

WEEKLY

# Television Digest®

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The authoritative service for broadcasting, consumer electronics & allied fields

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**VALENTI OPPOSES CHANGE** in NAB TV Code. Wasilewski says Code must go beyond existing law. Professor defends TV sex. (P. 6)

**SBA LOANS LIKELY FOR TV-RADIO:** Rigid prohibition against loans to media with "opinion forming" capabilities, long maintained by Small Business Administration, may finally be discarded. First word of possibility came from FCC Chmn. Wiley during conference with National Black Media Coalition Sept. 2, when he stated that SBA planned to start rulemaking to lift ban. Prohibition is based on theory that govt., holding purse-strings, could have undue influence on media.

SBA's plans seem to be in early stages. According to SBA spokesman, proposal would: (1) Make loans to those seeking to acquire TV or radio stations. He said he expects this to cover applications for new stations as well as acquisition of existing operations. (2) Be available to all, not only minorities. (3) Probably include cable—but that isn't certain yet. (4) Exclude print media.

SBA's rationale behind changing rule to admit TV-radio (and presumably cable) is, as spokesman put it: "We feel that, because they are regulated by FCC, we needn't be worried about the opinion-forming potential. That isn't true for print media, which aren't regulated." He noted, however, that SBA makes loans to private small business investment companies and that these, in turn, lend to any businesses they choose, including media.

### Consumer Electronics

**DOWN FINAL WEEK** closes books on Aug. color sales, though volume topped 200,000 for only 2nd time this year. Month's annual sales rate a mediocre 8.6 million. (P. 7)

**ITC REPORT** on industry health shows factory price of average U.S.-made 19" color set fell 10.7% in Jan.-June. Commerce reports decline in July imports of complete color sets. (P. 7)

**HOME VTR PRICE** war seen heating up this week, with Sony expected to tag new single-speed Betamax below RCA's \$1,000 VHS. (P. 9)

**CUT-OFF DATE** for sale of old 23-channel CBs may be extended from Jan. 1 to Aug. 1 as result of Pathcom petition to FCC. (P. 10)

**PHILIPS VIDEODISC** display at Berlin exhibit aimed at attracting software suppliers. TED virtually out of European consumer market. (P. 10)

**ZENITH SEES NET DOWN** in 3rd quarter & 2nd half, as result of high color promotion allowances given to stay competitive, hold down inventories. RCA & Sylvania say business is better. (P. 11)

**SEARS & RCA COMPUTERS** aimed at personal-use market. Sears to test under-\$600 system with 9" monitor this fall. RCA VIP kit at \$275 may signal direction for programmable games. (P. 11)

Wiley said he knew no details of SBA plans beyond fact agency authorized him to make statement about prospective rulemaking to allow loans for TV-radio acquisitions.

**CHURCHES ASSURE HUGE 'SOAP' AUDIENCE:** Biggest opponents of adult sex comedy "Soap" have assured that program will have one of largest audiences ever when it previews Sept. 13 on ABC-TV. Four large religious groups—National Council of Churches, United Church of Christ, United Methodist Church and National Council of Catholic Bishops—representing 138,000 churches are advising churchgoers to watch first 2 shows, then protest to local ABC affiliate. "We think it is time that local stations themselves are accountable for what they broadcast," according to William Forde of National Council of Churches.

Christian Life Commission (CLC) of Southern Baptist Convention—member of 10-group coalition opposing "Soap"—is taking different tack. It has been successful, through letter-writing campaign containing implied threat of product boycott, in getting most of original advertisers to withdraw from program (Vol. 17:33 p1). Last week, CLC took more direct action, urging ABC-TV Pres. Fred Pierce to withdraw "Soap" before it gets on air. CLC execs., after previewing first 3 episodes of "Soap"—2 of which were "laundered" from versions shown affiliates in May—said program still is "prime time pollution... The problem is not that 'Soap' deals with sex... but that it irresponsibly laughs at and shamelessly exploits the tragedies of adultery, homosexuality, impotence, incest, crime & senility."

CLC also has written ABC affiliates urging them not to carry program. How successful that's been depends on who you talk to—and when—but figure reportedly ranges from 12-16. In reporting results, CLC listed several secondary affiliates in one- or 2-station markets as among those who agreed to cancel "Soap."

Pierce said that anti-"Soap" climate will change after series gets on air and that it "will not be as offensive as some of these groups imagine." He told N.Y. Times: "It is a very unhealthy situation when special interest groups, stimulated by hearsay before a program goes on the air, determine what is right and what isn't for the viewing public."

Also expressing concern about pressure on advertisers were ACLU and several ad agencies. ACLU Exec. Dir. Aryeh Neier called it "shameful" for special interest groups to "use economic leverage to control what's on the air... It doesn't make any difference whether it's in a good cause or a bad cause. It is reprehensible that groups should try to pressure TV through its advertisers not to deal in controversial material."

**FCC WRESTLES WITH ACCESS OBSCENITY:** Vexing problem of obscenity on cable access channels is back in FCC's lap from Appeals Court—at Commission's request. Present rules require cable operators to pre-screen material intended for access channels, make access users conform to Commission guidelines. ACLU attacked rules in court, and FCC recognized that it couldn't win; that its rules constitute "prior restraint"—censorship, in short. Commission asked Court to remand case for further rulemaking, telling Court it would delete pre-screening angle; Court complied last week, and stayed effectiveness of existing rule.

Commission hasn't decided precisely where it goes now—but it's good guess it will propose obscenity rule similar to that covering broadcasting: Hit them after the fact, i.e., prosecution for obscenity after exhibition.

Says Cable Bureau Chief James Hobson: "I doubt that the Commission would hold a cable operator hostage for acts of others. I can see sanctions against the access channel user. The only thing we're left with right now is 'Thou shalt not censor.' The cable operator is still caught in the middle. For example, the New York statute makes the operator liable even if he's not the originator."

Daniel (Mac) Armstrong of FCC gen. counsel office also thought there's good chance Commission will propose sanctions directly applicable to the access programmer rather than attempt "to perfect the pre-screening."

NCTA Gen. Counsel Stuart Feldstein stated: "I think the net effect of the Court's action is that the operator can continue to exercise his good judgment." NCTA Pres. Robert Schmidt



has long urged industry to steer clear of questionable material. Industry is particularly sensitive to congressional complaints about it, would much rather risk suits for censorship than reap miserable public relations such material brings.

\* \* \* \*

"The Ugly George Hour of Truth, Sex & Violence" was in Washington last week. Producer-writer-director-star George Urban hopes to syndicate program featuring nudity—and young girls talking about their sex lives—to cable systems, but didn't get much encouragement from NCTA. We viewed 90 min. of rough, poor-quality footage with NCTA officials. Reactions: Vp-Gen. Counsel Stuart Feldstein—"In a courtroom, that wouldn't be ruled pornography in any way, shape or form" but program will meet strong resistance from systems. Vp-Public Affairs Lucille Larkin—"That kind of stuff is killing us." Vp-Pay Cable Robert Johnson—"NCTA would consider this an X-rated type program...and therefore would not condone its exhibition on cable."

Urban said Warner & Teleprompter are "just waiting to see who buys it first" but we couldn't reach officials at either company Sept. 2 for comment. Urban also claimed Wometco was interested in "Ugly Harry" for its pay operation on WTVG-TV Newark. "No sir, we're not buying," countered Milton Lewis, pres. of Wometco Home Theaters.

Program also features interviews with celebrities and local politicians—all taped at huge & noisy parties—on televised sex & violence. Sample comment from Shirley MacLaine: "I don't think sex on TV is bad but I don't like the violence." Louise Lasser of "Mary Hartman" fame also was outspoken on values of sex.

"Ugly Harry" was on Manhattan Cable Sept.-Dec. 1976. Urban claims he had 100,000 viewers at end and that he took it off voluntarily because of plans to syndicate show. Time Inc. official said show was "thrown off for a variety of reasons, one of which was obscenity...He was a blatant offender of the guidelines [on sex] agreed to."

Version of "Ugly Harry" shown at NCTA was sans sex. (He has another version, including explicit sex, for sale to hotels, etc.) But in one scene he is fondling 19-year-old while both are nude and talking about having just "scored." "The biggest problem I face is American hypocrisy," Urban told us. "The public just won't admit what they watch." He said "Ugly Harry" has "redeeming social values [and] I think America is ready for my show...When 'Soap' becomes acceptable, as it will, it's going to change things for TV."

"ABC will beat the pants off [CBS & NBC] for the 4th quarter [Sept.-Dec.] and the whole season," according to TelCom Pres. Herb Jacobs. "It is now evident that NBC displayed considerably more showmanship and progressive action [in changing original fall schedules announced last spring] by getting rid of its obvious turkeys, while CBS kept theirs and seems prepared to take their lumps." As result—and through extensive use of specials—Jacobs predicts, NBC will finish 2nd to ABC during first 3 months of new season. He said NBC will "fold sometime in Jan. or Feb. because its schedule is mostly fluff with little substance." ABC is seen winning 5 nights this fall, tying CBS on Thurs., losing only Mon. to NBC. (Jacobs has been predicting network results for 2 decades and his past record has been very good, networks admit.)

Because offer included ban on entertaining other bids, board of Rust Craft declined to accept merger offer from Ziff Corp., in proposed \$57.5 million transaction (Vol. 17:26 p6; 17:27 p5). Snag developed when Ziff asked Rust Craft not to consider offers from others, according to Rust Craft spokesman, who said "other indications of interest in purchasing Rust Craft have been received and will be pursued." Ziff extended offer to Sept. 15.

Wometco's WTVG-TV Newark is offering pay programming to area cable systems for \$5 a subscriber per month. Wometco owns 2 CATVs in area—Plainfield & E. Brunswick, N.J.—said it would offer WTVG-TV programs & HBO for \$9 each on Plainfield system. Off-air WTVG-TV signals cost subscribers \$12.95 monthly; station had 2,000 decoders on hand at start, has ordered 20,000 additional. There have been practically no disconnects—despite severe technical problems for first few months—according to Milton Lewis, pres. of Wometco Home Theaters.

SMPTE video recording committee has drafted 5 specifications for proposed standard for Bosch-Fernseh Group's BCN high band segmented 1" helical-scan VTR, designating it as "Type B" 1" helical VTR. Proposed standards for non-segmented 1" VTRs (Sony-Ampex format) were drafted earlier (Vol. 17:28 p2)...Ampex is increasing prices average 4% on selected broadcast audio & video products Oct. 1.

Meredith stations are re-equipping to tune of \$7 million order from RCA for new 50-kw transmitter at each of 4 stations, 16 TR-600 video tape recorders, 7 TK-28 telecine islands, 11 TK-46 studio cameras, 6 TKP-45 portable production cameras, 11 TK-76 ENG cameras.

**DALLAS COOL TO NAB PLAN:** Broadcasters in Dallas have told NAB they don't want Assn. to hold planned meeting there with public Nov. 15 because "you don't have to come to Dallas to find out how the people feel." And San Diego broadcasters, too, are unhappy about Nov. 9 (change from 11th) public session but will go along as long as local broadcasters don't participate. Mass. broadcasters have expressed no opposition to Oct. 18 public session in Cambridge.

Meetings were approved by NAB board in June to get input from public and to let listeners & viewers know what TV-radio are doing on their own—primarily through Codes. They're strongly supported by NAB Chmn. Donald Thurston and Exec. Vp-Gen. Mgr. John Summers. "I want to keep them all, but now I'm not sure Dallas will be possible," Thurston told us. "I'll be very disappointed if it doesn't go through."

Summers said "they're missing the boat in Dallas" by opposing session. "We want the public to know about the Codes and the fact that they are a place to turn to as alternative to govt.," he said. Final decision on Dallas will be made as sidebar to NAB convention committee this week in Las Vegas.

Commented Dallas broadcaster: "I don't think anything they're going to get from anybody in any of those markets is going to surprise anybody." He and others in Dallas said main objection is that NAB, Code & network officials will be in market, attempt to answer questions, and then 6 months later the public will say "we told you what's wrong but nothing has changed." Suppose, said one broadcaster, we get 5,000 letters on "Soap" and 4,000 are opposed. Then, we send them on to Code and ABC. "Their reaction will be," he continued, "Well, that's just the Bible belt." Added another: "Wasilewski and his buddies don't have to stay in Dallas and face the heat they'll generate."

A San Diego broadcaster said "we think it's a pretty dumb thing... The timing is horrible." (Note: San Diego petitions to deny renewal are due Nov. 1 and informal petitions will be accepted until Dec. 1.) "Our people will be there in the audience but for defensive purposes only. We won't answer any questions." San Diego stations will stress that meeting is national in scope and that local media have nothing to do with it. Wasilewski will moderate all 3 (or 2) instead of local TV personality as originally proposed to assure local identification.

**High cost of FM car radio installations** will be subject of 2-day hearing by House Small Business subcommittee Sept. 20-21. Confirmed witnesses include Chmn. Wiley, FCC; Chmn. Pertschuk, FTC; Rep. Van Deerlin (D-Cal.), chmn. of House Communications Subcommittee; Rep. Brown (R-O.); Chmn. Donald Thurston, NAB; Exec. Vp Matt Coffey, NPR; Chmn. James Gabbert, NRBA; Vp-Engineering Philip Rubin, CPB. All auto makers plus public interest groups were invited. Presiding will be Subcommittee Chmn. Breckinridge (D-Ky.).

**Correction:** Storer buys WLAK(FM) Chicago (not Miami Beach) for \$4.25 million (Vol. 17:35 p4).

**FCC STAFF POLE-RATE VIEWS:** Two FCC staff groups lean toward state & local regulation of cable pole attachments, they made clear in reports to Sen. Hollings (D-S.C.), chmn. of Communications Subcommittee. Hollings had asked for recommendations, and they were furnished by FCC's Office of Plans & Policy (OPP) and Common Carrier Bureau (CCB). They haven't been endorsed by commissioners.

OPP's conclusions include: "The nature of pole attachment rates clearly indicates that regulation should be vested with those persons most familiar with the local environment... Given that the determination of reasonable rates, in many instances, will depend on the expected cost of increasing available pole space at some point in the future, familiarity with a utility's local operating environment constitutes a vital input into the decision-making process. Clearly, the Commission's expertise in this area is lacking and may adversely impact on decisional quality. State public service commissions... have a wealth of experience... and, therefore, will be far better able to judge the reasonableness of pole attachment rates..."

CCB Chief Walter Hinchman offered proposal that brings FCC in "only when the parties cannot resolve their differences" and only if state authorities or courts determine that state authorities don't have jurisdiction to resolve disputes.

Under such conditions, Hinchman said: "In essence, we have sought to protect cable TV systems from unreasonable rates, terms and conditions... while guarding against excessive regulation." He termed proposal "a sensible, non-intrusive regulatory scheme that protects the interests of parties... and goes as far as possible in recognizing state & local interests in regulating access arrangements."

**L.A. NAACP has challenged license renewals** of 23 area TV-radio stations, stating: "We firmly believe that... these government-licensed franchises have conspired, through their racist actions, to deprive black American citizens... of meaningful participation in employment & programming, not to mention meaningful management." In addition to FCC complaint, NAACP said it would file \$500-million civil damage suit against stations, individually & collectively... Meanwhile, FCC has extended time for filing petitions to deny against N.M. & Wyo. stations to Sept. 14 because renewal applications weren't available at Commission until 5 weeks after June 1 deadline.

**"Sesame St." for geriatric set** is what some are calling PBS's forthcoming "Over Easy" program starting Nov. 14. Funding of \$4 million (\$2.23 million from Administration on Aging of HEW, \$1.75 million from CPB) has been provided to KQED San Francisco for first 26-week weekly, half-hour, magazine format series on nutrition, health, money, consumerism, housing, legal rights, "life style" and "in person" sections. It's aimed at people over 55, PBS said.

**Hughes moves western sales office** for AML and satellite stations from Cal. to Phoenix—Box 35429, 602-978-1700.



**TAX BREAK AS CARROT:** Incentive to owners of stations to sell to minorities by providing tax break has been recommended to FCC by NAB. Move was hailed as step in right direction by minority and public interest spokesmen.

Technically, NAB filed petition Sept. 2 asking for rule endorsing minority ownership and providing for issuance of tax certificate to sellers. IRS provides that broadcasters forced to sell stations can escape capital gains tax if money is invested in similar property within certain length of time.

Idea was endorsed by group of black & public interest spokesmen, including Pluria Marshall, chairman of National Black Media Coalition, who termed it as "move in right direction... now if the NAB will pursue this issue in the same spirit as they pursue industry issues, it will go."

OTP consultant Frank Washington, a black, who is credited with suggesting the idea, commented: "This is a very good first step. But there is one part missing. It's generally the view of minorities I've talked with that any sort of well-rounded program would have to also include money in addition to an incentive." That may well come from Small Business Administration; 60-odd participants in FCC forum heard Chmn. Wiley report that SBA was considering making loans to blacks and others for purchase of broadcast stations (see p. 1).

Others who seconded NAB recommendation on tax certificates were Henry Geller, ex-FCC gen. counsel and now with Aspen Institute, and Charles Firestone of Citizens Communication Center.

Meanwhile NBMC opened 3-day Washington convention with FCC broadcast forum, heard Comr. White express fear of government censorship in recommendation by U.S. Civil Rights Commission that FCC involve itself more in programming—to overcome stereotype and under-representation of minorities & women in TV programming and jobs (Vol. 17:34 p2). White and FCC staffers said revision of Form 395 (equal employment opportunities report) will give FCC more definitive base on employment of minorities & women in TV and radio, including management levels.

Question of U.S. Civil Rights Commission's accuracy in some charges, previously challenged by FCC & industry, was raised by NBMC's Marshall. He challenged report's intimation that nothing was being done to correct injustices. Though agreeing that not enough is being done, Marshall questioned value of Civil Rights Commission judgment based on study 2 years old.

Since there's no longer a "typical" 4-week period in TV network programming, ANA & 4-A's have asked Arbitron & Nielsen to endorse 52-week measurement of local TV audiences. Such move would require "a significant increase" in costs and "substantial additional sample interviews," ad groups said. They asked research firms to submit proposals (by end of year), including plans to increase sample sizes.

List of all current broadcast forms has been issued by FCC, supersedes list dated July 1.

**HEARING ON OLYMPICS DEAL?** House Communications Subcommittee may hold "one-shot," one-day hearing on negotiations leading to NBC's acquisition of Moscow Olympics rights, according to staffers. Probe is focusing—among other things—on role of Lothar Bock, Berlin theatrical agent who was employed first by CBS to help obtain rights for that network, then served as middleman for NBC (Vol. 17:7 p7). Staff also said there may be relationship between some network program decisions made during negotiations and negotiations themselves.

Meanwhile, 4-month investigation ordered by ABC Sports into its telecast of U.S. Boxing Championships tournament found no criminal misconduct by participants, no misconduct or impropriety by any ABC employee, according to investigative team's report. Investigation was conducted by ex-Knapp Commission Chief Counsel Michael Armstrong with assistance of 7 attorneys, 5 law students, legal asst. and private detective; more than 200 persons were interviewed, according to ABC.

Report found "no evidence" that boxing promoter Don King was involved in kickbacks, false ratings, or other irregularities. However, King was faulted for "clearly improper" payment of \$5,000 to Ring Magazine Assoc. Editor John Ort, "which seriously compromised the integrity of the selection process" for contenders; King said payment was for help in organizing tournament. Other findings: None of tournament fights was "fixed"; tournament organization was marked by "a good deal of unethical behavior"; there's evidence that ranking of contenders by Ring magazine was "improperly or unduly influenced"; tournament shouldn't be continued as structured, though U.S. championship tournament would be good idea if produced under "rigidly enforced rules."

NAB had "paper profit" of about \$563,000 (\$30,000 more than budgeted) on March convention in Washington, compared with \$559,509 on 1976 Chicago convention. On other financial matters: (1) Radio dues now are expected to produce \$168,096 more in income for year ending March 31 than \$1.6 million projected. (2) TV dues are running at annual rate \$110,865 higher than \$2.2 million budgeted. (3) Associate members now are paying \$250,000 annually and NAB expects figure to "expand substantially" in next 12 months. Sue Halwachs has been promoted to coordinate associate membership drive.

**Merger of USIA, VOA and State Dept.** Bureau of Educational & Cultural Affairs will be recommended by President Carter. New unit may be called U.S. Agency for Information & Cultural Exchange, would be independent and autonomous agency within State Dept. This would resolve fight between Bureau of Educational & Cultural Affairs and USIA over control of VOA, and soothe VOA reporters' concerns over independence from State. Carter is expected to submit plan this month. New agency's head probably will be current USIA Dir. John Reinhardt.

**President Carter** won't be in San Francisco for RTNDA convention, but he'll answer questions from Oval Office via phone hook-up at close of opening session Sept. 15.

## Personals

Added speakers at Oct. 9-12 NRBA convention, New Orleans: RAB Pres. **Miles David & FCC Chmn. Richard Wiley**, who's expected to be out of office before NRBA; announced earlier was House Communications Subcommittee Chmn. **Lionel Van Deerlin** (D-Cal.), who last week also was named main speaker at Western Cable Show, Nov. 9-11, San Diego.

**John D. Moran** advanced to vp-business affairs, Group W... **Allen Feuer** named gen. mgr., WROC-TV Rochester... **Erwin Ezzes**, chmn.-chief exec. officer, United Artists TV, retires end of year.

FCC Comr. **Joseph Fogarty** speaks and answers questions at NCCB 'brown-bag lunch' Sept. 7, Washington... **George Lohnes & Ronald Culver** retire as senior partners of their engineering firm, which is continued by partners **Frederick Veihmeyer, Elizabeth Dahlberg & Robert Culver**... **Malcolm Albaum**, ex-WNET N.Y., named HBO gen. mgr.-studio & network operations.

**Barry Thurston** promoted to vp-programming, Field Communications; **Jack Arslanian** promoted to sales mgr., Field Spot Sales, Chicago... **Kenneth Donnellon**, consultant, rejoins Katz as gen. exec... **Charles Hitchins** promoted to mgr., Blair-ABC sales, Chicago; he succeeds **Clint Pace**, now sales mgr., WEWS Cleveland.

**Joan Leahy** moved to dir., daytime program sales, NBC-TV... **Stan Newman**, Universal Pictures TV, elected vp, parent MCA.

**Richard Marsh**, ex-KNXT L.A., joins Robert Wold Co. as coordinator of TV operations; **Robert E. Wold** promoted to vp-radio operations... **Tony Lynn**, ex-Teleprompter, is TPS programming dir., not HBO (Vol. 17:35 p6)... **Keven Wilder** promoted to vp, Manhattan Cable TV... **J. Randall Steward**, ex-Communications Marketing, joins Hawkeye Cablevision as vp-mktg. and mktg. dir. for parent Heritage Communications.

**Carl Hollstein**, ex-Information Storage Systems, named vp-engineering, Consolidated Video Systems... **James Hamm**, ex-Sprague Electric, appointed vp-operations, Jerrold... **Lyle Kneeskern** appointed asst. vp-engineering dir., Continental Cablevision of Ohio; **James Robbins** promoted to asst. vp, Miami Valley region; **Robert Clasen** asst. vp, southern region; **Thomas Beat** named mgr., Galion, Crestline, Willard & Upper Sandusky systems.

**Coca-Cola Bottling Co.** of N.Y. is 51% partner with ex-Washington Post Pres. **Larry Israel** in \$12 million purchase of WNYT-TV Syracuse (Vol. 17:24 p3). Explaining reason for entering TV, Coca-Cola Exec. Vp **William Sullivan** said "buying time for various consumer products has made us realize TV is a heck of a good business"... **WGN Continental** is buying KCRA(AM)-KCTC(FM) Sacramento, price not announced.

About 1,000 NBC women employees are due to share in \$2 million settlement of sex discrimination lawsuit that was arranged out of court just before start of trial earlier this year (Vol. 17:7 p6), following federal court approval.

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**VALENTI OPPOSES CODE CHANGES:** If NAB changes TV Code to proscribe "that which is generally perceived to be obscene, indecent or profane" in TV programs (Vol. 17:35 p3), "then the NAB is squandering its good judgment to placate a few critics," MPAA Pres. **Jack Valenti** wrote NAB in "My Dear Vince" (Assn. Pres. **Vincent Wasilewski**) letter. "If you toss away that which is founded in the law and substitute for it a vague, meandering clause... you are inviting everyone to be a judge without the sanction of the law or constitutional authority or even plain horse sense... I don't know of a single obscene TV show on the air today."

"If we argue that we should reject anything except that which a court decided was 'obscene,'" **Wasilewski** wrote back, "I think we are making a mistake." Though Code board hasn't yet made final decision, it will try to put into objective language "those admittedly fuzzy subjective opinions" which would enable station, for example, to decide not to telecast one of "many, many X-rated movies that the courts have found to be neither 'obscene' nor 'proscribed by law.'"

Meanwhile, U. of Neb. (Lincoln) Psychology Dept. Chmn. **Richard Dienstbier**, writing in *Journal of Communication*, suggests that explicit sex on TV may be helpful to young children lacking in other forms of sex education. "Without the development of real sex education, such stimulation may provide the only opportunity many families will find to discuss sexuality in a meaningful manner."

"**Massive**" paid advertising campaign—with govt. agencies footing bill—should be launched to urge public to buy more fuel-efficient cars, according to General Accounting Office. Reliance on public service TV spots and news releases hasn't been efficient, GAO said.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 19 (33rd week of 1977):

	Aug. 13-19	1976 week	% change	Aug. 6-12	1977 to date	1976 to date	% change
Total TV . . . . .	250,440	212,030	+18.1	206,401	7,956,626	6,935,609	+14.7
color . . . . .	158,489	132,063	+20.0	133,874	4,898,885	4,083,253	+20.0
monochrome . . .	91,951	79,967	+15.0	72,527	3,057,741	2,852,356	+7.2
Total radio . . . . .	1,207,231	818,001	+47.6	800,314	30,403,953	22,314,169	+36.3
home, portable	980,501	558,045	+75.7	601,272	22,588,972	14,671,298	+54.0
AM-only . . . . .	327,116	155,327	+110.6	128,209	5,397,374	3,427,446	+57.5
FM & FM-AM . .	653,385	402,718	+62.2	473,063	17,191,598	11,243,852	+52.9
auto . . . . .	226,730	259,956	-12.8	199,042	7,814,981	7,642,871	+2.3

Color TV 5-week moving average: 1977—158,843; 1976—131,599 (up 20.7%).

**AUG. CLOSSES WITH SOUR NOTE:** Industry color sales to dealers followed bouncing ball pattern in Aug., rising 20.5% in first week, holding to 3.2% gain in 2nd, jumping 20% in 3rd; final week totals, which EIA will release this week, are expected to show 2% decline. Despite fall-off compared with same 1976 week, closing Aug. week was only 2nd of year where sales topped 200,000, though just barely, at 205,000.

Aug. color sales of 653,000 were up about 14%, an indicated adjusted annual rate of 8.6 million, topping only 8.46 million July and 8.29 million May annual rates. Through 8 months, industry sold 5.1 million color sets, up about 19%, for annual rate of 8.9 million, down from 8.95 million pace logged in first 7 months.

**ITC STUDY SHOWS COLOR PRICES DOWN:** Substantial drop in average U.S. factory color prices and no heavy inventory build-up by color importers in year's first half are revealed in International Trade Commission (ITC) report on industry. Meanwhile, Commerce figures show imports of color from Japan in July slipped 4.7% to 217,800, indicating quota is already easing pressures on U.S. manufacturers.

ITC report, which is designed to help Administration determine need for continued restrictions on Japanese color imports, shows average factory sales price of 19" color set made or imported by U.S. producer (including Japan-owned companies) was \$315 in 2nd quarter, down 5.9% from \$335 first quarter, 10.7% below \$352.95 average in final 1976 quarter. It reports average factory inventories up 31.6% in 2nd quarter to 948,900 from 721,000 in opening period, which in turn was down 8.2% from Oct.-Dec. average of 785,700. Using EIA figures as guide to total inventories, report indicates average importers inventories were 460,000 in Oct.-Dec., rose 7.4% to 494,000 in first quarter, increased 9.1% to 539,000 in 2nd.

Domestic production for quarters, starting with end of 1976, was 1.48 million, 1.61 million, 1.73 million—a close track on estimates we've been making—with shipments (including own-brand imports) at 1.63 million, 1.61 million & 1.71 million for same periods. Study shows average 24,700 production-related workers put in 4.2 million hours in closing 1976 quarter, dropping to 23,200 workers and 3.8 million hours in first quarter, climbed to 25,200 workers and 5.2 million hours in 2nd quarter.

Total July TV imports of 803,500 were up modest 8.5% with color at 358,900 (up 25.1%), b&w at 444,600 (off 2.19%). Excluding chassis, month's color imports were off 1.7% to 265,500.

Imports for 7 months show total TV at 5.05 million, up 44.3%, color at 2.33 million, up 79.9%, b&w at 2.72 million, up 23.4%.

July imports by country, with full-period totals in parentheses: Japan 389,000, down 8.2% (2.29 million, up 23.1%), color 244,200, down 0.4% (1.43 million, up 22.1%), b&w 144,900, down 18.9% (852,600, up 24.8%); Taiwan 257,400, down 6.5% (1.68 million, up 18.8%), color 47,400, up 42.8% (194,700, up 100.3%), b&w 210,000, down 13.2% (1.49 million, up 12.8%); S. Korea 90,100, up 179.1% (394,000, up 86%), color 4,700, up 127.1% (37,900, up 115%), b&w 85,400, up 182.7% (356,100, up 83.4%). Singapore supplied 1,500 color sets in month for 7,700 total, and Canada was source for 7,900 19" color, indicating RCA began to take deliveries from its subsidiary there (Vol. 17:21 p11).

New statistical breakouts for color TV, made to make monitoring of Japan color export quota agreement easier (Vol. 17:27 p11), now divide formerly single "incomplete or unfinished" color into 5 classifications: Complete kits, nearly complete kits with picture tubes, main chassis boards sufficiently complete to be included under quota, less complete chassis boards, other circuit boards. They showed no imports of kits, entry of 93,400 quotable chassis boards (26,400 from Japan, 15,000 from Taiwan, 50,400 from Mexico), 731,000 other boards (397,400 from Japan, 59,300 from Taiwan, 121,200 from Mexico, 148,600 from Singapore). Admiral, RCA & Zenith bring in boards from Taiwan, RCA & Sylvania-Philco from Mexico, GE from Singapore. In addition, figures show import of 1,900 boards of all types from Netherlands Antilles, where Curtis Mathes has assembly operation. As July was first month for new categories, figures may contain errors, represent only part of month's imports.

In special notice, Customs indicated that about 80% of color sets & nearly-complete color chassis imported from Japan in July were quota-free as they left there before July 1 effective quota-imposition date. In addition, Customs said, some 15,000 exported after July 1 were not accompanied by required MITI-issued quota certificate, and count against 52,500 special allowance Japan gets above regular 1.75 million annual quota.

**NETWORKS UNCONCERNED ABOUT VCR:** TV networks apparently aren't giving much thought to videocassette recorders either as threat or ally. While broadcasting fraternity considers cable & pay TV among top problems, mention VCR and you're likely to get a slightly raised eyebrow.

We were able to check with only 2 of the 3 networks on attitudes toward VCR. ABC, being struck by technicians on issue of electronic newsgathering (ENG), said it couldn't talk because videocassette could be considered issue in strike (U-Matic videocassette, used as substitute for film, is very much at issue; consumer use of VCR isn't).

AT CBS, issue falls in lap of Harry Smith, corp. planning vp, one of few survivors of EVR program. Smith's job is to keep abreast of technological developments for all CBS divs.—including network & Columbia Records. "Our corporate position is that videocassette or video-disc is likely to be a business, and we're interested in programming & marketing," he told us. However, "based on available research, it's difficult to know whether it will be a mass market or just a market for specialized programming." That's Columbia Records talking. CBS-TV network? "We're not preoccupied with the impact on the TV network."

NBC Planning Vp Alfred Ordovery also declined to delve deeply into subject. Home VCR, he said, is "price-sensitive market." At today's prices, he sees it as "viable" for those firms in market, but having "no substantial effect" on networks. Even at \$700-\$800, with sales of "couple of million," he sees "effective fractionalization of the broadcast market" as "minor." Any new home entertainment product, he said, should help keep people home, lead to additional viewing. "It won't have a tremendous effect one way or the other, but it could lead to a lot of measurement problems."

Now let's go off record. Here's what one network official who has made study of situation has to say: "I tend to be skeptical. Videocassettes are likely to be limited to hobbyist use like the audio cassette in relation to radio. I doubt we could measure the impact negatively or positively within a 10-year horizon. Look what people are buying today—automatic TV sets with only a button to push. People just won't be active in anything. I'm skeptical of any business



which depends for success on people changing their lifestyles or habits. The business which succeeds is the one which takes a present activity and does it better or cheaper."

Has VCR saturated very shallow demand or just scratched surface? Same official sees extremely segmented market consisting of hobbyists who'll buy one of anything, people in show business who want to see latest movies in their homes and others who have some business-related use for VCR. "It's very specialized, and TV programming is a mass market. The videocassette market should be measured in decades, as opposed to years."

One dissenting voice among broadcasters is Hugh Beville, ex-NBC, now exec. dir. of all-industry Broadcast Rating Council, whose job is to assure accuracy of ratings. Almost year ago, he circulated memo to broadcast industry on significance of VCR to TV ratings, is planning major talk on subject in Nov. to TV & Radio Research Council.

"Broadcasters generally don't know & don't care about the subject," he said. "A large part of the future of broadcasting depends on the way this device is marketed & used. This is the first time programming is becoming unhinged from its time period. This may be more significant than pay TV & cable."

Beville points out that the 2 major rating services, Arbitron & Nielsen, give credit to station for program being taped at home at time of taping. "There may be nobody home. Lots of people may be watching the program, or nobody. How about replays? Is this like reading a 1966 National Geographic in the dentist's office?"

"When people start taping all the good stuff on TV, and plan ahead for their viewing, the situation will change sharply. With VCR, television can serve the light viewer better, and the critics may be more satisfied. I see 2 million of these machines in use by 1980. When there are 2-5 million out there, the effect on TV programming will be tremendous."

**SONY VTR PRICE MOVE EXPECTED:** Escalation of price war in home color cassette VTR business is expected this week in form of Sony announcement of single-speed 2-hour Betamax designed to undersell RCA's \$1,000 2-speed VHS by \$50 to \$100. Any such move presumably would be followed by similar announcement from Zenith, which, like Sony, is offering dual-speed (1-hour or 2-hour) Betamax at \$1,300.

Sony's reactions to RCA's introduction of 2-hour/4-hour VHS (Vol. 17:35 p8) will come at press conference this week from Chmn. Akio Morita. In addition to new Betamax model, it's anticipated he'll unveil cassette containing 50% more tape, which increases maximum Betamax play/record time to 3 hours—6 hours if consumer uses automatic tape changing adaptor Sony said it will offer for about \$100. New tape has thinner base than those in current cassettes.

RCA's suggested distributor resale price on cassette that gives up to 4-hour playing time provides quantity-buying dealer healthy 32% mark-up if he charges customer full \$25 suggested list, while cassette with 2-hour maximum capacity yields only 24% at \$16 list. This indicates dealers will have plenty of room to discount, could match \$20 list JVC has on same full-length cassette and still make better than 15%.

In other developments: (1) Japan's Akai, audio recorder producer which makes unique 1/4-in. color VTR, says it will adopt VHS, offer units in Japanese & European markets next spring, U.S. in 2nd half. (2) Members of Japan's VTR patent pool (Sony, JVC, Matsushita, NEC & 3M), are working on agreement that would result in issuance of single license to non-pool members covering both Beta & VHS technology. Plan is aimed at promoting general VTR market expansion. (3) Article on home VTRs in current Fortune has color photo of VHS unit Panasonic plans to introduce next month. Except for minor cosmetics, model is identical to RCA's, right down to built-in LED clock-timer. (4) Commerce reported July imports of cartridge-cassette color VTRs up 9-fold from same 1976 month to 15,000, for 7-month total of 60,900, up 258.3%.

FCC labs approved 800 of 1,340 CBs tested since first 40-channel units built under new standards were submitted last Sept. Waiting period has stretched to about 60 days, due to diversion of test facilities to other projects, resulting in backlog of roughly 75 units.

CB rejection rate has fallen from 50% last fall to around 20%, staffer said, with majority of problems centering on receiver section. Video game backlog has been cut to about 30 days, he said, with 30-32 games waiting to be tested.

**CHANGE IN CB SALES DATE?** Will FCC extend sales deadline for 23-channel CBs produced under old specs beyond Jan. 1? "We're not shutting the door on it," spokesman in Chief Engineer's office said. "We're taking a hard look at it." Change was requested in petition from Pathcom Pres. William Thomas, asking that date for units already sold by maker-importer and in distribution pipelines by Jan. 1 be changed to Aug. 1, 1978.

Petition contends that FCC's own definition of word "sale" as applied to marketing rules for 40-channel CBs produced under new specs is inconsistent with 23-channel rules. With 40-channel, petition says, FCC defined sale as point at which CBs entered interstate commerce, either as sale from maker-importer to distributor for resale or, in case of direct marketers, from manufacturing point or importing warehouse to next distribution point.

"Accordingly, it is requested that the same interpretation of sale be applied to the termination of sale of devices type-accepted prior to Sept. 10, 1976 [first date for submission of 40-channel CBs]," petition said. Petition was coupled with request that FCC halt imports of CBs made under old specs from Sept. 1, but staffer said that issue was disposed of when earlier petition from 5 CB makers was turned down (Vol. 17:34 p9).

FCC wouldn't say it, but decision on sales date probably will be held off until mid-autumn when trends in CB market are clearer. Concern of CB makers is that Jan. 1 cutoff date on 23s will result in heavy dumps of low-priced units on Christmas market, further stalling 40-channel sales. Another concern is swollen inventory of both 23s & 40s at manufacturer level. Symptomatic of problem was \$1.1 million devaluation by Regency of 40-channel inventory in 4th quarter ending June 30. In addition, it took \$2.4 million pre-tax loss on liquidation of 23-channel inventories. Indicated 4th quarter results show sales down 47.9% to \$7.6 million, net of \$28,900, down 98.5%.

Worries over imports should diminish some after look at July figures. During month, total transceiver imports sank 56.5% to 1.14 million, with hand-helds (mostly toys) at 502,000, up 2.3%, all others, including CBs, off 70.1% to 634,000. For full 7-month period total imports were 10.9 million, up less than 1%; hand-helds at 4.7 million, up 151.3%; others 6.2 million, down 30.8%. Imports of 40-channel CBs in July were 441,600, for full-period total of 3.52 million while 23s totaled 111,300 in month, 1.45 million for 7 months.

FCC extended marketing deadline for hand-held CBs (internal power supply, built-in mike, etc.) type-accepted before Sept. 10, 1976 and manufactured before Aug. 1, 1977 from Jan. 1 to Aug. 1, 1978. Change was requested in petitions from Montgomery Ward, Radio Shack & Fanon-Courier.

**Mergers & acquisitions:** Armin completed watch business withdrawal by selling production & marketing subsidiary E. Gluck Corp. to founder Eugen Gluck, terms undisclosed. Armin said sale will cost it \$1.6 million. . . **Siliconix** said it agreed to open takeover negotiations with Honeywell, which, semiconductor maker said, is offering \$10 per share.

**PHILIPS DISC PLANS:** "Date of introduction depends on software." Such signs at private Philips videodiscs display at International TV-Radio Show in Berlin last week spelled out company's cautious policy with regard to European introduction. Display was set up primarily to interest software producers in videodisc medium and introduce them to capabilities of Philips VLP system.

"Introduction must be the joint responsibility of both hardware & software producers," we were told by Philips VLP Mktg. Mgr. J.C.M. Coppen. "After all, we don't have an MCA in Europe." He indicated Philips believes that discs must be "independent communications medium," not dependent on programs originally made for other media such as movies or TV. To acquaint potential programmers with VLP, Philips let visitors operate Magnavox pilot-production NTSC models.

As prepared for introduction, Magnavox player has one feature which Philips has rarely stressed—or even mentioned, to best of our knowledge. This is "chapter-indexing" feature in which electronic impulse on disc causes player to hold any single frame automatically until player index button is pushed by viewer. On-screen readout is now provided for both frame & "chapter" numbers. One disc demonstrated contained 2 different programs. When title appeared on screen, picture automatically stopped until viewer followed on-screen instructions: "To see Feature 1, press 'play' button; to see Feature 2, press 'index' button." Index button automatically moves pickup to next "chapter"—which can start on any predetermined frame.

Automatic chapter-indexing feature could lead to innovative types of special programming, Philips believes, including those in which viewer participates actively.

Philips' caution on European market is at least partly result of Telefunken's failure to sell TED disc system as mass-market device. TED player was being demonstrated at small booth in big Telefunken exhibit, price (\$550-\$650), and emphasis has changed completely. It's now being promoted as tool for educating physicians, with courses supplied on subscription basis by German medical assn. Only entertainment program catalog distributed was dated Jan. 1977 and listed mere 33 titles.

**Color TV recall exemption bid** filed with Consumer Product Safety Commission by J.C. Penney contends that three 18" models cited by agency as possibly fire-prone (Vol. 17:34 p10) don't pose safety hazard. Acknowledging sets are similar to models recalled in 1974 because they contained focus resistor that could overheat, Penney said sets now involved don't pose fire hazard, having wood rather than plastic cabinets and more internal air space. Both groups of sets, made by Matsushita, were sold in 1970-72. Meanwhile CPSC has accepted do-it-yourself correction program from KLH. KLH says it will send replacement kits to owners of some 4,600 speaker systems which can suffer cone fatigue that may create sparking, cause fire. KLH kit consists of new speaker & screwdriver. KLH says it will make repair if consumer prefers.



**ZENITH SEES NET DOWN:** Zenith expects significant cuts in 3rd quarter & 2nd half earnings as result of new promotion allowance program, while GTE says its Sylvania subsidiary will show improvement, but remain in red, in 1977. Wall St. reacted to Zenith statement with stock sell-off, dropping shares to new low for year. Price of RCA shares also dropped.

Need to maintain pricing position in highly competitive market has forced Zenith to give substantial promotional allowances to distributors. Move also is intended to avoid field inventory build-up, will have "very adverse" impact on 3rd quarter net, Zenith said. It's understood allowances are retroactive to Aug. 4, covering purchases made by distributors at last month's convention (Vol. 17:32 p8). Declining to discuss size of allowances, spokesman said they should be reflected at retail soon. As increased, it's understood, allowances run from \$10 on small screen portables to \$37 on 25" consoles in new line, up to \$42 on clearance models, in addition to 1%-1.5% discounts on volume buys.

**RCA** said it knows of no reason for decline in stock price, says it's having strong 3rd quarter, including consumer electronics, where its Aug. color sales were up 18% from same 1976 month, b&w 16%. RCA said color sales gain was made against factory-distributor inventories that are down 15% from year-earlier, noted b&w inventories are "also significantly lower."

**Sylvania** should show "substantial reduction" in loss for 1977, compared with \$16 million deficit in 1976, GTE said, attributing improvement to higher color sales. GTE indicated hope of further improvement in 1978 when, it said, impact of quota on Japan's color exports to U.S. is expected to be felt.

**Soundesign** offers to exchange 10% debentures for up to 550,000 shares, or about 17% of stock outstanding. Rate will be \$16 per share, or about \$3 above market price at time proposal was announced. Company said it believes stock is undervalued. Soundesign said it expects to report 3rd quarter gains about equal to those of preceding period when sales rose 29%, net 21%.

**Leisurecraft** blamed increased competition in digital watches, cost of developing Webcor audio line, higher sales and administrative expenses, for 9.5% drop in sales, 91.8% decline in net for year (see financial table.)

**Electrohome** indicates 2nd quarter loss was \$1.76 million, vs. \$1.69 million deficit in same 1976 period on 11% sales decline to \$21 million. For half, sales were up 8.2%, loss was modestly higher.

**B&w capacity** is being increased 10% to 2 million annually by Matsushita, which expects higher domestic & export demand. Total b&w output by Japanese industry in first half was up 13.7% to 2.34 million, with exports up 6.7% to 1.71 million.

**Import impact** aid eligibility investigation has been opened by Labor Dept. for workers formerly producing electronic watches & timing crystals at Bulova plants in Jackson Hts. & Woodside, N. Y.

**SEARS & RCA COMPUTERS:** Sears and RCA are jumping into personal/hobbyist computer fray—Sears with under-\$600 system using 9" video monitor and RCA with \$275 kit which could signal future involvement in stand-alone home market. Sears will test-market computer in "selected markets" this fall (Vol. 17:31 p10), expand efforts in spring if tests are successful.

Sears is aiming directly at home user (press release describes computer as way to plan meals, do taxes, remember mother-in-law's birthday, etc.), with future add-on features such as printer expanding applications to small businesses. Basic package includes monitor, memory, 73-key keyboard, data storage unit using standard cassette recorder & output for 2nd recorder. "Several" optional programs will be available, and Sears says blank or partially-prepared cassettes can be used by owner to make programs for home use.

Significance of move by nation's most powerful and savvy retailer into field is underscored by Sears' explanation of market timing. "High-priced custom home computers—usually built from kits—have been available for some time, but only now has their application, market potential and diminishing cost been attractive to mass merchants."

RCA's new Cosmac VIP (Video Interface Processor) unveiled at recent Personal Computer '77 show in Atlantic City can be used to create and play video games, generate graphics and develop microprocessor control functions. Unlike Sears, RCA says it doesn't plan entry into home market, but VIP uses much of same circuitry as Studio II programmable video game (including CDP1802 microprocessor), and some non-game functions of new kit may show up in future versions of game.

Kit comes with single PC card containing microprocessor, 4K bits of ROM, 2K bytes of RAM, keyboard, 100-byte-per-sec. audio tape cassette interface, and video interface chip. CRT isn't included, but kit can be hooked directly to b&w CRT display or through RF modulator to TV set. Included in operator's manual are lessons on machine language programming and programming techniques, instructions for 20 video games which can be entered into system and played without need for learning programming techniques. Kit will be sold through Solid State Div.

**Trendex report** for 2nd quarter shows RCA closed gap against Zenith, increasing color market share to 19.7% from 19.4% in same 1976 period, while Zenith slipped to 21% from 24%. Also improving were Magnavox, 7.4% from 7.2%; GE 6.3% from 5.9%; Philco, 3.1% from 1.6%. Among decliners: Sony, 6.4% from 6.9%; Sears, 7.6% from 7.7%; Quasar, 5.2% from 5.6%; Sylvania, 3% from 3.8%.

**Customs classifiers** will have tough time properly logging new Tri-Gem micro radio from Hong Kong's Asia International Electronics. Unit combines AM radio, 6-function LED watch & butane gas lighter in 3-1/8" by 2-1/8" by 1", 8-oz. package. AIE plans to produce 50,000 monthly.

## Trade Personals

**Elliott Bloom** promoted at Bruno-N. Y. from field sales mgr. to RCA Div. sales mgr. for N.J.; **Wally Pomerantz**, ex-Tappan, joins as key accounts sales mgr. . . **Mel Koenig** resigns as Daytron pres. after selling interest in audio importer to Korea's Dae Woo, supplier of Daytron line. . . **F. Guy Melanson** appointed finance & admin. dir. for multi-million GTE contract to build consumer electronics plant in Algeria; **Cornelius Brady** succeeds Melanson as GTE International Factory Projects Organization controller.

**Toby Mack** resigns as EIA Distributor Products Div. staff vp to join NEDA as exec. vp, succeeding **William Englehaupt**, resigned over policy differences. . . **Richard Glass** resigns as NESDA exec. vp, duties assumed on acting basis by **Ralph Tirrell**, dir. of Ariz. unit; **Leroy Ragsdale**, Ft. Smith, Ark., elected pres., succeeding **Everett Pershing**, Burbank, Cal. . . **Kenneth Ritchie**, ex-Centronics Data Computer, named to head WEMA's newly formed New England Council, Amherst, N.H.

**R. Joseph Dorcy**, ex-CR tube mktg. mgr., becomes Sylvania Electronic Components Group OEM mktg. vp, responsible for TV picture & other display tubes as well as receiving tubes, succeeding **James Ritter**, now GTE Products Group regional mktg. vp. . . **Peter Friederich**, former RCA staff management development dir., moves to RCA Labs as industrial relations staff vp. . . **Harvey Gold** moves at Hewlett-Packard from Optoelectronics Div. to Components Group as intercontinental mktg. mgr., responsible for Pacific, S. America, Canada & Midwest. . . **Paul Schwartz**, ex-General Instrument, named Integrated Microsystems vp-gen. mgr. . . **Thomas Dugan** promoted at National Semiconductor from European coordinator to international market coordination mgr. . . **Roger Ferreira**, ex-Kemet, appointed NEC America Electron Devices Div. capacitor mktg. mgr.

**William Robinson** advanced at James B. Lansing to national mktg. mgr.; **Thomas Frisina**, ex-Harman International, succeeds Robinson as hi-fi products national sales mgr. . . **Jack Buchanan** appointed Jensen Sound mktg. services mgr. . . **Fred Layn**, ex-Turner, joins Studer Revox as eastern mgr. . . **Lawrence Lurie**, ex-Squires & Co., one-time British Industries, appointed Visonik turntable national sales mgr. . . **John Porter** named Ampex new ventures vp, new post. . . **Patricia Fritz** advanced from asst. sales mgr. to sales mgr., New-Tronics.

**Gene Carter**, ex-National Semiconductor, joins Apple Computer as home computer dealer mktg. dir. . . **Richard Hall**, ex-RCA, appointed General Instrument MPU worldwide quality assurance dir. . . **Robert Crawford** advanced at Mostek to MPU automotive mktg. mgr. . . **Adrian Pocock**, ex-National Semiconductor, joins Signetics as automotive industry sales mgr. . . **James Fealtman**, ex-Electronic Research, named Crystek Crystals operations mgr.

**Edward Housman** named Automatic Radio chmn.-chief exec., succeeding **David Housman**, now chmn. emeritus; **Michael Perpall** replaces E. Housman as

## 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
Comcast			
1977-6 mo. to June 30	6,029,502	306,373	.18
1976-6 mo. to June 30	5,155,066	303,018	.18
1977-qtr. to June 30	3,206,124	168,112	.10
1976-qtr. to June 30	2,723,246	161,435	.10
Electrohome <sup>a</sup>			
1977-26 wk. to July 1	48,512,000	(2,114,000)	--
1976-26 wk. to June 25	44,854,000	(1,961,000)	--
Leisurecraft			
1977-year to March 31	9,699,225	39,051	.11
1976-year to March 31	10,722,477	478,942	1.32
Outlet Co.			
1977-6 mo. to July 31	76,321,164 <sup>b</sup>	1,275,737 <sup>b</sup>	.49 <sup>c</sup>
1976-6 mo. to July 31	63,832,887	959,290	.36 <sup>c</sup>
1977-qtr. to July 31	40,033,095	742,208	.29 <sup>c</sup>
1976-qtr. to July 31	33,411,215	559,497	.22 <sup>c</sup>
Regency Electronics			
1977-year to June 30	37,404,256	757,617	.28
1976-year to June 30	57,110,193	9,058,686	3.42
Tenna			
1977-6 mo. to July 31	24,989,043	(1,719,967)	--
1976-6 mo. to July 31	27,076,761	1,034,759	.34
1977-qtr. to July 31	12,745,564	(1,277,707)	--
1976-qtr. to July 31	13,489,989	508,078	.17

Notes: <sup>a</sup>In Canadian dollars. <sup>b</sup>Record. <sup>c</sup>Adjusted.

pres.-chief operating officer. . . **James Birle** named vp-gen. mgr., GE Far East business for International & Canadian Group. . . **Robert Bergen** resigns as Admiral gen. mktg. mgr. . . **Gene Phelps**, Ampex blank consumer tape national mktg. mgr., & **Ivan Pato**, national sales mgr., have left company.

**Sanyo may be next Japanese TV maker to start production in Europe.** It's negotiating for 33% interest in Italian TV producer Emerson Electric; company was licensee of, but not otherwise related to, defunct Emerson Radio & TV of U.S. Through W. German subsidiary Wega, Sony is currently only Japanese TV producer on continent, while Matsushita & Sony have TV plants in U.K. Hitachi is still waiting for British Dept. of Industry decision on whether its plan to construct color plant in economically depressed northeastern area will be supported by U.K. development funds. Plant would make 70,000 to 100,000 sets annually, with half exported, is opposed by other U.K. manufacturers who complain industry is operating at only 50%-60% of 2.4 million yearly capacity. They say, another factory would increase competition, result in layoffs at existing plants.

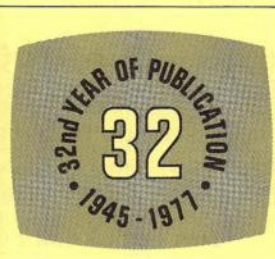
**CB Scene:** Uniden reportedly will cut production from average monthly rate of 160,000 during first half to about 40,000 in 2nd half. Production in 1977 is expected to hit roughly 1.1 million, half of 1976 total. . . **Sylvania Replacement Markets Operation** adds mobile-to-base power supply converter, one mobile-base & 3 mobile antennas to CB accessory line. . . **Mura** introduces CB/ham extension speaker with 9-ft. cord (\$12).



WEEKLY

# Television Digest®

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**WILEY ACTS; WHITE HOUSE DOESN'T:** Wiley resignation effective 'within the next month.' Carter doesn't send Ferris to Senate as expected; appointment now due this week. (P. 1)

**NCTA WANTS WRAPS OFF CARRIAGE**—main push as board meets. To act on recommendations of Rewrite Committee. Considers 5-year no-restrictions experiment. Positions offered on pay cable, access, leased channels, deregulation, etc. (P. 2)

**CBS PROFIT PLANS** disclosed by network Pres. Wussler to security analysts. He sees 'serious profit problem' next 2 years. Mini-series & specials out. (P. 3)

**WJLA-TV's 'CROSSFIRE'** concentrates on 'Soap' night after Sept. 13 premiere. (P. 3)

**PUBLIC TV STORY—MONEY:** No CPB-PBS confrontation; Loomis & Grossman call differences 'healthy.' Complaints of waste, duplication, govt. interference, poor CPB members, too little local programming, etc. (P. 4)

**TELEVIEWED VIOLENCE** down 5% this summer, NCCB survey finds. ABC still most violent, CBS least. 'Starsky & Hutch' most violent show. (P. 4)

**WILEY ACTS; WHITE HOUSE DOESN'T:** Chmn. Richard Wiley formally resigned from FCC last week—effective "sometime within the next month"—in Sept. 8 letter to President. He said move was made with "very sincere regret," thanked Carter for "permitting me to remain in my current position during some 9 months of your administration."

In letter, Wiley noted he was acting now because "I am advised that the selection of my successor is imminent." As matter of fact, Wiley and Senate officials had been informed (by White House) earlier in week that nomination of Charles Ferris would be sent to Senate Sept. 9 for 7-year term and that he would be designated chmn. That didn't happen—and White House aide told us at press time that "it might be Monday [Sept. 12]." Also assured, but still awaiting FBI clearance, is appointment of black lawyer Tyrone Brown for 21-1/2 months remaining in term of ex-Comr. Hooks, now exec. dir. of NAACP. Both Brown & Ferris had sought full term.

Wiley was appointed to Commission (he had been gen. counsel) in Jan. 1972 by Nixon, succeeded Dean Burch as chmn. in March 1974. He has been extremely active leader of FCC and, according to former colleague, "by far the best administrator the Commission has ever had." Wiley paid great attention to the smallest detail and was very active in hiring and reassigning personnel. "Items that Dick was interested in just didn't get on the agenda unless he was sure where the votes were," commissioners and staffers alike tell us. One of his proudest accomplishments—and one he speaks of often—has been a continuing re-regulation process and aboli-

### Consumer Electronics

**MARK IV BULB** being dropped by Zenith & Corning. Developed as part of Zenith 'Able' system, it failed to yield economies. (P. 6)

**COLOR INDUSTRY** cut output, factory inventory, in lackluster Aug. EIA reports FM sales up sharply for month. (P. 6)

**BVTR PRICE MOVES** causing dealer's to worry about profitability of new market. Likelihood of discounting and delivery problems add to over-all concern. (P. 7)

**DUAL-PICTURE TV**, MPU tuning systems, star in new offerings at Berlin Show. Japanese VTR makers in strong push to block market takeover by Philips VCR. (P. 9)

**QUASAR CLOSING CANADIAN** subsidiary's color TV assembly plant, will ship in all sets from U.S. & Far East. General Instrument shutting Canadian yoke & flyback facility next Feb. (P. 9)

**PRICE CUTS ON VX-2000** cassettes made by Quasar. Sony promises 3-hour Betamax cassette next spring, will offer cassette changer by year end. Sony-Paramount launching taped movie market test in near future. (P. 10)

tion of outmoded FCC rules. Wiley is expected to announce affiliation with Washington-based law firm late this week.

Letter of resignation to President actually got out by mistake. Wiley was in Mich. to speak to broadcasters' group when White House called saying it wanted to announce resignation. But it was too late; Washington Star and wire service reporters already had copy.

It's been known for months that Ferris would become chmn.; Carter made that commitment last winter to House Speaker O'Neill (D-Mass.). Ferris now is gen. counsel to Speaker; he had been counsel to Senate Democratic Policy Committee from 1963 until this year. Brown is member of Washington law firm Caplin & Drysdale, formerly was legal affairs vp for Post-Newsweek Stations, staff dir. of Senate International Govt. Relations Subcommittee, served in FCC Common Carrier Bureau.

White House press office also said nominations to CPB board probably would be sent to Senate this week—expected to be Sharon Rockefeller (wife of W. Va. gov.) & Gillian Sorenson (wife of former President Kennedy aide). Third vacancy originally was slated for Chicago lawyer and ex-FCC Chmn. Newton Minow, but he has refused to make financial disclosures required by Senate, is definitely out.

**NCTA MAIN PUSH—WRAPS OFF CARRIAGE:** NCTA's prime current effort, as board meets in Washington Sept. 15, is to set position on Communications Act rewrite—and, in this, major stress is on eliminating restrictions on signal carriage.

Committee chaired by Viacom's Ralph Baruch made rewrite recommendations to exec. committee last week, and committee generally endorsed proposals. Board will debate them this week. It's understood following are rewrite Committee's major recommendations:

(1) Prohibit general restrictions on distant-signal imports. Allow restrictions only on evidentiary finding of significant harm to public. Modify must-carry-local-signal rules to make sure systems needn't rebuild to carry such signals, needn't delete any signals in order to carry local.

Committee suggests 5-year experiment with no signal restrictions, FCC providing Congress with annual impact statement, using Commission's formula to determine cable homes fractionalized. Then, FCC would judge impact on station's profit and ability to serve public, grant relief on case-by-case basis.

(2) In pay-cable sports, remove wraps on such things as hockey—shelved by networks but not available to cable for 5 years under FCC restrictions. Restrictions would be allowed if sports events were of broad national interest, had been telecast within last year, and would be taken off air because of cable. In movie field, reduction of network & station exclusivity will be pushed.

(3) FCC be permitted to require free or at-cost public access on one channel or equivalent—this area totally preempted by Commission. Access be required on basis of real demand, not hypothetical.

(4) Leased channels be controlled solely by FCC, with cable operator given leeway to use judgment—e.g., reject porno operator if he chooses—not be required to use first-come-first-served formula. FCC would provide complaint procedure for rejectees. (5) Encourage deregulation generally, relying on "marketplace."

Among other activities, Board will: (1) Elect a dir. to succeed late Group B at-large dir. Jerry Greene; candidates for position are Donald Tykeson, Liberty Communications, Eugene, Ore., and John Raines, Jackson Communications. Raines recently resigned as Dist. 9 dir. when he joined Jackson—and his place has been taken by John Rakoske, Continental Cablevision, Dover, N.H., just elected by state & regional presidents. (2) Act on exec. committee recommendation to allot \$7,500 (of total estimated \$30,000) toward cost of litigating N.Y. State Cable Commission court appeal of FCC limit on franchise fees.

(3) Authorize petition for reconsideration of franchise standards revision—particularly addition of pay-cable revenues to franchise fee base. (4) Resist MPAA efforts to restrict car-



riage of satellite-transmitted station signals. (5) Decide how to prepare research for FCC's economic inquiry—probably hiring consultants. (6) Listen to reports on pole & franchise legislation, fiber optics, translators, FCC & Commerce Dept. appointments, state & regional meetings, 1978 convention, etc.

**CBS PROFIT PLANS:** CBS TV Network is dropping out of mini-series & specials ratrace, returning to traditional role as supplier of regular series in push for increased profitability, Pres. Robert Wussler told security analysts in N.Y. last week.

"As an industry, the TV business has a serious profit problem" facing it in 1978 & 1979, Wussler said, with difficulty stemming from "stunting" with mini-series & specials. He said networks are spending combined \$45 million to kick off fall season alone. "You can't continue to program like that," he said.

CBS studies show that to be successful, network needs 60% of prime time schedule in regular series capturing 30% share, plus some specials, Wussler stated. He indicated belief audience is becoming sated with specials, said CBS spent \$32 million on program development last Oct.-April, "double what we ever spent before," plans comparable outlay next year, and company "hasn't invested heavily in sports or mini-series." He said he personally pulled CBS out of bidding for Moscow Olympics.

Shift to 32 weeks of original network programming from 26 has increased costs, and to help fill out schedule CBS will add a movie night rather than more specials—"basically every special loses money." Declining to discuss specifics of movie buys, Wussler said he understood NBC had "A Bridge Too Far" & ABC "The Sting," and "we've basically bought every other movie around."

As of Labor Day, he said, CBS had over \$1 billion booked for year, still had about \$150 million worth of time to sell for rest of year, so "this will be the biggest sales year by far in our history." As for regaining position as top network, "20 years of being No. 1 was a long time; I don't know that anyone will ever do it again, but [top spot] will be in our reach in the not too distant future." He downplayed importance of that somewhat when he pointed out today's time market is like an auction, with ratings no longer sole factor in prices. How network is managed is as vital to profits as being on top of network pile, and it's possible that "by 1980 the 3rd-place network might be the most profitable," he said.

**First earth station** of Tele-Communication's 57 (Vol. 17:35 p5) is scheduled for mid-Oct. start. It has made \$1.5 million deal with Scientific-Atlanta to supply equipment. Hope is to complete ultimate \$3 million system 18 months after FCC starts issuing permits. TCI has 10 applications on file.

**Arbitron reports** collecting some \$100,000 in damages or contracts so far, in action against those using its data without permission—as copyright infringement, unfair competition or violation of proprietary rights.

**Warner Cable** starts operations in Melrose, Mass. Sept. 12, expects 9-10,000 subscribers by Nov. 1.

**ABC affiliate WJLA-TV** Washington is airing 30-min. program on "Soap" Sept. 14—night after show debuts on network—but ABC refused to send spokesman. Station's "Crossfire" will feature ex-FCC Comr. Nicholas Johnson; Bishop Thomas Welsh of Arlington (Va.) Archdiocese; Ronald Brown, National Urban League; Robert Alley, chmn. of religion, U. of Richmond. Of panelists, only Welsh will say "Soap" shouldn't be aired. Meanwhile, Christian Life Commission (CLC) continued attack on proposed sponsors, said: "We think it's an attempt to change prime-time programming... It will contribute to sex mis-education in this country." CLC hasn't received response to letter to ABC-TV Pres. Fred Pierce asking network to cancel show before first airing (Vol. 17:36 p2).

**Group CATV owner Telesis** has undergone upheaval—Richard Shively moved out of presidency in 3-2 board vote, replaced by John Hanks. Latter is asst. to Daniel Shannon, exec. dir. of Teamsters' Central States Pension Fund—principal owner of Telesis. Robert Ossenbergh remains operations vp. It's understood Shively chose to be voted out rather than resigning. Company has long been up for sale, but is now off market. During reorganization, consultants Malarkey, Taylor & Assoc. have major say in activities.

**"The Bright Future of Cable & Pay TV:** Economic, Legal, Regulatory Strategies" titles seminars sponsored by N.Y. Law Journal & Dartmouth College—Sept. 29-30, N.Y. Sheraton, and Oct. 13-14, L.A. Century Plaza. Co-chmn.: N.Y., Richard Bower, Dartmouth; L.A., Oakland attorney Harold Farrow; at both, N.Y. attorney Morton Hamburg. Panels include score of representatives from FCC, NCTA, banks, law firms, cable operators, state & local regulatory agencies, etc. Details: Law Journal Seminars, 233 Broadway, N.Y. 10007, 202-984-9400.

**A real love affair:** WTCG Atlanta owner Ted Turner has installed 15-meter earth station in Newport, R.I. so he can watch Atlanta Braves (which he also owns) baseball games via satellite. Turner holds "developmental authority" for dish from FCC which permits him to install station anywhere in continental U.S. provided Commission is notified within 2 weeks. He's been in Newport most of summer as captain of "Courageous" and has been selected to defend America's Cup against Australian challenger.

**CBS gave \$2.05 million** to 7 N.Y.C. cultural institutions: Cultural Affairs Commission, \$150,000; Public Library, \$330,000; American Academy of Dramatic Arts, \$260,000; Brooklyn Children's Museum, \$345,000; Municipal Art Society of N.Y., \$200,000; Bedford-Stuyvesant Restoration Corp., \$460,000; Harlem School of the Arts, \$300,000.

**Twentieth Century-Fox** wants 2 more VHF's, 2 UHF's, plus radio stations and soft-drink bottling companies, Chmn.-Pres. Dennis Stanfill told Chicago security analysts. Company has 3 V's.

**PUBLIC TV STORY—MONEY:** To no one's surprise, money was root of 3-day public TV hearing before House Communications Subcommittee last week. At conclusion, Chmn. Van Deerlin (D-Cal.) told us he expects to develop legislation out of sessions, but it's "premature" to say what.

No confrontation developed between CPB Pres. Henry Loomis & PBS Pres. Lawrence Grossman. Both insisted that multi-faceted structure means "healthy" democratization and growth. There were dissidents, however. NPR Chmn. Edward Elson urged abolition of CPB, direct congressional appropriations to PBS & NPR. Lloyd Morrisett, Markle Foundation pres., wondered whether all federal money shouldn't go for national programming—all other funds assigned to administration, facilities, overhead. Several participants charged CPB and PBS with unnecessary staff duplication—notably in PR & legal depts.—said too much money is spent on administration generally, instead of programs.

Committee attendance was light—mostly Van Deerlin and staff. Visitor was Rep. Staggers (D-W.Va.), chmn. of parent Commerce Committee, who said: "It's time that our communications laws be reviewed."

Of funding proposals, still startling, but not new, was suggestion of CPB board member Joseph Hughes that annual license fee be imposed on broadcasters. This, he said, would produce 1/3 of the \$1 billion needed annually. Another 1/3, he said, could come from federal govt., balance from contributions.

Among other highlights: (1) Al Zack, AFL-CIO—establish national advisory committee funded by federal govt. (2) Herbert Schmertz, Mobil—forget federal funding, rely on private sources. (3) Stuart Sucherman, WNET N.Y. & David Crippens, KCET L.A.—get federal govt. out of influence on spending money, particularly in programs; they named HEW & National Institute of Education. (4) Sol Rubin & Joan Shigekawa, producers—there are huge delays in getting commitments for production out of public TV.

(5) John Killian, MIT, CPB honorary chmn.—CPB board members often are poorly qualified; let President name part of board with Senate concurrence, and have these elect rest of board. (6) Ann Branscomb, consultant, and Ellen Harris, WETA board member—too few local PTV programs.

Response to word that Sears is cutting back on TV advertising came from TvB which pointed out that Sears network advertising is up 42% in first 6 months and that department store advertising is among fastest growing categories in spot TV—\$33.5 million in first 6 months vs. \$20.8 million same 1976 period.

Spot TV is expected to break records in 4th quarter, up 33% from last year, according to TvB. It reported that in first 6 months spot has gone up 5%—from \$1.06 billion to \$1.12 billion.

Systems Wire & Cable completes 4th expansion of Phoenix plant, increasing capacity 30%.

Annual conference of International Institute of Communications convenes in U.S. for first time Sept. 11-15, Washington Hilton, Washington; hosts are CPB, NPR & PBS. Topics include new technology, 1979 WARC, future of U.S. broadcasting, news, social values, etc. Speakers include: Rep. Lionel Van Deerlin (D-Cal.); Carl Sagan, Cornell U.; Gerald Long, Reuters, London; Yehia Aboubakr, League of Arab States; Pierre Emmanuel, Institut National de L'Audio-Visuel, Paris; Les Brown, N.Y. Times; James Kangwana, Voice of Kenya; Marvin Kalb, CBS; Gerard Mansell, BBC. Harold Laswell, Yale U., will deliver Louis G. Cowan Memorial Lecture, established in name of late principal in founding IIC, originally known as International Best. Institute.

Televised violence—during 2 weeks monitored this summer—was down 5% from last fall, according to NCCB survey. Other findings: ABC still is most violent network, CBS least; "most serious forms of violence"—killings, beatings & rape—were reduced by over 16%; "Starsky & Hutch" is most violent show, but such incidents on show were down 50% from last fall; Whitehall Labs (Anacin) & Budweiser were advertisers most often in violent shows. NCCB starts 13 weeks of monitoring (through bi Associates) Sept. 12. "The networks have promised a real reduction in violence this new season," according to NCCB Chmn. Nicholas Johnson. "We are now prepared to hold them to those promises."

Recent Civil Rights Commission report on women & minorities in broadcasting (Vol. 17:34 p2) "is a classic example of the bureaucratic mind at work," NAB Senior Vp Thomas Swafford told Amarillo Ad Federation. "Some of the points the report endeavors to make would be laughable if the applications of this kind of government intrusion [into programming] weren't so terrifying," he said. He also was critical of PTA campaign against televised violence, charged group has "dedicated itself to remaking TV."

Removing FCC signal carriage restrictions would be "effective way to promote cable development in rural areas without expending public funds," according to NCTA in statement to Interagency Committee on Rural Communications. Assn. also attacked Commission's "stringent technical standards"; "duplicative, overlapping and often conflicting regulation"; restrictions on systems between 500-1,000 subscribers; failure of Congress to pass pole attachment legislation.

TV stereotypes the aged, according to testimony before House Select Committee on Aging—chaired by Rep. Pepper (D-Fla.), who turned 77 during hearing. Pepper attacked CBS for requiring Eric Sevareid to retire at 65. Network witnesses insisted they avoid stereotypes, denied dropping Red Skelton and Lawrence Welk because of stars' or audiences' ages.

"PTL Club"—Christian-oriented programming—has halted "all expansion plans until our bills are paid." PTL recently announced satellite distribution to 165 "affiliates" and plans to buy WJAN Canton, O. for \$2.5 million (Vol. 17:35 p3).



## Personals

Newly elected to INTV board: **Lawrence Fraiberg**, Metromedia; **Harry Pappas**, KMPH Tulare, Cal.; **Evan Thompson**, KCOP L.A.; **John Reynolds**, Golden West.

FCC Chmn. **Richard Wiley** speaks Sept. 14 to Ohio Assn. of Bcstrs., Columbus; **Neal Van Ells**, WKYC-TV Cleveland, elected OAB pres.

**Robert Eaton**, KNBC-TV N.Y. news dir., promoted to NBC west coast news dir.; **Deena Silver-Kramer**, ex-Peter Guber's Filmworks, appointed dir., NBC west coast motion pictures for TV; **David Sacks**, ex-Universal TV, named mgr., film program operations... **Ken Talshoff**, ex-WTMJ-TV Milwaukee, named gen. mgr., WTVG Newark.

**Irwin Arieff** resigns as Television Digest assoc. editor to free lance... **Mervin Mord**, ABC TV research services vp, adds research support responsibility for News Div.; **Melvin Goldberg** joins as primary & social research vp.

**Harold Moss**, ex-Petry TV, moves to WGN-TV Chicago as national sales mgr... **Biff Cole** promoted to mgr., news & community affairs, WGHP-TV High Point, new post... **Amyre Makupson** advanced to news & public affairs mgr., WKBD-TV Detroit.

**David Woolfson**, Atlanta office mgr., and **Mahlon Edmonson**, N.Y., elected Nielsen vps... **Ron Roth**, ex-Hanna Barbera, joins Columbia Pictures TV as vp-movies & long form development... **Malcolm Alba**, ex-WNET N.Y., moves to HBO as gen. mgr.-studio & network operations, new post... **Thomas Ficara**, ex-Federal Bcstg., joins Vista Programming Services as head of pay TV syndication.

**C.J. Bach** promoted to vp-marketing, Oak Industries CATV Div... **Armando Nunez** promoted to vp-gen. foreign sales mgr., ITC, succeeding **Tom Sibert**, retired... **Andrew Hilliard** promoted to mgr., advertising & promotion RCA Commercial Communications Systems Div., new post.

**Leo George**, ex-Daly, Joyce, Borsari & George, opens law office at 900 17th St. NW, Washington 20006. Phone 202-833-5678.

Spot TV availability requests for 4th quarter are breaking records, TvB said in releasing first-half BAR figures showing spot up 5.6% to \$1.12 billion, with all increase in opening quarter, as April-June volume of \$595.2 million was about same as last year.

"CBS Radio At 50—An Autobiography In Sound" is 3-hour network radio program Sept. 18 commemorating 50th year. It includes Chmn. William Paley talking about early days; Walter Cronkite moderates. Program is fully sponsored by GE.

Support for NAB and AMST petitions asking FCC to reconsider its July order on cable exclusivity came from MPAA which held Commission amended syndicated exclusivity rules without notice.

Comments deadline for VHF drop-in rulemaking at FCC has been extended from Oct. 1 to Nov. 1, replies to Dec. 1.

Two studies of mail received by broadcasters are reported in Summer Journal of Communication: (1) Bernadette McGuire & David LeRoy, Fla. State U., interviewed 734 who wrote to stations in Jacksonville-Tallahassee area, found "a local station is apt to hear from white, well-educated senior citizens who live alone... wealthier, more active in civic affairs and more politically conservative..." They found that minorities comprise 28% of population but wrote 3% of letters. (2) Herbert Gans, Columbia U., analyzed 315 letters to NBC's John Chancellor, found writers often political conservatives or people "unhappy with the pace & direction of economic, political & social change..." Also, 20% were "incomprehensible."

Wait until they're hurt, counseled NAB in reply comments to FCC proposal to repeal movie restrictions on subscription TV (Vol. 17:27 p6). Assn. was responding to comments filed earlier by Blonder Tongue and National Subscription TV urging repeal on ground current rules place their STV operations at competitive disadvantage with pay cable, which, they said, may use feature films prohibited for over-air STV. NAB said unless pay cable actually begins exhibition of feature films unavailable to STV, alleged competitive disadvantage is purely theoretical.

CAB is studying whether to continue allowing airlines to include cost of "institutional" advertising in calculating air fares. "Promotional" advertising wouldn't be affected. Inquiry is result of petition filed last Dec. by Aviation Consumer Action Project, which stated: "Allowing the cost of... institutional advertising in operating expenses automatically increases fare paid by every passenger, for every carrier, in every market."

Trial by TV, sought by Queens, N.Y., prosecutor, was ruled out by state judge. Case involved defendant in 1973 murder & arson case who has had more than 50 medical postponements of trial. Frustrated district attorney suggested that trial start with defendant viewing proceedings on TV set at home or in hospital. Judge said defendant would be spectator at his own trial, rather than active participant.

FTC plans Nov. 3 seminar in Washington for businesswomen. Day-long session will outline types of advisory services FTC can provide, discuss Commission functions & responsibilities. About 50 "women leaders in business & industry" will be invited. Coordinator is Eileen McClay, acting asst. dir. for education.

ABC News documentaries will be syndicated around world as well as domestically by Columbia Pictures. Programs will include such ABC News specials as "Closeup," "Issues and Answers" and "Directions." All will be offered overseas immediately, and to domestic stations for first-run syndication.

A "patent lack of candor" has cost WSWG-AM-FM Greenwood, Miss. its licenses as FCC upheld 1975 initial decision by Judge Lozner denying renewal. Commission said stations hadn't carried out promises, violated EEO rules.

# Consumer Electronics®

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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 26 (34th week of 1977):

	Aug. 20-26	1976 week	% change	Aug. 13-19	1977 to date	1976 to date	% change
Total TV. . . . .	317,322	328,542	-3.4	250,440	8,273,948	7,264,151	+13.9
color . . . . .	205,096	210,019	-2.3	158,489	5,103,981	4,293,272	+18.9
monochrome . .	112,226	118,523	-5.3	91,951	3,169,967	2,970,879	+6.7
Total radio . . . .	1,277,144	1,932,316	-33.9	1,207,231	31,681,097	24,246,485	+30.7
home, portable	1,035,148	1,633,750	-36.6	980,501	23,624,120	16,305,048	+44.9
AM-only . . . .	194,224	632,395	-69.3	327,116	5,591,598	4,059,841	+37.7
FM & FM-AM	840,924	1,001,355	-16.0	653,385	18,032,522	12,245,207	+47.3
auto . . . . .	241,996	298,566	-19.0	226,730	8,056,977	7,941,437	+1.5

Color TV 5-week moving average: 1977—170,502; 1976—148,647 (up 14.7%).

**ZENITH & CORNING DUMP MARK IV COLOR BULB:** Zenith & Corning's 5-year effort to develop new low-cost "Able" picture tube using controversial Mark IV bulb design is being abandoned. Corning is halting production of glass, and Zenith, which was sole user of Mark IV bulb, is revamping color tube production line to turn out tube using conventional glass bulbs.

Zenith unveiled tube using new glass to other set makers at showing in Chicago in March 1976 (Vol. 16:10 p7). At that time, Corning estimated 19" Mark IV bulb would be 20% cheaper than conventional glass, saving tube makers \$5, and Zenith claimed design made for lower shipping & production costs. Industry estimated Zenith & Corning invested \$70-\$100 million to develop bulb and precision tri-potential electron gun it used.

First indication of problems with new tube came last Sept. when Zenith confirmed that tube wasn't providing production efficiencies promised, that first-year goal of 200-250,000 19" sets using Able tube wouldn't be reached. It's understood shortfall led to some selective shortages of Zenith sets at retail last year. Earlier this year, Zenith said it was postponing introduction of 25" Able tube.

Dropping of Mark IV glass shouldn't upset Zenith's over-all production plans this year, though it may increase cost pressures somewhat. Sets designed for Able tube will also accept 100° tubes using conventional glass, and, it's learned, Zenith is negotiating for short-term supply of picture tubes to cover itself during change-over period. Nor can Zenith's R&D investment be considered wasted. For while rest of industry ignored Mark IV glass, both RCA & Sony adopted versions of tri-potential gun for use in 100° color tubes they're now producing, and it certainly will be included in new Zenith tubes.

Basic problem with Mark IV glass was that economies achieved in pilot production runs didn't hold up when mass output started, Corning spokesman told us. He indicated major difficulty stemmed from skirtless face-plate design. He said this demanded too much precision in mating plate with funnel. Corning spent full year on corrective program, found solution seemed to be "a return to conventional skirted panels." Fact that no other tube maker was willing to use Mark IV glass had nothing to do with decision to drop it, he said, pointing out "that Zenith has the quantity requirements" needed to make production of unique bulb practical.

**COLOR OUTPUT, INVENTORY DOWN IN AUG.:** Reacting to unspectacular sales pace in July and continuing sluggishness in Aug., color industry trimmed inventory stockpile in Aug. by



dropping output (production plus imports) below that of same month last year. It was first such decline of year.

While Aug. got off to solid start, as opening week sales to dealers leaped 55% (Vol. 17:34 p6), sales gain in middle 2 weeks was well below average for year as whole, and decline was posted in final week (see State of Industry box above). Though an improvement over July, full Aug. sales gain of 14.1% and annual sales rate of 8.62 million were only 3rd best of year. That industry's promotion programs have started paying dividends in form of sales pick up is indicated by activity for first Sept. week. Results due from EIA this week are expected to show color sales to dealers up almost 34% to 208,000.

Industry closed out month with 2.61 million color sets in inventory, up 11% from last year, but down 1.5% from July. Factory inventory of 1.52 million was up 16% from year-earlier, down about 41,000 from preceding month. Stockpile at distributor level held steady at July's 1.09 million, up 4.5% from last year. To accomplish July-Aug. inventory reduction, industry held output to 635,500, down 15% from Aug. 1976, and up just 8,500 from year's low set in July. As result of Aug. cutback, rate of increase in new supply on year-to-date basis dropped below sales-to-dealers growth pace. Production-plus-imports for 8 months was 5.79 million, up 15%, while dealer purchases for same period rose 18.9%. Here are EIA Aug. sales-to-dealers totals with 1976 & 1975 comparisons:

Product	August 1977	August 1976	% change	August 1975
Total TV . . . . .	1,016,108	927,049	+9.6	913,932
color . . . . .	652,575	571,771	+14.1	507,707
monochrome . . . . .	363,533	355,278	+2.3	406,225
Total radio . . . . .	5,439,151	3,883,791	+40.0	3,478,662
home, portable . . . . .	4,575,172	2,856,302	+60.2	2,788,605
AM-only . . . . .	1,266,290	986,565	+28.4	721,058
FM & FM-AM . . . . .	3,308,882	1,869,737	+77.0	2,067,547
auto. . . . .	863,979	1,027,489	-15.9	690,057

**DEALERS JUMPY OVER VTR PRICE MOVES:** Nation's retailers haven't lost enthusiasm over blossoming home VTR market, but early sign of price-oriented battle among suppliers is giving many the shakes. "Schizophrenic," was way large TV specialist in South described his feelings about RCA's \$1,000 VHS price (Vol. 17:35 p8) and indications that more pricing changes are on way.

"I think \$1,000 is the magic price point," he told us. "RCA made the right move at the right time, and you're going to see other VTR producers doing some fancy footwork on prices. But I've been around too long not to be suspicious. I'm afraid that we're going to see a price war with 2 winners—the manufacturer and the consumer—with the retailer getting shafted as usual."

Virtually every retailer we talked to expressed similar feelings, some pointing finger at retail discounter, not supplier, as ultimate enemy in battle to maintain store margins. "Sony says their price is \$1,300 but everybody knows Betamax units show up at \$995 retail. What do you think's going to happen with a manufacturer's suggested list price of \$1,000?" asked west coast chain owner.

Others expressed concern that RCA price will force Quasar to drop VX-2000 price from current \$995 to \$750-\$795—"establishing under-\$800 as the price of a VTR in the consumer's mind," as midwest dealer put it. "Quasar's got to move down," he said, "and where will that leave retail margins?"

Majority of dealers agreed that VTR prices must drop significantly over next few years to make mass market reality, a la color TV. "But it doesn't have to happen so fast," southern department store buyer griped. "Why can't they give us a few years with some margins?"

Despite pricing worries, we couldn't find single consumer electronic retailer who didn't have VTR program under way. "It will be a big business," eastern dealer said. "We haven't

even scratched the surface, and I think this Christmas will be fantastic."

But that brings up other frequently-voiced concern among retailers—deliveries. "They all say they can deliver," department store buyer said, "but I'm leery. No one really knows for sure just how big the Christmas market will be, and I can't imagine anyone over-producing and getting stuck with a lot of inventory. Before I really commit myself, I want to make sure they can deliver."

**TV's FUTURE HERE TODAY IN EUROPE:** Features of American TV sets of next decade were on display last week—either in production or ready for production—at Berlin's biennial International TV-Radio Exhibition. For better or for worse, for convenience or just plain gimmickry, microprocessor has come to TV, and most major German brands were proudly demonstrating their own versions of "computerized" color TV.

We counted 49 brands of TV on display at giant Berlin Fairgrounds, from all over Common Market, Far East, both sides of Iron Curtain. Japanese brands have virtually doubled display space since last exhibition 2 years ago, and domestic manufacturers grumbled that this represented attempt to make up for U.S. quota by boosting exports to Europe. Japanese lines have improved sharply in terms of European styling and are going up in screen size, some now including 25". In fact, largest screen size at show was Japanese—Sony's 30" Trinitron—delivery promised in 18 months at \$4,400.

Although smaller screen sizes are spreading, Europe (and particularly Germany) remains a 25" market, and everything is now 110° in-line, pictures startlingly sharp and with traditional PAL color consistency. Remote control now comprises more than 50% of German market. Remote units govern virtually all tuning functions and have become extremely elaborate—such as Grundig's units which can tune up to 100 channels (most Europeans can receive 3) or Nordmende's remote with 28 buttons and LED digital clock built into hand unit.

Most sophisticated remote MPU system undoubtedly is one developed by Blaupunkt & Siemens and featured in both brands—30 buttons & 47 functions. By use of remote buttons and LED display on set, viewing may be programmed for up to 4 years—set turned on & off and channels changed automatically. Up to 20 events may be stored into set for one-time viewing, daily, weekly, etc. With set locked, children can view pre-selected programs only. Unit is featured in top-of-line \$1,100 sets, is \$68 step-up.

All high-end sets have built-in digital clocks, some designed so they needn't be reset for up to one year with power disconnected; sets are shipped from factory with exact time programmed in. Some sets have as many as 4 digital displays—2 LED, 2 on-screen. Many have signal-seeking tuning systems and automatically set up any single pushbutton to tune any specific channel without any manual adjustment of varactor tuners.

One main theme of show was display of text on screens—teletext (on-air one-way system) & viewdata (2-way telephone-wired system), latter to be inaugurated by German postoffice on trial basis in 1980. Many digital remotes were designed for easy conversion to either system—push-buttons calling up various "pages" of information. When viewdata system actually is in use, consumers theoretically will have available millions of pages of stored computer data. Already, some companies such as Philips were displaying developmental games which could interact with viewdata.

Europeans have gone for videogames in huge way, and virtually every German TV brand announced at least one model with game either built-in or directly pluggable into RGB circuit, eliminating picture degradation which goes with RF antenna-connected system. Saba (Germany) & Luxor (Sweden) have exclusive European distribution of Fairchild programmable for rest of this year; Telefunken has Atari; Philips, of course, has Odyssey—and everyone else has something, mostly simple games at present.

This year's most controversial feature is called "picture-in-picture." Claimed to have been originated by Saba, it permits viewer to insert b&w picture from another channel into portion of color picture being viewed—letting him watch 2 channels at once. Both pictures can be tuned from remote control unit, and sets display channel number of both channels. Saba has tiny b&w



camera as accessory to let parents watch TV & baby at same time. This new feature requires virtually 2 receivers built into one, adds about \$130 to price of set. Some brands show entire 2nd-channel picture in corner or at bottom of screen, others show only selected part of picture.

Although European market is still considered to be depressed, there was no evidence of this at show which also saw major emphasis on VTRs (see below) and what was said to be largest array of hi-fi equipment ever assembled under one roof.

**EUROPEAN VTR BATTLE:** Possibly biggest surprise of Berlin TV-Radio Exhibition was major effort mounted by Japanese manufacturers to convince European producers to adopt their videocassette systems even though they have no capability to deliver before next summer. Behind campaign obviously was attempt to discourage them from following Philips & Grundig into 130-min. half-speed VCR system (based on original Philips system)—and there was some evidence of success.

Although only Grundig & Philips appear to be actually committed to VCR, 2 other manufacturers demonstrated systems—Nordmende & Loewe Opta, and at least one of those was understood to be considering Japanese systems instead. Japanese manufacturers pulled out all stops with demonstrations and press conferences to plug Beta & VHS. Sony demonstrated deluxe Betamax with remote control, LED channel readout. Single-speed (2-hour) Beta recorders were shown by Sanyo & Toshiba. Panasonic demonstrated PAL-SECAM single-speed (2-hour) VHS, while JVC-built 2-hour VHS units were displayed by JVC, Sharp & Hitachi.

Only European manufacturer showing Japanese-made VTR was GTE subsidiary Saba, which showed Beta in public showroom, VHS in dealer area. Spokesman said company hadn't yet decided. (GTE's U.S. operation, Sylvania, has opted for VHS.) Privately, European manufacturers were concerned whether there really was mass market for VTR, many of them questioning us closely about situation in U.S. VCR system lists at about \$1,275 in Germany, Japanese manufacturers were promising comparable-to-lower prices. Grundig spokesman told us VCRs were selling as quickly as they could be built.

Manufacturers also got private demonstrations of BASF's LVR system (Vol. 17:35, p7). Blaupunkt spokesman conceded his company would become licensee, as we reported last April, but said it was regarded more as portable device than TV recorder.

Matsushita Engineering Div. R&D Planning Mgr. Hiroshi Sugaya told us his company would adapt its "TVP" high-speed contact tape duplicator to HVR system, making possible replication in almost 100 times real time. He said 4-hour tapes—which can't be replicated using current methods—could be made with TVP, due to be available next year.

**Incoming EIA pres.** is Peter McCloskey, who leaves similar post at Computer & Business Equipment Mfrs. Assn. to take on job Oct. 1. Interim pres. has been Gen. Counsel Raymond Johnson since resignation of V. J. (Jim) Adduci last June. McCloskey was member of D.C. law firm Hughes & McCloskey before joining CBEMA in 1973. Before that, he was with IBM, served as pres. of Farrington Mfg. Co.

**CANADIAN CUTBACK:** Canada's program for revitalizing consumer electronics industry through export incentive program received severe setback with announcement Quasar Canada will close plant there next month. Quasar is Canada's 3rd color drop-out this year. Last May, Philips & Sylvania said they were switching from manufacturing to importing (Vol. 17:21 p11).

In statement to employees, Quasar Canada said it would halt assembly operations at 60,000-sq.-ft. Markham, Ont. plant "not earlier than Oct. 28," would import Quasar TV from U.S. & Far East for marketing, through present distribution channels, retain marketing, administration, service, warehouse & administrative operations at Markham. Fewer than 100 will be laid off. Sets will be imported from Quasar in U.S. and Japanese parent, Matsushita. Canadian operation along with plants in Franklin Park, Pontiac & Quincy, Ill. were included in package when Matsushita acquired Motorola's color TV business in 1974. Of those, Franklin Park is only plant still open.

Quasar closing leaves Admiral, Electrohome, GE & RCA among old-line companies still turning out color. Others producing, all Japanese-owned, are Hitachi, Panasonic, Sanyo & Toshiba. All manufacturers now rely heavily, if not exclusively, on imported circuit boards & parts. RCA is sole remaining color tube producer.

Steady decline in Canada's integrated TV production capability has sharply curtailed sales by local components producers, resulted in General Instruments' decision to close Waterloo, Ont. facility next Feb. Plant manufactures deflection yokes & flyback transformers, employs 200.

**Import limit** on Japanese-made microwave ovens was requested by AHAM in letter to President Carter. Appliance association, apparently unfamiliar with procedures needed to get import protection for domestic industry, asked Carter to have Special Trade Representative Robert Strauss talk Japanese into voluntary export quota agreement such as now covers Japan's color shipments to U.S. AHAM said microwave oven imports from Japan doubled last year, took 32% market share, up from 21.5% in 1975, are up 77% this year. It recommended annual quota of 250,000, about half of 1976 imports.

**Strong increase** in consumer plans to buy TV was registered in Conference Board's Aug. survey. Some 7.8% of families indicated intention to purchase color, vs. 6.8% in July; those planning b&w buy rose to 2.1% from 1.4%. In contrast, those planning to acquire new major appliance dropped to 34% from 35%.

**AVX purchased** exclusive U.S. manufacturing rights to new Siemens ceramic capacitor material.

**QUASAR CUTS TAPE PRICE:** Shot was fired in home VTR price war last week but it came from Quasar in Chicago, not, as expected, from Sony in N. Y. Quasar announced across-board price cuts in price of cassettes for VX-2000, lopped \$9 from 2-hour cassette (now \$25), \$8 from 100-min. (to \$20), \$2 from 1-hour (now \$17). Even with cuts, VX-2000 per-hour recording cost is still double that of RCA VHS (4-hour at \$25), and \$4 over that of Sony Betamax (2-hour at \$17).

Sony Chmn. Akio Morita shied away from industry's pricing controversy at press conference in N. Y. where he demonstrated Betamax changer adaptor, confirmed Sony would be introducing a longer cassette next spring. Cassette is still unpriced, extends Betamax playing time to 3 hours. Changer, which he said will be introduced by year-end at about \$100, automatically removes one cassette from VTR, loads another, taking 10-12 seconds from picture to picture. In record mode, it increases machine's unattended capacity to 4 hours—6 hours with new cassette. However, Morita noted, present clock-timer operates machine for just 2 hours before shutting off, so changer purchasers will need new timer as well.

As for meeting RCA's \$1,000 VHS price, Morita said: "We have never paid attention to what others are doing." He said Sony has always held to its own marketing strategy. "I don't care what price machines come out from other companies." As for more competitively priced single-speed 2-hour Betamax, Morita would only confirm it was among products under development.

Morita said new dual-speed (1- & 2-hour) Betamax, listing at \$1,300, has been shipped out to retailers in quantity. He said to date Sony has made 300,000 1-hour & dual speed Betas, sold 100,000 in U.S., expects to double production to at least 600,000 next year, shipping 200,000 here—including those to be marketed by Zenith.

Sony U.S. Chmn. Harvey Schein said Sony-Paramount pre-recorded software venture has completed market studies "and all our R&D says go." He said S-P expects to launch test market offering of taped feature films "in the very near future," in as yet unidentified areas. He said test aim will be to find out how much consumer will pay, what are best outlets. Elsewhere on software front, Sony expects to issue catalog in Oct. of some 1,000 programs, mainly industrial-educational, available in Beta format, and through venture with Teletronics, S/T Duplication. It has signed up 200 retail stores to offer transfer of home movies or slides to Beta cassettes. Time-Life Films has package of 8 hour-long classic TV shows it will sell through retailers at \$50 each (dealer cost \$37.50). Consumer will be able to mail-order 8-show set at \$299 (which prices each program about 13¢ below dealer cost.)

In Japan last week, JVC said upcoming version of Vidstar (VHS) would feature remote pause control, stop action, slow motion & a double-speed on-screen fast forward. Last provides rapid access to any portion of recorded tape. Price wasn't available.

**NATESA** voted to change name to National Assn. of TV & Electronic Servicers of America.

**NEW FCC TEST RULES:** FCC is proposing tighter equipment authorization rules in effort to reduce failure rate of products—particularly video games—submitted to Laurel, Md. labs. Under proposal, test data now submitted under certification & type acceptance rules would also be required of products submitted for type approval, category which includes games. FCC said over last 2 years failure rate in type-approval testing has been about 50%, 70% for games.

"This has resulted in needless expense on the part of the manufacturer-applicant and to the Commission," FCC said, adding that new rules should cut failure rate in half. Problem turned serious when FCC was ordered to suspend equipment authorization fees, prompting many game makers to drop use of independent test labs and simply run product through FCC's labs until it passed.

FCC also proposed to: (1) Extend to products under type approval & type acceptance a requirement that data on suitability of test site be submitted (already required under certification). (2) Require attenuation measurements of test site, verifying suitability for open-field testing. (3) Require test instrument calibration data with all products. Comments on proposal are due Oct. 11, replies Oct. 21.

**Color tubes** should be excluded from upcoming GATT international duty rate reduction talks according to COMPACT, the union-industry group whose petition to International Trade Commission (ITC) led to Japan's restricting color exports to U.S. Zenith is supporting group which said lowering color tube duties from current 15% could offset competitive benefit that quota is supposed to provide U.S. set makers. In separate action, ITC formally terminated preliminary broad-brush investigation into business practices of Japanese color TV marketers here. Probe was launched in March 1976 about same time ITC started looking into Sylvania's more specific complaint of alleged unfair import competition (Vol. 16:14 p9). Both cases were suspended last Dec. Sylvania case was settled with consent decree in June (Vol. 17:24 p9), and ITC said recent developments (quota, decree) make further investigation unnecessary.

**Sanyo added** chassis assembly line at Forrest City, Ark. plant to enable facility to turn out 19" color table models & 25" consoles which don't have to be counted against Japan's annual 1.75 million quota limit on color set & chassis exports to U.S. Plant is now on 6-day week, employs about 1,300, up from 900 at opening last May (Vol. 17:21 p9), and from about 300 when Sanyo took over plant from Warwick at start of year. While employment growth is right on target, annual output rate has risen from 350,000 to about 410,000, instead of scheduled 590,000, presumably because quota arrangement precludes use of complete chassis imported from parent company in Japan as Sanyo planned. While bulk of production is Sears, plant has started producing 19" for sale here under Sanyo brand.

**Import adjustment** aid has been requested for workers formerly producing transistors & transformers at Western Electric's Clark, N.J. plant.



**PARTS IMPORTS:** First-half imports of component parts & accessories showed generally strong increases from same 1976 period, though softness in CB market & increasing popularity of varactor TV tuners apparently caused declines in imports of radio antennas & TV tuners.

Picture tubes led component increases, up 65.1% to 393,000, as color tubes (mainly from Japan) rose 57.2%, b&w tubes (mostly Taiwan) jumped 68.3% to 286,000. Value of imports of TV deflection parts rose 23.6%, while TV antennas were up 36.2%.

Among active components, ICs jumped 52.2%, transistors 25.7%, and receiving tubes 10.9%. In passive component area, fixed capacitors rose 51.6%, variable capacitors 23.7%, fixed resistors 43.7%, and variable resistors 20.6%.

In accessory area, speakers rose 21.5% to 36.3 million, microphones were up 16.3%, and audio cassettes rose 66.7%, as some 22 million were imported from U.S.-owned assembly plants in Mexico, 9 million from Japan. Video field also came alive. TV camera imports rose 26.5% to 33,700, while imports of videotape cassettes leaped 156.4%, with 1.3 million coming from Japan, most of remainder from Korea. Here's picture:

#### U.S. COMPONENT IMPORTS

	First Half 1977		First Half 1976	
	Units	Value(\$)	Units	Value(\$)
Pic. tubes, color.	107,364	5,499,802	68,298	4,252,040
Pic. tubes, b&w over 16.4" . . .	28,232	458,731	169,833	1,365,668
Pic. tubes, b&w other 1/ . . . . .	257,549	2,179,929	N.A.	N.A.
TV tuners . . . . .	7,329,159	49,078,404	7,695,971	43,704,387
TV antennas . . . .	4,820,299	4,339,723	3,539,020	3,080,319
TV deflection parts	—	31,600,312	—	25,563,458
TV cameras, color	5,255	13,862,345	3,829	9,391,174
TV cameras, b&w	28,469	5,508,787	22,837	4,298,865
Radio antennas . .	5,449,413	17,722,418	6,569,811	19,542,558
Microphones . . . .	4,344,483	11,426,296	3,733,871	8,912,017
Audio amplifiers . .	1,684,220	27,804,845	771,735	15,088,825
Spkrs., unenclosed	22,628,556	30,999,432	17,281,483	21,804,617
Spkrs., lone, encl.	10,299,761	26,080,261	10,432,900	23,422,951
Spkrs., mult., encl.	3,389,634	19,500,294	2,166,255	10,555,776
Receiving tubes . .	26,790,488	15,100,350	24,146,722	12,098,841
Audio cassettes . .	39,143,313	16,239,955	23,485,958	11,679,448
Video cassettes . .	1,661,562	11,035,528	648,033	4,442,121
ICs . . . . .	983,801	463,132	556,026	369,924
Transistors . . . .	798,067	80,465	634,892	64,447
Fixed capacitors*	1,576,352	76,270	1,039,588	57,102
Variable capacitors*	95,461	5,936	77,176	5,289
Fixed resistors*	2,735,379	23,682	1,904,057	15,887
Variable resistors*	126,372	17,039	104,751	11,007

\*Units & value in 1,000s. 1/ Not reported separately in 1976.

**Ad notes:** Klipsch & Assoc. shifts speaker account to Mangan Rains Ginnaven Assoc., Little Rock, from Goodlow Stuck Inc. . . Omron Electronics moves video display account to Huwen & Davies, Chicago, from Beverly Johnson & Assoc. . . Sanyo will offer Triumph sports car as grand prize in consumer sweepstakes contest promoting car stereo line.

**FCC seized \$25,000** worth of illegal CB & amateur equipment in raids on 5 central Tenn. locations. Raids were triggered by complaints that illegal equipment—including linear amps—interfered with govt., industrial, TV & radio bands.

**Computer Programs:** ECD is marketing \$987 Micromind system designed to be used with standard TV set, but FCC says firm hasn't received type approval needed under Class I TV rules and has sent ECD violation notice. ECD spokesman said RF modulator included as part of system would be submitted to FCC soon. . . **Apple II** home unit (\$1,298) connects to standard color TV set, displays full alphanumeric characters and video graphics in 15 colors and can be used for games, learning, business applications. . . **Cromemco** is adding dog fight and space war games to programs for \$595 kit (chassis, power supply & computer module). Programs are available in disc, interface card or paper-tape formats. . . **Compucolor** says cost of 8001 stand-alone system shown at June CES may eventually drop from \$2,750 to \$1,500 range, with marketing shifting to larger retail stores. Macy's recently staged Compucolor promotion in calculator department of San Francisco store. . . **Ohio Scientific** is marketing range of hobbyist & home units, including new \$598 system featuring keyboard, audio cassette interface and power supply. Unit is designed for use with conventional TV set or video monitor as display. . . **Among first** programs for Sears home system (Vol. 17:36 p11): Small business inventory control, income tax data, checking account and 2 games—backgammon & black-jack.

**Mergers & acquisitions:** Toshiba acquired 35% interest in Manaus, Brazil manufacturer Sempe Amazonas. Renamed Sempe-Toshiba Amazonas, company will start turning out Toshiba-brand color TV at 5,000 monthly rate by year end. Audio equipment production capability will be added later. Toshiba has been producing appliances & heavy electrical equipment in Brazil for several years. This is first consumer electronics venture there. . . **UV Industries** bought 16% of Globe-Union through open market purchases. . . **Commodore** is buying Frontier, Newport Beach, Cal. MOS producer (Vol. 17:33 p9). Spokesman said Commodore's primary interest in Frontier is additional C/MOS capacity for consumer products, but indicated new PET home computer might be produced there in future. Purchase price wasn't disclosed. . . **Superscope** & Memphis piano maker Aeolian called off merger talks.

**AM stereo testing** has been completed by NAMSRC which will file results with FCC by Oct. 15. According to Christopher Payne, asst. to NAB engineering vp, all 3 systems tested—Magnavox, Motorola, Belar—worked well. Said he: "We hope AM radio designers will start all over again and build radios that sound like they used to—not the junk there is today. They're putting all their effort into FM. I think AM stereo quality will be such that you'd have to have a set over \$400, and be a discriminating listener, before you could tell the difference from FM stereo." Other AM stereo systems, not tested, are Kahn, plus unidentified Japanese company and another expected to make announcement this week.

**Du Pont is doubling** capacity of chromium dioxide plant in Newport, Del. Addition should be in full operation by late 1978, increase employment by 25-30.

# WEEKLY Television Digest

with  
Consumer Electronics...

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## Trade Personals

John Helms, former Magnavox Video Game product mgr., joins Westclox as new products development mgr.; Frank Kot, former Magnavox video disc chief engineer, becomes mgr. of new video equipment engineering department with control over game, disc & video tape development, assuming duties of Byron Garoufalas, former video product engineering mgr., resigned; Lee Hoke becomes mgr. of new TV product department; Charles Dolk, former sales planning vp, named product management vp, replacing Nathaniel Adamson (Vol. 17:27 p12).

Patrick Burke, ex-Admiral, joins Quasar as private label business dir., new post... Jack Tweddale promoted to Toshiba national key accounts sales mgr.; Bernie Garfinkel, ex-Bruno N. Y., succeeds Tweddale as northeast sales mgr... James Waldron advanced at R&A Distributing, Chicago (RCA) to ad & training dir., new post; he's succeeded as parts & accessories gen. mgr. by Milan Perich... George Serritella, ex-NARDA, joins Chicago buying group Post Merchandisers as managing dir.

Paul Robichaux, SBE finance vp & treas., adds duties as gen. mgr. & acting chief exec., succeeding Pres. David Thompson, resigned... Julie Aronin & Robert Busch advanced at Daytron to exec. vps, assuming mds. & sales responsibility of Mel Koenig, who resigned as pres. last month... Tara Thomas resigns as BSR (USA) communications dir. to form Tara Thomas Public Relations, 149 S. Roxbury Dr., Beverly Hills, Cal., with BSR as first client.

Jerry Friedmann advanced at Buckbee-Mears from personnel dir. to human resources vp... Howard Hinnah advanced at CTS Knights from asst. gen. mgr. to gen. mgr., replacing Robert Hostetler, now pres.; H.D. Sun advanced from administration dir. to asst.

## 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
Avnet			
1977-year to June 30	719,647,464	40,183,070 <sup>a</sup>	2.80
1976-year to June 30	621,498,103	35,415,721	2.55
1977-qtr. to June 30	186,543,098	10,424,997	.70
1976-qtr. to June 30	164,079,877	10,011,779	.72
Columbia Pictures Industries			
1977-year to June 25	390,504,000	34,599,000 <sup>a</sup>	4.04
1976-year to June 26	332,114,000	11,545,000	1.39
1977-qtr. to June 25	121,487,000	6,701,000 <sup>a</sup>	.75
1976-qtr. to June 26	80,625,000	1,473,000	.18
International Rectifier			
1977-year to July 3	84,652,000	909,000	.35
1976-year to June 27 <sup>b</sup>	58,606,000	11,652,000 <sup>a</sup>	4.25

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

gen. mgr., CTS Components Taiwan, succeeding Willie Ozbirn, recently named gen. mgr... Lee Smith, ex-Cornell-Dubilier, joins Electro Motive as mica capacitor mktg. mgr... Norman Ackerman resigns as Chamberlain Mfg. vp, to found Perma Power Electronics, Chicago-based marketer of tube brighteners & sound systems under rights reacquired from Chamberlain.

James Burt, ex-Finance Div. investor relations dir., elected Corning vp & dir. of new Corporate Communications Div., assuming duties of Vp Campbell Rutledge, retiring Sept. 30; Robert Edwards, advanced from PR mgr. to exec. services mgr.

G. E. Bockmeier promoted at UL to Santa Clara, Cal. facility mgr., succeeding Derek Barton, vp-secy., reassigned to Chicago hq.

Warren Richardson, ex-Assn. of General Contractors, named WEMA Washington lobbyist, succeeding one-time Rep. Charles Gubser (R-Cal.) who's moving to Colo... John Cox promoted at duPont Electronic Materials Div. from semiconductor packaging operation mgr. to product mktg. mgr., succeeding David Anisfeld, now product mgmt. & planning mgr. for Berg Electronics.

Gerald Beckmann named RCA Solid State Div. MOS operations planning & administration mgr. in realignment; Robert Winder appointed MOS systems dir.; Norman Turner appointed MOS engineering dir... Roger Smullen, Intersil senior vp, advanced from gen. mgr. of Analog Div. to head new Semiconductor Div.; Senior Vp James Cunningham, former Digital Div. chief, now responsible for business development, technical exchanges & license agreements.

TV was dropped from list of appliances & fixtures (space heaters, shower heads, etc.) to be discussed at Oct. hearings of Cal. Energy Resources & Conservation Commission. Spokesman said staff will monitor industry trend toward more efficient sets before deciding whether to permanently eliminate TV from hearings on proposed efficiency standards. EIA said it was pleased with decision.



WEEKLY

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SEPTEMBER 19, 1977

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**NAB's 'OUTSTANDING COMPROMISE'** on Code sex issue deletes 'generally perceived' phrase on indecency & obscenity objectionable to networks. Reaction to 'Soap' milder than expected. (P. 1)

**BROWN OUT, BACK IN, FOR FCC:** Chmn.-designate Ferris convinces black lawyer to take 21-month seat after Brown had declined White House offer. Ferris hearing set Sept. 26. (P. 2)

**SEX, VIOLENCE & FCBA:** Agreement miniscule as panelists argue censorship, creativity, govt. (P. 4)

**NAB WINS AGAIN AS SENATE** rejects Kennedy amendments requiring warnings in saccharin ads. Frey & Van Deerlin seek to delete House language giving such authority to FDA. (P. 4)

**ONCE AGAIN ON VIOLENCE:** House Subcommittee to vote on controversial report Sept. 29. CBS-financed violence study released in Britain. (P. 5)

**WEAVING OTP's FUTURE:** Final version of White House plan to be decided at high-level meeting. Candidates for OT asst. secy. have joint session. (P. 5)

**WHME-TV RETURNS TO AIR** as nation's 975th TV station. Scripps-Howard \$5.4-million buy of KBMA-TV approved. (P. 6)

**NAB's 'OUTSTANDING COMPROMISE' ON SEX:** "It was an outstanding compromise and the most acceptable language that we could come up with," NAB TV Dir. Leonard Swanson told us Sept. 16 after TV board had strengthened Code provisions "on obscenity, profanity & indecency"—according to NAB press release. Compromise consisted of deleting words "generally perceived" as obscenity—much opposed by networks—and "in their [stations] service areas" from proposed amendment (Vol. 17:35 p2).

New language, which is effective immediately on "voluntary basis" among Code subscribers, reads: "Subscribers shall not broadcast any material which they determine to be obscene, profane or indecent. Above and beyond the requirements of law, broadcasters must consider the family atmosphere in which many of their programs are viewed. There shall be no graphic portrayal of sexual acts by sight or sound. The portrayal of implied sexual acts must be essential to the plot and presented in a responsible and tasteful manner. Subscribers are obligated to bring positive responsibility and reasoned judgment to bear upon all those involved in the development, production, and selection of programs." It replaces a section of Code which stated: "Obscene, indecent or profane matter, as proscribed by law, is unacceptable."

James Ebel & Mike Shapiro were leaders for change among current board members, although ex-TV Chmn. Robert Gordon (now off board) led original fight. Commented Shapiro:

### Consumer Electronics

**MAGNAVOX VTR** deck priced about same to dealers as identical RCA unit, but suggested list is \$75-\$95 more. Quasar rebate program effectively brings VTR price down to \$795 from \$995. Sanyo, Sears, Toshiba units seen listing around \$1,000. (P. 7)

**ZENITH STARTS REVAMPING**, after group of major reverses, to help solve 'serious cost problems.' First move is elimination of Research Dept., moving some personnel into advanced development. (P. 8)

**TRADE DEFICIT** in TV, radios & phonos rose to \$686.8 million in first half as value of exports slumped, imports climbed. (P. 9)

**MPU CASSETTE RECORDER** by Sharp has automatic programmable functions, uses LC clock-timer-mode display. Eumig back in audio with high-performance cassette recorder. Digital audio developments in Japan. (P. 10)

**GAMBLE-SKOGMO ACCEPTS** consent judgment to settle SEC suit charging its subsidiary took rebates from Japanese TV suppliers and ocean freight carriers. (P. 10)

**VIDEO GAME MARKET** volume seen doubling to \$450 million retail this year by RCA, which estimates program cartridges will represent 10% of business. Other game plans. (P. 11)

"I'm happy with the result and if the networks haven't gotten the message today they'll never get it... The true test will not be in language or codes but in what appears on the screen."

NAB TV Chmn. Kathryn Broman, who headed special committee which drafted proposal, said change "represents a step forward, especially in view of the fact that we do have a Code that is strictly voluntary. This language does not prohibit TV from treating adult themes in programming, but it does place the responsibility for what goes over the air squarely on the shoulders of the individual [Code] subscriber."

At Jan. meeting in Maui, TV board directed that Code be tightened on sex, and there has been much disagreement between TV & Code boards since. Code board first said it wasn't possible to draft such language; big board then formed ad hoc committee of TV & Code directors at June meeting, ordered group to come up with new language (Vol. 17:27 p2). Last week's action was result.

NAB Pres. Vincent Wasilewski & Code Chmn. Robert Rich said potential for dissent between 2 boards now has been dissolved. Rich said they'd never been in "more harmonious agreement" and that TV board now—perhaps for first time—understands issues that face Code board. "I want to take the Code out of this [NAB board] room and get it to the networks and to the public," he said. Special committee of Code board (headed by Rich) will meet with networks in N. Y. to discuss new language Sept. 20-21. Wasilewski also said board action should satisfy complaints of program producers & MPAA (Vol. 17:36 p6).

\* \* \* \*

Meanwhile, ABC's "Soap" premiered last week and general reaction seemed to be: "What was all the fuss about?" ABC got huge ratings it expected—45 share in N. Y. (against strong baseball competition on WPIX which beat CBS & NBC), 49 in Chicago, 50 in L. A. ABC had 7 extra PR staffers on hand in N. Y. to answer telephones after "Soap"; they weren't needed. Calls all across country were much lighter than expected. Those that did come in were 10-1 against program—calling it "trash," "dumb," "sick," "poor taste," etc.

ABC affiliate WFAA-TV Dallas took its own unannounced coincidental, contacting 276 homes. Of 149 homes watching TV, 47% (70) were watching "Soap." Of the 70 homes watching TV, 71% (50) answered "yes" when asked "should 'Soap' be on TV?" Station President Shapiro had devoted "Talk to the Manager" program 2 nights before to "Soap," urged viewers to write, not call (WFAA-TV closed its switchboard night "Soap" premiered). In middle of so-called "bible belt," he said he expects several thousand letters of opposition.

Even after Sept. 13 "Soap" debut, ABC refused to identify sponsors but claimed program was "sold out." Price of spots wasn't disclosed but network official said "they did a lot of jockeying [price negotiating] right at the end." Products advertised in program included English Leather cologne, Vlassic pickles, Max Factor perfume, Bic shaver, Lee Maxi II filters and Javan after shave & cologne; many are expected back next week. ABC said 184 affiliates cleared "Soap," 17 didn't. Speaking Sept. 16 to WGA-W, ABC TV Pres. Fred Pierce cited "Soap" uproar, said "reaction becomes unhealthy when it censors, threatens or intimidates what may be presented on TV." At same forum, Entertainment Pres. Fred Silverman said network received 22,000 anti-"Soap" letters from groups "instructed to write," yet telephone response to program "was quite mild by any consideration."

Meanwhile, NBC had its own "sex" problem same night "Soap" premiered when it cut opening minute from "Richard Pryor Show" because he appeared only in flesh-colored panty hose. Pryor threatened to sue, not do any more shows, but taping resumed after visit from top network officials. CBS-owned KNXT L. A. aired censored episode in its local news.

**BROWN OUT, BACK IN, FOR FCC:** Just as expected, White House last week nominated Charles Ferris for 7-year term on FCC and said that he would be designated chmn. (Vol. 17:37 p1)—but hitch developed on appointment of Washington attorney Tyrone Brown when he told White House he wouldn't accept 21-month term. By week's end, that had changed—and Ferris was being given credit for convincing Brown to accept short term.

Logical conclusion is that Brown has been promised reappointment for 7 years—but nobody



would confirm that. "If he's been promised the 7 years, it would've been by [Carter aide Hamilton] Jordan and we wouldn't know about that," Administration official said. Formal appointment of Brown is awaiting FBI clearance, according to Senate official.

Confirmation hearing for Ferris—before full Senate Commerce Committee—is slated Sept. 26. He was sent several questions last week to answer (in writing) before hearing, covering such things as: What will FCC do with cable forfeiture authority if it gets it? In what major directions will FCC move? Network inquiry? Fairness doctrine? Televised sex & violence? What, if anything, can FCC do to improve children's TV? How can Commission help to assure UHF-VHF parity?

With a background which includes several years as counsel to Senate Democratic Policy Committee, "Charlie won't have any problem getting confirmed," GOP senator assured us. Democratic official said "there's no way" current difficulties of OMB Dir. Bert Lance will cause Ferris any difficulties. NAB gave newly-appointed FCC chmn. guarded endorsement, while NCTA Pres. Robert Schmidt was lavish in his praise of Ferris. Network official expects him to be "hard-nosed & political," pointing to difficulties networks had with Ferris year ago in negotiating unsuccessfully for TV coverage of Senate proceedings.

\* \* \* \*

Appointment of CPB board members didn't go to Senate last week as expected, but it was learned that White House has settled tentatively on Miss. attorney Irby Turner for 3rd slot—replacing ex-FCC Chmn. Newton Minow, who objected to making full financial disclosure. Turner served several years as chmn. of Miss. ETV Commission, was on PBS board & exec. committee 4 years and helped solve original PBS-CPB dispute 3 years ago. Other 2 appointments are slated to go to Gillian Sorensen & Sharon Rockefeller (Vol. 17:37 p2).

NCTA board last week approved recommendation to Congress to eliminate all restrictions on distant signal carriage, as expected (Vol. 17:37 p2). Chmn. Daniel Aaron said move "may be the single most important action taken" by NCTA in many years. Proposal, along with other NCTA positions on rewrite of Communications Act, will be presented to House Communications Subcommittee during Sept. 29-30 hearing. In other actions, board: (1) Elected John Raines (Jackson Communications, Clayton, O.) a dir., succeeding late Jerry Greene. (2) Contributed \$7,500 to N.Y. State Cable Assn. appeal of ruling that pay-cable revenue can be considered in franchise fees as long as fee doesn't exceed 5% of revenue. (3) Will seek reconsideration of FCC's franchise standards rules. (4) Took "strong position" against MPAA opposition to importation of distant signals via satellites. (5) Authorized exec. committee to provide information in FCC's economic inquiry. (6) Expressed NCTA "sensitivity" to Canadian restrictions on American ownership (limited to 20%) of Canadian systems while there are no similar restrictions on Canadian ownership of U.S. systems. NCTA board next meets Nov. 7-8 in San Diego during Western Cable Show.

Documentation of its antitrust case against CBS and ABC—to tune of almost 250 pages identifying evidence—has been filed by Justice Dept. in L.A. federal court. Justice said it still is gathering evidence, added it will oppose CBS' objection to providing what network considers privileged documents. Suit, filed in 1974, charges antitrust violations in primetime programming against all 3 networks. NBC, however, is not mentioned in these latest filings since it has signed consent order that is awaiting acceptance by court.

Paid religious, governmental & political announcements must include same sponsorship identification as regular product spots, FCC warned last week. Gist of notice is that phrases such as "presented by" aren't enough to comply with rules. Commission also noted that sponsorship rules apply also to government agencies, trade associations & public service groups where they buy time. Examples included teaser campaign undertaken by "Here's Life..." evangelical religious group. FCC said also that it has received complaints about virtually unreadable identification in paid political TV broadcasts. I.D.'s were mentioned so briefly, or sponsorship was in letters so small, public had difficulty comprehending, FCC said, calling on TV stations to remedy this.

Teleprompter has agreed in principle with several banks to refinance \$136.5 million loan, saving cable company some \$3 million in interest. Current loan is 1% over prime; new one—maturing June 30, 1985—is only 1/2% over prime. Also favorable to Teleprompter is fact that principal amortization over next 4 years will be reduced by \$91.5 million and the lifting of dollar limits on company's capital expenditures and new investments. Lending group is led by First National Bank of Boston.

Network TV advertising revenues in July moved up 6.4% to \$222.2 million, TvB-BAR reported; with daytime registering increase of 19.6% to \$57.7 million; nighttime, up 7.8% to \$146.9 million and weekend daytime down 27.8% to \$17.7 million (there being no Olympics this year as there were in 1976). For 7-month period, network advertising was up 22.2% over 1976, to \$1.96 billion. For networks, Jan.-July total was ABC, \$656,246,200; CBS, \$655,158,000; NBC, \$653,334,500.

**SEX, VIOLENCE & FCBA:** Some TV programs may have negative effect on some young children—and that's the only thing on which there was some agreement among 4 panelists in FCBA's seminar on "Sex, Violence & Self-Regulation" in Hershey, Pa. Sept. 16. Also, there was very little discussion of sex. Here's essential position of each panelist:

(1) Jerome Singer, Yale psychology prof.: There's evidence that TV violence tends to encourage those children predisposed to violence to commit such acts and to condition others to accept violence as a way of life. Heavy TV viewing tends to displace needed activity by children. Better children's programs are needed. Aside from violence, there's great deal of frenetic activity on TV, which children imitate, then become over-active.

(2) David Gerber, producer of "Police Story" & "Police Woman": Pressure groups are censoring creative community, curtailing economic freedom, "on our way to the 'big brother' society." Pressure groups should work in their own fields, help society.

(3) Van Gordon Sauter, CBS-TV vp: You can find research evidence to support any preconceived position one wants to take. However, there may be some impact on young children, and CBS is doing its best to be careful in that area. TV's economics are "fragile," and "on the verge of being hopelessly upset" by economic censorship. Technology eventually will provide economic base for greater diversity in programming.

(4) George Gerbner, Annenberg School, U. of Pa.: When groups question TV, it's not censorship; it's exercise of their First Amendment rights. Industry uses First Amendment to exclude public. TV produces fear, gives children view of "mean world," makes them more controllable. Solution: Divert part of money now going into advertising into other program sources. Government control? "We have government control, by a non-elected and non-representative government" in form of 3 networks.

In q-&-a period, Sauter said that there will eventually be "sophisticated sex" on TV; that TV handles sex now "like kids"; that public is more concerned about sex than violence. As to whether "advisories," such as those presented before "Soap," would be helpful, Sauter said: "Admonitions cause advertisers to drop out," regardless of quality of program. Countered Gerbner: "Admonitions lose sponsors but gain audience." Sauter insisted that TV must be mass medium under present technology, couldn't work otherwise. "PTA wants family viewing all day," he said. "This would cripple the industry."

Schedule for Sept. 17 (Sat.) included session on "The New World of Communications." In remarks prepared for delivery, Irving Kahn, Broadband Communications, attacked govt.—particularly FCC—for "dangerously myopic eyes" regarding new technology. He said Commission is out to protect phone & broadcasting industries, but "technology is so powerful" that it will overcome govt. regulators.

**FCC has refused** to grant waivers of sponsorship identification rule to Defense Dept. & U.S. Postal Service.

**ANOTHER NAB WIN ON SACCHARIN:** Movement to eliminate potential hobbles on advertising of saccharin and/or saccharin-related products moved closer to success when Senate last week turned back amendments proposed by Sen. Kennedy (D-Mass.) that would have required health warning messages about saccharin products in TV & radio commercials and also in print advertising. Votes came just before Senate, by 87 to 7, voted to halt any ban on sweetener for 18 months until additional studies are completed.

House Health Subcommittee version of bill, which includes authority for HEW's Food & Drug Administration to impose restrictions on both print & broadcast advertising, is to be considered by parent House Commerce Committee Sept. 20. Reports circulating on Hill last week indicate that strong attempt will be made to remove advertising provisions from final version before submission to full House. It's understood that letter urging this action will be sent to colleagues by Reps. Van Derlin (D-Cal.), chmn., & Frey (R-Fla.), senior minority member, of House Communications Subcommittee.

Broadcasters, led by NAB, have been exceedingly active in combating advertising warning because of difficulty in putting all the caveats in TV or radio spots. NAB Pres. Wasilewski said Senate action "epitomizes the grass roots efforts conducted by [NAB's] government relations dept. and we know full well that it begins at the local level."

Senate held line on precluding any advertising prohibitions that were recommended by Senate Commerce Committee last July. At that time, full committee turned back compromise provision offered by Sen. Hollings (D-S.C.), chmn. of Senate Communications Subcommittee (Vol. 17:31 p1).

**Success of TV-radio news** "as a marketable commodity instead of a loss leader" was praised by NBC Chmn. Julian Goodman in Sept. 17 speech to RTNDA convention in San Francisco. At same time, he discussed his "real worries about the direction some of today's broadcast journalism is taking," said "line between responsibility & pandering in search of audience... is crossed at great peril." He urged news dirs. to be diligent "or we'll have negated everything we've worked for and the public will be the great loser." Via telephone, President Carter told RTNDA that media coverage of embattled OMB Dir. Bert Lance has been generally fair, but there "have been some instances of distortions... Over emphasis [has] been placed on minor items."

**FCC has made permanent** its Bcst. Re-regulation Task Force, Bcst. Bureau Chief Wallace Johnson told NAB Re-regulation Committee last week. It'll be headed by ex-broadcaster Steve Crane. Cable Bureau is expected to take similar step before Chmn. Wiley leaves FCC. Wiley started re-regulation efforts as commissioner, intensified activity—resulting in over 600 rule changes & simplifications—after he became chmn. NAB committee also was told that OMB has been asked to remove limit imposed on FCC of 2,000 copies of each action, permit reproduction of up to 10,000 so that all licensees may receive a copy.



**ONCE AGAIN ON VIOLENCE:** What could be final consideration of proposed violence report by House Communications Subcommittee is set for Sept. 29, with indications that session will face call for up-or-down vote.

Reports circulated on Hill last week that section of draft discussing restructuring of broadcast industry as possible means of diminishing violence in TV programs has been moderated. However, some Subcommittee members are seeking to maintain phraseology presented last July, when objections resulted in postponement of vote (Vol. 17:31 p1). Still said to be in report is section pointing finger at networks as principal buyers and distributors of programs for alleged violent content.

House Subcommittee's violence TV meeting comes 2 weeks after British researcher published summary of findings that long-term exposure to TV violence increases degree to which boys (13-16) engage in violent behavior, use bad language or are violent in sport & play. Dr. William A. Belson, N.E. London Polytechnic prof., said he agrees other factors (physical, psychological, environment) may play part, and he also found that exposure to violent sporting programs (except wrestling & boxing), cartoons, science fiction & comedy slap-stick had little effect on violent behavior. Nor, he added, does long-term exposure to TV violence make boy more calloused about violence make him accept thesis that violence is way to solve problems or is attractive.

Belson research, underwritten by 1970 CBS grant of \$290,000, used over 1,500 young London boys; 12% acknowledged they engaged in serious violence in prior 6 months. Study was presented at British scientific meeting Sept. 6.

Ironically, at virtually same time Stephen Brody of British Home Office (equivalent of U.S. agency dealing with domestic affairs) published compendium of research on TV violence which, he said, shows that violence-prone persons may enjoy and be reinforced from watching violence on TV, but it does not affect behavior of ordinary viewer. Brody added: "Social research has not been able unambiguously to offer any firm assurance that the mass media in general, and films & TV in particular, either exercise a socially harmful effect or that they don't."

**Upping offer** by \$1.50 per share (to \$26.50), Ziff-Davis Publishing won approval of Rust Craft board to buy company (Vol. 17:36 p3). Total price goes up from \$57.5 million to \$69 million. Existing Rust Craft stockholders (led by Pres. Jack Berkman) have option to purchase company's radio stations. Broker was Howard Stark.

**"Deep concern** over questionable radio lyrics" has been expressed by newly-formed NAB Radio Affairs Committee, which stressed that each station "must take whatever action necessary to alleviate the problem." Committee also supported FCC proposal to eliminate 3rd-class licensing requirements.

**Albuquerque cable system**, partially built, has been bought by WGN Electronic Systems from United Cable, price undisclosed. WGN Pres. Charles Rothers said construction of 800 miles of plant will start early next year. Broker: Daniels.

**WEAVING OTP'S NON-FUTURE:** Final details of White House reorganization plan proposing that bulk of OTP functions and personnel be moved into Commerce Dept. are expected to be decided this week at high-level meeting involving OTP, Commerce, OMB & White House executives.

Session will follow by week unusual meeting at Commerce Dept. between 5 remaining candidates for job of Commerce asst. secy. for communications and information, and top dept. officials. Commerce Secy. Krebs sat in for three quarters-of-hour of 2-1/2-hour meeting that also saw Elsa Porter of OMB present. Final choice is expected by end of week, when Krebs is scheduled to leave for Far East.

Candidates at Commerce meeting were Harry Shooshan, chief counsel, House Communications Subcommittee; Henry Geller, Aspen Institute and former FCC general counsel; Anne W. Branscomb, Armonk, of Cambridge, Mass.-based telecommunications consulting firm and a dir. of National Public Radio; Frank Lloyd & Nicholas Miller, OTP consultants.

Earlier last week, OTP was asked to provide details for carrying out President's reorganization plan. Memorandum, from White House reorganization implementation steering committee, cited prospective changes, such as: 19 to move to Commerce, 3 to OMB, 3 to Domestic Policy Staff, and 3 to central administrative unit (services), with almost \$7.5 million of OTP's \$8.5 million budget transferred to Commerce. Thirteen positions would be eliminated, meaning saving of \$684,000, memo noted.

**WEFM(FM) Chicago**—one of original classical music format cases—was back in spotlight last week but not on format issue. FCC Judge Byron Harrison dismissed trafficking charges against GCC Communications and recommended that original 1972 sale approval be affirmed. D.C. Appeals Court reversed earlier transfer in 1974, ordered FCC to consider format change. In 1976 decision, Harrison ruled change should be permitted since 2 other Chicago-area FMs offered classical music. Day that decision came out, FCC Review Board added trafficking issue.

**Ga. Supreme Court** opened its proceedings to TV-radio coverage for first time Sept. 12 so "our citizens can gain a better understanding of the judicial process," according to Chief Justice H.E. Nichols. Coverage is expected to spread to lower courts since Superior Court Judge John Land (Columbus) has asked Supreme Court to permit broadcast coverage of selected trials. Land saw such coverage as a deterrent to potential criminals.

**Home Box Office** will provide service to Boston & San Francisco via MDS. In Boston, Colony Communications will receive signal on 20-meter station, microwave it to Prudential Tower for MDS transmission. In San Francisco, MDS is on Vollmer Peak, gets signal from Hayward earth station.

**NAB management seminar** for black station owners Sept. 21-22 features address by Rep. Mitchell (D-Md.), chmn. of congressional black caucus. Sessions are co-sponsored by National Assn. of Black Owned Bcstrs.

## Personals

CBS Senior Vp **Peter Derow**, ex-Newsweek pres. who just joined CBS (Vol. 17:34 p5), elected a dir.; **Edward Denault** promoted to vp, CBS Studio Center, Hollywood; **James Revard & Paul Bogrow** advanced to dirs., prime-time program practices, CBS, Hollywood; **Jane Delmatel** named dir., docu-dramas and made-for-TV movies.

**Kenneth Bagwell** promoted to Storer Bcst. vp in charge of TV div.; **Arno Mueller**, vp-treas., replaces Bagwell as head of CATV div., also retains post as Storer's chief financial officer... **Robert Munoz** appointed vp-gen. mgr., KDTV San Francisco; **Pablo Ortiz** named SIN midwestern sales mgr.; **George Colon** moves to SIN hq as business specialist, new post... **Dirian Demirjian**, ex-WNBC-TV N. Y., joins KIRO-TV Seattle as gen. sales mgr... **Don Ellison** promoted to sports dir., WMAR-TV Baltimore.

**Nolan Bowie** elected exec. dir. of Citizens' Communications Center; joining are attorneys **Wilhelmina Cooke & Edward Kuhlmann**... **Alexander Korn**, ex-FCC economist, becomes consultant to Washington economic consulting firm **Robert R. Nathan Assoc.**... **Isaiah Creswell**, ex-Commission on Civil Rights, named FTC coordinator of federal-state relations.

**H.G. Holland**, ex-Cunningham & Walsh, joins Nielsen Station Index as client service exec... **Jerry Lindauer** joins CPI as personnel & labor relations dir... Ex-Comr. **Thaddeus Garrett Jr.** of Consumer Product Safety Commission, named CPB vp-human resources development.

**Rick Neustadt**, asst. dir. of White House domestic policy staff, speaks at Sept. 22 lunch of National Conference of Black Lawyers, George Washington U. Faculty Club, Washington... **David Johnson** promoted to vp-gen. mgr., ABC-TV Spot Sales... **Robert Leach**, ex-WDAU-TV Scranton, named Philips TV transmitter product mgr.

**Norman Schruett**, WKBW(AM) Buffalo gen. mgr., elected pres. of parent Capital Cities Communications... **Joseph Lewin** promoted to WLWT Cincinnati local sales mgr... **James Hood** advanced to AP broadcast exec. for northern Cal. & Nev., succeeding **John Morrison**, now gen. mgr. of KOLE(AM) Port Arthur, Tex.; **John Schweitzer** succeeds Hood as broadcast exec. for Kan. & Mo.; **Jim Spehar** named for Colo., Wyo. & N.M.

**Congressional Black Caucus** plans Sept. 23 communications workshop in Rayburn Bldg. Among those expected to participate are FCC Chmn.-designate **Charles Ferris**, FTC Chmn. **Michael Pertschuk**, CPB Pres. **Henry Loomis** and various members of Congress.

**Annual broadcaster-regulator co-ed softball game**—benefitting Washington's Children's Hospital—is scheduled Sept. 20. Regulators, featuring Reps. **Van Deerlin (D-Cal.)** & **Frey (R-Fla.)** and FCC Chmn. **Wiley**, have won 2 previous games.

**Hearing on 1980 Olympic broadcast contracts** is scheduled for one-day session Oct. 3 by House Subcommittee on Communications (Vol. 17:36 p5).

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with  
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**WHME-TV RETURNS TO AIR:** Dark since April 1976, Ch. 46 WHME-TV (formerly WMSH-TV) South Bend returned to air Sept. 10 as nation's 975th operating TV station (711 commercial, 264 non-commercial). FCC approved sale of station June 10 to Lester Sumrall Evangelistic Assn., owner of WHMB-TV Indianapolis. Ray Davis is gen. mgr. of WHME-TV, which operates as commercial station.

In other TV station developments: (1) FCC granted Ch. 33 Phoenix to Legend of Cibola TV; Commission waived its rules since Cibola already has 5 other TVs in top 50 markets. Station plans Spanish-language commercial operation. (2) Sales approved by Commission included independent KBMA-TV (Ch. 41) Kansas City to Scripps-Howard for \$5.4 million and KUAM-TV-AM-FM Guam to Pacific Telestations for \$650,000. (3) FCC Judge Joseph Stirmer proposed grant of Ch. 57 Philadelphia to Radio Bestg. Co. for pay-TV operation.

**Unfair burden**, said federal appeals court of congressionally-mandated requirements that public broadcast stations keep for 60 days audio tapes of everything broadcast on issues of public importance. In 2 to 1 decision, D.C. Circuit said FCC couldn't apply requirement to non-commercial stations and not to commercial stations. In New Orleans U.S. Appeals Court upheld FCC 1973 action dismissing fairness complaint against Atlanta TV stations for carrying Georgia Power commercials dealing with pending rate increases that opponents, under name of Georgia Power Project, called one sided.

**CBS plans to buy 500,000 of its own shares** in next 12 months; Capital Cities said it'll buy about 420,000 of its shares. CBS closed at 52 3/4 Sept. 15; Capital Cities 47-1/4. Both companies said they'll use stock for options and employee benefit plans.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 2 (35th week of 1977):

	Aug. 27- Sept. 2	1976 week	% change	Aug. 20-26	1977 to date	1976 to date	% change
Total TV. . . . .	307,943	258,275	+19.2	317,322	8,581,891	7,522,426	+14.1
color . . . . .	208,413	155,834	+33.7	205,096	5,312,394	4,449,106	+19.4
monochrome . .	99,530	102,441	-2.8	112,226	3,269,497	3,073,320	+6.4
Total radio . . . .	2,020,346	789,944	+155.8	1,277,144	33,701,443	25,036,429	+34.6
home, portable	1,783,755	481,745	+270.3	1,035,148	25,407,875	16,786,793	+51.4
AM-only . . . .	455,147	233,339	+95.1	194,224	6,046,745	4,293,180	+40.8
FM & FM-AM	1,328,608	248,406	+434.9	840,924	19,361,130	12,493,613	+55.0
auto . . . . .	236,591	308,199	-23.2	241,996	8,293,568	8,249,636	+0.5

Color TV 5-week moving average: 1977-172,198; 1976-145,521 (up 18.3%).

**MAGNAVOX, QUASAR IN VTR PRICE MOVES:** Even during shortage and before start of big selling season, home videocassette recorder price levels continued to tumble last week in wake of RCA's announcement of \$1,000 suggested list price on Matsushita-built 4-hour VHS deck. In latest moves: (1) Magnavox put similar dealer price (but higher suggested list) on its identical VHS unit. (2) Quasar instituted rebate system on its VX-2000 Great Time Machine which will bring retail price down from \$995 to \$795, perhaps lower.

Magnavox said suggested list on its deck would be \$1,075-\$1,095, depending on geographical area, deliveries starting Nov. 1, but Mktg. & Sales Senior Vp Kenneth Ingram told us that "at wholesale we're planning to meet the competition," adding: "No Magnavox dealer's going to be disadvantaged. We think it's rather important that the retailer decide whether there's going to be a cut price. Some will cut it and some won't, depending on local market conditions."

RCA Consumer Electronics Mktg. Vp Jack Sauter, responding to Magnavox move, told us it was "invitation to discount and break the price structure. We don't think our machine will be heavily discounted." Discussing complaints that RCA's margins were "short" (basic dealer price seems to be around \$750, before allowances which can drop it as low as \$700), Sauter said he thought \$250 was "good profit on a single sale—we encourage them to sell at list."

Countered Ingram: "I would have preferred to have the price a little higher. When you go into a new industry you have to spend a lot of money to create a new market. If you use price too soon, you don't get that story told well enough to as many people. Price is the last thing you should use in a new industry." Magnavox deck has same features as RCA's; accessory camera is identical \$300, tapes same at \$25 for 4-hour, \$18 for 3-hour. Wide-angle camera lens will be available for \$25. Ingram said deluxe deck would be offered somewhat later as \$100 step-up, with different cosmetics and "added peripherals" in "Magnavox tradition." He generally agreed with RCA VTR market forecasts, seeing sales of 200,000-250,000 this year, "conservatively" 500,000 in 1978. Magnavox fall ad campaign will be confined to magazines "because this is a technical product and magazines tell that kind of a story better."

Does Magnavox's strong espousal of VTR interfere with its videodisc plans? Quite to contrary, said Ingram, who sees it "in context not only of incremental sales for dealers but as major opening gun to the use of TV in the home in a different way, to be followed by the disc. We see this whole videocassette thing helping to open a completely new market and we're excited as hell about it." Disc system is now in home-testing phase, Ingram said, and timetable is unchanged.

Quasar, meanwhile, moved rapidly to keep its VX-2000 price below VHS level as lowest-cost home VTR system. Although keeping suggested list unchanged at \$995, it followed cuts in cassette priced with "Plus-Profit" cost-sharing plan with distributors on deck itself (Vol. 17:37 p10), in most areas apparently involving \$100 rebate per unit to dealer after sale. Although Quasar officials were vague, some dealers indicated wholesale price after rebate and all allowances might come below \$600, others putting it somewhat above that figure—most agreeing that realistic new retail price for VX-2000 is around \$795, including timer, formerly priced extra. Quasar's competitors insisted this represented beginning of phaseout of VX-2000 in favor of VHS, but dealers like the machine, called such action unthinkable.

First Beta-format VTRs to be marketed at price competitive with RCA's VHS are likely to be from Sanyo, whose one-speed (2-hour) unit under own & Sears labels is considered its low end; in Sanyo line, it steps up to V-Cord II at about \$1,300. Toshiba said it will start to ship its 2-speed Beta unit in Oct.; this is expected to be followed by single-speed design (which we saw at Berlin TV-Radio Exhibition) at the competitive leader price. Montgomery Ward is believed to have adopted Matsushita 4-hour VHS, but too late for Christmas catalog, presumably will offer it through some retail stores.

Curtis Mathes' entry into VTR field is expected to be through elaborate 25" combination, including 4-hour VHS as well as AM-FM stereo, record changer, 8-track player, at about \$2,500. Officials of many of industry's major importers were in Japan last week or on way, presumably for VTR pricing meetings.

Retailers continued to look on VTR price gyrations with mixture of puzzlement & horror. One major consumer video dealer summed up feelings this way: "I wish they'd stop talking price, deliver the merchandise, give us a few bucks for promotion and let us make a market out of this."

**ZENITH STARTS REVAMPING MOVES:** Last few weeks haven't been good for Zenith—inventory accumulation, price cuts, published forecasts of possible 3rd-quarter loss, dropping of widely-touted Mark IV glass picture-tube bulb, apparent steep dip in color market share (although nobody doubts Zenith is still No. 1), \$300 undercutting of its VTR price by RCA, disappearance of new chassis expected by insiders this summer.

Zenith faces "serious cost problems," Chmn.-Pres. John Nevin is quoted in Wall St. Journal—"we just have to find ways of substantially cutting costs." At week's end, first cost-cutting move appeared to be at hand: Zenith lopped off its Research Dept. Behind short & simple personnel announcement is realignment which puts some former research people into strengthened advanced development activities, dropping all research which isn't product-oriented. Company declined to speculate how many eventually would be cut, with spokesman conceding that when completed, new engineering-research consolidation "will result in reduction, but right now we don't know how many."

Reorganization results in following changes: Karl Horn, former senior vp, research & engineering, gets new title of senior vp, engineering & CRT operations, with picture-tube responsibilities transferred from Mfg. Vp Joseph Fiore; John Torre continues as exec. dir., CRT operations. Leonard Dietch, ex-TV engineering vp, becomes product development vp (display device, advanced development, component development), taking over "a number of activities" formerly part of old Research Dept. Research Vp Robert Adler, who reaches mandatory retirement age next year, announced desire to resign at year end, becomes full-time scientific consultant until end of 1977, then goes on part-time status. Robert Hansen, former exec. dir.-color TV engineering, becomes exec. dir.-TV engineering. George Schupp continues as vp, videoplayer & audio engineering.

These moves are seen as first of number of realignments in attempt to reverse suddenly worsening position. More will certainly be revealed in near future. In meantime, Wall Street is responding sharply to company's plight. On Sept. 16, stock plummeted 1-5/8 points to 15-1/4, losing more than 10% of its value in single day.



**TRADE DEFICIT DEEPENED IN 2ND QUARTER:** Continued decline in exports of consumer electronics in complete & kit form, coupled with rising imports of comparable products, resulted in sharp increase in industry's 2nd-quarter & first-half international trade deficit, Commerce Dept. totals show.

Value of TV, radio & phono exports in April-June dropped 28.6% to \$50.4 million, putting first-half total at \$108.9 million, down 23.7%. Value of imports of similar products was up 27.5% in quarter to \$420.7 million, 31.1% in half to \$795.7 million, leaving industry with full-period trade shortfall of \$686.8 million, up 41.6%. Deficit in quarter was up 42.7% to \$370.3 million.

Picture tubes, once industry's fastest-growing export product, also are having rough time in international markets. Total first-half tube exports of 619,900 were up just 2%, and value sank 21.9% to \$46.3 million. Breakout shows all of decline came in over-22" tubes, with units off 24.8% to 354,400, value down 43% to \$29.2 million. Exports of smaller color tubes rose 94.6% to 265,500, and shipment value jumped 111.8% to \$17.1 million. B&w tube exports were off 45.9% to 28,400, value down 32.6% to \$688,000.

Bulk of TV chassis exports were to Mexico & Taiwan where, it's presumed, they got further processing in U.S.-owned plants in preparation for re-export back to U.S. Canada, with 31,500, was largest customer for U.S.-made color sets, and number shipped there will probably rise dramatically over next 12 months as such firms as Canadian Philips, Sylvania & Quasar complete phaseout of production, switch completely to imports. Panama, with 21,000, was largest single b&w TV customer. Most important color tube customer was U.K., accounting for 36% of first-half exports, followed by France, which took 32%.

Average export pricing picture was mixed. Up were averages for TV chassis & kits, to \$51.47 from \$45.91; home radios, \$15.63 from \$14.09; radio chassis & kits, \$23.00 from \$14.75; 22"-&-under color tubes, \$64.39 from \$59.14; b&w tubes, \$24.22 from \$19.43. Sliding were prices of color TV, \$365.12 from \$384.11; b&w TV, \$107.11 from \$123.43; auto radios, \$55.42 from \$60.18; radio-phonos, \$108.78 from \$122.17; phonos, \$60.61 from \$99.72; large-screen color tubes, \$82.53 from \$108.83. Here's how exports fared in first half:

#### U.S. CONSUMER ELECTRONICS EXPORTS

Product	First Half			\$ Value		
	Units		%	(add 000)		%
	1977	1976	Change	1977	1976	Change
Total TV . . . . .	1,084,005	1,873,261	-42.1	75,914	112,603	-32.6
color . . . . .	51,998	62,567	-16.9	18,986	24,033	-21.0
monochrome . . .	68,395	70,133	-2.5	7,326	8,657	-15.4
chassis & kits . .	963,612	1,740,561	-44.6	49,602	79,913	-37.9
Total radio . . . . .	539,387	558,490	-3.4	19,338	16,292	+18.7
home . . . . .	196,518	147,869	+32.9	3,073	2,083	+47.5
auto . . . . .	258,468	179,403	+44.1	14,324	10,797	+32.7
chassis & kits . .	84,401	231,218	-63.4	1,941	3,412	-43.1
Total phono . . . . .	184,203	129,267	+42.5	13,622	13,920	-2.1
radio-phono . . .	51,021	45,826	+11.3	5,550	5,599	-0.1
phono-only . . . .	133,182	83,441	+59.6	8,072	8,321	-3.0

**Labor Dept. reversed year-old ruling** to declare former workers at RCA's discontinued test equipment operation eligible for import adjustment assistance. LD said it was changing April 1976 finding because of information obtained investigating relief request for ex-workers at Kenbar Industries, which made some of gear for RCA. In revised finding, LD said RCA's switch from domestic to offshore suppliers of test equipment resulted in job losses for those who designed, tested & shipped equipment, and was related to RCA decision to quit market in Jan. 1976.

**Watch watch:** Intel became 3rd U.S. semiconductor maker to pull out of watch business. Company said it was taking \$1.4-million after-tax charge, closing down Microma operation. About 200 employees are affected, most will be transferred to other Intel jobs. American Microsystems & Litronix quit field earlier. Intel said it planned to sell inventory of watches & modules. . . **Micro Electronics**, Hong Kong, has unveiled low-end watch line it plans to ship to U.S. marketing subsidiary at \$6.50-\$12 FOB for LED models, \$13-\$25 for LCDs.

**MPU CASSETTE:** "Industry's first computerized audio cassette recorder" unveiled by Sharp last week has microprocessor to control host of functions, multi-purpose liquid crystal display. To be offered in Nov., new Sharp deck gives good idea of what to expect on upcoming home VTRs. Unit will sell here for under \$300, about \$70 below price announced in Japan (99,-800 yen).

Ten-button programming panel is used to put deck through paces. It can be set to turn on at any time for unattended recording; programmed to play selections on cassette in any order, skipping over unwanted ones and reversing to play others; set to play specific selection as often as desired. Back-lighted LCD shows time in either 12- or 24-hour modes; serves as counter for memory rewind, digital tape counter, elapsed tape time indicator, program selection number indicator. It also displays operating mode. Automatic timer can't be set for multiple operation—on at 6 p.m., off at 7 p.m., on again at 7:30—but spokesman indicated that feature may be included in future models.

Austria's Eumig is returning to audio field with high-performance cassette recorder featuring optoelectronic speed control. Speed measurements and corrections are made at 15,000-per-second rate by sensors which count passage of markings on clear plastic flywheel. Deck has claimed maximum frequency response of 30-18,000 Hz + 3 dB (but spokesman said company was guaranteeing 20-20,000), wow & flutter of 0.08%, signal-to-noise ratio of 73 dB. Unit is expected to be on sale in Europe this year at about \$1,000 for deck, \$1,500 for model with built-in stereo FM tuner, 50-watt-per-channel stereo amplifier. U.S. marketing is due next year. Eumig says it also plans to manufacture audio cassettes.

Digital audio recording, via pulse-code modulation (PCM), is creating stir in Japan. Sony said it plans to offer PCM adaptor, which lets Betamax home VTR be used as audio recorder, in Japan this month at about \$1,800. Mitsubishi, TEAC & Tokyo Denka have jointly-developed laser-read optical PCM audio disc system. Discs & player work on same principle as Philips-MCA video disc. Companies announced no marketing timetable, but said 30-min. audio disc would be priced at \$11-\$15, player at about \$550. Uncertainty over audiophile demand for quality available from digital recorders is growing problem for Japanese manufacturers, who now are deciding on 1979 & 1980 product offerings.

**Import-impacted industries** will air grievances at Conference Board seminar, "International Trade Policy & American Industry: A Threatened Consensus," at Waldorf-Astoria, N.Y., Oct. 11. International Trade Commission Chmn. Daniel Minchew will chair morning panel, on which Corning Exec. Vp Allen Dawson will discuss effect of U.S. trade policy on TV & components. Other speakers will cover steel & textile industries. Chief U.S. trade negotiator Robert Strauss is luncheon speaker.

**CB licenses zoomed 42%** in first 7 months this year, FCC reported, with total now at 11,127,695. Cal. leads with 674,494; Ohio, 641,999; N.Y., 563,-193; Pa., 560,987; Ill., 557,249; Fla., 467,118.

**GAMBLE, SEC SETTLE:** Gamble-Skogmo last week settled by consent judgment suit brought by SEC charging subsidiary of Minneapolis-based retailer and 2 of its officers received rebates on TVs imported from Japan and on ocean freight charges. Settlement enjoins G-S from violating SEC disclosure requirements, contains no admission of guilt.

In suit, SEC charged Gamble Import (GI) used shipping rebates to finance operations of Hong Kong buying office, said kickbacks on TV were for personal benefit of Herbert Nelson & Samuel Luftig, former GI pres. & senior vp. Settlement, however, doesn't mean G-S is finished with issues raised in case. Treasury has ongoing probe into TV kickbacks because such rebates may have been used to evade payment of dumping duties on TV imports, while Federal Maritime Commission is looking into apparently common, though illegal, rebates shipping companies gave favored customers.

**EIA is trying to win financial support** for establishment of national component testing organization before year's end. That's deadline for becoming full-fledged participant in International Electrotechnical Commission's Quality Assessment System. Establishment of world-wide QAS, with recognized certification agency in every major component-producing nation, was first pushed by EIA in 1970 as free-trade alternative to a Europe-only standards program planned by manufacturers there. At that time, EIA successfully argued that exclusive European standards would effectively lock U.S. component firms out of many international markets. Starting Jan. 1, full participation in QAS will be limited to countries which have approved testing organizations. Components offered in international markets by producers in non-certifying countries will be at competitive disadvantage because they'll lack acceptable quality guarantee. As U.S. govt. doesn't get involved in international standard-setting, funds for testing organization & related activities have to come from private industry.

**Final FEA rules** on TV energy measurement test procedures permit deducting from total consumption 50% of standby power used by remote control when set is equipped with defeat switch—similar to previously approved allowance for instant-on. Set testing for advertising purposes can be done on basic models; samples being either actual production units or representative of production units. FEA rejected proposal that estimated annual energy consumption of TV-stereo combinations be reduced to reflect use of set in audio-only mode. FEA said industry presented no evidence to show a TV in combination was used less frequently than TV-only, added combinations held so small a market share that any special allowance for them would have negligible effect on goal of over-all industry energy consumption reduction.

**Some 404,000 videocassette recorders & players** are owned by U.S. corporations & other organizations (204,000 recorders, 200,000 players), according to study by Hope Reports, Rochester, N.Y. This compares with 1,130,000 16-mm sound projectors, 329,-000 super-8 sound projectors and 320,000 super-8 silent projectors.



**RCA ON GAMES:** RCA expects video game market to double this year, sees plug-in cartridges providing about 10% of retail sales dollars, according to Distributor & Special Products Div. Vp-Gen. Mgr. Paul Garver.

He put retail value of 1977 game sales at \$450 million, up from \$225 million in 1976, said sales of cartridges for programmable games should exceed \$45 million this year, grow to \$170 million by 1980. He estimated 3.6 million games were sold in 1976, virtually all dedicated (non-programmable) types. By 1979, he said, programmables should account for 40% of unit volume. Pointing up seasonal nature of game business, he said some 70% of industry sales this year will come during Christmas season.

**Game plans:** Factory rebuilt Magnavox Odyssey 1000 3-game unit is offered by Alexander's in N. Y. C. for \$15, vs. original \$40 list. Same ad features Unisonic 6-game model with pistol at \$40, down from \$88... Coleco said it sold million games last year, expects increased volume this year... **Ball-&-paddle** pricing slump has extended to kits. Heath lopped \$20 off 3-game unit offered last year at \$70... **RCA** adds Blackjack & Match Fun cartridges to Studio II library; Atari adds Combat game cartridge (\$20) with 27 variations of 4 tank & airplane games... **Magnavox** delays introduction of 19" color TV-game combination until next year because of chip shortage... **European** market will absorb 1.4 million video games this year, climb to 3.5 million by 1980, according to U.K. game maker Videomaster. Company sees Germany & U.K. as biggest customers.

**Sunbeam is entering** overcrowded microwave-oven field with 5 models, \$319-\$675. It forecasts industry retail sales of 2.5 million this year, up from 1.6 million in 1976, sees volume at 5.4 million in 1981, by which time penetration will have risen to 30% of U.S. homes from current 6%. Sunbeam said it expects to capture 5-10% of market, which should total \$2 billion at retail in 1981. Sunbeam agreed that, with 28 producers, field is too crowded but expects some dropouts. Though company's Magic Chef subsidiary produces microwave ovens for commercial use, it will purchase consumer models from outside source. In related area, domestic microwave-oven producers generally came out in favor of import quotas on Japanese ovens, as requested in AHAM letter to President Carter (Vol. 17:37 p9). Non-member Amana indicated it planned independent push for import restrictions, declined specifics.

**GRT repurchased** 179,000 of its shares for \$537,000 (about \$3 each) from group of holders... **Mostek** prospectus for planned 500,000-share offering notes sales of Corvus watch & calculator products peaked at \$10.9 million in 1974, dropping to \$9.5 million in 1975, totaled just \$832,000 in 1976, year business was discontinued.

**Toshiba is cutting back** on color tube production in Japan. Citing slow moving TV sales in Japan and quota on exports to U.S., company indicated it would produce just under 4 million tubes this year vs. 4.3 million in 1976. About 35% of Toshiba's production was exported to Europe last year.

**TOP ADVERTISERS:** Three TV manufacturers made Advertising Age's annual list of top 100 national advertisers of 1976. RCA at \$100 million (up 12.3%) ranked 21st, GE with \$90 million (up 28.6%) placed 28th, and North American Philips at \$40 million (up 29%) was 72nd. Ad Age put value of ads by all 100 companies at \$7.7 billion, up 20%. Figures are for ads placed in measured media, generally exclude co-op funds and ads sponsored by distributors & dealers.

Breakdown indicates RCA spent \$11.6 million on color TV line, up \$2 million from 1975, \$4.8 million promoting record & tape clubs. GE's ad budget included \$6 million for introduction of CB line, \$3.1 million each for smoke detectors & microwave ovens, \$2.3 million for TV. In North American Philips outlay was \$4.5 million for Magnavox (up 11.2%), including \$1.4 million for Odyssey video games, \$210,000 for audio, bulk of remainder for color TV. Parent also spent \$466,000 on smoke detectors.

CBS Records Div. is shown as having spent \$9 million, down 18%, while Columbia House (club operation) increased outlay 25% to \$15 million. Gillette spent \$1.5 million on smoke detectors, and while it put no figure on investment, Ad Age says Gillette captured 22% share of digital watch sales in 13 test markets before deciding to abandon product because of intense price competition. Union Carbide reportedly spent \$4.2 million for Eveready batteries.

**CB Scene:** CB's dark present & dim future have led to Korean Commerce-Industry Ministry decision not to permit construction of any new CB manufacturing plants there... **EIA** Communications Div. Vp John Sodolski & PR Dir. Mark Rosenker plan multi-city tour to discuss CB industry with mass media editors and on radio talk shows... **Canadian govt.** plans to deal with range of CB problems by: (1) Expanding present band from 40 to 80 channels by switching completely to SSB or opening new frequencies. (2) Tightening specs to ease TVI problem. (3) Banning linear amps. (4) Replacing current in-person licensing system with mail procedure. In year to March 31, Canada licensed 440,000 CBers, expects 1.8 million licensees by 1980... **Aug. CB license** applications were marginally higher than disastrous July figure (Vol. 17:35-p11), but 294,318 total remains among lowest of past 2 years. Aug. 1976 total was 366,402. Applications through first 8 months of 1977 were about 3.8 million.

**Upcoming video conferences & shows:** (1) Video Expo, Madison Sq. Garden, N. Y., Oct. 11-13, exhibits, workshops & seminars geared to industrial-institutional market (914-694-8686). (2) ITA Home Video Systems seminar, N. Y. Sheraton, Oct. 25-27, discussions of all aspects of consumer video hardware & software (212-787-0910). (3) International Video-disc Programming Conference, NYU Loeb Conference Facility, Nov. 16-19, treating home videodisc & cassette programming, marketing & system formats (212-982-5244).

**Matsushita plans** production of micro motors in Singapore starting this fall. Operation will be in plant recently vacated by Omron, shifting calculator & control equipment product to facility in Malaysia.

## Trade Personals

**Robert O'Neil** advanced at GTE from Consumer Electronics Products Business mktg. vp to pres. of Consumer Electronics Co., new Sylvania Entertainment Products Group unit responsible for U.S. marketing & service of Sylvania & Philco consumer electronics lines... **T. Sugawa**, ex-Sharp International Div. deputy gen. mgr., appointed pres. of U.S. & Canadian subsidiaries, succeeding **K. Saitoh**, who returns to parent as International Div. exec. vp... **Denis Wratten** advanced at Infinity Systems from international mktg. mgr. to corp. mktg. dir.

**Levon Berberian** shifts at RCA from videodisc mktg. & programming staff vp to mktg. staff vp, succeeding **Joseph Curran**, now exec. vp of subsidiary Hertz... **George Zebold** promoted at Montgomery Ward from national mdse. comparison mgr. to mdse. mgr. for consumer electronics depts., succeeding **James Tielke**, now mgr., Inventory Mgmt. Div... **Richard Hanselman** promoted at Beatrice Foods from senior vp & pres. of Luggage & Home Environment Div. to exec. vp-mfg.

**Donald Meyers** appointed gen. mgr., GE Mobile Radio Dept., replacing **Donald Bates**, now Information Services Business Div. gen. mgr... **Barry Goldman**, ex-Dokoder sales vp, joins Cerwin-Vega as national sales mgr... **Al Alexander** advanced at Le-Bo Products from exec. vp to pres... **James Kiggen**, ex-Matrix-Churchill, elected Tenna pres.-chief operating officer, replacing **Ronald White**, discharged for unspecified reasons but continuing on board.

**Randall Lowry** advanced from Sylvania purchasing mgr. to GTE Products Group N. American operations materials mgmt. dir.; **Robert McManus**, ex-production & inventory control dir., named international operations materials mgmt. dir... **Donald Whalen**, ex-corp. auditor, and **Stanley Roseberry** advanced to RCA operations analysis staff vps; **Donald Marquart** promoted from Consumer Electronics Div. product financial analysis dir. to Picture Tube Div. finance vp, succeeding **Roseberry**... **Larry Wyrick**, ex-BSR, named Magnavox western audio sales mgr.; **Richard Clearwater** resigns as Magnavox N.Y. Div. gen. mgr., succeeded temporarily by **Abe Tresh**... **Ronald Petty**, ex-Nowak Voss Adv., appointed U.S. Pioneer PR mgr... **Alan Spurney**, EIA International Business Council dir., named member of U.S. Chamber of Commerce International Trade Subcommittee.

**William Dennehy**, ex-RCA, named Harris Semiconductor Programs Div. mktg. mgr... **Jeff Krawitz**, ex-RCA, appointed Solid State Scientific MPU mktg. mgr., new post... **George Adams** advanced at Intel to single-chip MPU mktg. product line mgr., succeeding **Howard Raphael**, now National Semiconductor MPU product mktg. dir.

**Color tube sales** by U.S. factories totaled 4.3 million in first half, up from 4.2 million in 1976, EIA reports. Value of shipments declined to \$291 million from \$296.8 million. Totals include OEM, export & replacement market sales, exclude volume of independent rebuilders.

## 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
Harvey Group			
1977-26 wk. to July 30	19,429,000	252,000 <sup>a</sup>	.12
1976-26 wk. to July 31	15,794,000	11,000 <sup>a</sup>	--
MPO Videotronics			
1977-9 mo. to July 31	15,139,786	451,195	.82
1976-9 mo. to July 31	13,856,334	477,240	.92
Tektronix			
1977-12 wk. to Aug. 20	120,412,000	11,958,000	.67 <sup>b</sup>
1976-12 wk. to Aug. 21	89,543,000	8,419,000	.48 <sup>b</sup>
Wells, Rich, Greene			
1977-9 mo. to July 31	25,697,260	1,206,997	2.62
1976-9 mo. to July 31 <sup>c</sup>	21,638,000	625,508	1.37
1977-qtr. to July 31 <sup>c</sup>	8,860,641	354,268	.73
1976-qtr. to July 31 <sup>c</sup>	7,172,000	262,416	.55

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

**Bally's programmable TV game-calculator-computer**, first shown at CES as Professional Arcade (Vol. 17:24 p12), is being advertised as Bally Home Library Computer by mail-order marketer JS&A at \$300. Package includes game console with built-in calculator-programmer keyboard, 4 pistol-grip game controls, AC adaptor, plus diagnostic cartridge which causes any malfunction of unit to be spelled out on TV screen (cartridge will be sent to purchasers later). Unit is equipped to play 3 games; available extra game cartridges are Baseball-Paddle (\$25) & Math Table-Math Bingo (\$20). Next year, for \$500, says JS&A, Bally will have computer accessory package consisting of dual magnetic tape decks & typewriter keyboard. Also free to JS&A customers is planned \$100 hardware package that will let them hook directly into JS&A's computer to place orders. Ad notes FCC approval of Bally unit is pending, puts delivery at 4 weeks. FCC told us Bally has never submitted sample for testing—which will take 5-6 weeks. Bally said it will have unit at FCC Labs this week.

**Japan's declining interest rates and uncertainty over yen's future performance in international money markets have manufacturers there canceling plans to raise capital in U.S. & Europe.** Sanyo, which had planned to float \$55.6-million convertible bond issue in U.S., and Sharp, which had scheduled similar \$37-million offering in Europe, will attempt to attract Japanese investors instead.

**Korea's Dae Woo** is getting phono, cassette & miniature motor technology under 5-year contract with Lenco of Switzerland. Terms call for Lenco to get \$60,000 payment, 3% royalty. Dae Woo also has agreed to buy record-changer know-how from Industria Cosmos of Spain.

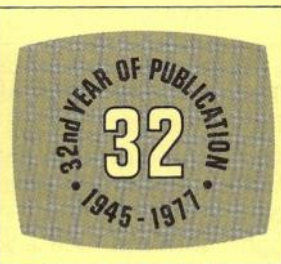
**Anti-detector radar** could spell end to boom in sales of automotive warning devices. System emits speed-measuring radar pulse only when oncoming target auto is in view, so driver's detector sounds off too late to do any good. Unit is being offered to police by Kustom Signals, Chanute, Kan.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**VACANCIES AT FCC, OT & CPB** expected to remain until Jan. because of White House failures to make appointments in time for Senate confirmation before mid-Oct. adjournment. Ferris confirmation assured. (P. 1)

**NBC PLANS PERSONNEL CUTBACK:** Firings of 250-400 by Dec. expected in move NBC says not dictated by RCA. 'Leaner & more efficient company' predicted result. (P. 2)

**1" VTR STANDARDS** for non-segmented helical broadcast units outlined by SMPTE working group as 'Type C' format. (P. 3)

**EXCLUSIVITY ON ICE**, as FCC ends inquiry, sees no harm. NCTA expected to appeal, says Commission ignores court warning. (P. 4)

**RF FILTERS TO RESCUE?** House Subcommittee told use of filters could make TV sets less receptive to interference. MST says land mobile doesn't use allocations efficiently. (P. 4)

**MINORITY FOCUS ON REWRITE:** Mitchell promises 'hard-hitting' amendment. Shooshan announces Oct. hearing & roundtable on minorities. (P. 5)

**FCC WILL SEEK SUPREME COURT** review of Pacifica obscenity case to 'get something definitive,' Lee tells FCBA. (P. 6)

**VACANCIES AT FCC, OT & CPB UNTIL JAN.:** "The White House has put itself in a bind" and now isn't likely to get Senate confirmation of several key appointments in communications—FCC, CPB & undersecy. of Commerce for telecommunications—before Congress adjourns, now expected between Oct. 15-22. This was word from Senate Commerce Committee officials late last week when expected appointments weren't sent to Hill.

This doesn't apply to Charles Ferris, slated to replace Richard Wiley as FCC chmn. His confirmation hearing is today (Sept. 26)—and as long-time counsel for Senate Democrats, he isn't expected to face any opposition. In fact, Senate is likely to confirm him this week. Small problem is stock Ferris owns in AT&T & IBM, which he has agreed to sell.

However, Tyrone Brown's confirmation for FCC now is unlikely before adjournment, since his name still hasn't been sent to Senate. Same is true of 3 CPB dirs. and Commerce undersecy. for telecommunications. On latter post, Senate official told us that now "there's no way he can be approved before Jan." Commerce Secy. Juanita Kreps met individually Sept. 22 with 3 remaining candidates—Henry Geller, Nick Miller, Harry Shooshan—and it's understood that 5-person group of Commerce & White House staffers recommended ex-FCC Gen. Counsel Geller because of his "experience." Kreps' choice wasn't known at press time.

### Consumer Electronics

**MORE ZENITH CUTBACKS** coming, says Nevin; 'substantial expense reduction' to impact all activities. Sees no inventory problem, postponement rather than abandonment of new chassis. (P. 7)

**JUSTICE THREAT** to drop probe into antitrust aspect of Japan's former TV check-price system draws reaction of shock from Zenith. (P. 7)

**SQ TOPS QS**, BBC matrix systems, is close 2nd to discrete in FCC 4-channel FM stereo listening tests. Report shows SQ preferred for stereo & mono broadcast compatibility. (P. 8)

**VTR PRICE TURMOIL** continues as ads break for cut-priced Quasar deck. JVC, Sanyo & Toshiba apparently decide to stand pat on list prices. (P. 9)

**23-CHANNEL** sales date extension sought by Dynascan, which asks FCC to redefine rule, permitting retailers to sell old units indefinitely, or to grant waivers moving cutoff date from Jan. 1 to Aug. 1. (P. 10)

**PENNEY TO RUN NEW TESTS** in bid for recall exemption for 18" color sets CPSC say may pose fire hazard. Agency issues new priority list, proposes revision of recall rules. (P. 10)

**AUDIO EXHIBITORS** to get more floor space, sound rooms, special bus service at June CES, as EIA moves to offset IHF May show. (P. 11)

Brown & potential nominees for CPB—Gillian Sorensen, Sharon Percy Rockefeller & Irby Turner (Vol. 17:38 p3)—already have been sent financial forms required by Senate, plus requests for other information on speeches, etc. More detailed questionnaires will be sent after appointments actually are made and this will slow process, Senate sources said. Also cited was potential opposition to Brown from public interest groups because he once was gen. counsel to Post-Newsweek stations. We've learned this isn't likely to happen: "I certainly have no plans to oppose Brown and I haven't heard of any," NCCB's Nicholas Johnson told us.

Senate Commerce Committee is a little miffed at White House because it kept its schedule relatively clear to take care of expected appointments before adjournment. Only subject before Communications Subcommittee, for instance, is mark-up of cable pole attachment & forfeiture bill. Now, we were told, Committee doesn't believe it will have time to act on appointments when they are finally sent up. President could make interim appointments, however.

There was small flap last week when S.C. Bcstrs. Assn. adopted resolution endorsing Miller for Commerce undersecy. in face of support of Shooshan by Senate Communications Subcommittee Chmn. Hollings (D-S.C.). SCBA TV Vp Virgil Evans said Miller support was "a grass roots thing" because of concern over Communications Act rewrite option papers of House Communications Subcommittee—of which Shooshan is chief counsel. He said NAB (which officially is neutral, but would prefer Shooshan) and ABC "played absolutely no role" in Assn.'s stand. Many in Washington think ABC encouraged S.C. action.

\* \* \* \*

Meanwhile, White House told OTP employees that none would lose jobs under reorganization which will shift most OTP functions to Commerce Dept. Earlier, OMB had sent OTP reassignment instructions which indicated that 13 jobs would be eliminated at saving of \$684,000 (Vol. 17:38 p5).

**NBC PLANS PERSONNEL CUTBACK:** "It's a 100% Herb Schlosser [NBC pres.-chief exec. officer] mandate having to do with the proper management of a large company," NBC Exec. Vp-Corp. Affairs Merryle (Bud) Rukeyser said last week of network's plans to discharge undisclosed number of employees. "This will be a leaner and more efficient company when it's over," he said. Added Vice Chmn. David Adams: "[RCA Chmn. Edgar] Griffiths leaves the running of NBC to NBC... He has encouraged us to spend money in order to make money and he has never told NBC to increase its profit by X%." Also denying parent involvement was RCA Exec.-Vp Corp. Affairs Kenneth Bilby with "not a word of truth to it."

They were responding to reports—inside & outside NBC—that massive cutbacks to start in Oct. were under direct orders of parent RCA. And, we were told by NBC, "if anybody has given you a number, they don't know what they're talking about." Lowest figure cited to us was 250, highest 400. Adams also pointed out that personnel will be increased "very substantially in news & sports" and Rukeyser stressed that "nothing is being cut from programming development."

Cutbacks are being directed by Financial Exec. Vp James Alic (ex-RCA), and each NBC dept. has been told to tell him how many can be fired without affecting efficiency. Cutbacks will affect all NBC operations—including owned stations—except Washington corp. office (12 people, 4 reporting to legal dept. in N. Y.). NBC has about 6,000 employees.

"If you look around NBC you'll find the hand of Griffiths everywhere," NBC exec. told us. "He has spotted people everywhere... Alic is Griffiths' plant... We've been overstaffed & over-fat for many years and spending so much to buy ratings [this fall] that we have to cut someplace else." Commented official of another network: "The way that NBC spent money on programs at the start of this season was irresponsible."

Reports also are circulating (and names being mentioned) that half-dozen NBC execs. will be fired in moves unrelated to general cutback. At least couple reportedly already have been told and are job-hunting elsewhere. In midst of all this, deposed NBC-TV Pres. Robert Howard (Vol. 17:35 p2) today (Sept. 26) will be named vp-gen. mgr. of WNBC-TV N. Y.; he had been in owned stations div. before joining network.



**1" VTR STANDARDS:** SMPTE working group on 1" non-segmented helical video recording released some specs for new "Type C" broadcast VTR—compromise between Ampex & Sony formats. Another working group has, in effect, standardized on Bosch BCN format for segmented helical 1" broadcast units.

Full Type C working group (including networks, commercial-institutional users & EBU representative) ratified major points of agreement, with completion of various tests & measurements yet to come. Some of specs agreed upon for NTSC version of Type C recorder: Exactly one field to be recorded during each scanner revolution. Recording of each field divided into video & sync tracks, former containing all active picture lines and vertical interval lines 16 to 5, thereby retaining VITS & VIRS. Video track's 10-line vertical-interval gap is contained in sync track (which also includes adequate overlap), assuring that all lines are recorded. (Users who don't require sync track's 10 lines may omit this track, but no other material may be recorded in area allotted for sync track.)

Rotating scanner drum has 6 head-tip locations, with separate record & erase heads for both video & sync tracks. Video & sync confidence heads & automatic-tracking head may be added as optional features. Linear tape speed is 244 mm/sec. (9.61 ips). Three longitudinal audio tracks of equal width provide 3 program-quality audio channels, 2 adjacent ones being used for stereo or separate audio signals, 3rd for time code, cueing or additional audio channel. Separate control track identifies odd & even fields & alternate frames.

Both Sony & Ampex previously indicated they would retrofit existing machines to meet any new standards. At week's end, officials of both weren't available for comment.

**Solicitor Gen.** urged Supreme Court not to accept appeal in Home Box Office case filed by FCC, which had backing of NAB & ABC (Vol. 17:13 p1). Since Justice Dept. had opposed Commission before Appeals Court, action of Solicitor Gen. wasn't surprising. He also urged that Supreme Court not consider ex parte angles of case, saying Appeals Court should settle own differences. Attorneys believe high court could act as early as next month.

**Videotape highlights** of June 6-8 cable hearing by Senate Communications Subcommittee are being sent to systems this week—just before Sept. 29-30 House Communications Subcommittee cable hearings. HBO is sending them via satellite, and Viacom is offering tapes to all requesting them. Service Electric furnished 8-man crew for taping, and editing was done by producer Brian Lamb.

**CPB has granted** \$190,000 to NAEB to establish & administer recruitment service for public broadcasting designed to "guarantee that minorities, women and other professionals... will have free access to job opportunities."

**Unusual HRTS luncheon** Oct. 4 features creators & performers of "Soap," prepared to discuss 3 episodes to date.

**ABC vetoed**, under its NCAA contract, plans of NCAA & Ohio State U. to put 2 football games on Warner's cable system in Columbus. They were Nov. 5 Illinois game (away) & Nov. 12 Indiana (home)—neither of which is to be televised. OSU games always are sold out, turning away up to 60,000 requests for tickets. Warner expects to have some 10,000 homes hooked up by Nov. 5. Said OSU Athletic Dir. Hugh Hindman: "The universe to be used for research purposes is so minute in terms of a total audience that I am amazed that ABC would take a stand against this type of programming." Thomas Hensen, NCAA TV dir.: "ABC's vehement adverse reaction really caught the NCAA committee and me by surprise." ABC's James Spence, asst. to Roone Arledge, said: (1) ABC's interpretation of its NCAA contract differs from NCAA's. (2) "It's also against company policy. We're concerned about precedent. It's common knowledge that we have \$118 million committed to college football for 1978-81, and our commitment is based essentially on exclusivity."

**Planned P. R. convention** of Federal Bar Assn.—of which FCC Chmn. Wiley is pres.—was very much in air at weekend because of assassination Sept. 21 of San Juan lawyer Allan Randall, chmn. of convention and FBA officer. Terrorists left note saying that Randall was killed because of cooperation with CIA and that measures would be taken this week against FBA in San Juan. U.S. officials recommended FBA not go to P. R.—and truncated convention Sept. 29-Oct. 1, Mayflower Hotel, Washington, was announced. That, too, was later rescinded (partly because of pressure from P. R. govt. that move would severely cripple P. R. tourism) and left up to meeting of FBA exec. committee at week's end.

**"Intelcom 77"** is Oct. 9-15 Atlanta conference developed by Horizon House, Dedham, Mass., with hundreds of papers on broad array of communications subjects, including international TV-radio, satellites, cable, fiber optics, etc. U.S. speakers include Sidney Topol, Scientific-Atlanta; H.A. Elion, A.D. Little; Donald Jansky, OTP; Lee Holmes, Guam Cable; Frank Norwood, JCET; Edward Arnold, T-Com; James Murray, Farinon; Leonard Jaffe, NASA; Alan Pearce, OTP; Walter Hinchman, FCC; Donald DeLuc, U. of Wis. Details: Paul Polishuk, pres., Horizon House, 610 Washington St., Dedham, Mass. 02026, 617-326-8220.

**Latest violence report** draft by staff of House Communications Subcommittee is due to be considered by members Sept. 29—and "tenor is essentially the same" as last draft in July (Vol. 17:38 p5), according to congressional source. Report is said to incorporate moderate language about networks & industry structure, but one network official said it's still "pejorative, inaccurate and violates the First Amendment."

**Four-month-old strike** of 1,700 ABC-TV technicians may be on road to settlement, following package proposal by network to NABET, details not disclosed. Issues include pay and jurisdiction over ENG equipment, among other items. Vote on proposals by NABET members takes place early this week, chapter by chapter.

**FCC PUTS EXCLUSIVITY ON ICE:** Broadcasters' contracts for films—excluding their use by pay TV—are no longer under FCC scrutiny, much to chagrin of NCTA, which will go to court. Commission ended its inquiry, saying it doesn't find "sufficient evidence to warrant its acting either because existing exclusivity practices limit program diversity on subscription TV operations or retard its growth."

"Almost without exception," FCC said, "every new feature film is available for subscription use between its theatrical & network exhibitions, and the growth of the subscription industry has been dramatic... The adoption of regulations to correct perceived deficiencies in the marketplace brings with it its own deficiencies and penalties in the form of the rigidities of regulation and the necessity of continuing detailed oversight."

"As a result of the appellate court's decision and the FCC's acquiescence in the decision insofar as it vacates the pay-cable feature film rules, a major impetus for this proceeding's beginning has been eliminated."

Said NCTA: "The practical effect of broadcaster exclusivity practices is that, except for brief periods following their theatrical runs, popular feature films are tied up in long-term commitments to broadcasters and simply are not available for exhibition on pay cable."

According to NCTA Pres. Robert Schmidt: "The action of the FCC in closing the book on the subject... without examining a single broadcaster contract cannot be justified in the light of the U.S. Court of Appeals' clear warning about the antitrust question raised..."

**All references to advertising** were removed from saccharin bill voted by House Commerce Committee which delays for at least 18 months proposed ban by FDA on products using saccharin. Voice vote on ad section in proposed bill was opposed, overwhelmingly, especially after Reps. Van Deerlin (D-Cal.) & Frey (R-Fla.) urged its deletion. House version is expected to come to floor for House vote in week or 2 and to pass without serious attempt to reintroduce ad clause. House legislation is similar to that approved by Senate 2 weeks ago (Vol. 17:38 p4).

**CATV earth stations:** Licensed—DeRidder, La. Applied for—Keystone Peak & Sierra Vista, Ariz.; Bradenton, Gainesville, Lakeland, Mullis City & St. Petersburg, Fla.; Glenville, Ga.; Jeffersonville, Ind.; Butte & Helena, Mont.; Columbia, S.C.; Parkersburg, W. Va. There were also 7 applications by existing licensees to add Madison Sq. Garden programs, 3 to add WYAH-TV Portsmouth, Va. (For details, see weekly CATV Addenda.)

**Storer Bcstg. buys WLYF(FM)** Miami from Sudbrink Bcstg. for \$5.56 million cash, plus \$500,000 consulting agreement for 5 years. Broker: Ted Hepburn Co. Storer bought Sudbrink's WLAK(FM) Chicago month ago for \$4.25 million (Vol. 17:36 p4).

**LESCO Inc.** appointed sales rep in Del. Valley & Va. for American Electronic Labs CATV equipment.

**FILTERS TO RESCUE?:** Use of RF filters to make TV receivers less susceptible to interference was one measure advanced at House Communications Subcommittee discussion by land-mobile adherents seeking additional spectrum space in UHF band. Some mobile equipment makers said addition of RF filter to TV sets at factory would cost perhaps \$3 per set. Land-mobile representatives hammered at fact that they have split their channels 3 times in last score of years.

Sole broadcast representative, Roy Easley of AMST, reported that land mobilers don't use their channels efficiently. He urged that Congress order FCC to encourage development of large, land-mobile systems, like common carrier and/or shared user systems; integrated regional govt. systems, encompassing police, fire & ambulance systems; improved usage of frequencies assigned to land-mobile.

**More translators** in Ch. 70-83, on secondary basis, were turned down by FCC, as it denied petition by Council for UHF Bcstg., which had been supported by NAB and most other broadcast associations. In 1970, FCC gave Ch. 70-83 to land-mobile use, allowing existing translators to remain. Commission said there's plenty of room for translators on Ch. 55-69—and Ch. 14-54 if necessary. It noted, for example, that there are more than 2,400 VHF translators on Ch. 2-13, were 625 primary stations operate, but only 490 on Ch. 55-69 where mere 30 primary stations transmit. Commission said it can add translators on Ch. 70-83 in future if Ch. 14-69 prove inadequate.

**Line on pro football** and some college games is subject of game show being produced Oct. 3 for more than 40 pay-cable markets by Jaybar Enterprises with 20th Century-Fox. Weekly program will have L.A. sportscaster Tom Kelly as host. Las Vegas handicapper Bob Martin to provide odds & pointspreads and 2 "guest" handicappers. Jaybar, who is Jackie Barnett (Bobby Riggs tennis events, writer for Jimmy Durante, etc.) plans to express videotape to cable systems (L.A., Philadelphia, Pittsburgh, San Diego are among first). He figures his investment will be about \$500,000, hopes to expand into baseball.

**Major dismissals at NPR** by new Pres. Frank Mankiewicz: Lee Frischknecht, senior vp, formerly pres.; Mike Harris, planning & research dir.; Wayne Gray, business affairs, dir.; Rufus Ragan, Don Keel & Lea Adams—members of development dept. Remaining as development dir. is Eloise Franklin, ex-WNET N.Y.

"Nothing short of the ultimate sanction... would serve the public interest"—FCC Judge Reuben Lozner in initial decision denying license renewals for WGNE-AM-FM Panama City, Fla. Licensee was found guilty of rigging contest, use of false audience surveys and lying to FCC.

**Jerrold will expand** Hatboro, Pa. facility 50%; it will be hq for General Instrument's Broadband Communications Group. Major manufacturing continues at Nogales, Mex. & Chicopee, Mass.



**MINORITY FOCUS ON REWRITE:** "There is going to be one hard-hitting amendment dealing with minority enterprise," Rep. Mitchell (D-Md.), chmn. of Congressional Black Caucus, said of House Communications Subcommittee attempt to rewrite Communications Act. Speaking to NAB-NABOB seminar on black ownership, he said this is time for blacks to push hard against entrenched white industry. "How many doors are you going to open for us?" he asked.

Chief Counsel Harry Shooshan said Subcommittee plans Oct. hearings to get minority perspective on rewrite efforts. "We really miss the point if we just concentrate on [black] ownership," he said. Hearing will be followed with "round-table work session" on minorities, maybe off-record to encourage more "frankness." "We'll have a clear picture of the needs & concerns of minorities when we start to draft a bill," Shooshan said. "Something will come out of the rewrite to provide a greater stability [in licenses] and the bill won't make everybody happy but there'll be something in there for everybody."

Chmn. Wiley said FCC will let contract this week for study of minority ownership in broadcasting, calling it "a very major FCC research project."

There were many questions at NAB-NABOB sessions—as well as Sept. 23 Black Caucus seminars on Hill—on SBA plan to change its rules to permit loans to buy stations & cable systems (Vol. 17:36 p1). SBA Administrator Vernon Weaver told Black Caucus move could be made without rulemaking, gave no prediction on timetable.

"Some of these days you're going to have to answer for [biased reporting] because you are licensed by the FCC... There's a good question of whether you ought to have your license renewed or not"—Tenn. Gov. Ray Blanton, live on WSM-TV Nashville. Blanton, during 17-min. interview, became upset when asked about planned pardon for convicted murderer who is son of chmn. of governor's patronage committee. He said station didn't have "guts" to editorialize—instead engaged in biased reporting—when asked about charges of "selling" pardons.

**Cable policy hearing** of House Communications Subcommittee Sept. 29-30 includes: Daniel Aaron, NCTA chmn.; Gustave Hauser, Warner; Jack Valenti, MPAA; Henry Geller, Aspen Institute; Ralph Baruch, Viacom; Russell Karp, Teleprompter; William Johnson, FCC Cable Bureau.

**Funds for public TV documentaries**—\$500,000—will be provided by Ford Foundation & National Endowment for Arts, 50% each. WNET N.Y. will administer fund, which is intended to encourage production by independents.

**FCC Comr. Lee** and Common Carrier Bureau Chief Walter Hinchman will be in Japan Sept. 30-Oct. 5 for telecommunications conferences in Tokyo & Osaka.

**Satellite Networks Inc.** is new branch of Oak Industries, will build first earth station in Milwaukee to bring pay-TV programs to local MDS.

**Analysis of U.S. cross-ownership & antitrust issues**, derived from study for Rand by Walter Baer, Henry Geller, Joseph Grundfest & Karen Possner, concludes: "Most questions about the effects of media ownership concentration on media performance must be answered with the well-known Scotch verdict: 'Not proved.' Many of the prior studies seem flawed by inadequate data or by methodological problems such as a failure to control for other important variables. The size of a market, its demographic characteristics, and the number of local competitors generally seem more important than ownership in influencing media economic performance & content." Paper also states: "Using the 'Gini coefficient' as a measure of industry concentration, the cable industry exhibits the greatest concentration of ownership, followed by newspapers and then TV stations."

**Utah Scientific Inc.** has been started by Lyle Keys, ex-TeleMation, to produce limited line of TV broadcast equipment—details not yet disclosed. Keys said he and associates tried unsuccessfully to sell TeleMation, which had been losing money, largely because of extensive distribution system, so he left to start small firm. He said Utah expects to gross about \$500,000 in first year, starting shipments in first quarter 1978, never go above \$2 million. He estimates sales will be 50% domestic, 50% overseas. Equipment will all be in broadcast field, none in cable or other closed circuit. Earl Gray, also ex-TeleMation, is production mgr. Address: 2276 South 2700 W., Salt Lake City 84119, 801-973-6840.

"Repayment, even tomorrow, would not approach full compensation," NAB Gen. Counsel Erwin Krasnow said of FCC's failure to refund fees to broadcasters—mandated by D.C. Court of Appeals in 1976 decision. Speaking to Neb. Bcstrs. Assn., he said this is true because of lost interest & inflation since Commission illegally started collecting fees 7 years ago. He said govt. has wrongfully had use of \$47 million collected without paying interest.

**Kansas State Network** offer to buy back 24% interest in KSN held by Heritage Communications has been turned down. Earlier, Heritage reported that talks of merger of the firms were broken off. Heritage bought into KSN last March in \$3 million private stock purchase.

**Satellite Access Systems** has been established by cable veteran Bill Karnes, to provide earth-station construction, surveys, frequency coordination, etc.: 700 W. Airport Freeway, Suite 790, Irving, Tex. 75062, 214-259-6733.

**Detroit Federal Judge James Churchill** has thrown out lower court gag order prohibiting identification of Catholic priest accused of sex crime involving 14-year-old boy. WXYZ-TV Detroit and Mich. Assn. of Bcstrs. had appealed order.

**NAB sponsors** 10th AM directional antenna seminar Nov. 2-3 in Cleveland. Programmed by Carl Smith Assoc., seminar costs \$135.

**WFMY-TV Greensboro** appoints Blair TV rep.

## Personals

**Ernie Schultz**, KYTV Okla. City, moves up to RTNDA pres., succeeding **Wayne Vriesman**, WGN Continental; **Paul Davis**, WCIA Champaign, Ill., defeated **Ted Landphair**, WMAL-AM-FM Washington, for vp-pres.-elect; **Phil Mueller**, KSL-AM-FM Salt Lake City, elected treas. unopposed.

**Jon Nesvig** advanced to vp, western sales, NBC-TV; **Stanley Losak** promoted to mgr., special programs, NBC News... **Stephen Labunski**, ex-NBC radio pres. and exec. vp of Merv Griffin station group, named general consultant to Webster Group in expansion of radio management consultant activities.

**Sherman Wildman**, ex-gen. sales mgr., WCBS-TV N.Y., named gen. mgr., retails sales, CBS TV Stations Div.; **Stephanie McClelland** named dir., bestg. services, for Div... **Sid Davis**, ex-chief, Group W Washington news bureau, appointed news dir., NBC News, Washington... **Willard Dougherty** & **Charles Hanson**, TvB SE & SW sales dirs., named vps.

**Henry Geller**, Aspen Institute, speaks at FCBA luncheon Oct. 7, Army-Navy Club, Washington... **Sig Michelson**, pres., Radio Free Europe & Radio Liberty, speaks at Sept. 30 lunch of IEEE Broadcast symposium, Washington Hotel, Washington... **Carl Fielstra**, ex-OTP, joins **John Eger** (ex-OTP acting dir.) Washington communications law firm.

**John Shenefield** confirmed by Senate as Asst. Atty. Gen. for antitrust... **Neal Van Ellis**, vp-gen. mgr., WKYC-TV Cleveland, elected pres., Ohio Assn. of Bestrs... **Dennis Kennedy**, ex-WFAA-TV Dallas, joins Katz American, Dallas.

**Michael Garin** promoted to vp-gen. mgr., public TV & syndication, Time-Life Films, new post... **Carmella Caridi** appointed counsel, Manhattan Cable... **Karol Freed** promoted to vp, engineering, Unimedia, new post.

**Coverage of Washington events** by WETA-TV there is assured with grant of \$1 million from CPB, plus matching funds of \$1 million including \$500,000 from Ford Foundation. Plan is to permit WETA-TV to provide live coverage of events taking place in Washington and at same time offer some news to PBS for live national distribution.

**Children's TV Workshop** has acquired 2nd commercial radio station—KPMJ(FM) Oxnard-Ventura, Cal., for \$380,000. CTW already owns KACY(AM) there, which it bought in 1976 for \$866,250, and holds minority interest in CATV franchise for Honolulu and island of Oahu.

**NAB TV board** says translators play major role in "bringing free, over-the-air TV service to rural communities," passed resolution saying they are essential, need more power and "urgently need microwave authorizations."

**Financial analysis** of 16 cable companies is offered by specialist **David Wicks**, Warburg Paribas Becker, 55 Water St., N.Y. 10041.

**FCC will go to Supreme Court** on Pacifica obscenity case, FCC Comr. **Robert Lee** told Federal Communications Bar Assn. "We want something definitive," he said. "We really don't care how it comes out." He said there always have been complaints about indecency, etc., recalling furor over bosom of Dagmar many years ago. "We all looked at 'Soap' the other night," he said, "and I guess we all yawned." He also said: "Broadcasting has reached maturity. It needs less & less attention. Non-broadcast matters are an emerging field—something young lawyers should note." Turning to criticism of Commission & govt. by **Irving Kahn**, Broadband Communications (Vol. 17:38 p4), Lee said: "I think NASA isn't doing badly launching satellites. Would Irving want to do his own? And Irving will be knocking on my door—wanting to break up that Bell monopoly."

**Payload design** for Hughes's public TV, Syncom IV, due to be launched with space shuttle in 1980, will be a major item at annual conference of Public Service Satellite Consortium Oct. 5-6, Mayflower Hotel, Washington. Speakers will include **Henry Loomis** & **William Houser**, CPB; **Alan Lovelace**, NASA; **Albert Wheelon**, Hughes, which is underwriting \$14 million cost of satellite. PSSC members include universities, church organizations, as well as CPB, PBS & NPR.

**TV cameras, radio microphones** and still photographers got approval to cover Georgia Supreme Court, with possibility lower state courts may follow suit. Broadcast coverage of appeal arguments was limited, principally to establishing news of open court. WSB-TV Atlanta used 2 cameras to feed arguments back to studio where panel discussed meaning on air, with court feed in background. Georgia becomes 5th state to open courts to TV-radio; others are Fla., Ala., Colo., Wash.

**Allocation** of \$120.2 million 1979 fiscal appropriation for public broadcasting by CPB board sees \$90.2 million going to TV, \$17.9 million to radio, for direct support (radio includes expansion of coverage in this category). Fiscal 1978 split of \$107.15 million saw \$80.4 million for TV, \$16 million for radio. And CPB board authorized division of \$2,893,000 in so-called discretionary fund, with bulk going to TV stations; 16% to radio (\$480,000).

**Acquisition of TV-radio stations** is goal of newly-organized A-T-O Inc. Communications Div., based in L.A. and headed by ex-TV-radio-CATV owner **Saul Rosenzweig**. Rosenzweig said Div. is seeking \$30 million for purchases. Cleveland-based A-T-O is diversified company that makes fire-protection devices, sporting goods, mining & construction equipment.

**Support for Optical Systems'** petition to FCC for inquiry into leased cable channels has come from NCCB, which said definitive rules are needed to avoid anti-competitive practices.

**NAB will sponsor 3rd children's TV programming conference** June 4-6, Washington Hyatt-Regency Hotel.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 9 (36th week of 1977):

	Sept. 3-9	1976 week	% change	Aug. 27- Sept. 2	1977 to date	1976 to date	% change
Total TV . . . . .	217,170	195,192	+11.3	307,943	8,799,061	7,717,618	+14.0
color . . . . .	140,093	122,540	+14.3	208,413	5,452,487	4,571,646	+19.3
monochrome . . .	77,077	72,652	+6.1	99,530	3,346,574	3,145,972	+6.4
Total radio . . . . .	710,530	578,220	+22.9	2,020,346	34,411,973	25,614,649	+34.3
home, portable .	477,911	316,636	+50.9	1,783,755	25,885,786	17,103,429	+51.3
AM-only . . . . .	95,481	139,809	-31.7	455,147	6,142,226	4,432,989	+38.6
FM & FM-AM .	382,430	176,827	+116.3	1,328,608	19,743,560	12,670,440	+55.8
auto . . . . .	232,619	261,584	-11.1	236,591	8,526,187	8,511,220	+0.2

Color TV 5-week moving average: 1977—169,193; 1976—150,034 (up 12.8%).

**MORE ZENITH CUTBACKS COMING—NEVIN:** Zenith's research & engineering cutbacks (Vol. 17:38 p8) are only the beginning, according to Chmn.-Pres. John Nevin. Company's "substantial expense reduction," he told us, will have "impact on all activities in terms of cutbacks."

As for engineering reorganization, Nevin said he couldn't state now how many employees would be fired. "We'll probably know next week," he said. "I won't pretend this move wasn't directed at reducing costs. We have to get a great deal of cost out of this business if we are to remain competitive at the new price levels." Zenith's current series of promotional allowances expires Oct. 5, and "on the basis of our reading" of competition, Nevin said company would probably revert to former pricing then.

Zenith has "no inventory problem," he said, "but we were concerned we would develop one. We had a potential problem if we had failed to respond. Our inventories are still significantly below our market share. We'll have to remain competitive or we'll give up share." Retail business is strong, with "good movement, and I've no reason to project a reversal."

Company continues efforts to cut labor costs. "There are only 2 ways to take labor costs out of TV: You can automate—we have used this method—or you can move high-labor activities into low-cost areas." Has new lower-cost "X" chassis been abandoned? "It's still in development, and would have been introduced next spring. Because of other realignments in manufacturing, we're going to have to defer it. We have not abandoned it. The delay is measurable in months." There has been speculation that "X" is answer to RCA's successful cost-cutting "Xtended Life" chassis.

Decision by Corning & Zenith to drop Mark IV picture-tube bulb design (Vol. 17:37 p6) "hasn't been costly, but it was a disappointment in that we expected a \$5-a-bulb or 22% reduction in glass costs on every tube. It was only costly in that we're failing to get what we expected. The tube design is what we really want—100° in-line with EFL gun. The glass envelope we struck out on...but what's important is the tube." Nevin said Zenith still plans to expand 100° tri-potential concept to other sizes.

**JUSTICE MAY DROP JAPAN TV PROBE:** Zenith reacted with shock last week at Justice Dept. statement it may drop probe into antitrust aspects of Japan's now-discontinued TV export check price system because Zenith wouldn't cooperate. In Dow-Jones interview, John Shenefield, new JD Antitrust Div. chief, says Zenith is blocking agreement which would give it access to confidential documents filed in Zenith's antitrust suit against Japanese in Philadelphia federal court.

Interview as written "completely misrepresents our position—we want to turn the documents over" and want JD to see Japanese papers as well, Zenith spokesman said. Court has ordered documents sealed, and Zenith is now facing contempt motion filed by Sharp & Sanyo claiming Zenith's act of informing JD that sealed documents contain relevant antitrust evidence was in itself violation of that order, he told us.

Zenith has offered to open files to JD, but Japanese counter-offer of limited access (Vol. 17:35 p9) is unacceptable, Zenith says. Agreement Zenith is blocking calls for Zenith to give JD a list of documents it considers important. Then JD investigators would have 5 days to examine them, take notes, but make no copies. Japanese would then let JD read documents which they feel rebut what Zenith provided.

Zenith says it feels deal is too restrictive. "No one could go through all that material and understand it in just 5 days." It also objects to ban on copying. Japanese have indicated fear that any copies made by JD could be subpoenaed by Congress, might later be made public.

Interview marks first time JD identified Zenith as the one pushing for investigation. In it, Shenefield expresses "suspicion the company is trying to force us to issue civil investigative demands against the Japanese," which he feels would be tantamount to taking sides with Zenith. Hinting JD might drop matter if Zenith doesn't go along with package agreed to by Japanese, he says: "If people have information that has led them to complain to us and to the Senate that there are antitrust law violations and yet don't take what seems to me a fair way to make that information available to us, the one possible inference is the complaint is without substance."

To one pro-Zenith observer, Shenefield's statement "looks like an excuse for a bail-out." JD looked briefly at issue before, and earlier this year decided not to investigate (Vol. 17:9 p7), and "there are people at Justice who would be very embarrassed if it turned out they were wrong."

**SQ SHINES IN FCC FM QUAD STUDY:** In FCC Labs tests which could significantly influence Commission's current inquiry into discrete quadrasonic FM broadcasting, CBS' SQ beat out other 4-channel matrix systems and ranked only slightly behind discrete systems. (Broadcasting of matrix quadrasonic sound requires no special FCC approval and very little added equipment at broadcast end.)

FCC Labs decided to run own 4-channel FM listening tests because SQ & QS weren't among systems tested earlier by NQRC. In addition, just-released report on tests says more information is needed on how listeners responded to stereo & mono reproduction of quadrasonic broadcasts. To simulate discrete (4-4-4) broadcasting, FCC used 4-channel tape deck. Encoders & decoders were used for RCA's discrete (4-3-4) as well as for matrix (4-2-4) systems sponsored by CBS, Sansui (QS) & BBC (H).

Tests showed SQ was preferred over all systems except 4-4-4 in 4-channel music-listening tests, and then trailed only slightly—52% preferring discrete to 48% for SQ. SQ was preferred by 58% over H, 61% over 4-3-4 and by whopping 77% over QS. In compatibility tests—simulated 4-channel signal reception on standard FM stereo & mono receivers—SQ won over all other systems.

Study notes SQ did significantly less well against other systems when listeners were asked to pinpoint direction from which specific sound originated—4-4-4 was by far best in this regard. But importance of this aspect is open to question, study says, many test panel members preferring "the back sound to be only ambient or reverberated material," apparently because they had "been conditioned by their concert hall or theater experience." This can be done "adequately by 4-2-4 systems."

While making no specific recommendations, report notes that although 4-4-4 systems have superior performance, technical or economic factors might keep them from being adopted for FM, and "they may be forced to survive only as audio systems for the theater or home." It goes on to caution that "extreme care must be exercised in choosing the system [for FM] so that future developments in multi-channel sound will not be stifled."

FCC findings drew reserved enthusiasm from Benjamin Bauer, CBS Technology Center vp-gen. mgr., who said they only support what CBS has contended all along with respect to superi-



ority of SQ for broadcast compatibility. He said CBS will continue to push for FCC acceptance of SQ as standard for FM 4-channel broadcasts, pointed out that adoption of SQ won't "preclude further development of discrete systems." He's preparing paper for upcoming Audio Engineering Society meeting showing SQ's compatibility with both 4-4-4 & 4-3-4 discrete quadrasonic broadcasting.

**VTR PRICE TURMOIL:** Alert dealers lost no time in scoring on Quasar's promotional rebates on its Great Time Machine (Vol. 17:38 p7). Meanwhile, it's expected that most 2nd-echelon manufacturers will stick with previously announced list prices for some time—at least through Oct. or Nov., and possibly for rest of year—simply because they're not really delivering yet and expect shortages to continue during pipeline-filling. This includes Sanyo (V-Cord II at \$1,300, Beta not due until Nov. or later); Toshiba (2-speed Beta at \$1,300, single-speed unit due next year) and JVC (VHS at \$1,280).

Quasar retailer ads broke on both coasts last week, and probably in between. In N.Y., Friendly Frost used big ads in N.Y., Long Island & Conn. newspapers ("Reg. \$995, Now \$795, \$200 off!"). Although ads broke Sept. 22-23, company official said Sept. 23 afternoon that "every store had immediate results."

Companies expected to be next to enter VTR field—Montgomery Ward & GE, both believed to be leaning towards VHS—told us last week they still were not ready to announce. Meanwhile, JVC's deluxe version of VHS with double-speed on-screen fast forward (Vol. 17:37 p10) was put on market at about \$1,075 (290,000 yen), about \$80 higher than standard unit. It could be introduced in U.S. in Oct. JVC obviously expects demand for step-up unit to be light, has scheduled production at 3,000 per month for both domestic & foreign markets.

No sooner had 3 Japanese manufacturers announced proposed PCM audio disc systems (Vol. 17:38 p10) than usual standards battle threatened to erupt. Sony last week said it would demonstrate at All-Japan Audio Fair Sept. 24-29 own system using "delay modulation" to permit up to 60 min. recording on 12" disc, twice the amount on that proposed by Mitsubishi, TEAC & Tokyo Denka. Sony said system could be commercialized in 2-3 years. PCM videodisc systems are outgrowth of optical videodisc technology, and Sony Pres. Kazuo Iwama said videodisc commercialization would depend on standardization agreements, particularly among software makers, disclosed negotiations were in progress.

**Video meetings:** TV consulting engineer Joseph Roizen will address International Industrial TV Assn. N.Y. chapter meeting Oct. 12 at Statler-Hilton on meaning of new 1" VTR standards to non-broadcast video. For summary of standards, see p. 3... **Video management** seminar will be sponsored by ITA Oct. 15 at N.Y. Sheraton... **David Rockefeller Jr.** will keynote International Videodisc/Home Video Programming Conference Nov. 16-19 at N.Y.U... **Video Tradex 77**, Heathrow Hotel, England, Nov. 22-25, sponsored by magazine Video & Audio-Visual Review. Details: Link House, Dingwall Ave., Croydon CR9 2TA, England.

**Entry into OEM** record-changer business is expected to be announced soon by Avnet, parent of British Industries Corp. & Channel Master. Through BIC, Avnet was retail distributor of Garrard changers, opened plant to produce changers for BIC in 1974 when Garrard contract expired (Vol. 14:10 p12). Industry sources indicate Avnet is establishing separate operation to handle OEM business, hired changer industry veteran William McDaid away from BSR. This is McDaid's 2nd break with BSR. In 1972, he left to join Glenburn, competing U.K. changer maker then being launched by BSR's retired founder John McDonald. McDaid rejoined BSR in 1975 when it acquired most of Glenburn's operation. U.S. OEM changer business, estimated at more than 4 million annually, is virtually exclusive property of BSR. Over last 15 years, many U.S. firms quit, including Admiral, GE, Magnavox, RCA & Webcor; V-M still maintains marginal operations. Last year, Garrard quit OEM field. There's open door for someone to become at least 2nd source. In 1973, new Mesa Electronics unveiled line of Mexican-made changers but hasn't been able to deliver. Magnavox this year started offering OEM changers made by U.K. subsidiary Collaro, but has met limited success.

**Value of consumer electronics** imports, including VTRs & speaker systems, rose 23.5% in first half to \$1.81 billion, Commerce says. Video tape recorders & players were fastest-growing category, with value up 84.6% to \$51.7 million. Japan continued as leading source for imported consumer electronics, accounting for products worth \$1.18 billion, up 12.1% from same 1976 period, although Japan's share of total import value dropped to 65.2% from 71.7%. Korea was fastest-growing foreign supplier, with import value up 63.9% to \$93.2 million. Results for other major source countries: Taiwan \$230 million, up 46.6%; Hong Kong \$100.4 million, up 46.8%; U.K. \$59.6 million, up 22.3%.

**General Motors** told House Small Business Committee that it intended to try to get more factory-installed AM-FM radio into cars, and that it would report back in Jan. on how it hoped to do it. Ford said it's studying matter. Committee also heard Rep. Van Deerlin (D-Cal.) urge enactment of all-channel radio law, and Donald Thurston, NAB chmn., charged that prices charged by auto manufacturers for installation of AM-FM radios were unconscionable.

**Amico** will be exclusive importer of pocket radio-lighter-LED clock combination from Hong Kong (Vol. 17:36 p11). Philadelphia marketer says unit will be retailed by year's end at \$50; model without clock at \$18.

**Record color sales** to dealers for week ended Sept. 16—about 205,000, up almost 23% from comparable 1976 week—are expected to be reported this week by EIA.

**FCC MULLS CB SALES DATE:** FCC is holding up consideration of petitions asking that marketing deadline for 23-channel CBs produced under old specs be extended beyond Jan. 1. Spokesman said agency would wait to see if market conditions improve enough to make deadline postponement unnecessary.

Original request for extension, submitted by Pathcom last month (Vol. 17:36 p10), has been joined by 2nd, from Dynascan, asking to either change its definition of term "marketed" to cover only first resale, and so allow distributors & retailers to continue to sell old 23s until stocks are depleted, or to grant waivers to permit marketing of 23s until Aug. 1, 1978. Pathcom had asked that sale of 23s by distributors & retailers be permitted to Aug. 1.

Dynascan says it takes 14 weeks for a CB to move from warehouse to consumer. Comparing its current 23-channel inventory with present sales rate "it is apparent... the inventory now on hand will not be shipped to distributors or retailers" in time to insure pass-through to consumers by Jan. 1. Unless FCC grants relief, "Dynascan will have no choice but to lower its prices to distributors to whatever level may be necessary to convince them to take the risk of being unable to sell the products to retailers."

Noting FCC recently extended sale deadline to Aug. 1 for hand-held CBs because of hardship claims by Montgomery Ward, Radio Shack & Fanon Courier, Dynascan says agency should follow same reasoning in this case. Company also points out that deadline for manufacture of older CBs has already passed, and manufacturers & importers will, one way or another, move obsolete inventories into marketplace. So change in marketing rules or deadline will have no effect on number of old 23-channel CBs available for sale to consumers.

FCC is being pulled in both directions. Importers & manufacturers who hold 23-channel inventories are pressuring for change in marketing rules to prevent what they fear will be massive pre-Christmas dump. Those CB companies which have disposed of inventories say an unloading now would clear way for CB business recovery in 1978. They feel single massive convulsion now would be preferable to continued availability of low-priced 23s through most of next year.

\* \* \* \*

**CB market depression** will continue for at least another 2 years, and by end of 1978 "more than 25% of present CB vendors will be out of the market or out of business," according to an otherwise upbeat report by International Resource Development. Long-term outlook for CB and other forms of personal 2-way communications "is for skyrocketing growth," IRD says.

Report forecasts FCC will open 900-MHz CB band in 1979, followed by merger of low-priced portable telephones & CB. By 1982, when prices of 900-MHz CBs should drop to \$175-\$200, CB users in all bands should stand at about 80 million, IRD estimates. For report details: IRD, 125 Elm St., New Canaan, Conn. 06840.

**CPSC-PENNEY TALK:** With help from supplier Matsushita, J.C. Penney will run new tests to support bid for safety recall exemption of 3 color TV models Consumer Product Safety Commission says may present fire hazard. New tests are follow-up to inconclusive meeting of the 2 companies and CPSC engineers last week.

CPSC spokesman told us 13,075 sets, all 18" sold in 1970-72, are involved in current case. They're similar in design to 8,000 Penney & 35,000 Panasonic sets sold at same time and recalled in 1974 for modification because they contained focus resistor that might have overheated. At that time, Penney won recall exemption for sets now in dispute, but CPSC says it has new evidence indicating they may present hazard.

Latest CPSC priority list of projects aimed at eliminating safety hazards ranks TV safety standard 17th out of 29 considered most urgent. Safety labeling & possible standard for antennas rank 4th, overview of smoke detectors 27th. No consumer electronic or related products were on 17-item medium-priority list.

CPSC also is proposing changes in regulations to clarify defective-product reporting responsibilities of manufacturers, distributors & retailers. For first time, agency defines term "defect," calling it "any aspect of a product which creates an unnecessary risk of injury," adds that risk is unnecessary if it has nothing to do with product's function or if benefits from product use don't "justify the risk of injury." Proposal would allow company maximum of 15 days from time it learns of product hazard to time it reports to CPSC, breaks it down to maximum of 5 days for news to filter up to responsible corporate executive, 10 days for company to investigate. Rules also would give CPSC right to seek court injunction to block marketing of product deemed hazardous, and to have Treasury ban its importation. Comments due Oct. 31.

**Singapore's electronics** industry may be in trouble if govt. doesn't take corrective action, according to report by U. of Singapore. Study warns that semiconductor business, backbone of Singapore's electronics involvement, is facing unstable markets. Study says this could lead to heavy layoffs, particularly because Singapore workers are paid more than those in other electronics export areas such as Hong Kong, Taiwan, Korea & Malaysia. Report recommends govt. provide financial incentives to cut costs, increase productivity, develop more support industries to reduce material imports and encourage growth of local companies.

**New AM stereo system**—CPM (compatible phase multiplex) was announced by Harris Corp. Bcst. Products Div. Described as modified quadrature system, CPM consists of right & left channel side-band pairs being transmitted at plus & minus 15 degrees from carrier. Claimed advantages: No increase in bandwidth or spectral density; no loss of mono coverage; no change in modulation capability; most standard AM transmitters may be used with only minor modifications; economical, easy & stable receiver construction using existing ICs.



**CES MOVES ON IHF:** In move obviously intended to diminish industry interest in competing International High Fidelity Show (Vol. 17:13 p10), EIA has sharply expanded facilities for audio exhibitors at next June's Consumer Electronics Show. CES is planned for Chicago June 10-13, while first-ever IHFS, sponsored by Institute of High Fidelity (IHF), is set for Atlanta May 19-21.

At meeting in N.Y. last week, CES Industry Advisory Committee approved: (1) Additional 100,000 sq. ft. of open exhibit space on McCormick Place's Mall Level. (2) Construction of 50 audio sound rooms on Lobby Level. (3) Reserving adjacent McCormick Inn, including exhibit areas, suites & rooms, for exclusive use of audio exhibitors. (4) Putting 75 sound rooms at downtown Conrad Hilton for exhibitors of more esoteric hi-fi. Shuttle bus service will run from Hilton to McCormick.

With new services available, CEG hopes audio firms will think twice about need for exhibiting at smaller show just month earlier. CEG also completed plans for Jan. 5-8 Winter CES—in Las Vegas for first time.

More details on progress of IHFS are expected to be announced at first annual Top Management Seminar being held in N.Y. Oct. 4-5 under Institute sponsorship at Plaza Hotel. Sessions are all Oct. 5: Marketing Opportunities & Strategies; Who Retail Hi-Fi Today & Who Will be Dominant Tomorrow; Women's Market. Workshops will be held on components, speakers & headphones, turntables, cartridges, tape & decks. Details from IHF, 489 Fifth Ave., N.Y. 10017.

**Ad notes:** Hitachi will stress color TV warranty in \$1-million network TV campaign this fall... **Advent's** upcoming print campaign for VideoBeam TV projector is themed "It's Beyond TV"... **Commodore** names Bozell & Jacobs/Pacific as first agency on account estimated at \$1 million... **GBC CCTV** appoints Milton Samuels Adv. for consumer TV camera line... **Gillette** will spend \$3 million on fall TV campaign claiming Captain Kelly smoke detectors react to fires faster than units marketed by others... **IHF & Newspaper Ad Bureau** sponsor "Golden Note" awards contest for best retail hi-fi ads, entries due Feb. 15.

**Taiwan plant expansion** programs of Dutch Philips & General Instrument call for combined new investment of \$7 million. Philips will spend \$5 million to add carbon film resistor and IC production capability in Kaoshiung Export Processing Zone. New facility can turn out 50 million ICs, 200 million resistors annually. GI will spend \$2 million to upgrade solid-state component manufacture. GI currently produces about 3 million solid-state components a day, mainly rectifiers, in Taiwan, plans to hike output 5-10% next year.

**TV repair firms** ranked 9th on BBB's list of businesses consumers complained about most frequently in first-half 1977. BBB said it handled 3,933 TV repair complaint cases in 1977 period, resolved 2,934, for 74.6% settlement, while it had 4,514 cases in first half 1976, settled 3,128 or 69.3%.

**SONY NET SLIDES:** Sony reported 3rd-quarter sales & earnings were 2nd highest in history for period, though below record results of 1976 (see financial table). Sales were down 0.5% in quarter, up 7.1% for 9 months, while net was down 28.1% in quarter, up 11.4% for 9 months. Sony attributed part of sales decline to effect of rising yen value, said that while overseas sales were up in terms of local currencies, conversion to yen as part of consolidated sales report resulted in paper decrease.

Sales breakdown by market shows overseas sales down 3.5% in quarter to \$271.6 million, up 11.4% for 9 months to \$826.9 million, while domestic-market sales for same periods were up 4.1% to \$187.8 million and 1.2% to \$553.9 million. Sony sales, in millions, by product line for quarter, with 9-month results in parentheses: TV \$163.7, down 9% (\$461.2, down 2%), audio recorders & radios \$89.7, down 8.8% (\$289.1, down 2.4%), VTR \$60.1 million, up 19.6% (\$180.6, up 37.5%), hi-fi \$45, down 14.8% (\$157.1, down 2.6%), other \$100.8, up 25.5% (\$292.9, up 27.3%).

**Matsushita** declared 11-for-10 stock split, said it planned to float new 50-million share issue in Japan. New shares would have value of about \$115 million at current market price.

**Motorola** plans to raise \$100 million with 30-year debenture offering next month. It will be Motorola's first debt sale since 1961. Company said proceeds would be used to reduce short term debt, retire bond issue due in 1987.

**Japanese TV makers** are overhauling & modernizing chassis as competition intensifies with continued economic slump in home market and export quotas. Toshiba & Mitsubishi introduced simplified chassis making extensive use of medium-scale integration (MSI) & surface-wave filters. Former says that it reduced number of parts 17-24%, latter that it cut tuner parts 24%, chassis parts 18%. JVC is introducing calculator-type remote control, Sharp an electronic tuner that beeps with each channel change.

**One videodisc system contender**—Videofilm (formerly I/O Metrics) film-based optical system—apparently is up for grabs. Development was taken over recently by Videonics of Hawaii, Santa Clara, Cal., which is now understood to have run out of funds and to be looking for purchaser. Videonics Vp Alan Stricklin, ex-I/O Metrics, has quit and is suing company for back pay. Hawaiian realtor Arlene Ellis is Videonics chmn.

**European market** for non-programmable video games should grow from 365,000 sold last year to 3.9 million in 1980, according to study by Mackintosh Consultants, Mountain View, Cal. Study shows W. Germany accounted for 43% of sales last year, U.K. 26%, but their respective shares will drop to 21% & 18% in 1980, as consumer interest grows in other countries. Germany is also expected to be largest European market for programmable games.

**GE is hiking prices** on OEM rechargeable nicad batteries 4-9% Oct. 3. Marathon plans similar boost in 1978. Other major suppliers are studying move.

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with  
Consumer Electronics...

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## Trade Personals

R. David Pittle, strong consumerist, is due to be reappointed member of Consumer Product Safety Commission; 2 new members expected are Edith Barksdale-Sloan, dir. of Washington Office of Consumer Protection, and Susan King, law student, staffer of Federal Election Commission.

Kenneth Nees, Sony America corp. secy., promoted to exec. asst. to Pres. Raymond Steiner... William Chappell, former North American Phillips corporate group controller, advanced to Magnavox Consumer Electronic senior vp-finance & controller... Art Westburg appointed general sales mgr. for Sanyo consumer electronic products, succeeding William Kirsch, resigning to form his own company which will be a Sanyo rep; Westburg's replacement as national sales mgr. for radios & recorders hasn't been named.

G. S. (Bud) Howland, ex-Sylvania Chicago region mgr., joins Sharp as TV product central sales mgr.; Howard Prince named east sales mgr. for microwave ovens... Gary Miller, ex-GE, appointed Firestone Store Sales Dept. home goods merchandiser... Robert House promoted at Lafayette from Retail Div. mktg. mgr. to ad dir., succeeding George Priggin, resigned.

R. Michael Briggs, Allen Group corp. development vp, appointed group vp-mobile communications, responsible for Antenna Specialists & Allen Group's Puerto Rican Operation; Robert Paul, Allen vp, advanced at Antenna Specialists from finance vp to operations vp... Mike Govorko, VOR Industries national sales mgr., named vp... Brent Welling appointed National Semiconductor linear mktg. dir., replacing Tom Recine, now distributor mktg. dir.

## 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
AT&T			
1977-year to Aug. 31	35,117,102,000	4,374,846,000	6.79
1976-year to Aug. 31	31,609,974,000	3,589,791,000	5.74
1977-qtr. to Aug. 31	9,150,816,000	1,185,222,000	1.82
1976-qtr. to Aug. 31	8,309,203,000	1,012,416,000	1.60
Cablecom-General			
1977-9 mo. to Aug. 31	21,700,756	3,110,272	1.21
1976-9 mo. to Aug. 31 <sup>a</sup>	19,498,315	2,181,313	.85
1977-qtr. to Aug. 31	8,862,551	1,402,192	.55
1976-qtr. to Aug. 31 <sup>a</sup>	7,363,633	805,434	.31
Chyron			
1977-year to June 30	3,505,596	272,905 <sup>b</sup>	.33
1976-year to June 30	3,413,006	633,398 <sup>b</sup>	.77
General Instrument			
1977-26 wk. to Aug. 28	247,243,820	11,761,522	1.46
1976-26 wk. to Aug. 29	224,238,987	8,146,844	.99 <sup>c</sup>
1977-13 wk. to Aug. 28	123,117,261	6,624,199	.83 <sup>c</sup>
1976-13 wk. to Aug. 29	117,040,704	4,930,436	.61 <sup>c</sup>
Lafayette Radio & Electronics			
1977-year to July 2	88,439,000	(3,101,000)	--
1976-year to June 30	98,760,000	2,915,000	1.33
1977-qtr. to July 2	18,499,000	(2,538,000)	--
1976-qtr. to June 30	23,932,000	772,000	.35
Rust Craft Greeting Cards			
1977-6 mo. to Aug. 28	41,089,000	517,000	.23
1976-6 mo. to Aug. 29	38,680,000	167,000	.07
Sony <sup>d</sup>			
1977-9 mo. to July 31	1,381,200,000	106,900,000	.49 <sup>e</sup>
1976-9 mo. to July 31	1,289,900,000	95,900,000	.45 <sup>e</sup>
1977-qtr. to July 31	459,500,000	29,300,000	.13 <sup>e</sup>
1976-qtr. to July 31	461,900,000	40,800,000	.19 <sup>e</sup>
Teletronics			
1977-year to June 30	6,903,000	698,000	.69
1976-year to June 30 <sup>a</sup>	6,369,000	657,000	.66

Notes: <sup>a</sup>Restated. <sup>b</sup>Includes special credit. <sup>c</sup>Adjusted. <sup>d</sup>At yen's current rate. <sup>e</sup>Per ADR.

**Future use of power amplifiers in 25-35-MHz band will be subject of oral argument before FCC, date to be fixed.** Present rules ban use of power amplifiers in that band, including CB radio, except for amateurs. Two proposals pending are to delete exemption for amateurs, or to require type acceptance. Either way, FCC staff hopes to overcome illegal use of linear amplifiers by CBers, subject of warning FCC public notice Sept. 22. And stern notice stating that under no circumstance will commission grant more power to CBers was issued.

**FCC clarified earlier statement on all-channel antenna rules which go into effect next July 15 (Vol. 17:27 p12)** in response to inquiries asking under what conditions common indoor VHF-UHF antenna connected to TV set would be accepted as meeting rule. Commission gave these conditions: (1) When supported by measurement data showing common antenna provides UHF reception comparable to that of loop antenna. (2) A showing that receiver contains splitter circuit to couple UHF signals to UHF tuner effectively, along with statement that antenna gives acceptable UHF reception.

**Aiwa opened German sales subsidiary to handle audio equipment imports.** Aiwa's European sales activities formerly were through Celtone of Switzerland.