailer. On that basis, Leonard says, consumers would be paying only \$131 million for TV in first year. Lower costs stemming from better plant utilization plus continued competition will "minimize or even preclude an increase in domestic TV prices," he said.

Full 192-page report, as delivered to Carter, is replete with statistical tables, but copy released to public has much of data deleted as "business confidential." One table shows OEM & private-label sales of U.S.-made color sets is a dwindling business. Volume grew from 496,000 (10% of total) in 1971 to 1.12 million (17%) in 1974, but dropped to 655,000 (12%) in 1975, and in first 9 months last year amounted to 267,000 (just 6%) against 484,000 (12%) in same 1975 period. But for color imports, private-brand shipments in first 9 months (484,000) were equal to 32% of total shipments. In 1972, there were 250,000 private-label color imports (23% of total), rising to 254,000 in 1973 (20% of total). Other years weren't indicated. In b&w, importance of private-label & OEM markets shrank sharply last year. Total for first 9 months of 1976 shows 629,000 U.S.-made & imported b&w went to that market segment, or 16% of all shipments, compared with 681,000 (20%) in same 1975 period. Historic picture shows 1972 volume at 976,000 (17%), 1973 at 1.5 million (23%), 1974 at 1.03 million (19%), 1975 at 985,000 (20%).

ITC explained it found Customs' definition of unassembled or unfinished receiver—"complete TV receivers imported in unassembled condition; or a chassis, with or without attachments, which is not suitable for delivery for resale to an ultimate consumer . . ."—not clear enough, so it adopted, for purpose of study, new term "of similar—but not necessarily the same—content." Term is "incomplete TV receiver" and is defined as "at least assembled to the point where the picture tube is in place . . . or, if the picture tube is not in place, at least assembled to the point where no more remains to be done, prior to installation in its cabinet, than the incorporation of the picture tube, tuner and incidental components." Anything less than that, ITC says, is a subassembly, and shouldn't be subject to import restriction. At this point, no one at ITC was willing to say whether a complete unassembled set is an incomplete receiver (subject to extra duty) or a subassembly (dutiable at only 5%), or the degree of completion a chassis needs to move up from a subassembly to an incomplete set.

**SPRAGUE DUMPING APPEAL:** Sprague renewed effort to have dumping duties assessed on underpriced tantalum capacitor imports from Japan, asked Treasury to rule International Trade Commission was wrong in finding dumped imports weren't injuring or threatening U.S. producers. Petition is reportedly legal ploy to get case to Customs Court. Treasury doesn't have authority to overturn ITC, so is expected to deny petition. Denial is subject to review in court, where, if judge permits, ITC decision can be taken up.

Treasury issued positive dumping finding in case last Aug., said Matsuo & Nippon Electric were undervaluing about 35% of shipments at margins averaging 37%, excluded Matsushita. By 5-1 vote, ITC ruled Japanese share of market was too small to harm domestic industry.

Labor Dept. opened import adjustment eligibility investigations for workers at RCA's Bloomington, Ind. plant producing color & b&w chassis, tuners, circuit boards & control brackets and those making CB antennas at True Temper's Anderson, S.C. facility. In clarification, GE says adjustment assistance is being sought only for those formerly producing TV camera pickup tubes at Liverpool, N.Y. plant, and that workers involved with lightvalve TV projection tubes aren't included. (Vol. 17:12 p12).

**Ad notes:** BBB's National Ad Div. charged Hitachi's claims for lower power consumption and cooler operation of Polar Chrome color TV were misleading because consumers might think Hitachi was comparing its sets with other brands, rather than with older Hitachi models as intended. Hitachi said ad has been discontinued. NAD upheld Jensen Labs' claim that new Triaxial 3-way speakers are best yet designed for car stereo... GE hiked spot TV budget 45% last year to \$10.8 million, ranked 39th on BAR list of top 100 advertisers in medium. N. American Philips placed 43rd with \$10.1 million (up 70%), RCA 56th with \$8.3 million (up 68%).

**Operations** of financially-troubled game maker First Dimension (Vol. 16:45 p10) are now in hands of creditors. Tennessee politician & financier John Hooker has been replaced as pres. by Ted Wade, pres. of Star Plastics in Ohio. Wade reportedly is negotiating with leading OEMs to produce ball-&paddle game using MOS Technology chip for sale under First Dimension name. Firm is also trying to license game design to others in field. Other creditors include GI and design & engineering firm Novatec.

**CB Blues:** Gladding will "seek protection of courts" if it can't obtain additional funds, renegotiate credit arrangements. Financial situation worsened this month when 40-channel CB sales failed to meet expectations, it said, adding that it may be in default on \$32-million unsecured debt with 17 banks and 4 insurance companies. Gladding failed to make interest payment on insurance company debts due March 17, asked that trading of stock on Amex be halted until situation is clarified.

**CABLE GAMES:** Non-profit experimental TV group in N.Y. is stealing march on 2-way cable systems (Vol. 17:7 p2&13) through 6-week old viewer participation game show using telephone hook-up. "The Game Show" is brainchild of N.Y. studio engineer Dan Fodor, pres. of Experimental TV Cooperative, who designed interface circuitry allowing viewers to play pinball & ball-&-paddle (b&p) video games using Touch-Tone telephone.

System works this way: Viewer calls number displayed on screen, is asked for game preference by teenage hosts and given instructions. In pinball, Touch-Tone telephone's "1" button activates right flipper, "3" left; in b&p game, constant pressure on "1" moves paddle down, "3" up. After instructions, playing-field close-up is shown as viewer then competes against other callers.

Hour-long program, now shown weekly on Manhattan Cable access channel, already has developed strong following among teen-age N.Y. cable subscribers (they must have Touch-Tone phones). Fodor said ETV cooperative is searching for financing to move show to commercial station. In future, show will feature direct competition among callers using other buttons on keyboard. Fodor also is studying possibility of arcade-style chase & battle games, including some now available in programmable home versions. "If it's a matter of a dot of light moving on an "X" or a "Y" axis, we can do it using phone buttons," he said.

Circuitry designed & made by Fodor processes frequency tone emitted by phone, translates it from digital to analog signal for b&p game. "Then we just change the voltage, which drives the paddle up or down. Pinball is simpler, because there's no need to translate from digital to analog."

**Watch watch:** Hughes Solid-State Div. hq and complete watch-module operation have moved to 2601 Campus Dr., Irvine, Cal...National Semiconductor ships first lithium battery-powered LED watches in April, listing at \$50. Full line of LED & LCD watches, \$35-\$60, is due in fall. New battery, consumer replacable, is warranted for year in LED models, 3 years in LCDs, permits 25% cut in watch thickness...Industry support for higher duty rate in electronic watch imports is fading as more domestic firms shift to foreign sources, ITC learned at recent hearing on economic impact of rate change. Bill to raise rate to \$5.37 from present 75¢ (Vol. 16:8 p10) died in Congress last year. Spokesman for Timex, which has been building U.S. module capability and favors increase, told ITC that such former allies as Armin, Benrus & Bulova have backed off.

"Can You Win the Regulatory Game?" conference on product safety May 23-24 in Washington features CPSC Chmn. John Byington & Comrs. Barbara Franklin & Lawrence Kushner; Harrison Wellford, exec. assoc. dir. of OMB; congressmen & top Hill staffers. Panels are planned on recalls, certification, federal-state jurisdiction, liability. Conference is sponsored by Product Safety Letter—202-393-3830.

**SPRING CATALOGS:** New low 19-in. price points from Penney & Ward and 13-in. remote with electronic channel tuning from Sears are highlights of color TV offerings in spring catalogs. In CB, Sears & Ward made complete switchover to 40-channel, with new private-label brand from Sears. Penney dropped video games from new book; Ward added Fairchild programmable VES.

**Sears:** 13-in. remote (\$390) is one of 4 new sets in color line; others are 9-in. (\$320), 17-in. (\$370), 19-in. (\$460). With carryovers, line is now longest of 3 major catalog chains with 19 models (Ward 11, Penney 12). In b&w, lone 8-in. & 10-in. sets were dropped, 9-in. (\$138) & 12-in. (\$118) also were discontinued, new 19-in. (\$178) added. In CB, in-dash 40-channel combination (\$270) was added, own-brand 40-channel Roadtalker line (\$100-\$250) introduced. Tele-Game line was expanded from single \$80 Pong to 4-model Pong line (\$55-\$99), plus Speedway (\$119) & Cosmic Pinball (\$295).

**Ward:** Color line has new 19-in. leader, down \$10 to \$310 from fall book. Two new 25-in. consoles are \$590 & \$700, leader unchanged at \$520. B&w line is unchanged. In CB, 23s are gone; 40-channel line ranges \$110 (Royce) mobile to \$430 (private label SSB base/mobile). Fairchild programmable VES is offered at \$150 (Fairchild list is \$170), 2 Odyssey 200 models dropped, APF Fun Game (\$70) added.

**Penney:** New 19-in. leader (\$350) was added, 13-in. leader up \$5 (\$325), 19-in. remote down \$10 (\$490). Only change in b&w line is \$7 drop in 12-in. leader (\$98). CB line remains all-23, prices dropped on all models—SSB down \$125 to \$195, 23 leader mobile down \$80 to \$99. Odyssey 100 & 200 models dropped, no new games added.

**Game Plans:** Sears adds Speedway 2- or 4-player road-racing game (\$119) to Tele-Game line in spring catalog...Matsushita is test-marketing FCC-approved GI-chip game in Tokyo area as possible prelude to U.S. introduction. Takatoku Toy Co. will market similar game on Japanese market in May...National Semiconductor offers b&w game chip at \$3.75 in quantities above 25,000, under \$5 in chip, modulator & clock-divider kit.

**Sony** reports record opening fiscal-quarter earnings on 11.5% sales gains. Overseas sales climbed 24% to \$288.1 million, offsetting 5.4% decline in domestic market volume. VTR sales were up 70% to \$53.8 million, audio recorder & radio volume up 2.8% to \$96 million, hi fi up 9.8% to \$61.2 million, while TV business slipped 1.8% to \$157.3 million.

**CB Scene:** Clarion will supply 40-channel CBs to Winnebago, major recreational vehicle maker, on OEM basis beginning with 500-1,000 in April, 3,000 monthly starting in June...Midland adds 40-channel mobile with dual electronic channel selector controls on mike & central unit at \$254.

**NATESA** convention (Aug. 25-28, Nordic Hills Resort, Itasca, Ill.) will feature traditional round of manufacturer-sponsored meals (Sony, Zenith, RCA, GE, Magnavox, Sylvania).

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**Trade Personals**

Herbert Cadel, ex-Panasonic, joins Morse as National Sales Div. vp, responsible for national accounts; John Kearney, ex-Sony, named audiophile product mgr., responsible for Pilot & Morse component lines... Dewey Heil, ex-Panasonic, appointed Sharp national service mgr., succeeding Stanley Friedlander, now with Toshiba... Shintaro Tanaka appointed Onkyo (U.S.) pres., replacing Kazuyuki Uota, returning to Japan parent.

Ross Castrignani named Royce national sales mgr... Matt Rounds advanced to Craig central sales mgr.; Bob Baker appointed Houston district mgr... William Matthies, ex-Rockwell, joins Pioneer Electronics (car stereo) as mkt. research mgr.; Lou Perlin, ex-Xtal, named western sales mgr., assuming some duties from Thomas Westover, who continues as special markets sales mgr.; William Hutcheson advanced from sales promotion mgr. to mktg. mgr... Edward Carrier, Epicure Products eastern mgr., adds mktg. mgr. post.

Jack Nieman advanced at R&A Distributing (RCA), Chicago, to consumer electronic products sales mgr., new post; Dan Whitley resigns as TV sales mgr... Ed Casey, ex-RCA corp. services staff vp, and Mike Laurence, former NBC special projects dir., form Laurence & Casey Assoc., special events consulting & planning firm based at Waldorf Astoria Hotel, N.Y... John McAlear, ex-Sylvania, appointed Littelfuse operations vp.

I. Ikeda appointed pres. of Omron Electronics Inc., new subsidiary of Japan's Omron Tateisi, being formed from assets of Omron Corp. of America, Ikeda replaces Noburo Tateisi, who returns to parent in Japan; Robert Gaudio, ex-OCA administrative vp, named OEI exec. vp responsible for all mktg.; John Mains, Consumer Products Div. vp,

**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
Cablecom-General 1977-qtr. to Feb. 28	5,976,645	872,554 <sup>a</sup>	.34
1976-qtr. to Feb. 29	5,815,115	645,093	.25
Kansas State Network 1977-6 mo. to Feb. 28 <sup>b</sup>	7,578,000	820,000	.48
1976-6 mo. to Feb. 29	6,407,000	554,000	.32
1977-qtr. to Feb. 28 <sup>b</sup>	3,630,000	373,000	.22
1976-qtr. to Feb. 29	3,111,000	202,000	.12
National Semiconductor 1977-40 wk. to March 6	291,064,000	7,354,000	.56
1976-40 wk. to March 7	236,931,000	14,455,000	1.09
1977-12 wk. to March 6	79,271,000	615,000	.05
1976-12 wk. to March 7	74,651,000	3,555,000	.27
Philips NV <sup>c</sup>			
1976-year to Dec. 31	12,210,000,000	225,000,000	--
1975-year to Dec. 31	10,880,000,000	154,000,000	--
1976-qtr. to Dec. 31	3,620,000,000	82,000,000	--
1975-qtr. to Dec. 31	3,450,000,000	64,000,000	--
Seaport			
1976-year to Dec. 31	18,534,000	(636,000) <sup>d</sup>	--
1975-year to Dec. 31	17,814,000	616,000 <sup>d</sup>	.24
1976-qtr. to Dec. 31	4,561,000	(989,000) <sup>d</sup>	--
1975-qtr. to Dec. 31	4,223,000	496,000 <sup>d</sup>	.23
Sony <sup>e</sup>			
1977-qtr. to Jan. 31	457,300,000	38,900,000	.18 <sup>f</sup>
1976-qtr. to Jan. 31	410,100,000	25,500,000	.12
Tenna			
1977-year to Jan. 31	55,605,274	1,714,446	.56
1976-year to Jan. 31	44,349,523	609,916 <sup>a</sup>	.21
Trans-Lux			
1976-year to Dec. 31	11,035,239	365,664 <sup>a</sup>	.18
1975-year to Dec. 31	9,865,688	(477,238)	--

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Preliminary. <sup>c</sup>At guilder's current rate. <sup>d</sup>After special items. <sup>e</sup>At yen's current rate. <sup>f</sup>Per ADR.

and William Sewalk, Information Products Div. gen. mgr., resign... Donald Pascarella appointed Oak Holland gen. mgr., replacing John Donohue, now Oak Industries Switch Div. operations vp, new post.

John Joyce promoted by Sylvania Components Group to personnel & industrial relations dir., succeeding Franklin Rawson, now GTE Products Group human resources dir.; William Ake upped at Tube Div. to mfg. cost controller... James Rogers advanced at Sylvania to phosphor & aperture-mask product mktg. mgr. for Chemical & Metallurgical Div., succeeding Herbert Portnoi, now Parts Div. metal stampings, lead frames & plated parts product mktg. mgr... William Timmins, ex-Polaroid, appointed National Semiconductor mid-Atlantic field sales mgr.

FCC started inquiry to determine whether UHF channel numbers are clear enough, particularly when mounted directly on tuning knob. Commission invited comments on sets marked with only every other channel, with small numbers or small space between numbers. Attitude of FCC in notice of inquiry, issued at request of UHF stations, was neutral, seeking to determine whether rulemaking should be proposed. Comments are due May 9.