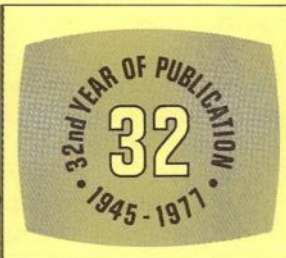


WEEKLY

Television Digest®

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JUNE 6, 1977

VOL. 17, NO. 23

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NO 'CONFRONTATION' ON TV CODE, Gordon says of effort to strengthen 'voluntary' guidelines on sex & violence after 'tense' NAB Exec. Committee meeting. Cohen named TV vp. Van Deerlin & Frey to June 27 board meeting. (P. 2)

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KAHN'S LASER PLANS: Former Bell scientists to run new operation. In addition to CATV, sees market in Disco-Vision, supermarket readouts. (P. 5)

FTC KID TV EFFORTS renewed by Chmn. Pertschuk. Will question whether there should be any children's ads; will look into OTC drugs, health & safety. (P. 6)

WHITE HOUSE EXAMINING 'ABOUT 100' FOR FCC: Presidential aides have intensified search for nominees to fill 2 vacancies at FCC, are on verge of making recommendations to President. They seem unperturbed by possibility that nominations may come so late that present commissioners will either stay on until successors are confirmed or leave vacancies. Chmn. Wiley has made no secret he'll be pleased to stay at Commission until fall if vacancy isn't filled.

Wiley's term expires June 30; other seat is Comr. Hooks', who plans to leave FCC at end of July. Addressing group of public interest representatives last week, White House Special

Consumer Electronics

COLOR SALES FALTERED in May after record April, indicating halt of dealer buying to beat anticipated import price increases. (P. 8)

ZENITH LEAD NARROWS in color & monochrome leadership, both races closest since 1973, our annual Share-of-Market survey shows. Panasonic leads in combined color/b&w gains. (P. 8)

JUSTICE DEPT. REOPENS probe into legality of Japan color export check-price agreements after prodding by Congress, Zenith. April color imports from Japan about same as year earlier. CB imports down, 23s continue to fade. (P. 10)

HOME COLOR CAMERA, super-8 film scanner, promised as accessories by JVC which plans VHS 'Vidstar' videocassette dock deliveries in U.S. this year. Video excitement pervades CES. (P. 11)

GAME/COMPUTER MARKET moves into new stage at CES with raft of programmables, home computer system from GI. Commodore showing higher-priced PET, low-end KIM-1 computer. FCC okays Atari programmable. (P. 12)

CB DEBACLE evident in latest figures on Japanese production. March output down 56% from June 1976 and 30 firms indicate further drops this month. (P. 13)

SONY'S COMPETITIVE moves designed to assure 'reasonable growth' rather than head-on competition with U.S. majors, Iwama says. (P. 13)

TUBE PRICE HIKE tried again by RCA, which schedules 4% increase on 25" for Aug. 1. RCA & Sylvania to demonstrate high-focus-voltage bipotential & tri-potential big-screen slot-masks this week. (P. 14)

Asst. Barry Jagoda painted picture of wide-open race for 2 slots, stating that presidential aides are looking at "about 100" candidates. Added another Carter aide later, however: "Don't be confused by the fact that we are looking at such a large number of candidates. Don't forget that there are 2 seats. Charles Ferris is still a leading contender." (Ferris recently accompanied FTC Chmn. Pertschuk to N. Y. to be briefed on advertising & broadcasting by advertiser Tony Schwartz, see p. 6.) It's understood White House is seeking black for 2nd seat. On other hand, Comr. Fogarty continues to aim for chairmanship. He told us he has important political support, feels he has a chance.

Carter appointees will differ from Ford's & Nixon's because they'll "have the public interest at stake," Jagoda told public interest representatives. Other criteria Carter has set include greater sensitivity to minority interests ("people who have not been paid attention to in the past 8 years"), rigorous conflict-of-interest standards, "coming out of the Democratic Party tradition and not the Republican Party tradition," and looking for nominees "in places where a President has not looked in the past."

Jagoda said White House doesn't believe in "guilt by implication," isn't rejecting considering industry representatives for FCC. On other hand, when asked if Carter will "risk the wrath of the broadcast industry and appoint an activist such as Henry Geller," Jagoda responded: "President Carter has a strong relationship with the broadcast industry. Though Carter never has met Geller, all who work under him in the telecommunications area know him and have learned from him." Because of "competing interests" in telecommunications, he said, White House is finding it "a little difficult" to come up with strong public interest activists for FCC.

Carter is "committed to a strong and independent public broadcasting," Jagoda said. Among goals: (1) Erecting a barrier between govt. & public broadcasting. (2) "A strong and vigorous national system." (3) Adequate funding. He said Carter's nominees to CPB board (Vol. 17:12 p4) soon will be announced, added he's sorry NCCB's Nicholas Johnson is opposing President's choices, chided public interest community for not being "more vigorous" in helping public broadcasting out of "slump" caused by Republican Administrations.

Though Carter hasn't determined whether he'll be candidate for re-election in 1980, Jagoda said, if Presidential debates are to be held again, "they ought to be carried out in a TV studio." Administration is looking at legislation to waive equal-time provisions, he said. Asked about fairness doctrine, Jagoda—former broadcast newsman—stated: "As a broadcaster, I would be in favor of absolute removal of the fairness doctrine, which restricts broadcasters' freedom. As a citizen, I'm not sure what I would think because of the incredible power of TV. As a politician, I think the fairness doctrine is just fine."

NO 'CONFRONTATION' ON TV CODE: "I don't believe this is a confrontation," NAB TV Chmn. Robert Gordon said of campaign to get TV Code language strengthened on sex & violence. "The trouble is everybody is talking about something that hasn't been drafted yet."

Gordon became upset early last week when proposed "advisory" guidelines hadn't been drafted—as he & others requested after May TV Code Board meeting (Vol. 17:17 p4)—2 days before June 2 Exec. Committee meeting. NAB Senior Vp-Public Affairs Thomas Swafford, who had responsibility for drafting new proposal, was in N. Y. hospital with detached retina last week. Senior Vp-Station Services James Hulbert quickly came up with some language, not guidelines—mostly removed from Code in 1973—covering sex & violence, smut, profanity, vulgarity, suggestive costumes, etc. "It was pretty strong stuff," staffer said.

However, Gordon wants something stronger and more specific—although he no longer is pushing for hard & fast guidelines. He said that Hulbert's language is "a good place to start, but not quite home yet," that he hopes to have language drafted (with help of NAB staff) early this week for meeting with TV Code members. "We're seeking a harmonious compromise," he told us.

Last week's Exec. Committee meeting "got a little tense there for a time," participant told us. "Gordon was really doing some chewing." He was strongly opposed by NAB Washington Vp Eugene Cowen; in fact, all 3 TV networks oppose stronger language, although many broadcasters—including NAB Chmn. Wilson Wearn—favor it.

Gordon told us he's determined to get proposed language to NAB TV dirs. before June 27-30 board meetings in Williamsburg, Va. Principal purpose, he said, will be to "reassert in firm tones that we are a family medium that goes into the home" and that industry execs. are aware of their responsibility in areas of sex & violence. He predicted TV board will never approve restrictions that creative community would find unworkable, but that "I do believe the board" should have opportunity to vote again on subject.

At Jan. meeting, TV board voted unanimously (with NBC's Peter Kenney abstaining) to adopt new and stricter guidelines to be followed "voluntarily" by Code subscribers because of enforcement restrictions of family viewing decision (Vol. 17:4 p1). At May meeting, Code board decided not to adopt such guidelines (Vol. 17:17 p4). At time, NAB Pres. Vincent Wasilewski said board was "just unable to come up with a set of guidelines that would be objective and definitive." Code board's inaction has been criticized severely by TV Dir. Mike Shapiro (WFAA-TV Dallas), FCC Comr. Margita White, among others (Vol. 17:18 p1).

In other actions last week, Exec. Committee: (1) Departed from custom, invited Reps. Van Deerlin (D-Cal.) & Frey (R-Fla.) to address Williamsburg meeting June 27 on Communications Act rewrite. As chmn. and ranking minority member, respectively, they are prime advocates of rewrite.

(2) Were told that Jane Cohen, program dir. of WRC-TV Washington and ex-AWRT pres., will be named NAB TV vp. Job was created June 1976, hadn't been filled.

(3) Formed screening committee--Radio Chmn. Donald Thurston, TV Vice Chmn. Kathryn Broman, Ex-Chmn. Andrew Ockershausen--to seek secy.-treas. There's strong support for hiring black.

STATION-CABLE ECONOMIC STUDY: Proposed inquiry into station-cable economic relationship is up for FCC discussion June 9, and staff says Commission needs more facts in place of "intuitive economic model" used to date. "The Commission in the past," staff says, "has evaluated cable-broadcast controversy according to its belief that cable carriage of non-local signals would fragment local station audience, thus leading to a diminution of station revenues and ultimately a reduction of service to the public." This "hypothesis" may or may not be true, says proposal, but Commission wants facts, not "rhetoric."

Four areas of information would be sought: (1) Demand & cost factors in cable TV growth. (2) Audience diversion. (3) Station audience/revenue relationship. (4) Service to public. Proposal would seek information from all quarters--not only industry, but academicians, ad agencies, rating services, etc.

Staff is suggesting 6 months for comments, plus "the somewhat unusual approach of publicizing for specific comment any particularly useful material that may come to our attention before the 6-month period is over."

In "sweeping" rulemaking petition filed by NCTA, FCC was asked to delete all signal carriage restrictions "that are not necessary to safeguard over-all communications service to the public." Among rules NCTA wants knocked down are those on syndication, distant signals, number of signals and types of programs. "It is time for the Commission to stop regulating cable TV based upon unsupported, anti-competitive assumptions that the commercial broadcast structure should be protected," NCTA said.

NAB's RIO Committee again expressed "serious concern" over song lyrics which "unnecessarily reference sex &/or drugs." Committee said major problem is "double entendre" phrases, urged stations to take "special care." Group also rejected proposal that monthly Radioactive magazine accept advertising, will ask NAB radio board to allocate \$10,000 from convention profits to upgrade publication.

Atlanta NAACP, ACLU of Ga. & 3 individuals told FCC they oppose Cox Cable-Cox Bestg. merger on cross-ownership grounds, ask that Cox Cable's Atlanta system be spun off within 180 days. Firms earlier asked FCC for TV-cable cross-ownership rules waiver because both serve Atlanta. Following NAACP-ACLU filing, firms told FCC they'd spin off Atlanta cable system in 5 years, but groups are expected to continue to oppose Cox offer as "far too long," according to attorney Charles Firestone.

CPB will help non-profit groups with communications needs to apply to FCC for permits to use spare capacity of satellite system, CPB officials stated last week. Conference called to explain system's applicability to health, education & other non-profit communications problems was attended by over 60 people, including representatives of PISA, PSSC, Booker T. Washington Foundation & ACNO.

NO NETWORK INQUIRY SURPRISES: Network-affiliate relations are no place for govt. involvement, according to TV networks and all affiliates—except, of course, for Westinghouse Bcstg. which started whole thing—filing comments by June 1 deadline on FCC's network inquiry. Public interest groups and programmers, along with Westinghouse, thought Commission should put more restrictions on networks and their dealings with affiliates.

Throughout broadcasters' comments was theme that govt. should let free marketplace operate, that network arrangements with affiliates are in public interest. None of affiliates saw any problems with pre-screening of programs—major issue, according to Westinghouse. CBS raised First Amendment questions, among many others. According to NBC:

"Networks have contributed enormously to the growth and betterment of TV and today are involved in healthy competition... Makework inquiries and costly proceedings involving marketplace issues of dubious Commission concern can chill these efforts. It would be far better for the Commission to exercise restraint and not intervene in areas where no regulation is called for."

ABC said "the relationships between network companies and their affiliated stations, on the one hand, and program suppliers, on the other, are essentially healthy. While certain tensions are inevitable, this is to be expected and probably desirable. The public interest is well served under present industry relationships... Additional Commission regulations would appear both unnecessary and undesirable."

Westinghouse saw current inquiry as "one of the Commission's most important functions," urged agency not to rely simply on voluntary filings. Records should be subpoenaed, field interviews made and questionnaires should be used, Westinghouse said. "The importance of this matter requires the vigorous and effective involvement of the special staff in developing a complete record utilizing the full powers of the Commission." (Note: FCC has established special staff, headed by Antonin Scalia & Joseph Marino, to conduct inquiry [Vol. 17:14 p11].)

Justice Dept. missed June 1 comment deadline, will file this week supporting "a full exploration of the issues" raised by Westinghouse. At week's end, Justice lawyers still were arguing about what should be in brief, we're told.

MPAA & 7 major producers asked FCC for immediate declaratory ruling (comments due June 13; replies June 20) to bar networks from: (1) Agreements granting options to produce program at pre-set prices. (2) Agreements granting exclusivity rights to repeat showings of series beyond first year. (3) Restricting producers in their production of "derivative" works. MPAA also asked Commission to start rulemaking to prevent networks from requiring producers to use network facilities to produce network shows; to bar networks from internal production of entertainment programs, from exclusive contracts with talent and from acquiring literary properties for entertainment programs. Of outfits

filing comments, only MPAA called news conference, handled by veteran PR man Pres. Jack Valenti—and reaped lots of coverage.

NAB's Hundred-Plus Market TV Committee opposed inquiry, said it's basically satisfied with network arrangements and that govt. has no business getting involved. Also, Committee said, additional pre-screening would be "burdensome" and costly. All affiliates commenting said network-station relationships are healthy, in public interest and that govt. involvement isn't necessary. All 3 affiliate groups supported their networks' oppositions.

INTV, on other hand, pointed out several "areas of imbalance" on availability of network programs to independents which have been rejected by affiliates. Assn. asked that independents have first option on non-cleared network shows in market for full season and for FCC to eliminate sports agreements which prohibit independents from carrying games not on networks.

In addition to Westinghouse, major supporters of inquiry included NCCB, National Black Media Coalition, N.J. Coalition for Fair Bcstg., Catholic Conference, ACLU & NAITPD.

N.Y. BOROUGH CATV GRANTS: Deadline for cable applications in N.Y.C. boroughs expires today (June 6), and first target of Morris Tarshis, dir. of franchises, is Queens. He hopes to see grant within 90 days, he said, and ATC is "90% or more" likely to get franchise. "They're ready to invest tens of millions." Other borough prospects, according to Tarshis:

Brooklyn—"The strongest outfit is the group with a system in the Starrett City apartment complex. Most outfits want to build in the affluent part of town. They're wrong. The poorer people need cable."

Staten Island—"Irving Kahn is the strongest. He'd build a fiber-optics system, do the best job."

Bronx—"Westinghouse has a little system there but doesn't seem interested in going further. People want to build in Upper Bronx because of the high density. We're trying to get someone to take both the upper & lower. People don't realize there's a duct system in the Bronx; you can go right in and put your cable in. You don't have to tear up the streets. It's cheaper."

Are lawyers better witnesses than non-lawyers? D.C. Appeals Court evidently doesn't think so and has remanded to FCC that agency's denial of renewal to WLBB(AM) Carrollton, Ga. Station got in trouble because of alleged "strike" petition opposing 2nd AM in market, sought by 2 lawyers. FCC believed testimony of lawyer applicants, granted their applications, refused to renew WLBB. Unanimous Court remanded case on grounds FCC erred in attaching greater weight to testimony of lawyers "simply because they are lawyers," also told Commission to clarify its policy on strike petitions.

Cox Cable and CPI have signed for Madison Square Garden pay-cable events to be offered starting in Sept. by UA-Columbia Cablevision.

SPECTRUM PROBLEMS PROBED: In first of series of panel discussions on House Communications Subcommittee's planned Communications Act rewrite, members took tour of spectrum management. Consensus of Committee and participants seem to be that govt. is doing okay job, but there's room for improvement.

Perhaps sole firm suggestion for change was that govt. should experiment with auctioning of MDS channels—area where intended service "has been retarded by administrative delays," FCC Chmn. Wiley stated. Idea gained support of ex-FCC Comr. Glen Robinson & Commerce OT Dir. John Richardson. Wiley also suggested lottery for comparative hearings. Wiley said present allocations are based on "lengthy" and "subjective" Commission deliberation, but said any changes in present system must be approached with "caution" to avoid "disruption."

OTP Asst. Dir. -Frequency Management Samuel Probst lauded present allocation system, said one weakness is "lack of high-level understanding" of spectrum's importance. He said govt. urgently needs more trained spectrum managers and more research.

Robinson suggested more precise standards for allocation than "the public interest, convenience & necessity," but said it might be "unwise" for Congress to inject itself into allocation process. He said "giving away the spectrum is most of our problem... There is an insatiable appetite for the free lunch."

Chmn. Van Deerlin (D-Cal.) asked why FCC doesn't switch all broadcasting to UHF, wondered whether renewal time isn't "natural time for the switch to be made." Responded Wiley: "It's conceptually desirable, but pragmatically impossible." Added Robinson: "In the same 10 years that we could go to UHF, where will we be in cable and satellites?" He said technology "simply isn't pushing in the broadcast direction."

Congressmen also probed decision-making process for WARC '77 & '79, learned there's difficulty in coordinating groups, finding trained personnel, being fair to smaller nations. For all that, "I think we came out of WARC '77 about as good as we could," commented U.S. Delegation Chief (and FCC Comr.) Robert Lee. "We didn't get everything we want, but if you want to be a part of the world community we did very well. It was a victory for the U.S. It was a victory for communications."

"Localism" still is backbone of American broadcasting, and contention of House Communications Subcommittee staffers (Vol. 17:17 p8) that it has failed are erroneous, according to NAB Exec. Vp John Summers. Speaking to Miss. Bcstrs. Assn., he said NAB will make "a convincing presentation" during rewrite hearings to illustrate local involvement of TV-radio stations. He termed attempts to rewrite Communications Act "one of the most serious proposals to face broadcasters in many years."

Fall prime-time ad commitments on ABC-TV exceed \$250 million—more than double same time last year—according to network. Cost of minute on ABC is up about 1/3 from 1976.

KAHN'S LASER PLANS: Irving Kahn, long-time foe of Bell System in CATV field, is springing more Bell-trained scientists for his latest activity—laser production. Speaking at June 1 EIA seminar in Hyannis, Mass., Kahn said that "3 of my key associates in another as-yet-unannounced venture had their basic training at Bell." It turns out that Kahn has drawn 3 into new firm to produce gallium arsenide lasers to drive optical fibers made by Times Fiber Communications. It's understood that Kahn group also is aiming at laser market expected from MCA's Disco-Vision and supermarket checkout counter readout systems.

Meanwhile, Times Fiber's Wallingford, Conn. fiber plant is said to be still on target, due for completion by end of June. Principals claim that targets announced at NCTA convention (Vol. 17:17 p7) will be met and that govt. also will be a major customer.

Most of Kahn's speech was attack on Bell, including: "As a fellow communications consultant has pointed out, the Bell Bill has nothing to do with telephone service; the Bell Bill is about computers and data communications systems and all of those areas where some good and smart competitors, both large and small, have shown real signs of expertise. If Ma Bell wants us out of those businesses, then let her prove that she is capable of pushing us out—not by the technology of politics but rather by the technology of technology."

Copyright royalty tribunal has become bogged down in President's effort to reduce bureaucracy. Tribunal was mandated by Copyright Law revision; according to statute, President was to name 5 commissioners by April 19. Instead, Carter staff thought it saw opportunity to abort unneeded agency—and President reportedly agreed. Copyright Subcommittee Chmn. McClellan (D-Ark.) & Kastenmeier (D-Wis.) then began campaign urging Carter to appoint tribunal, but at week end, White House spokesman told us no decision has been made. "The entire matter is on the President's desk," he said. "There are a number of options under consideration," including abolishing tribunal altogether. Law doesn't go into effect until Jan. 1, but absence of tribunal will cause "very great difficulties" by summer, Kastenmeier asserted. "We're not looking for a contest in power, but on the face of it, the President doesn't have an option in naming these people."

American press freedom today faces greatest challenge in history, ex-CBS Pres. Frank Stanton told Pa. State U. graduates. "Never have there been so many voices, both in and out of government, challenging the press' duty to gather the news and challenging the judgment of reporters and editors as to how to present the news, what stories to publish and what stories not to publish." Among pressures on press freedom, he listed equal-time rules and lack of legal protection for reporters' confidential news sources.

Japanese businessmen are touring U.S. June 6-17 to "explore methods of expanding the self-regulation and advertising activities" of Japanese Advertising Review Organization. Tour, sponsored by CBBB, is first of series, includes Atlanta, Miami, N.Y., Detroit, Oakland & Washington.

FTC RENEWS KID TV EFFORTS: FTC Chmn. Michael Pertschuk told reporters last week that—past Commission efforts aside—agency hasn't taken active enough role in policing children's TV ads. He said Comr. Clanton told him—and he agrees—that premium ads were not best place to start. More fruitful, Pertschuk said, will be in OTC drug, health & safety areas.

Exec. Dir. Margery Smith (former acting Consumer Protection Bureau chief) said new FTC look at children's TV ads must begin with question of whether any advertising at all is proper if directed toward children. New Consumer Protection Bureau Chief Albert Kramer said he feels no restraints on what he'll recommend.

At press conference, Pertschuk introduced new lineup of top staffers—first time in 2 years all top slots have been filled, he stated. He said all were "informally committed...to serve the public" for at least 2-3 years and not "consciously" use FTC as "stepping-stone" to better-paying private jobs.

Other staff views: (1) "I believe in corrective advertising," Kramer said. "It is an appropriate remedy...There is going to be a whole new variety of ways we will attempt to get consumer information to the public." (2) Public interest participation funds—pilot project at FTC, shunned by FCC—have been "a great success...a great source of inspiration and guidance," Smith said.

Pertschuk recently went to N. Y. with couple of staffers for briefing by advertising maverick Tony Schwartz. He invited along FCC contender Charles Ferris, he told us, because of possibility Ferris will be named soon to FCC. With fellow contender Alfred Kahn named CAB chmn., Pertschuk said, Ferris' chances improved measurably (see p. 2).

Too much news coverage of President Carter is "tip-of-the-iceberg" coverage, Barry Jagoda, White House special asst. for media & public affairs, told public interest communications groups last week. Such coverage "distresses" him, he stated, adding he's also sorry news media "can't accept Carter at face value." As for controversial memo from presidential pollster Pat Caddell urging Carter to stress "style" over "substance," he said, "Carter has been doing 'style' and 'substance' at the same time...I think he's an incredibly substantive President...If people think Carter is stressing style over substance, then we're failing." However, he concluded, polls show most people think Carter is sincere.

Multi-State Communications asked D. C. Appeals Court to overturn FCC's renewal of WOR-TV N. Y. and denial of Multi-State application for Ch. 9; Commission ruled Multi-State wasn't financially qualified. American Security Council appealed to same Court Commission ruling that CBS News didn't violate fairness doctrine in 1972-76 coverage of national security issues.

One in 4 station promotion mgrs. is a woman, according to Bradley U. survey for BPA. More than half (52%) of U. S. promotion mgrs. are under 35; average salary is \$15,000-\$20,000, although most women mgrs. make less than \$12,500.

CONGRESS PROBES CABLE, FCC: Cable, FCC reform and international telecommunications are subjects of 3 congressional hearings this week. Senate Communications Subcommittee has set June 6-8 hearing on cable, with testimony from FCC Chmn. Wiley, Teleprompter, Viacom, UA, Warner Cable, Eagle North Communications, NCTA, MPAA, INTV, CTIC, NBMC, NAB, CATA, Mass. Cable Commission, ex-White House economist Paul MacAvoy, professional baseball, WCVB-TV Boston, economist Stanley Besen. Two panels will concentrate on pay cable & economics of FCC cable rules. Hearings will be cablecast in delayed & edited version by Cablevision and Service Electric Cable via HBO satellite network.

FCC reform hearing June 6-7—2nd in series of panel discussions on House Communications Subcommittee's Communications Act rewrite—hears from former FCC Comrs. Burch, Johnson, Robinson & Cox, FCBA, Group W Chmn. Donald McGannon, NOW, NBMC, MAP, NCCB & CCC.

International hearing to be held June 8-10 by Senate Foreign Relations International Operations Subcommittee, features ex-CIA Dir. William Colby, Harvard's Anthony Oettinger, MPAA, USIA, ABC News Senior Vp William Sheehan. Hearing is to explore "the role and control of international information and communications." Subcommittee chmn. is McGovern (D-S.D.).

Columbia Pictures announced first batch of special-for-pay-TV programming—some 26 or more shows to be available to all cable & broadcast pay-TV systems this fall, 19 of them original productions specifically for pay, remainder European product never seen by U. S. audiences. Here are first releases produced specially for pay: Two dramas a year by Ted Mann & Paul Libin of N. Y. 's Circle in the Square; "In Session," 4 one-hour popular music shows; 3 shows from Philadelphia's Bijou nightclub; country music festival from Wheeling; Johnny Mathis Christmas Hour; Orson Welles at Magic Castle, L. A. magicians' club; several pop music specials. In addition, European concert, ballet & opera performances will be offered, as well as original London performance of Broadway hit "Scapino." Columbia has all U. S. rights to productions, may release them later for network or syndicated TV, videodisc or home videotape.

CATA's Kyle Moore told FCC en banc meeting last week that there can be no "serious discussion" of authority to fine CATV systems until Commission deals with over-regulation, halts growing state regulation, provides rural service and removes all program restrictions. He showed small microwave (which he said costs \$108 but doesn't meet FCC technical requirements), said CATA would seek relaxation of microwave rules in several areas.

NBMC & Committee for Open Media (San Jose, Cal.) have appealed to U. S. Appeals Court (D. C.) FCC's decision not to adopt quantitative program standards for comparative hearing situations to determine what constitutes "substantial" or "superior" service.

Personals

Richard Pettigrew, ex-Fla. House speaker, appointed asst. to President Carter for govt. reorganization; **Edward Cohen**, Senate Commerce Committee consumer counsel, moves to White House as special counsel to **Esther Peterson**, special asst. to the President for consumer affairs; Senate Commerce Consumer counsels now include **Dan Jaffe**, ex-Environment Subcommittee; **Thomas Keefe**, ex-HUD, and **Michael Mullen**, ex-aide to late Sen. **Philip Hart** (D-Mich.).

Donald March, ex-ABC-TV, named CBS-TV dir., special projects, motion pictures for TV & mini-series, Hollywood... **Ronald Taylor** promoted to ABC Entertainment current dramatic programs dir.

PBS departures: Vp-Programming **John Montgomery**, Research Dir. **Rick Beatty** and National Affairs Program Exec. **Richard Ellison**, who leaves to join private production firm; no successors have been named... **Edward Hymoff**, ex-editorial consultant to S. Korean Mission to United Nations, named CPB communications dir., succeeding **Ernest Lotito**, now press secy. to Commerce Secy. **Juanita Kreps**.

Morton Slakoff, Viacom creative services dir., joins Metromedia June 27 as vp-creative services, will head advertising, promotion & PR for TV stations and program production... Elected WGN Continental Bcstg. vps: News Dir. **Wayne Vriesman** & Sales Vp **Joseph Antelo**.

John Richer, NAFMB pres. 1970-74 and ex-owner of WIOQ(FM) Philadelphia, named exec. vp, National Radio Bcstrs. Assn. (successor to NAFMB), succeeding **Alvin King**; **Pat Brame**, House Communications Subcommittee staffer, joins June 13 as administrative asst... **Sandi Barclay**, ex-WRC(AM)-WKYS(FM) Washington, joins NAB as assoc. editor of Radioactive and special projects writer, succeeding **Valerie Waddelove**, resigned.

Carol Thomas, ex-EPA civil rights & urban affairs dir., appointed FTC secy... **Gene King**, CBBB broadcasting dir., advanced to vp-broadcasting... **Norman Weinhouse** appointed Hughes Aircraft satellite earth stations mgr., new post.

Brian Byrne advanced to regional mgr., northwest Arbitron TV sales, San Francisco... **Stephan Van Ophujsen**, ex-ABC Radio Network, named vp-N.Y. sales, Mutual... **Robert Rindge** elected a Nielsen vp.

Deadline for comments on FCC proposal to exempt cable systems with fewer than 1,000 subscribers (now 500) from Commission rules was extended to June 21, replies Aug. 22. Also extended was deadline (to June 17, replies July 8) in proposed revision of cable financial report (Form 326).

Katz Agency moves N.Y. hq to One Dag Hammarskjöld Plaza, occupying 30% more space than old quarters. Phone remains 212-572-5500. **Earl Overton**, ex-Chicago office, named sales mgr. of new Bronze Team in N.Y. WBBH-TV Ft. Myers, Fla. names **Katz**, will be part of Gold Team.

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with

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EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D. C. 20036

Phone: 202-872-9200

WASHINGTON HEADQUARTERS

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NEW YORK BUREAU

510 Madison Ave., N.Y. 10022

Phone: 212-355-5611

David Lachenbruch Editorial Dir.**Robert E. Gerson** Senior Editor**Arthur Levis** Associate Editor

JAPAN REPRESENTATIVE

(Editorial & Business)

Hideo Eguchi

1694 Hiyoshi-cho, Kohoku-ku

Yokohama, 223 Japan

Phone: 044-61-6605

ABC documentary on "Madness & Medicine"

May 26 was unfair & unbalanced, American Psychiatric Assn. has charged. Assn. wrote TV Network Pres. James Duffy that program was "a one-sided attack on psychiatry," and "assuredly will deter many citizens who need mental health care from seeking effective treatment." APA said ABC should present more balanced portrayal or it will "pursue all legal remedies available."

Two Cal. groups and S.C. NOW chapter asked FCC to deny planned swap of WFBC-TV Greenville for KOVR Stockton-Sacramento; stations are owned by local newspapers (Vol. 17:11 p5). NOW charged "KOVR & WFBC-TV have demonstrated a gross deficiency in their ability to sense the tenor of community life... and to translate that message into a mode of responsive programming."

FCC has refused to add newspaper ownership as issue in protracted hearing for Ch. 3 Norfolk. WTAR-TV (seeking renewal) has been favored in 3 initial decisions over competitor Hampton Roads TV; latter sought to add ownership issue after D.C. Appeals Court order remanding FCC's cross-ownership rules (Vol. 17:10 p1).

Obituary

Ben Grauer, 68, NBC commentator & reporter, died May 31 in N.Y.U. Medical Center from heart attack. He joined NBC in 1930, specialized in live commentary on both radio & TV, retired in 1973. He's survived by wife.

Meyer (Shap) Shapiro, 76, died May 27, Lenox Hill Hospital, N.Y. He was Bcst. Pioneer exec. secy. & editor, former Billboard reporter and BMI PR dir.

Consumer Electronics®

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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 May 20 (20th week of 1977):

	May 14-20	1976 week	% change	May 7-13	1977 to date	1976 to date	% change
Total TV.	174,517	178,675	-2.3	187,522	4,784,232	3,994,693	+19.8
color	108,834	114,426	-4.9	113,812	2,923,299	2,353,050	+24.2
monochrome	65,683	64,249	+2.2	73,710	1,860,933	1,641,643	+13.4
Total radio	749,091	555,538	+34.8	823,839	13,991,793	11,671,575	+19.9
home, portable . .	515,029	297,989	+72.8	546,251	9,066,376	6,964,325	+30.2
AM-only	106,807	82,936	+28.8	143,364	2,146,907	1,643,655	+30.6
FM & FM-AM . .	408,222	215,053	+89.8	402,887	6,919,469	5,320,670	+30.0
auto	234,062	257,549	-9.1	277,588	4,925,417	4,707,250	+4.6

Color TV 5-week moving average: 1977—131,948; 1976—109,105 (up 20.9%).

COLOR SALES FALTERED IN MAY: After the spree comes the hangover. April's record color TV sales to dealers (Vol. 17:20 p8) were followed by definite slackening in May, which ended with 2 consecutive weeks of sales below 1976.

May color sales of about 489,340 were only 3.3% ahead of year earlier, represented annual rate of about 8.29 million, lowest of any month this year and far cry from April's nearly 10-million rate. May's 3rd week saw sales 4.9% below year earlier—first such decline this year—and 4th week (140,200) was also below 1976, but by less than 1%.

If you don't want to call it hangover, you can use new industry buzzword, "overhang." Sagging sales in May seem to lend credence to theory that dealers bought more heavily than usual in April to beat anticipated price increase—particularly for imports—and that this buying has now ceased as dealers attempt to sell off the overhang.

Manufacturers have raised sights for 1977 on basis of results so far. We resurveyed domestic & import TV manufacturers and found median forecast of 8.65 million color, 5.3 million b&w set sales for this year. Our earlier survey, in Dec., produced median forecast of 8.05 million color, 5 million b&w. Color TV sales rate for year's first 5 months is about 8.61 million.

ZENITH LEAD NARROWS IN MARKET-SHARE POLL: Zenith held onto color TV leadership in 1977 model year—but by only 2 percentage points—as indicated by results of our 10th annual Share-of-Market survey. Zenith lost one percentage point, narrowing gap between it and 2nd-place RCA to smallest margin since it took over lead in model-year 1973. Zenith also lost one point in monochrome share, putting it 3 points above RCA, closest race has been since 1972. However, in both cases, RCA failed to capitalize on Zenith's loss, its share remaining unchanged from last year.

Tightening fight for No. 1 spot is one trend shown in our survey, which is based on balloting by domestic & foreign-owned TV manufacturers, who are asked to estimate competitors' U.S. market shares for model year just closing. We tally medians and put together share-of-market consensus. We don't vouch for exact accuracy of results—but they're collection of informed estimates by people in best position to know and should be indicative of trends & shifts. Shares & rank are based on brand-name sales, not total production or sales—so manufacturers with private-label business come out with lower numbers than they would on total sales basis.

Gap between Zenith & RCA in color stood at 5 points in 1975, dropped to 3 in 1976 and 2 in

1977. In monochrome, Zenith's lead was more than 5 points in 1974, dropped to 4 last year, 3 this year. But this year's survey shows no dramatic changes in rankings, such as last year when Sony leapfrogged from 7th to 4th place in color (Vol. 16:24 p9). Most significant improvement in rank was by Panasonic, which displaced Admiral for 9th place in color and pushed Sears out of 4th rank in monochrome, virtually tying GE for 3rd place (at 10% each), while Quasar overtook Admiral for monochrome's No. 6.

Panasonic showed biggest percentage gains—up 2 points in monochrome, 1/2 point in color. GE lost a point in b&w, gained 1/2 in color. Others gaining 1/2 point in color were Sony & Magnavox. Aside from Panasonic, Sears was only major gainer in b&w, picking up 3/4 point. Biggest decline was shown by Admiral, down one point in color, 1.45 in monochrome, followed by Zenith (down one point in each category) & Sylvania (down 1/2 in each).

Montgomery Ward & Sharp showed up with enough representation to rank them in both color & monochrome for first time. There quite probably are others which belong in 1.5-2 percent-age-point category but they weren't mentioned by enough respondents to include in results.

Here are survey medians for 1977 and 5 preceding model years:

SHARE OF U.S. TV MARKET BY MODEL YEAR

COLOR

Rank	Brand	1977		1976	1975	1974	1973	1972
		% share	Range	% share	% share	% share	% share	% share
1	Zenith.	22.0	21.4-23.5	23.0	24.0	23.75	22.5	19.1
2	RCA.	20.0	18.1-22.0	20.0	19.0	20.5	20.3	20.5
3	Sears.	9.0	8.2-9.5	9.0	8.7	7.5	7.8	8.5
4	Sony.	7.5	7.0-8.0	7.0	5.8	5.0	4.0	3.3
5	Magnavox.	7.0	6.0-7.5	6.5	6.6	6.75	8.0	8.9
6	GE.	6.0	5.5-6.0	5.5	6.2	6.0	6.0	5.3
7	Quasar.	5.0	4.5-6.0	5.0	5.9	6.75	8.0	7.0
8	Sylvania.	4.0	3.5-4.2	4.5	4.4	5.0	5.0	4.5
9	Panasonic.	3.0	2.0-3.1	2.5	2.3	-	-	-
10	Admiral.	2.5	2.4-4.0	3.5	3.0	3.5	3.5	4.2
11	Montgomery Ward.	2.0	2.0-2.3*	-	-	-	-	-
12	Sharp.	2.0	1.7-2.0*	-	-	-	-	-
13	Philco.	1.5	1.0-2.0	1.5	2.0	-	-	2.7
Other brands.		8.5		12.0	12.1	15.25	14.9	16.0

MONOCHROME

1	Zenith.	17.0	16.0-18.0	18.0	17.0	17.75	17.0	13.2
2	RCA.	14.0	12.7-16.5	14.0	13.2	12.0	12.0	10.6
3	GE.	10.0	9.3-12.0	11.0	11.6	11.9	11.0	9.3
4	Panasonic.	10.0	9.5-10.1	8.0	6.2	7.75	8.0	10.8
5	Sears.	9.75	9.0-10.1	9.0	9.0	8.8	9.0	7.9
6	Quasar.	5.0	4.0-6.8	5.0	7.1	6.0	6.0	3.8
7	Admiral.	4.25	3.3-6.0	5.7	4.0	5.0	5.6	4.6
8	Sony.	4.0	2.7-4.5	4.0	4.1	3.15	4.0	5.1
9	Montgomery Ward.	3.0	2.5-3.3*	-	-	-	-	-
10	Philco.	2.75	2.0-3.2	3.0	3.5	4.3	4.8	3.3
11	Sylvania.	2.5	1.5-3.1	3.0	3.5	-	-	2.0
12	Sharp.	2.5	2.0-3.0*	-	-	-	-	-
13	Magnavox.	2.0	1.0-3.0	2.0	-	-	4.0	3.3
Other brands.		13.25		17.3	20.8	23.35	22.6	29.4

*Not ranked by all respondents.

JUSTICE REOPENS JAPAN ANTITRUST PROBE: Zenith scored another mini-victory in battle against Japanese color exporters as Justice Dept., bowing to congressional pressure, opened preliminary investigation into whether Japan's check-price agreements of 1966-73 violated U. S. antitrust laws.

"This isn't a formal investigation, but it's not a quick cosmetic job either," Justice spokesman told us. Agency attorneys are reviewing whole issue, should have recommendation for Atty. Gen. Bell within 2 weeks. Legality of agreements, which established minimum color export-to-U. S. prices and restricted Japanese competition for U. S. private-label customers, has been studied by Justice before, most recently last Feb. (Vol. 17:20 p8).

Justice has refused to press case in past, explaining agreements were ordered by Japanese govt. and not subject to U. S. court action, and that U. S. law permits exporters here to form similar cartels under certain circumstances. But political atmosphere has changed, and Carter Administration has shown willingness to put U. S. economic interests first, break with traditional policies that gave foreign manufacturers virtually unrestricted access to U. S.—so full probe into case is strong possibility.

Other problems of Japanese color exporters also are coming to head. This week, International Trade Commission Judge Myron Renick opens hearing on Sylvania's unfair import competition complaint, and Customs Appeals Court starts considering Treasury's appeal of lower court ruling that countervailing duties should be imposed to offset excise tax refunds Japan gives to consumer electronics exporters (Vol. 17:16 p7). Meanwhile, in Geneva at week's end, a GATT panel ruled that U. S. imposition of countervailing duties would violate Japan's trade rights. International trade rules, endorsed by U. S., freely permit such tax refunds, and voiding agreement would leave U. S. exports open to retaliation.

Importers of Japanese color sets showed no signs of inventory-building in April, holding shipments to about same level as last year, although influx of color chassis from Mexico pushed over-all imports to record for month. Commerce Dept. reported 643,600 TVs imported in April, up 38.8%, with color up 94.8% to 306,100, b&w up 10.1% to 337,600. Shipments brought 4-month TV total to 2.55 million (up 41%), with color at 1.12 million (up 91.9%), b&w at 1.43 million (up 16.7%). Color chassis imports (included in results), mainly from Mexico where RCA & Sylvania have subassembly plants, were 132,300 for month, 346,200 for 4 months; b&w chassis (mostly Taiwan) were 19,200 & 78,800 for same periods.

TV imports by country, with 4-month results in parentheses: Japan total 255,300 up 6.3% (1.16 million, up 33.8%), color 154,600, up 8% (717,200, up 36.4%), b&w 100,700, up 3.6% (447,500, up 30%); Taiwan total 230,500, up 17.8% (874,200, up 6.8%), color 35,400, up 279.3% (83,600, up 96.6%), b&w 195,100, up 4.7% (790,700, up 1.9%); Korea total 39,400, up 44.3% (203,100, up 73.7%), color 3,550, down 23.1% (26,000, up 83.8%), b&w 35,800, up 58% (177,100, up 72.3%). Singapore, which started shipping TVs at end of 1976, supplied 1,260 color & 3,000 b&w in April, for 4-month respective totals of 3,200 & 6,000.

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Japanese may have trade problems with CB as well as TV. E. F. Johnson is still seeking industry support for proposal to seek higher duty rates or quotas on imports (Vol. 17:22 p8), but hasn't had much success. Last week, Motorola applauded Johnson's effort but hadn't decided whether to participate in any filing with International Trade Commission. "There's a serious import problem and it includes car radios & other products," Motorola spokesman told us, expressing concern with Japan's use "of export incentives and other artificial means of controlling trade." While Motorola supports free trade, it's in "process of forming a position and laying out a strategy" for import issue, he said.

April transceiver imports rose 5.1% to 1.62 million, all increase represented by toy hand-held models, as shipments of mobile CBs dropped 27.9% to 674,600. Imports of 40-channel base & mobile CBs (excluding sideband & combination models) were 520,600 in month, against 216,700 units with 23 or fewer channels. For 4 months, total transceiver imports were up 34% to 7.1 million, but again all increase came from hand-helds, which more than tripled to 3.29 million, as mobile & base stations combined for 3.77 million, down 14.6%; CB mobiles were

down 11.5% to 2.67 million. Declining import trend should continue in May; Japan Finance Ministry said April CB exports to U.S. were down 38.7% to 716,600, for 4-month total of 2.77 million, down 22.2%.

JVC HOME COLOR CAMERA, FILM SCANNER: This week's Consumer Electronics Show will be more of a video event than usual, as interest focuses on impending industry-wide mass marketing of videocassette recorders and rapid evolution of video game into home computer (see p. 12)

JVC was scheduled to introduce its "Vidstar" VHS videocassette recorder over weekend. Widely seen in U.S. demonstrations in past, Vidstar is extremely compact package; it's about half size of Sony Betamax, resembles audio cassette recorder—we described it in detail last Sept. (Vol. 11:38 p9). Although Vidstar is compatible (in 2-hour-per-cassette mode) with VHS-type machines to be offered by RCA, Magnavox, Panasonic, Sylvania & others, it's different machine; Matsushita-built unit they're offering has been completely reworked. JVC is not offering Matsushita's 4-hour capability—at least, not now. Sales start here later this year.

JVC announced 2 Vidstar accessories which may well cost more than video deck itself—"America's first home video color camera" and "simple" telecine attachment, which can be used to make home transfers of 8-mm movies or 35-mm slides to cassettes. Camera weighs 6 lb. with optical viewfinder; step-up versions have 6:1 zoom lens & electronic viewfinder. It contains automatic & manual color compensation for various lighting conditions. Companion control unit adapts video recorder for camera & telecine use.

No prices had been announced at presstime, but JVC indicated deck would be "competitive" with existing units—in industry jargon this is taken to mean about same as Betamax's \$1,300. Camera may be "home" unit in name only. Cheapest color camera currently on market is GBC's modified single-tube Toshiba unit, recently increased from \$1,995 to \$2,495. Fact that JVC camera uses 2 vidicon tubes would appear to dictate substantially higher price. No specs were given for telecine unit, but lowest-cost super-8 telecine currently on market is Eastman Kodak's VP-1 at \$2,295. All manufacturers introducing home video decks are promising b&w camera accessories—usually at around \$395. RCA is expected to have 2 different monochrome cameras—one built by Matsushita, one by RCA.

Other home video decks on display in Chicago next week will include previously shown Sony & Zenith 2-hour-Beta-format machines and possibly mockup of Magnavox's Matsushita-built 4-hour VHS. BASF, developer of low-cost 1/4" LVR longitudinal home system, may break silence this week with announcement of plans & licensees. Latter are Bell & Howell and Blaupunkt div. of Robert Bosch Co., as reported here in April (Vol. 17:14 p13). First public showing may be at Berlin's International TV-Radio Show in Aug.

Quantities of home VTRs are expected to remain tight in foreseeable future. It's understood that Sylvania will receive about 1,000 Matsushita units monthly in Nov. & Dec., and reports from Japan say Magnavox will get 2,000 a month, but company didn't confirm these quantities. Zenith is believed to have option on 5,000 or more Beta decks per month, with Matsushita said to be preparing to ship similar quantities of VHS decks to RCA.

Magnavox videodisc program is in "final engineering phases," company was expected to announce over weekend in Chicago, with segment of Greeneville, Tenn. plant being prepared for production, prototype & pre-production machines now in lab tests, user tests to begin soon. However, there was new nuance in company's mention of market-testing data. It now says "end of 1977," which may indicate some slippage from "late 1977" recently quoted.

Fast trial was pledged by Judge Warren Ferguson in Betamax copyright suit brought by Universal & Disney against Sony. He threw out request by Video P, Cleveland, to intervene in behalf of Betamax owners (Vol. 17:17 p13), stating that he wished to avoid delays. Case is in discovery & deposition stage, and Universal indicated it would like trial to start by late Oct., while Sony said it probably wouldn't be ready before Jan. New copyright law goes into effect Jan. 1.

Boycott of Matsushita consumer electronics was announced by Kuwait, apparently as result of Matsushita's agreement to supply home VTRs to RCA. RCA is on formal Arab boycott list because it has record licensee in Israel. Other Arab countries reportedly were joining in Kuwait's move. While boycott prevents companies from selling direct to Arab lands, many get around it by selling through approved 3rd parties.

GAMES INTO COMPUTERS: Second-generation game market gets off to running start at CES this week with introduction of new programmables & home computers (Vol. 17:17 p11), plus unveiling of home computer system by pioneer game chip maker GI. Week will also see additional entries in non-video electronic area, including hand-held missile attack game by toy producer Mattel.

Starting prices on first computers will be higher than original estimates, if \$100 hike on Commodore PET (Personal Electronic Transaction) computer to \$595 is guide. Introduced at Winter CES (Vol. 17:3 p8), upgraded version of PET shown this week will go into "quantity production" in Sept., appear in retail outlets—possibly including Sears—in 3rd & 4th quarters, Sales Mgr. Arnold Karush said.

Lower-priced KIM-1 computer (\$245) inherited by Commodore through acquisition of MOS Technology will get first non-hobbyist-market exposure at CES. Introduced in 1975, KIM-1 was aimed originally at technically oriented consumer but Karush believes distribution can be expanded into general home area. One-board unit can be used to learn basic computer programming "from elemental level," Karush said.

Moving into computer sweepstakes, GI will demonstrate new Gimini home computer circuit using standard TV set at Chicago press conference June 6. Other new products, including programmable & fixed games, plus wireless remote game-playing system, also will be shown, but firm indicated major portion of presentation will be given over to discussion of home computer uses and market's future.

Non-computer programmables also will be in evidence during week, with RCA showing Studio II b&w unit for first time at trade show. Nationwide distribution will be achieved by end of June, firm said, with tennis/squash & baseball cartridges to be added at CES, blackjack in July and TV School House II—with 17 math quizzes—in Aug.

Third programmable approved by FCC, Atari's CX2600 (reportedly carrying \$190 price) will also be on view during show. FCC spokesman said Atari unit was approved last week, joining RCA & Fairchild games as only programmables with FCC okay. There were reports that Coleco's Telstar programmable also received approval, but spokesman wouldn't confirm it.

In non-video area, Mattel is adding 3rd model to line of hand-helds, rocket-launching attack game which uses LED-blip display and plays abbreviated version of "Taps" when player loses. Price wasn't available, but other games (auto racing & football) are in \$20-\$25 range.

Other developments: Montgomery Ward signed \$7.4-million contract with Bally for home pinball & video games, presumably including programmable Professional Arcade we described last month (Vol. 17:17 p11). Arcade will be introduced at CES... Fairchild is shooting for lower price on Channel F programmable with modified version (now \$170) being submitted to FCC. New model uses fewer components, is expected to be competitive with RCA \$150 game.

GAME SURVEY: Dept. stores account for 50% of all video games sold, with variety stores (18%) & discount stores (14%) next largest outlets, Frost & Sullivan survey of retailers shows. Based on questionnaires mailed to 5,000 retailers in electronics field, survey also revealed that TV & stereo departments were leading outlet for games within stores (24%), followed by toys & games (23%), electronics [sic] (18.5%), appliances (11.5%), sporting goods (2%), cameras & calculators (2%).

Atari emerged as firm mentioned most often by stores as game supplier (19%), followed by Coleco (17%), Magnavox (13%), Fairchild (9%), APF & National Semiconductor (7%), Lloyd's (6%), Enterprex (3%). Absence of Unisonic, considered among leaders in field, isn't explained but firm does bulk of its business with discount chains (Woolco, etc.), which may not have been included in survey.

By dollar volume, firms were ranked this way: Coleco (31%), Magnavox (19%), Atari (18%), Fairchild & APF (6%), Enterprex (5%). Median retail price ranges: 1976, \$65-\$69; 1977, \$50-\$54; 1978, \$45-\$49. Of retailers polled, 58% said they planned to offer programmable games in 1977-78, 31% said they wouldn't, 11 undecided.

GAMES AID GI: Strong video game IC market made Semiconductor Group General Instrument's fastest growing operation, according to annual report for year to Feb. 28, showing sales for group rose 67.4% to \$117.7 million while profits leaped 440.7% to \$14.8 million. Component Group sales rose 14.4% to \$166.3 million, net climbed 46.2% to \$18.1 million, despite slumping sales to TV & audio OEM. Sales of CATV Group (mainly Jerrold) slipped 0.5% to \$75.5 million, showed \$3.15 million loss, against earnings of \$1.1 million preceding year.

Electrohome's loss included \$2.88 million charge, mainly for writedown of consumer electronics inventories "made obsolete or surplus" by firm's decision to import color TV & chassis from Japan Victor (Vol. 17:21 p11). Loss in 1975 was reduced by \$1.77 million tax credit. Company showed increased loss in first 1977 quarter, said 29.5% sales increase stemmed from promotion efforts to clear out inventories of Canadian-made TV. Chmn. James Holmes said company converted \$10 million in short term bank debt to loan due Sept. 30, 1978 to provide working capital, predicted profitable operations in 4th quarter. In Japan, Kanematsu-Gosho, which will supply JVC product to Electrohome, says pact calls for delivery of 800,000 sets & chassis over 10 years at total of about \$144 million.

Resdel took \$235,000 write-off on Fanon/Courier CB inventories in 3rd quarter to April 2, raising write-offs over 9 months to \$1.02 million.

Morse will ask holders to approve restructuring of \$69-million debt at June 27 annual meeting. Plan calls for converting \$31 million to 5-year loans, \$20 million to revolving credit expiring July 1978, \$18 million into new non-voting preferred stock & subordinated debt. Lenders have already agreed to terms.

JAPAN CB DEBACLE: Extent of depression in CB is clearly evident in figures from Japan, which show March production dropping 56% below June 1976 total to about 995,000. Recent survey of 30 OEMs & own-brand producers projected another sharp decrease in June, slumping to 700,000.

Based on figures supplied by manufacturers, survey lists monthly output of top 10 CB firms in March-June (in thousands): Cybernet—285, 300, 170, 150; Uniden—196, 176, 170, 170; Sanyo—80, 80, 80, 60; Chiba—58, 41, 47, 42; Nihon Dengyo—42, below 50, below 40, undecided; Hitachi—40, gradual increase over following 3 months; Toshiba—39, 20, 24, 21; Sharp—35, 35, gradual reduction in May & June; Funai—30, gradual reduction; Toei—25, under 30, 7, 7.

Producers' view of year's last half—when survey was taken in April—was mixed. Uniden, for instance, said monthly output would be reduced to 100-125,000 while Toshiba projected increase to 60,000-70,000 in July-Sept., 70,000-80,000 in Oct.-Dec. Survey also offers glimpse of production breakdown by top OEMs in March. Of Cybernet output, 74.7% were AM under-dash, 13% SSB under-dash and 12.2% in-dash. Uniden: 80.6%, 12.8%, 6.6%. (Outlook for CB industry was somewhat more positive when survey was taken than now, and actual production totals may drop even lower than survey indicates.)

Sign of market slump will be obliquely evident at CES this week, as hard-pressed CB suppliers show new generation of high-technology, higher-end units designed to shift focus from under-\$100 discount end of business. In addition to microprocessor (MPU)-based rigs from TI (Vol. 17:19 p11), Hy-Gain (Vol. 17:18 p11) & SBE (Vol. 17:8 p11), Fanon/Courier and several other producers are expected to show MPU controlled units. At same time, shift to detachable-mike remotes (with CB module mounted in trunk or behind dash) will gather steam at CES, with most major suppliers showing at least one.

Note: While producers try to build new high end, low end of 40-channel business drops even lower. N.Y. CB & car stereo specialist Checkmate apparently established new discount price point last week with \$59.95 Boman unit, sold in same store for \$80 preceding week. Also offered by Checkmate: Royce 23 with original list of \$160 at \$49.95 (\$59.95 preceding week), Eversonic 23 at \$34.95.

Watch watch: Japan's Citizen Watch bought LCD watch patent license & technology from Time Computer (Pulsar brand watches) for about \$100,000, expects to start shipping first electronic digital watches to U.S. this year, says it could sell 10,000 a year here... Texas Instruments estimates worldwide digital watch sales last year jumped 5-fold to 18 million, with 15 million sold in U.S. Total factory value exceeded \$500 million. It sees sales in U.S. this year as high as 25-30 million if manufacturers can deliver all the \$10-\$15 models consumers will buy... Hewlett-Packard enters watch field with LED multi-function watch-calculator combination at \$650 & \$750, to be marketed through jewelers... Unitrex's LCD "Monte Carlo" model generates random numbers, can be used for dice & other gambling games, priced at \$100.

SONY'S DIRECTION: Sony's more aggressive stance (Vol. 17:19 p7) is step to assure "reasonable growth" rather than move toward head-on competition with top domestic manufacturers, according to Kazuo Iwama, pres. of Sony Corp. and chmn. of its U.S. subsidiary. Sony's growth in U.S. color TV market, he told us last week, has been slower in last 6 months than industry's total growth of almost 30%. Sony will adjust prices where necessary to attain growth it desires, but "with our quality & reputation we can still stay above the others. We have no intention to reduce prices drastically."

Sony is sole Japan-based color TV manufacturer which has indicated intention not to raise prices this year despite increase in value of yen. At recent distributor meeting, company also said it was testing concept of "sheltered line"—initially 17" & 19" sets for dept. stores, but concept may be spread later to greater number of exclusive products for wider variety of outlets. Sony also added 90-day in-home service to 19" sets, previously provided only for 21".

Iwama said Sony may introduce "specialized" color models in U.S., citing success of its 13" Citation youth-oriented set in Japan.

Sony has no intention of offering video game as "black box" TV attachment, Iwama said, but is developing microprocessor which eventually could be built into a TV to accommodate cartridge programs. One black box which Sony will offer is pulse-code modulation (PCM) converter to make possible use of Betamax as super-hi-fi audio recorder. Converter will be demonstrated at CES, goes into production in fall for Japan marketing.

Betamax decks currently are being produced in 4 Sony plants, Iwama stated. Cassette sales still are running above expectations—last month ratio of cassette to recorder sales was 37-to-1; cumulative ratio since start of sales is 25-to-1. Sony will offer consumer Trinitron color camera with improved LSI circuitry in 1-2 years at \$1,000-\$2,000, Iwama said, but development of low-priced camera still awaits development of practical CCD pickup.

Quasar open-list color model prices, as reported here last week (Vol. 17:22 p11), didn't accurately reflect factory selling prices. In 12", leader is priced to discount from \$310, \$20 less than suggested retail of leader last year; 19" leader discounts from \$420 (unchanged); 25" table model discounts from \$610 (up \$10), 25" double-sided credenza discounts from \$700 (a \$50 price-point boost for non-Super Insta-Matic console). Dropped from line were 17" & 23" models.

GE expanded CB line to 12 models, adding 5 new units with LED channel display (\$135-\$230), including mobile with phone handset & base station/mobile with RF gain control (\$230). Also new: Non-crystal 2-band scanner which can be programmed for 6 public service UHF & VHF channels (\$200).

Taiwan electronics display of consumer products & components by some 50 manufacturers is slated for June 13-15 at 41 Madison Ave., N.Y.C. offices of Chinese External Trade Development Corp... Korea Electronics Show runs Oct. 18-25 in Seoul.

NEW TUBES, PRICES UP: New generation of slot-mask color tubes with focus sharp enough for high performance in 19" & 25" will be spotlighted at IEEE Chicago Spring Conference next week. RCA & Sylvania will be showing tripotential-gun & high-focus-voltage bipotentials to accomplish the purpose.

On business front, RCA issued surprise announcement of 4% increase in price of 25" color tubes effective Aug. 1, bringing 90° delta-gun tube to \$81 from \$78. Competitors welcomed move but had no comment, presumably because they were completely surprised. Despite rising costs, tube industry has been unable to put across major price hikes in recent years because of overcapacity. Last proposed increases collapsed in Jan. New 25" price is actually \$5 lower than that of 1974.

RCA also announced plans to invest "some \$50 million over the next several years" in picture tube factories, automation & product improvement, in addition to advance development at RCA Labs.

RCA, which said in April it would have 100° slot-mask 25" tube (Vol. 17:16 p9), will show it this week, along with high-focus-voltage bipotential in 19" 90° and 25" 100° versions. RCA says both types of gun provide "comparable over-all focus performance," but company appears to favor bipotential because it results in lower receiver & tube costs. Zenith was first on market with tripotential-gun tube, followed by Sylvania, which is supplying new tube to Quasar & Panasonic and is expected also to sell it to Magnavox & Sanyo Mfg. (Sears). Sylvania Components Group Senior Vp Roger Slinkman conceded bipotential approach will save money, adding that it's satisfactory for "certain class of product." RCA Tube Div. Vp-Gen. Mgr. Joseph Colgrove said company had made "very substantial progress" in improving focus performance, would offer 19" bipotential in 2nd quarter 1978, is reviewing 25" bipotential with OEM customers.

MAGNAVOX FOR '78: Few changes will show up in Magnavox's 1978 TV line, with exception of some re-styled cabinets. One reason may be late delivery of Touch-Tune models with optional remote, which just started flowing to dealers last month, one year after original announcement (Vol. 16:19 p8). Star tuning system is expanded to one more console—early American dry sink, originally in last year's bicentennial collection minus Star tuning. Star 19" & Touch-Tune 25" table models have become table/consoles with availability of matching furniture bases.

Two new 19" color models with side-by-side tuning knobs have LED channel display. Two new 12" b&w sets have been introduced, step-up containing Videomatic light-dependent resistor feature. Pricing details won't be available until Magnavox starts regional showings in July.

In stereo, Magnavox has added "popular-priced" console line to compete with Morse-Capehart-Soundesign—4 models at \$230-\$350, low end having 8-track tape player, other 3 with recorder-players. Also new are 2 compact systems with component styling and audiophile features at around \$300 & \$350. New Philips-designed U.S.-assembled LED clock radio at about \$60 has electronic touchbuttons for

alarm-set & snooze controls, light sensor to adjust LED brightness to room light. Also to be added to line will be microcassette recorder.

Trade Personals

Fred Goldstein rejoins Advent July 1 as senior mktg. vp, in consolidation of sales & mktg. functions for video & audio; his responsibilities include those of **Mark Obenzinger**, resigned as video mktg. dir.; **Frank Reed**, ex-audio mktg. dir., appointed national sales vp... **Rocco Laginestra** promoted at RCA from staff vp to vp, operations analysis, responsible for reviewing activities of all major business groups... **Mort Leslie**, ex-Lafayette, joins Neosonic as mktg. vp... **Robert Mueller** advanced at International Rectifier Semiconductor Div. to worldwide mktg. exec. vp; **David Cooper** resigns as world mkt. planning & technical support vp.

Herbert Barnett resigns as Mercury Time mktg. dir. to enter rep field... **Frank Sabara** promoted at Audiovox to national sales mgr.; **Steven Trentacoste** succeeds him as northeastern sales mgr... **Carlos Hidalgo** appointed mktg. communications mgr., Sharp Industrial Equipment Div... **Joseph Lopprine**, ADS national sales mgr., named vp.

Louis Couttolenc, former RCA Records Mexico pres., named RCA Records pres., succeeding **Kenneth Glancy**, reassigned to Europe... **Anthony Costa**, Teco pres. & former Browning Labs production vp, joins Browning board... **Karl Buikema**, ex-Hitachi, named SBE national sales mgr., succeeding **Paul Zimmer**, resigned... **Joseph Sadowy** resigns as Sony N.Y. branch mgr... **Kerns Powers** advanced at RCA Labs to communications research staff vp; also named vps: **Richard Quinn** (administration), **James Tietjen** (materials & components research).

Magnavox started importing b&w last Nov., and in final 2 months of year its imports were 3 times larger than its U.S. b&w production, Labor Dept. says in report extending import adjustment assistance certification issued to displaced workers at Jefferson City, Tenn. plant in June 1975. LD says more layoffs are expected there as result of imports—it says Magnavox is importing b&w from Japan, but Magnavox officials say Taiwan facility run by parent Dutch Philips is prime import source. B&w sales from Jefferson City plant fell 21% in 1975 though output was off only 1%. In 1976, production dropped 37% and sales were off 28%. All color portable-table production was transferred to Greeneville, Tenn. plant in Sept. 1975.

Corporate name changes: U.S. JVC Corp. is created by merger of JVC Industries (technical products) & JVC America (consumer products), with S. Hori as pres.

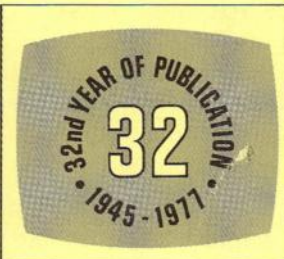
Obituary

Goddard Lieberman, 66, president of Columbia Records for 19 years, died at his home in Manhattan May 29 of cancer. He began career as pianist and composer, joined Columbia Records in 1939, was instrumental in development of LP records. He's survived by wife, 2 sons.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

NETWORK INQUIRY STALLED as Hollings refuses FCC request to reassign Commission employees to special staff. Wants study halted until Carter names new FCC chmn. Commissioners deny inquiry is 'political,' plan to object. (P. 1)

CABLE 'INEQUITIES' are probed in Senate Communications Subcommittee 3-day hearing. Hollings asks witnesses to propose legislation, says he's considering 'fine-tuning' cable regulation. (P. 2)

SHOOSHAN RAISES NAB IRE in charging distortion of option papers, negative broadcast attitude toward change; Zeifang responds. House counsel also says FCC broadcast policy 'in shambles.' (P. 4)

CABLE X-RATING BAN to be reaffirmed by NCTA following Washington board meeting. Assn.'s Code of Ethics may be strengthened. Aaron says 'minuscule number' of systems feature X-rated shows. (P. 4)

FCC CABLE FINANCIAL REPORT: First summary covers year to Oct. 1976, shows \$894 million gross, \$27 million pre-tax net, \$16 million pay-cable revenue, \$2 billion assets. (P. 5)

'ARBITRARY & CAPRICIOUS,' FCC says of Appeals Court ban on ex parte contacts in informal rule-makings. Says Supreme Court already has ruled twice on legality of cable regulation. (P. 5)

COMMUNICATIONS ACT REWRITE: Ex-comr's. split on need for FCC broadcast & common-carrier panels and CPA; agree on several issues. (P. 6)

MONTREUX SYMPOSIUM sees 3 major new products—ENG backpack microwave, portable standards converter, U-Matic format for PAL & SECAM. (P. 6)

SENATE STALLS NETWORK INQUIRY: Has partisan politics reared up in FCC's planned network inquiry? In response to request by FCC Chmn. Wiley to Senate Appropriations Subcommittee for permission to "re-program" 10 agency staffers—to assign them to network inquiry staff—aides to Sen. Hollings (D-S.C.) have notified Wiley that inquiry should be halted until President Carter names 2 new Democratic commissioners. Hollings is chmn. of both Communications Subcommittee and FCC's Appropriations Subcommittee.

"We're not saying that the inquiry should not be done," Hollings staffer told us. "We're merely saying that it should be run by the new chairman... If they waited 20 years, they can wait another 2 months." Staffer noted that FCC had voted to pursue inquiry (Vol. 17:3 p2), des-

Consumer Electronics

VIDEO DISPLACES AUDIO as CES star, VTR, games/computers and new projection TV systems making top news. Depressed CB industry may scrub PC-78 show or merge it into Winter CES. (P. 8)

SYLVANIA & JAPANESE SETTLE unfair-competition complaint, 4 major manufacturers agreeing to consent orders. Treasury appeals countervailing-duty ruling. Japanese ask Justice probe of Zenith's 'anti-competitive' actions. (P. 9)

PROJECTION REVITALIZED by entry of Panasonic & MGA into 3-tube high-end field. (P. 10)

NEW TUBE FAMILIES introduced in Chicago by RCA & Sylvania, former stressing high-voltage bi-potential gun for 25" slot-masks, latter tri-potential. (P. 10)

GAME/COMPUTER MARKET in high gear at CES, line between the 2 getting fuzzy. Atari & Bally unveil programmables, GI shows low-cost cassette program system, APF gives peek at home computer. (P. 11)

VTR'S INDUSTRY DEBUT marked by 9 different brands in Chicago. Availability seen more important than price. EIA plans move on copyright problem. (P. 12)

CB BLUES AT CES as 40-channel prices dip further, 23s remain in pipelines. (P. 13)

TV PRICES UP modestly at CES, with more boosts in 5% range expected. Capehart unveils 19" color combination with TV by Magnavox. (P. 13)

MAY SALES GLITCH—hiccup or trend? Color sales to dealers up only 3.3% for month. (P. 14)

ignated task force chiefs and sought comments before receiving permission to put together staff, added: "We can't see that it will do any irreparable harm to wait." (Refusal to approve re-programming request doesn't affect FCC request for additional \$350,000—though no additional staff positions—for inquiry support. Request is pending at OMB.)

Ironically, Democratic commissioners—Hooks, Quello & Fogarty—earlier discussed whether FCC should wait until new chmn. was announced before proceeding. However, when Wiley appointed ex-OTP Gen. Counsel Antonin Scalia & FCC Asst. Gen. Counsel Joseph Marino to direct inquiry, Democrats decided not to make it an issue—though they assigned Fogarty to monitor inquiry's progress. "As a Democrat, I'm satisfied," one commissioner told us. "I don't think there's any politics involved at all [in the inquiry]. I think we ought to get moving." All 7 commissioners now plan to sign letter to Hollings asking him to reconsider.

In meantime, Scalia is expected to drop out; in addition, several "name economists" who had been prepared to join now probably won't. Also likely to be scrapped will be self-set deadline of conclusion one year after receiving comments. It's understood Hollings believes inquiry should be broadened to include cable and other related matters, perhaps follow suggestions made by ex-FCC Comr. Glen Robinson, who recently told Subcommittee proposed inquiry was "very, very limited" and doomed to fail because it didn't address industry's "basic economic structure" (Vol. 17:20 p3).

* * * *

Filing comments week late in inquiry, Justice Dept. urged FCC to "study closely": Compensation, affiliation agreements, clearances, relationship between networks & affiliates in sale of time, management policies dictated by networks for owned stations, new entry into network field. JD also urged that inquiry pay "special attention...to the similarities and dissimilarities in the behavior of the networks and of their causes."

JD told FCC inquiry should stay out of relationships between networks and program suppliers until conclusion of antitrust lawsuits against networks. Anyway, JD added, such inquiry should be undertaken in separate proceeding because of "complexity and magnitude" of network-affiliate relationships.

HOLLINGS SCOUTS CABLE 'INEQUITIES': "I still don't see the sky falling" in cable area, Senate Communications Subcommittee Chmn. Hollings (D-S.C.) told us near conclusion of his panel's 3-day cable hearing last week. However, he added, "There are some inequities...I think it's not as bad as it could be, but we're getting a lot of suggestions on legislation." He declined to speculate when legislation might move, or what it might say, said goal would be simply to "fine-tune the system."

Commented NCTA Pres. Robert Schmidt at hearing's end: "I sure felt there was sufficient evidence brought out that some action should be taken." Rather than draft legislation, he said, NCTA would attempt to set out "over-all premise under which regulation should develop."

Hollings was mildly skeptical of testimony of FCC Chmn. Wiley, chiding him for not having data base to predict cable growth, questioning whether there was justification for Commission's cable regulation, and whether FCC's cable economic inquiry was necessary or designed merely to delay action. Wiley defended economic inquiry, said preservation of broadcasting presents "very difficult problem." Hollings thanked him for "excellent" statement.

FCC "has sacrificed basic constitutional guarantees at the altar of economic protectionism and jurisdictional primacy," according to Mass. Cable Commission Chmn. Anthony Oettinger. CTIC Exec. Dir. Sheila Mahony scored FCC for trespassing on state & local govt. "sovereignty." FCC economic inquiry is attempt to avoid de-regulation, argued Teleprompter Pres. Russell Karp. "If you want to kill something, you send it to a committee for more study."

Paul MacAvoy, now Yale U. economics professor, formerly head of Ford White House regulatory reform task force, called FCC cable rules "the prime example of regulation to prevent competition from new technology since the 2nd World War...No one doubts that this has hindered the development of cable." FCC's policy of "localism" hasn't worked, he charged, isn't worth preserving.

Broadcast witnesses pleaded for continued protection. INTV Vice Chmn. Robert Wormington, KBMA-TV Kansas City, cited Quaife Assoc. study of Des Moines market giving imported KBMA 28% share as sole imported signal, 4-6 p.m., only half that with importation of WTCN-TV Minneapolis. He said that KBMA's extensive cable carriage outside Kansas City "does not help us financially." He claimed drop of single rating point during "Emergency"—shown 6-7 p.m. — could cost KBMA-TV \$93,000 a year.

NAB Chmn. Wilson Wearn defended industry profits: "I would agree with you that generally, industry profits are good. But not all stations are doing that well... Stations that earn a lot also are outstanding in public service."

There was considerable difference of opinion over need for sports anti-siphoning legislation. Baseball Comr. Bowie Kuhn said congressional protection isn't needed. Since baseball "lives through public acceptance," it couldn't "withstand the resentment that would flow from depriving the public" of currently telecast games, he said. Aspen Institute's Henry Geller said contracts for major sports events are signed years in advance, leaving Congress ample time to act if necessary. On other hand, NBMC Chmn. Pluria Marshall & WCVB-TV Boston Pres. Leo Beranek pressed for legislation.

Also much debated was whether outside programmers should be granted "mandatory access" to systems. Karp said problem doesn't exist. United Artists Vp Gerald Phillips said access should be required, but operator should be able to protect subscriber from obscenity. Optical Systems Pres. Alan Greenstadt charged that programmers are being scared out of business due to uncertainty over FCC access rules.

Warner Cable Chmn. Gustave Hauser showed Subcommittee 15-min. videotape on firm's planned Columbus 2-way system (Vol. 17:7 p2), commented: "An awful lot of the future of cable is going to rest on what happens in Columbus." Hollings: "You don't have any worry it will work out economically?" Hauser: "I most certainly do."

Small earth terminals are subject of technical analysis and recommendations by Commerce Dept. Office of Telecommunications. According to Commerce press release: "The introduction of satellite small earth terminal systems into space communications networks may well be hindered both by certain technical characteristics... and by the regulations that now govern them." Copies of PB 266-660 are available for \$4.50 from NTIS, Springfield, Va. 22161.

Westinghouse's KDKA(AM) Pittsburgh is nation's oldest broadcast station, according to analysis by retired Westinghouse Vp Joseph Baudino and John Kittross, Temple U. prof. Four claimants are studied in Winter 1977 issue of Journal of Broadcasting. Others: KQW San Jose (now KCBS San Francisco), WHA Madison, WWJ Detroit.

Renewal hearing has been set by FCC for Grayson's 4 Tex. TV stations—KLBK-TV Lubbock, KMOM-TV Monahans, KWAB-TV Big Springs, KTXS-TV Sweetwater. Charges include studio move without permission, misrepresentations to FCC, fraudulent billing, false logs, etc.

Group headed by ex-Washington Post Pres. Larry Israel is buying WNYS-TV Syracuse (ABC affiliate) from Outlet Bcstg. for about \$11 million... Avco Bcstg. sells last 3 stations—KYA-AM-FM San Francisco & WRTH(AM) Wood River, Ill.—to King Bcstg. for about \$4 million.

BMI has increased payments to writers & publishers, saying rates have gone up "greatly" for network TV and some radio use.

"Certainly there is no basis for concluding that advertising leads to a decrease in competition," according to study for American Enterprise Institute. Conducted by UCLA economist Stanley Ornstein, study says there's no evidence that concentration leads to collusive efforts by large firms to reduce ad expenditures—as many charge. He attacked FTC for conflicting rulings that advertising is good for some products (eye glasses), bad for others.

Retiring from Taft board, Lawrence Rogers II says duties as pres. of Omega Communications will take full time, also that Omega may become a competitor to Taft. Omega is acquiring assets of WSWB-TV Orlando, will apply for license, also seek more stations. Omega stockholders include officials of Ashland Oil.

FCC soon will start inquiry into whether religious institutions are eligible to use educationally-reserved FM channels. Realizing it has been inconsistent in past, inquiry was proposed during discussion of Moody Bible Institute applications for FMs in E. Moline, Ill. & Boynton, Fla.—which were granted.

Permitting clear-channel stations to operate with more than 50 kw could cause interference to other stations, Commerce Dept. Office of Telecommunication told FCC. In opposing CCBS request for higher power, OT said none should be granted without first conducting field experiments.

Washington law firms Cahill & Kaswell and Brown, Bernstein & Effros merge into Brown, Cahill, Kaswell, Bernstein & Effros: 1523 O St. NW, 202-387-3100.

SHOOSHAN RAISES NAB IRE: House Communications Counsel Harry Shooshan told Mo. Bcstrs. Assn. that NAB Station Services Dept. "ought to be renamed the Station Disservices Dept. because I think they are doing a disservice to you in characterizing the work that we're doing" on Communications Act rewrite. NAB's Highlights publication, he said, has contained "a lot of distortions" about the rewrite option papers (Vol. 17:17 p8), calling proposals "revolutionary" & "radical." He said "one of the problems we have to deal with" is fact that 90% of NAB staff "never held a job" in broadcasting.

He urged broadcasters to get "in the vanguard of change and not at the rear dragging your heels... This industry has a negative image in Washington and it's unfortunate... Time after time, the broadcaster comes in and fights change, fights innovation."

Of FCC, Shooshan said recent Appeals Court overturns of Commission actions have been because FCC decisions "are poorly articulated, inconsistent and not based on an adequate record... The current state of broadcast policy at the FCC is in shambles and Congress has to step in and provide some additional guidance." Major problem for broadcasters, he said "is regulatory uncertainty... and you have to provide some guidance to us as to where the changes are necessary... I urge you to think about it and not to reject options that are labeled by the NAB as being 'radical' or 'revolutionary'—out of hand."

NAB Senior Vp-Govt. Affairs Donald Zeifang followed Shooshan to podium in Mo. "I will make no apology" for Highlights articles on rewrite option papers, he said, repeating several times that 3 viable options—lease frequencies to highest bidder; treat broadcasting as public utility, regulating profits; make broadcasting common carrier for part of day, thus guaranteeing access time—are "radical & revolutionary... changes for the worst." Fourth listed option—maintaining status quo (Shooshan was critical because Highlights didn't discuss this one)—isn't a true option, Zeifang maintained. He said "if secretaries are counted," perhaps 90% of NAB staffers have never worked in broadcasting, listed several professionals who have. He also disputed charge industry has negative attitude and always is against change, listing several changes sought by NAB—automatic transmitters, all-channel radio, expansion of AM band to help minorities. (Note: June 13 issue of Highlights also responded to Shooshan.)

Direct satellite-to-home broadcasting system supplying 12 channels of TV programming to Boston-Washington corridor is subject of unpublished study prepared for National Academy of Engineering by Comsat Chief Engineer Sidney Metzger. Satellite & launch would cost \$15 million each, back-up same. Metzger estimated rooftop antenna, converter & adapter at less than \$200 per home. However, he said, cost of programming 12 channels probably would make system prohibitive. "Technically, it's great," Metzger told us. "The question is, who needs it?"

Nielsen will begin overnight metered ratings in San Francisco this fall with all 5 local TV stations subscribing. San Francisco will become 4th market with meters (N.Y., L.A. & Chicago are others), representing 20% of U.S. TV homes.

NCTA STIFFENS X-RATING BAN: Stand against X-rated cable programs was reaffirmed by NCTA board last week at 2-day Washington meeting. Pres. Robert Schmidt said board has asked Public Affairs Committee (AmVideo's Richard Loftus, chmn.) to re-examine Code of Ethics with goal of strengthening it. X-rated shows "tend to put us in a position where we're forced to respond," Schmidt said.

Due to L.A. federal court decision on family viewing—which threw into question NAB enforcement of its TV Code—"we're not clear just what sanctions we have as a trade association, but we want to demonstrate our leadership to show clearly that the industry is opposed to such programming." Chmn. Daniel Aaron said "minuscule number"—fewer than 4 systems—feature X-rated programs.

In other actions, board: (1) Rejected Blue Ribbon Committee recommendation that board's size be reduced gradually to make it more efficient. It remains same size. (2) Approved \$5,000 to N.J. Cable TV Assn. for participation in state public utility commission inquiry on pole attachments. (3) Granted additional \$5,000 for EEO programs.

As for pole attachment bills in Congress, Schmidt stated NCTA's focus "remains on the House" because of Assn.'s opposition to bill introduced by Senate Communications Subcommittee Chmn. Hollings (D-S.C.) linking pole bill to FCC forfeiture authority. However, Schmidt declined to state whether Assn. will oppose combined bill's passage altogether. Hollings measure is set for June 23-24 hearing, while Rep. Van Deerlin's (D-Cal.) House Communications Subcommittee has no date yet.

TM Communications, Pacific Cablevision & FCC Cable Bureau reached agreement allowing Pacific to lease channel for pay programming on TMC's Escondido, Cal. and affiliated systems. Parties last week asked FCC Judge Reuben Lozner to issue consent order and stop proceeding. Dispute began last fall when Escondido system refused to lease to Pacific; latter complained, and FCC asked TMC to "show cause" (Vol. 16:44 p3), ordered hearing. After "extensive negotiations," parties hammered out "access agreement" charging Pacific \$7,713 monthly for channel on Escondido and affiliated systems or \$4,764 for Escondido alone. Lease also contains promise Pacific and TMC will "avoid" X-rated movies.

More than 175 broadcasters attended license renewal seminar June 4 in Newton, Mass. co-sponsored by NAB and 6 state assns. (N.E. station must file renewals by Dec. 1). Seminar covered ascertainment, EEO requirements and short form renewal for radio—along with specially-prepared FCC slide presentation. Similar seminar is planned for N.Y.-N.J.-Del.-Pa. stations in late summer.

General Foods' Cocoa Pebbles TV ads are target of ACT complaint to FTC. ACT says ad claims solely that cereal is "chocolatey" and has "delicious feeling," then promotes product as "part of a balanced breakfast"—as required by NAB Code. Stated ACT Pres. Peggy Charren: "It's time for the FTC to make rules governing the games that advertisers play with children's health."

FCC CABLE FINANCIAL REPORT: First official summary of cable financial operations was issued by FCC last week. It's relatively old, incomplete, but it's Commission's first effort to report on cable as it has long done for TV & radio.

Report covers year ending Oct. 1976, estimates gross revenues were \$894 million, net before taxes \$27 million. Operating expenses were \$560 million, leaving average operating margin of 37% before interest & depreciation. Pay cable produced \$16 million (1.8%) of revenues. Among other figures:

(1) Average monthly rate was \$6.21. (2) There were 2,500 "reporting financial entities" serving 6,000 communities. (3) Such "entities" averaged 4,000 subscribers, grossed \$376,000, netted \$15,000 pre-tax. (4) Total U.S. subscribers as of Dec. 31, 1974 were estimated at 9,863,020. (5) Total assets were figured at \$2 billion.

Report includes state-by-state breakdown showing, among other things: (1) Cal. was biggest grosser with \$121 million, had operating expenses of \$74 million, but still had net loss of \$2,245,000. (2) Pa. was biggest money maker, netting \$9,340,000 on revenues of \$46 million, operating expenses of \$23 million. (3) Fla. suffered largest net loss—\$6 million—on revenues of \$34.5 million, operating expenses of \$25.5 million.

Commission points out that there are enormous variations among systems, says future computerization will provide meaningful averages based on variations including age, size, penetration, etc. (For full text of 6-page report dated June 10, write Office of Information.)

If private lives of public people can be made public by media, private lives of media people should be public, too, in opinion of White House News Secy. Jody Powell. At recent breakfast meeting with reporters, he said: "If you can get laid whenever you ask for it, the public has a right to know about it. That's what I mean about 'if it's news when I do it, it's news when you do it.'" Meanwhile, Rep. Obey (D-Wis.) said he'll investigate free privileges granted congressional reporters, consider requiring reporters to disclose holdings.

United Cable receives \$18 million revolving credit and term loan, refinancing \$12 million existing bank debt. Banks: First National, Boston; Continental Ill., Chicago; Bank of Okla. T.A. Assoc. assisted in placement. There's no principal repayment first 3 years, after which payments escalate through 8th year. Firm had profit of \$57,000 for quarter ending Feb. 28 vs. loss of \$532,000 for year earlier.

At request of Comr. Hooks, FCC instructed staff to draft rulemaking which would require 45-day notice before station can be sold; purpose is to give minorities opportunity to bid. Proposal will be back on Commission agenda early in July, Hooks' last month as commissioner before he joins NAACP.

CATV satellite seminar July 11-15 at Torrance, Cal. plant is offered by Hughes on first-come-first-served basis.

'ARBITRARY & CAPRICIOUS' COURT: Banning of ex parte contacts in informal agency rulemakings would "paralyze federal agencies" and D.C. Appeals Court applied "arbitrary & capricious standard" when it banned such contacts in declaring pay-cable rules unconstitutional (Vol. 17:13 p1), FCC told U.S. Supreme Court.

Asking higher court to review all of decision except portion dealing with movies, Commission argued that Appeals Court went against its own decisions on informal rulemakings, as well as those of several other circuit courts. Order that FCC has no authority to integrate pay cable into a total TV system—as sports & anti-siphoning rules were designed to do—"presents questions of far-reaching legal and practical importance," agency said. Brief noted that Supreme Court already has ruled twice (in Southwestern and Midwest Video cases) that FCC has such authority in cable.

Meanwhile, following mandate of Appeals Court, Commission has asked some 150 lawyers, lobbyists, trade, broadcast & cable executives to detail their ex parte contacts with commissioners and top staffers during pendency of rulemaking—April 1972-May 1975.

Networks shy from satellite networking because "they are afraid of the direct competition for time on your local station if a satellite feed gave you freedom of choice," Southern Satellite Systems' Edward Taylor told Ala. Bcstrs. Assn. He suggested that each broadcaster buy own earth station, at about \$1,000 per month over 6 years, said such a move would "not see just a 4th network but the 4th through 24th networks all coming into being at once." He suggested that about 10 Ala. broadcasters form cooperative to produce Ala. sports network via satellite, said "away" games could be transmitted for less than \$500 per co-op member. "For a real bargain," he suggested stations share one of 13 earth stations owned by Ala. cable systems.

PBS isn't trying to "knock off the commercial competition," Senior Vp-Programming Chloe Aaron told NATAS N.Y. chapter. Nor does it have "some magic Nielsen number in our crystal ball. We shall never lure mass audiences, as our commercial colleagues do successfully." However, she added, PBS will offer "the best of the performing arts, information, education and—yes—entertainment." She noted that PTV's 1976-77 national program budget was \$60 million vs. \$1.5 billion spent by networks.

Consumer protection agency apparently died last week, at least for remainder of this session of Congress. Senate Majority Leader Byrd (D-W. Va.) said Senate wouldn't take up bill until House passed it. However, House Democratic leaders refused to take up bill until Senate did, predicting that measure was 20-25 votes shy of passage and that Senate approval would give bill "momentum."

ABC in answer to MPAA attack on networks in FCC proceeding (Vol. 17:23 p4): "The MPAA filing vividly demonstrates the personal avarice of the major Hollywood producer-participants, and is void of any public interest concerns."

COMMUNICATIONS REWRITE (Cont.): Four ex-commissioners split 2-2 last week on whether FCC should be divided into common carrier & broadcast panels, as FCC reform was considered by House Communications Subcommittee in continuation of Communications Act rewrite hearings (Vol. 17:23 p5). Same informal vote, although in different split, was given on need for Consumer Protection Agency (CPA).

Ex-Chmn. Dean Burch & Kenneth Cox favored panels, while Nicholas Johnson & Glen Robinson opposed. Burch also wanted to increase Commission to 9 members—with chmn. breaking ties. Cox & Johnson favored CPA; Robinson called CPA "a bad use of funds" since so many other groups already are doing same thing.

They agreed on several things: (1) Need for more professional staff for commissioners. (2) Longer terms for commissioners aren't necessary, although Cox said he would have liked reappointment because after 7 years he was just getting to know subjects well. (3) Commission has authority but not money to pay for participation of public interest groups. (4) Need for more economists on staff.

Burch, only ex-chmn. on panel, said "the chairman already is asked to be a superman... As chairman, you burn yourself out in about 4 years." He said legislative committees should make budget recommendations because appropriations members don't understand issues. Johnson called for FCC to be given "a great deal more money than it now has... a 10-fold increase." Problem, he said, is that Commission doesn't know how to best use what it now has and that should be corrected first.

Public interest groups testified day after commissioners and all praised Subcommittee option papers on rewrite (see p. 4). The witnesses: Kathy Bonk, NOW; Pluria Marshall, National Black Media Coalition; Ted Carpenter, NCCB; Harvey Shulman, Media Access Project; Phil Watson, Booker T. Washington Foundation. They attacked alleged FCC-industry "coziness," called for financial aid for public intervenors. Shulman suggested that FCC members be given congressional mandate to "ascertain" leaders across country annually, then submit 10 major national issues for broadcasting to cover.

At closing session, Group W Pres. Donald McGannon plumped for Dept. of Communications—divided into broadcast-CATV & common-carrier branches. He, Johnson & others also saw need for development of national telecommunications policy. Robinson said cabinet agency would be mistake because it's "potentially dangerous" to put all communications functions under single arm.

Hearings continue June 14-15 on rural telecommunications; witnesses include 5 FCC staffers and representatives from HEW & CATA.

First meeting of OTP-sponsored Interagency Committee on Rural Communications recently heard Richard Neustadt, deputy special asst. to President, assure group that its recommendations would be seen by Carter; that program fits in with energy conservation programs, govt. goals of better govt. management, better life for rural Americans.

MONTREUX REPORT: Three significant new products were introduced at International TV Symposium in Montreux, Switzerland last week, in addition to PAL & SECAM versions of items shown at this year's NAB convention.

Thomson-CSF showed omnidirectional microwave backpack accessory for its Microcam, completely freeing operator from cable. About size of portable VTR, it's claimed to have range up to 25 km, can be used from helicopters, trains, etc.

Quantel demonstrated portable frame-store standards converter only 12" high, capable of converting signals of any standard (PAL, SECAM, NTSC) to any other. Built-in noise-reduction system improves signals 6-12 db, resulting in converted picture of apparently better quality than picture put into system. It's priced in \$200,000 area.

Sony completely revised its U-Matic format, with change in frequency, tape speed, etc., to adapt it to PAL & SECAM with performance equivalent to NTSC U-Matics—seen by some observers as first step toward widespread use of ENG in Europe.

All three 1/2" VTR standards were represented—BCN, Ampex & Sony, latter 2 for first time in Europe. Bosch officials said nearly 150 BCN units are in use in Europe, with order backlog for 225. Although BCN is de facto standard for German-oriented countries, others appeared to be holding off while evaluating Ampex & Sony non-segmented approaches. SMPTE ad working group on non-segmented helical standards met at week's end, reported that Ampex & Sony standards had been brought closer together and that progress had been sufficient to schedule another meeting July 7 in Chicago.

"Is public TV acting in the public interest?" N.Y. NATAS sponsors June 15 forum on question, N.Y. Hilton Hotel, with: CPB Pres. Henry Loomis, PBS Pres. Lawrence Grossman, AFTRA National Exec. Secy. Sanford Wolff, Black Citizens for a Fair Media Pres. Emma Bowen, Assn. of Independent Video & Filmmakers Pres. Ting Barrow, N.Y. Post columnist Harriet Van Horne. Moderator is WNEW-TV's Bill Boggs.

Marquee TV Network—MDS pay service to 40,000 Washington-area apartments, hotel rooms and private homes—got 50% return on questionnaire to subscribers. Major finding: 95% said they wanted X-rated movies.

First conviction for theft of cable service came in N.Y. June 8 as Jose Sanchez, 23, unemployed, was sentenced to 15 days or \$250 for breaking into Teleprompter box on apartment building.

Century Communications (Leonard Tow) buys Huntington, W. Va. cable system, 11,000 subscribers, 237 miles passing 24,000 homes, price undisclosed, through Daniels.

FCC denied MST request that comments in VHF drop-in rulemaking be limited to 4 markets specifically proposed by Commission (Vol. 17:10 p4), Lee & Quello dissenting, White not participating.

C-TAM holds cable marketing conference featuring pay cable, July 25-27, Century Plaza, L.A. Tom Johnson, Daniels & Assoc., is conference chmn.

Personals

George Shaver, ex-Dancer-Fitzgerald-Sample exec. vp, appointed vp-advertising & creative services, NBC-TV... **Eric Seavareid**, CBS News commentator, receives RTNDA Paul White Memorial Award Sept. 17 during San Francisco convention; award is given for "outstanding contribution to radio & TV journalism."

Cortland Anderson, ex-N. Y. Telephone asst. vp-PR and one time managing editor, St. Petersburg (Fla.) Times, appointed CPB exec. vp, succeeding **Scott Miller**, resigned to purchase own business.

Richard Janssen elected Nationwide Communications vp-operations, new post... **Peter Devereaux**, ex-Harrington, Righter & Parsons, named gen. sales mgr., WRDU-TV Durham.

Ralph Renick, WTVJ Miami, named pres.-elect, AP Bcstrs. Assn.; **Walter Rubens**, KOBE(AM) Las Cruces, N.M., elected pres., succeeding Cox Bcstg.'s **Tom Frawley**... **Glenn Serafin** named AP broadcast exec. for Pa. & Va., succeeding **Anthony Rizzo**, promoted to general broadcast exec. for eastern U.S.; **Donald Harwood** named broadcast exec. for Ga. & Fla., succeeding **Donald Kienitz**, now gen. mgr., KOLE(AM) Port Arthur, Tex.

Robert Luff, engineering asst. to FCC Chmn. **Richard Wiley**, will join NCTA as engineering vp... **Robert Huston**, "Huston View" publisher, stops newsletter to join Teleprompter as Dubuque system mgr.

Alan Pearce, House Communications Subcommittee staff economist, resigns in disagreement with Chmn. **Lionel Van Deerlin** (D-Cal.) & Chief Counsel **Harry Shooshan** over draft Subcommittee report on TV violence (Vol. 17:19 p2)... **Charles Shepherd**, one-time editor of NCCB's Access magazine, most recently cabaret theater producer, named legal asst. to FTC Consumer Protection Bureau Chief **Albert Kramer**.

David Boies, partner in Cravath, Swaine & Moore, N. Y. law firm, named consultant to Senate Antitrust Subcommittee, will become chief counsel & staff dir. in fall, succeeding acting Chief Counsel **Thomas Susman**.

Roger Alexander, Harrington, Righter & Parsons Detroit mgr., elected vp... **Don Kirk**, ex-WTLV Jacksonville, appointed mgr. of Post-Newsweek rep firm Top Market TV's new Miami office... **Fred Kaufman** promoted to KOMO-TV, Seattle national sales mgr.; **Dave Bingham** advanced to local sales mgr.

Bill Goodman promoted to news dir., WTVF Nashville... **Frank Bergner**, Titsch Publishing vp-sales, appointed AP national cable exec., succeeding **L.J. Lancer**, named WHBY(AM) Appleton, Wis. gen. mgr.

Sammuel Street, Showtime mktg. dir., advanced to vp-mktg., parent Viacom Communications... **Jeff Marcus**, Minn. Cable Communications Assn. exec. dir., joins Communications Equity Assoc., Tampa; **Ed Klernat** assumes MCCA presidency, succeeding

Lloyd Wetenkamp, resigned... **Ted Mellby**, Minn. Cable Communications Commission chmn., resigns, successor unnamed.

J. Ben Whitley, Rollins Cable Div. gen. mgr., joins HBO as New England mgr.; **Donald Redell**, ex-Broadband Communications vp-program development & sales, named program acquisition & sales dir., HBO subsidiary Telemation... **Frederik Engel**, Philips Medical Systems pres., elected vp, N. American Philips with responsibility for professional equipment activities including Magnavox CATV and Philips Best. Equipment divs... **James Kellner** advanced to Viacom mktg. dir., syndication development, new post... **Alan Schoenberg**, ex-Telesource vp, joins Telemation as northeastern sales engineer.

Stuart Chuzmir, ex-HBO, establishes cable & pay-TV management consulting firm: 230 Park Ave., N. Y. 10017, 212-687-0872... **Jeanne O'Grady**, ex-Telemation, named Showcase Presentations client services dir... **Dominic D'Alfonso** joins Magnavox CATV Systems hq. sales staff, responsible for mid-Atlantic states... **Robert Mai** named vp-contract administration, turnkey & customer service, Jerrold.

William Miller, Time-Life Films vp-TV, elected a senior vp... **Charles McGregor** promoted to pres., Warner Bros. TV Distribution... **Eugene Moss**, Worldvision Enterprises advertising & promotion dir., advanced to vp-advertising, promotion & PR... **Tony Intelisano** advanced to research & sales promotion dir., Metro TV Sales.

Miles Moon promoted to creative services mgr., RCA Commercial Communications Systems Div... **Dennis Donnelly**, ex-RCA, appointed gen. mgr., American Data Div. of N. American Philips subsidiary Airpax Electronics (TV equipment)... **Edward Mullin** promoted to pres., Ampro Bcstg.; **Joseph Novik**, ex-Belar Electronics Lab, named Ampro sales mgr.

John Gronouski, one-time Postmaster General and ambassador to Poland, nominated to chmn., Board for International Bcstg... **David Liroff**, ex-WOUB-TV Athens, O., named KETC St. Louis programming dir... **Lee Clark** advanced to program development dir., KERA-TV Dallas... **Olga Zabłudoff** appointed editor, NAEB's PTR magazine, replacing **Eva Archer**, now NPR asst. public information dir.

Peter Pantsari, Southern Educational Communications Assn. network operations dir., named assoc. dir.-field services, Agency for Instructional TV, Atlanta hq... **David Britt**, Children's TV Workshop vp-development, advanced to corp. vp-planning & development, new post.

NAB-RAB plan joint pilot studies over next 3 months in attempt to develop new system to improve audience ratings. RAB Pres. Miles David said system will measure radio listening continuously, rather than just during "sweeps," and is designed to provide detailed knowledge of listeners' shopping patterns, etc.

Station-cable economic relationship study has been started by FCC as anticipated (Vol. 17:23 p3).

WPRI-TV to ABC and **WTEV** to CBS affiliation swap in Providence is scheduled June 17.

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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 May 27 (21st week of 1977):

	May 21-27	1976 week	% change	May 14-20	5 months 1977	5 months 1976	% change
Total TV.	227,529	270,342	-15.8	174,517	5,011,761	4,265,035	+17.5
color	150,238	150,583	-0.2	108,834	3,073,537	2,503,633	+22.8
monochrome . . .	77,291	119,759	-35.5	65,683	1,938,224	1,761,402	+10.0
Total radio	1,084,041	837,720	+29.4	749,091	15,075,834	12,509,295	+20.5
home, portable .	796,708	570,151	+39.7	515,029	9,863,084	7,534,476	+30.9
AM-only	259,086	127,825	+102.7	106,807	2,405,993	1,771,480	+35.8
FM & FM-AM .	537,622	442,326	+21.5	408,222	7,457,091	5,762,996	+29.4
auto	287,333	267,569	+7.4	234,062	5,212,750	4,974,819	+4.8

Color TV 5-week moving average: 1977—130,446; 1976—120,047 (up 8.7%).

VIDEO DISPLACES AUDIO AS CES STAR: Reversing trend of recent years, video made most news at 1977 Consumer Electronics Show in Chicago, which: (1) Launched home videocassette recorder as major industry-wide product. (2) Saw too many new video games & computers to count. (3) Marked entry of major TV manufacturers into high-end projection TV market.

CES passed 3 major landmarks in 11th annual summer edition—registration exceeded 50,000 (attendance isn't tallied), exhibitors passed 700 mark, floor space pushed over 400,000 sq. ft., for 4-day event. All-industry show's success, in fact, may ring death knell for specialized PC-78 next Feb., as it did for proposed separate audio show this year.

Virtually every attendee caught VTR fever, with home units displayed at or near show under 9 different brandnames, foreshadowing biggest new consumer electronic product since color (p. 11). If U.S. majors continued to ignore projection TV, Japanese didn't, Panasonic & MGA (Mitsubishi) quietly showing dealers 3-tube projectors and Sony preparing similar unit for introduction next year—all of which could give that market new lease on life (p. 10). Biggest crowds were attracted to video game displays, with nearly dozen firms now entering program-mables & home computers and chip manufacturers displaying even more sophisticated & lower-priced building-blocks to come (p. 12).

In CB, news continued to be mostly negative—more price-cutting, smaller crowds, dark shadows of 23-channel inventories. If there was bright spot, it was success of super-high-end MPU communication systems. But as show closed, it appeared that business conditions and industry acceptance of CES would kill off PC-78, CB's Las Vegas show. PC-78 board, meeting last week, is understood to have reached consensus that show should be merged with Jan. CES in Las Vegas, will try to seek agreement with CES management to keep separate identity within CES. Obvious problem is too many shows for industry already in deep trouble—PC-78 would follow Jan. CES by 3 weeks. But in heady atmosphere of success, it seems unlikely CES will be in any mood to make significant concessions at negotiations which may take place this week. Industry unhappiness with crowded show schedule was underlined several weeks ago with election to PC-78 board of Antenna Inc. Pres. Milton Friedberg, outspoken foe of trade-show glut.

Audio showed unprecedented brand proliferation & line expansions, both in hi- & lo-fi. Buying was brisk, but generally restricted to short-term commitments by dealers concerned that this may be another year of intense competition & declining prices. Generally dormant record-changer market came alive as Magnavox came up with revived Collaro (U.K.) line aimed

at both retailers & OEMs. BSR unveiled new component-quality Quantas models, Garrard moved to reestablish its image with spiffed-up units. Esoteric audio exhibitors appeared quite pleased with mini-show at McCormick Inn.

SYLVANIA, JAPANESE SETTLE 337 CASE: Sylvania scored major coup in foreign-trade war last week when 4 of 5 Japanese color producers named in unfair-competition complaint under Tariff Act Sec. 337 agreed to sign consent orders prohibiting unfair practices.

Hitachi, Sanyo, Sharp & Toshiba, and their exporting and U.S. marketing arms, will sign orders, which, like most negotiated settlements, contain denials of any past wrongdoing. Remaining defendant, Mitsubishi, is understood to be working out separate, less comprehensive agreement reflecting its exclusion from some of specific allegations made by Sylvania in Feb. 1976 complaint to International Trade Commission (Vol. 16:5 p8 et seq.).

As proposed, orders would prohibit Japanese manufacturers from: (1) Selling color in U.S. at any price in predatory manner. (2) Entering into agreement or conspiracy to fix U.S. prices, limit sales volumes or allocate markets or territories. (3) Engaging in any unlawful act to prevent U.S. companies from selling color in Japan.

Agreements would require Japanese to file compliance reports with ITC over next 5 years showing, by company, U.S. unit & dollar sales as well as all costs by screen size on annual basis; retain records for 7 years, keeping them available for audit by ITC or authorized agent. If ITC finds violation, it would hold hearing to determine appropriate remedial action, which could include exclusion of manufacturer's color sets from U.S. market.

Consent proposals must be accepted by ITC, which is seeking public comment. Japanese govt. blessing, while not formally required, also will be needed to insure ITC access to books of Japan-based corporations.

Whether consent agreements will really help U.S. industry is unknown. If Japanese have been competing fairly here all along, as they insist, their promise to stay on straight- &-narrow won't change anything. Sylvania makes no major claims, spokesman calling agreement "reasonable model of what the competitive situation should be." As to impact: "Between this and the export quota agreement, we look for some improvement in the situation."

Case wasn't quite David vs. Goliath as Sylvania had backing of parent GTE. But it is first time lone U.S. company took on sizeable chunk of Japanese electronics industry and won. It's also first time Japanese have backed away from fight—in all past cases they've battled it out to end. There are signs Japanese are getting shell-shocked. In last year, they've had 3 cases at ITC, 3 at Treasury, made numerous filings with Justice, Special Trade Representative and other agencies, are in middle of billion-dollar antitrust suit filed by Zenith. There's growing feeling Japanese decided that probable penalties in this case were less than price of winning, and without Sony & Matsushita to help foot bill, cost of defending on principle was too high. They're also getting discouraged by Washington's new willingness to give all import-competition complaints full review.

And pressure continues to be applied. Latest was article in Time magazine indicating "major scandal" may result from Treasury's probe into charges some Japanese color exporters may have given kickbacks to U.S. private-label customers—evidence of payments was among factors leading to Treasury's hike in color dumping duty bond requirements last April (Vol. 17:16 p7). While rebates to buyers here as means of selling below Japanese govt. check prices aren't necessarily illegal, they may have resulted in lowering actual purchase prices below dumping levels, cheating U.S. out of dumping duties. Widespread existence of kickbacks could be used to support Zenith charges that Japanese conspired to underprice & eliminate U.S. industry. At this point, however, Treasury feels case isn't massive.

In other related activities: (1) Group of Japanese color makers told Justice it should drop investigation into antitrust implications of color check-price agreement (Vol. 17:23 p10), look instead at how Zenith engaged in "anti-competitive harassment of Japanese firms." (2) Customs Appeals Court heard Treasury argue that lower court's consumer electronics countervailing-duty ruling is against U.S. policy and should be overturned. Decision is due by end of Sept.

(3) EIA Board rejected as too restrictive RCA motion to require 48-hour notice of vote on major resolutions, adopted instead policy calling for good-faith effort to insure divisions are informed in time to discuss them. Action stems from dissention created last March when board approved surprise resolution endorsing ITC recommendation to boost duties on Japan color imports (Vol. 17:12 p9).

PROJECTION REVITALIZED: Prayers of projection-TV manufacturers for major TV makers to join their ranks may be answered—from Japan, not U.S. Panasonic & Matsushita quietly showed 3-tube units in Chicago last week to get reaction, and both seem inclined to come to U.S. market.

Panasonic demonstration was strictly private, for selected customers in unmarked, guarded room in McCormick Place; Panasonic wouldn't even admit unit was in Chicago, but we've pieced description together. Claimed brightness is 50 ft.-lamberts on 5-ft. screen, 60-1 contrast ratio. It's single-piece folding model, using mirror. Some of those who saw it said it was significantly brightest, sharpest projection they'd seen, was comfortably viewable in virtually normal room lighting. Screen was Ektalite type, but Panasonic plans to use washable screen in finished version. As shown, system would have to sell here for about \$3,000, but company hopes to cut costs enough to have version with built-in VTR at about that price early next year. Panasonic is considering doing some production & assembly work here to save costs.

MGA displayed 3-beam 2-piece system using Mitsubishi-made tube-lens assemblies and Ektalite 6-ft. screen. Unit resembled Advent 750 in appearance. Company officials said they hoped to offer system here late this year.

Advent demonstrated new Model 10 with 5-ft. screen (Vol. 17:22 p11), designed to fit into smaller rooms than 6-ft. Model 750 and viewable at closer distances. Chmn.-Pres. Peter Sprague forecast company would sell 12,000-16,000 "home" units (Models 750 & 10) in fiscal year ending next March 31.

Single-tube projectors showed signs of improved pictures & higher brightness. In Blackstone Hotel suite, U.S. Precision Lens drew steady stream of projection enthusiasts with demonstrations of low-cost f1.9 plastic lens claimed to supply double the brightness of best standard glass lenses (f2.8), and demonstrations by Chmn. Roger Howe seemed to bear this out. Company also showed single-piece f2.8 lens at under \$30 price. Several single-tube projection assemblers used new washable screens developed by Marvin Hodges or Conrad Schudel in place of standard (and fragile) Kodak Ektalite. There's still no estimate of true size of single-tube projection market—or even how many "manufacturers" are in it—but the 5 displaying at show were unanimous in saying dealer interest was at new peak, a statement which may be disputed by some other "major" factors in business who, however, were not exhibiting. Magna-Vision Pres. Jesse Levine forecast he would sell more than 10,000 units this year.

Sony contracted to become marketer of Falcon jet aircraft in Japan, South Korea, Hong Kong & Thailand.

NEW TUBE FAMILIES: Delta-gun dot-mask picture tube, which has been standard in large sizes since introduction of color TV, now is on way out in favor of self-converging in-line slot-mask system, and RCA predicts its demise in perhaps 2 years. Last remaining barrier is being overcome with new gun systems which provide even sharper focus for slot-mask than traditional delta.

Zenith started trend with introduction of EFL tri-potential gun in 100° 19" tube, will extend it soon to 100° 25". Sylvania followed with tri-potentials in same sizes & deflection, and RCA said it would have tri-potentials in 19" 90° & 25" 100° (Vol. 17:16 p9). Last week at IEEE Chicago spring conference, RCA demonstrated to all domestic & Japanese manufacturers brand-new high-voltage bi-potential gun system computer developed at RCA Labs, which it prefers to tri-potential, and said it hopes to drop latter for former if customers approve.

New bi-potential tube, in 19" 90° & 25" 100° versions, as measured by RCA against tri-potential (tripot) versions, provides slightly poorer focus in center of picture, but much sharper focus at edges & corners. RCA says it would cost slightly less than tripot and would save set makers about 50¢ in total costs, could be produced in 2nd quarter. RCA tripot, if built, would sell at about \$5 more than conventional 25" delta.

RCA also announced upcoming new generation of standard in-line 13", 17" & 19" tubes for first half, using hybrid yoke which is not cemented to tube neck, at same power & costs as predecessors.

Sylvania demonstrated own version of high-voltage bi-potential tube in 19" only, with different results—company said focus was slightly inferior to tripot type. Sylvania tripots were shown in 25" & 19" 100° tubes. Where RCA tentatively has established \$5 premium over delta type for 25" tripot. Sylvania put premium at \$1.50. Sylvania also showed new 25" tube whose resistance to arcing is improved by factor of 10, to be available in pilot quantities this fall at about \$4 premium.

Note: Sylvania last week indicated it would increase 25" tube prices, following RCA's announcement of 4% boost (Vol. 17:23 p14). Zenith had no comment on its tube price plans.

Home VTR's impact on schools will be discussed at July 18-19 seminar in N.Y., sponsored by Media & Methods magazine. Speakers: Sony America Pres. Harvey Schein, Bell & Howell Video Pres. Robert Pfannkuch, JVC Industries Vp Richard O'Brien, Panasonic Video Div. Gen. Mgr. Irwin Tarr, RIAA Anti-Piracy Counsel Jules Yarnell, video consultant Richard Kelly.

VTR'S INDUSTRY DEBUT: CES '77 marked industry-wide introduction of home videocassette recorder to trade, and it immediately assumed proportions of hottest new product since color. In and around show in Chicago, Japanese-made VTRs were shown under at least 9 brandnames and most manufacturers were talking with eager dealers about availability. In most cases, pricing was fudged with "competitive" while manufacturers waited to see what numbers Zenith & RCA would put on their tags.

Industry should sell 225,000-250,000 home recorders this year, expanding to perhaps 750,000 in 1978, RCA Consumer Electronics Mktg. Vp Jack Sauter forecast at CES video conference. Other panelists appeared to agree. Initial over-\$1,000 price is keyed to shortage, not costs, panelists indicated without actually saying so. Future prices: Sony America Pres. Harvey Schein—"With an effective selling price of several hundred dollars under \$1,000—I don't mean list price—it will take off as a mass item." JVC Vp Richard O'Brion—"The magic number is about \$700." Quasar Sales-Mktg. Vp Alex Stone—"It will follow b&w & color in pricing trends." Sauter—Assuming one million units a year as mass market, "we should have a decent price next year or we'll miss a million" in future.

On McCormick Place exhibit floor, most attention-getting VTR display was devoted to JVC's new Vidstar VHS system (Vol. 17:23 p11). Two-hour recorder was priced at \$1,280 (vs. Sony's \$1,300) with built-in LED timer. Color camera-microphone accessory—lowest priced color cameras in existence—gave surprisingly good picture and will be \$1,500 with optical viewfinder and 25-mm lens. (It's single-tube camera, not 2-tube as JVC's earlier release stated.) With 6:1 zoom lens, it'll cost \$1,800; with electronic viewfinder & zoom \$2,150. Company expects to sell 500 cameras monthly in U.S. this year. Telecine attachment, which may sell under \$100, is lens-prism arrangement for using viewer's home movie or slide projector and TV camera for transfer to cassettes.

VHS cassettes, made currently by Fuji & TDK, were priced at relatively low \$19.95 for 2-hour version, \$15.95 for 60 min., \$11.95 for 30 min. Although JVC's machine will record maximum of 2 hours on cassette, Matsushita-made VHS machines (RCA, Pasasonic, Magnavox, Sylvania, et al.) can record 4 hours on same (2-hour) tape, bringing tape price per hour to \$5, vs. \$8.50 for 2-hour Betamax.

First Vidstar shipments will be in Oct. and O'Brion forecast U.S. sales of up to 5,000 units this year, 48,000 in 1978, 81,000 in 1979 and 105,000 in 1980. By 1980, he predicted, JVC brand would represent 17% of 1/2" VTR market, 25% by 1981.

At least 2 other JVC-built single-speed (2-hour) VHS were demonstrated. MGA said it would bring in about 500 monthly starting this fall with price in "\$1,250 ballpark." Hitachi showed JVC unit, but said it wouldn't import until it was making own version and U.S. service network was established—probably late 1978. Company started pilot production in Japan last week. Magnavox showed non-operating mockup of Matsushita-built 2-4-hour VHS deck, said

it would introduce "design that is uniquely Magnavox" in late Oct., "priced in the same area as Sony."

Toshiba & Sanyo showed Beta-format machines under "Betacord" name—but they bore no resemblance to one another. Toshiba's was similar to Sony's while Sanyo unit had different configuration, built-in timer, 2-hour speed only (no 1-2 hour switch), is due this fall in "\$1,100-\$1,300 price range." Sony & Zenith showed their Beta machines and 3M made first public sales pitch for its Beta and upcoming VHS cassettes (Vol. 17:20 p10).

BASF's formal announcement of narrow-tape LVR system was held up, but word spread rapidly, major news services carrying report that it would be introduced late in 1979 and listing Bell & Howell as licensee—it was reported in these pages 2 months ago that B&H & Blaupunkt were licensees for system (Vol. 17:14 p12). BASF system's major goal is tiny VTR built into solid-state color camera as competitor to super-8, but first version will be deck only.

At CES seminar, Sony's Schein urged entire industry to get behind Sony in defense against copyright suit filed by Universal & Disney—"Sony is working for everybody in this room." He specifically asked EIA to file amicus curiae brief, urged other manufacturers to join in, or at least contribute to "war chest." This wasn't impromptu remark—for several months, Sony has been laying groundwork for industry support. EIA Consumer Electronics Group board considered question last week, decided not to back Sony specifically, but to explore possible industry-wide solution to copyright problem. Schein forecast suit wouldn't be resolved in 2 years.

In introducing its VTR, Magnavox took great pains to stress that it was as bullish on videodisc as ever, and gave its first hard-sell demonstration of disc to press. Magnavox Consumer Electronics Pres. Alfred di Scipio stressed there would be no change in disc or cassette schedules and company will have "very aggressive programs in each." One of his biggest concerns, he said, "is the initial software package, which we do not control."

Mergers & acquisitions: Pickwick International will be acquired by American Can for about \$102 million... **Success Holdings** of Hong Kong has bought control of Carter Semiconductor... **Solid State Devices** purchased General Instrument's Special Products Assembly Group's El Paso, Tex. diode & rectifier operation for undisclosed cash sum... **Harman International** holders vote July 29 on HI's acquisition by Beatrice Foods... **Electro Audio Dynamics** plans to sell money-losing General Switch subsidiary, is seeking buyer. Company said end to drain caused by GS would permit increase in expansion capital for more profitable units, such as KLH & Infinity Systems... **Analog Devices** is selling 15% interest to Standard Oil for \$5 million, will use funds to expand Semiconductor Div.

Midland is revamping Communications Div. under Walter McDonald, ex-U.S. Industries, now vp-gen. mgr. responsible for 4 new mktg. programs—distributor, mass merchant (with separate \$100-\$400 CB line), pre-packaged accessory, amateur & marine radio.

GAMES/COMPUTERS AT CES: Programmable video systems showed signs of moving from new concept to new industry at CES, with range of games, game/computers & computers from nearly dozen different firms. Firm commitment to programmable market by powerhouse coin-op game makers Atari & Bally, plus entrance of APF & Microelectronics in game & computer markets, is virtual guarantee of lively battle.

But generally enthusiastic reception of new programmables was tempered by range of unanswered questions: (1) With prices ranging \$99-\$300, where is magic mass-market price point? (2) Is ROM cartridge or encoded audio cassette best approach? (3) Will chip shortage keep supplies tight again this year? (4) What does consumer want system to do beside play games? (5) Does consumer really want home computer?

But many producers at Show—including some ROM cartridge adherents—generally played down computer capabilities of programmables. "The home computer is a tremendous solution looking for a problem," Atari Pres. Nolan Bushnell said at CES seminar. "Five to 10 years from now we'll be using home computers to play games and that's about it. The computer is a hobbyist market."

Nonetheless, several firms are plunging ahead. Commodore showed revamped version of PET (Vol. 17:23 p12), and APF privately demonstrated new PECOS (Personal Computer Operating System) 1016, which will be aimed at combined small business/consumer market when volume deliveries begin next summer. Priced at \$1,000, PECOS will use variation of JOSS computer language, which firm said can be learned in half-hour.

Professional computer makers also showed interest in show. Compu-color showed sophisticated 8001 system priced at \$2,750 and described as "lowest-priced personal computer system with color vector graphics." And at least one hobbyist computer magazine took CES booth to solicit subscriptions.

More immediate interest was generated by new programmable & arcade-style dedicated games, however, and plenty of new ones showed up. Here's rundown on systems, prices, delivery schedules.

APF: Microprocessor 1000 (\$150) with initial 4-cartridge library (\$15-\$20), availability dependent on video interface chip supply, FCC approval. Comes with 2 joystick & one 12-button keyboard controllers, may include built-in games. Other new games: B&P with 2 pistol games (\$70), dedicated 20-variation space-battle game (\$90).

Atari: Video Computer System (\$190), including 27-game Combat cartridge, 2 joystick & 4 detachable paddle controllers, available in July. Initial library will consist of 9 cartridges (10-50 games each \$20), some with separate controllers (\$25), 2 or 3 new cartridges monthly next year. Other games: Video Pinball (\$75), Ultra Pong (\$43), Ultra Pong Doubles (\$53), Stunt Cycle (\$73), Tank II (\$65), all color & sound, available in July.

Bally: Professional Arcade (\$299), 2 built-in games plus 4-function printing calculator, initial

library of 6 cartridges—3 in action/skill series (\$16), one each in sport (\$25), education & strategy series (\$20). Game & 3 cartridges available in Sept., 3 additional cartridges in Oct., 2 new cartridges monthly after that.

Microelectronics: Interact game/computer system in 3 versions: Without built-in cassette input (\$194), with input (\$244), with input & full alpha-numeric keyboard (\$294). Programs are cheapest yet announced—\$5 for 4-cassette pack, initial library including blackjack, drawing & boat racing.

Coleco added Gemini Pinball (\$59-\$79) to line of arcade units, will ship Telstar Arcade programmable (\$99) in July with 3 cartridges, additional programs to be added in early 1978. Game was approved by FCC just before CES, Pres. Arnold Greenberg said. Fairchild added 4 cartridges to Channel F programmable, including baseball, maze & match program (\$20). National Semiconductor showed new Adversary 600 color game (\$80) with 23 games. Programmable may be shown at Jan. CES.

At semiconductor end, GI, TI & Motorola stepped up activity in programmable & dedicated fields. GI described programmable cassette system set, developed with EMI Tape Ltd. of England, as "major step forward." Chip set will be available in Feb., EMI offering 50-program library next year. Advantages include increased storage capacity (up to 3 million bits if both sides of standard C-60 tape are used), full audio and ability to produce 300-500 tapes in 3-5 day run (large volume, 3 months for ROM), GI said. Finished hardware using system probably won't show up on market until Christmas 1978, firm said.

GI also showed: (1) Programmable chip set half cost of other chips, making under-\$100 game possible. Half-dozen customers have been lined up, backlog is already "sizeable," delivery in Aug. (2) STIC high-resolution 20K ROM providing 8 moving objects on screen, available end of Aug. (3) Dedicated chip for complex series of board games priced at same level as b&p chips, available Oct.

Texas Instruments used Chicago IEEE conference to introduce Space War video game system with 21 variations and single-chip 6-game b&p system with "Super Spin" automatic random English. Motorola unveiled system centered on M6800 MPU which it said could be used for video game, personal computer or business applications.

But shortages of chips & MPUs will cause tight supply of programmables this Christmas, and latest projections from some major makers reflect cautious approach. Bushnell put total 1977 sales at 5-million level, and Fairchild Video Mktg. Dir. Charles Jacoby said total would be about 6 million. Coleco's Greenberg told us sales should hit 10 million, 90% in non-MPU games. Magnavox Odyssey Gen. Sales Mgr. Thomas Garvin said total would probably be 8 million, with 5 million represented by b&p dedicated units.

Magnavox is introducing 2nd 19" color set with built-in game—dedicated chip (23 games)—in Sept., and Garvin said set with built-in programmable will be added later.

CB BLUES AT CES: In stark contrast to year ago, last week's CES saw demoralized CB industry desperately trying to rescue self with brave talk of better days ahead and new high-technology products—laced with liberal assortment of dumps which dropped dealer cost on low end of 40-channel to \$40 level. Problem remains high inventories of both 23s & 40s, plus slump in sales, and most producers said it might take rest of 1977 to straighten out.

One ray of hope was emphasis on high-end microprocessor (MPU) CBs, remotes & in-dash combos on show floor. TI showed selective-call MPU rig (Vol. 17:19 p10), and Pathcom introduced MPU base station in \$300 range with keyboard entry and memory allowing automatic scanning of 10 pre-selected channels. Johnson, Kraco & several others said they'll join MPU soon—Johnson with selective-call similar to TI's—and just about everybody introduced at least one remote.

Other direction industry is following is non-CB marine, land-mobile & amateur equipment. Panasonic Consumer Electronics Vp Ray Gates said that firm probably would introduce "personal communications equipment" outside CB next year and that advanced products using MPUs would be added. There will be strong growth in non-CB areas in near future, Pathcom Pres. William Thomas said, partly because CB has made public aware of 2-way radio.

But immediate and overriding problem at Show was oversupply of 40s, forcing major producers to liquidate inventories below cost to raise cash. "This is a very sick industry," Gates said. "There is some dumping in 40-channel now, and I hope the thing which happened in 23-channel doesn't happen to 40." But there were signs it already is. "I'm getting offered deals on lots of 40s, and some of them are below \$40," retailer told us. "You know they're taking a loss, because there's no way they can make one for that."

Panelists at seminar freely acknowledged problems, but majority denied suggestion from audience that move into higher-end MPU units & remotes would trigger yet another round of price cutting on first-generation 40s. Problems connected with 23-40 conversion are "totally unrelated" to advances in technology and "I wouldn't put the two together," said SBE Pres. David Thompson.

Projections from panel were pretty much as we outlined them late last month (Vol. 17:22 p11), most scaling down earlier forecasts for 1977 sales and increasing share of 23s against total. Cobra Pres. Carl Korn said he has dropped forecast from 12 million to 8-10, including 3.5-4 million 23s.

FCC continued low-CB-profile policy at Show, Chief Engineer Raymond Spence telling audience "it's status quo" on new CB band until industry stabilizes. He also said: (1) Efforts by Personal Communications Manufacturers Assn. (linear amp producers) to get CB power output limits raised to 100 watts stand "zero to zilch" chance of succeeding. (2) FCC is determined to force linear amps out of CB.

New CBs at Show: Sharp added 5 models, including 2 remotes (\$160 & \$190), SSB (\$250) & VHF scanner (\$90); Johnson premiered 4-model Viking line

(\$170-\$240) for 2-step distributors, added 2 remotes (\$200 & \$230) to regular line; Motorola begins shipping first in-dash unit, AM-FM combination (\$300) this week.

TV PRICES FIRING: Announcements of modest price increases, some new importers and flood of exhibits by Taiwan & Korean manufacturers combined to give TV larger-than-usual share of CES spotlight last week.

Both Magnavox & Sanyo unveiled new TV lines at Show. Sanyo's pricing reflected increases of about 5%, and while Magnavox didn't reveal prices, senior Vp Kenneth Ingram said that over next 6 months industry prices should be up 4-6%. Panasonic Vp Raymond Gates said firm plans "selective & modest" TV price increase, lesser selective hikes in compact stereo Aug. 1, indicated average would be less than 5% contemplated in April (Vol. 17:18 p7).

Two old TV brands reappeared. Capehart displayed 2 stereo console combinations containing 19" color sets at \$650 & \$695, for July-Aug. delivery. TVs & record changers are produced by Magnavox, whose warranty stations will handle servicing. Webcor, revitalized by Leisurecraft last year, had 4-1/2" AC-DC b&w TV-radio combo at about \$175.

Apparently looking to fill any void created by Japanese quota agreement, Korea had 5 TV manufacturers at show, mainly looking for private-label or direct-shipment customers, as was Taiwan's United Electronics. Also from Taiwan, Tatung was seeking reps to handle expanded U.S. TV sales activities, and Sampo offered b&w collection under own or private brand (including 12" with 4 built-in TV games at \$120), promising color later this year. Two Singapore companies were testing b&w waters, while new importer, Soundmusic of N.J., offered 2 Rumanian-made 12" b&w (one battery portable) for immediate delivery, in \$70-\$100 range.

Mitsubishi isn't abandoning plan to assemble 19", 21" & 25" MGA color sets in U.S., despite reports in Japan to contrary. Now assembling sets in leased Irvine, Cal. facility, using imported chassis & tubes, company will modify operation to insure U.S. facilities provide at least 40% of total labor content, to exempt sets made here from Japan's color export quota limits, spokesman told us. Expansion proposal already has been submitted for Japanese govt. approval, he said. Sanyo, whose Forrest City, Ark. plant is caught in similar squeeze, was subject of unfavorable comment in report issued by broker Wertheim & Co. Report speculates that Sanyo won't be able to make quota-free sets here in needed quantities and that plant's major customer, Sears, is looking for new supply source, goes on to pick Admiral as most logical candidate. Sears declined comment; Admiral said it was without substance; Sanyo said flatly "it doesn't appear to have any basis in fact."

Home Video Systems Seminar, covering video-cassette & videodisc technology, programming & marketing, is scheduled Oct. 26-27 in N. Y., sponsored by ITA.

WEEKLY Television Digest

with
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EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D. C. 20036
Phone: 202-872-9200

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
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Television Factbook

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Business

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O. L. Raymond Circulation Mgr.

NEW YORK BUREAU

510 Madison Ave., N.Y. 10022
Phone: 212-355-5611

David Lachenbruch Editorial Dir.
Robert E. Gerson Senior Editor
Arthur Levis Associate Editor

JAPAN REPRESENTATIVE (Editorial & Business)

Hideo Eguchi
1694 Hiyoshi-cho, Kohoku-ku
Yokohama, 223 Japan
Phone: 044-61-6605

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
Electro Audio Dynamics			
1977-9 mo. to April 30	43,198,000 ^a	382,000	.14
1976-9 mo. to April 30 ^b	35,676,000 ^a	520,000	.20
Pemcor			
1977-year to March 31	120,695,001 ^a	5,173,645	2.48 ^c
1976-year to March 31	92,336,079 ^a	1,814,912	.88 ^c
Republic			
1977-9 mo. to April 30	181,286,000	5,920,000 ^d	2.11
1976-9 mo. to April 30 ^b	151,633,000	2,222,000 ^d	.79
1977-qtr. to April 30	63,410,000	2,298,000 ^d	.82
1976-qtr. to April 30 ^b	53,826,000	749,000 ^d	.27
Tenna			
1977-qtr. to April 30	12,243,479	(442,260)	--
1976-qtr. to April 30	13,586,772	526,681	.17

Notes: ^aFrom continuing operations. ^bRestated. ^cAdjusted. ^dIncludes special credit.

Trade Personals

Raymond Johnson, gen. counsel, assumes interim post as acting EIA gen. mgr. following June 15 departure of Pres. V.J. Adduci; William Weisz, Motorola pres. & EIA vice-chmn., named to head committee seeking permanent replacement for Adduci... Bill Englehaupt resigns as NEDA exec. vp over policy differences... David Holmes, former RCA Consumer Electronics IC development mgr., named RCA Labs TV Research Lab dir. Other new lab dirs.: Bernard Lechner, Video Systems; Robert Lohman, Display Systems; Henry Kressel, Materials & Processing; Brown Williams, Energy Systems.

Robert Daniels, former mgr. of Admiral Taiwan & Harvard, Ill. plants, joins Sarkes Tarzian as Tuner Div. gen. mgr... Robert Gordon, ex-Matsushita Canada & Rapid Data, named Sinclair exec. vp responsible for U.S. distribution... David Cooper, ex-International Rectifier, named pres. of Excel Electronics, newly formed by Beatrice Foods to develop energy-saving electronic devices... Richard Herrell, ex-Bourns Magnetics, appointed Piher national sales mgr.

Ronald Whigham promoted at Westinghouse to Semiconductor Div. gen. mgr., succeeding Maurice Sardi, now with elevator unit... Pasquale Pistorio advanced at Motorola Semiconductor from European gen. mgr. to vp-worldwide mktg. dir., new post... Jack Tramiel, Commodore International pres., adds post as pres. of subsidiary MOS Devices, succeeding Morton Jaffe, now chmn. of solar-cell producer Vanguard International... Sam Berry, ex-Surveyor Industries, named Johnson American East sales mgr.; Tom Leonard, ex-Hy-Gain, named for West... John Bennett, ex-TEAC, appointed Bertagni Electroacoustic Systems pres.

MAY'S SALES GLITCH: Was it a hiccup—or indigestion—after April's gluttonous dealer buying of color sets? Or was it beginning of adjustment to lower sales rate for rest of year? Too early to tell, but May broke momentum of steadily increasing rate established in year's first 4 months. Ending in 2 consecutive weeks of decline from 1976, May color sales managed to end up just 3.3% ahead of year-earlier month, while b&w sales fell just short of last year.

TV manufacturers hopefully give 2 explanations why May slump may be exception to 1977 pattern rather than new rule: (1) Buying glut in April to beat anticipated price increases (particularly in Japanese imports) left dealers with plenty of stock. (2) Dealer open houses where new products are shown came late in May, holding up buying of new models. Whatever the reason, annualized sales rate dropped from nearly 10 million in April to just under 8.3 million in May.

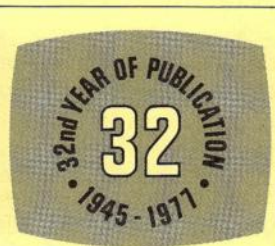
Inventories increased with lowered sales—factory-plus-distributor stocks rising 12.3% during month to about 2,571,000 (up 20.6% from year earlier), factory inventories going up 12.8% to 1,561,000 (29.6% for year), distributor 11.5% to 1,010,000 (8.9%). Factory production for month totaled less than 782,000, up moderate 15%. For year's first 5 months, production totaled 3,661,000, up 23.8% from last year, while sales to dealers were up 22.8% (for 5-month figures, see State of the Industry). There was good news in May figures, too; sales of home & portable radios were up 91% from year earlier. Here are EIA's sales-to-dealers figures with 1975 & 1976 comparisons:

Product	May 1977	May 1976	% change	May 1975
Total TV	796,638	782,932	+1.8	781,169
color	489,378	473,932	+3.3	441,800
monochrome	307,260	309,000	-0.6	339,369
Total radio	3,557,014	2,339,593	+52.0	1,876,910
home, portable	2,491,147	1,304,133	+91.0	1,225,318
AM-only	684,076	339,129	+101.7	344,664
FM & FM-AM	1,807,071	965,004	+87.3	880,654
auto	1,065,867	1,035,460	+2.9	651,592

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

NAB BOARDS—CODES, RADIO—only renewal bill top agendas for Williamsburg meetings. Consensus still sought for sex & violence language in TV Code. Thurston unopposed for chmn. (P. 1)

PUBLIC BROADCASTING'S FUTURE to be examined by 2nd Carnegie Commission. White House also plans funding & structural recommendations, with emphasis on insulation from govt. interference, eliminating waste & duplication. (P. 2)

CHILDREN'S TV AD REVENUES reach 'all-time high,' according to House Communications economist Pearce. Cowan predicts TV candy ad ban. Hollings announces broadcast ad inquiry with emphasis on children & OTC drugs. (P. 4)

ABC'S BIG AFFILIATE RAID: Flush with prime-time success, ABC grabs 5 from CBS, one NBC. (P. 4)

ADVERTISING'S WORRIES in Washington will come from FTC, not Congress or Carter, AAF convention hears. Valenti urges advertisers to program for public, not 'outside group.' (P. 5)

TV'S TAPE 'REVOLUTION' will see all but feature films going to tape production, CBS's Flaherty forecasts. Network installing system to adapt series production techniques to tape. (P. 5)

ATTACKS ON TV VIOLENCE 'is an issue that is past'—CBS' Schneider. (P. 6)

NAB BOARDS—CODES, RADIO RENEWALS: "There'll be some major controversies erupt this time around, that's for sure," according to prominent NAB dir. 10 days ahead of June 27-30 meetings in Williamsburg. Controversy involves both TV & Radio Codes and possibly a growing move for NAB to sponsor radio-only renewal bill in Congress.

Also high on agenda is election of Exec. Committee members. Unopposed for joint chmn. — to succeed Wilson Wearn—is Radio Chmn. Donald Thurston, as is TV Vice Chmn. Kathryn Broman as successor to Robert Gordon as chmn. There's said to be 'a real horse race' to succeed Broman, between Thomas Bolger & Robert McConnell.

Favorite for radio chmn. is Len Hensel; he's likely to be opposed by William O'Shaughnessy, who said last week: "I don't see how I can possibly head off Hensel." Several likely candidates for radio vice chmn. (current Vice Chmn. Donald Jones was defeated for re-election to board last winter) include Paul Reid, Jerry Lee, David Scribner & William Sims.

Intense behind-the-scenes efforts have been underway last couple of weeks to forestall confrontation in Williamsburg on TV Code and sex & violence. Move for strengthened Code language

Consumer Electronics

SEARS HITS ZENITH ads as misleading in unfair-competition counterclaim in federal court, seeking damages and dismissal as Zenith suit antitrust defendant. (P. 7)

MCA-PIONEER VIDEODISC venture in Japan gives MCA production facility it needs for industrial players, Pioneer further involvement in video. (P. 7)

ITC HEARING expected on acceptance of consent orders to settle Sylvania unfair-competition complaint against Japanese. Mitsubishi agrees to consent order. (P. 8)

U. S. TRADE DEFICIT in selected consumer electronics jumped 53.5% to \$317 million in first quarter as TV exports slumped while imports climbed. (P. 8)

ADMIRAL INTRODUCES low-end color console line. Some Sanyo prices up. MGA in selective price boosts. Tatung's new color line. (P. 10)

CUSTOMS RULES importers can use credit letter instead of bonds to cover countervailing-duty liabilities, issues formal list of exempted products. (P. 10)

JAPAN'S EXPORTS of audio equipment to U.S. showed healthy increases for most product areas in first quarter, with radios up 33%, phonos 43%. (P. 11)

NEW CB PROBLEM looms as industry reacts to FCC's Aug. 1 production deadline. (P. 11)

on sex & violence—particularly sex—has been led by Gordon, who became upset at recent Exec. Committee meeting when such language hadn't been drafted (Vol. 17:23 p2). In Jan., TV board had called for toughened guidelines; TV Code board has twice rejected concept.

Gordon & Wearn met with Code Chmn. Robert Rich and other Code board members June 9, when Gordon presented proposed language. Code directors present have since come up with own versions, which Code Dir. Jerry Lansner combined and sent to Rich. Statement (not intended as Code amendment) is said to be very broad, addresses fact Code has "diligently" explored issues with networks, producers, etc., and that broadcasters are continually aware of their responsibilities to public. It also urges Code board and subscribers to continue to be "diligent & vigilant" in issues of sex & violence.

"It'll be hard, very hard, to draft consensus that the networks will accept," according to TV dir. "It'll be impossible," network official told us. Several dirs. said they'll support "something like the Ebel position"—referring to TV Dir. James Ebel. He's concerned about way Code has been weakened in recent years, wants to return to tougher language that was in preamble before 1973.

Subject of radio-only renewal bill came up at June 2 Exec. Committee meeting—also attended by newly elected board members. New Radio Dir. Arnold Lerner has since pushed issue, quizzing candidates for chmn. & vice chmn. on how they felt on issue. "I do think the radio-only bill is politically achievable," Thurston told us. Still to be decided is whether to push for length-of-license (5 years) bill only, or also to include "stability" in NAB-backed legislation. Most radio dirs. want both; Exec. Committee will present recommendation before board meets.

There's also possibility that bill will include TV stations (5 years radio, 4 years TV) in markets below top 100. Whatever legislation NAB backs will go to Senate first, then move to House where broadcasters hope it won't have to wait for Communications Act rewrite. Prime movers of rewrite—Communications Subcommittee Chmn. Van Deerlin (D-Cal.) & ranking Republican Frey (Fla.)—will appear at NAB board meetings (Van Deerlin June 27; Frey June 30), and both will face sharp questions on chances of radio-only renewal bill. (Note: Sen. Scott [R-Va.] last week introduced legislation calling for 6-year licenses for radio & TV, plus annual reports to FCC.)

Radio Code has problems in Williamsburg, too—on contraceptive commercials, time standards and network spots for which affiliate receives no compensation. At Jan. meeting, radio board (by large majority) endorsed concept of asking FCC to exempt (from 18 min. of commercial time per hour permitted) network spots for which station isn't compensated. Radio Code board twice has rejected this concept; NAB legal dept. has drafted proposed rulemaking, is awaiting new instructions in Williamsburg.

Also on agenda will be proposals by O'Shaughnessy that NAB hire "resident, in-house expert on cable" (he has a candidate) and an "in-house ombudsman" for self analysis.

CARNEGIE & WHITE HOUSE SCAN PTV FUTURE: Public broadcasting got attention of 2 major entities last week as Carnegie Corp. announced formation of Commission on the Future of Public Bcstg., while White House staffers put finishing touches on their own recommendations.

Second Carnegie Commission is result of request last year by CPB, NPR and "a number of concerned citizens" to review growth, suggest directions. First Commission, chaired by James Killian, in 1967 issued report leading to Public Bcstg. Act and establishment of CPB (system celebrates first decade in Nov.). PBS initially was cool to suggestion for new Commission study because of uncertainty over goals. However, preliminary study by small Carnegie task force (chaired by Carnegie's Eli Evans) drafted plan which PBS agreed to endorse.

Commission will be funded with \$1 million in Carnegie funds, is expected to report in early 1979. It will focus on long-range questions "not now receiving concentrated and systematic attention but which may have revolutionary impact on developments over the next decade." In meantime, Carnegie urged Administration & Congress not to delay action on other pressing public broadcasting matters.

Carnegie Commission will concentrate on programming. More pressing structural and

federal funding questions will be left to Congress & White House, foundation said. Among issues Commission intends to explore are children's, public affairs, specialized, minority, local & regional programming; programming & creativity; instructional broadcasting; public participation; new technologies; funding; structure.

Commission's formation was endorsed by President Carter, who welcomed "this effort to improve the quality of TV for millions of Americans." At same time, White House staffers completed work on options paper containing recommendations to President on future CPB authorization levels and possible structural changes. Paper will go to President's desk "some time this summer," and Carter is expected to decide on legislative proposals in time for fall congressional hearings.

One option under consideration by White House group appeared last week in Baltimore Sun. It described system featuring scaled-down CPB, beefed-up PBS & NPR; latter would assume full control of programming, also take over some functions now carried out by CPB & stations. On other hand, stations would get more federal money, while CPB would be given greater role in long-range planning.

White House aides said no decisions have been made. However, they said recommendations to Carter will stress insulation from govt. interference, elimination of waste. Other options, aides said, include: (1) Channeling HEW facilities & programming funds through CPB, instead of directly to stations or production entities. (2) Channeling all other direct & indirect federal expenditures on public broadcasting through CPB. (3) Creation of single TV-radio-CPB structure. Single-entity system would be based on BBC or Comsat model, responsible to board with some presidentially-appointed members, others appointed by stations.

"We welcome the Carnegie Commission's formation," CPB Pres. Henry Loomis told us. "We're anxious that there be no holds barred. We want everything examined, including CPB itself." However, he added, "I'm concerned" about White House plans to look into structural aspects of system. Study of CPB, PBS & NPR roles should be left to Carnegie Commission, he said, while federal govt. should look solely at federal participation in system. He noted that public broadcasting gets only 30% of money from federal sources, remainder from state, local or private entities—all "inappropriate" for federal govt. study.

"I would be opposed to centralization of power in the system—whether it be in CPB, PBS or XYZ," Loomis said. "If the system works properly, you have creative tension, not destructive activity. If another Administration had suggested this, you can imagine the howls"—apparent reference to charges of Nixon Administration interference. Commented White House aide: "It's not just a matter of eliminating duplication or waste. It's also a matter of all that time spent by these 3 organizations reconciling their differences."

Nonetheless, in last-ditch effort to keep govt. out of internal workings, CPB officials called meeting late last week with PBS & NPR to set agenda for "doctoring our own ills." However, outlook was dim. Commented PBS Senior Vp Charles Lichenstein: "We meet all the time. Yes, we're going to be talking about where we go from here at the meeting, but we always talk about where we go from here."

Carnegie Commission chmn. is William McGill, Columbia U. pres. Others: Stephen Bailey, American Council on Education; Ms. Red Burns, Alternate Media Center; Henry Cauthen, S.C. ETV Network; Peggy Charren, ACT; Bill Cosby, actor; Wilbur Davenport, MIT; Virginia Duncan, CPB dir.; Eli Evans; John Gardner, Common Cause; Alex Haley, author; Walter Heller, U. of Minn.; Carla Hills, lawyer; Josie Johnson, NPR dir.; Kenneth Mason, Quaker Oats; Bill Moyers, CBS; Kathleen Nolan, SAG; Leonard Reinsch, Cox Cable; Tomas Rivera, U. of Tex.; Beverly Sills, opera singer.

Travelers Information Service (TIS) non-commercial radio has been authorized by FCC to operate at 530 and 1610 kHz—at bottom & top of AM band. Specialized stations (near airports, etc.) will be limited to very low power, about half-mile range, licensed to local, state & federal govts. Comrs.

Hooks & Quello dissented, latter stating: "I cannot agree...that there is any demonstrable need" for such service. "The range would appear to be so limited as to be of little value in aiding the motorist." NAB opposed concept, will discuss possible appeal at board meeting next week (see p. 1).

CHILDREN'S REVENUES SET NEW HIGH: Network children TV ad revenues continued to climb in 1976, reaching "all-time high" of \$111.3 million, according to House Communications Subcommittee staff economist Alan Pearce. Participating in AAF-Georgetown U. Law Center seminar, he presented findings as follow-up to study presented last fall on effect of NAB Code on voluntary reduction in ad minutes during children's TV shows (Vol. 16:47 p2).

Pearce concluded: "Naturally, the networks will dispute these figures, and will refuse to give any information of their own. Children's programming continues to be highly profitable in spite of 3 reductions in the amount of advertising, and it remains disproportionately profitable for the amount of time and money spent by the networks on it."

Meanwhile, Senate Communications Subcommittee announced it will begin inquiry into "impact of broadcast advertising upon viewers," with special emphasis on OTC drug ads and on children. "We begin with a preference for industry self-regulation whenever possible," Chmn. Hollings (D-S.C.) stated. "However, serious questions regarding the effectiveness of industry-adopted codes have been raised, questions which we must pursue." First step in inquiry will be meeting with ad consultant Tony Schwartz, who recently briefed FTC Chmn. Michael Pertschuk, FCC hopeful Charles Ferris and FTC & congressional staffers (Vol. 17:23 p6).

According to Pearce, networks' combined gross children's ad revenues increased 23% from 1975. He listed: ABC-TV, up 30% to \$38.8 million; CBS-TV up 38% to \$55.5 million, NBC-TV up 13% to \$23 million. He said average ABC children's minute cost \$12,863 (up 29% over year earlier) vs. \$14,558 for CBS (up 48%) and \$10,199 for NBC (up 14%). He estimated CBS & ABC children's TV profits at \$16-\$17 million each, with NBC "struggling along with around \$4 million" due to lower ratings.

("The fact is that we do make a profit from children's programming," commented NBC spokesman. "But we're not programming for profit. Children's programming's contribution to network overhead is the lowest of any daypart. Any other kind of programming we now do would be more profitable." CBS & ABC had no comment.)

ABC Vp Alfred Schneider said ads & programs are "inextricably interwoven," outlined network's efforts to avoid sexual stereotyping, introduce minority characters and promote pro-social behavior & learning in children's shows.

Schneider "personally deserves credit" for ABC's accomplishments in children's area, attorney Geoffrey Cowan said. On other hand, he added, over-all industry performance isn't up to promise in quantity or quality.

Before govt. considers further regulation in children's area, Pearce warned, "decent economic impact research" should be carried out to avoid "knee-jerk" reaction. For example, he said, if FTC chooses to ban candy ads, networks might merely spend less on children's shows. "Networks need high profits to be innovative & experimental."

ABC's BIG AFFILIATE RAID: Flush with prime-time-ratings success and huge profits, ABC-TV went on affiliate raiding binge last week—successfully wooing 5 CBS primaries (including 2 satellites) and NBC's WAAY-TV Huntsville, Ala. Commented CBS official: "Some things are worth more to some people than to others."

CBS affiliates switching: WTEN Albany, N.Y. and satellite WAST Adams, Mass.; KWTX-TV Waco and satellite KTBX-TV Bryan, Tex.; WCBI-TV Columbus, Miss. ABC said new stations add 1 million households, bring primary affiliates to 195.

Meanwhile, WPRI-TV Providence switch to ABC—with WTEV going to CBS—is effective June 27, not June 17 as reported (Vol. 17:24 p2); also moving to ABC June 27 is KGTV San Diego, NBC picking up UHF KCST-TV.

In continuing attack on plans of House Communications Subcommittee to rewrite Communications Act—and more particularly on Subcommittee Chief Counsel Harry Shooshan (Vol. 17:24 p4)—NAB Pres. Vincent Wasilewski told Ia. Bcstrs. Assn. that rewrite is "a potentially major crisis" for industry. "We... must fight them with every weapon at our disposal," he said. Speaking of option papers (Vol. 17:17 p8), Wasilewski asked: "Why have hundreds of man hours of congressional staff time been spent dreaming up wild & woolly schemes to repair something that's not broken?.. It is [Communications Act] and the mighty industry that law allowed to develop that those bright, well-motivated but short-sighted planners in Washington wish to submit to the governmental wrecking ball... It is possibly the most ominous and far-reaching danger we have faced as an industry." In speech before Wyo. broadcasters this week, NAB Radio Dir. William O'Shaughnessy plans to call such criticism of proposed rewrite "naive & unwise, if not dangerous... pointless, self-serving and selfish rhetoric."

CPB appropriation of \$145 million for fiscal 1980 was approved by House following defeat of amendment offered by Rep. Michel (R-Ill.) to cut funding to \$135 million. Massive Labor-HEW Appropriations measure also contained \$15 million for HEW public broadcasting facilities program. Senate Appropriations Subcommittee has recommended CPB funding of \$155 million, HEW facilities funding of \$15 million. Meanwhile, Rep. Stokes (D-O.) asked CPB officials to break down by sex & race all applicants for position of exec. vp filled 2 weeks ago by white male—Cortland Anderson, ex-N.Y. Telephone asst. vp-PR. Several CPB employees asked Stokes to investigate after CPB filled last 4 exec. vacancies with white males after promising to give greater consideration to women & minorities. "I think it's inexcusable," Audrey Colom, CPB dir. of women's activities, said last week. She said there were few applications for exec. vp, but that for each of 3 other posts, there were "several" qualified non-white-male applicants.

FCC's refusal to adopt "quantitative" program standards for comparative renewal hearings (Vol. 17:11 p3) has been appealed in D.C. Appeals Court by National Black Media Coalition and San Jose (Cal.) Chapter of Committee for Open Media.

ADVERTISING'S WASHINGTON WORRIES: American Advertising Federation members meeting in Washington last week were told by top industry execs. that they must stress advertising's value to society and stand firm against pressures to change their business to avoid further govt. regulation.

"The uncommon good sense of the American public" should be relied on by advertisers to determine what kinds of TV programs they should support, MPAA Pres. Jack Valenti told AAF. "Don't let any outside group dictate your policy else you will soon have no place to hide. For once you are judged to be—let me use the word carefully—pliable, you are a patsy for every zealot with a cause, however shrunken it may be."

Despite election of avowed consumer advocate Jimmy Carter as President and strong Democratic majority in Congress, FTC remains advertising's principal Washington foe, AAF Exec. Vp Jonah Gitlitz said. "The FTC will probably be the biggest battleground for the advertising industry in the years to come, and [new Chmn. Michael Pertschuk] is why." He noted that Carter already has had series of setbacks in consumer area from independent-minded Congressmen for whom labels "'conservative' and 'liberal' seem to mean less today than ever before." On other hand, he said, Pertschuk will attempt to expand FTC advertising activities. For example, he noted, Pertschuk already has discussed applying concept of "unfairness" to entire ad campaigns which contradict national policies & goals—such as ads for large cars during energy shortages—and to TV advertising of non-nutritious foods to children.

Alex Kroll, Y&R USA pres., said research contradicts supposition American consumers consider deceptive ads major problem. Though consumers surveyed said they thought 47% of all ad messages were intentionally misleading, only 14% could identify any. Public can see through ad deception, he said. "The public can handle it easily. The techniques are known and understood." Of greater concern to public, he said, should be deception by govt., because "the issues the government talks about are so much more critical than advertising's."

Convention highlight was debate between FTC Comr. Elizabeth Hanford Dole & husband Sen. Dole (R-Kan.) on merit of consumer protection agency, with former in favor, latter opposing. Judging by applause, Sen. Dole won. However, he conceded victory to his spouse.

"Advertising plays an important role in our society," President Carter said in message to Assn. "I know you agree with me that advertising must continue to do everything possible to maintain and encourage the highest standards of practice and to be sensitive to consumer concerns."

TV'S TAPE 'REVOLUTION': With new equipment & techniques, virtually all TV production can now move from film to tape, CBS Engineering & Development Vp Joseph Flaherty told Montreux TV Symposium. "TV broadcasting is in the midst of a technological revolution," he said, "TV production will never be the same again."

High-performance helical VTRs, miniaturized electronic cameras and digital editing techniques, he said, have expanded use of electronic photography from ENG (in which its quality compares with 16-mm film) to sitcom & drama (where it can be better than 35-mm), he said. He described new CBS-TV production facilities which use five 1" Sony VTRs for production & editing (Vol. 17:13 p5), utilizing single-camera techniques similar to those used in film production of sitcoms, with each camera feeding its own dedicated VTR and using both production & post-production edits.

Among advantages of all-electronic production are lower cost (40% saving in below-the-line costs), speed and ability easily to update material if necessary. Sole remaining barrier is limitation of post-production facilities today—typical one-hour program requires 300-400 edits. CBS will introduce special multi-camera videotape system this spring for program production, eliminating control room and shortening editing time and reducing costs.

Flaherty pointed out that in last year all CBS prime-time programming was broadcast from videotape, whatever its method of production, and that more than half its programming is now produced on tape, thanks largely to conversion of sitcoms from film. As to news, more than 700 U.S. TV stations have converted, at least in part, to ENG; of 3,000 TV news crews operating in U.S., 1,200 are electronic. CBS News has converted all but 5 of its domestic crews to ENG, and these will be converted this summer.

* * * *

CBS has received patent for method of transmitting 2 color TV pictures simultaneously over same channel, using delay technique for reconstructing separate pictures at receiving end. CBS indicated system would be used for simultaneous alternate feeds from network to affiliates; for example, it could double amount of news transmission available. Technique is called STRAP (Simultaneous Transmission & Recovery of Alternate Pictures), may be transmitted by satellite, microwave or cable.

New color camera, BCC-10, introduced by Ampex at Montreux, features digital memory & controls. Among features is system to inform operator when command cannot be completed and why. Camera uses 1/2" cable, is claimed to be first to offer automatic "on demand" ACT control for extended tube life.

Anti-sports-blackout law appears to have cost NFL something, but not much according to FCC's 4th annual report to Congress. Commission estimates it may have cost teams \$1 million a year in gate, less than 1% of total gate, plus about \$700,000 yearly in concessions & "Pro" magazines, less than 1/2% of gate. In season ticket sales, FCC estimates, there was 12% drop between 1974 & 1976; in addition, seating capacity increased 10%. Thus, where 60% of home games were sold out 1970-72, only 42% were in 1973-76. FCC said 8 teams' gate seems "especially sensitive" to locally televised games: Buffalo, Cincinnati, Miami, New England, Atlanta, Dallas, Detroit, St. Louis. Commission concluded that there isn't "serious problem."

Personals

Raymond Petersen, Hearst Magazines exec. vp, elected AAF chmn., succeeding **James Fish**, General Mills; **William Sharp**, Coca Cola; elected senior vice chmn.

House Communications Subcommittee Chmn. **Lionel Van Deerlin** (D-Cal.) speaks and answers questions at June 23 lunch, National Conference of Black Lawyers, George Washington U. Faculty Club... FCC Chmn. **Richard Wiley** addresses FCBA June 27 luncheon, Army-Navy Club, Washington... Rep. **Louis Frey** (R-Fla.) & FCC Comr. **James Quello** speak at Fla. Assn. of Bcstrs. June 23-24 convention, Ponte Verda.

Louis Dorfsman promoted to senior vp-advertising & design, CBS Bcst. Group... **Arthur Angstreich** named NBC vp-tax administration... **Carole Foster** elected vp-personnel, west coast, ABC; **Philip Farnsworth**, ex-SEC, elected ABC asst. secy.

Herman Keld, ex-ABC-TV, appointed CBS-TV vp, program planning, succeeding **Harvey Shephard**, recently named vp programs, N.Y. ... **Douglas Skene** advanced to NBC Sports operations dir... **Lester Crystal**, advanced to NBC News exec. vp, replacing **Robert Mulholland**, now exec. vp-Olympics... **Robert Glover & Arnold Gooder** promoted to KING-TV Seattle sales mgrs.; **Gordon Fountain** advanced to northwest sales mgr.

Darryl Dillingham, media consultant and ex-RKO Bcstg., appointed NAB community affairs dir., succeeding **Patti Grace**, now with WJZ-TV Baltimore... **R. Peter Straus**, WMCA(AM) N.Y. pres., will be named VOA dir., succeeding **Kenneth Giddens**, subject to final clearance.

Joseph Goldfarb advanced to sales vp-gen. mgr., Group W Productions... **Charlotte Schiff Jones**, ex-Manhattan Cable TV exec. vp, named asst. publisher, People magazine... **Claude Bartel**, ex-Films Inc., joins Arbitron as vp-finance.

Robert Behringer, former Ameco exec. vp-gen. mgr., named exec. vp, Anixter-Pruzan, Skokie, Ill. ... **Ronald Hammaker** appointed CATV operations mgr., Adams Russell CATV Div.

Attacks on televised violence "is an issue that is past" but has been "a marvelous hype" for PTA meetings, according to CBS Bcst. Group Pres. John Schneider. Speaking at BPA convention in L.A., he said that TV violence has been reduced voluntarily each year since 1972, that PTAs don't really want to listen to networks. On other subjects, he said: (1) Communications Act rewrite is industry's greatest problem. (2) Cable TV isn't "a clear and present danger." (3) Major impact will be made by "4th force"—combination of cassettes, discs, over the air & pay cable, "other erosions into the traditional broadcasting." (4) CBS-TV doesn't plan phone-in show with President Carter similar to that on radio network, probably would turn down such request from White House.

Preparations for 1979 WARC are subject of July 13-14 hearing by Senate Communications Subcommittee.

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with

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EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D. C. 20036

Phone: 202-872-9200

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NEW YORK BUREAU

510 Madison Ave., N.Y. 10022
Phone: 212-355-5611

David Lachenbruch Editorial Dir.
Robert E. Gerson Senior Editor
Arthur Levis Associate Editor

JAPAN REPRESENTATIVE (Editorial & Business)

Hideo Eguchi
1694 Hiyoshi-cho, Kohoku-ku
Yokohama, 223 Japan
Phone: 044-61-6605

FCC can't & shouldn't censor, it told U.S. Commission on Civil Rights (CCR), commenting on draft of latter's report "Window Dressing on the Set: The Portrayal of Women & Minorities in TV." Report says Commission should do something about this, through rulemaking or case-by-case decision-making. "We disagree," wrote Wallace Johnson, Bcst. Bureau chief, stating: "Not only should the Commission not place itself in the role of censor, but it would almost certainly bog down hopelessly if it were to try to regulate TV programming fare in the way the report suggests—to oversee the day-to-day content of entertainment programs, judge role models, second-guess casting decisions, preview scripts, select news stories for coverage, regulate the assignment of reporters to those stories, and select guests and moderators for discussion programs." Rather, he said, FCC is proud of its EEO efforts, asserting this is best way Commission can attack discrimination. CCR report is scheduled for Aug. release.

Expressing "deep concern over the tactics being used by AFTRA" in 4-week strike against WPGC-AM-FM Washington, NAB has asked NLRB for "vigorous prosecution" of charges against union. Upsetting NAB are allegations that AFTRA directed members not to record spots for advertisers which might be aired on WPGC; demanded that agencies not permit stations to use spots already recorded which use AFTRA members and threatened to sue agencies which don't remove such spots.

KEYC-TV Mankato, Minn. has been sold by Lee Enterprises to newspaper publisher United Communications Corp. for \$5 million. Lee recently purchased KOIN-TV Portland, Ore., sold KEYC-TV to remain within 5-VHF station limit.

Viacom pays \$15 million for NBC-affiliated WHNB-TV New Britain-Hartford, highest price yet for UHF. It's Viacom's first venture into station ownership; it's expected to acquire more.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended June 3 (22nd week of 1977):

	May 28- June 3	1976 week	% change	May 21-27	1977 to date	1976 to date	% change
Total TV.	164,073	172,693	-5.0	227,529	5,175,834	4,437,728	+16.6
color	99,184	102,003	-2.8	150,238	3,172,721	2,605,636	+21.8
monochrome . . .	64,889	70,690	-8.2	77,291	2,003,113	1,832,092	+9.3
Total radio	984,409	372,457	+164.3	1,084,041	16,060,243	12,881,752	+24.7
home, portable .	732,050	153,109	+378.1	796,708	10,595,134	7,687,585	+37.8
AM-only	216,514	36,505	+493.1	259,086	2,622,507	1,807,985	+45.1
FM & FM-AM .	515,536	116,604	+342.1	537,622	7,972,627	5,879,600	+35.6
auto	252,359	219,348	+15.0	287,333	5,465,109	5,194,167	+5.2

Color TV 5-week moving average: 1977-117,712; 1976-115,187 (up 2.2%).

SEARS HITS ZENITH ADS IN COUNTERSUIT: Sears last week accused Zenith of unfair competition in form of misleading advertising in counter-action to Zenith's addition of Sears to list of defendants in \$1-billion TV antitrust suit in Philadelphia federal court (Vol. 17:9 p7).

In filing with court, Sears said Zenith's ads lauding its American workforce cause consumers here to believe all Zenith products are U.S.-made, when those made here contain imported parts, and many are imported in complete form. Sears said "significant amount of trade has been unlawfully diverted from Sears to Zenith."

Sears asked court to dismiss it as defendant, award unspecified damages to make up for lost sales, stop Zenith from using objectionable ads. It also asked that Zenith either run corrective ads or stop shipping in interstate commerce any product that isn't 100% U.S.-made. Zenith said Sears' charges were without merit.

Zenith suit, filed in Sept. 1974 and merged with similar one brought earlier by National Union Electric, charges Japanese TV makers with illegally conspiring to monopolize U.S. consumer electronics market. Sears was added as defendant last March, Zenith charging it conspired with Sanyo & Toshiba to engage in rebates, dumping, discriminatory & predatory prices; Sears is 25% owner of Sanyo Mfg. Corp., which owns former Warwick TV business. Zenith charges it was weakened and illegally acquired by former supplier. Motorola, which sold (Quasar) TV business to Matsushita, is also defendant, as is Quasar. Zenith also is asking court to void Quasar & SMC acquisitions.

MCA-PIONEER VIDEODISC PLAYER VENTURE: MCA gets manufacturing facility for its Disco-Vision players and Japanese audio manufacturer Pioneer gets deeper into video through agreement to establish equally owned joint venture in Japan to develop & manufacture optical disc players.

MCA Disco-Vision has been active in soliciting suggestions & orders for industrial-institutional videodisc players, has been delivering hand-made players against small contract to CIA (Vol. 17:14 p16). Under new joint venture, which must be approved by directors of both companies and by Japanese govt., production of industrial players could begin next year.

Although MCA & Philips have been closely identified since their 1974 standards pact (Vol. 14:39 p8), they have no joint venture or corporate affiliation. Only connection is agreement on aspects of the 2 optical videodisc systems to make them compatible. MCA, of course, is now

making discs to support test marketing of players by Philips subsidiary Magnavox, scheduled by year's end. Philips & MCA offer separate patent packages for manufacture of discs & players. Philips' major thrust has been for consumer market first, industrial later, while MCA—lacking mass-production player facilities—has aimed at industrial market first. Joint MCA-Pioneer announcement said new facility may make home players later.

Pioneer has been increasingly active in video, was one of 5 Japanese firms taking out no-obligation RCA videodisc licenses in 1975 (Vol. 15:40 p7), announced as recently as last April that it was "actively engaged in R&D" on both capacitance & optical systems, plans to field Beta-format home VTR (Vol. 17:15 p7), is manufacturing terminals for Warner Cable's 2-way CATV in Columbus, O. (Vol. 17:7 p3). Warner-Pioneer Records (Japan) is joint venture.

ITC HEARING EXPECTED ON TV CONSENT ORDERS: International Trade Commission (ITC) is expected to hold hearing before it votes on proposed consent-order settlement of Sylvania's unfair TV import competition complaint case. It should decide on need for hearing this week.

Mitsubishi fell into line, signed consent-order agreement—actually 2 agreements—last week. Mitsubishi order differs from those signed by Hitachi, Sharp, Sanyo & Toshiba (Vol. 17:24 p9) in that it doesn't include ban on predatory price practices, an illegal action with which Mitsubishi wasn't charged. Separate orders were signed by Mitsubishi Electric & Mitsubishi International. Latter promises not to compete unfairly if it decides to re-enter TV field.

Sylvania and some Japanese firms urged acceptance of order, as did Admiral, sole uninvolved industry member to express opinion. ITC staff recommends acceptance.

Justice Dept. (JD) also favored orders. Antitrust Chief Joel Davidow said proposed agreement "allows for competition while prohibiting unfair activities." He said JD believes ITC has authority to issue consent orders, even though it has never done so before, said ITC should publish procedural rules and have staff reconsider opinion that such consent orders aren't reviewable by President.

Davidow said JD was concerned initially about possible antitrust violations when it learned Sylvania & defendants were working out consent orders privately, "was relieved to discover" talks were later led by ITC; JD representatives also were called in, we've learned.

There seems no barrier to ITC blessing. Japanese Embassy spokesman told us that while his govt. was concerned, it probably wouldn't get involved. This indicates Japan won't complain about provisions which permit ITC to inspect books of TV manufacturers for violations.

Remaining problem is manpower & money. When it comes to inspection, ITC has neither, and it will either have to expand budget & staff or seek help.

Blast at possible U.S. imposition of countervailing (CV) duties on imports of Japanese consumer electronics was fired last week by full 62-nation GATT Council. International trade group adopted working party report that Customs Court's decision ordering CV duties to balance Japan's tax rebates on exports is violation of trade agreements (Vol. 17:23 p10). GATT believes court decision opens door for similar penalties on goods from many other countries; U.S. Steel last week cited Japanese case as precedent in asking court for summary judgment mandating CV duties on steel imports from Europe. GATT action, with blessing of U.S. officials, gives Japan legal right to retaliate against imports from U.S. U.S. govt. is trying to have CV verdict reversed (for more on CV issue see p. 10).

TV EXPORTS SLUMPED IN QUARTER: Sharp fall-off in exports by U.S. TV manufacturers more than offset effect of improvements in other products, left U.S. with substantially increased international deficit in first-quarter consumer electronics trade, Commerce Dept. figures show.

In Jan.-March 1977, U.S. producers exported \$58.5 million worth of TV, radios & phonos in complete & kit form, down 17% from last year. Imports of comparable products jumped 35.5% to \$375 million, leaving unfavorable balance of \$316.5 million, up 53.3% from deficit first quarter last year.

Industry's color picture tube export business, which had grown rapidly last several years,

also showed softening. Total color tube shipments of 331,000 were up only 7.9%, while value dropped 12.5% to \$25.5 million. Shipments of 23"-&-over color tubes rose 9.6% to 264,200, but value dropped 15.2% to \$21.4 million. Exports of smaller color tubes squeaked up 1.5% to 66,850 and value rose 5.9% to \$4.1 million. Export shipments of b&w tubes sank 60.1% to 8,700, with value down 31.7% to \$272,200.

Canada continued as leading customer for U.S. color exports, taking 13,700, followed by Mexico's 4,400, while b&w TV honors went to Panama (12,900), with Mexico (7,800) again 2nd. Major destinations of TV kits were Mexico (390,300), Taiwan (100,200) & Singapore (11,800), most of them presumably for re-export to U.S. in more finished form. U.K. was biggest buyer of large-screen color tubes, taking 135,900, France distant 2nd with 60,500. South Africa, which emerged as good customer last year, appears to have found other source countries and no longer shows up, but Yugoslavia entered market, buying 11,200. Major orders for smaller color tubes came from Brazil (23,900), France (16,500) & Canada (11,500).

Average export price of large-screen color tube dropped to \$80.96 from \$104.64, while average for smaller sizes rose to \$61.35 from \$58.79; b&w average jumped to \$31.16 from \$18.18. Showing increases in average prices (comparable 1976 averages in parentheses) were: TV chassis & kits \$53.97 (\$44.38), home radios \$17.33 (\$12.67), radio chassis & kits \$21.68 (\$14.19), radio-phonos \$119.92 (\$117.87). Price drops were recorded for: Color TV \$372.22 (from \$411.98), b&w TV \$100.42 (\$140.80), auto radios \$53.86 (\$62.49), phonos \$71.04 (\$115.83). Here's how first-quarter export picture looked:

U.S. CONSUMER ELECTRONICS EXPORTS First Quarter

Product	Units		%	\$ Value (add 000)		%
	1977	1976		1977	1976	
Total TV.	591,954	928,093	-36.2	40,506	55,551	-27.1
color.	22,897	29,889	-23.4	8,523	12,314	-30.8
monochrome.	29,390	35,040	-16.1	2,952	4,934	-40.2
chassis & kits.	539,667	863,164	-37.5	29,031	38,303	-24.2
Total radio.	295,560	293,054	+ 0.9	11,060	8,479	-30.4
home.	83,685	68,345	+22.4	1,450	866	+67.4
automobile.	155,878	91,580	+70.2	8,396	5,723	+46.7
chassis & kits.	55,997	133,129	-59.3	1,214	1,890	-38.8
Total phono.	83,937	55,432	+51.4	6,943	6,464	+ 7.4
radio-phono.	20,044	21,328	- 6.0	2,404	2,514	- 4.4
phono-only.	63,893	34,104	+87.3	4,539	3,950	+14.9

Hy-Gain suspended regular 5¢ quarterly dividend, said it will report substantial loss for 3rd quarter to May 28. . . **SBE** showed loss for 2nd quarter to April 30 on 46% sales decline. It marked 3rd consecutive loss quarter. Sales for half were off 48%. . . **Tandy** said sales & earnings for year to June 30 will be up from year earlier despite problems with CB. Subsidiaries in Australia, Belgium & Japan should turn profitable in fiscal 1978, it said. . . **Advent** operating income in year to March 26 jumped 234% to \$394,000 on 15% sales rise. In final quarter, Advent had \$39,000 operating loss, against year-earlier profit of \$316,000 as sales rose 10%.

Record color TV sales snapped 3-week slump, sales to dealers totaling about 129,500 week ended June 10, up 6.7% from previous record for 2nd June week, established last year. First June week (see State of the Industry) saw color sales drop below 100,000 for first time since April 1976, b&w decline to lowest figure since May 1976.

Warrant was issued for arrest of ex-RCA Chmn.-Pres. Anthony Conrad last week by Manhattan Criminal Court Judge Jerome Vale, who said he'll seek extradition from Md. because there is "reasonable cause to believe that a crime has been committed." Conrad failed to appear in court for 3rd time for arraignment on misdemeanor charges for allegedly attempting to evade N.Y. State income taxes for 1973-75. Conrad's attorney maintained that in 1973-75 he was Md. resident, not subject to N.Y. tax laws.

Vicious low-end game market continues to claim victims, latest being Universal Research which filed under Chapter XI, listing debts of \$2.4 million. One of earliest in home field, it marketed ball-&-paddle & road-racing games under Video Action brand through sales arm Control Sales. Ill. bank which holds secured debt of \$1.4 million agreed to finance continued operation under reorganization. Major creditors include Westinghouse, Ray-O-Vac, Omnetics, Dynamic Instrument.

NEW TV LINES: Adopting "2-tier marketing strategy," Admiral is introducing new low-end Solarcolor console chassis, with 25" sets starting at \$600, down \$100 from last year's opening price, with 7 models to \$700. Former "Era II" high-end line is now Super Solarcolor, featuring matrix tube, electronic tuning, Color Master II auto color system with light sensor and optional remote feature, latter to be widely promoted this year. Super Chromacolor line has 5 sets at \$900-\$980; last year's comparable-chassis models were \$1,060. B&W introductions: 19", open-list & \$160, apparently down slightly from year ago; two 22" consoles at \$290, up \$10. Portable color will be introduced in Aug.

Admiral Mktg. Vp Frank DiLeo says company has nearly 6,000 dealers, plans to add 500. To qualify as Admiral dealer, retailer must buy at least \$65,000 worth of Admiral consumer electronics in first year. Admiral's new Vp-Gen. Sales Mgr. James Mills said company's color sales are up 50% over last year for 1977's first 5 months, b&w up 125%, with operating losses down 45%. He added Admiral is considering marketing one of existing videocassette systems, has no plans to enter video game market.

Sanyo's color starts with 13" at \$330, unchanged from last June, step-up with pushbutton color control is \$350, version with new limited-function remote 18-channel electronic rotary tuner is \$400; 15" with pushbutton color is up \$10 to \$360; new 19" leader is unchanged at \$360, carryover step-up is up \$10 to \$370; pushbutton color is unchanged at \$380, unit featuring new 28-KV chassis is \$400, model with timer & electric eye up \$30 to \$430, 18-channel rotary varactor remote with 28-KV chassis \$500; pair with 12-channel touchbutton electronic tuners & 28-KV chassis \$480 & \$520, latter with remote, both price points up \$20. B&W starts unchanged with 12" at \$80, holdover step-up is down \$10 to \$90, new high end is \$100; unchanged are 16" at \$130 & 19" at \$150.

MGA announced some selective color price increases. Remote 13", for July introduction, is up \$10 to \$460, 15" leader up \$10 to \$400, new 17" leader up \$10 to \$450, upcoming 19" remote up \$20 to \$620. MGA said 21" & 25" table models due near year's end, both with 110° slot-mask tubes, will be priced at \$700 & \$780.

Tatung color line, due in Oct., starts with 13" at \$330 & \$400; 19" at \$380 & \$500, 25" console at \$780. All have audio output jacks which accept Tatung's simulated stereo adaptor designed to feed sound through audio equipment. B&W starts with 12" AC-only at \$110 & \$130, AC-DC at \$130 & \$200, 19" at \$160 & \$180. Except for 19" & 12" AC-DC leaders, all provide simulated stereo sound. Tatung gives year parts & labor warranty, 2 years on tube, for all TV.

Federal Energy Administration canceled June 14 hearing on proposed procedures for testing TV receivers for energy consumption because of "lack of interest in presenting oral comments." Agency also is proposing rule covering handling of petitions filed by manufacturers who want FEA energy regulations on products to supersede those of individual states.

CUSTOMS' BOND RULES: Customs, now collecting bonds to cover court-ordered countervailing (CV) duty levies offsetting tax rebates received by Japanese consumer electronics exporters—an order being appealed in higher court by Treasury (Vol. 17:16 p7 et seq.)—issued rules making situation both easier & harder for importers, as well as final list of exempted products.

Customs simplified bonding by accepting letters of credit. Move was in response to requests from importers who claimed credit letters were cheaper than bonds. At same time, Customs ordered that formal entry procedures be followed for imports of products subject to CV duty bonding. Ruling means more extensive paperwork on import shipments valued at \$250 or less.

Final list of products not subject to CV duties: CB transceivers, including combinations; walkie-talkies; pocket pagers; scanner-monitors designed to receive business, industrial or govt. frequencies; marine band transceivers; telephone answerers; dictation equipment; VTRs. Also, following products when FOB is less than value indicated: Amplifier-tuner combinations (\$22), mono record players & phonos complete with amplifiers & speakers and mono radio-phonos (\$23); mono radios (\$35); car radios (\$43), mono tape players, mono tape recorders & mono radio-recorders (\$47). Actual values used by Customs are stated in Japanese yen, and conversion to dollars is made at official rate on date of exportation.

Low-cost endless-loop tape system using miniature cartridge "wafer" size of matchbook is newest wrinkle in programmable game software. MicroVox wafer designed & marketed by Micro Communications uses video tape .07" wide—less than 1/3 width of standard audio cassette tape, can store more than 500,000 bits on up to 50 feet of tape. Though designed as single-track digital system, 2nd audio track can be added. Advantage over ROM memory, according to Pres. Clark Johnson, is lower per-bit costs, size and high information-storage capacity, but initial cost of hardware for tape-based system is higher than ROM units using MPUs.

Higher duties on imported electronic watches aren't needed to protect U.S. industry, International Trade Commission said in report to House Ways & Means Committee. ITC said such U.S. electronic watch makers as Texas Instruments are making digitals retailing for less than \$10, and increasing import duties would have no effect on that pricing. As for U.S. makers of standard analog watches, ITC said they can expect to continue to lose market share to digital electronic watch producers regardless of duty rates.

Claiming to be largest distributor of recorded home videocassettes, Entertainment Video Releasing, N.Y. (Vol. 17:17 p12), is offering 2 catalogs to home VTR dealers—one devoted to newly-acquired library of 150 family movies & sports programs, other to X- & R-rated features. EVR Pres. Mark Slade said he's had heavy response from dealers seeking software to sell or rent. All cassettes, in U-Matic or Betamax format, also are cleared for pay TV & hotel showing.

JAPAN'S QUARTER: Japanese consumer electronics exporters, who posted record TV exports to U.S. in first quarter along with declining CB shipments (Vol. 17:17 p11), also logged modest-to-solid gains in most audio products, Finance Ministry totals show.

In home radio, strength in clock radios & hi-fi components resulted in shipments of 792,900 units, up 33.2%. Total phono exports rose 43.3% to 313,200, as radio-phonos jumped 63.1% to 112,500, phono-only models rose 34.2%. Home tape recorders & players, including combinations, edged up 2% to 2.16 million, while automotive player-only units fell 55.4% to 231,100.

New breakout for 1977 figures provides first look at Japan's exports of automotive radio-tape combinations. While no comparable individual totals for 1976 are available, 3-month figure for auto radios & radio-tape units combined was 1.77 million, up 17%. Here are details:

JAPANESE EXPORTS TO U.S.

	1st Quarter 1977		1st Quarter 1976	
	Units	Value(\$)	Units	Value(\$)
Total TV	820,326	112,307,288	678,421	91,055,812
color	501,130	92,416,505	406,807	74,486,401
b&w	319,190	19,890,031	251,265	15,261,744
chassis & kits . . .	6	752	20,349	1,307,667
Radio-phono, stereo	6,380	621,229	11,113	1,027,179
Radio-phono, mono.	106,140	8,042,120	57,894	3,526,548
Radio-recrdrs. & other comb. . . .	743,342	32,790,575	698,575	28,398,843
Auto radio*	569,756	18,059,321	1,516,310	52,977,867
Auto radio with cassette*	463,894	23,750,162	—	—
Auto radio with tape, other* . . .	739,949	33,210,848	—	—
Clock radios	250,120	4,390,491	98,935	2,350,910
Radios AM	59,068	2,174,151	70,796	815,365
Radios FM	120,719	4,790,487	163,332	5,645,305
FM hi-fi rcvrs. & tuners	362,969	43,966,095	262,097	33,389,458
CB trcvrs., under 100mw.	254,004	1,114,173	103,680	446,318
CB trcvrs., other .	2,056,928	114,250,392	2,395,757	130,819,787
Phonos	200,669	11,980,007	149,499	8,255,132
Tape players, auto cart.	100,784	4,892,445	336,230	5,608,495
Tape players, auto other	130,343	3,483,837	181,696	3,807,853
Tape recdrds., reel.	35,053	1,679,530	21,206	969,219
Tape recdrds., cass.	861,846	28,185,604	792,983	20,354,146
Tape recdrds., cart.	100,784	1,777,123	222,524	4,299,202
Tape decks, audio .	414,530	32,679,240	375,381	23,956,083
VTR	34,293	24,431,021	20,547	13,986,544

*Not reported separately in 1976.

CB Scene: FCC awarded follow-up \$100,000 contract to Advance Research Resources Organization for national survey & analysis of personal radio needs... RCA joined remote market with 3-piece unit at \$200. Mike contains on/off, volume, squelch & other controls, plus digital LED readout... One-minute public-service TV spot describing proper use of CB in roadside emergencies will be sent to 600 stations, produced by EIA Citizen's Radio Section.

BSR purchased Musimart, Montreal, exclusive Canadian import-distributor of BSR record changers, terms undisclosed. Musimart will continue under current management... APF holders approved company plan to purchase 70,000 shares worth about \$700,000 from estate of late Philip Friedman.

NEW CB IMPORT PROBLEM: Aug. 1 cutoff date on manufacture of CBs under old specs may become new battleground in continuing struggle between FCC and troubled CB industry. Wording of FCC rule leaves door wide open for offshore suppliers to produce & import CBs well beyond Aug. 1, several complain, and leading domestic producer E.F. Johnson expects to take problem to FCC this week.

Situation stems from fact that production & marketing deadlines issued when specs were tightened last summer (Vol. 16:31 p9) don't mention imports. FCC can halt production in U.S. Aug. 1, but there's apparently nothing it can do to stop importers from making & shipping until Jan. 1, when sale of units under old specs becomes illegal. "This is a very serious problem," Johnson attorney said. "Millions of low-cost CBs can be imported between Aug. & Dec." Johnson may file petition with FCC asking for change in rule, or simply approach Commissioners on informal basis for help. "There are many avenues we can take, and we just haven't decided on which one yet."

FCC spokesman acknowledged that rules probably should have been written differently. "Next time, I think we'll just set a marketing deadline and forget about production dates." He added that domestic & brand-name suppliers are principal objectors, while "many distributors & retailers don't want to see these imports stopped. These cheap 23s are selling like hotcakes." It's probably too late to make change in rule—or issue new one—he said, "even if we were inclined to, which we're not."

Primary concern of industry isn't brand-name importers, most of which have slowed down production of 23s under old specs and expect to shift almost entirely to 40-channel by end of July. "It's the 'El Cheapos,'" source close to situation said. "They have names you've never heard of, and they're selling for peanuts. If these come in all fall, things will be even worse than they are now—which is hard to imagine."

Note: E.F. Johnson says petition claiming damage to domestic industry under Sec. 201 of Tariff Act (Vol. 17:22 p8) will be filed with ITC this week or early next. It's not known if other domestic producers will join, but Johnson indicated few may decide to come in.

UL authorized Taiwan's Bureau of Commodity Inspection & Quarantine to conduct listing tests for electronic & electrical appliances, assigned engineer Paul Lee to act as liaison. Final approval of BCIQ test results will rest with UL. Agency has had similar working arrangement with Japan Machinery & Metals Inspection Institute for several years, sharply reducing test procedure time for Japanese manufacturers. Starting July 1, Taiwan will require UL listing or application for listing for all U.S.-bound exports of color & b&w TV & chassis, TV parts & components (including picture tubes), microphones, speakers, amplifiers, rectifiers and some 10 other electrical products & components. UL listing will be mandated after Jan. 1; requirement applies to included products of both local & export-only manufacturers.

Trade Personals

James Mills one-time Royal Typewriter pres., named Admiral vp-gen. sales mgr.; new zone mgrs.: **William Smith** (Northeast), **Charles Smith** (Southeast), **Ed Orth** (Southwest), **Robert Gray** (West), **Richard Walker** (Midwest)...**Kenneth Ingram**, Magnavox sales & mktg. senior vp, heads new Sales & Mktg. Dept. with responsibility for worldwide commercial activities; **John Fauth**, Magnavox Tenn. pres., promoted from corp. vp to senior vp and appointed dir. of new Products & Operations Dept. handling product design, development, engineering & mfg...**Kenneth Jaeggi** promoted at Zenith from mfg.-material financial control dir. to asst. controller; **Seymour Lipton** advanced from product financial analysis dir. to profit planning & audit dir.

Ray Gates promoted by Panasonic from vp to exec. vp, retains direct responsibility for Consumer Electronics Group, remains a dir. of parent Matsushita Electric Corp. of America (MECA); **Taylor Mizutani**, Panasonic pres., adds duties as MECA exec. vp; **Nat Gilbert**, Panasonic treas., advanced from vp to exec. vp, continues as MECA vp-secy.; **Ira Perlman**, Panasonic Personnel Div. vp-gen. mgr., named to exec. committee & MECA board. Also at Panasonic: **Seth Waller**, gen. counsel & Legal Div. gen. mgr., named vp, adds post of secy.; **Tak Matsumura**, TV Div. gen. mgr., & **George Camp**, Parts & Service Div. gen. mgr., named vps; **Mark Urakawa** appointed vp-gen. mgr. of new Electronics Components Div. and **Scott Minakami**, ex-Industrial Sales Dept. mgr., gen. mgr. of new Industrial Sales Div., both formed from discontinued Industrial Div. headed by Urakawa; **Mel Nakao** promoted from mgr. to gen. mgr. corp. planning.

Sy Lipper, APF pres., adds duties as chief exec., **Irving Bollen** advanced from senior vp to chmn., both posts formerly held by **Albert Friedman**, retired... **John Jackson** joins Quasar as dir. of branches... **David Lyons** named Meriton ad & sales promotion dir... **Martin Roth**, ex-Tenna, elected Comm Industries pres., succeeding founder **William Sandler**, retiring after firm's takeover by Kettering Industries.

Dan Cagle, ex-Delco, joins Craig as car stereo OEM Div. national mgr.; **Mike Marshal** appointed sales mgr. for Ida. & Utah... **Edward Walsh**, ex-Craig Communications Div. mgr., joins Lansing Sound as mktg. vp... **Frederick Tamkin**, ex-Hy-Gain, appointed Cobra Communications product planning & development dir., new post... **Ken Jollimore**, ex-Browning Labs, named President Electronics national sales mgr.

Paul Lymber, ex-Concept 2000, rejoins Topp Electronics as vp-national sales mgr.; **Stan Wasser** named eastern sales vp; **Herb Fischer** appointed western vp; **Gordon Grossman** named sales coordinator & ad dir... **Mark Engebretson** advanced at Altec Sound Products Div. to product development vp; **Irwin Zucker**, former product mgr., named product development dir., succeeding Engebretson... **James Tidwell** named Radio Shack dealer/franchise sales promotion coordinator... **John Walsh**, Mirco chmn., adds post of pres., succeeding **Thomas Connors**, re-

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
Advent			
1977-year to March 26	27,983,000	804,000 ^a	.31
1976-year to March 27	24,343,000	227,000 ^a	.12
1977-qtr. to March 26	7,463,000	(39,000)	--
1976-qtr. to March 27	6,773,000	608,000 ^a	.29
AT&T			
1977-year to May 31	34,275,489,000	4,202,040,000	6.56
1976-year to May 31	30,600,459,000	3,387,623,000	5.46
1977-qtr. to May 31	8,975,743,000	1,159,539,000	1.80
1976-qtr. to May 31	8,118,637,000	939,669,000	1.51
Ampex			
1977-year to April 30	287,429,000	14,224,000 ^a	1.31
1976-year to May 1	257,935,000	8,032,000 ^a	.74
1977-qtr. to April 30	78,239,000	5,853,000 ^b	.54
1976-qtr. to May 1	67,443,000	844,000	.08
Harvey Group			
1977-qtr. to April 30	9,514,000	138,000 ^a	.06
1976-qtr. to May 1	8,151,000	66,000 ^a	.03
MPO Videotronics			
1977-6 mo. to April 30	9,893,978	277,044	.50
1976-6 mo. to April 30	8,896,020	264,264	.51
SBE			
1977-6 mo. to April 30	8,752,000	(1,748,000)	--
1976-6 mo. to April 30	16,735,000	1,524,000	1.66
1977-qtr. to April 30	5,117,000	(1,385,000)	--
1976-qtr. to April 30	9,552,000	902,000	.90

Notes: ^aIncludes special credit. ^bAfter special charge.

signed... **John Fedorchak** advanced at Sylvania Chemical & Metallurgical Div. to aperture mask plant mgr., succeeding **David Denniston**, now metallurgical applications mgr.

Dennis Hedlund, ex-Amperex, joins Fuji Photo Magnetic Tape Div. as East sales mgr... **Atam Lalchandani** appointed National Semiconductor strategic & operations analysis dir.

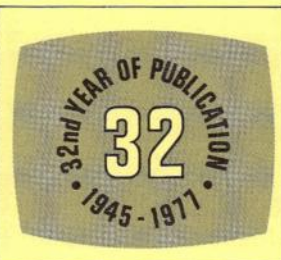
Revised list of consumer electronic products that can be imported duty-free from countries designated as less developed by President's Office of Special Representative for Trade Negotiations last week includes: Audio & videotape players (except from Taiwan); microphones, speakers, amplifiers, headphones & parts; home & portable radios & parts (except from Taiwan, Hong Kong, S. Korea & Singapore); transceivers, including CB, transmitters & parts (except from Taiwan); audio & video tape recorders; blank magnetic tape. Office accepted for consideration petition from Cox Hobbies, Santa Ana, Cal., asking special Tariff Schedule number for toy walkie-talkies. Approval would separate units from basket "transceiver" classification, make it possible to import them duty-free from less-developed countries such as Taiwan, which have lost preferential status because over-all transceiver imports from there have exceeded allowable limit.

Benrus is latest to quit hotly-competitive electronic watch field. Company said it was discontinuing Solid-State Watch, Watch Case & Electronic Power-Supply Divs., which showed \$7.33-million loss last year, would concentrate on watches that tick.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

JUNE 27, 1977

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

CABLE PENETRATION 17.3% of TV homes, totaling 12.5 million July 1. Increase running over million yearly. Analysis by size, channel capacity, ownership, etc. (P. 1)

SEX BIG ISSUE FOR NAB TV board in Williamsburg as Gordon wants Code language added which 'specifically prohibits...obscene, profane or indecent' material. Code board is opposed. (P. 2)

COMMUNICATIONS ACT REWRITE continues to get support of Van Deerlin & Frey, who ask broadcasters for 'more positive response.' Van Deerlin wants increased minority enterprise in broadcasting. Frey would give broadcasters full First Amendment freedom. (P. 3)

WORRIED ADVERTISERS beating path to office of activist FTC Chmn. Pertschuk to seek assurances he'll listen to 'another point of view.' (P. 4)

ANTI-TV VIOLENCE CAMPAIGN boosted by AMA finding that 94% of American doctors believe there's too much TV violence; over half find patients displaying symptoms because of TV violence. (P. 5)

DISCORD ON POLES is apparent in Senate hearing on combined pole attachment-FCC forfeiture authority bill. FCC supports state regulation, while cable seeks federal jurisdiction. (P. 5)

CABLE PENETRATION—17.3% OF TV HOMES: Cable subscribers will total 12.5 million as of July 1, a 17.3% penetration of nation's 72 million TV homes, according to our analysis & projection of 583-page Cable Directory in new Television Factbook. This compares with 11.9 million & 16.6% penetration as of Jan. 1, 1977, and 10.8 million & 15.3% as of Jan. 1, 1976.

These figures are derived by taking precise data reported by each system in Factbook and estimating growth since they were compiled, using recent trends. Actual total subscribers reported in Factbook, with average reporting date of Sept. 1, 1976, was 11,160,846. This is increase of 1,165,731 (up 10.4%) from year earlier. Of 3,715 known cable systems, only 26 failed to report number of subscribers. We believe there are still some hidden systems, their subscribers amounting perhaps to 3% of total. So, projecting these factors, we come up with the 12.5 million. We think these figures are pretty reliable—based on our track record of projecting cable statistics since 1952. Among other statistics derived from Factbook data:

- (1) Total systems were 3,715 (as of last Sept.) vs. 3,405 year before.
- (2) Average system had 3,025 subscribers, vs. 2,992 year before.
- (3) Here's number in each size group: 50,000 & over, 10; 20,000-49,999, 58; 10,000-19,999, 181; 5,000-9,999, 345; 3,500-4,999, 243; 1,000-3,499, 1,164; 250-999, 1,216; 249

Consumer Electronics

NO EVIDENCE of pre-quota stockpiling seen in Japanese May color TV exports, which were on level with year earlier. MITI issues color quota allocations by company. ITC sits on consent orders. (P. 7)

HOME VIDEOCASSETTE recorders coming to U.S. under 15 brandnames, new tabulation shows. Sears will have Sanyo-made Beta unit, Mathes opts for 4-hour VHS. Sanyo starting consumer-quantity shipments of V-Cord II. (Pp. 8 & 9)

VTR IDENTITY CRISIS: (1) Is 'VCR' Philips trademark or is it generic? (2) Will off-air recording be mentioned in advertising, in view of Universal-Disney suit? (P. 9)

CATALOG HOUSES' new lines reflect little price movement, change in color TV suppliers, more emphasis on electronic tuning & remote control. (P. 10)

TV PLANT VACATION schedule shows 3 manufacturers shutting down for extra week this year, possibly due to excess color inventories. (P. 10)

SONY SALES set 2nd-quarter & first-half records, bulk of gain produced by VTRs, magnetic tape. Lloyd's shows 4th-quarter loss. (P. 11)

FCC OPENS INQUIRIES on AM stereo & FM quadraphonic broadcast services. (P. 11)

& under, 472; no figures available, 26.

(4) Channel capacity (last year's figures in parentheses): Over 20, 444 (382); 13-20, 424 (354); 6-12, 2,647 (2,415); 5, 170 (195); under 5, 19 (32); no figures available, 11 (27).

(5) Top 10 systems: San Diego, Cal. (Mission), 116,012; N.Y. (Manhattan Cable), 83,000; L.A. (Theta), 78,899; Oyster Bay, N.Y., 65,000; Suffolk County, N.Y., 64,749; San Jose, Cal., 61,500; Allentown, Pa., 58,300; Northampton, Pa. (Twin County), 55,000; Austin, Tex., 54,300; N.Y. (Teleprompter), 50,556.

(6) Ownership by category (last year's number & percentage in parentheses): Broadcaster, 1,183 systems, 31.8% of total (1,090 & 32%); newspaper, 476, 13% (486, 14.3%); book or magazine publisher, 492, 13.2% (247, 7.3%); program producer or distributor, 729, 19.6% (772, 22.6%); theater owner, 313, 8.4% (296, 8.7%); phone company, 69, 1.8% (61, 1.8%); community- or subscriber-owned, 96, 2.6% (88, 2.6%); cable equipment manufacturer, 455, 12.2% (630, 18.5%).

Here's growth of cable industry as we've compiled it year by year, as of Jan. 1. (Figures are revised as we learn for first time of systems which started several years ago):

Year	Systems	Subs.	Year	Systems	Subs.	Year	Systems	Subs.
1952	70	14,000	1961	700	725,000	1970	2,490	4,500,000
1953	150	30,000	1962	800	850,000	1971	2,639	5,300,000
1954	300	65,000	1963	1,000	950,000	1972	2,841	6,000,000
1955	400	150,000	1964	1,200	1,085,000	1973	2,991	7,300,000
1956	450	300,000	1965	1,325	1,275,000	1974	3,158	8,700,000
1957	500	350,000	1966	1,570	1,575,000	1975	3,506	9,800,000
1958	525	450,000	1967	1,770	2,100,000	1976	3,651	10,800,000
1959	560	550,000	1968	2,000	2,800,000	1977	3,800	11,900,000
1960	640	650,000	1969	2,260	3,600,000			

(Note: Our Factbook Research Inc. Div. produces, on order of client, variety of special computer analyses & reports on cable activity—signal carriage, growth, application of FCC rules, etc.)

SEX BIG ISSUE FOR TV BOARD: Language "which specifically prohibits material generally perceived as obscene, profane or indecent" should be added to TV Code, according to NAB TV Chmn. Robert Gordon; Code board dirs. and its Chmn. Robert Rich want no part of such language—setting stage for what NAB Chmn. Wilson Wearn says will be "an interesting meeting" of NAB TV board June 29 in Williamsburg.

Late last week, Gordon was still talking of a compromise, planned to meet with Rich June 28. "Our positions aren't that far apart," Gordon told us. "In many areas, I'm willing to accept their language." The two chairmen met at Odessa, Tex. airport June 21 and exchanged contrasting resolutions—both designed for adoption by TV board. Code resolution is general in nature ("far too general," Gordon told us), praises Code Board for series of meetings with creative community, urges broadcasters "to encourage programs which reflect the established values & traditions of our society...and to continue & augment their efforts towards assuring that depictions of violence or aspects of human sexuality in programs are handled responsibly."

Gordon would go much further, says that since TV is "a family medium fundamentally used by family units in a family setting...all programming material must reflect an absolute awareness of this philosophy." Code board would be told to "commit all of its influence & resources to effect a...reduction in the amount of explicit sexual & sensitive adult material" in programming, just as Code has helped reduce violence.

Most of Code board will meet in Williamsburg day before TV board meeting, will send own resolution to big board next day if compromise language isn't reached. Several Code dirs. also are expected to attend TV board meeting to plead their case.

Wearn said he hadn't seen Code resolution, had read Gordon proposal briefly, predicted "reasonable men will reach a reasonable decision." Gordon told us that televised sex "is almost totally a network problem that happens between 8 & 11 p.m. . . They're the ones that are going to have to change." Countered network official: "It's not a network issue; it's strictly a station issue." From another broadcaster: "Gordon has gone too far. . . It's a great leap backward. . . You can't pin the industry with that sort of thing."

Networks are dead set against tightening Code language on sex & violence—as are most Code directors—on grounds it would be unenforceable & unworkable. On other hand—as we advised you last week (Vol. 17:25 p1)—some members of TV board want stronger Code language, although most wouldn't go as far as Gordon. He originally wanted to include explicit guidelines in Code, has backed away from that position.

VAN DEERLIN & FREY DEFEND REWRITE: House Communications Subcommittee Chmn. Van Deerlin (D-Cal.) & Ranking Republican Frey (Fla.) made separate pleas last week for broadcaster cooperation in their examination of Communications Act, reiterated their continued support for project. Frey told broadcasters: "The staff is not rewriting the Communications Act. If there is going to be a review of the Act, the members are going to be doing the reviewing." If things "get out of control," he said, "I'm going to oppose it. . . Nobody's out to destroy the broadcasting industry or throw any bombs. The world's not coming to an end. Don't jump out any windows."

Both Frey & Van Deerlin noted recent speeches by broadcast representatives reflecting industry fear & uncertainty, urged broadcasters to have "a more positive response," in Van Deerlin's words. Addressing National Conference of Black Lawyers luncheon, Van Deerlin used words "rewrite," "review," "re-appraisal" and "revision" interchangeably, explaining that he now avoids "rewrite" because industry groups seized on it in attempt to oppose Subcommittee's plans. Have those plans changed since Van Deerlin first announced them? "Not in the slightest," he said.

Major portion of 1934 Act would be carried over intact in any review, he stated, but "some things" need to be brought up to date. Licensing & renewal process will be "the guts" of new Act, he said, noting that broadcasters continue to seek "licenses in perpetuity—what I call the Forest Lawn approach." He said his own concern is directed more toward terms of license than its length.

To increase minority ownership & participation in broadcasting industry, he said, FCC policies which now discourage minorities must be revised. Possible targets include altering renewal standards, changing Small Business Administration policy against loans to communications media, allocating certain percentage of new broadcast outlets in each market to minorities, and creating minority trust fund with percentage of broadcaster revenues. Van Deerlin termed latter alternative politically difficult. "I hope we're going to change" situation in which FCC has no clear statutory mandate to promote minority enterprise and "may, in fact, discourage such ownership through its rules," Van Deerlin concluded.

"I start with the principle that the full First Amendment rights of broadcasters should be restored," Frey told Fla. Assn. of Bcstrs. "Just because broadcasters present entertainment programming and com-

mercial advertising, as well as news, shouldn't make a difference. . . I'm really inclined to think that scarcity is now a matter of history."

Subcommittee has set tentative schedule for 2 weeks of panel discussions on broadcasting sections of Communications Act: Overview (July 11), spectrum (12), First Amendment (13), ownership & industry structure (14), programming (19), regulation vs. competition (20) and broadcasting & new technologies (21). Witness list hasn't been completed. This week, Subcommittee discusses telecommunications' place in Executive Branch reorganization.

(Note: Van Deerlin appears before NAB board in Williamsburg June 27, Frey June 30, to plead for rewrite support from broadcasters.)

Proposed controls on advertising of saccharin have NAB "outraged," according to Senior Vp Donald Zeifang. Sen. Kennedy's (D-Mass.) Health Subcommittee meets June 29 to mark up bill which would require TV & radio spots for products containing saccharin to include cumbersome notice featuring entire text of FDA warning of saccharin's hazards. Though proposal wouldn't ban saccharin spots, it would have same practical effect, Zeifang said. Proposal also discriminates against radio-TV, he said, because print ads would be required only to feature 20-word warning label. Kennedy told Senate last week more "significant" restrictions on TV-radio spots were "to limit the ability of the industry to counteract the effects of a box warning with massive media promotion." House begins hearing June 27 on companion bill sponsored by Rep. Rogers (D-Fla.) which doesn't even mention advertising.

Top White House aide Hamilton Jordan has received memo on possible FCC appointments from Barry Jagoda, special asst. for media & public affairs. It's understood 5 names are included, none favored for chmn. Jordan reportedly hasn't sent names on to President and appointments aren't expected until late July. Four names on list are said to be Charles Ferris, counsel to House Speaker O'Neill (D-Mass.); Ron Brown, National Urban League; Howard White, ITT gen. counsel; Early Monroe, engineer in FCC Cable Bureau. Brown, White & Monroe are blacks.

Educational WNET N.Y. has been fined \$1,000 by FCC for Nov. 1974 personal attack on landlord Seymour Durst without giving him opportunity to respond.

ADVERTISERS COURTING PERTSCHUK: Activist FTC Chmn. Michael Pertschuk has ad industry plenty worried, generating steady stream of industry representatives to Washington. Recently, officials of CBBB's National Advertising Div., ANA & AAF filed into Commission meeting room in sessions thrown open to press and public at Pertschuk's insistence (though he met privately with ANA Washington Vp Sam Thurm).

Pertschuk has heard them out, encouraged them to participate in FTC proceedings, but also insisted Commission has long way to go to protect public—especially children—from unfair & deceptive ads.

"We'd like to urge you to get another point of view"—other than those of consumer activists Pertschuk put in key slots, one AAF official pleaded last week: "The consumer is where we live. If we aren't straight with the consumer, it hurts us." Pleaded another: "After cracking down on sugar (Vol. 17:14 p4), what's next? Is calcium next?" Pertschuk conceded that many new staffers are "activists," but defended them as "experienced Washington lawyers," promised they'd do their jobs "with a sense of the law and very, very carefully... There are still 4 other commissioners who'll have a check on me, no matter how crazy I might become. And there's also Congress."

FTC won't ban calcium ads, Pertschuk assured AAF, noting his concerns in nutritional advertising currently are confined to highly-sugared foods and those with high levels of sodium and saturated fats. Of special concern, he said, are products to which sugar is added without knowledge of consumers—such as toothpaste and prepared foods.

As for NAD-NARB children's advertising self-regulation, Pertschuk said: "I think it's done some

good things... but I have to say that the scope of what they deal with is not up to what I'm concerned about... I don't think their work goes to the substance of these concerns."

Pertschuk promised advertisers he'll try to make FTC actions "cost-efficient," but noted that though it will be easy for ad agency to quantify costs of complying with proposed rule, "sometimes the benefits won't be so easy to quantify. For example, how do you quantify the integrity of truth in advertising?" When told by participant that govt. ignores cost estimates of regulations prepared by auto industry, Pertschuk responded: "Bull shit." Auto industry estimated cost of seat belts at \$116 at time Congress mandated their installation, he said, but actual cost was only \$8.

Pertschuk attended Senate Communications Subcommittee briefing by ad consultant Tony Schwartz in N. Y. last week, along with Subcommittee Chmn. Hollings (D-S.C.), Senate staffers Mary Jo Manning, John Smith, Ward White & H. Stephen Halloway and FTC staffers Albert Kramer & Tracy Westen. Schwartz—who seldom leaves N. Y. because he fears travel—outlined for group his belief that electronic communication has outmoded all traditional ways to judge advertising. No matter which technique or phrase govt. bans, he stated, clever advertiser can easily circumvent ban using Schwartz's theories.

He also warned group against attempting to attack undesirable products by attacking their ads. He said he shared regulators' concerns over ads directed toward children—stating that "advertising makes children into guided missiles aimed at their parents pocketbooks"—and offered to help draft govt. rules, but had few specific suggestions or answers to group's questions.

"It would be unwise, if not impossible," to implement new FCC fee schedule based on guidelines suggested by Gen. Accounting Office (Vol. 17:19 p4), Commission told Sen. Hollings (D-S.C.), chmn. of Appropriations Subcommittee. FCC said that GAO standards aren't workable and that agency shouldn't again collect fees "in view of the shaky legal foundation" on which any effort would be based. "New statutory authority" is necessary before fees can be re-instituted, agency told Hollings. Commission also noted that under court mandate, it must devise system for refunding fees and that it can't "delay this project much longer." Meanwhile, NCCB asked D.C. Appeals Court to stay FCC plans to return fees collected from 1970-76, claiming "a 100% refund would be unjust windfall to the regulated industries."

President Carter's choices for Copyright Royalty Tribunal have been made (Vol. 17:23 p5), though names hadn't been announced at week end. They are: Thomas Brennan, Senate Copyright Subcommittee chief counsel; Frances Garcia, Austin, Tex. CPA; Buddy James, black Ohio lawyer; Douglas Coulter, author of book on Vietnam war, and Mary Lou Berg, one-time Wis. broadcaster and ex-Democratic National Committee deputy chmn. Tribunal members elect own chmn. Candidates must undergo FBI checks before nominations are finalized.

KRLA(AM) L.A., operated on interim basis since Aug. 1964 with profits donated to charities, has been ordered before FCC hearing to explain if "employees, officers, directors" of interim operator Oak Knoll Bcstg. misappropriated station's funds for personal use. Another issue is whether Oak Knoll "failed to furnish accurate information" in financial reports. In 1962, Commission revoked KRLA license for misrepresentation, ruling that actual owner was Jack Kent Cooke—then Canadian citizen—while FCC records listed his brother as owner. Over dozen applicants applied for facility (1110 kHz); group headed by Bob Hope received grant, but case recently was remanded to FCC by D.C. Appeals Court.

That new laser company formed by Irving Kahn, which we reported several weeks ago (Vol. 17:23 p5), has been announced formally. It's General Optonics, with Kahn as chmn. Dr. C.J. Hwang is pres., Robert Albano senior production exec., Joseph Svacek III in charge of device testing & automation, Thomas Moscarello controller; first 3 worked at Bell Labs at one time or other; Moscarello once was a top budgeting-accounting officer at Teleprompter. Kahn described Hwang as "a foremost expert in... long-life gallium arsenide lasers," said commercial quantities would be delivered by 3rd quarter this year.

AMA STEPS UP ANTI-VIOLENCE CAMPAIGN:

Almost 94% of American doctors believe there's too much violence on TV, while over half either believe or "suspect" that some of their patients have displayed behavioral or physical problems related to TV violence. These are principal findings of AMA mail poll of 500 doctors, based on 147 returns. Results were spelled out in June 20 American Medical News. AMA also sponsored conference on "Potentials for Positive Programming" as part of annual convention last week, hearing papers from Dr. Robert Stubblefield, AMA consultant & child psychiatrist; Grace Baisinger, National PTA; George Gerbner, Annenberg School.

In survey, 13.6% said they had seen effects of TV violence in patients, while additional 40.6% said they "suspect" they'd seen such effects. Another 39.1% said they'd seen none; 6.7% gave no response. Doctors said twice as many children displayed effects as did population at large. Examples of effects included heightened aggression, injuries resulting from imitating TV behavior, epileptic seizures, nightmares, arson, and injury resulting from playing with loaded gun.

Physicians rated product boycotts as most effective weapon against excessive TV violence (52% judging such boycotts to be "very effective"). Letters of complaint to networks & sponsors were ranked next most effective (39.4%), followed by govt. regulation of program content (37.3%) and boycotting of certain programs & networks (34.8%). "A number" of doctors said they flatly oppose govt. regulation or censorship, according to AMA. In response to question, "What can physicians do to reduce TV violence," doctors recommended (in order of popularity) educating parents, teaching parents to monitor children's viewing, "speaking out" against violence and supporting more research.

In related matters: (1) Ontario Royal Commission on Violence in the Communications Industries made series of tough recommendations designed to reduce amount of violence on Canadian TV. Principal target was American programming, commission finding that "Canadians generally are watching more and more U.S.-made TV with much higher levels of violence than that produced here or anywhere else." Commission suggested program classification, more use of Canadian-produced programs, making media incitement of violent crime punishable offense, putting locks on sets, banning ads during children's programs.

"We do not believe in censorship but we do believe in providing more and better alternatives for public entertainment and education, and we believe that it is only just to demand accountability beyond the balance sheet from those who take a profit from communications," Commission stated. Report was based on 2 years of study, public hearings and public comment, cost about \$1,750,000.

(2) ABC-TV's upcoming "Soap" (Vol. 17:20 p1) was attacked by L.A. Catholic Archdiocese as "one of the most effective arguments for govt. censorship of TV that has come along." Archdiocese's newspaper, "The Tiding," urged readers to boycott products advertised on show and to write network to protest spoofing of sex & Catholicism.

DISCORD ON POLES CONTINUES: Heart of controversy in pole-attachment dispute remains measure introduced by Sen. Hollings (D-S.C.) combining pole bill compromise worked out by NCTA & NARUC (Vol. 17:11 p5) with provision expanding FCC authority to levy fines to cable & other services.

In hearing last week before Hollings' Communications Subcommittee, FCC Chmn. Wiley said 5 of 7 commissioners believe—as expressed in vote taken only day earlier—that entire issue should be left to states. In addition, Commission majority decided Hollings' bill would burden "an already understaffed" FCC, needs "significant clarification" to better define scope and rate-setting standards. (Comrs. Hooks & Quello would deal with issue at federal level.)

"There are potential dangers of the misuse of monopoly pricing power," Wiley stated. However, he added, pole attachments belong in private sector. When Hollings questioned why Wiley felt it inappropriate for federal govt. to intervene, yet personally aided AT&T-NCTA negotiations leading to 1975 agreement (which expires this fall), Wiley said that didn't constitute federal participation. Only after states have been given adequate time and continue to refuse to regulate pole rates, Wiley said, should FCC step in—and then, commission's program and pricing formula should be as simple as possible, not as complex as proposed legislation.

States already have been given "a lot of time" to assert jurisdiction and have chosen not to, rebutted Continental Cablevision's Amos Hostetter, representing NCTA. "The time already has been too long." Arguing that all avenues of appeal have been exhausted, he challenged Wiley to "direct me to a forum," maintained none was available other than FCC.

NAB Exec. Vp John Summers said Assn. supports Hollings bill because it would allow FCC to fine cable systems. NAB doesn't oppose pole attachment provision, he said, but noted "inconsistency" between cable pleas for deregulation and pleas for federal jurisdiction over poles. Telephone industry & power company representatives generally opposed pole attachment provision.

Expanding FCC's forfeiture authority got strong support from Wiley. Calling it "in both the public interest and in the cable industry's interest," he emphasized that "only a small number [of cable systems] will ever present occasions for the imposition of forfeitures." Hostetter said NCTA believes provision "may be a useful regulatory tool, but we question whether that power should be given to the FCC in the context of the statutory vacuum that currently exists with respect to an over-all regulatory program for cable TV."

Transfer of Kaiser's 77.5% interest in 5 UHF's to Field Communications, holder of other 22.5%, has been approved by FCC. Commission waived rules prohibiting ownership of more than 3 stations in top 50 markets and cross-ownership of newspapers & station in Chicago—mainly on grounds UHF needs all support it can get. Stations: WLVI-TV Boston, WKBD-TV Detroit, KBHK-TV San Francisco, WFLD-TV Chicago, WKBS-TV Philadelphia.

Personals

Sander Vanocur, Washington Post TV reporter, formerly with NBC & PBS, joins ABC News in new position of vp for special reporting units, based in Washington... **Alan Baker** returns to NBC as dir., Olympic information, after stints with Madison Square Garden & Hertz... **James Dullaghan** advanced to NBC Sports business affairs & administration dir... **Steve Sohmer** named to new position of CBS-TV vp—advertising & promotion.

Rep. Lionel Van Deerlin (D-Cal.) & **Sen. Daniel Moynihan** (D-N.Y.) address N.Y. State Bcstrs. Assn. July 10-12, Sarasota Springs... **Roger Ottenbach**, WEEK-TV Peoria, elected BPA pres.; **Ken Taishoff**, WTMJ-TV Milwaukee, pres.-elect... **Thomas Dougherty**, WTTG Washington, elected pres., Md.-D.C.-Del. Bcstrs. Assn., succeeding **Samuel Carey**, WBOC-TV Salisbury, Md.

Jack Rosenthal, Harriscope Bcstg. Corp. exec. vp, appointed pres., new Harriscope Bcstg. Div... **Charles Bowker** designated exec. vp & chief operating officer, Buford TV, responsible for stations & cable... **Gerald Scher**, secy. of Outlet Co., also elected vp.

Richard Coulter, WIS-TV Columbia, S.C. gen. mgr., elected vp, parent Cosmos Bcstg... **John LaForge** advanced to exec. vp, KDAL-TV-AM Duluth... **Milt Weiss**, ex-KHOU-TV Houston, named news dir., WWJ-TV Detroit.

James Karayn, ex-NPACT, named pres.-gen. mgr., educational WHYY-TV-FM Philadelphia... **Charles Warner** appointed WNBC(AM) N.Y. vp-gen. mgr., succeeded as vp-gen. mgr., WMAQ-AM-FM Chicago, by **Burton Sherwood**, ex-WIBG(AM) Philadelphia... **Ed Godfrey**, ex-KGW-TV Portland, Ore., named news dir., WSB-TV Atlanta; **Skip Haley** named assoc. news dir... **Charles (Buck) Perry III**, ex-Jerrold, GE, Harris & stations, appointed engineering dir., WRDU-TV Durham; **Robert Wolpert Jr.**, ex-WXIX-TV Cincinnati, named operations mgr.

Nancy Carey, ex-Gen. Counsel's Office, appointed legal asst. to FCC Comr. Abbott Washburn, succeeding **Thomas McKnight**, resigned... **Belle O'Brien**, chief of FCC Consumer Assistance Office, takes office as AWRT Washington pres., first Commission employee to hold post.

Marvin Antonowsky & **Charles Engel** advanced to Universal TV senior vps... **Rosina Trosley** named mgr. of WGN Continental Sales San Francisco office; **Charles Lizzo** appointed Detroit mgr... **Wayne Godwin**, ex-WFSU-TV Tallahassee program mgr., joins PBS as station relations assoc. dir.

Robert Bailey appointed vp-gen. mgr., AEL CATV Communications Div... **John Fletcher** advanced to Warner Cable greater Boston systems mgr... **George Kazacos**, ex-Magnavox CATV Div., appointed national sales mgr., Eagle ComTronics, Phoenix, N.Y. pay-TV products firm.

Edwina Dowell, ex-Citizens Communications Center, named legal asst. to House Communications Subcommittee... **Marjorie Johnson**, ex-Media Investment Service, Atlanta, joins INTV as research mgr... **John Kelley**, Goodyear Tire & Rubber vp-advertising, elected Ad Council chmn.

Rust Craft announced that unidentified party offered \$20 per share for company's 2,290,712 shares—about half of which are owned by Berkman family. Chmn. **Louis Berkman** said he intended to discuss offer with family, and if it accepts, same price would be available to all shareholders. Stock rose 2-1/8 to 14-7/8 on day of announcement, June 23, and trading was suspended next day. Company Secy. **John Young** said further announcement would have to be made soon "because we've left the investment community dangling."

NBC violated equal-time law when it interviewed **Gus Hall**, Communist Party presidential candidate, on Sept. 24 "Tomorrow" and refused time to **Peter Camejo**, Socialist Workers Party candidate, FCC ruled (Vol. 16:40 p4). Commission rejected NBC's contention that "Tomorrow" is a bona fide news program, exempt from Sec. 315. In concurring statement, Comr. **White** said case "illustrates clearly" need for legislation. She suggested that all programs over which station retains editorial control be exempt from Sec. 315.

Limits on number of VHF stations "have an adverse effect on competition for local advertising dollars and lessen the possibility of creating new national TV networks," according to Justice Dept. Anti-trust Div. In comments to FCC on VHF drop-in rule-making, Div. said allocations table adopted in 1952 is outmoded and doesn't "reflect what is actually possible." Without specifying number, Div. said more drop-ins should be made than 4 proposed by Commission. Comments are due in rulemaking Aug. 22.

KARD-TV Wichita received short renewal, to Aug. 1, 1978, because of fraudulent handling of ARB & Nielsen diaries. Station chmn. & 2 employees received diaries, had them filled out to show heavy KARD-TV viewing. FCC said licensee conceded "actions should not have occurred." Commission also issued general announcement to all stations, warning against such practices, saying hearings may be ordered for next offenders; Bcst. Bureau had proposed hearing in KARD-TV case.

Knight-Ridder Newspapers is acquiring 4 TV stations—WJRT-TV Flint, WPRI-TV Providence, WTEN Albany, N.Y. & satellite WDCD Adams, Mass.—from **Poole Bcstg.** for about \$85 million. **Poole Pres. Albert Gillen** and station management will remain with new company, Knight-Ridder Bcstg., to be formed. **Poole stations** in Albany & Providence recently switched from CBS to ABC (Vol. 17:25 p4).

FCC started inquiries last week into questions of standards for AM stereo and FM quadraphonic broadcasting (for details, see p. 11).

Obituary

Fairfax Cone, 74, died June 20 following lengthy illness at his home in Carmel, Cal. He was dir.-emeritus & founder of Foote, Cone & Belding ad agency, was earlier pres., chmn. and exec. committee chmn. while serving in Chicago office. He had been Advertising Council & AAAA chmn., was critic of "crude methods" in advertising—use of sex appeal, for example. He's survived by wife, daughter.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended June 10 (23rd week of 1977):

	June 4-10	1976 week	% change	May 28- June 3	1977 to date	1976 to date	% change
Total TV.	208,410	206,781	+0.8	164,073	5,384,244	4,644,509	+15.9
color	129,523	121,351	+6.7	99,184	3,302,244	2,726,987	+21.1
monochrome . . .	78,887	85,430	-7.7	64,889	2,082,000	1,917,522	+8.6
Total radio	1,119,177	690,476	+62.1	984,409	17,179,420	13,572,228	+26.6
home, portable .	884,085	446,637	+97.9	732,050	11,479,219	8,134,222	+41.1
AM-only	235,005	70,169	+234.9	216,514	2,857,512	1,878,154	+52.1
FM & FM-AM .	649,080	376,468	+72.4	515,536	8,621,707	6,256,068	+37.8
auto	235,092	243,839	-3.6	252,359	5,700,201	5,438,006	+4.8

Color TV 5-week moving average: 1977-120,318; 1976-119,053 (up 1.1%).

JAPAN'S COLOR EXPORTS FLAT IN MAY: Japan's 2-year old color TV export offensive ground to virtual halt in May, and there's indication manufacturers there may try to compensate for coming decline in U.S. color volume by expanding b&w business here.

Japan's May color exports to U.S. were up just 1.5% from May 1976 to 239,200, while b&w shipments jumped 35.7% to 150,600, with total of 389,800 up 12.5%, Finance Ministry reports. In year's first 5 months, Japanese exported 1.59 million TVs to U.S. (up 21.8%), including 996,300 color (up 15.3%) and 590,200 b&w (up 34.5%).

Insignificant increase in May color exports should end concern that Japanese might stockpile here before July 1 start of quota which limits U.S.-bound shipments to 1.75 million color sets & chassis each of next 3 years (Vol. 17:21 p7). If Japanese follow usual pattern of exporting about 60% of year's color total to U.S. in 2nd half, 1977 shipments should total some 2.4 million, down about 20% from 1976.

MITI, meanwhile, broke allocation news to manufacturers, giving Big 5—Matsushita (Panasonic, Quasar), Sanyo, Sharp, Sony & Toshiba—combined quota of 1.26 million complete color sets, something over 200,000 each, and dividing remaining 300,000 among General (Teknika), Hitachi, JVC, Mitsubishi (MGA), Nippon Electric, each getting less than 100,000. Chassis quota of 190,000 went to Matsushita, Sanyo & Sony, all with color plants here.

Japanese sources say MITI used export results for 30 months to July 1, 1976 to determine company shares, made some adjustments in favor of smaller companies. Biggest burden—cutbacks approaching 50% from 1976 levels—falls on Sanyo, Sharp & Toshiba. Sanyo is in particular trouble over short term, since it needs finished chassis from Japan to keep Forrest City, Ark. plant operating. Sanyo is working on plan for more intensive manufacture, allowing it to utilize subassemblies not covered by quota limit. Trade source in Washington indicated to us rules could be bent for short period, if necessary, to avoid layoffs there.

International Trade Commission took no action last week on acceptance of consent orders to settle unfair-competition complaint brought by Sylvania against 5 Japanese color makers (Vol. 17:25 p8). ITC now has only 5 members; Comr. Will Leonard resigned to establish private law practice, is now operating out of D.C. offices of Busby & Rehm. Having pushed hard to have case reactivated after ITC ruled U.S. TV industry needed import protection (Vol. 17:13 p7), Leonard told us orders provided "excellent" solution, predicted ITC acceptance. He said case was important enough for ITC to hold hearing, or at least call for oral argument, opened

possibility ITC's decision would be subjected to court challenge.

In related action, West Coast importer group filed constitutional challenge to Customs Court order that countervailing duties be assessed on imports of Japanese consumer electronics to offset tax rebates given exporters there. Importers are posting bonds to cover potential liabilities while Treasury appeals ruling. In L.A. Federal Court, Craig, Superscope & Akai are asking that bond requirement be dropped and decision overturned on ground they weren't given opportunity to be heard. In Washington, Special Trade Representative Robert Strauss said last week Administration will ask Congress for "legislative relief" if duty order is upheld by courts.

HOME VTRs UNDER 15 U.S. BRANDNAMES: Sears Roebuck & Curtis Mathes are latest U.S. brands to hop aboard home videocassette recorder bandwagon—former opting for Sanyo-made 2-hour Beta format (Beta-2), latter for Matsushita-built 4-hour VHS (VHS-4). They're latest additions to growing roster of those planning to market home VTRs in U.S., now grown to 15 "definites," 4 "probables," 2 "maybes."

Sears hasn't announced its decision or market timing, but it's known to be turning to supplier & partner Sanyo for decks, which will be priced around prevailing level. ("Prevailing level" will be further defined in Aug.; Zenith gives distributors details of its pricing & program in first week, RCA in 3rd.) Curtis Mathes plans to offer combination TV-VTR console late this fall.

Fourth home VTR standard—V-Cord II—got new lease on life last weekend when Sanyo Sales & Mktg. Vp William Byron was scheduled to tell sales organization that mass consumer distribution will start end of July. Since embracing Sony Beta format, Sanyo officials had indicated V-Cord would be aimed principally at institutional market, but Byron said advantages of 1- & 2-hour V-Cord—including still-frame, effective slow motion—dictate that it will become high-end machine at "just under \$1,300," while Sanyo-made Betacord (Beta-2) presumably will sell at slightly lower price.

Though still limited by availability, V-Cord deliveries will be nationwide and "give the consumer a choice," said Byron. He indicated Sanyo went along with Beta format in interest of standardization, but advent of VHS eliminated any possibility of standard. In Japan, Sanyo said it was increasing V-Cord production from 1,500 to 2,000 units a month, will step up Betacord output from current 2,000 to 5,000 monthly by Sept. to insure supply for Sanyo & Sears in U.S. Hitachi, currently offering JVC-built decks in Japan, will start own production in Oct., begin marketing in U.S. around mid-1978. Sony, which had forecast its 1977 production would total 250,000-300,000, will step up monthly output from 15,000 to 25,000 by fall, rising to 50,000 monthly next spring.

Here's up-to-the-minute table of home video recorder plans of all major U.S. marketers which have expressed interest (for definitions, see p. 9):

Brand	Format	Manufacturer	Shipping Date	List Price
Admiral			under consideration	
Aiwa	Beta-2	Sony	U.S. plans indefinite	
GE			under consideration	
Hitachi	VHS-2	Hitachi	mid-'78	—
JVC	VHS-2	JVC	Oct. '77	\$1,280
Magnavox	VHS-4	Matsushita	fall '77	—
Curtis Mathes	VHS-4	Matsushita	late '77	—
MGA	VHS-2	JVC	fall '77	about \$1,250
Montgomery Ward . .			under consideration	
Panasonic	VHS-4	Matsushita	Nov. '77-Jan. '78	—
Pioneer	Beta-2	Sony	U.S. plans indefinite	
Quasar	VX-2000	Matsushita	Jan. '77	\$ 995
RCA	VHS-4	Matsushita	Sept. '77	—

Continued next page.

Brand	Format	Manufacturer	Shipping Date	List Price
Sanyo	V-Cord II	Sanyo	Feb. '77 <u>1/</u>	under \$1,300
	Beta-2	Sanyo	Nov. '77	\$1,100-\$1,300
Sears	Beta-2	Sanyo	—	—
Sharp	VHS-2	JVC	U.S. plans undecided	—
Sony	Beta-2	Sony	late Aug. '77 <u>2/</u>	\$1,300
Sylvania	VHS-4	Matsushita	late Oct. '77	—
Toshiba	Beta-2	Toshiba <u>3/</u>	Oct. '77	about \$1,300
Zenith	Beta-2	Sony	early Sept. '77	—

1/ Quantity deliveries start late July '77.

2/ Has been shipping Beta-1 console since Nov. '75, deck since March '76.

3/ Initial shipments will be Sony-made deck.

WHO'S WHO IN VTR: Lineup of videocassette recorder plans by U.S. marketers as of last week's end (see table on p. 8): Of 15 committed firms, 9 have chosen VHS (5 for Matsushita's VHS-4, 4 for JVC's VHS-2), 5 Beta-2, one VX-2000, one V-Cord II. Of uncommitted U.S. subsidiaries of Japanese companies (Aiwa, Pioneer, Sharp), 2 have chosen Beta-2, one VHS-2 for sale in Japan. Three companies haven't yet selected system but will probably enter market (Admiral, GE, Ward).

As used in table, Beta-2 indicates new Sony Beta format providing 2 hours' recording on former one-hour cassette; VHS-2 is JVC-developed 2-hour Video Home System; VHS-4 is Matsushita's newer version, providing 4 hours' recording on 2-hour JVC-type cassette. Two manufacturers produce 2 systems each—Matsushita making VHS-4 & 2-hour VX-2000 (for Quasar), Sanyo 2-hour V-Cord II & Beta-2. VHS-2 & VHS-4 are compatible in fast (2-hour) speed only; Beta-1 & Beta-2 are compatible in fast (1-hour) speed only; other combinations are mutual incompatible.

Europe is catching home VTR fever, too, and Philips plans to produce 200,000 half-speed "home" versions of its 1/2" VCR next year; Grundig & ITT will make recorders to same standard (Vol. 17:20 p10). Price will be about \$1,300, same as Japanese product on U.S. market. About 130 minutes can be recorded on a cassette, but machine consumes more than 3 times as much tape per hour as Beta-2, and 4 times more than VHS-4. Significantly, Magnavox in U.S. has cast lot with Matsushita-made VHS-4 rather than machine built by own parent.

In both U.S. & Japan, meanwhile, there's frantic competition to develop true home color camera—low-cost, miniaturized LSI unit using solid-state CCD pickup in place of tube. Sony & Matsushita both have assigned high priority to development. In U.S., many companies are in act—including RCA, GE, Fairchild, Eastman Kodak. Last recently has been awarded several video recording patents, giving strong indication it's working toward small camera with built-in VTR, also being pursued by BASF.

Turns out we were right the first time when we reported June 6 that JVC's home color camera was 2-tube unit (Vol. 17:23 p11). At CES, JVC officials said original press release was wrong and that it had single tube, which we duly reported in interest of

accuracy. Now somebody has had time to open camera and count tubes. There are 2. Lowest-priced b&w camera-microphone combination currently available for VTR appears to be GBC's U.S.-made unit at \$129.50 dealer cost, \$250 list.

Pre-recorded programming in Beta-1 format is now being offered by 17 companies, with one firm also offering software in VX-2000 (Quasar) & V-Cord II, according to new Spring-Fall 1977 Video Program/Index (\$3), listing programs available from 159 companies in 10 tape formats. Address: 15 Madison Ave., Summit, N.J. 07901.

VTR IDENTITY CRISIS: Identifying & promoting home videocassette recorders may be more complicated than it seems. Pendency of Universal-Disney copyright suit against Sony may make some major manufacturers shy about informing public of VTR's major use. And there may even be some minor legal skirmishes about what to call device.

At distributor conventions, both Zenith & RCA said they'd call their machines "VCR"—in Zenith's case "VCR-Beta Tape System," in RCA's "Selecta-Vision VCR" (Vol. 17:20 p9, 17:21 p8); Zenith has tooled stylized "VCR" logo for its recorder. Philips has used "VCR" to identify its 1/2" European-made video recorder since 1970—and North American Philips spokesman says company has filed applications to register initials as trademark in "number of countries, including U.S."

Retorted Zenith spokesman: "We are proceeding with registration of a stylized 'VCR' logo. We consider the letters VCR as generic." RCA stated that it "uses 'VCR' as an acronym for the descriptive term videocassette recorder and is under the impression other firms are doing likewise."

Perhaps more serious problem is how to advertise VTR without having ads look as if they were written by committee of lawyers. Major thrust of Sony's Betamax ads has been on recording off-air and will continue to be, judging by preview shown at Sony's annual convention. Quasar is using similar approach. However, RCA Consumer Electronics Mktg. Vp Jack Sauter says off-air recording won't be emphasized in ads above other uses, and all material will contain disclaimer—presumably calling attention to fact that most broadcast material is copyright. Most other companies won't discuss ad plans.

SEARS, WARD, PENNEY: New fall-winter mail-order catalogs, just going into distribution, show substantial changes in TV offerings, indicating some reshuffle in suppliers to Sears, Ward & Penney. Sears & Penney catalogs indicate few major price changes in color, but Ward book indicates upgrading in both product & price.

Sears catalog reflects Sanyo's takeover of former Warwick plant (Vol. 17:21 p9), with all but two 25" color models employing 12-touchbutton electronic tuners. In monochrome, line has been almost completely revamped, but same price points are maintained.

Color line (prices unchanged except as noted) starts with 9" at \$248, step-up \$275, new AC-DC model \$325; 13" at \$325, 3-function remote unit with one-knob electronic tuning \$390; 15" at \$345 (up \$5); new 17" series at \$280 & \$370; 19" at \$310, \$380, \$400 & \$430, new single-knob electronic-tuning model \$460, touchbutton model \$470, remote version \$490 (down \$10), last 3 with new Sanyo 29-KV chassis; 110" model at \$490 has been dropped. Consoles start with 23" leg model at \$480, with mechanically tuned 25" at \$530 (leg model) & \$570 (floor-cabinet set replacing leg model at \$580). Touchbutton console series with 30-KV chassis features 3 sets at \$660 (replacing 2 mechanically tuned sets at \$640), 3 at \$740 (replacing mechanical sets at same price), 3 remotes at \$780.

Monochrome line, mostly new (at same prices as predecessors unless noted): 12" at \$78, \$98, \$108 & \$118, AC-DC \$148; 16" at \$148 (up \$10), 19" at \$155 (down \$3) & \$175 (new). B&W 8" & 9" sets have been dropped. Featured product on inside front cover is JVC 3" b&w with FM-AM-public service radio.

Montgomery Ward shows heavier emphasis on consoles in fall-winter book, generally higher prices on revamped color line, mostly new b&w line with prices same to slightly lower. Color line starts with new GE-made solid-state 10" at \$275, with 13" & 15"

both up \$5 to \$345 & \$375; new 19" leader is \$320 (up \$10 from predecessor), other 19s at \$430, \$450, \$465, two at \$495, replacing 3-set line at \$310, \$440 & \$490. Top-of-line 110" set at \$495 is holdover, up \$5. Console line, all new, starts with 21" at \$449 (replacing 19" at \$440); there are six 25" sets, all double-ended—3 at \$650, 2 at \$690, one at \$790 (former line was \$520, \$590 & \$700).

Monochrome sets in Ward catalog start with new 12" leader at \$90, two step-ups at \$108 (down \$2 from former leader), with 16" at \$138 (down \$2), 19" at \$130 & \$160 (former \$180 high-end is dropped).

J.C. Penney color line, all portables & table models, starts with 9" at \$254 (up \$10); 12" at \$299 (down \$1); new 13" leader at \$309, former 13" leader now \$319 (down \$6); new 15" at \$349 (down \$1 from predecessor), new 15" electronic remote \$389; new 19" leader is \$339, former leader \$359 (down \$1), step-up \$389 (down \$1), automatic color (RCA-built ColorTrak) \$469 (down \$11), new electronic remote \$489 (\$1 below predecessor), new top-end RCA-built automatic remote \$539. Monochrome line hits most of same basic price points as 6 months ago, except that most models are down 95¢, due to rounding of prices. New 9" leader at \$94 is up \$2 from predecessor, 9" AC-DC \$154; 12" are \$97, \$104 (up \$6), \$114, AC-DC \$174; 16" \$134; 19" \$144 & \$164.

RCA confirmed our reports of last Feb. & May that versions of its new "XtendedLife" energy-saving chassis would spread to all models. It's currently in 19" & 25" XL-100 and all 25" ColorTraks except Control Center remotes. It's expected to be extended to 19" ColorTrak in Aug. and to small-screen models, including new 13", in Taiwan-made version early next year. New chassis consumes 89 watts in XL-100 19" & 25" models, 102 watts in 25" ColorTrak. RCA says average XtendedLife color set operating cost will be \$7.70 a year, about 2¢ a day.

PLANT SHUTDOWNS: Impact of color inventory buildup through May (Vol. 17:24 p14) may be reflected in plant vacation closing schedule, which this year has 3 companies giving 3-week holidays, where all shut for 2 weeks in 1976. Many are including extra day off to cover July 4. Curtis Mathes reopens June 27 after 2-week closing. Companies traditionally use period to convert production lines for new models, take inventory, meet union contracts. Here's run-down with starting dates:

Company	Closing Date	Duration
Admiral	July 11	2 weeks
GE	Aug. 1	2 weeks
Magnavox	July 1	2 weeks
Quasar	June 24	2 weeks
RCA	July 25	2 weeks
Sanyo Mfg.	July 4	3 weeks
Sony	Aug. 1	2 weeks
Sylvania	July 11	3 weeks
Wells-Gardner	June 24	3 weeks
Zenith	July 1	2 weeks

RCA's videodisc & tape philosophy is aired in extensive cover story on company in July 4 Business Week. Highlights: Pres. Edgar Griffiths says marketing questions are holding up decision to make disc player—indicating RCA still isn't satisfied there's big consumer market for recorded video. "It is conceivable that the machine will never be marketed," Griffiths is quoted, but "I'd bet that we'd eventually have a tape and disc unit, but as far as the disc is concerned, I'd have no certainty as to the time frame." R&D Vp William Hittinger: "If Philips beats us, it may well be encouraging. We'll be able to get some information on the kinds of software that sell." Consumer Electronics Vp-Gen. Mgr. Roy Pollack sees "huge increase" in VTR buyers at price below \$700. Article quotes "insiders" as saying Pollack hopes videodisc player will be introduced for well under \$400.

Potential source for semiconductor lasers for optical videodisc pickups is newly formed General Optronics Corp., 375 Park Ave., N.Y. With Times Fiber Communications (fiber optic CATV systems) as its first customer, company expects to start commercial deliveries by 3rd quarter (details on p. 4).

SONY SETS RECORDS: Growing VTR business and increased share of earnings from affiliates helped Sony post sales & earnings records for fiscal 2nd quarter & half to April 30 (see financial table) as more traditional products, TV & audio, turned in essentially flat performances. Sony's consolidated sales rose 11.1% in quarter to \$432.6 million, 11.3% in half to \$901.2 million. Earnings were up 18.5% in quarter to \$29.4 million, 32.6% in half to \$66.8 million.

Sony's overseas sales were up 16% in quarter to \$246.7 million, 20.4% in half to \$543.1 million, while volume in Japan rose 5.2% in quarter to \$186 million, closed out half down 0.2% to \$358.1 million. Sony had declining 2nd-quarter sales of audio recorders & radios as well as stereo equipment, though both were up modestly for full period. Sales results by product line for half: TV \$290.9 million (up 2.3%), audio recorders & radios \$195 million (up 0.8%), VTRs \$117.9 million (up 48.5%), stereo \$109.6 million (up 3.4%), other products \$187.8 million (up 28.2%). "Other" classification (in which audio & video tape is largest item), together with VTR, accounted for nearly 90% of Sony's sales growth for both periods.

Lloyd's reported 4th-quarter loss after \$150,000 provision for closing Elk Grove Village, Ill. console plant, \$118,000 payment of back duties on video games. Lloyd's said it consolidated console operations in Edison, N.J.

PC-CES talks: Agreement on cancellation of PC-78 and incorporation of exhibitors into Jan. CES (Vol. 17:24 p9) appears near. Counterproposal from CES management was sent to PC-78 board members last week, and source familiar with situation said factions "aren't very far apart now." PC board reportedly asked CES for payment of about \$200,000 and treatment at Show to maintain separate identity of CB industry, in return for cancellation of Feb. PC-78. Details of CES response weren't available, but source indicated differences are minimal. "We're moving together, and it won't fall apart now." He described reports of \$200,000 payment as "some-what exaggerated."

Game Plans: Tight supply of GI chips forced Atari to drop \$65 Tank II arcade game introduced at CES (Vol. 17:24 p11). APF earlier canceled tank game for same reason, but Coleco—also GI customer—is going ahead with Telstar Combat tank game (\$50). Atari decision apparently won't affect summer deliveries of new programmable, other arcade games... **Low end** sinks lower with 4-game remote-controlled Conic discounted at \$19.99 by Alexander's (NY)... **New Magnavox** game licensees: Centronics Data Computer (U.S.), Sands Electronics, Video Systems & Jobenseng Electronics (Hong Kong), Kiyo, Nintendo & Phoenix International (Japan), Santron (Taiwan), Sportel (U.K.).

3D IC is claimed by American Microsystems, which says it's developed way of etching V groove on silicon wafers with result that current flows up & down as well as across surface of device. AM says development increases chip functions by 40%, speeds up operating time.

AM STEREO, FM QUAD: FCC last week opened separate inquiries to determine whether it should adopt standards for AM stereo & FM quadrasonic broadcasting. Former inquiry was in response to petitions by Kahn Communications and Assn. for AM Stereo, latter to requests by Pacific FM, GE & CBS. In each case, FCC asked about interest & need for service, compatibility with existing equipment & international agreements, cost impact for broadcasters, etc.

In case of AM stereo, Commission pointedly noted that National AM Stereo Radio Committee (NASRC) is testing various systems and said its results would be "of great assistance." Kahn, who has own AM stereo system, has declined to participate in NASRC, petitioning directly to FCC, but Commission said it would be "premature" to issue rulemaking without technical information from others.

In quadrasonic FM inquiry, FCC went deeper into technical background, asking comments on merits of 4-4-4 (discrete), 4-3-4 (matrix-discrete) & 4-2-4 systems and evaluation of specific system design. In addition to general need for service, it asked whether sufficient software would be available, whether existing stereo receivers could be converted and how much sets would cost. CBS' SQ system is a 4-2-4 type, which now can be broadcast without special FCC permission or new standards. Comments for FM proceedings are due Sept. 15, for AM Oct. 15.

Restricting sales to specific outlets of franchised retailers doesn't violate antitrust laws when there's no unreasonable restraint of competition, Supreme Court said, ordering new trial of complaint against Sylvania. Initial suit was filed by San Francisco retailer Continental TV which Sylvania effectively stopped from selling its sets in Sacramento branch (Vol. 16:43 p12). Continental's lower-court \$1.8-million triple-damage award was overturned by Appeals Court. In upholding this decision, Supreme Court, 6-2, said such sales limitations may be allowable when manufacturer doesn't have major market share and result improves its competitive position against other manufacturers. Court minority favored precedent set in 1967 when it ruled in Schwinn bicycle case that such territorial restrictions were illegal. Sylvania verdict doesn't fully overturn Schwinn decision.

CB Scene: Ford will offer factory-installed remote 40s with detachable mikes on selected cars & trucks in 1978 line. Made by Motorola to Ford specs, CBs will play through car's radio speakers... **SBE** laid off 1/3 of staff due to 2nd-half losses (Vol. 17:25 p12)... **Lafayette** tries to clear out 23 inventories with range of super discounts, including \$39.99 mobile which sold for \$120 last year. Others: SSB mobile \$99.99 (was \$250), mobile with telephone hand-set \$59.99 (\$190), PLL mobile \$49.99 (\$130).

Sylvania confirmed our report of 2 weeks ago (Vol. 17:24 p10) that it is following RCA in 25" color tube price increase. Terms are same as RCA's—4% increase Aug. 1 (Vol. 17:23 p14). Zenith is yet to be heard from.

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with
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1836 Jefferson Place, N.W., Washington, D. C. 20036
Phone: 202-872-9200

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510 Madison Ave., N.Y. 10022
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David Lachenbruch Editorial Dir.
Robert E. Gerson Senior Editor
Arthur Levis Associate Editor

JAPAN REPRESENTATIVE (Editorial & Business)

Hideo Eguchi
1694 Hiyoshi-cho, Kohoku-ku
Yokohama, 223 Japan
Phone: 044-61-6605

Trade Personals

Bruce Allen advanced at RCA Consumer Electronics from southern district sales mgr. to VTR product planning mgr.; William Gillis promoted from mktg. development mgr. to VTR mdsg. mgr... Robert Bergen, Admiral product planning dir., adds post of gen. mktg. mgr... Michael Huston, ex-American Society of Clinical Pathologists mktg. dir., joins Quasar as ad & communications mgr., with additional responsibility for PR & sales training materials, replacing Ralph Jones, now EIA Consumer Electronics Group communications dir... Rudolph Wahlig, ex-Monsanto, joins GE's in-house ad agency as media dir.

Richard Kelly, ex-Time-Life Multimedia vp, appointed Teletronics vp with responsibility for corporate video... Lynn Ronan advanced at Sony Video Products Div. to asst. mgr. for video administration... Kenneth Glancy, former RCA Records pres., assumes new duties as vp-European Mktg. Organization & U.K. Record Div. managing dir... Mark Simon promoted to controller, Zenith Service, Parts & Accessories Div.

Tom Welch promoted to National Semiconductor transistor product mktg. dir... Glenn Penisten, American Microsystems pres., adds post of chmn... Joseph Palmieri, ex-Atlas Sound, named Bogen sales dir.; William Symmes, ex-Altec, joins as mdsg. dir... Leon Wortman, ex-Scully, appointed Otari mktg. mgr.

Japanese CB exports to U.S. fell record 54.4% in May to 18-month low of 580,000, sign that Japan is putting brake on both 23-40 channel production. Through 1977's first 5 months, exports were 3,354,000, down 30% from year ago.

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
AEL Industries			
1977-qtr. to May 27	10,059,955	107,651	.06
1976-qtr. to May 29	8,002,988	55,970	.03
Cablecom-General			
1977-6 mo. to May 31	12,700,993	1,708,080 ^a	.66
1976-6 mo. to May 31	12,117,659	1,375,879 ^a	.54
1977-qtr. to May 31	6,724,348	835,526 ^a	.32
1976-qtr. to May 31	6,302,544	730,786 ^a	.29
Filmways			
1977-qtr. to May 31	31,464,000	448,000	.18 ^b
1976-qtr. to May 31	27,122,000	425,000	.17 ^b
General Instrument			
1977-qtr. to May 29	124,126,559	5,137,323	.63 ^b
1976-qtr. to May 30	107,198,283	3,216,408	.38 ^b
Lloyd's Electronics			
1977-year to March 31	107,650,000	1,798,000	.95
1976-year to March 31	100,673,000	1,581,000	.84
1977-qtr. to March 31	20,903,000	(431,000)	--
1976-qtr. to March 31	20,136,000	(76,000)	--
Rust Craft Greeting Cards			
1977-qtr. to May 29	20,614,000	644,000	.28
1976-qtr. to May 30	19,439,000	349,000	.15
Sony ^c			
1977-6 mo. to April 30	901,900,000	75,900,000	.35 ^d
1976-6 mo. to April 30	810,200,000	53,900,000	.25 ^d
1977-qtr. to April 30	433,000,000	36,000,000	.17 ^d
1976-qtr. to April 30	389,700,000	27,800,000	.13 ^d

Notes: ^aIncludes special credit. ^bAdjusted. ^cAt yen's current rate. ^dPer ADR.

Mergers & acquisitions: DeJur-Amsco's U.S. business, now mainly dictating equipment, will be purchased by NTI Business Equipment under liquidation plan submitted to DJ-A holders and subject to approval of Grundig & Japan's Crown, suppliers of most DJ-A product. NTI, which acquired DJ-A's Canadian business in 1975, will pay \$650,000 for inventories, additional sum for brand & other rights... Tandy offers to repurchase 3.5 million shares, about 23% of stock outstanding, at \$29 each, about \$1.50 over market... Masco sold remaining 49% in CB importer Royce back to Royce management; it sold 51% to Royce owners last Dec. Masco acquired Royce for shares valued at about \$19 million in 1975, said it didn't lose money on disposal... San Fernando Electric, components producer, acquired Electro Dynamics for undisclosed cash sum. ED makes quartz crystals & frequency controls for TV, electronic games, clocks, phone & auto devices.

MCA-Pioneer joint videodisc player venture (Vol. 17:25 p7), to be called Universal Pioneer Corp., will be capitalized at about \$7.4 million, half from each partner. Reports from Japan state first industrial players will be exported to U.S. next year, with home players intended for world market under Pioneer label.