

WEEKLY

# Television Digest

with  
consumer  
electronics



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### Broadcast

**FCC GEARS UP FOR BUSY FALL** after 'the quietest August in our history.' Ferris calls first bureau chief session, keeps his opinions to himself. Consumer Assistance Office now has 20,000 mailing list. (P. 1)

**'BIASED' PERTSCHUK MEMOS CITED:** Ad groups file in federal court for Pertschuk disqualification in kid TV ad inquiry, say memos and statements show prejudice. ABC's Duffy attacks inquiry. (P. 2)

**ABC GETS KSTP-TV FROM NBC:** Efforts of Silverman & Adams to save veteran Minneapolis affiliate fail. KSTP-TV reportedly will be able to add 200,000 homes via translators. (P. 3)

**VAN DEERLIN LIKES NEW FEE** for AM & FM—0.1% of gross—offered by Livesay, will substitute it for his staff's ideas. Anselmo likens TV fee to patent cancer cure. (P. 4)

**COURT BACKS PTV ON AUDIO RECORDS:** U.S. Appeals Court says regulation requiring public broadcasters to provide audio tape of some programming is unconstitutional. (P. 4)

**NCCB UNDER NADER?** Group negotiates to climb under Nader umbrella, bringing it funding & prestige. Johnson plans to remain head of lobbying arm. (P. 5)

**FCC GEARS UP FOR BUSY FALL:** After "the quietest August in our history"—according to veteran FCC staffer—agency begins gearing up this week for what promises to be busy fall. While first full-scale meeting isn't scheduled until Sept. 14—full contingent of commissioners will be on hand this week to prepare for Sept. 11 appearances before House Communications Subcommittee on rewrite (see p. 4).

Also coming this week (Sept. 7) is first full-scale meeting of bureau chiefs and other top staffers with Chmn. Ferris to discuss major issues. Ferris's predecessor—Richard Wiley—held such sessions weekly, and attendees believed regular meetings contributed much to Commission processes by letting them know how chmn. felt on issues and giving them insight into major problems of other bureaus. Shortly after he became chmn., Ferris said he would reinstitute weekly meetings (Vol. 17:48 p1), hasn't done so yet.

Ferris reportedly keeps his thoughts on issues pretty much within his own personal staff; bureau chiefs involved on big issues often don't know how chmn. leans until he actually votes. "We can go see Ferris to discuss substantive issues, but we really don't get a reaction from the chairman," key staffer said. "He nearly always calls in one or both of the Franks [Frank Lloyd, admin. asst.; Frank Washington, legal asst.] and the reaction comes from one of the Franks." Added another staffer: "Charlie nearly always lets Lloyd or Washington do his talking on the staff level."

### Consumer Electronics

**COLOR SALES SURGE** renewed in Aug., with dealers buying at 10.5-million annual rate. GE plans price increase; Sylvania to reprice this week or next. (P. 6)

**JAPANESE PLANTS** here paced U.S. color TV growth in first half, representing at least 66% of gain and making up quota-induced loss of share by plants in Japan. (P. 6)

**TV IMPORTS** topped million in July for first time in any month. Total TV shipments up 35.4% in month, color up 25.5%, b&w 43.4%. Taiwan undisputed leader in color & b&w; Japan shipments down. (P. 7)

**VIDEO DISC RECORDERS** under development as 2nd-generation product: Cal. firm unveils metallized plastic recordable \$10 disc for data storage. Canadian inventor has erasable disc. MCA looks toward 'office copier' disc-maker. (P. 8)

**WELLS-GARDNER TRIMS** loss in 2nd quarter, attributes improvement to Teknika TV assembly contract, plans expanded ties with Japan's General. Losses continue at Morse, Midland, Superscope. (P. 9)

**COMMODORE BUYS** Mr. Calculator retail computer chain. Takeover seen as evidence of growing manufacturer interest in experimenting with small-computer marketing. (P. 9)



At Sept. 14 meeting, Commission is scheduled to vote on FM quad & AM stereo—and both reportedly are opposed by Chief Engineer Raymond Spence, who alleges they wouldn't result in efficient use of spectrum. Bcst. Bureau strongly favors both systems. Right now, only 4 other meetings are scheduled this month: Sept. 19—regular agenda, excluding broadcast matters; 22—broadcast matters; 26—special meeting on issues from Office of Opinions & Review and from Review Board; 28—CATV issues, including EEO, economic inquiry & syndicated exclusivity (Vol. 18:33 p3).

Major items due for consideration in Oct.-Nov. include VHF drop-ins, fees & refunds, clear channels ("the only option is the extent of the breakdown," we're told), relaxation of one-to-a-market STV rule, community service programs—along with expected heavy amount of political complaints during election year.

Among major rulemakings & inquiries for which comments are due this fall: Sept. 15—reimbursement of expenses for public interest groups which participate in FCC proceedings; EEO rules and reporting forms. Oct. 16—expansion of ascertainment to require licensees to contact "all significant elements and institutions in their communities." Oct. 23—inquiry into public service announcements, when they are aired, and whether certain percentage should be locally produced. Nov. 1—children's TV inquiry. Dec. 11—low-power TV stations and role they should play in "overall national telecommunications system."

Role of FCC's Consumer Assistance Office under Belle O'Brien has been expanded in recent months—mailing list has gone from less than 5,000 to more than 20,000. Office actively seeks public participation before FCC; for instance, in children's TV inquiry, 4-page "FCC Feedback" was sent to 20,000 seeking their participation, telling them how to do so and listing questions Commission wants answered.

**AD GROUPS SAY PERTSCHUK MEMOS SHOW BIAS:** Three memos sent by FTC Chmn. Pertschuk last year show he's biased on children's TV advertising inquiry and should be disqualified, according to advertising & toy groups which sought Dist. Court injunction against Pertschuk last week.

Filings say that memos, included in court filing by AAAA, AAF, ANA and Toy Mfrs. of America, plus other recorded statements, show Pertschuk "has apparently made up his mind not only as to the resolution of certain particular fact issues, but also that the answers to the critical issues and questions of fact are so generic to all children's TV advertising that the law can be laid down for all of it..."

Obtained by Kellogg Co. through Freedom of Information Act, memos are to FCC Chmn. Ferris, Senate Minority Whip Stevens (R-Alaska) and Washington Post columnist Coleman McCarthy and referred to speech he gave on scope of FTC children's TV rulemaking. Said Pertschuk to Ferris in Nov. 9 memo: "Now after shooting my mouth off for 3 months here's our effort at putting some legal underpinnings under our initiatives on children's advertising. I should probably come over in the next couple of days to make sure that we don't cross each other inadvertently. Cheers." The 2 met Nov. 16 (Vol. 17:48 p2).

Memo to Stevens praised floor speech by senator in which he discussed problems of children's advertising. Pertschuk memo also discussed speech Pertschuk gave in which "...I tried to lay out the legal underpinnings—which I'm convinced are strong—for decisive action by the Commission in areas of children's advertising abuses." Said memo to McCarthy: "I know you share my concern in raising public consciousness to the part we play as a society for permitting children to be made commercial objects."

Throughout filing, groups attacked Pertschuk statements made in variety of forums and articles. Even cited as evidence of bias was Pertschuk promise that if Commission didn't act on rulemaking by end of last Feb., he'd donate his salary for dental research. "[This] certainly did nothing to detract from his image of commitment; and if anything, betrayed still further a prejudgment of the dental issues that will be in dispute in the rulemaking proceeding," filing says.

Meanwhile, ABC TV Network Pres. James Duffy had harsh words for inquiry, telling Ill.



Bcstrs. Assn.: "You can't take the candy bar off TV and eliminate the cavity... The only results of this type of practice are to divert attention from real causes, to damage the broadcasting industry and to infringe further on freedom of choice... The idea that problems can be solved in this manner is a dangerous delusion."

**ABC GETS KSTP-TV FROM NBC:** "We're extremely proud of it," ABC-TV Pres. James Duffy said last week in announcing that 30-year NBC affiliate KSTP-TV St. Paul-Minneapolis (nation's 14th market) is switching to ABC. KSTP-TV contract with NBC expires April 1, but NBC official indicated network may let station go sooner.

KSTP-TV dominates its market in local news—and that's what ABC wanted as lead-in to network's "World News"—also has other strong local programming. ABC press release announcing change quoted KSTP-TV founder-Chmn. Stanley E. Hubbard citing ABC as "network of the future" as reason for change. NBC and independent observers saw another reason:

KSTP-TV can pick up potential 200,000 homes by adding translators around Alexandria, Minn. & Eau Claire, Wis. NBC has affiliates in both markets; ABC doesn't. "Compensation wasn't an issue; we would have matched ABC's offer," NBC told us. (Note: ABC has picked up many affiliates in recent years, most notably Poole Bcstg. stations in Providence & Albany, by paying more in compensation than CBS [in case of Poole stations] was willing to match.)

NBC tried hard to keep veteran affiliate—Vice Chmn. David Adams reportedly led negotiations with Hubbards—and NBC Pres. Fred Silverman stopped at KSTP-TV recently on way to West Coast. They reportedly argued that "competitive tide" will turn toward NBC prime-time programming, that Hubbards should wait until next spring before deciding on switch.

ABC currently is affiliated with KMSP-TV, owned by 20th Century-Fox. Also in market is Metromedia's independent WTCN-TV, which is expected to make strong pitch for NBC affiliation.

**Chances of All-Industry TV Stations Music License Committee** reaching agreement with ASCAP & BMI are "practically nil," and Committee now plans antitrust suit against music licensing firms within 60-90 days after current interim agreement expires at end of month. TV stations aren't happy with radio agreement (Vol. 18:35 p5), said "it won't help our case any," and didn't get much help in recent visit at Justice Dept. Latter reportedly said it won't file suit, will comment only if asked to do so by court.

**FCC Comr. Washburn** will keynote Sept. 21-22 conference in N. Y. designed to help church leaders use satellite technology. Other participants include CPB's Brian Brightly, Rep. Ottinger (D-N.Y.), NTIA's William Lucas & Andrew Horowitz, co-dir. of Public Interest Satellite Assn.

**Expanding role of financial exec. in TV-radio management** is theme of BFM convention Sept. 17-20, Dunes Hotel, Las Vegas. Pres. Gene Anderson, Forward Communications, said more than 1,000 are expected.

**All other efforts failing, U.S.-Canadian border stations** have filed Sec. 301 complaint with Robert Strauss, U.S. Special Representative for Trade, asking President to retaliate against discriminatory Canadian action. Canada law forbids Canadian advertisers from deducting, as business expense, money paid for advertising on U.S. stations. Leslie Arries, Pres. of WIVB-TV Buffalo, and Richard Wolfson, exec. vp of Wometco (KVOS-TV Bellingham, Wash.), held news conference in Washington last week, said Canadian advertising on U.S. stations dropped from \$18.9 million in 1975 to \$9.2 million in 1977, will have "even more dramatic reduction" this year. Arries said U.S. group is willing to offer "positive compromise proposals" but that Canadians have refused to listen. Proposals are: (1) U.S. stations incorporate in Canada, thus pay taxes there. (2) U.S. groups invest in Canadian TV programs & films. (3) U.S. stations make contributions to Canadian TV & film industries. Canadian Embassy issued statement saying that Buffalo stations aren't being hurt much and that stations themselves have said so; that KVOS-TV may be hurting—but it was never licensed to serve Vancouver, B.C.

**HBO reports following affiliates** added in month: Northwest—Arlington, Va.; Cedar Grove, W. Va.; Plymouth Meeting, Pa.; Somerset, N.J. (MDS). Southeast—Miami (MDS); Holly Hill, New Smyrna, Deland, Dania, Leon County & Boca Delmar, Fla.; Jackson, Tenn.; Charlotte & High Point, N.C. Central—Clinton, Ill.; New Castle & Lafayette, Ind.; Ponca City, Okla.; Marion, Kan.; Sikeston & Platt County, Mo. South Central—Las Cruces, Espanola, Portales, Santa Fe & Socorro, N.M.; Huntsville, Christoval, Eldorado & Sonora, Tex. West—Willits & Ft. Bragg, Cal.; Olympia & Prosser, Wash.; Seaside, Ore.; Eielson, AFB, Alaska; Denver, Durango & Crested Butte, Colo.; Hilo, Hawaii.

**NAB returns to familiar format**—FCC commissioners & congressmen—for 1978 fall conferences. Commissioner will speak at opening day joint TV-radio lunch, member of Congress (not yet firm because of fall campaigning) at joint session next day. Commissioners' schedules: Fogarty in Boston (Oct. 12) & San Francisco (Oct. 26); White in Atlanta (Oct. 16); Quello in Chicago (Oct. 19); Washburn in Denver (Oct. 30); Lee in New Orleans (Nov. 9). FCC Chmn. Ferris turned NAB down; Comr. Brown had schedule conflicts.

"Sesame Street," and "Poldark" were 2 shows commercial WJIM-TV Lansing planned to show last week after \$2 million fire destroyed transmitting facilities of WKAR-TV E. Lansing, PBS station licensed to Mich. State. WJIM-TV Pres. James Gross offered his station's services until operations at damaged station resume.

**WCCB Charlotte** names Bolton Bestg. rep, succeeding H-R.



**VAN DEERLIN LIKES NEW RADIO FEE:** Rep. Van Deerlin (D-Cal.) likes a couple AM-FM fee schedules suggested by Ray Livesay, head of Daytime Bcstrs. Assn., said: "I hope that you will not object if we adopt them as discussion fee schedules and discard the radio portion of current staff effort."

Livesay prefers a plan simply levying 0.1% of a station's gross. As alternative, he suggested plan taking into account station's power. For example, he'd charge I-A 50-kw clear \$40,800, as Van Deerlin's staff would (Vol. 18:30 p1). Though staff would charge \$10,700 for all II fulltime stations, Livesay (NRBA board member) would charge \$6,000 for 50 kw, \$3,000 for 10-40 kw, \$1,800 for 5 kw, \$1,200 for 1-4 kw, \$600 for 250 to 900 watts—etc.

Van Deerlin finds "at least one problem" with Livesay's 0.1% of gross idea: "[It] automatically takes into account the complex and interrelated factors of location, hours of operation, directionality, market size, et cetera, which combine to create licenses of differing value. The problem is that gross revenues also take into account the quality of programming on a station and the quality of advertising sales effort. Two stations, say 2 Class B FM stations in Chicago with essentially identical facilities, would pay different amounts under your proposal. This seems wrong & unfair. A spectrum fee should be related to the resource used and denied to others—not to how effectively the resource is used."

Rene Anselmo, head of Spanish International, wrote Van Deerlin: "I would like to get in the patent medicine business and I thought if I mixed this formula up with some water, I might get a good cough medicine or snake-bite remedy, or... who knows... maybe a cure for cancer." He noted that his WXTV Patterson, N.J. would have to pay \$2 million yearly: "That would amount to 66.66% of WXTV's gross billings for 1977 and/or 5 times the station's loss (before an annual fee) last year." Anselmo listed following WXTV grosses and losses:

1977, \$3,009,164 (\$468,515); 1976, \$2,691,229 (\$198,788); 1975, \$2,674,037 (\$842); 1974, \$2,303,143 (\$79,856); 1973, \$2,177,545 (\$219,081); 1972, \$2,193,223 (\$213,082); 1971, \$1,849,377 (\$206,384); 1970, \$2,016,823 (\$267,592); 1969, \$1,576,258 (\$571,654).

Meanwhile, NAB Radio Bd. Chmn. Walter May tells radio members in NAB's Highlights that it's too early for NAB to take position on rewrite. "Let's say I contact my congressman right now and tell him how much I like H.R. 13015. Then let's say that some six months from now I find the bill totally different and I have to change my position 180 degrees. My congressman might well say to me, 'Walter, I took your advice and co-sponsored that bill. How can I turn around and vote against it now?'"

Aug. fund-raising drive by more than 70 PBS TV stations pulled in \$3.5 million, 40% increase over year ago. Effort is one of 3 nationally coordinated drives during year.

Ampex raises prices 7-8% on most professional & industrial magnetic tape products, effective Sept. 9. Fuji videotape product prices rise 3-7% Jan. 1.

**COURT BACKS PTV ON AUDIO RECORDS:** Full U.S. Court of Appeals last week handed public broadcasters important victory, ruling unconstitutional a congressionally approved 1975 FCC regulation requiring public broadcasters to provide audio tapes, if requested, of programs of "public importance." Court ruled 5-4 in favor of KCPT(ETV) Kansas City, which challenged regulation, along with other public broadcasting entities.

Wrote Chief Judge J. Skelly Wright for majority: "In this case, the spectre of govt. censorship and control hovers, not only over public broadcasting but over all broadcasting. For if this legislation is constitutional as to public broadcasting, similar legislation as to all broadcasting is standing in the wings. If the govt. can require the most pervasive and effective information medium in the history of this country to make tapes of its broadcasting for possible govt. inspection, in its own self-interest that medium will trim its sails to abide the prevailing winds."

Court held that "no rational justification has been shown for the disparate treatment [govt.] metes out to noncommercial broadcasters who have been aided by federal funding [compared to broadcasters who don't get federal money]."

Dissenting judges said First Amendment questions needn't be raised in case, stated Congress has right to oversee compliance with federal regulation requiring programs funded by CPB to maintain "strict adherence to objectivity & balance."

Application to buy WNAC-TV Boston from RKO by New England TV Corp. has been filed with FCC (Vol. 18:17 p14). Buyer of CBS-TV affiliate is paying \$54 million, will put \$5.5 million into working capital. New England TV is combination of Community Bestg. & Dudley Station—applicants which had been challenging WNAC-TV license for years. It has 9 black shareholders owning 13%. Pres. & chief exec. officer is David Mugar, 36%, an investor. Financing: First National Boston Corp., \$47 million; Allstate Insurance, \$7 million; State St. Bank of Boston, \$3.5 million; \$2 million cash. Station says it will carry 33 hours of locally produced programs weekly.

"We're reasonably close to coming up with a consensus... we've made a lot of progress." That was evaluation of Michael Kievman, Cox Bestg. and chmn. of NAB TV Code time standards subcommittee, after group meet Aug. 28 in N.Y. He said 7 different plans to reduce prime-time clutter—submitted by networks, advertisers & Kievman himself—were considered, that subcommittee will meet twice more before presenting proposal to TV Code Board at Oct. 4 meeting. Major goal reportedly is to limit "non-program matter" in prime time—including promotions, PSAs, etc.—to 9 min.

"Children, TV & Change," TIO 30-min. program produced for public, will be sent to TV stations next week. It features ex-NAB TV Chmn. Kathryn Broman and "Captain Kangaroo" Robert Keeshan. Program is TIO's 2nd in effort to gain public support, has been endorsed by NEA. Now in works is a 3rd, on TV & First Amendment.



## Personals

CBS Chmn. William Paley will receive first "Governor's Award" from ATAS for "outstanding contributions to the TV industry"; award will be presented during Sept. 17 Emmy telecast on CBS.

George Reeves promoted to senior vp-acquisitions, ABC Entertainment... Judy Girard, WBNG-TV Binghamton program dir., assumes same post at WOWK-TV Huntington; WBNG-TV Promotion Mgr. Donald Snyder succeeds Girard... Patricia Clemency, Avery-Knodel marketing dir., elected vp.

David Smith advanced at NBC from administrator to mgr., organization development; Michael Cohen, ex-Yonkers Raceway promotion, publicity & PR dir., joins NBC as sports information dir. Sept. 18.

Benjamin Sharp, FTC Office of Policy Planning and former assoc. at Hogan & Hartson, appointed attorney-advisor to FTC Comr. Robert Pitofsky... Harry Martin becomes assoc. of Midlen & Reddy, Washington law firm... Mary Hunter appointed AWRT exec. dir., succeeding Francine Proulx, resigned to return to broadcasting.

Speakers at Neb. Bcstrs. Assn. Sept. 10-12 convention in Kearney include House Communications Subcommittee Chmn. Lionel Van Deerlin (D-Cal.), Washington atty. John Pettit (ex-FCC gen. counsel) & Herbert Hobler, chmn. of NAB First Amendment Committee... Dennis Israel, ex-WMCA(AM) N.Y. exec. vp-gen. mgr., opens broadcast consultancy specializing in management, acquisitions, financing, etc.

Stuart Feldstein, NCTA vp-gen. counsel, joins Washington law firm Wilner & Scheiner Oct. 1... Douglas Dittrick, Viacom Communications pres., resigns to establish cable operating firm; M. Christopher Derick, Viacom east coast vp, succeeds Dittrick... Stephen Broydrick named national affiliates rep, Home Theater Network... Willard Rowland, ex-U. of Ill. asst. prof., appointed dir. of long-range planning, PBS.

Bruce Lovett, former ATC vp & NCTA chmn., joins Artec, cable system in Washington suburb of Arlington, Va... J.L. Poff & Curtis Bennett join Showtime as south-central and western marketing mgrs., respectively, new posts... Joseph Kelly ex-Manhattan Cable, moves to HBO as dir. of market research.

Recently elected SMPTE Fellows: Albert Chismark, Meredith; William Connolly, CBS-TV; Ray Dolby, Dolby Labs; Gideon Fiat, ABC News; David Fibush, Ampex; Abraham Goldberg, CBS Technology Center; Joseph Polonsky, Thomson-CSF; L. Merle Thomas, PBS; Heinrich Zahn, Bosch-Fernseh. Awards will be presented Oct. 31 during SMPTE conference in N.Y.

Color standards are being considered by "Andean Pact" countries—Bolivia, Colombia, Ecuador, Peru & Venezuela—with NTSC reportedly favored by Venezuela, Ecuador & Peru. Venezuela had tentatively picked SECAM but withheld final decision pending action by other Pact countries. NTSC has been chosen by Chile, PAL by Argentina & Brazil.

**NCCB UNDER NADER?** National Citizens Committee for Bcstg., headed by ex-FCC Comr. Nicholas Johnson, is negotiating with Ralph Nader organization for NCCB to come under Nader umbrella. NCCB officials believe negotiations will prove successful.

NCCB would keep same name but would get Nader funding & prestige. NCCB officials say Johnson plans to remain head of NCCB's lobbying arm, NCCL, and claimed Nader affiliation would provide NCCB with "a shot of adrenaline. The need is there."

"Wanted: Fred Silverman" posters are being sold by 7-member group called "Citizens for No-More-of-the-Same TV" in protest against current TV programs. Three more posters—all on Silverman—are planned, and new NBC pres. was picked as subject because "he's the most marketable," according to spokesman for group. Poster (\$1, plus 75¢ postage & handling) got national publicity at Aug. 25-27 conference on public access to cable TV in San Diego. SAG Pres. (and CPB board nominee) Kathleen Nolan called poster "absolutely delicious... I want to hang it up in my office." Group was started by 22-year-old Terri Cotton, Miami U. special education graduate who works as bartender in Vienna, Va. She said that 4 NBC execs. have ordered "wanted" posters sent to their homes, that she's seeking meeting with Silverman. Poster says NBC pres. is "wanted... for wholesale destruction of civilization, lowering of American tastes, killing of new ideas, foisting more of the same TV programs on the unsuspecting public."

President Carter has ordered exec. depts. & agencies (including FCC & FTC) to reduce "unessential" travel by 20%. He defined such travel as that not directly related and essential to a federal program, added: "While I am not directing that travel for program purposes be reduced by a specific amount, I do ask that you limit all travel to purposes that are clearly necessary and cannot be accomplished in any other way."

News consultant Media Assoc. (1165 Empire Central Pl., Dallas 75247) has been formed by 3 former execs. of Frank Magid Assoc.—Ed Bewley, pres.; Bill Taylor, vp-client development; Jon Coleman, vp-research.

Arbitron parent Control Data is acquiring Paperwork Systems, computer service that performs traffic, management & accounting functions for stations. Paperwork hq will move from Bellingham, Wash. to Conn.

Sammons Communications expands from 13 to 20 the number of its cable systems which will use Showtime.

## Obituary

Charles S. Steinberg, 63, veteran CBS public information exec., died Sept. 1 in N.Y. Mt. Sinai Hospital after long illness. He joined CBS in 1957, resigned in Sept. 1972 as vp-public information to become communications prof. at Hunter College. He was author of several books, including "The Mass Communicators" & "Mass Media & Communications." Wife & daughter survive.



# Consumer Electronics®

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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 18 (33rd week of 1978):

	Aug. 12-18	1977 week	% change	Aug. 5-11	1978 to date	1977 to date	% change
Total TV. . . . .	292,226	250,440	+16.7	243,663	9,126,970	7,956,626	+14.7
color . . . . .	188,212*	158,489	+18.8	156,847	5,781,870*	4,898,885	+18.0
monochrome . . .	104,014	91,951	+13.1	86,816	3,345,100	3,057,741	+9.4
Total radio . . . . .	771,832	1,207,231	-36.1	675,276	29,315,453	30,403,953	-3.6
home, portable .	547,415	980,501	-44.2	443,085	21,381,717	22,588,972	-5.3
AM-only . . . . .	158,355	327,116	-51.6	159,087	4,883,251	5,397,374	-9.5
FM & FM-AM .	389,060	653,385	-40.5	283,998	16,498,466	17,191,598	-4.0
auto . . . . .	224,417	226,730	-1.0	232,191	7,933,736	7,814,981	+1.5

Color TV 5-week moving average: 1978—181,798\*; 1977—158,845 (up 14.4%).

\*Record for period.

**NEW COLOR SALES SURGE IN AUG.:** It may have been beat-the-price-increase buying, but color sales to dealers zoomed again to 10.5-million annual rate in Aug. after some signs of let-up in June & July. At about 777,640 sets, Aug. was 7th consecutive record month, beating Aug. 1977 by 19.2%, record Aug. of 1973 by 12.6%.

Month's final week was a lulu, sales totaling some 242,250, 2nd best week of this year and 18.1% over last year, 15.3% over previous record for the week, established in 1976. It was 26th record week this year, out of 34. Sales for first 8 months of 1978 thundered past 6-million mark, at annualized rate of 10.4 million (record for any year is less than 9.3 million, established in 1973). First Sept. week, which in EIA's calendar actually is final week in Aug., should also be big one.

On TV price front, GE said increase will be necessary this fall as result of cost pressures, currency exchange rates and product upgrading. Sylvania is expected to announce specific price increases late this week or early next. Quasar said its recent drop-ins (Vol. 18:32 p10) represented slight price rise on top of 3-5% hike in last May's line.

**JAPAN'S PLANTS PACE U.S. COLOR GROWTH:** We underestimated in our first-half total market report when we reckoned that Japanese-owned plants accounted for 30-40% of increased U.S. color production (Vol. 18:33 p8). Data we've compiled through talks with industry & govt. spokesmen indicates at least 66% of gain was provided by Japanese factories here.

Production in Japan's U.S. color plants averaged better than 400,000 in each of first 2 quarters this year, essentially double what they turned out in same 1977 periods. If those totals are accurate, they show production of traditional U.S. color makers increased just 7-12% in first half. Spread comes from calculations using both our estimate for first-half total output increase of 754,000 as well as 599,000 rise reported for period by International Trade Commission (Vol. 18:34 p7).

Fact that U.S.-brand production hasn't increased more substantially is something of surprise considering: (1) Quota on imports from Japan was in effect for first-half 1978 but not for comparable 1977 period. (2) Color sales to dealers were up 19% in first-half 1978. Figures indicate that, for Japanese, doubled U.S.-plant output wasn't enough to make up for voluntary import cutback. Between complete-set imports and their production here, Japanese makers accounted for about 1.5 million color sets in half, essentially same overall total as last year.



Japan's U.S. color plants appear to be more "American" than American plants. Only 12% of color sets produced in Japan's plants were assembled from complete imported chassis or kits (assuming none were made from chassis imported from Taiwan or Mexico), down from 22% in first half 1977. However, some 27% of U.S.-brand sets were assembled with imported chassis, up from about 20% last year, and that share is expected to be higher in 3rd & 4th quarters.

Figures indicate traditional domestic color factories aren't getting desired benefits from Japan quota agreement either in terms of volume or increased vertical integration. Performance to date raises doubt that bringing Taiwan, and possibly Korea, under quota umbrella (Vol. 18:35 p7) will help change situation.

**JULY TV IMPORTS TOP MILLION MARK:** Total imports of TV & chassis broke through 1-million level for first time ever in July as b&w set all-time monthly record and color hit new high for month, Commerce figures show.

Total TV imports of 1.09 million were up 35.4% from July 1977, breaking record of 978,400 set in Oct. 1976, as color rose 25.5% to 450,400, b&w jumped 43.4% to 637,700, shattering previous high of 550,000 set in Oct. 1973. In year's first 7 months, TV imports totaled 5.94 million, up 17.6%, with color at 2.68 million, up 15%, and b&w at 3.26 million, up 19.8%.

In color, complete set imports were down 7.6% for month to 245,000, bringing 7-month total to 1.46 million, off 5.8%. Color chassis imports were up 119.6% in July to 205,100, for 7-month total of 1.23 million, up 55.8%.

July color totals show continued sharp rise in shipments of complete sets from Taiwan (65,300, up 100.4%), Korea, Canada & Singapore, while Japan's shipments dropped 42.7% to 124,800. In incomplete color, imports from Japan dropped 41.4% in July to 15,500, while Taiwan showed 640.2% rise to 109,700, and Mexico, which had been running even with 1977 results, posted 58.4% increase to 80,000, probably marking start of volume imports from Zenith plant there. For full period, chassis imports from Mexico were up just 0.7% to 642,500, while those from Taiwan soared by factor of 24 to 454,100, and Japan logged 2.3% decline to 117,900.

Taiwan was undisputed import-TV supplier in July, topping Japan in color, setting new record in b&w. TV import results for month by country (with 7-month results in parentheses): Taiwan, total TV 544,000, up 113.1% (2.58 million, up 53.1%); color 175,100, up 269.1% (799,400, up 310.6%); b&w 368,900, up 75.7% (1.78 million, up 19.4%). Japan, total 280,000, down 28.1% (1.83 million, down 20.1%); color 140,200, down 42.6% (937,800, down 34.6%); b&w 139,400, down 3.7% (888,300, up 4.2%). Korea, total 160,900, up 78.7% (684,000, up 73.6%); color 33,700, up 701.9% (146,400 up 286.3%); b&w 127,200, up 49% (537,500, up 51%). Canada supplied 16,900 color sets in month, up 96.2% (124,900 for 7 months, up 837.7%). July color from Singapore rose 179.8% to 4,200 (18,800, up 145.9%, for 7 months).

**AD BREAKOUTS:** RCA was biggest consumer electronics advertiser last year, and corporate-wide outlay of \$124 million gave it 19th place on Advertising Age list of top 100 national advertisers. Report shows RCA spent some \$12 million on color TV in measured media, about \$1.5 million on TV ads for VCRs, \$1 million on TV campaign for CB.

GE, which ranked 25th on \$112.2-million ad outlay, is shown with \$4.03 million for color TV, \$4.57 million for microwave ovens. GE had budgeted \$6 million for CB, ended up spending \$1.9 million as market fell apart. North American Philips placed 76th with total of \$44 million. Subsidiary Magnavox had outlay of \$7.18 million in measured media, including \$5.37 million for color TV, \$220,000 for stereo, \$202,000 for VCR, \$1 million on multi-product ads. Budget was up 60% from 1977.

**Ad notes:** Motorola is out of TV business as result of 1974 sale of that operation to Matsushita subsidiary Quasar, but public confusion apparently still exists. So fact will be emphasized as secondary

theme in institutional print campaign company launches Sept. 25 to mark its 50th anniversary... **Mattel** seeks agency to handle \$8-million account of Electronics Div. (non-video games).

**Trial production runs at Philips Taiwan** color tube plant start this month, full-scale output begins late next year, Taiwan govt. sources report. By then, 2 more tube plants, using Philips-made bulbs, may be in operation. Taiwan Fireproof Industrial, b&w tube subsidiary of Tatung, is establishing color facility with technical help from Mitsubishi, and Chung Hwa, also a Tatung b&w tube-making affiliate, has received clearance for color tube venture with Toshiba. Hitachi Taiwan is expected to be major Philips tube customer. Hitachi is increasing local content of color sets assembled by subsidiaries in Taiwan & Singapore, each of which turns out about 13,000 monthly. In Singapore, Hitachi is 70% owner of \$30-million tube-making venture with govt., is expected to produce color tubes at 30,000 monthly rate starting in 1980.



**V-DISC RECORDERS:** Lost in hubbub surrounding still-unlaunched videodisc player age is continued development work on 2nd-generation product, video-disc recorder. In activity last week: (1) Cal. based Drexler Technology unveiled recordable disc made of new metalized plastic compound. (2) Canadian inventor John Locke told us recording system he developed in 1976 (Vol. 16:21 p9) now uses erasable discs.

Solid-state laser with 5-milliwatt output is strong enough to encode data on disc made of his material, DT Pres. Jerry Drexler told us, adding there's potential to cut power to 1 mw, making it suitable for use in optical home videodisc recorder. His compound results in disc with shiny golden surface, dark underlayer. Lasers as weak as 1.7 mw have been used to burn encoded data on disc, he said. Drexler said his discs currently are aimed at data market, noted single 4" disc at \$10 will store as much material as ten 14" magnetic discs costing \$400. In volume production, 12" Drexler disc would cost about \$10, he claimed.

Drexler says 0.8-micron pit size (same as on Philips-MCA discs) and 100-nanosec. pulse-rate capability of his disc make it usable for TV as well as data recording. For use in home recorder, Drexler points out, blank discs would have to be pre-encoded with guide tracks. While it's possible to accomplish that, as well as reduce needed laser power, Drexler said he plans no work in those areas until need develops. DT is at 2557 Charleston Rd., Mountain View, Cal. 94943.

Locke has quit teaching at U. of Toronto to devote full time to disc-recording system. "We are still talking to manufacturers, still trying to find a sizeable partner. We have made some progress with 2 companies, but we're not at the point where we can talk about it," Locke said. He stated that continued development has resulted in better disc material with increased sensitivity and lower noise, permits erasing & re-recording of single frame or entire disc. Erasability, Locke explained, permits disc editing for first time. He said he was aware disc had potential for re-use when he first announced recording system 2 years ago, but felt it would be premature to reveal it then. Now, he told us, TV recording on his disc requires laser in 5-10-mw range. Locke can be contacted through Executronics Ltd., 55 Glencameron Rd., Thornhill, Ont. L3T 1P2.

MCA Disco-Vision is working on recordable disc, too, presumably aimed initially at data-storage uses. Engineering Vp Kent Broadbent speaks of possibility of recorder comparable in size & cost to office copier. Disc recording unit would make single copies without requiring mastering, perhaps as cheaply as \$10 each.

Hitachi is setting up IC manufacturing subsidiary near Dallas. Hitachi Semiconductor America initially will assemble & test ICs using Japanese parts. Output will be marketed in U.S. through Hitachi America's Electronic Devices Div. Hitachi will be 2nd Japanese producer to have production facility in U.S. Nippon Electric is in final stages of previously announced acquisition of Electronic Arrays, is expected to complete takeover in Oct.

**PROJECTION ON BRINK?** Goal of super-bright projection TV system to sell in \$2,000 range is coming closer, and many projection enthusiasts think that is magic formula which will bring major TV set makers into fold. There's no question that Zenith & RCA are watching developments more closely than ever, could jump soon.

Among developments promising to help achieve goal: (1) Henry Kloss's 3-tube Schmidt system now is ready for production and Kloss Video is prepared to produce 30,000 sets of tubes yearly, as well as license others to produce them. Kloss says there's been strong interest by domestic & Japanese manufacturers. (2) Combination of new f1 lens developed by U.S. Precision Lens and highbrightness monochrome tubes made by Clinton Electronics could make possible reasonably priced non-Schmidt 3-tube systems with 60-80-ft.-lambert brightness, according to USPL Chmn. Roger Howe. High-volume deliveries of new lens start March 1. (3) Arthur Tucker's Aqua Beam system (Vol. 18:35 p10) is attracting increasing attention. It uses three 9" monochrome tubes feeding into dichroic mirrors with fluid optical system for maximum light transmission, single projection lens. Price for consumer version is estimated at \$2,800. High-resolution disco unit described last week will cost about \$5,600.

Jesse Levine, pres. of Automazing (Magna-Vision), said his company will be first to use Kloss system, in super-bright unit capable of projecting picture up to 10 ft. diagonal. Meanwhile, he has introduced new 2-piece single-tube models at \$1,295 (53") & \$1,495 (60").

Advent had what may have been best projection TV sales month ever, according to TV Product Mgr. Walt Henry, who said company has sold out its Model 750, soon to be replaced with Model 760 (Vol. 18:26 p12). He predicts "exciting" fall selling season ahead, comments that many dealers are selling projection TV in combination with VCRs.

Major ad campaigns are starting to break for GE's rear-projection Widescreen 1000. Panasonic & Quasar projection systems face almost certain price increases as result of dollar-yen imbalance, both companies struggling with problem of keeping suggested list price below \$4,000.

**Antitrust barrier** to U.S. participation in forming international quality standards for electronic components will be hurdled if International Electrotechnical Commission approves EIA proposal at Geneva meeting in Nov. EIA is suggesting that manufacturers in countries not in IEC be permitted to join program if they pay travel & testing fees of IEC inspectors plus share of overhead. Producers in participating countries are required to have approved national inspection labs. EIA recommendation has received blessing of Justice Dept., while proposals from Germany & France were rejected as too restrictive.

New Quasar VCR promotion through distributors permits retailers to offer VR-1000 at under \$600. Hottest price quotation seen so far is in ad by Brands Mart, N.Y. chain, at \$497, including six 2-hour tapes ("\$102 value").



**W-G CUTS LOSS:** Wells-Gardner posted lower losses in half & 2nd quarter on sales gains of 31% & 35.5% (Vol. 18:35 p12), attributed improvement to assembly contract with Teknika Electronics, U.S. venture of Japan's General & C. Itoh. W-G is producing 19" color sets for Teknika, using parts supplied by General.

In letter to shareholders, W-G says General has agreed to engineer future TV products which W-G will assemble for sale to Teknika as well as other private-label customers, including 25" consoles, slated for production this month. New arrangement, W-G says, has made it possible to reduce salaried workforce. Company has started shipping new home security products and b&w coin-op video game monitors, while cabinet subsidiary, Rocket Mfg., has increased sales to other TV OEMs.

Morse had slightly higher loss in quarter to June 30 on 7.4% sales rise. Company said it completed arrangement for new \$2.5-million seasonal loan, \$1 million in additional credits for materials purchases, is still seeking restructuring of long-term debt.

Midland suffered \$2.44-million loss in 2nd quarter as sales fell 46.1% to \$23.6 million, parent Beneficial reported. For half, Midland had \$3.19-million loss with sales down 57.4% to \$63.1 million. Midland showed \$593,000 profit in same 1977 quarter, \$2.35-million profit for full period. Bulk of 2nd-quarter loss was for reserve for discontinued sporting goods & auto-supply operations.

Coleco's \$3.6-million 2nd-quarter loss included \$4-million writedown of video games inventory (Vol. 18:33 p10).

Superscope says it expects to show loss in 3rd quarter because of soft sales, rising yen value. Company is seeking to renegotiate loan arrangements, obtain new cash loan to cover working capital needs for rest of year and has agreed to give lending banks security interests in receivables & other assets.

Lloyd's has restated 1977 & 1978 results to apportion \$2.3-million writeoff and losses of 50%-owned affiliate Products International (Vol. 18:25 p12). New figures show Lloyd's with 1977 net from continuing operations of \$1.59 million, loss from discontinued operations of \$79,500. For 1978, firm reports \$1.14-million operating loss, \$1.75-million deficit from halted operations.

**CB Scene:** Cobra boosted CB dealer prices 5.7%, raised retail lists \$10-\$30, effective Oct. 1. At recent distributor meeting, Pres. Carl Korn of parent Dynascan forecast industry-wide CB sales of 4.5-5 million this year... E. F. Johnson has arranged \$11-million credit line, \$5-million 5-year loan, earmarked for expansion of non-CB mobile radio business... Regency earnings jumped nearly fivefold for year to June 30, were up by factor of 39 in final quarter, compared with results of same 1977 periods which included large CB writeoffs. Regency sales for year were up 3.7% despite 81% decline in CB sales.

**COMPUTER RETAIL CHAIN PURCHASE:** Commodore has quietly bought 7-store Mr. Calculator retail chain. The 2 firms always had close Commodore affiliation, with interlocking boards, but June sale made relationship official. Commodore declined to discuss terms of agreement.

Takeover is 3rd recent move into computer retail chains by manufacturers—others being Radio Shack's launching of Computer Centers and Logical Machine's conversion of Byte Shops into franchise operation (Vol. 18:34 p8). "We don't plan any significant changes in the Mr. Calculator stores," said Commodore's Samuel Bernstein. "Right now we see them as marketing tools, prototypes." West Coast chain emphasizes Commodore products, but carries other lines, including calculators & watches as well as computers.

Largest computer chain, 50-store ComputerLand, remains independent. Major distributor of Apple computers franchise chain celebrates 2nd birthday Sept. 23, plans to open 10 stores in Sept. and 25 by end of year, including franchises in Europe & Asia. "We want to be known as a computer dept. store," said ComputerLand National Sales Mgr. Richard Graham. He believes consumer small-computer sales, only 1/6 of total mini-computer market today, will grow to half of business in 4 years. "Nothing much will change in 2 years, but after that I see the consumer market reaching a sort of 'critical mass' very rapidly," he told us.

Some VCR myths are demolished in Mart magazine survey of 227 owners: (1) "Most buyers pay list price" (63.8% paid \$950 or less—under list price). (2) "VCR owners buy large amounts of blank tape" (48.6% of those replying to question bought 2 or fewer at time of buying machine, 76.6% bought 4 or fewer; 51.8% bought 4 or fewer since buying VCR). (3) "There's a huge business in pre-recorded tape" (75% of those replying to question bought no programs with VCR, 98.1% bought 2 or fewer; 80.4% bought none later, 92.7% bought 2 or fewer). (4) "Consumers are buying one camera for every 3 VCRs" (11.5% said they bought camera; of those who didn't, only 3% plan to buy one within next 3 months, additional 8.3% in 6 months). Other findings: Overwhelming primary use for VCR is recording off air, only 6.6% giving pre-recorded tapes and 2.6% camera recording. VCRs are sold mainly through traditional TV outlets, 53.2% being bought from TV-appliance or TV-audio stores. Chief factor in buying decision was manufacturer's reputation (26%) followed by recording time (22%). Over half of owners said salesperson made no attempt to sell them accessories such as camera or cassettes. Details of survey in Aug. Mart.

Royal Sound will consolidate 6 plants into one 60,000-sq.-ft. facility at Eatontown, N.J. If approved by city council, plant should be finished in 2-4 years.

Sony & Prudential Life Insurance are discussing possible joint insurance venture in Japan.

NEDA's 2nd Annual Management Conference is scheduled Feb. 11-15, San Diego.



WEEKLY

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with

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**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
International Rectifier			
1978-year to July 2	100,716,000	3,351,000	1.28
1977-year to July 3	84,652,000	909,000	.35
Lloyd's Electronics <sup>a</sup>			
1978-year to March 31	116,542,000	(2,887,300)	--
1977-year to March 31	107,309,000	1,505,900	.80
Outlet Co.			
1978-6 mo. to July 31	129,671,000	1,773,000	.54
1977-6 mo. to July 31	76,321,000	1,276,000	.49
1978-qtr. to July 31	69,218,000	1,132,000	.37
1977-qtr. to July 31	40,033,000	742,000	.29
Regency Electronics			
1978-year to June 30	38,780,729	3,517,140	1.31
1977-year to June 30	37,404,256	757,617	.28
1978-qtr. to June 30	9,788,859	1,119,818	.41
1977-qtr. to June 30	7,635,476	28,913	.01
Tenna			
1978-6 mo. to July 31	27,040,735	171,966	.06
1977-6 mo. to July 31	24,989,043	(1,719,967)	--
1978-qtr. to July 31	13,047,850	(16,506)	--
1977-qtr. to July 31	12,745,564	(1,277,707)	--

Note: <sup>a</sup>Revised.**Consumer Electronics Personals**

Frank McCann, ex-news & information dir., promoted to RCA Consumer Electronics public affairs vp... David Goode, ex-Sylvania Electronic Systems, appointed GTE Consumer Electronics Products project business mgr. responsible for liaison between CEP & Sylvania Entertainment Products; Charles Birlem, former Sylvania Canada Entertainment Products Div. finance dir., named CEP controller, succeeding James Wintermantel, who moves to same post with GTE Electrical Control... Joseph Halmes promoted at RCA Distributor & Special Products Div. from replacement tube & solid-state product mgmt. dir. to sound products mgmt. dir., responsible for car stereo.

James Newell joins JBL as West region sales mgr., succeeding Mike Pontelle, now with Pioneer... Victor Machin promoted at Shure to personnel, mktg. & mfg. exec. vp; James Kogen to finance & engineering exec. vp, Meyer Langer to finance vp, Bernhard Jakobs to engineering dir, Allen Groh to technical markets & product mgmt. mgr... Frank Astorino promoted at ITT from Components Div. asst. technical dir. to Consumer Products Div. technical dir... Marvin Fisch, ex-Datapoint, joins Mitsubishi's Melcom Business Systems as mktg. & sales vp... Rebecca Merrill named Gusdorf district sales mgr. for Okla. and parts of Tex.

John Burnette, ex GE, joins General Instrument Discrete Semiconductor Div. as mkt. & product planning mgr... Dick Morishima, Hitachi America Electronic Devices Div. gen. mgr., & Jack Ordway, semiconductor mktg. dir., named vps... Myles Kitchen, ex-Motorola, joins National Semiconductor Automotive Mktg. Dept. as prime mkt. segment mgr... William Spivey, ex-GE, joins Honeywell Micro Switch Div. as solid state components mktg. mgr.

G.R. Nugent, former Radio Shack exec. vp, advanced at Tandy to pres. of Tandycrafts... Robert Villont, Tacoma, Wash. servicer, elected NESDA pres., succeeding LeRoy Ragsdale; Jesse Leach, Linthicum, Md., named ISCET chmn... Fred Wolf appointed Toshiba midwest region mgr.; G. Ike Royster shifts from SE to SW region mgr... William Littleford, Billboard Publications chmn., adds duties of chief exec. officer on resignation of Pres. Dale Bauer in policy disagreement... Barbara Parsky promoted to GE N.Y. News Bureau mgr., succeeding Albert Tortorella, now Housewares & Audio Business Div. PR mgr.

U.K. color shipments to distributors in first half were up 11.6% to 779,000, with shipments of domestic producers up 15.3% to 632,000, those of importers down 2% to 147,000, BREMA reports. In b&w, total shipments of 531,000 were up 3.3%, domestic showing 34.3% gain to 325,000, imports dropping 24.2% to 206,000. Totals exclude output of Matsushita & Sony plants there. Other market totals: Portable radios 2 million, down 9.8%; other radios, including phono combinations, 1.35 million, up 17%; phonos, including changers & turntables, 169,000, down 28.3%.

Former RCA workers at Somerville, N.J. Solid State Div. plant were denied import adjustment assistance by Labor Dept. LD said layoffs followed RCA's transfer of support activities for Malaysian IC plant from machine shop at Somerville to facility in Taiwan. As shift of function location resulted in no increase in imports, LD ruled workers ineligible for help. Agency opened new case for former workers at Sylvania's Emporium, Pa. receiving tube plant.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**FERRIS TO PRESENT ALTERNATIVE** to House re-write bill, including phased deregulation of TV-radio only after preconditions have been met. Geller seeks removal of 'First Amendment strains,' Washburn anti-rewrite. Lee to hit 'demeaning' reappointment process. (P. 1)

**HERNDON LIKELY CPB CHMN.:** Former national PTA pres. leading candidate. Search committee undecided on pres.; Anderson a possibility as interim. Guzman gets State Dept. job, instead of CPB seat, in compromise. (P. 4)

**KAHN SAYS 'TRIPLE ALLIANCE'** of optics manufacturers is required to stave off 'a very real threat'—AT&T. (P. 4)

**FCC REORGANIZATION 'UNLIKELY'** anytime soon, Robinson concludes in book for Aspen Institute. Appointment process, inactivity of Congress hit. Predictions for future. (P. 5)

**NBC GOES ENTERTAINMENT, TOO,** with new program, talent & advertising div. in N. Y. headed by Weinblatt. (P. 5)

**FCC MISSED CULPRIT** in giving short renewal to KNXT. Case could have gone to FTC because of false advertising, Waxman says in CBS winner take all tennis. (P. 5)

**FERRIS'S ALTERNATIVE TO REWRITE:** With goal of expanding diversity uppermost, FCC Chmn. Ferris is expected to give House Communications Subcommittee his alternatives to broadcast section of rewrite bill during Sept. 11 testimony. He'll propose phased deregulation of broadcasting (particularly radio)—but only after FCC, under direction of Congress, has made sure certain conditions have been met. Among conditions:

(1) Finding that minorities have gained adequate foothold in ownership & employment. (2) Sufficient penetration by public radio to provide viable alternative service. (3) Technical steps to provide additional stations or greater access to existing stations. Under Ferris plan, Congress could find conditions already had been met in top 50 markets, direct FCC to determine when such conditions had been met in other areas on market-by-market basis.

In TV, Ferris would require deregulation of cable before any steps are taken to relax TV strictures. He also would require UHF-VHF parity and proliferation of low-power translators before deregulation. He is expected to support spectrum fees—but not necessarily as trade-off for public interest standard—and lottery or auction instead of comparative hearings for new applicants, but not in contested renewal hearings.

### Consumer Electronics

**FOTOMAT FILM-TO-TAPE** transfer service is big hit in small way, installation operating at capacity despite lack of promotion. Expansion planned. Initial reports indicate improved VCR business in Aug. (P. 7)

**TV SOUND QUALITY** being upgraded in new models by many manufacturers. Majority re-evaluating their portion on audio. Opinions on stereo sound divided, but all set makers see some appeal as high-end feature. (P. 8)

**DELAY IN UHF** noise-reduction rule sought by EIA. Petition says industry can't get ready until FCC issues new measurement standard. (P. 10)

**HUGE SALES WEEK** for color as Sept. opens—some 270,700 in week before Labor Day. Inventories at end of Aug. down from year earlier. Aug. color & monochrome sales up sharply. (P. 10)

**NEW TV PRICES:** Panasonic increases projection TV to \$3,999, other sets by as much as \$115. Sylvania raises 19", 21" & 25" sets \$10-\$20. Philco hikes 7 sets \$10-\$20. Sanyo up 3-7%. (P. 11)

**AUTO SOUND CONFLICT** between auto & electronics manufacturers intensifies as own-brand makers complain to Justice Dept. over actions by Detroit. New car stereo organization formed. (P. 12)



On CATV, FCC chmn. is expected to favor removing all signal carriage rules—assuming economic inquiry shows that it wouldn't harm existing TV stations—and would bar all govt. jurisdictions from restricting such carriage. He'd retain federal jurisdiction over leased channels, however, and would have federal govt. play major informational role (if cable regulation is abolished) and provide technical assistance to prevent conflicting state & local regulations.

NTIA Administrator Henry Geller (saying that he is presenting only "tentative reactions" since Exec. Branch hasn't completed its study of Title IV, "nor have the positions of all the interested agencies been coordinated") will urge deregulation of radio, "at least in our major markets." He'll say public trusteeship concept of regulation has failed for radio and that it has led to "First Amendment strains." But, while espousing elimination of such regulation, he favors continued constraints on technical performance, "rigged quizzes, or even political broadcasts," calls for payment of "a reasonable lease fee... in lieu of the public trustee obligation."

Geller will dispute provisions of rewrite bill on cable (which finds it primarily intrastate, thus clear of federal regulation), saying CATV "is to a significant extent an interstate service. Therefore, several aspects of it—such as carriage of local stations, transmission of distant signals and non-network exclusivity—should continue to be regulated by the federal government."

On TV, Geller also calls for revisions in "public trustee scheme" of regulation "so as to make it more effective and objective, thus reducing First Amendment strains." Also on TV, NTIA head: (1) Agrees that comparative renewal process should be eliminated, suggests Congress should require FCC to establish "general percentage guidelines" for local & informational programming—including that for children. (2) Favors 5-year licenses. (3) Seeks funding for participation of public interest groups before Commission. (4) Urges "substantial" increase in maximum forfeitures. (5) Urges retention of fairness doctrine rather than basing appearances on "equitable" basis, but he'd enforce doctrine only at renewal to "discern any flagrant pattern of violations." (6) Opposes lottery in granting new facilities, instead urges establishment of board of FCC employees to decide all comparative, renewal & revocation proceedings. (7) Sees "a clear need... for CRC [FCC] authority to impose economic regulation on networks." (8) Wouldn't "embody multiple ownership restrictions in legislation."

FCC members devoted most of last week (there was no Commission meeting) preparing their testimony. There'll be no agency position—all will testify individually, all will have written statements except Lee.

Lee—who's expert on subject since he's been appointed to FCC 4 times—is expected to hit re-appointment process as "demeaning." He'll favor 5-person Commission with members limited to one 15-year term, attack current comparative renewal process. He favors continuance of fairness doctrine & equal time, particularly in small markets, will question whether payment of spectrum fees would give stations property right in airwaves.

Quello—who opposed fairness doctrine as broadcaster, has favored it during 4-1/2 years on Commission—will call for complete First Amendment protection for TV-radio with "all regulatory restraints removed." He likes provision of rewrite bill leaving regulation to marketplace.

Washburn says U.S. has efficient telecommunications system, finds "it hard to buy much of that Title IV [covering broadcasting]" of rewrite bill. He says present regulation is based on "a solid body of law and precedent and why should we tinker with that efficient system." Even though Communications Act is 44 years old, he points out it has been amended 80 times and that "it's a fallacy to go on the assumption that this is a creaking, antique law that's never been updated... That's just nonsense. Nobody is overhauling or rewriting the Constitution." He'll oppose spectrum fees, deregulation of radio and licenses in perpetuity.

Fogarty will express "serious reservations" over bill's proposal to abolish public trustee concept in favor of spectrum fee, says it has "proven to be an effective tool in such areas as fostering equal employment opportunity, restraining overcommercialization and stimulating broadcaster responsiveness to the special needs of children." He'll say proposed fee system and reliance on "forces of the broadcast marketplace," instead of regulation, do "not appear to me to be an adequate trade-off for wholesale deregulation... or for the total abrogation of the public interest regulatory standard." He also favors limiting radio to 10-year licenses, re-



tention of sponsorship identification, payola & plugola restrictions in rules.

In TV, Fogarty says scarcity factor—together with TV's impact—"still warrants holding TV licensees fully accountable to the public interest standard" and thus he'd retain Commission right to review ascertainment. He also favors retaining comparative renewal process "as a valuable competitive spur to ensure strong and substantial service to the public by incumbent licensees."

White will oppose "cross-subsidization of some communications services [public broadcasting] by others through the spectrum fee, the structural alterations of the marketplace through limitations on ownership and the absence of legislative recognition of cable TV as a competitive interstate communications service." On other hand, she "wholeheartedly" endorses "elimination of a great many unnecessary regulations over radio and several other deletions of rules over TV, especially those affecting the content of broadcast speech."

Brown will oppose complete deregulation of radio, will make counter proposal (which he declined to disclose last week) that will treat radio separately from TV. He'll support spectrum fees, rural telecommunications provisions and a "modified" lottery instead of comparative hearings when no substantial difference in program diversity is discernible among competing applicants.

Network officials—Everett Erlick, ABC; Gene Jankowski, CBS; Corydon Dunham, NBC—are expected to applaud total deregulatory effort while opposing many of the specifics. MPAA Pres. Jack Valenti will push for open accessibility for a free program market, arguing that creative industries don't have natural technological advantages. He'll also argue for continued federal pre-emption of cable regulation.

Setting tone of NAB testimony, Chmn. Donald Thurston will tell Subcommittee that "I have not come here today to endorse the Communications Act of 1978. At the same time, I am not here to totally reject it. . . We found language in this bill that is positive and forward-looking. We also found language with which we cannot agree." He praises deregulation of radio, expresses disappointment that TV wasn't treated same.

NAB TV Chmn. Thomas Bolger claims "there is no sound basis" for treating TV & radio separately on deregulation, complained bill "creates the power of government intrusion into our programming judgments far beyond that which exists under current law"—referring to section requiring locally produced programs "throughout the broadcast day." Bolger also attacks total deregulation of cable and restrictions on number of stations single person or group could own, as do Radio Chmn. Walter May & Thurston. NAB witnesses also oppose, as expected, spectrum fee.

Pres. James Gabbert will state NRBA "fully supports the proposal of this Subcommittee. . . to deregulate the radio broadcast industry. . . While certain aspects of the overall proposal do not appear to the NRBA to be the most appropriate means of achieving the goals toward which they are directed, the overriding deregulatory thrust of the draft bill is a breath of fresh air in the over-regulated climate of the radio industry." However, Gabbert opposed spectrum fee (as alternative, he suggested fixed fee in form of long-term lease) and limit of 5 stations per owner.

At Denver field hearing last week, Rep. Wirth (D-Colo.) said: "It has become clear that the Communications Act needs to be rewritten. . . A legislative vacuum was created which resulted in the FCC making most of communications law." Countered Rep. Mikulski (D-Md.): "How can we re-invent the wheel without having it go flat?"

Other witnesses scheduled to testify this week: ABA representatives Henry Goldberg & Marcus Cohn; Barry Robinson, chief counsel of Commerce Dept. Minority Business Enterprise office; Ralph Baruch, NCTA; NOW's Kathy Bonk; SAG Pres. Kathleen Nolan; Harry Hollis, Southern Baptist Convention; Kristin Glen, N.Y. attorney; Joel Lebitch, Jason Films pres.; Harry Shriver, WFBR(AM) Baltimore; Nolan Bowie, CCC dir.; Pluria Marshall, National Black Media Coalition; Profs. Michael Botein & David Rice, NYU Law School; former Sen. Eugene McCarthy; Elliott Franks, NABOB pres.; Everett Parker, United Church of



Christ; Grace Baisinger, National PTA pres.; Rene Anselmo, SIN pres.; Townes Osborne, National Citizens Communications Lobby dir.; Marion Hull, research dir., Booker T. Washington Foundation; Rep. Paul Findley (R-Ill.); Benjamin Hooks, NAACP head; Eugene Jackson, Black Network pres.; Norman Walt, McGraw-Hill Bcstg. pres.; Tom Paro & Ernest Jennes, MST; RTNDA Pres. Ernest Schultz; Harold Kassens, A.D. Ring & Assoc.

**HERNDON LIKELY CPB CHMN.:** Lillie Herndon this week is expected to be elected CPB board chmn. at annual meeting, becoming first woman in post. But bigger question is who will replace Henry Loomis as pres.

Search committee assigned last winter to recommend presidential candidate as of late last week still didn't know whom it would pick, sources close to committee said. One committee member, however, bet that Exec. Vp Cortland Anderson would be named acting pres. Also, other board members told us they won't okay choice of committee hurriedly, preferring instead to have an interim head. "We'll want to take our time," said member, "this is too important for that."

If Search Committee does come up with recommendation, look for an educational administrator; committee has given several a good, hard look. A leading candidate is U. of Mich. Pres. Robben Fleming. Two others considered but no longer candidates are U.S. Comr. of Education Ernest Boyer and American U. Pres. Joseph Sisco.

Herndon, former National PTA pres., has more support on board than other major candidate, Lucius Gregg, black Chicago banker who has campaigned for job. Herndon is Republican from Columbia, S.C., state of Sen. Hollings (D), Senate Communications Subcommittee chmn.—although they're not close.

Meanwhile, White House dispute over which Hispanic to be nominated to CPB board (Vol. 18:32 p4) has been resolved. Fight over unpaid seat resulted in "loser," Ralph Guzman, being given high-level job in Latin American affairs area in State Dept. Sandra Lopez Bird, Puerto Rican lawyer, is expected to get CPB seat.

"Triple Alliance" of optics manufacturers—fiber, laser and ancillary devices—is required, according to fiber entrepreneur Irving Kahn, "not just to propel us... into a more rapid penetration of our markets but also to stave off a very real threat on the horizon"—viz., AT&T. Principal of Times Fiber, General Optronics & Electro-Optic Devices, Kahn commented at recent fiber exposition: "Where did Bell go with the transistor? It took a little company called Texas Instruments to give real definition to that invention. And where did Bell go with optical fibers? The very scientists who originally developed that technology at Bell Labs have long since gone on to work in your companies and mine, taking their creation far beyond the limits imposed by the Bell Labs R&D structure... What is alarming today is that there is a government down there in Washington which, while it goes through the motions of investigations into and antitrust actions against AT&T, at the same time proposes legislation in other areas which would enable Bell to continue its monopolistic hold on communications in this country."

"Advertising and the Public Interest" is theme of CBBB "Assembly '78" Sept. 25-27 in San Francisco. Participants include ABC Vp Alfred Schneider, AAF Pres. Howard Bell & Archa Knowlton, dir. of special media projects, General Foods.

Midwest Video and ATC join forces to file for Little Rock, Ark. cable franchise, forming Midwest American Cable Co., owned 50% by each. Little Rock is Midwest Video's hq.

They admitted they stole \$175,000 from HBO and they'll give it back, HBO announced last week—speaking of Telemation Program Services Pres. Robert Weisberg & TPS Senior Vp Henry Feinstein, who had been dismissed recently for "gross misconduct" (Vol. 18:34 p5). HBO concluded announcement with: "HBO is cooperating with the office of the U.S. Attorney for the Southern Dist. of N.Y., which is currently conducting its own investigation." It's understood HBO is not pressing for prosecution; Gregory Discant of U.S. Attorney's office told us: "Many factors go into whether there's prosecution. If you catch someone breaking into a safe, and he gives the money back, do you prosecute?" HBO acquired TPS about 2 years ago. According to HBO announcement, HBO Chmn. Gerald Levin said that "Weisberg & Feinstein have acknowledged their culpability and have fully confirmed the findings of the investigation. Each has agreed to make restitution of the misappropriated amounts."

FCC Comr. Quello has been added as luncheon speaker for Sept. 18-20 NRBA convention in San Francisco. Other Commission participants will include Bcst. Bureau Chief Wallace Johnson, Deputy Chief Martin Levy, FOB Chief Phyll Horne, Complaints & Compliance Chief Arthur Ginsberg, Renewals & Transfer Chief Richard Shiben and Ney Landry, head of FCC San Francisco field office. Also speaking will be Rep. Van Deerlin (D-Cal.), chmn. of House Communications Subcommittee, and Cal. Gov. Jerry Brown.



**FCC REORGANIZATION 'UNLIKELY':** Despite all the current proposals for reform and change at FCC, "it is unlikely that we will see any radical transformation in public or political attitudes toward regulatory agencies in general or the FCC in particular within the immediate future." That's conclusion of ex-FCC Comr. Glen Robinson in new Aspen Institute book "Communications for Tomorrow—Policy Perspectives for the 1980s."

Robinson, currently U. of Va. law professor and U.S. ambassador to 1979 WARC, edited book and wrote several chapters. He sees principal problems at FCC as appointment process—and Comr. Lee agrees (see rewrite testimony p. 2)—and "the historic dominance of engineers & lawyers and the under-representation of economists" on Commission staff.

"One quite simple measure" to improve appointment process "is to establish some form of public selection and screening process," Robinson concludes. He cites ABA judicial review committee as precedent.

In chapter on Congress, Ernest Gellhorn blames legislative body for reacting, rather than acting, on communications policy: "It seems odd that for so long, despite [its] wide-ranging authority & power, Congress has played such a limited and often mechanical role in establishing communications policy. [It] has been almost entirely reactive rather than creative."

Book (\$10.95, Aspen Institute Publications, Box 1650, Palo Alto, Cal. 94302) includes 15 chapters on various subjects, including technology, monopoly & regulation, international telecommunications, role of print in an electronic society, electronic alternatives to postal service, FCC, courts, White House, Congress.

**Sen. Griffin (R-Mich.)** has asked Solicitor General to appeal to Supreme Court an Appeals Court decision (Vol. 18:36 p4) declaring unconstitutional the regulations requiring public broadcasters to keep audio tapes of some programs. "The majority opinion continues the misdirected thrust of the panel below in its interpretation of the intent [of regulation]," said Griffin, who filed amicus brief in case, in letter to JD.

**National Federation for Decency** will picket up to 50 ABC TV affiliates Oct. 31 as part of national boycott of ABC programming during Nov. sweeps to protest "the violence, vulgarity and profanity aired by the network" (Vol. 18:34 p5). "We promise ABC a loss of viewers in Nov.," according to Decency Exec. Dir. Donald Wildmon. "The pocketbook squeeze has only begun."

All but a few of House Communications Subcommittee members running for re-election this year are expected to win. Seen as in most serious trouble is Rep. Wirth (D-Colo.), who won very narrowly last time in Republican district, and is running against same person. Other viewed with rough race is Rep. Carney (D-O.).

**INTV** has switched Feb. 4-7 convention from New Orleans to Shoreham Americana Hotel, Washington, "to strengthen our presence in the Nation's Capital," according to Assn. official.

**NBC GOES ENTERTAINMENT, TOO:** Joining 2 network competitors, NBC last week formed Entertainment Div. to oversee programming, advertising & creative services and talent negotiations. NBC Exec. Vp-Gen. Mgr. Mike Weinblatt was named pres. of new div. Reporting to him (all formerly reported to TV Pres. Robert Mulholland) are Paul Klein, exec. vp, programs; George Shaver, vp-advertising & creative services; and Michael Grossman, vp-program & talent negotiation.

NBC Pres. Fred Silverman was pres. of first Entertainment Div. formed by network—at ABC. CBS formed its Div. last fall, hq in Cal. (other 2 are in N.Y.). Silverman said new group "will help us meet the challenge of increased competition in every area... and it represents the most effective utilization of what I believe to be the best manpower in our business."

**FCC shouldn't have punished KNXT L.A.** in winter-take-all tennis case (Vol. 18:17 p1) because its management was "duped as much as the American people," Rep. Waxman (D-Cal.), Communications Subcommittee member says in article offered to L.A. newspaper. He said culprit was network, and it should be punished. "Should not the FTC, which has more direct jurisdiction over these matters, have taken over the case? And... could it not have punished CBS rather than holding hostage a limb which, as treated by the law, is independent of the CBS network?" Waxman said whole problem "reveals that the question of licensing the networks directly, so as to establish more effective oversight on these matters, deserves further scrutiny."

**FCC should allow TV-radio stations and networks to deal directly with Comsat** and not require them to contract through middlemen for satellite time, which results "in artificially inflated prices and reduced service quality," according to Justice Dept. (JD). In filing at Commission in rulemaking proposed by Spanish International Network, JD said TV network satellite prices could be "greatly reduced," that agency "should go further [than proposed] and allow all customers for international communications services of all kinds to benefit from lower, competitive Comsat rates."

**Network TV advertising** climbed 19.2% in July to \$265.1 million with all dayparts showing increases, according to TvB-BAR. ABC again led with \$95.4 million in billings; CBS had \$85.4 million, NBC \$84.2 million. For 9 months of year, advertisers spent \$2.2 billion on networks—ABC getting \$801.7 million, CBS \$729.5 million, NBC \$672.9 million.

**Satellite distribution** to cable systems is planned by Modern Talking Picture Service, which offers free PR and other films. Modern has reserved 5 hours daily on RCA Satcom starting Jan. 1. Company now distributes programs to about 100 cable systems, via videocassette.

**WJLA-TV Washington** and Washington Assn. for TV & Children (WATCH) have formed joint effort "to communicate the needs of children's programming to the Washington area," including weekly show offering guidance on children's viewing, plus PSAs.



## Personals

James Geer advanced to senior vp-CBS Bcst. Group in charge of finance, planning, human & technical resources and research; Thomas Kirwan, CBS Professional Publishing Div. pres., succeeds Geer as CBS vp-chief financial officer; John Manion, vp-development, succeeds Kirwan... Richard Wald, ex-NBC News pres., more recently asst. to chmn., L.A. Times-Mirror, appointed senior vp, ABC News, succeeding William Sheehan, who joins Ford Motor Co. Sept. 15... Eric Koopmann promoted to vp-operations & system software, NBC; Fred Friedman, ex-RCA, joins NBC as dir.-planning & information, management information systems.

Gordon Anderson, Fetzer Bcstg. administrative vp, appointed WKZO-TV Kalamazoo mgr... Helen Atwood promoted to sales mgr., KFBB-TV Great Falls... William Keller joins Gateway Communications as dir.-retail planning & sales... Thaddeus Garrett resigns as PBS vp-human resources development to open consultancy.

Earl Stanley, communications attorney, elected chmn., Washington chapter, Bcst. Pioneers... Robert Schmidt, NCTA pres., addresses International Communications Conference, Dubrovnik, Yugoslavia, Sept. 12.

MPAA attorney Fritz Attaway, formerly with FCC Cable Bureau, promoted to vp with responsibility for all matters relating to FCC... Scott Moger advanced to vp-gen. mgr., Columbia Pictures Pay TV... John Goddard, pres. of Viacom west coast operations, advanced to exec. vp, Viacom Communications... John Wilson named vp-exec. production mgr., MGM TV.

Geoffrey Fischer, ex-Universal, joins Bennett/Katleman Productions as vp in charge of development... Dee Hopkins, ex-Granada TV, appointed foreign sales dir., NTA, L.A. hq... Randy Briggs, ex-WAGA-TV Atlanta, named mgr. of southeastern advertiser-agency sales, Arbitron.

Gerald Jaffe moves from research to vp-program planning, NBC TV; Robert Basché, ex-Colgate Sports Div., appointed dir.-creative services, NBC Sports... Leo Reetz promoted to mgr.-affiliate engineering services, ABC; James Burnette advanced to dir.-prime time sales proposals, ABC-TV.

Donald Kearney, retired Corinthian Bcstg. exec., named exec. dir. of Bcst. Pioneers, succeeding Robert Boulware, resigned... Hal Levenson, ex-WTTG Washington news dir., joins ITNA as Washington bureau chief, new post... Gene Swanzy, ex-WETA-TV Washington, moves to dir. of operations, PBS.

Leslie Frends promoted to exec. asst. to MGM TV Pres. Edward Montanus, new post... Richard Scalfani appointed dir. of financial information systems, Warner Cable... Anthony Bruno advanced at Kodak from sales development dir. to mktg. dr. for TV & motion pictures.

FTC hearings on proposed rule requiring that warnings on over-the-counter antacids be also included in ads begin Dec. 4.

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with

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AmeriCom Satellite Network complained to FCC Chmn. Ferris because Commission has failed to act on ASN's proposal to feed to cable systems, via Western Union satellite, signals of WGN-TV Chicago, WOR-TV N.Y. & KTTV L.A., plus movie channel. ASN proposal has been opposed, before FCC, by competitors who state that ASN doesn't qualify as "resale common carrier" and its application is mutually exclusive with theirs. Attorney William McDonald is pres.-chmn. of ASN, with offices at 522 Hubbell Bldg., Des Moines 50309. Company is subsidiary of Digital Communications (Mike Paolini, pres.), Saratoga.

Nielsen launched overnight ratings service for San Francisco Sept. 5, 3 weeks ahead of schedule, bringing number of markets in overnight program to 4. Others are N.Y., L.A. & Chicago. Nielsen said it has no plan for further expansion.

FCC has sent all licensees "The Law of Political Broadcasting & Cablecasting," as updated by William Ray, retired chief of Complaints & Compliance. "Hopefully, it will cut down on the campaign questions we get this fall," Commission official said.

TV/Radio Age celebrated 25th anniversary with 284-page Aug. 28 issue which, says Publisher Sol Paul, "contains more advertising than any broadcasting magazine in history."

## Obituary

Broadcast pioneer Rex Howell, 71, died Sept. 7 of heart attack while in Grand Junction, Colo. hospital. He was chmn. of KREX-TV-AM Grand Junction, started radio station in 1926. He served 6 years as GOP member of Colo. legislature, was chmn. of NAB radio board, member of BMI board. Wife, 2 daughters survive.



# Consumer Electronics®

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

## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Aug. 25 (34th week of 1978):

	Aug. 19-25	1977 week	% change	Aug. 12-18	8 months 1978	8 months 1977	% change
Total TV. . . . .	375,545	317,322	+18.3	292,226	9,502,515	8,273,948	+14.8
color . . . . .	242,251*	205,096	+18.1	188,212	6,024,121*	5,103,981	+18.0
monochrome . . . . .	133,294	112,226	+18.8	104,014	3,478,394	3,169,967	+9.7
Total radio . . . . .	908,077	1,277,144	-28.9	771,832	30,223,530	31,681,097	-4.6
home, portable . . . . .	689,689	1,035,148	-33.4	547,415	22,071,406	23,624,120	-6.6
AM-only . . . . .	145,318	194,224	-25.2	158,355	5,028,569	5,591,598	-10.1
FM & FM-AM . . . . .	544,371	840,924	-35.3	389,060	17,042,837	18,032,522	-5.5
auto . . . . .	218,388	241,996	-9.8	224,417	8,152,124	8,056,977	+1.2

Color TV 5-week moving average: 1978—196,031\*\*; 1977—170,502 (up 15%).

\*Record for period. \*\*Highest of year and record for period.

**FOTOMAT VIDEO—SMALL SCALE, BIG HIT:** With no promotion beyond kiosk displays and publicity generated by last June's news conference (Vol. 19:27 p7), Fotomat's entry into home film-to-videocassette transfers has generated so much business company is concerned that planned ad campaign may bring in more orders than it can handle.

Fotomat launched service July 3, and it has turned into undisputed hit, though on very small scale. "We're surprised at the growth—it started faster than we thought," we were told by TV Development Dir. Gene Warren, who said business took off in 2nd week. He said Fotomat's single 3-chain duplication installation in Fountain Valley, Cal. is operating at full single-shift capacity of 5,000 minutes weekly, will step up to 2 shifts this month. Three more 3-chain systems are on order; one should be in operation in Nov.

Fotomat already has learned great deal about consumer demand. Typical home movie transfer order runs 800-1,200 ft. (1 to 1-1/2 hours) against expected 200-300 feet. Slides come in 200 at time, account for only 8-10% of business, but may grow later. "We feel the consumer doesn't understand the advantages of taped slides," Warren said, pointing out that lower resolution of taped vs. optically projected slides is much more apparent than it is with movies. Also, he said, Fotomat may have erred in not offering 8-sec. (it offers 5, 10 & 15) per-slide display interval. "Many owners of Kodak Carousel projectors have set up 8-sec. programs and we may go to that."

There's no typical customer, though. "We're getting films from everyone from the semi-pro to the guy who shot 400 ft. all out of focus." Warren said VHS currently accounts for about 60% of business and "the orders are coming from around the country in about the same proportion as we understand the VCR population is located." Repeat orders provide about 15% of business.

Project hasn't been totally trouble-free. "Our equipment has worked without a hitch, but we're still shaking the bugs out of the handling end." He indicated changes may be made in complex order form, which requires film-transfer customer to answer dozen questions, to make job simpler both for consumer & kiosk clerk.

Operating cost is "running better than our projections, but we can't comment on profitability" until accountants get through apportioning expenses. As for sales, "we can't say much about



that either," since Fotomat's projections don't start until late Oct. when first ads are slated to run—Fotomat's first print ads promoting sale of blank cassettes, but with no mention of transfer service, already have appeared.

We're a little afraid of what our first [transfer service] ads will do," Warren said. He explained Fotomat will keep ad profile low at beginning, "see what comes out, so we can promote more if necessary or cut back if we scare up too much business."

As for longer-range expansion, "we're now starting to evaluate our experience," may decide later this year whether to set up additional processing facilities. "We're looking at the Cleveland & Hartford areas," Warren said. He explained Fotomat has to balance prospect of faster service to consumer that could come from regional operation against advantage of centralized control & administration in increasing capacity in Cal.

\* \* \* \*

That long-awaited lift-off in home VCR sales may be at hand. Preliminary tally of early returns from our Early Warning Report retail panel indicates Aug. probably saw first increase in sales since April—it's too early to tell actual dimensions, but our EWR subscribers will know Mon. (Sept. 18). Magnavox reported "unprecedented demand" for VCR in last week, credited general expectation of price increase. "We've hedged against the rising yen," said company official, "but we're running out of yen and the prices are almost certain to go up," presumably around first of year.

EIA's home VCR sales-to-dealer figures indicate no lift-off in wholesale sales. Aug. sales totaled 22,468 units, up only slightly from July's 20,862, bringing 8-month sales to 185,830.

**TV MAKERS UPGRADING SOUND QUALITY:** For first time, majority of TV set manufacturers are taking close look at their audio quality and many plan substantial upgrading in some of their models as soon as next spring. Some are even beginning to talk about possibility of stereo sound—although many substantial problems remain—and all set makers agree stereo would have some appeal as step-up high-end feature.

Despite fairly substantial evidence that sound has never been selling-point in TV—most consumers buy TVs without ever listening to them—it's getting new attention for variety of reasons: (1) Availability of better transmitted audio as result of AT&T's new intercity networking system which increases frequency response from 5 to 15 kHz. (2) Anticipation of videodiscs which will have hi-fi stereo soundtracks, as well as potential improvement of audio on pre-recorded video-cassettes. (3) Influence of public's increasing awareness of good musical reproduction as result of upgrading of audio products.

"The upgrading of sound from the TV receiver will come in the next year or so," says Zenith's Carl Eilers. "You'll see a lot of merchandise with better sound not only from Zenith but from others. There'll be bigger speakers and better amplifiers." Eilers says stereo would take considerably longer—"even if everyone were gung ho on the need for it, I'd still be surprised if there were [stereo broadcast] standards in the next 3 or 4 years. But activity is simmering and you'll hear a lot more about it this fall."

RCA is less enthusiastic. "It's not a top priority with us. TV's music content is low, and that's not because of the quality of the audio," says Product Planning Vp David Daly, who adds that consumer has shown preference for today's TV cabinetry, which virtually precludes effective stereo. But—"if we do get stereo and it's good and seems to stimulate consumer interest, how could you be against it? If it helps sell consoles, everybody will like it."

Quasar has emphasized sound quality in last few years with moderate success, according to Engineering Vp Richard Kraft. For 2 years, company put audio jacks on all models. "This met with a decided lack of interest and we no longer offer this feature." Company now offers "Audio Spectrum Sound" in some models—double-sided portables & consoles with 2 speaker enclosures and 3 speakers. "The response has been good but not outstanding," says Kraft. "It's good enough to warrant our continuing to offer, but not good enough to expand it to the entire line." As to stereo, he sees little current consumer interest—but "we believe the idea of dual sound



channels [for stereo or other uses] has merit and we will participate in any industry activity. Without question it should be offered as a step-up."

"On the basis of AT&T's move we definitely plan to improve the sound capability of our sets," we were told by Magnavox Product Management Vp Charles Dolk. Improvement would be across entire line, with sound becoming important feature at high end. "The videodisc has 2 sound channels and is high fidelity—this will be a big part of our sales pitch. Sound is a good feature to influence younger-generation buyers. It will be very important with projection—a major step-up feature."

"We're upgrading our speakers, improving the baffle and looking at our audio electronics," says GE Product Planning Mgr. Tom Tucker. "As color TV becomes an increasingly mature industry, we're going to explore new [step-up] areas," and audio is one, Tucker said. "The disc will help open people's eyes and ears to the possibilities of TV audio. We're trying to evaluate the over-all implications." GE is currently querying consumers about TV sound and finds little change in historical pattern—"generally about 10% are sincerely interested in better sound."

"As early as next May our products will recognize that TV has another function beside video," says GTE Consumer Electronics Pres. Thomas Shepherd. "The TV set is gradually becoming more than just a visual instrument because of the broadcasting stations' better sound and the potential availability of pre-recorded video software with improved audio."

Panasonic is "doing considerable research on sound" and is "actively pushing for stereo," spokesman said. "It's a major project of ours." In Japan, Matsushita is using sound quality as TV important selling point. Japan's broadcasters are talking of reactivating dual-channel TV sound (for stereo or 2-language audio) first used by NHK in 1970. "If stereo broadcasting is resumed, we plan to introduce a special TV receiver for it next summer in Japan," says Sony spokesman. "Our design people here and in Japan are looking at the potential of stereo." From Advent TV Product Mgr. Walt Henry: "We'll do anything we can to influence the adoption of stereo sound for TV."

Among broadcasters, PBS is most actively pushing for stereo, but the other networks are becoming enthusiastic about prospect of 2 discrete TV soundtracks. ABC Engineering Pres. Julius Barnathan told us: "We're very interested in dual sound, particularly for simultaneous language translation, but we're not interested in stereo at all. Stereo may be a good selling point for a few rich people, but it's not a major market."

AT&T's new audio networking setup makes it possible to add 2nd 15-kHz sound channel at any time, and company spokesman said its activation awaits only development & approval of rate structure. For some time FCC has had inquiry into various additional signals on TV's sound channel, and it's expected to propose rules in Oct. It won't include stereo in its rulemaking, but any proposals will be designed so that new standards won't preclude possibility of adding stereo later.

Three intra-industry groups have been considering various aspects of multi-channel TV sound—Joint Committee on Intergroup Cooperation (JCIC), NAB, EIA's Bcst. TV Systems (BTS) Committee. Latter group is expected to be favored instrument for multi-channel exploration, and is expected to call for establishment of ad hoc committee to explore standards, much as NTSC developed & tested b&w & color standards and NSRC worked on FM stereo.

**Sanyo expands plans for San Diego factory to include appliances.** As originally announced, proposed facility was for assembly of Fisher-brand stereo equipment. Now, company says, it will produce refrigerators there as well. Sanyo stated it planned to invest \$15 million in operation, would start production in June. Tokyo Sanyo, Sanyo Electric's audio manufacturing subsidiary, plans to float 20 million shares in Europe this week. At current prices, offering is valued at about \$34 million.

**Import impact aid for workers who lost jobs producing CB & monitor crystals at 5 M-Tron Industries plants in S.D.** was approved by Labor Dept. LD report shows crystal imports last year were valued at \$10.6 million, up 23.3% from average \$8.6-million value in 1973-76, while value of domestic production increased 20.8% to \$207.8 million from \$172-million average for same period. One major M-Tron crystal customer has shifted business to foreign suppliers, LD says.



**UHF NOISE DELAY SOUGHT:** Tv set makers won't be able to meet next year's deadline for compliance with new UHF noise reduction requirement because FCC has stalled on measurement standard, EIA Consumer Electronics Group will say in petition for reconsideration to be filed next week.

New rule approved by FCC last May (Vol. 18:21 p10) cuts allowable noise figure from present 18 dB to 14 dB for all new models submitted for certification after Oct. 1, 1979, for all production after Oct. 1, 1980, calls for 10-dB maximum after Oct. 1, 1982 if improvement can be achieved without creating interference problems. Although change was cleared 4 months ago, there's been no proposal for necessary measurement standard.

"Without a standard the manufacturers can't know whether their sets comply with the new rule, and for all we know they already do," EIA spokesman said. Set makers, he stated, may have to buy new test equipment, establish new procedures to comply with measurement requirements; FCC probably will hold hearing on measurement standard proposal, "and all that takes time." EIA will request that effective date of new noise rule be placed in limbo until measurement standard proceedings are complete. While EIA won't make any specific timing recommendation, it will refer to suggestion made during May hearing by Bcst. Bureau Chief Wallace Johnson that noise rule take effect year after standard is finalized.

**FTC has issued first Magnuson-Moss Warranty Act complaint—against George's, large Washington-area TV-appliance chain.** Complaint alleges that George's failed to label its warranties as "full" or "limited," to explain what parts are or are not covered by warranties, to tell when warranties would begin, and to allow customers access to binders containing copies of manufacturers' and George's own warranties. Proposed order issued with complaint would require George's to rectify problems and institute program to guarantee compliance. George's Pres. Herb Filderman, currently drafting reply to complaint, says "technically, George's was in violation of this new law last year, but after we talked with the FTC in Jan., put up signs and did some other things, we thought we were in compliance. Now, it turns out that they don't like the fact that our signs were 18"x24", instead of 2x2 ft., and that we call our warranty 'George's extended limited warranty' instead of just 'limited warranty.'"

**Ad notes:** Sylvania will continue comparative ad campaign this fall under theme "Sylvania beats RCA & Zenith." TV & print ads will feature test results showing 62% of 1,008 consumers queried picked Sylvania 19" color TV as having best picture... Admiral launches "Fall Kick-Off" promotion featuring pro football schedule giveaway, optional \$17 football as in-store traffic builders, backed with co-op radio spots.

**Bose enters mid-fi market with \$500 component system.** Speaker manufacturer has set up new distribution network, will sell through dept. stores & appliance outlets in addition to audio dealers.

**HUGE COLOR SALES WEEK:** Color sales to dealers went through the roof in first week of Sept. on EIA's statistical calendar (actually Aug. 26-Sept. 1)—totaling approximately 270,700, up 30% from 208,400 registered in same 1977 week and more than 19% ahead of previous record established in 1973. Sales were only about 700 short of this year's record week—final week of June.

Sept. was off to big start, and both color & monochrome sales were up smartly in Aug., color to record (Vol. 18:36 p6), b&w to best Aug. sales since 1974, according to EIA figures. Inventories at month's end were down from year earlier—factory-plus-distributor totaling 2.52 million, down 3.3%; factory at 1.5 million down 1.3%, distributor 10.2 million down 6.3%. Factory plus distributor inventories rose 2.8% in Aug., factory stocks dropping 2%, distributor inventories rising 3.8%.

Radio sales were down sharply in Aug., continuing decline which started in April, leaving 8-month sales slightly lower than year ago. However, Aug. 1977 sales as reported by EIA were unusually high. Here are Aug. EIA figures (for 8-month data, see State of the Industry):

Product	August 1978	August 1977	% change	August 1976
Total TV . . . . .	1,214,056	1,016,108	+19.5	927,049
color . . . . .	777,639	652,575	+19.2	571,771
monochrome . . . . .	436,417	363,533	+20.0	355,278
Home VCR . . . . .	22,478	—	—	—
Total radio . . . . .	3,529,899	5,439,151	-35.1	3,883,791
home, portable . . . . .	2,689,546	4,575,172	-41.2	2,856,302
AM-only . . . . .	619,683	1,266,290	-51.1	986,565
FM & FM-AM . . . . .	2,069,863	3,308,882	-37.5	1,869,737
auto. . . . .	840,153	863,979	-2.8	1,027,489

**Sony 3-hour videocassettes** are now in national distribution. Sticker on package gives toll-free phone number for use "if playback results show significant picture impairment." Sony Exec. Vp Joseph Lagore said some older Beta machines required minor adjustment to use new L-750 cassettes, and company is making this adjustment free. Zenith has similar label on its L-750 cassettes, telling users to contact dealer, service center or distributor in case of problem for free VCR adjustment. Meanwhile, Sony's 2-cassette changer is still being tested in Cal. Selected Betamax owners have been given units for their use to determine ease of installation, reliability, etc. Lagore said results hadn't yet been compiled and prices or date of sales start weren't determined.

**Magnavox is moving** Consumer Electronics hq to Knoxville in mid-1980. Company has optioned 31-acre site east of city, will transfer mktg. & engineering facilities there, leaving Govt. & Industrial Electronics Co. as sole Magnavox operation in Ft. Wayne. New hq site is about 60 mi. from consumer electronics plant in Greeneville, Tenn. Ft. Wayne hq has been sold to Lincoln National Life Insurance Co. for undisclosed amount. The 550 Ft. Wayne employees affected were given news of move Sept. 6 by Pres. Kenneth Meinken, who said move would make possible closer integration of company's facilities.



**NEW TV PRICES:** Panasonic & Sanyo increased prices Sept. 1, and Sylvania & Philco go up Oct. 1. Sanyo said its increases, covering all consumer electronic products, lines, will range 3-7% on selected models, but some will go up to 10%. Specific Sanyo prices haven't yet been released.

**Panasonic**, which hiked TV prices substantially last May, raised both color & b&w, its projection set going to \$3,999, up \$199 from previously announced \$3,800, other models being increased up to \$115. New suggested retail prices on color: AC-DC 7" set \$420 (unpriced in May); 10" now \$340 (up \$30); 12" sets unchanged at \$300 & \$440; 13" formerly \$340 now open-listed but discounted from about \$425 (up \$85); 19" leader at \$460 discontinued, replaced by new model which could sell for around \$560, step-up \$570 (up \$90), first VIR model \$615 (unpriced in May), pushbutton-tuned version \$680 (up \$100), remote \$735 (up \$115); keyboard-tuned remote \$820 (unpriced in May); the eight 25" consoles are unchanged at \$640-\$800.

Panasonic's b&w line: 3" AC-DC with FM-AM \$190 (up \$10); 5" AC-DC \$160 (up \$5), with FM-AM \$190 (up \$10), pop-up AC-DC with FM-AM \$210 (up \$10); 7" AC-DC \$165 (up \$10); 9" AC-DC \$130 (unchanged), step-up \$180 (up \$5); new 12" leader, open (about \$120), step-up \$140 (up \$10), AC-DC \$150 (up \$10); 19" unchanged at \$155 & \$170.

**Sylvania** raised list prices \$10-\$20 on 22 of its 47 models. Each of following sets is up \$10: Two 19" leaders, now \$390 & \$410; step-up 21" Superset Plus, now \$580, remote \$660; series of four 25" Supersets, now \$690, 4 now \$730, 5 Superset Plus now \$760. Up \$20 are 4 remote Supersets, now \$820.

**Philco** hiked 7 of its 27 models \$10-\$20. Two 21" sets were raised \$20 to \$490 & (remote) \$590; up \$10 is 25" console, now \$690, 4 others up \$20 to \$770.

**Garrard** quit U.S. OEM record-changer business for 2nd time in 4 years. In U.K. last week, parent Plessey announced it was closing plant that produced parts for OEM line, laying off about 300, and wouldn't make new commitments to OEM customers. Move will serve to strengthen firm's position as manufacturer, won't affect distribution here of changers & turntables to retailers, we were told by U.S. Sales Vp Marvin Paris. Garrard dropped out of OEM field in 1974, year after Plessey took over retail distribution from British Industries, later reentered field in modest way. Current customers include Zenith, Lloyds, Emerson, Curtis Mathes. All have been notified of move, Paris said. Plessey action comes just 6 weeks after North American Philips announced it was closing Magnavox's U.K. changer-producing subsidiary Collaro, creates additional sales room for Avnet's Tenna OEM changer operation (Vol. 18:30 p9).

**Commodore's PET** home computer will also be made in England starting later this month. Plant at Eaglescliffe will produce computers at rate of 500 per month now, 1,000 monthly by Dec. Commodore says U.S. production now stands at 4,500 monthly.

**ALPS BUYS OUT MOTOROLA:** Japan's Alps has acquired Motorola's 50% interest in Alps-Motorola, their Japanese auto & home tape hardware manufacturing venture, terms undisclosed. Venture was founded as 8-track tape deck operation in 1967 with Alps, then a supplier of TV tuners to Motorola, as 60% owner (Vol. 7:18 p10). Motorola increased its interest in 1973.

Decision to end venture agreement appears to have been sudden, and based on disagreement over product direction. It's understood Alps wanted A-M to move into growing highway hi-fi market, expand now-limited involvement in home cassette deck field, while Motorola's prime concern was with venture's role as OEM supplier of basic car stereo. A-M is expected to continue as Motorola supplier & patent licensee.

A-M sells own Alpine line of car stereo in Europe, and we've learned, has started test marketing Alpine brand cassette decks in Canada. End of Motorola tie makes it likely Alps will offer own-brand line in U.S., also opens door for own & private-brand sales in Japan. Alps spokesman told us announcement on new name & marketing program for A-M is expected end of Oct.

Split isn't first for Motorola & Alps. Same firms launched abortive \$10-million IC production venture in Japan in 1973, but never began. Companies clashed on management policies and in late 1975 Motorola bought out Alps for \$5 million, while Alps absorbed half of venture's \$2-million loss, purchased incomplete plant & real estate for \$6.6 million.

**Mergers & acquisitions:** Advent completed previously announced acquisition of Continental Fidelity, Cal.-based producer of car stereo... Nippon Electric reached agreement to acquire Electronic Arrays (Vol. 18:26 p12). Terms call for purchase of all EA stock for \$8.9 million, \$400,000 more than indicated earlier... Cornell-Dubilier is negotiating to acquire El-Menco mica capacitor operation of bankrupt Electro-Motive.

**Trade policy changes** are needed to protect U.S. manufacturers from unfair import competition, provide them with equitable access to foreign markets, Zenith Chmn. John Nevin says in article, "Can U.S. business survive our Japanese trade policy?" in current Harvard Business Review. Nevin details Zenith's unsuccessful attempt to sell color sets in Japan, discusses its antitrust suit against Japanese TV producers and effort to have countervailing duties imposed on Japanese imports. He also covers dumping case, current Justice Dept. probe into rebates given Japanese TV importers, criticizes apparent unwillingness of Treasury & JD to take decisive action to stop what he considers Japan's unfair business practices. Nevin calls on U.S. trade policy makers to drop "Marshall Plan mentality" that still sees Europe & Japan as economically weak and in need of trade concessions, says priority should be given to making "truly reciprocal" trade agreements. "Most important of all," he says, is insuring that U.S. is "both willing and able to provide the 'swift & certain' response to unfair trade practices that Congress has intended to be available."



## Consumer Electronics Personals

Charles Goris promoted at GTE Consumer Electronics from TV product mktg. mgr. to TV product mgr., succeeding David Hobkirk, now product mgmt. vp. . . Archie Purvis, MCA DiscoVision industrial mktg. dir., adds duties as consumer videodisc national sales dir. . . Robert Marmorstone advanced at Fanon/Courier from senior vp & gen. mgr. to pres., succeeding H.A. Schmidt, resigned.

Jack Bowers, Sanders Assoc. pres., named chief exec., succeeding Harold Pope, who continues as chmn. . . Robert Braverman, ITT vp, named to head new Mktg. & Business Strategy Dept. . . William Heye named Varo Semiconductor pres., succeeding Jan Collmer; James Adams promoted at TI from Japan mktg. mgr. to TI Japan mgr. & TI Asia pres., replacing Heye. . . David McGuire appointed production administration & control mgr., Sylvania Circuit Module Operation, succeeding R.W. Baer, resigned.

Jerry Brandt, Byte Industries pres., adds post of chief operating officer of parent, Logical Machine Corp., formerly held by Pres. John Peers. . . Ron Schnelderman advanced to editor, Merchandising magazine. . . David Baker, ex-Simonite Sales, joins Sharp's Optonica Hi-Fi unit as West region sales mgr. . . Paul Kelley elected NATESA pres., succeeding George Weiss. Other new officers: Vp Leo Cloutier, Secy. Lelia Aunspaw.

William Mueller named gen. mgr. of new Hughes Microelectronic Systems Div., responsible for entertainment systems & military communications markets; W. Scott Walker, former Industrial Electronics Group technical dir. named Microelectronic Products Div. gen. mgr., replacing Mueller. . . Norman Miller promoted at Advanced Micro Devices from special projects dir. to European mktg. dir., replacing Robert Chamberlain, resigned. . . Jerry Markus, ex-Fairchild, joins Siliconix as IC mktg. mgr.; John Fulton, ex-Plessey, appointed OEM sales mgr.

**Customs Reform Act (HR-8149)** cleared Senate last week, is expected on House floor this week, Measure eases penalties levied against importers who have evaded duty payments by requiring govt. have positive proof of fraud. At urging of Zenith, bill was amended to require present penalty assessment practices be used for cases currently under investigation, and to specifically mention those involving TVs imported from Japan. Justice Dept. is looking into charges some importers evaded payment of TV dumping duties by not reporting rebates received from their Japanese suppliers (Vol. 18:33 p11).

New microcomputer software agreements signed by GRT: Microsoft will produce BASIC programs (\$35 & \$50) for SWTPC and SOL microcomputers; Softape will offer \$15 game-home entertainment programs for SWTPC, SOL, Apple 2, TRS-80, Exidy Sorcerer and PET personal computers.

Fairchild estimates semiconductor industry sales will rise 20-22% this year, increase 11-13% in 1979, Chmn. Wilfred Corrigan told stock analysts in N.Y. last week. He said company has \$50-million capital spending budget for 1979, up from \$30 million this year.

## 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			
1978-year to June 30	806,648,731	39,577,345	2.55
1977-year to June 30	719,647,464	40,183,070 <sup>a</sup>	2.60
1978-qtr. to June 30	219,644,886	11,553,010	.74
1977-qtr. to June 30	186,543,098	10,424,997	.67
Columbia Pictures Industries			
1978-year to July 1	574,639,000	68,824,000 <sup>a</sup>	7.40
1977-year to June 25	390,504,000	34,599,000 <sup>a</sup>	4.04
1978-qtr. to July 1	164,278,000	15,977,000 <sup>a</sup>	1.69
1977-qtr. to June 25	121,487,000	6,701,000 <sup>a</sup>	.75
Tocom			
1978-year to June 30	4,330,989	87,709	.09
1977-year to June 30	2,916,452	(297,801)	--

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

**AUTO SOUND CONFLICT:** Burgeoning auto hi-fi business has intensified traditional conflict among car companies, car dealers and auto sound manufacturers & distributors, led to formation of new trade organization, may result in govt. antitrust investigation. Custom auto hi-fi manufacturers, no longer content to sell to aftermarket, are now selling through increasing number of new-car dealers. But they claim Detroit is forcing dealers to accept high percentage of new cars with factory-installed radios—preventing dealers from making higher profit margin from custom stereo installations they say growing number of new-car buyers want.

Several auto sound manufacturers have joined to form Custom Automotive Sound Assn. to push for change. CASA members testified before Senate Antitrust Subcommittee last month, calling Detroit's actions in behalf of its radio subsidiaries (Ford & Chrysler radio-electronics divs., GM's Delco) "restraint of trade." CASA attorney Sidney Dickstein says Detroit's latest "creeping tendency" is to label radios "original equipment"—meaning that dealer who wishes to sell custom hi-fi must specifically request vehicles without radios. Justice Dept. is expected to decide this month whether to start full-scale investigation.

CASA membership has grown to 8 from original 5 (ARA, Altus/Automatic Radio, Audiovox, Clarion, Custom Auto Accessories). Full voting membership costs \$10,000, associate membership \$500; distributors & installers are encouraged to join as well as manufacturers. CASA is also pressing 2nd issue: Car stereo manufacturers want car companies to provide new-car dashboard specifications before production. Since these plans currently are given only to automakers' own subsidiaries, CASA members again claim restraint of trade. "We feel we've got a good precedent in the Kodak vs. Berkey case," says Audiovox Senior Vp Phillip Christopher. "It's the same thing: Kodak didn't tell Berkey about its change in film size; Detroit won't tell us when it changes dashboard specifications."



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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**BAR LOCAL CABLE CONTROL:** Van Deerlin wants to preclude local cable regulations, except for such things as franchising. Cable is interstate, he says after rewrite hearings. Networks under attack from Russo for news coverage of Chicago hearing. Frey returns to scold bill's opponents. (P. 1)

**NBC EXPECTS CHMN. PFEIFFER** to become 'industry's conscience,' play major role in Washington. She'll handle 'statesmanship,' Silverman programming. Goodman moves to chmn. of new exec. committee. Silverman urges advertisers to get back into programming. (P. 2)

**FLEMING NAMED CPB PRES.:** U. of Mich. pres. elected by CPB board, gets near-universal good marks. Anderson acting pres. until Jan. Herndon elected chmn., Gregg vice-chmn. NPR, NAEB pleased. PBS impressed but reserves decision. (P.3)

**SHOWTIME-TELEPROMPTER VENTURE:** New competition in pay cable—except in Valenti's opinion. After Jan. 1, Showtime subscribers will total 550,000 to HBO's 1.7 million. Levin's reaction—'bullish.' (P. 3)

**COURT REMANDS CBS ON FAIRNESS:** Coverage of national security returned to FCC by D.C. Appeals Court, which castigates agency for saying complaint wasn't specific. (P. 5)

**REWRITE TO BAR LOCAL CABLE REGULATION:** House Communications Subcommittee Chmn. Van Deerlin (D-Cal.) now plans to rewrite first draft of new Communications Act to bar state & local govts. from regulating cable, he told us last week. Van Deerlin said he now believes cable is interstate and should be left to federal regulation, except for such things as franchising.

"This is to say the taxicab theory [which compared cable to local cabs picking up interstate passengers at airport] doesn't hold up all the way," Van Deerlin said. He added, however, he hasn't made up mind whether he'll rewrite bill to stop telephone companies from getting into cable. "I want to hear more about that," he explained. He didn't say what, if any, trade-off would be made in exchange for excluding states and local govts. from regulation. Separations policy has been suggested by some.

Van Deerlin statements last week came at conclusion of Subcommittee hearing on broadcast section of bill at which networks took their lumps from some Subcommittee members and other witnesses. Rewrite leaves networks unregulated, point which has disturbed some congressmen and public interest groups. Unhappy with networks were Reps. Waxman (D-Cal.) and Russo (D-Ill.), Russo at times dominating hearing with complaints about TV coverage of his rewrite hearing in Chicago (Vol. 18:35 p3). Broadcast lobbyist told us if Subcommittee

### Consumer Electronics

**AM STEREO RULEMAKING** started by FCC, will ask public comments on 5 different systems, hoping for final action in 6-8 months. Further inquiry into quad FM also voted. (P. 7)

**MATSUSHITA SEEN DROPPING** Visc for JVC capacitance system; could lead to common system with RCA, which demonstrates own disc in Japan this week. Philips' completely new 8-hour VCR system. Price hikes seen soon on U.S. VCRs. (P. 8)

**DUMPING ENFORCEMENT** hearing set for Sept. 21 by House Trade subcommittee. Senate probes reviewing Zenith-Japan antitrust documents. U.S.-Taiwan to meet on color limits in Oct. (P. 9)

**SUPERSCOPE CREATES** new sales posts in restructuring aimed at decentralization. Expansion of Marantz & Imperial lines, cutback for Superscope brand expected. (P. 10)

**SONY SET SALES RECORD** in 3rd quarter, attributes gain in net to currency translations, reports VCR volume up 45% in period. (P. 10)

**AUDIO TAPE SALES** forecast from Maxell sees sharp growth for premium cassettes in 1978, leveling for 8-track & open-reel. Maxell adds VHS cassettes in Japan, Sony to widen U.S. marketing of Beta cassettes. (P. 11)



voted today on including in bill regulatory control over networks, vote would be "very close."

Van Deerlin, however, told hearing he's not too interested in going after networks. "While it makes a nice phrase to 'break up the networks'... we couldn't see any purpose." He also had general praise for networks. Russo's complaint, voiced to each of 3 network witnesses, was that network-owned stations hadn't covered public interest groups at rewrite hearing. "I'm not upset about the coverage of Marty Russo," he said. "... I was naive to believe that the networks will let the public interest groups be heard." Replied Everett Erlick, ABC sr. vp & gen. counsel: "I suppose as long as there is a TV industry there will always be events which take place about which you disagree with the coverage... I hope it is always the case. The judgment of covering the local Chicago hearing was up to the news director."

Another highlight of hearing was return of Rep. Frey (R-Fla.), co-author of rewrite who was defeated in primary bid for gubernatorial nomination last week. Frey, who gave up House seat to run for governor, has watched rewrite hearings from afar and had some unhappy words for broadcasters' negative reaction to bill. "It looks to me that some would rather sit fat, dumb and happy," he said, "So much... is a negative philosophy... Let's not nit pick." Frey said he'll work on rewrite until his term expires, pleasing Van Deerlin.

Subcommittee received reams of testimony from over 40 witnesses. Views of many were known in advance (Vol. 18:37 p1), and many repeated criticisms and views heard repeatedly. "The bill imposes a license fee which could seriously reduce broadcast stations' resources," said Corydon Dunham, NBC exec. vp and gen. counsel. Said Everett Parker of United Church of Christ: "The American people are not just a hapless audience to be delivered by the Congress to advertisers, broadcasters and common carriers for their enrichment." Said SAG Pres. Kathleen Nolan, CPB nominee, Carnegie Commission member and head of public interest coalition unhappy with bill: "Where is the leadership in this bill? It is like a giant ball of confetti thrown in the air. Almost everybody got a little present under the tree."

**NBC'S PFEIFFER—'INDUSTRY'S CONSCIENCE':** "He looks on her as kind of the industry's conscience," NBC official said last week of Pres. Fred Silverman's naming of Jane Cahill Pfeiffer as NBC chairman. "They'll have a Paley-Stanton relationship... Fred will handle the programming, Pfeiffer the statesmanship."

Pfeiffer will be elected formally at Oct. 4 NBC board meeting, will replace Julian Goodman—33-year NBC News veteran who became NBC pres. in 1966, chmn. in 1972. Goodman will become chmn. of NBC exec. committee—still to be formed—which, we're told, will meet regularly to "help expedite decisions and to advise Silverman." His contract with NBC ends next spring.

New chmn. will report to Silverman, "will concentrate on such vital areas as government relations, legal affairs and employee relations," NBC said. Added Silverman: "Beyond that, Jane will be working along with me on all aspects of NBC's operations. I'm delighted to have her at my side... She is a major acquisition for NBC." RCA Pres. Edgar Griffiths said that Pfeiffer will replace Goodman on RCA board, which also meets Oct. 4.

NBC Vice Chmn. David Adams (on vacation in Italy last week; Pfeiffer was vacationing in France) currently oversees legal & govt. matters, is expected to continue to do so until he retires, according to NBC official. Adams already has reached retirement age (65) and "knowing Jane like I do, she'll probably ask him to stay beyond next spring"—when he's currently do to retire, official said.

Pfeiffer, 45, joined RCA as consultant in 1976 after leaving IBM (where her husband Ralph is senior vp) where she was vp-communications & govt. relations, was used as go-between earlier this year when Griffiths hired Silverman away from ABC. She & Silverman became acquainted (when latter was head of CBS programming) when Pfeiffer brought IBM into TV as sponsor of public affairs programming. Since Silverman joined NBC last June, she was "assigned on his request to provide consultation there," according to NBC. Pfeiffer turned down appointment as Secy. of Commerce in Carter Administration because of health & family reasons.

RCA Exec. Vp-Corp. Affairs Kenneth Bilby brought Pfeiffer into company, said she worked



in internal communications and improving contacts with govt. "The team of Fred & Jane will leave its mark on broadcasting," Bilby predicted. He added she has programming ideas of her own—"She thinks a lot can be done as far as [improving] programs is concerned... She's particularly interested in expanding the news & documentary horizon."

\* \* \* \*

In appearance Sept. 14 before Benton & Bowles forum, Silverman urged advertisers & agencies to "get back into the prime-time ballgame" by helping develop network series. "I don't think the 3 networks are the repositories of all the good ideas about what makes good TV," he said in citing many past programs brought to networks by advertisers & agencies. "We want that kind of creativity back in the medium... I can promise you an open door at NBC for consideration of any idea. We want to read your scripts. We want to screen your pilots."

**FLEMING NAMED CPB PRES.:** Robben Fleming, U. of Mich. pres., last week was named CPB pres., a choice which met near universal approval, difficult to get in civil-war weary public broadcasting. He'll take over in Jan.; Exec. Vp Cortland Anderson will be acting pres. until then (Vol. 18:37 p4), replacing Henry Loomis.

Fleming, 61, has no broadcast experience, is labor lawyer, former chancellor of U. of Wis. and law prof. at U. of Ill. He survived campus turbulence of 1960's, is experienced labor mediator and has worked with state legislatures on funding-academic freedom issues—qualities search committee liked.

"If he's as good as he's described on paper," Senate aide told us, "he's a real coup." Search committee member told us some 25 of Fleming's peers were phoned, and none had bad thing to say. "We really wanted to know," the committee member said.

NPR officials praised Fleming up & down. "Those land-grant colleges, that's where we began," NPR official said, "He knows radio." PBS officials, who have feuded with CPB, said his credentials looked fine but reserved judgment. NAEB officials said they also were pleased.

Only complaints heard were that at 61 he's too old and that CPB now will be too representative of educational interests because of newly-elected chmn.—former National PTA Pres. Lillie Herndon. Herndon in secret session beat Lucius Gregg (by 9-5 vote), who was elected vice chmn. Fleming was elected unanimously, surprising many that board could elect pres. so easily.

Predictions are that Fleming & Herndon will work well together. Herndon is described as a by-the-book person. "She's a tough lady," we're told, "but she won't tell the president how to do things."

Anderson and Bruce Cardwell, finance & administration vp, were also re-elected officers by board. Both men, neither of whom have been at CPB much more than year, have received wide praise from board & staff, plus PBS & NPR officials, and both were candidates for presidency.

**MEANING OF SHOWTIME-TELEPROMPTER VENTURE:** Competition in pay-cable field suddenly intensified last week—in opinion of cable industry—when Teleprompter (TPT) bought into Viacom's Showtime in 50-50 joint venture. Sole major dissenter we've found to that opinion is Jack Valenti, MPAA pres., speaking for film producers—who sees "monopoly" in pay cable continuing unless & until each cable system leases channels to 2 or more pay-cable programmers for "head to head" competition, as he put it to us.

At one stroke, Showtime will pick up, presumably Jan. 1 or shortly thereafter, Teleprompter's 240,000 Home Box Office pay-cable subscribers. This represents 13% of HBO's 1,850,000 total. Showtime says it expects to have some 300,000 non-TPT subscribers by end of this year. Thus, as soon as it can shift TPT's 240,000, it will have total of about 550,000 against HBO's approximately 1.7 million at that time. It begins to look like a horse race. And, don't forget, there are others with capital to produce 3rd & 4th entries in race—as, for example, Warner.

Biggest unmentioned figure is what Teleprompter paid as entrance fee. We've heard numbers of \$1 million, \$5 million and more.



Here's reaction of HBO Chmn. Gerald Levin: "What surprised me was that Ralph Baruch had to give away half the company they're banking on for their future. As for HBO, no one wants to lose 13% of their subscriber base, but we're very bullish about our growth and our penetration performance. It's good for the vitality of the industry, and all that, but this is not a standard case of a company going to one supplier from another. Teleprompter is going into the pay-cable business. It's not switching suppliers. I guess it's one of the inevitable points in the history of the business. It's not hard for people to step in now. The cost of entry is not that high—as it was when we started."

Asked about HBO's status in monopoly investigation by Justice Dept., instituted by Valenti, Levin said: "We've got a competitive industry here." He said HBO's contract with TPT expires end of year, allowing latter to switch as soon as it can thereafter.

Valenti's reaction: "I've been warning Congress about monopoly in this field. Unless these 2 giants compete head-to-head on each system, there's no competition. There is need, in the rewrite bill, to strengthen FCC's rules to require cable systems to lease channels to separate programmers. As it is, both can still indulge in predatory pricing to suppliers and systems. As long as they don't compete on a per-subscriber basis, they'll still offer low prices to suppliers."

Asked about his antitrust pitch to Justice Dept., Valenti said: "We've brought to their attention specific predatory practices of HBO. If Showtime or anyone else does the same, we'll call Justice's attention to it."

Viacom Pres. Ralph Baruch said he's delighted with TPT's recognition of Showtime's "superior program and marketing concepts." TPT Chmn. Jack Cooke said: "This joint venture adds an exciting dimension to Teleprompter's assured future." Said TPT Cable Pres. William Bresnan: "Showtime's marketing strategies and its program selection and scheduling have produced excellent results in subscriber penetration and retention levels regardless of system size or location." Showtime Pres. Jeffrey Reiss said venture puts company "in an even better position to serve our present and future affiliates' programming and marketing needs."

It's true breakthrough for Showtime. It has long sought major group system operator as customer. It captured the largest—but at a price.

**ABC-TV RESTRUCTURES:** In move to "meet future needs," ABC-TV network has made several internal changes, and James Shaw, vp in charge of sales, was promoted to TV vp and asst. to Pres. Frederick Pierce, new post. Pierce said Shaw will work closely with him in "all areas of the ABC TV Div."

TV Network Pres. James Duffy announced following changes: (1) Promotion of George Newi to new post of vp-gen. mgr.; Newi had been vp-daytime sales. He will be responsible for all sales, affiliate relations and business affairs. (2) H. Weller Keever, vp-national sales mgr., succeeds Shaw. (3) Formation of new dept.—network services & affiliate planning—to be headed by Richard Savage as vp-network services; Savage had been vp-affiliate services. (4) Expanded responsibilities for Robert Fountain, vp in charge of affiliate relations, for "all current activities relating to the affiliate body."

**NAB Exec. Committee** has approved tentatively establishment of engineering lab—primarily to test equipment, not do research—with details, financing, etc., to be presented at Jan. board meeting. Lab was urged by Radio Chmn. Walter May, with equipment to be acquired gradually at expected cost of about \$10,000 annually. Exec. Committee also invited IAAB to hold 1979 convention in Washington, was told that NAB's April convention in Las Vegas netted "slightly less than \$500,000" after deductions for staff time and travel expenses.

"Who watches 't's & a's' [tits & asses] on TV? Apparently everybody. T's & a's were brought in by the networks [to replace violence] to keep men in front of the tubes." This is conclusion of Mike Wallace on Sept. 17 "60 Minutes" segment on TV networks. He concludes that "single phenomenon" that made ABC No. 1 in prime-time programming was "t's & a's." Of CBS, Wallace says "the affiliates are nervous, apprehensive and they are almost desperately hopeful that the new crop [of programs] will perform only half as well" as previous years when CBS was on top. "If you get the idea that CBS is counting on something called t's & a's to help them over the ratings hurdles this fall, you are right." Of NBC, Wallace states: "Strangely, if NBC has fallen on hard times, you can't detect it here [June affiliates' convention in N.Y.]. It may be just whistling past the grave yard, but one gets the feeling that these folks are persuaded that their million dollar baby, Fred Silverman, is going to be able to turn things around for them."

**ABC-TV** is buying 83 Ampex 1" VTRs, with option for additional 37, plus editing system & slo-mo controller. Both companies officially declined to give value of contract, but Ampex Pres. Arthur Hausman told annual meeting that it exceeded \$6.5 million. . . Sony's Video Technology Center in Palo Alto will manufacture editing system and crystal calibrator for 1" VTR for sale in U.S., Japan & Europe.



**COURT REMANDS CBS ON FAIRNESS:** Accusing FCC of "willful obtuseness" in dismissing fairness complaint against "CBS Evening News," D.C. Appeals Court remanded case to Commission last week to determine if network's 1972-76 coverage of national security had violated fairness doctrine. FCC had dismissed Sept. 1976 complaint of American Security Council Education Foundation as not being specific enough.

Split Court (2-1—Wilkey & Danaher in majority, Tamm dissenting) told FCC it hadn't followed its own procedures, that Council's complaint "made the relevant issues as plain as day: Whether this nation should do more, less, or the same about perceived threats to its national security." Council had charged that 61.83% of "Evening News" broadcasts in 1972 presented viewpoint that U.S. should do less about national security, 34.63% portrayed that then existing govt. position was right, only 3.54% essayed that govt. should do more to protect national security. Obviously impressed by Council's research, Court noted it was updated to 1976 before complaint was filed.

It's obvious, Court said, that topics like "Soviet military affairs" and "Chinese political issues" are controversial issues under fairness doctrine, and FCC should have considered Council complaint on its merits. "The issue ASCEF posed—whether this nation should do more, less, or the same about threats to its national security—is a specific issue," Court said. "In view of the well-considered and substantial quality of the complaint in this case, the Commission's verdict is virtually unprecedented." Court also called "ludicrous" Commission ruling that Council complaint wasn't timely filed.

In dissent, Judge Tamm said case didn't even present fairness issue: "The majority apparently believes that a newscaster's paramount concern should be not which of today's events are newsworthy but whether it [sic] has broadcast a rough balance of sentences & words... I believe the majority opinion extends the fairness doctrine far beyond its intended scope and runs the risk of injecting the government too deeply into the editorial processes of newscasting... Where the majority sees piranhas, I see but minnows."

**FCBA seminar** at Homestead, Hot Springs, Va. Sept. 15-16 was devoted to broadcast journalism, its relation to First Amendment, govt. restrictions, etc. Some panelists declined to participate unless reporters were barred from identifying them. Therefore, ground rules for covering seminar provided that panelists be identified only by occupation, not by name.

**TV networks all return** to L. A. Century Plaza Hotel for conventions next spring—ABC May 7-9; NBC May 13-16; CBS May 20-24. Fall affiliates' advisory board meetings: CBS Nov. 11-18, Mauna Kea Beach Hotel, Hawaii; NBC Nov. 12-14, Camelback Inn, Scottsdale; ABC Dec. 3-7, Wailea Beach Hotel, Maui.

**FCC has opened rulemaking** on AM stereo, seeking comments on 5 proposed systems, started inquiry on FM quad. For details, see p. 7.

**NETWORKS FACE \$180 MILLION SUIT:** Charging restraint of trade and monopolization of news & public affairs programming, 20 producers last week filed \$180 million antitrust suit against 3 networks in N. Y. federal court. Complainants charge that networks' refusal to air outside-produced documentaries violates Sherman Act.

They asked for court order barring networks from owning or producing news & public affairs or "magazine" programming, also asked that networks be required to divest their owned stations (network stations in N. Y. were named defendants).

Testifying at rewrite hearing last week (see p. 1), Jason Films Pres. Joel Levitch (one of plaintiffs) attacked "group boycott" of networks, said "as a result of this outrageous, anti-competitive network policy, a whole generation of talented, creative, qualified independent producers and media journalists have been unjustly shut out of the marketplace... And most importantly, the American people have been deprived of an enormous range of choice in TV news and public affairs programming."

CBS & NBC had no comment on suit; ABC said it's "without merit," denied it had policy excluding such programming.

**FCC & FTC have involved themselves** in making laws in violation of congressional mandates, according to NAB TV board member Mark Smith, KLAS-TV Las Vegas. Testifying before Senate Administrative Practices & Procedures Committee last week on S-2011 (designed to limit "quasi-judicial & legislative powers" of regulatory agencies), Smith said many requirements & rulemakings of 2 agencies "are a tremendous waste of money" and of no benefit to consumers or industry. He cited FTC's children's TV advertising inquiry and FCC ascertainment requirements as examples.

**TV station sales approved by FCC:** KVUE (Ch. 24) Austin, Tex. to Detroit Evening News for \$13.2 million (including consulting agreement); WPGH-TV (Ch. 53) Pittsburgh to Meredith for \$11.7 million; WRBL-TV Columbus, Ga. to Avant Development Corp. for \$7 million; WAIM-TV-AM & WCAC(FM) Anderson, S. C. to Frank Outlaw for \$339,000 (for details, see TV Addenda).

**Gannett-Combined \$370-million merger**—based on stock values of last spring (Vol. 18:20 p3)—was filed for FCC approval last week. Included in deal is \$27-million sale of Gannett's WHEC-TV Rochester to black-owned group headed by Ragan Henry (Vol. 10:35 p3). Also on block are Combined's KTAR(AM)-KBBC(FM) Phoenix, where company owns KTAR-TV.

**"Your Competitive Medium,"** presentation on TV advertising for retailers, will be unveiled at TvB convention Nov. 13-15, Continental Plaza Hotel, Chicago. Starring Leslie Nielsen, it'll be presented to retailers in Jan., according to TvB Chmn. Marvin Shapiro.

**CATJ, magazine** published by CATA, in Oct. starts weekly one-hour satellite program for cable systems "for expression, dialogue and just a bit of 'hard news,'" according to Editor Robert Cooper.



## Personals

NBC Exec. Vp **Irwin Segelstein** elected a dir... **David Johnson**, vp-gen. mgr. of ABC owned TV stations spot sales, promoted to vp-ABC owned stations, new post; **Michael Mandelker** & **Jo Maggio** advanced to assoc. dirs., prime-time sales proposals, ABC TV.

**Tom Ryan**, ex-WCBS-TV N.Y., appointed sales mgr., WNBC-TV N.Y. **Michael Irvine**, ex-ABC Spot Sales, joins WTVJ Miami as national sales mgr., succeeding **Douglas Barker**, now station mgr. **Rick Kelly** appointed national sales mgr., WCMH-TV Columbus, O. **William Lochman** promoted to local sales mgr., KMBC-TV Kansas City. **Lew Schatzner** named promotion & creative services dir., KTTV L.A.

**Terence Maloney**, NAB govt. relations dept., joins FCC Gen. Counsel's Office in Oct. **Rep. Thomas Luken** (D-O.) speaks to O. Assn. of Bcstrs. convention Oct. 5, Columbus. **Allen Adler** resigns as senior vp of Columbia Pictures to "begin exploring other opportunities... in the entertainment industry."

**Robert Hosfeldt**, ex-vp-gen. mgr. of KNTV San Jose, stays with former owner Gill Industries (station recently was sold to Landmark Communications) as exec. vp-Gill Cable TV. **Kathryn Cass**, ex-United Artists, appointed vp of TeleMation Program Services. **Samuel Street**, Showtime mktg. vp, resigns to pursue other business interests; **Michael Seeger**, ex-ABC News, joins Showtime as operations mgr.

**Sal Campo** advanced to account exec., Viacom pay-TV syndication. **Marcus Poole** joins Teleprompter as asst. dir. of franchises; **Charles Hamilton**, ex-dir. of broadcasting for Christian Church, appointed dir. of community development.

**Alan Cook** appointed vp-industrial relations, RCA Americom; **Wade Hansen** advanced to mgr.-west coast creative services, RCA Commercial Communications Services Div. (includes Cablevision Systems); **John Morse** promoted to mgr.-northeast broadcast sales, RCA. **John McClimont** promoted to marketing mgr., Conrac video products. **Merton Knold**, ex-Microwave Assoc., appointed midwestern sales mgr., Lenco Electronics Div., hq Atchison, Kan.

**Gerald Bahr**, ex-Mission Cable, moves up to Cox Cable as chief engineer, Trans Video operating div. **Paul Miller** retires as Gannett chmn., to be succeeded by Pres. **Allen Neuharth**. FCC Comr. **Tyrone Brown** speaks at Sept. 21 National Conference of Black Lawyers lunch. **Edward Gilbert**, ex-Children's TV Workshop, named gen. counsel, ITC Entertainment.

NAB has questioned authority of FCC to include handicapped under EEO rules and to require that they be included in annual employment report form. Handicapped should be considered in separate proceeding, NAB said.

WTCG Atlanta reports serving 438 cable systems in 41 states with 2,065,064 households as of Sept. 7.

**CONGRESS SCOLDS FTC:** House-Senate conferees last week repeated what each house of Congress had said earlier in regard to FTC's fiscal 1979 appropriation. They sent clear message to FTC that they're unhappy with rulemaking proceeding on children's TV advertising (Vol. 18:22 p3).

Conferees report said no money in appropriation could go to promulgate a trade regulation. Since FTC hadn't planned to issue trade rule in fiscal 1979, issue is moot. Report, like reports in both House & Senate before it, are more warnings than anything else. Both houses now are expected to approve report.

"The conferees reaffirm their recognition that potential constitutional problems are raised by this proceeding. The conferees wish to reemphasize to the Commission that such questions are of overriding importance, and both the House and the Senate Committees will review the Commission's performance in this area over the coming year," report says.

"The revolution is not around the corner," TV Guide Editorial Dir. **Merrill Panitt** told Chicago Ad Club last week in talk largely devoted to technical & other developments which are said to threaten future of networks—cable & pay TV, "4th network," video recorders & discs, direct satellite broadcasting, video games. "The hitch is in finding what to put on all this miracle hardware," he said, adding there's not much mass-audience programming in sight. (He said Atlanta's WTCG is listed in 11 TV Guide editions as far west as Idaho, will be listed in Hawaii edition next month.) "The revolution," he concluded, "is just wishful thinking on the part of people who are jealous of the networks' success or fed up with what some agency heads have termed network arrogance."

WDHN Dothan, Ala. has been purchased for \$1.2 million by group composed of D'Addario Industries (Bridgeport, Conn.), Vidtronics Pres. **Jerome Kurtz** and two assocs. of Orlando TV construction firm. **Francis D'Addario** said this is first of "several moves we are making in the electronic media... We expect to have other announcements shortly."

FCC has fined WLAC(AM) Nashville \$10,000 for "repeated failure to log commercial broadcast matter and to identify sponsors." Violations involved series of concerts for which record companies provided talent free in return for airing of their records, according to Commission.

CBS celebrated 10th anniversary of highly successful "60 Minutes" with party at N.Y.'s Four Seasons restaurant last week. On hand were CBS Chmn. **William Paley**, Pres. **John Backe** and several of big names who have appeared on program.

In "tape piracy" suit, U.S. Appeals Court, Chicago, ruled 2-1 that **David Heilman's E-C Tape Service Inc.** is prohibited by copyright law from unauthorized duplication of song anthologies. Heilman is under federal indictment for pirating.

Emmy awards for engineering achievement were won by PBS for satellite interconnection system and CBS & Thomson-CSF Labs for digital noise reducer.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 1 (35th week of 1978):

	Aug. 26- Sept. 1	1977 week	% change	Aug. 19-25	1978 to date	1977 to date	% change
Total TV. . . . .	408,955	307,943	+32.8	375,545	9,911,470	8,581,891	+15.5
color . . . . .	270,699*	208,413	+29.9	242,251	6,294,820*	5,312,394	+18.5
monochrome . . .	138,256	99,530	+38.9	133,294	3,616,650	3,269,497	+10.6
Total radio . . . . .	1,120,140	2,020,346	-40.1	908,077	31,433,670	33,701,443	-6.7
home, portable .	936,480	1,783,755	-47.5	689,689	23,007,886	25,407,875	-9.4
AM-only . . . .	127,473	455,147	-72.0	145,318	5,156,042	6,046,745	-14.7
FM & FM-AM .	809,007	1,328,608	-39.1	544,371	17,851,844	19,361,130	-7.8
auto . . . . .	273,660	236,591	+15.7	218,388	8,425,784	8,293,568	+1.6

Color TV 5-week moving average: 1978—209,678\*\*; 1977—172,198 (up 21.8%).

\*Record for period. \*\*Highest of year to date and record for period.

**FCC STARTS AM STEREO RULEMAKING:** FCC voted unanimously last week to ask public to choose winner among 5 proposed AM stereo systems. Aware of potential depressant effect of lengthy deliberations on audio industry, Commission staff aims to proceed as fast as possible in hopes of having system selected and rules in effect in 6-8 months. Comments are due Dec. 29, replies Jan. 31.

Commission is expected to issue public notice this week seeking comments on all systems—Motorola, Magnavox, Kahn, Harris, Belar. Broadcast Bureau had proposed just first 3, stating others didn't meet technical standards, but Chmn. Ferris said this might cause legal problems and proponents could bring their systems up to snuff during period set aside for comments. Bcst. Bureau Chief Wallace Johnson said Belar amended its proposal Sept. 13 and it now appeared to meet standards.

Three of the proposed systems—Belar, Magnavox, Motorola—have been field-tested by National AM Stereo Radio Committee, which turned its findings over to FCC without recommendations. Bcst. Bureau's Wilson LaFollette argued at FCC meeting for adoption of AM stereo standards, citing 3 reasons for new service: (1) It can provide auto stereo without FM's reception problems. (2) Public in cities without FM stations are now denied stereo radio. (3) AM stations want stereo in order to compete better with FMs.

Arguing against rulemaking, Lawrence Middlekamp, chief of Research Branch in Chief Engineer's Office, said there were too many unanswered questions, and it would be "premature" to adopt permanent standards now. He proposed continuation of inquiry and further experimentation.

Rulemaking notice probably will allow 3-4 months for comments, Johnson told us, to give interested parties time to conduct own tests; then 1-2 months will be allotted for reply comments. "The staff needs 2 months at most to sort out the comments and proposals and make its report back to the Commission. So this takes us to next spring."

Compact & console audio industry, already on shaky financial ground, looks to AM stereo proceeding with mixed feelings. There's no panic, but rising fear there'll be repetition of slump which hit CB during 40-channel rulemaking. At stake for system proponents is not only glory but potential wealth in royalties from broadcasters & set manufacturers—after the traditional court battles.



FCC also voted to continue inquiry into quadrasonic FM, after major rewrite of document to incorporate changes sought by Office of Plans & Policy and Chief Engineer. Major discussion at meeting centered on whether quadcasting would inhibit reduction of FM bandwidth or channel separation in future. Of 3 systems proposed—4-2-4 (matrix), 4-3-4 (matrix-discrete) & 4-4-4 (discrete)—only 4-4-4 would foreclose future spectrum saving. Ferris said efficient spectrum use is most important question in FM quad. Although rulemaking may be far in future, Broadcast Bureau's Johnson indicated there's little possibility of dismissing subject because of lack of interest—some 2,000 comments have been filed already in earlier stages of inquiry.

**MATSUSHITA DROPPING VISC FOR JVC DISC?** Jockeying for position in videodisc race is reaching hectic proportions as Magnavox & MCA near market debut of optical system. From sources in Japan, and confirmed in U.S., we've learned that mighty Matsushita has either decided—or is on brink of deciding—to drop its Visc mechanical videodisc system and adopt capacitance system developed by JVC, in which Matsushita owns controlling interest.

Japan thus is scene of major action in disc field. This week, RCA demonstrates its capacitance system to manufacturers there, while Philips will show "Compact Disc" optical digital audio disc system there (Vol. 18:21 p8).

If Matsushita abandons Visc system for video (it may keep it for digital audio) and chooses to develop JVC system, it will be virtual replay of what happened in VCR, when it gave up its own VX-2000 system for VHS format developed by JVC. Credit for both moves is being given to ex-JVC Pres. Kokichi Matsuno, now on advisory staff of Matsushita founder Konosuke Matsushita.

Although JVC's system—yet to be demonstrated publicly—is capacitance type, it bears little resemblance to RCA's capacitance system. It uses ungrooved disc (vs. RCA's grooves), revolves at 900 ips (vs. 450), has many advantages of Philips/MCA optical system. Visc system, except for its pressure stylus pickup and diameter of center hole, was virtually compatible with RCA.

This doesn't mean Matsushita move away from Visc would be blow to standardization. It could be opposite, if Matsushita-JVC & RCA choose to modify their systems in compromise to lead to new standard to meet Philips/MCA head-on. There was no inclination at any of the companies even to discuss such a possibility. Philips traditionally has been close to Matsushita—and firms have 2 major joint ventures. One basic difference between RCA & JVC systems is in mastering. RCA has indicated that it is dedicated to mechanical mastering, but JVC's grooveless disc must be mastered by optical process.

Visc system was rejected by Matsushita for video, one account has it, because of problems with pressure pickup, effects of surface contamination by dust & other material, inability to achieve satisfactory performance in 2-hour version. Visc demonstration at June CES, however, appeared to produce good results from 2-hour disc, at least under controlled conditions (Vol. 18:25 p7). Demonstration of JVC system is expected in next few weeks.

Sony may be important factor in videodisc standards fight. Although it demonstrated optical system in Chicago last June, Chmn. Akio Morita told us last week that Sony wasn't committed to any specific system, but "I just hope everybody uses the same standard." Officials of Magnavox, meanwhile, said launch of optical system marketing was "on target," presumably meaning sales in at least one market starting before Christmas. Magnavox, Philips & MCA are expected to reveal plans in some detail at news conference around Nov. 1.

Meanwhile, Philips has been demonstrating what still is top-secret new home videotape system said to be "radically different" from VCR system it & Grundig now are selling in Europe. It uses V2" tape in configuration & size similar to VHS cassette, but plays for 8 hours per cassette—4 hours in each direction, cassette being removed & turned over to change direction in manner similar to audio cassette. Commercialization dates aren't yet known, but Philips is understood to be building large factory in Austria to produce system, which presumably will also be adopted by Grundig and will be pushed against Beta & VHS in drive for single European standard.



**Note:** Manufacturers & importers—including Magnavox, Panasonic & Sony—now are saying VCR price increase is virtual certainty when current U.S. inventories are exhausted. Magnavox says retail hike could be as high as \$100-\$150 as result of dollar changes, unless VCR makers cut prices to U.S. OEMs to encourage trade. One such maker—Sony Japan—said it had no intention of doing this. Panasonic TV Div. Gen. Mgr. Stanley Hametz said his company's VCRs probably would go up \$25-\$40 in actual retail prices.

**HOUSE DUMPING HEARING SEPT. 21:** House Trade Subcommittee last week set Sept. 21 for hearing on Treasury Antidumping Act enforcement procedures at which Japan TV case is expected to take spotlight. In other developments, Senate Antitrust Subcommittee has begun reviewing documents Justice Dept. said showed no evidence of illegal practices by Japanese TV producers, and U.S. & Taiwan trade officials began preparing for Oct. meeting on color TV export restraint.

House hearing is expected to force Treasury to issue ruling this week on importer protests over use by Customs of commodity tax system to calculate dumping duties on Japanese TV (Vol. 18:14 p7 et seq.). Focus of hearing is how Treasury is moving to clean up massive backlog of dumping cases; handling of TV case in particular has been sharply criticized by Subcommittee members.

Treasury's lack of enthusiasm for new duty calculation method developed by Customs was made clear in Treasury internal memos (Vol. 18:28 p7), and we've learned there's now split within Customs itself over whether method is legal. Treasury ruling on its use was delayed week or 2 to give Zenith and union-industry group COMPACT extra time to file briefs in support of plan. Best guess is that Treasury will dismiss importer protests, order Customs to go ahead, a move many will interpret as bow to intense political pressure.

Senate Subcommittee has obtained access to filings in Zenith-NUE \$1-billion antitrust suit against Japanese TV makers for use in review of Justice's negative antitrust determination (Vol. 18:29 p9). Spurt of legislative activity prior to adjournment has left Subcommittee staff with little time available for case, and its expected recommendation on need for further action won't come until mid-Oct.

Taiwan trade officials are slated to meet with U.S. counterparts in Washington first week of Oct. to discuss restraints on color exports to U.S. In response to Japan's complaint that voluntary quota on color shipments to U.S. was serving mainly to clear way for increased shipments from other countries, U.S. has asked Taiwan & Korea to slow down (Vol. 18:35 p7). Taiwan's approach, we've been told, will be one of limited cooperation. Govt. there already is restricting exports of Japan-owned color producers, is willing to put ceiling on local companies, but wants U.S. officials to work out any cutback arrangement with U.S.-owned firms—Admiral, RCA & Zenith—which account for vast bulk of color set, chassis & subassembly exports to U.S.

**Sony budgets \$4 million for fall Beta VCR promotion.** Ad program includes network TV spots, 21-market newspaper campaign, full-page magazine insertions. Meanwhile, Sony has decided to continue to retain Doyle Dane Bernbach for its advertising despite increasingly direct conflict with Sylvania, another DDB client. Sony, it's understood, was irritated by DDB campaign for Sylvania last year which advertised results of survey among consumers who were said to have found Sylvania picture better than Sony's, among others. Sylvania parent GTE is said to be DDB's 3rd largest client, although Sony may be bigger in consumer electronics billings. Sylvania showed no disposition to leave DDB or accept proposal that it retain a DDB subsidiary agency.

**Free trade, Far East style:** Korean Traders Assn. announces start of b&w TV importing as result of govt. trade liberalization program begun last May. KTA reports RCA Taiwan will supply Taihan Electric Wire with "4 b&w TV sets valued at \$1,178 which [Taiwan] intends to use as models in developing its own products."

**Dolby Labs demonstrates pilot-tone FM broadcast system at NRBA convention in San Francisco this week.** System allows station to broadcast various tones which trigger Dolby, matrix 4-channel and other decoding circuitry in receiver. Testing at San Francisco area stations KKHI, KRE, KSAN, and KQED has been going on for several months.

**Color TV sales to dealers for year's first 36 weeks (through Sept. 8) exceeded sales for full year 1975, totaling more than 6,554,000 vs. 6,485,000 for all 52 weeks of 1975.** Color sales for week ended Sept. 8 hit new record of about 159,500, up 13.9% from same 1977 week.

**ITA seminar on home video tape & disc programming, set for N.Y. Oct. 18-20, is fully booked.** Attendance reservations continue to be accepted on cancellation basis (ITA, 10 W. 66th St., N.Y. 10023).



**SUPERSCOPE RESTRUCTURES:** In sweeping management restructuring, Superscope realigned organization, creating new vp, asst. vp & sales posts. Move is first which appears to truly decentralize operation, spread important decision-making authority at lower levels. There are product-line changes in works as well. Analysis of new sales set-up indicates Superscope brand will be used mainly on portable products, its role in compacts de-emphasized in favor of expanded lines under high-end Marantz and lower-priced Imperial names.

Martin Katz, who left Morse vp post last June to become sales & mktg. asst. to Superscope Exec. Vp Fred Tushinsky, becomes mktg. vp. Mort Gleberman, ex-Lafayette vp who joined Superscope as Imperial Div. (consoles & compacts) vp-gen. mgr., adds responsibility as corp. product development & planning vp. Steve Rand, ex-Superscope Canada vp-gen. mgr., is now asst. audio sales vp; Doug Chatburn moves up at Imperial Div. from national sales mgr. to asst. sales vp; Hal Loman, former Superscope national sales mgr., is now special mktg. sales vp.

On support level, William Steffen is national sales mgr., Bud Gehrke is sales administrator, both for special mktg.; Archie Stickel is audio mktg. sales administrator. New posts of car stereo & portable recorder sales mgrs. are unfilled. Named region mgrs. for audio were Joseph Deo (east), Dick Isola (midwest) & Joseph Sanches (west). Tom O'Mara gets east region post for Imperial Div., west & midwest mgrs. to be named later. Anthony Blazina was advanced to vp of new Pianocorder Div.

In related development, Superscope & Sony have negotiated accelerated end to what's left of their 21-year marketing agreement which originally gave Superscope U.S. distribution rights to all Sony tape products. Under termination pact signed in 1973, Sony took over portable recorders & home combinations in 1973, cassette & 8-track home decks & tapes in Jan. 1977, was to get remainder (open reel, car stereo) in Jan. 1980. Under revision, transition will be completed April 1, at which time Sony will purchase any remaining Sony-brand products in Superscope's inventory. Changeover isn't expected to have any significant effect on operations of either company, though it should improve Superscope's cash position modestly, free personnel to concentrate on marketing company's own products.

**FCC is reminding industry** that sale or use of non-approved RF modulators is illegal. Forthcoming letter to manufacturers will point out that such devices are subject to Type I approval and can only be sold in combination with "video source." Modulators are often used by home computer owners as link that turns ordinary TV set into monitor. Enforcement of rules will mean home computers must either be outfitted with own RF modulators and get Type I approval or come equipped with own monitors. Several modulator manufacturers have attempted to get around FCC rules by selling item in kit form, but FCC Equipment Authorization Branch Chief John Robinson said: "There is some question as to whether sale of the modulators in kit form isn't just as illegal as their sale assembled."

**SONY SALES RECORD:** Sony reported record fiscal 3rd-quarter sales, 22.8% increase in net, said income was improved to unspecified degree by currency exchange gains and conversion of overseas subsidiary income into yen. Sales for 9 months were up 13.8%, but net was down 23.6% (see financial table).

Product sales breakdown for quarter, in millions: TV \$249.2 (up 8.9%), radios & recorders \$120.3 (down 4%), VTR \$122.1 (up 45.3%), audio \$60.8 (down 3.5%), other (including video & audio tape) \$156.6 (up 11.1%). Results for full period: TV \$651.9 (up 1.1%), radios & recorders \$367.5 (down 9.1%), VTR \$333.1 (up 31.9%), audio \$226.3 (up 3.1%), other \$466.6 (up 14%). Sony reported overseas sales rose 10.8% in quarter to \$420.7 million, 3.3% for 9 months to \$1.19 billion, while sales in Japan were up 9.8% to \$288.3 million & 10% to \$851.5 million for same respective periods.

At meeting in Tokyo, Sony attributed 3rd-quarter sales improvement to acceptance of new line in U.S. & Europe. Company said it expects 4th quarter to about equal results for same 1977 period, and that sales for fiscal year will be up about 6%, net down about 23%.

Advent letter to holders said first-quarter video projector sales didn't meet expectations, rising just 18.3% to \$4.2 million, while audio product sales jumped 46.9% also to \$4.2 million. . . **Avnet** report on fiscal 1978 results said earnings were adversely affected by performance of Consumer Products Group (including Channel Master, BIC, Tenva) which was "plagued by intense Japanese competition," noted Electronic Mktg. Group had record sales & earnings. . . **Automatic Radio** loss for 3rd quarter includes deficit of just under \$10 million covering operating & disposition loss from discontinued car radio business. Charge for 9 months was \$11.4 million. Company restated 1977 results to show car radio business had operating losses of \$515,000 & \$446,000, respectively, in quarter & 9 months. It sold business to newly-formed Altus earlier this year for \$12.5 million (Vol. 18:25 p10). . . **National Semiconductor** expects to double capital spending in year to May 31 to \$85 million, says bulk of outlay will be for expansion of semiconductor operation.

**TI will broaden consumer lines**, but expansion into entertainment products doesn't appear to be in works, according to report on TI activities in recent Business Week. Report says development efforts in consumer area are being concentrated on \$300-\$400 personal computer, add-on \$15 modules to expand vocabulary of Speak & Spell learning aid introduced at June CES, \$30-\$40 hand-held printing calculators, telephone accessories, other teaching products. In more professional area, TI last week became first U.S. producer to announce 64K semiconductor memory—Japan's Fujitsu & Hitachi have own versions. TI said it would start volume manufacturing next year, price units at \$125 each in small quantities.

**Sharp adds 4" b&w FM-AM-digital clock combination** with one-knob continuous varactor tuner at \$210. Unit is Sharp's 3rd 4"—others are AC-DC at \$140, FM-AM-cassette combo at \$280.



**TAPE OUTLOOK:** Continued healthy growth for cassette recorders & tapes, leveling of sales for 8-track & open-reel equipment is outlook for industry as compiled by Maxell, which claims to be largest U.S. supplier of premium cassettes.

Company has developed outline of market which shows 149.2 million tape recorders & players are in use now, including 46 million home stereo cassette recorders, 47 million portable & automotive cassettes, 54 million 8-tracks, 2.2 million open-reel models, Maxell's estimates (in millions):

#### RECORDER SALES

	1974	1975	1976	1977	1978
Cassette* . . . .	10.2	9.2	10.2	11.3	18.8
8-track. . . . .	1.3	1.8	1.9	2.0	2.0
Reel. . . . .	.1	.1	.1	.1	.1

#### BLANK TAPE SALES

Total cassette .	145.0	160.0	185.0	200.0	250.0
Premium cassette . . . .	45.0	55.0	70.0	92.0	130.0
8-track. . . . .	25.0	30.0	32.0	30.0	26.0
Reel. . . . .	11.6	12.0	12.3	13.5	13.6

\*Portables & home stereo recorders only.

Maxell said it estimates average home stereo cassette recorder owner bought 3.5 cassettes last year, will buy 4 this year, 5 next year, believes average first-time recorder buyer will buy 16 cassettes this year, compared with average of 14 in 1977, sees new-purchase total rising to 18 next year.

**Tape topics:** Maxell has begun marketing VHS videocassettes in Japan, has no immediate plan for U.S. introduction. Company has also started offering improved versions of Low Noise & Ultra Dynamic audio cassette lines, has changed packaging graphics, and is marketing them at same prices as predecessors. . . Sony Magnetic Tape Div. will add Beta videocassettes & 8-track audio cartridges to line in Nov. Unit now markets only audio cassettes & open-reel tapes. Sony's videocassettes are currently sold by Consumer Products Div. to retailers handling Beta VCRs. MTD will provide expanded distribution.

**Import impact aid** for former workers producing CB base stations for Browning Labs, Laconia, N.H. was approved by Labor Dept. despite finding that this year imports have declined in terms of both units & market share. CB base station imports were valued at \$60.6 million in 1975, \$120 million in 1976 and \$72.7 million in 1977, when they represented, respectively, 252.5%, 465.1% & 932.1% of domestic production. In first quarter this year, value of imports dropped to \$80.5 million from \$145.8 million, represented 416.7% of domestic output, down from 609.5%. LD said customers reduced purchases from Browning in 1977 & first-quarter 1978, increased purchases of imports. . . House-passed bill to broaden worker import adjustment assistance program would extend benefits period from maximum 78 weeks to 104 weeks. It also expands coverage to include companies & workers not directly injured by imports, but who rely on import-injured firms for at least 25% of their business.

**TV ENERGY LABELS:** Energy consumption labels for TV sets are unnecessary, impractical and would force consumers to spend \$2-\$3 million more for sets each year, EIA Consumer Electronics Group said in letter to FTC last week. EIA is seeking exemption for TV from proposed rule which would require all major home appliances be labeled to show consumers estimated annual operating costs (Vol. 18:27 p9).

EIA points out that average TV energy use is down 50% from that of several years ago and industry is constantly working to make sets more efficient. Annual operating costs of new models are now so low as to be unimportant. Actual operating costs, which could run as low as \$1 per year for some small-screen b&w, vary greatly depending on viewing habits of individual consumer, and attempt to estimate them could mislead consumer—who is mostly concerned with performance features & cabinetry, EIA states.

EIA estimates labeling costs alone would run 10¢-20¢ per set, excluding expense of putting required information in sales material and running tests. Proposed 9-3/4" wide adhesive label would spoil appearance of many large-screen sets, virtually cover screen of 9" & 12" models—making it impossible to demonstrate them for consumers—and be bigger than many tinyvisions on market. Hang tags of that size would be equally impractical, EIA claims.

Letter pointed out that 4 FTC members, including Chmn. Pertschuk, questioned need for TV labeling at June 28 meeting, asked whether proposal, as it applies to TV, meets "technological & economic feasibility" criteria of enabling statute. EIA intends to testify at hearing.

**Videocassette legal battle** has broken out between software suppliers Entertainment Video Releasing (EVR) & Video Warehouse Inc. (VWI). EVR filed suit in N. Y. federal court charging VWI with breaking contract to distribute its tapes and illegally reproducing & selling its copyrighted tapes. VWI said it plans to file countersuit charging defamation, libel & breach of contract. VWI Chief Operating Officer Ron Obsgarten said his company signed agreement and paid "hundreds of thousands of dollars in royalties in advance," accusing EVR Pres. Mark Slade of seeking illegally "to exploit the markets already created by his licensees." Slade maintains VWI "never paid royalties" and owes EVR \$75,000-\$100,000 in royalties on cassettes. Meanwhile, VWI has commissioned series of original productions called Entertainment Learning Series from Six Pictures Inc. and EVR says it has acquired 50 more feature films, including one still in first theatrical run.

**Electronic display market** will double over next 5 years, reaching \$455 million by 1982, with LEDs continuing as sales leader, according to Creative Strategies. Research firm's report on display industry says LCDs will replace gas-discharge displays as 2nd-best seller within 5 years, but will continue to trail LEDs for several more years. Study says consumer product manufacturers will continue to use LEDs because of low prices. Plasma panels are cited as major growth area because of their suitability for MPU-controlled complex display systems.



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**Consumer Electronics Personals**

Nolan Bushnell, Atari chmn., elected to Advent board, replacing Alexander d'Arbeloff, who didn't seek reelection. . . William Orr advanced at Orrox from pres. to chmn., succeeding J. Herbert Orr, who continues as dir. & consultant. . . Fred Muhl, ex-RCA, joins GRT as Sunnyvale, Cal. plant operations mgr. . . James Kirsner, Emerson national sales mgr., named asst. vp. . . Joseph Kotowski, Koss mktg. dir., named vp. . . Scott Coleman, ex-Stromberg Carlson, joins TI as consumer products advanced mkt. planning mgr. . . Ronald Lee appointed Zenith affirmative action planning mgr. . . Frank Reed resigns as Advent sales vp, plans unannounced.

John Jordan, ex-National Semiconductor, joins Fairchild Camera as gen. mktg. mgr. for Asia & Latin America. . . Richard Campbell promoted at TRW to exec. vp & Electronics Group gen. mgr., replacing J.S. Webb, now corp. vice-chmn.; Robert Ashley appointed Communications Group vp-gen. mgr., succeeding Campbell. . . Jody Daron, ex-TI, joins Mostek as distribution mktg. mgr. . . Gary Egge appointed Sylvania Parts Div. industrial relations mgr., succeeding Earl Nick, now Entertainment Products Group industrial relations & personnel dir.; Robert Walker appointed gen. acctg. & cost control mgr., Sylvania Circuit Module Operation. . . Jack Magarian, National Semiconductor displays & optoelectronics dir., adds responsibility for operation of Hawthorne, Cal. optoelectronic materials plant recently acquired from Epidyne.

RCA Pres. Edgar Griffiths & CBS Pres. John Backe elected Conference Board members; John deButts, AT&T chmn., elected senior member, J.E. Jonsson, TI honorary chmn., elected councillor. . . Carl Bascom, ex-Canadian FTC, appointed Semi-

**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
<b>AEL Industries</b>			
1978-6 mo. to Aug. 25	27,841,000	992,000	.55 <sup>a</sup>
1977-6 mo. to Aug. 26	21,015,000	441,000	.25 <sup>a</sup>
1978-qtr. to Aug. 25	13,712,000	512,000	.29
1977-qtr. to Aug. 26	10,955,000	333,000	.19 <sup>a</sup>
<b>Automatic Radio Mfg.</b>			
1978-9 mo. to June 30 <sup>b</sup>	17,050,000	(10,660,000)	--
1977-9 mo. to June 30 <sup>b</sup>	21,411,000	1,905,000	.78
1978-qtr. to June 30 <sup>b</sup>	7,579,000	(9,688,000)	--
1977-qtr. to June 30 <sup>b</sup>	8,786,000	312,000	.13
<b>Sony<sup>c</sup></b>			
1978-9 mo. to July 31	2,060,000,000	114,700,000	.53 <sup>a</sup>
1977-9 mo. to July 31	1,940,000,000	115,200,000	.69 <sup>a</sup>
1978-qtr. to July 31	712,900,000	50,600,000	.24 <sup>a</sup>
1977-qtr. to July 31	645,700,000	41,200,000	.21 <sup>a</sup>
<b>Tektronix</b>			
1978-12 wk. to Aug. 19	158,850,000	14,164,000	.79
1977-12 wk. to Aug. 20	120,412,000	11,958,000	.67

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

conductor Equipment & Materials Institute exec. dir. . . Thomas Briody, ex-dir. of licensing, is now patent counsel for North American Philips & U.S. Philips Corp.; our earlier report gave his title incorrectly (Vol. 18:33 p13).

Color imports from Japan covered by first year of quota agreement totaled 1.68 million, about 6.8% below maximum allowable 1.8 million, Customs reports. Imports of certified color totaled 1.65 million, 5.6% under 1.75-million limit. Quota agreement put ceiling on Japan's exports for year ended June 30, and about half of sets shipped in final month weren't imported until July. Total color imports from Japan consisted of 1.51 million complete sets, 164,800 chassis. For same 12 months, Japan's Finance Ministry reported 1.7 million color sets & chassis were exported to U.S. (Vol. 18:31 p8). Customs said July color imports from Japan which count against current year's quota totaled 20,800, down 63.7% from July 1977. Imports of complete sets were down 65.6% to 15,700, chassis at 5,100 were off 56%.

Columbia Pictures formally opened its Video-cassette Services in 12,000-sq.-ft. plant in Elk Grove Village, Ill. It's initially equipped with 100 duplicators for Beta X1 & X2, VHS & U-Matic formats and is adding 2 Panasonic duplicators, each with 12 slaves, bringing total to 124. CPVS offers duplication & ancillary tape services to pay-TV, consumer and other non-broadcast markets.

Ad notes: JVC appoints Marsteller for corp., hi-fi, home & professional video accounts, effective Jan. 1, replacing Philip Stogel and Michel-Cather agencies. . . Superscope appoints Tarra Thomas PR Co., names Tarra Thomas to serve as corp. communications dir., replacing Charlie Farrington, resigned. . . Magnavox names Public Relations Board, Chicago, for videodisc PR.



WEEKLY

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast

**REWRITE & GOOD VIBES AT NRBA:** Van Deerlin, Quello & Frey praise rewrite efforts of NRBA, making distinctions between TV & radio in regulatory arena, urge radio not to wait to keep options open. San Francisco convention attracts 3,600. 'Fantastic,' says Gabbert. (P. 1)

**FERRIS ATTACKS INDUSTRY,** says it places profits over principles, asserts news budgets suffer in conglomerate decisions, states he'll defend industry's journalistic independence. (P. 2)

**PUBLIC BROADCASTERS TO RAP REWRITE:** CPB, PBS, NPR & NAEB get first crack during hearings. Funding provisions to be attacked. Senate passes public broadcasting bill. Sandra Bird bows out as CPB candidate. (P. 3)

**RTNDA ON PRESS FREEDOM:** Major concerns at Atlanta convention center on court incursions on First Amendment and FCC restrictions on broadcast newsmen. Crystal, Salant, Robinson & Reasoner among speakers. (P. 5)

**FRED & JANE SHOW:** NBC Pres. Silverman updates affiliates on division of assignments, Pfeiffer concentrating on outside & employee relations, he works to improve product. Clutter reduction proposal described at NBC TV affiliates' conference in Denver. (P. 6)

**REWRITE & GOOD VIBES AT NRBA:** "Radio has developed to a point where it is vastly different from TV... I can think of no more manifestly irrational arrangement than the current FCC regulation of your industry—the radio broadcasting industry... It is a situation which is exploited by those who purport to represent you as broadcasters and not as radio broadcasters. This is an important distinction."

**House Communications Subcommittee Chmn. Van Deerlin (D-Cal.)** thus set tone for last week's highly successful 5th NRBA convention in San Francisco. Speaking via satellite from Washington—Rep. Frey (R-Fla.) filled in for Van Deerlin in person—Van Deerlin didn't mention NAB by name but "there's no question that's who he was talking about," we were told.

**Speaking day after Van Deerlin,** FCC Comr. Quello told radio broadcasters that "you have an excellent opportunity under rewrite and I'm afraid you are blowing it... My message is for you to get off your asses and sell something other than commercial time." Frey: "I can't understand the nitpicking... I can't understand being against just to be against... We're determined to have a bill... It's not going to just go away. If there's a real bottleneck, the obvious solution is to split off radio." Frey praised NRBA rewrite efforts to date, urged group "to put the pressure on the right way and don't get run over by anybody."

### Consumer Electronics

**ADMIRAL WIND-DOWN** of TV business expected to take 6 months or more as firm meets supply commitments to dealers, private-label customers. Montgomery Ward contract up for grabs. Rockwell's loss \$165 million. (P. 8)

**CUSTOMS TV DUMPING** duty plan approved by Treasury, clearing way for more assessments. Total potential liability now at \$540 million. Dumping procedures assailed by all at hearing. (Pp. 9 & 12)

**VCR ACCESSORY** sales already may equal 1/3 dollar volume of decks themselves, survey shows. One color camera sold for every 10 VCRs. Some TV dealers handle up to 6 VCR lines. (P. 10)

**MORE PRICE BOOSTS:** Hitachi, JVC & Toshiba to raise TV tags in Oct. Further details on Zenith price increases. Quasar prices projection TV at \$4,500. (P. 12)

**SONY CHMN. MORITA** sees multi-product 'video industry' emerging, despite current 'difficulties.' Sony may move 15" TV production to U.S. Banner month gives Sony 15% of color market in Aug. (P. 13)

**HOUSE CLEARS** bill easing duty-fraud penalties, but only for future cases. Treasury rejects pleas for extra duties on imports of music electronics from Japan. (P. 14)



NRBA members obviously liked what they heard, but Pres. James Gabbert said Assn. has no present plans to go its own way and seek passage of radio-only bill. "We'll continue to press the industry line for now," he told us. He and others, however, indicated that approach could change next year.

Responding to FCC Chmn. Ferris's suggestions that radio de-regulation should be gradual (Vol. 18:37 p1), Van Deerlin said move should come "now—not in 10 years—and in all markets, not just the major ones... Gradual de-regulation may prove to be no de-regulation at all." He said rewrite staff has been ordered "to take a fresh look" at ownership restrictions in current version of bill, stressed NRBA should take position now and not "sit back and wait... keeping your options open to see what final form the legislation takes."

Nearly everyone we talked to in San Francisco interpreted Van Deerlin's call as an open effort—"an out & out blatant attempt," govt. official said—to get radio broadcasters to go it alone on rewrite and to oppose NAB efforts to keep industry segments together. "I am encouraged by the position of this Association, of its board and of its leadership," Van Deerlin said. Quello, too, praised NRBA as "this thriving organization primarily devoted to the unique interests & problems of radio to lend special guidance to the work of NAB... I think it's needed." He said his reference to "blowing" an opportunity referred to all radio—but to some segments more than others.

Several NRBA members told us they'd go for rewrite now except for uncertainty of fee schedule—and that subject dominated session with 5 staffers from Communications Subcommittee. Quello proposed fees of 5% of gross before taxes for TV, 2% for radio, and again called for removal of all First Amendment restrictions on broadcasting. Subcommittee economist Charles Jackson said fees should be "extremely low" for radio, averaging no more than \$1,000 per station.

During panel of FCC bureau & division chiefs, Best. Bureau Chief Wallace Johnson said fee refunds still are "quite a ways off" since staff plan isn't scheduled for Commission consideration until Jan. He also said that despite cry for de-regulation, most of FCC rules were put on books at request of broadcasters. Renewals & Transfer Chief Richard Shiben had this advice: "We are not going to get out of EEO... Our enforcement activities will increase." He said EEO now is "the most important" segment of renewal process. Other questions at FCC panel dealt with petitions-to-deny & payoffs, FM contours & translators, AM stereo, FM quad, affirmative action, ascertainment of gay groups, Commission processing delays, misrepresentation in coverage maps and station-sponsored concert promotions.

Gabbert told us "the convention was just fantastic" from just about every viewpoint—attendance, programming, exhibitors. Paid registration was 1,685 (up 400 from New Orleans year ago), including 327 walk-ins; total attendance was estimated at 3,600. "We're growing so big so fast it scares the hell out of me," said NRBA Exec. Vp-Administration John Richer.

Exhibitors generally were happy with traffic & sales, although there were usual problems with hotels (show was biggest ever at Hyatt Regency) & unions (there was fist fight on floor among union members during set-up). Some exhibitors also complained NRBA didn't have expertise to run such a big show, didn't know how to help with their problems. Consolidated Electronics' Jack Neff said "traffic is excellent and we are selling"—including \$55,000 Curac automated system sold off floor to San Francisco station.

Mutual was very much in evidence at NRBA, much to consternation of many members and other exhibitors. "They ought to call it the Mutual convention," station owner said. Mutual—NRBA's only network member—had prime exhibit space outside ballroom where lunches and joint sessions were held and several spots on program.

Finally, in apparent effort to dispell its image as "small-market" radio outfit, NRBA had session on "The Big Market Promotion Battle" featuring broadcasters from N. Y., Chicago, Houston & Denver. It was worst attended workshop of convention.

**FERRIS—'PROFITS OVER PRINCIPLES':** FCC Chmn. Ferris picked live subject for his first speech to IRTS in N. Y. last week—First Amendment—and he cheered big audience a bit, chided it a lot. Among his cheering notes:



"I am prepared—as a citizen and as a govt. official—to do everything I can to protect your independence. As FCC chairman, for example, I will do what I can to make sure that the Commission does not try to tell you whether a program is too obscene or even too violent to broadcast. Those judgments should be yours to make."

Among the chiding: "Unfortunately, the broadcast media has not tried to deal with the public directly [in explaining industry problems]." He said broadcasters have given very little coverage of Communications Act rewrite, Farber freedom-of-press case, "Born Innocent" dispute. "In short," he said, "the broadcast media—our most powerful media—has shown very little interest in talking about itself, or the function of the First Amendment, a fact which may help explain why pollsters have found that a majority of the American people would not favor broad First Amendment principles if they were put to a vote..."

"The failure to invest more in information programming also raises a question about whether broadcasters put their profits where their principles are. Your commitment to free speech and a free press would enjoy greater credibility if your industry spokesmen did not resist efforts to increase the number of competing sources of news and information—on cable as well as over the air."

Ferris's reference to investing in information programming was this, in his advance text: "Despite the obvious need for increased political coverage in 1976, the budgets for the news divisions of the 3 [TV] networks amounted only to about 3% of the total annual expenditures of their parent organizations." In delivering speech, Ferris added: "It demonstrates how insignificant the division of expenditures can be between information and entertainment programs when these decisions are being made in the framework of a large corporate conglomerate."

We asked Ferris why he chose to use 3% (for news) of parent corp. expenditures rather than the 12% of networks' expenditures—in light of fact parents operate such unrelated businesses as auto leasing, book publishing, etc. He said he got 3% figure from Columbia Journalism Review, added the sentence to speech as delivered "so I wouldn't be misunderstood." Said one network official: "He had to go out of his way to produce that 3% figure. FCC's own statistics show that 12% of network expenditures went for news," up more than \$50 million from 1975.

Crowd's reaction to speech was what you'd expect from foregoing—polite applause at end, no interruptions.

**PUBLIC BROADCASTERS TO RAP REWRITE:** Like commercial broadcasters who testified before them, public broadcasters this week plan to tell House Communications Subcommittee rewrite has some basic flaws.

One of most serious problems, CPB Vp Bruce Cardwell will tell Subcommittee, is that rewrite provision setting up funding for public broadcasting, minority ownership and rural telecommunications doesn't specify how much public broadcasting will get. Fund, made up of money collected from spectrum use fee, should have mechanism providing for predetermined share, he says. He believes that without it, public broadcasting will have to live with uncertainty.

Another problem with fund is that it would subject public broadcasting to annual reviews by Executive Branch & Congress, damaging efforts to insulate system from govt., according to Cardwell.

Another complaint from CPB is that all private funding for programming would be eliminated, although Cardwell acknowledges bill's concern about public broadcasting being exploited by business underwriters.

CPB, which would be eliminated under rewrite, will say it's more concerned with broader cause of public broadcasting than saving its skin. CPB will testify that it's undergoing large-scale self-examination which should be completed early next year.

One of PBS's strongest reservations is over creation of National Telecommunications Agency. Pres. Lawrence Grossman & Chmn. Newton Minow, in prepared testimony, state: "The provisions [which create NTA] and specify far-reaching powers over any station accepting



funds are in the most literal sense frightening."

Other PBS complaints: (1) "The incentive to seek diversified funding would be greatly weakened... and this could lead to a dangerous over-reliance on the federal government." (2) Provision precluding public stations from accepting private funds for specific programs "would quite simply wipe out most of the public TV schedule." (3) License fees as basis for federal public broadcasting support raise "some very real concerns," and are generally opposed.

NPR Pres. Frank Mankiewicz plans to support license fee concept generally, although he'll question if there will be enough funding from it for public broadcasting.

NAEB Pres. James Fellows plans to tell Subcommittee that spectrum use fee and its fund for public broadcasting aren't the way to support system because it increases federal involvement. He says money should come from general revenues.

In less theoretical congressional action, Senate last week passed public broadcasting bill without major changes (Vol. 18:20 p4), rejecting several amendments.

One amendment, proposed by Sen. Goldwater (R-Ariz.), would require that any federal agency providing programming to public broadcasting also offer it to commercial broadcasters. Amendment, which Goldwater withdrew with agreement that Senate Communications Subcommittee would hold hearing on it, was offered because of his irritation with what he called "Horowitz Affair" (Vol. 18:14 p4).

In discussion of amendment, Goldwater repeated his complaints about former Carter media advisor Barry Jagoda, scolded White House for offering Cabinet members for TV interviews at govt. expense. "This practice strikes me as a clear-cut abuse of TV in an attempt to present news favorable to the Administration," he said.

Another amendment, proposed by Sen. Thurmond (R-S.C.), but withdrawn when hearing on it was promised, would have barred all TV stations from broadcasting shows "portraying nudity, obscenity, explicit sexual activity, gross physical violence or morbid torture..."

Other amendments proposed but not approved would have allowed for public broadcasting volunteers' time to serve as part of the match for federal funding, abolished fairness doctrine and equal time, reduced length of advance appropriation and put at \$66,000 maximum salary at CPB, PBS or NPR.

In related matter, Hispanic CPB seat, which was cause for fighting among staff in White House (Vol. 18:32 p4), is again open because Sandra Lopez Bird dropped out of running by going to work full time for govt.

NBC has formed Radio Group—divisions covering AM, FM & network—"to do everything possible to become the leading radio operation in broadcasting," according to Pres. Fred Silverman. New line-up: Robert Mounty, ex-stations vp, becomes exec. vp-AM; Walter Sabo, ex-dir. of ABC FM Network, joins NBC as exec. vp-FM; Richard Verne, ex-network vp-gen. mgr., named exec. vp-radio network; Jack Thayer, current radio network pres., moved to exec. vp, special projects. In new line-up, all radio execs. report to NBC Bcst. Group Exec. Vp Irwin Segelstein. At 26, Sabo is youngest NBC vp in history.

FM listening was up 11% in April-May in 10 selected markets, according to special Arbitron analysis. Similar study of FM growth in top 10 markets found FM up 5%. FM share in the selected markets increased from 34% in 1975 to 44% in 1978, Arbitron says. Markets, picked on basis of population & geographic distribution, are: Detroit, Minneapolis-St. Paul, Kansas City, Orlando, Oklahoma City, Raleigh-Durham, Davenport-Rock Island-Moline, San Francisco, San Antonio & Norfolk-Portsmouth-Newport News-Hampton.

Criticism of "Youth Terror" ABC telecast (Vol. 18:32 p4) was unjustified, according to investigation commissioned by ABC and conducted by law firm of Hawkins, Delafield & Wood, according to latter's report filed with FCC. Group of black producers charged that ABC staged gang fight, paid participants, during preparation of documentary. Said ABC News Pres. Roone Arledge: "I believe that the depth & scope of the investigators' probe should satisfy all concerned of the integrity of this program and that the conclusions of the report refute the allegations that were made."

NCTA has asked FCC to reconsider 2 aspects of pole attachment rules: (1) If state takes jurisdiction over regulation, it should be by means of appealable order, not just certification. (2) If state takes over, FCC shouldn't forward all pending cases to state—only those where hearing hasn't yet been held. Changes would prevent repetitive proceedings, NCTA says.

Briefing for broadcasters on operations of U.S. Commerce Dept. will be held Oct. 18-19 in Washington office.



**RTNDA ON PRESS FREEDOM:** Court incursions on First Amendment rights of media—along with FCC restrictions on broadcast newsmen—were principal subjects of alarm at RTNDA convention in Atlanta last week. Adding to concerns—on 2nd day of 3-day convention—was N. J. Supreme Court's 5-2 decision upholding contempt citation of N. Y. Times reporter Myron Farber. RTNDA Pres. Ernie Schultz called news conference in Atlanta to decry Farber decision, said Assn. would join in appeal to Supreme Court.

NBC News Pres. Lester Crystal devoted much of luncheon address to Farber case, asked RTNDA to establish a "clearinghouse of information" in its Washington office to be able to move "quickly and easily to learn the significance and effect of judicial decisions." He and other speakers maintained that journalists do have special privileges under Constitution. Schultz said RTNDA would accept Crystal's challenge.

"With only a little exaggeration, observers are talking & writing about the war between the judiciary and the press," said CBS News Pres. Richard Salant. "The constitutional protection of a free press is in serious danger. When a judge... puts the word 'journalist' in quotes, as one recently did throughout his lengthy opinion, we are in trouble... Might I respectfully suggest to broadcast management people that the First Amendment principle of a free press warrants at least as much of their attention as length of licenses, spectrum fees and regulation of cable."

In SRO session moderated by talk-show host Phil Donahue, panelists & audience agreed it's impossible to take ratings out of TV news. Donahue wondered why, said "I'm surprised that you feel you are powerless." (Added Salant, in speech next day: "If they [people & govt.] perceive us as concerned only with numbers—numbers of people and numbers of dollars—only as a business satisfying the vagrant wants and interests of an audience, we shall remain in trouble.")

Donahue charged Washington TV-radio reporting is soft, without tough investigative efforts or exposures, wasn't challenged when he said this is because congressmen "have the power to revoke your licenses." Of TV news image, Donahue said: "you're right there with used car dealers and maybe even doctors." Keynoter Harry Reasoner, recently returned to CBS News from ABC, said there's "just too much Washington coverage" on networks and "the American public turns off newscasts when Washington comes on." As did Donahue, he said Washington reporters tend to get too close to those they cover, becoming "unwitting friends of the powerful instead of their critics."

Black ABC anchorman Max Robinson said: "Those news directors who hire minorities and women solely because of the pressure of affirmative action programs fail to understand their mission as journalists." He said ABC's regional anchor concept is "exciting because even in this relatively young profession of TV journalism, there's resistance to change."

San Diego State U. Prof. Sig Mickelson, ex-CBS News pres. and former head of Radio Free

Europe, called for action against "a growing news blackout in the Third World." Tulsa World Managing Editor Philip Dessauer, pres.-elect of SPJ-SDX, talked about common problems of print & broadcast journalists, called for closer cooperation, said "very reputation of our entire profession is at stake" and cooperation must increase.

And then, there was wire from President Carter stating: "My Administration has been pursuing a number of steps in the past year to help broadcasters maintain and strengthen their professional integrity free from undesirable outside influences." He cited abolishment of OTP—"to help avoid repetition of past abuses"—legislation to strengthen public broadcasting and cooperative efforts with FCC & Congress "on ways to reduce regulatory involvement in broadcast news."

RTNDA's Atlanta convention attracted 1,200 (900 paid), up 100 from San Francisco meeting last year. Paid exhibit space was up considerably, including such groups as Chrysler Corp., Right to Work Committee, American Legion and several arms of govt. (which also paid for space)—along with usual manufacturers & programmers.

**FCC denial of license challenges to KNXT, KTTV & KCOP L. A.** has been remanded to Commission for further consideration by D. C. Appeals Court. Challenges were filed by Women's Coalition for Better Bcstg. (WCBB), charging underemployment of women. Court said Commission should reconsider ruling in light of May appellate decision in Bilingual Bicultural Coalition on Mass Media case against FCC, which held Commission responsible for ensuring that programming reflects minority interests. In separate ruling, Court upheld 1976 Commission ruling exempting some delayed broadcasts of political news events from equal-time provisions of Sec. 315.

**American taxpayers** need only to look at some activities of FCC & FTC for view of "how their tax dollars are being squandered by government bureaucrats," NAB Exec. Vp-Gen. Mgr. John Summers told Minn. Assn. of Bcstrs. last week. He cited as examples FCC proposal to reimburse "so-called public groups" which participate in agency's proceedings and FTC grant of more than \$150,000 to outside researchers in children's ad inquiry (Vol. 18:33 p1).

**FCC staff reports** should be released to public before being discussed by commissioners in open meeting, NAB urges in letter to Chmn. Ferris. Persons attending FCC meetings frequently can't understand discussion because of constant references to staff reports, NAB says.

### New Newsletter Launched

**Public Broadcasting Report**, a new newsletter published by Television Digest, is being launched to provide complete and timely coverage of growing public TV & radio areas and allied fields. Newsletter will be published every 2 weeks, will be written and edited by Television Digest's editors. For details, see enclosed covering letter, brochure & order card.



**NBC's FRED & JANE SHOW:** In closed-circuit presentation to affiliates Sept. 20, NBC Pres. Fred Silverman introduced new Chmn. Jane Pfeiffer, outlined plans for her & himself, while Julian Goodman, who shifts from chmn. to chmn. of exec. committee, offered gracious comments on both.

Silverman, who cares little for testifying, speech-making, and the like, is shifting these chores to Pfeiffer, who has extensive background in those areas. She'll be responsible for govt. relations, legal affairs, employe relations. Said Silverman: "With Jane here, I will be able to spend most of my time on improving our product."

Said Pfeiffer: "I know that I will be on a steep learning curve and your help and support are very much needed." Goodman described his past functions, said: "I expect to continue all these activities and perhaps more... But more importantly, NBC will have in place what is surely the best executive team in the business."

Silverman said he has beefed up tremendously the staff in programming dept., doubling it, increasing talent & casting staff from one to nearly dozen, has made long-term deals with Dolly Parton & Cher.

Describing how busy he's been, Silverman told us: "I've been out of the building for lunch twice since I've been here."

\* \* \* \*

Clutter was main subject at Sept. 21 NBC TV affiliates' conference in Denver. Network Pres. Robert Mulholland said new plan—which if adopted would reduce clutter by 20-30% weekly on all 3 networks—has been presented to NAB for consideration at Oct. 3 TV Code Board meeting. Affiliates' Chmn. Ancil Payne said: "I've seen it... It's a good plan." Payne also noted, at end of conference, that there were no questions on sex or violence, said public's current lack of concern about former major programming issues is shown in affiliates' mail.

**HBO will offer new family-oriented full-time service** starting in Jan., occupying RCA transponder 23. HBO didn't announce price, but it's understood to run roughly half that of regular service. New offering hasn't been named yet, will offer these elements: Weekly "Movie of the Week" P or PG movie, running about 60 days after showing on regular service; monthly "Family Theater" G movie "classic," such as Disney film; "Passport"—"broad family interest" entertainment & cultural events; "Merry-Go-Round" kid series.

**NAB will open 1979 Dallas convention Sun.** with top entertainment, close same way Wed., to "get 'em there early and keep 'em there late," NAB official said after last week's Convention Committee meeting in Dallas. Last spring in Las Vegas, convention opened with Mormon Tabernacle Choir, closed with Charlie Pride.

**Warner's QUBE system** is dickering with White House, hoping to get President Carter on Columbus 2-way system, elicit response from viewers. Meanwhile, QUBE is offering "Preparing for the College Entrance Exam"—16 lessons (45 min.), at \$35.

**Two minority "firsts":** (1) FCC granted first tax certificate to owner selling to black group—WYCH (FM) Hamilton, O., going to YCH Assoc., headed by Ragan Henry. YCH is partnership, with Henry as gen. partner and minorities comprising 45% of limited partner holdings. Chmn. Ferris & Comr. Brown said they'd be concerned if a minority person headed buyer as "front" but ownership by minorities was insignificant. Commission directed staff to flag all such sales, summarize results in year or so. (2) First "distress" sale to minority group was announced—WAEQ-TV Rhinelander, Wis. going to Chicago-based Seaway Communications, 100% black-owned, headed by Dr. Jasper Williams, past pres. of National Medical Assn. Station, owned by ex-Rep. Alvin O'Konski (D-Wis.), was scheduled for renewal hearing on alleged double billing, etc. (Vol. 18:35 p3). O'Konski said he was too ill to participate in hearing.

**Stereo sound for TV**—initially for simulcasts, possibly eventually for dual-channel broadcasting—can be provided nationwide by year's end if FCC approves petition filed last week for construction of new system, according to AT&T. New intercity facilities would provide two 15-kHz sound channels, make possible FM-TV simulcasts without phasing & sync complications which now plague such attempts. System also could be used for simultaneous broadcasting of sound in 2 languages (Vol. 18:37 p8). In Japan, dual-sound telecasts are expected to start in Oct., with special adapters for stereo TV to be available soon from TV makers for about \$150.

**Exempting paid political ads** from "personal attack" rule and fairness doctrine has been proposed by FCC. Action was taken at request of NBC after an ad network station ran in N.Y.C. in 1977 made personal attack on a private individual. Rule change would reverse 1968 Commission decision to include political ads under attack rule. On fairness doctrine question, Commission noted courts have held licensees aren't responsible for libelous material included in political ads, so there should be distinction between equal opportunity requirements of fairness doctrine & Sec. 315. Comments due Dec. 15, replies Jan. 16.

**Renewals of 2 UHF's** proposing to offer less than 5% local programming 6 a.m.-midnight were held up by FCC last week, as it decided to ask for more explanation. Commission staff had recommended renewal of WUTR Utica & WEZF-TV Burlington, Vt., both ABC-TV affiliates, on grounds they were losing money. Comrs. Quello & Washburn favored renewal, Ferris & Brown opposed; White didn't comment; Lee & Fogarty were absent. Brown said stations were approaching profitability, made point of fact that WUTR is owned by Park Bestg., which has full complement of TV-AM-FM stations.

**TV program about TV** has been proposed to PBS by N.Y.C. publisher Steven Scheuer. Show would be 30 min. weekly, called "Television Week," would "praise & entertain, criticize & analyze," Scheuer says. Regular panelists would be Scheuer, critics Les Brown, N.Y. Times, & Frank Swertlow, Chicago Sun-Times, & former Sun-Times critic Ron Powers.



## Personals

Paul Davis, WCIA Champaign, Ill., elected RTNDA pres. at Atlanta convention (see p. 5), succeeding Ernie Schultz, KTVY Oklahoma City; Curtis Beckmann, WCCO(AM) Minneapolis, defeated Chris Botsaris, WTVF Nashville, 110-33 for pres.-elect.

House Communications Subcommittee Chmn. Lionel Van Deerlin (D-Cal.) received Golden Radio Award of NRBA at San Francisco convention (see p. 1); James Gabbert, KIOI(FM) San Francisco, re-elected pres.; Lynn Christian, Century Bestg., named vp-west; William Clark, KABL(FM) San Francisco, & James Ives, WJBC(AM), elected dirs.

J. Clay Smith, FCC assoc. gen. counsel, will be nominated to Equal Employment Opportunity Commission by President Carter... Richard Salant, who retires as CBS News pres. next year, says he has no specific plans, "may teach or consult—I know I don't want to leave."

George Skinner elected comptroller COMSAT; Stanley Shubilla treas... Walter Bolter, FCC senior staff economist, becomes chief, Common Carrier Bureau Economics Div.

Frank Morello, Pete Foster & Carl Weinstein, vp-sales mgrs., Harrington, Richter & Parsons, named vp-group mgrs.; Fred Ward, Mike Schwartz & Les Abrams named new sales mgrs... Toni Smith advanced to vp, A.C. Nielsen Co.

Christy Welker, ex-Special Programs, CBS, named dir., daytime development, ABC... Lynne Pomeroy promoted to assoc. director, daytime sales proposals, ABC-TV Network... Katherine Halpin, ex-special asst. to White House aide Robert Strauss, named dir., news information, ABC Washington... Betsy Goff, contract attorney, ABC Sports, named asst. gen. attorney, ABC News... Elizabeth Randall promoted to dir., print advertising & promotion, CBS Entertainment.

Sam Zelman resigns as news dir., WJLA-TV Washington... Jim Schultz advanced to news dir., WTTG Washington, replacing Hal Levenson, who joined Independent TV News Assn... Robert McGann, ex-Telerep, Chicago, named national sales mgr., WCCO-TV Minneapolis... Michael Goetz, ex-KSTW Tacoma, named dir., commercial operations, KTTW L.A... Richard Carter, staff announcer, named operations mgr., WDTN Dayton.

FCC Comr. Tyrone Brown heads "agency-wide task force" on regulation review; Robert Blau, economist in FCC Office of Plans & Policy, appointed asst. to chief of Common Carrier Bureau.

Edward Masket promoted to exec. vp-administration, Columbia Pictures TV... David Poltrack advanced to marketing dir., CBS TV Stations Div., new post... Edward Weber, ex-WDIV Detroit, named dir. of creative services, Field Communications, San Francisco hq.

Fellowship program to assist minorities entering communications field has been established by NAB. One year program in NAB legal dept., with \$17,500 stipend, is open to graduated minority law students. Contact Richard Wyckoff at NAB.

WEEKLY

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with

Consumer Electronics...

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Impact of TV on children's education will be discussed at National Assn. of State Boards of Education convention Oct. 12-14, Hershey, Pa. Meeting is billed as "cooperative dialogue" between educators & broadcasters. Speakers include NAB Chmn. Donald Thurston, FCC Comr. Washburn, U.S. Comr. of Education Ernest Boyer, Bob (Capt. Kangaroo) Keeshan.

Financial data of WMUR-TV Manchester, N.H. will be available to Teleprompter, FCC ruled, upholding staff decision. Station had requested continued non-duplication of significantly viewed signals, and Commission held that station "had placed its financial condition in issue."

Rep. Harley Staggers (D-W. Va.), chmn. of Commerce Committee, who is running for what he calls his "last term, after 30 years in Congress," tells us: "I'm looking forward to studying the re-write. I don't know much about it now. It has to go through the parent committee, you know."

Management seminar for black station owners will be co-sponsored by NAB/NABOB Sept. 27-28, NAB hq. Speakers include Rep. William Clay (D-Mo.), NAB Chmn. Donald Thurston, NTIA Chief Henry Geller.

### Obituary

Paul Dobin, 60, partner in Washington law firm Cohn & Marks, died in Washington Sept. 20 of heart attack. He joined FCC in 1946, served in office of gen. counsel, as legal asst. to Comr. Robert Jones and as chief Rules & Standards Div., heading staff work on TV allocations plan ending 1948-52 freeze on grants of new stations. He joined Cohn & Marks in 1952, was managing partner at time of death. Widow, daughter & son survive.



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## STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 8 (36th week of 1978):

	Sept. 2-8	1977 week	% change	Aug. 26- Sept. 1	1978 to date	1977 to date	% change
Total TV. . . . .	246,344	217,170	+13.4	408,955	10,157,814	8,799,061	+15.4
color . . . . .	159,545*	140,093	+13.9	270,699	6,454,365*	5,452,487	+18.4
monochrome . . .	86,799	77,077	+12.6	138,256	3,703,449	3,346,574	+10.7
Total radio . . . .	575,330	710,530	-19.0	1,120,140	32,009,000	34,411,973	-7.0
home, portable .	360,215	477,911	-24.6	936,480	23,368,101	25,885,786	-9.7
AM-only . . . .	111,521	95,481	+16.8	127,473	5,267,563	6,142,226	-14.2
FM & FM-AM .	248,694	382,430	-35.0	809,007	18,100,538	19,743,560	-8.3
auto . . . . .	215,115	232,619	-7.5	273,660	8,640,899	8,526,187	+1.3

Color TV 5-week moving average: 1978—203,511\*; 1977—169,193 (up 20.3%).

\*Record for period.

**ROCKWELL TAKES \$165-MILLION TV BATH:** Rockwell's announcement last week it was pulling Admiral out of U.S. TV business came as no surprise to industry—not even timing, which coincided with end of fiscal year (Sept. 30). Total tab for Rockwell's 4-year romp in TV comes to about \$165 million, including about half of \$77.7 million in shares it paid for Admiral in 1974, TV operating losses in excess of \$90 million (continuing appliance business is profitable), \$25 million earmarked as termination writeoff.

As pieced together from official announcements and from sources at Admiral & Rockwell, here's what's happening: (1) Admiral is dropping out of U.S. TV market, will remain as appliance producer. (2) TV plants in Harvard, Ill. & Taiwan will be closed, are for sale or lease. (3) Of 2,000 TV-related employees in U.S., including 950 production workers, about 200 will be retained in TV warranty, service & spare-parts operation. (4) Admiral subsidiaries in Canada & Mexico will continue TV production & sales.

Shutdown won't be instant. Admiral has supply obligations both to own dealers & private-label customers, notably Montgomery Ward & K-Mart. As for Admiral-brand sets, we've been told actual production has ended, but there's enough factory-distributor inventory to keep dealers supplied through Christmas at least. Private-label commitments run at least through first quarter 1979. Even so, it's understood workforce will be cut 40% this week, 20% next month, 20% at year's end.

That drastic action was coming at Admiral was known as early as last Jan. when spokesman for Rockwell told us future of TV operations was being re-evaluated (Vol. 18:3 p7). Statement marked first time Rockwell had backed off position it would turn Admiral into profitable TV-market factor. Since then, Rockwell has held number of unsuccessful negotiations on sale of Admiral TV business with U.S. & foreign interests. Among groups interested, we've learned, was one headed by Olympic Pres. Herbert Kabat, another led by Admiral Operations Vp Frank DiLeo, and there were earlier talks with GTE.

Two prizes waiting to be picked up are Admiral's Taiwan plant and Montgomery Ward (MW) supply contract. At least 2 buyers already have made offers for plant (Olympic's Kabat is currently in Taiwan to inspect it). Sale must be approved by Taiwan govt.

GE & Sylvania are front-runners in Montgomery Ward race, with GE given slight edge—



possibly because of ability to supply white goods if Admiral should decide to chuck that too or MW decides to keep brown-white package together. Zenith is considered possible dark horse. At week's end, MW buyers were still struggling with decision. MW currently buys some sets from GE & Sylvania, also imports some direct from Far East, though Admiral is prime source.

Admiral TV's pending demise, attributed by Rockwell in part to "intense price competition, particularly from Japanese sources," provides possible instant solution to color TV trade problem with Taiwan. Admiral shipped estimated 150,000 complete color sets plus equal number of color chassis from there last year, might hit combined 400,000 total this year, or about 30% of all Taiwan color exports to U. S. Taiwan trade officials are slated to discuss color export restraint program with U. S. counterparts in D. C. Oct. 4 (Vol. 18:28 p7). Turnoff of Admiral's Taiwan spigot should result in instant & substantial cutback, which could be made permanent if Admiral plant is sold to non-TV maker. Color export restraint talks with Koreans are penciled in for Oct. 11.

Admiral TV phase-out isn't expected to influence Justice Dept. decision on whether to approve GE-Hitachi plan to form joint U. S. TV manufacturing venture General TV of America. Spokesman said Justice had considered possibility Admiral would leave industry, still expects to issue opinion on GTA in mid-Oct. or early Nov.

Admiral action spotlights truism that profitability and small-market shares are near-impossible combination in today's hotly competitive color TV industry. Underlining came from industry leaders quoted in Sept. 21 Wall St. Journal. Frank Lann, GTE Entertainment Products Group senior vp, said that though Sylvania color sales are up 25% "there isn't much opportunity for us to operate at a profit this year." From Magnavox Pres. Kenneth Meinken: "We've had great difficulty maintaining any return on our investment in this business, and we're distressed by that." At House Trade Subcommittee hearing in D. C. last week, Zenith Chmn. John Nevin presented data showing that, excluding Zenith, domestic TV industry's pre-tax earnings averaged just 2.1% of sales in 1968-77 period, and for 1973-77, when import competition peaked, average dropped to 0.4%.

**TREASURY CLEARS CUSTOMS' TV DUMPING PLAN:** Rejecting arguments from Japanese govt. & TV importers, Treasury Dept. last week: (1) Gave its expected blessing to Customs' use of controversial commodity tax method of assessing TV dumping duties. (2) Ordered Customs to collect \$46 million due on bills sent March 31 for imports through June 1973 (Vol. 18:14 p7). (3) Authorized assessments on imports through Dec. 1974. (4) Announced only one Japanese TV firm (presumably Sony) has provided Customs with "complete & reliable" data, and so won't be hit with sizeable dumping levy.

Treasury decision was revealed at House Trade Subcommittee hearing on dumping procedures by Gen. Counsel Robert Mundheim, who said Customs had dismissed as "not reliable" all claims for price adjustments submitted by Japanese TV makers. He also indicated Customs would try to issue assessments on all current entries, through April 1977, within 6 months.

Financial impact of go-ahead order on Japanese TV producers & importers was detailed in estimate prepared for hearing by General Accounting Office. In addition to \$46 million already billed and \$1.1 million collected before last March, GAO says importers are liable for up to \$400 million for July 1973-April 1977 imports, plus \$93 million for shipments since May 1977, for grand total of \$540 million. Clobbering effect of new computation system is shown dramatically in Midland International's submission which indicates that before receipt of March 31 assessment company expected total dumping bill would run about \$900,000, but now liability could be in \$13-million range (see p. 12).

Collection of full potential liability isn't sure bet yet. Customs still must go through formal protest procedures which give importers chance to point out factual or clerical errors, and door is open for submission of other relevant material. Though all price adjustment claims made to date are being disregarded, Mundheim said Customs will consider any new evidence presented, providing it's verifiable and accompanied by proper documentation. Customs has contended that rebating by Japanese set makers to U. S. importers, and their unwillingness to supply requested cost data, led to use of commodity-tax valuation method.



Payment issue in itself is thorny. During hearing, Chmn. Vanik (D-O.) kept pressing it home, but didn't get direct answers from Treasury & Customs representatives. In theory, duty payment is due when bill arrives, but cash usually doesn't change hands until Customs & importer reach agreement or hit impasse—importer must pay up before going to court—though Customs has right to collect, or take appropriate legal action, at any time. Until now there's been no attempt to collect March 31 bills.

Importers have been operating on belief Treasury has agreed not to push for collection on post-June 1973 entries until there's resolution of the expected court cases on March 31 levies. But that's not case, according to Jordan Luke, special asst. to Mundheim. He said Customs will be insisting that normal payment procedures be followed on upcoming assessments as well as those already sent to importers.

At hearing itself, all witnesses agreed on one thing—traditional method of administering dumping cases is inadequate and drastic changes are needed. Vanik set tone in opening remarks when he said meeting was being held on "ruin & rubble of an American industry," referring to TV. Customs Comr. Robert Chasen said agency hopes to prevent repetition of TV case problem, which resulted in 10-year dumping duty payment backlog, by proposing requirement importers make estimated payment when merchandise arrives.

Representing U.S. industry, Zenith Chmn. John Nevin and EIA Tube Div. attorney Paul Cullen decried system which permits continued unhampered inflow of dumped TVs with continued injury to U.S. industry, even after dumping determination has been made. Nevin urged adoption of more forceful enforcement procedures, while Cullen recommended that domestic industries be given chance to become more involved in dumping investigation process.

Treasury's policy flip-flops result in unfair treatment of innocent importers, according to Sony attorney H. William Tanaka, who said Sony has had to clear itself of dumping charges at least 3 different times over last 10 years as result of retroactive changes in investigative ground rules. Similar complaint, and call for establishment of fair & consistent policies, was issued by Midland attorney L. J. Holroyd. He said Midland priced its imported TVs in keeping with dumping duty levels Customs indicated it would have to pay. Now it's faced with excessive liabilities on sets long since sold, and is being penalized even though it has fully cooperated with Customs (see p. 12).

\* \* \* \*

Japan exported 251,200 TVs to U.S. in Aug., down 26.3% from same 1977 month, Finance Ministry reports. Color exports of 109,200 (including 15,000 kits) were down 37.1%, while b&w slipped 12.5% to 142,000. For 8-month period, total TV exports were off 15.4% to 2.2 million, with color down 31.8% to 1.05 million (including 131,300 kits), b&w up 8.3% to 1.15 million. Month's CB exports of 182,200 were down 43.8%, bringing 8-month total to 1.68 million, down 65.4%.

**VCR SURVEY—ACCESSORY SALES ZOOMING:** "Accessories"—blank & recorded cassettes, cameras—already represent business which is 1/3 as large as VCR sales to many dealers, and there's nowhere to go from here but up. This is indicated in survey of our Early Warning Report panel of TV dealers who also handle VCR.

Of those who sell complete line of VCRs & accessories, median dealer sold 60 blank cassettes, 3 pre-recorded cassettes, 2 monochrome cameras and one color camera for every 10 VCRs. Here are basic details we found in survey: Of dealers in our EWR panel, more than 80% sell VCRs in quantities large enough to report on them (those selling one or 2 a month were eliminated). Of those VCR dealers, all handle blank tape, ratio of tape sales per VCR (not necessarily at same time) varying from 1-to-1 to 50-to-1, median being 6-1. Only 20% said they sold prerecorded cassettes, and here ratio varied from 1-1 to 1-15.

Camera sales are expected to rise fairly sharply for rest of this year & next—many of our respondents said they were just starting to handle color cameras or hadn't received first shipments yet. And bear in mind that new under-\$1,000 color cameras are yet to come through in any kind of quantities. Only 37% of our panel members said they sold color cameras, ratio of sales varying from one for every 2 VCR decks to one for 50, median being one for 10. Some



55% said they carried b&w cameras, and median sales were one for every 5 VCRs. Interestingly, several sell color cameras but not b&w.

Because our EWR panel consists overwhelmingly of traditional TV dealers—appliance stores, dept. stores, discounters—it's not necessarily representative of VCR trends among all dealers, since video & hi-fi specialists are underrepresented. Latter are believed to do bigger business in accessories, so, if anything, opportunities in VCR peripheral sales are greater than would appear in survey results.

Survey showed 2/3 of dealers handle more than one VCR line—18.5% carrying 2 lines, nearly 15% with 3, more than 22% carrying 4, some 7.5% with 5 and just under 4% with 6. Some 54% of dealers carry both Beta & VHS formats, 42 VHS only, 4% Beta only. Some 63% of dealers surveyed carry RCA, Sony & Magnavox 37% each, Zenith & Quasar 30% each, MGA & Sanyo 15% each, Curtis Mathes, Sylvania & Panasonic 7-8%, JVC & Toshiba under 4%. Once again, we point out survey isn't typical of VCR market as whole. Since video & hi-fi specialists are underemphasized, we feel Sony, Panasonic, Sanyo & JVC—which get large play in those outlets—are rather sharply shortchanged in terms of total picture, as is Beta format.

\* \* \* \*

Commenting on our report last week on its secret new 4-hour videocassette system (Vol. 18:38 p8), Dutch Philips confirmed it's building new plant in Austria to produce "VCR apparatus" in large quantities, adding that its current home VCR format is "very successful and still No. 1 by far" in Europe, and "as yet there is no reason to deviate from this system." Information on "new development is not available for the time being," Philips added. New system uses 1/2" tape in side-by-side cartridge which resembles VHS type (transmission error in last week's Digest resulted in garbling tape width).

Another VCR "system of the future" has slipped a little further into the future. BASF's 8-mm portable LVR system (Vol. 18:25 p7, 18:26 p7) is now scheduled for debut some time in 1980. Fall 1979 was date originally given for introduction of VCR, which will be produced in new Fountain Valley, Cal. plant. It's understood target price for compact 4-hour cassette is \$6.

VCR exports from Japan in Aug. totaled 48,607, 2nd highest monthly figure of year, up 31% from July and 121% from year earlier. Aug. is last month of big year-to-year gains, since Sept. 1977 saw start of mass VHS-system shipments. From last Sept. on, shipments have been in 40,000-&-up area monthly. For 1978's first 8 months, VCR exports (consumer & industrial) totaled 343,474, up 164% from 1977.

Interesting VCR promotion is Quasar offer of GAF super-8 sound camera, 4 reels of low-light film, processing and transfer to 30-min. videocassette by Fotomat—claimed to be \$300 value for \$100—with purchase of VHS recorder.

Note: "Magnavision" apparently will be tradename of Magnavox's videodisc player, still scheduled for limited introduction in Dec. If name sounds familiar, you may recall it once was tradename for projection TV line, which was changed last spring to "PTV Network" after Magnavox presumably pointed out it had registered name (Vol. 18:22 p11). Philips/MCA optical system thus has wealth of tradenames: Magnavision for Magnavox-made player, Disco-Vision for records and industrial players made by MCA, VLP for system itself.

Sunspot interference to CB should peak in about 2 years, last about 3 years, according to report on Effects of Local & Skywave Interference on CB Radio Range, published by Commerce's National Telecommunications & Information Administration. Study says CB range cutback should be most noticeable to operators in rural areas, who may find their maximum transmission distance of about 20 miles reduced to just 3-4 miles. Users in small cities & suburbs who normally transmit 5-6 miles can expect 50% reduction. Those in major metropolitan areas, who are already hampered by massive local interference, may notice no difference at all.

White House received 2 stereo systems from IHF Sept. 21—including Pioneer & Sansui receivers, JVC & BIC turntables with Shure & Pickering cartridges, Kenwood & TEAC cassette decks with TDK & Maxell tapes, Sony, Jensen & Koss speakers, Koss headphones, Altec equalizer. IHF had planned reception following presentation, cancelled it because no Carters were able to attend.

Microwave oven shipments by U.S. manufacturers & importers rose 21.1% in Aug. to 225,400, for 8-month total of 1.38 million, up 20.9%, AHAM reports.



**MIDLAND ON DUMPING:** Midland's submission at House Trade Subcommittee dumping hearing last week (see p. 9) details how Customs' adoption of commodity-tax method of determining fair value of Japanese TVs can result in swift kick in pocketbook for importers—it hiked Midland's potential dumping duty liability by nearly 1,700% per set.

Statement notes that since 1968, when dumping determination on Japanese TVs went into effect, company imported 1.17 million color & b&w sets, and that dumping assessments have been made on about 684,000. Of those, Customs cleared about 508,000 prior to use of new value computation system, assessed no dumping duties on about 342,000, levied average \$1.07 penalty on remaining 166,000 for total of \$177,000. Bill Customs sent Midland March 31 covered 176,000 sets and was for \$3.37 million, or \$19.19 average per set. If same average holds for 486,000 sets not yet valued, Midland will be billed for \$9.3 million more, bringing its total dumping tab to about \$12.8 million, essentially equal to company's current net worth.

Midland points out that Customs adopted new assessment system because it couldn't get data from importers or Japanese set makers, claims it should be excluded from such treatment because it has cooperated, even to extent of informing Customs of rebates received from suppliers. Notice of refunds is in letter from Midland's broker to Customs dated April 12, 1972. It said that because refunds lowered actual prices below MITI check prices shown on invoices, Midland felt it had overpaid duties and would like rebate from Customs. In response, Customs rejected rebate request, asked Midland to disclose corrected price information. Result of disclosure, Midland said, is that it "paid entry duties on the invoice price while paying dumping duties on the invoice price less the rebate."

Sony reversed earlier decision, decided to replace Doyle Dane Bernbach as its ad agency as result of conflict with another DDB client GTE (Vol. 18:38 p9). DDB remains agency until new one is selected. Move will end 17-year association; DDB's unique approach is given much credit for Sony's success in U.S. Account is believed to represent about \$6 million in billing. In 1977, Betamax & color TV advertising are believed to have represented more than \$2.9 million each. Although 1977 Betamax advertising stressed national media (magazines & network TV), first half 1978 saw more emphasis on advertising in selected areas through increased use of newspapers & spot TV.

Lawsuits between Entertainment Video Releasing & Video Warehouse Inc. are scheduled to go to trial in N.Y. Sept. 25. EVR charges breach of contract & illegal reproduction of its videocassette titles. VVI countercharges defamation, libel & breach of contract. Note: Quotation from VVI Chief Ron Obgarten in last week's issue should have stated that VVI paid EVR "thousands of dollars of royalties in advance"—not "hundreds of thousands" (Vol. 18:38 p11). We regret the error.

Magnavox has started shipping \$180 Odyssey 2 video game to dealers.

**MORE PRICE BOOSTS:** Modest TV price increases are almost universal now. Hitachi will raise prices 3-5% in Oct.; JVC & Toshiba also plan boost in Oct., haven't set specific figures. Sanyo's Sept. 1 consumer electronics 3-7% price hike (Vol. 18:37 p11) turns out not to include TV.

Hitachi increases, effective Oct. 1, affect half company's 20 models. In color, 12" open-listed portable jumps \$10 to \$310; new 13" units, available in Nov. & Dec., will be \$360 & \$490 (remote); 15" leader went up \$20 to \$410, step-up moving up \$10 to \$530; open-listed 19" leader stays same (around \$430), step-ups going up \$10 to \$470 & \$500, and up \$20 to \$540, remotes up \$30 to \$590 & \$620; high-end infrared remote unit was dropped from line.

In b&w, open-listed 5" model stays around \$160; 9" portable leader is up \$5 to \$125, step-up up \$10 to \$160; 12" (open) stays around \$100, first step-up also standing pat at \$110; 12" AC-DC step-up moves up \$5 to \$135.

Zenith's approximate prices for open-listed color models announced a month ago (Vol. 18:35 p10): In Chromocolor sets, 13" remote goes up \$20 to \$450; 19" leader goes from \$400 to \$420, step-ups up \$10 to \$460 & \$470; 23" models about \$590, \$680 & \$690; 25" leader is up \$10 to \$610, while \$650 step-up and \$730 remote are unchanged. In System 3 sets, 19" step-up and 2 remotes are up \$10 to \$520, \$590, & \$610; 25" table model goes from \$690 to \$720, remote from \$790 to \$800; high-end 25" consoles are up \$30 to \$1,030, \$1,080, & \$1,715 (remote combination).

Quasar has priced its projection-TV system at \$4,500, including installation. Panasonic, in recent price hike (Vol. 18:37 p11), carefully avoided \$4,000 price point by raising its projector from \$3,800 to \$3,999.

Cobalt shortage resulting from fighting in Zaire has pushed prices of small loudspeakers up 40-100% and more. Cobalt is one of main materials used in alnico (aluminum-nickel-cobalt) magnets. In Hong Kong, manufacturers say that even with higher prices it's difficult to obtain adequate supply. Average price of 2-1/4" speaker rose more than 150% to nearly 54¢ from June to mid-Aug., Hong Kong Trade Development Council reports. It adds that suppliers are demanding cash on delivery, causing cash-flow problems for smaller manufacturers.

Pirated or stolen R&D costs will be added to dutiable value of imported merchandise under policy change proposed by Customs. In past, Customs has levied duty on business "assists"—tooling, molds, R&D—which foreign manufacturers receive at less than actual cost, but not on stolen data. In making change, Customs says, it's following recent court valuation procedure decisions. Use of ideas or technology in public domain isn't considered in setting dutiable value since they're available free, Customs states.

Ad & promotion expenses of TV & radio manufacturers averaged 3% of gross sales, 10.2% of gross margin, according to Schonfeld & Assoc., Chicago consultant. For electronic component parts makers, outlay averaged 1% of sales, 3.3% of gross margin.



**MORITA ON VIDEO:** "Despite the many difficulties manufacturers are facing now, I am very optimistic a new industry is coming. This is the beginning of the video industry. It is still poised for takeoff. It will be very important in the next 20 years. There will be new applications and new products, and Sony has the opportunity to get a good share." Thus Sony Chmn. Akio Morita appraises long-term prospects of VCR, disc & related products. In interview he conceded that Betamax sales were "a little lower than I expected," but said Sony's fiscal-year sales [to Oct. 31] should almost double those of last year.

Morita declined to comment on future developments in VCRs—new systems, etc. In answer to question about Sony's plans for use of metal tape in future new systems, he said: "Tape should improve year by year. Metal tape is very promising. Its characteristics are quite different [from current oxide tape]. Sony hasn't decided on any new machines." Morita still believes that video camera is "not a major item" as accessory for today's VCRs, although he concedes demand is stronger than he expected.

Even though Sony demonstrated optical disc system—and "as a scientist I personally have great interest in the concept of no contact between the stylus and the disc"—Sony is not committed to any disc system, but hopes for single standard. Any new factories planned in U.S.? "Naturally, we have made plans & studies, but it's not time for any announcement."

\* \* \* \*

Sony may add 15" size to U.S. color TV production—it currently makes only larger sizes in U.S., imports smaller ones, Sony Consumer Products Pres. Kenji Tamiya told us. As to whether 25" would also be added, he said: "There's a tremendous temptation to have a full line."

Sony is basking in glow of record U.S. color TV sales in Aug.—120,000, which comprises 15.4% market share for that month—breaking previous record of 90,000 last May. Tamiya said public was in "buying mood, much of it springing from anticipation of price increase" (Sony prices went up Sept. 1). VCR prices, too, will go up when present inventories are depleted, he said.

Company is extremely serious in its refranchising program. "We're vigorously shopping—sending warning letters [to retailers who are violating franchise terms]. We may have to cut off some dealers soon." At recent 2-day branch managers' meeting in Chicago, he said franchise enforcement was most important topic.

**TV receiver information inquiry** has been started by FCC, as anticipated. Commission will ask for comments on: (1) For those buying sets, what kind of information should they be given regarding performance of receivers, lead-ins & antennas? (2) Same for those who already have sets. (3) Should sets have label showing tuner noise figure, and should this be implemented "almost immediately"? Commission plans to distribute 20,000 copies of inquiry to consumer groups, etc. Comments are due Feb. 1, replies March 1.

**French IC manufacturing venture** is being discussed by Motorola & Thomson-CSF. Motorola's Toulouse IC plant would become part of any new venture there. French govt. has appropriated \$150 million to promote self-sufficiency of domestic IC industry, indicated willingness to provide subsidy of some \$80 million to help launch Motorola-Thomson effort. Earlier this year, Thomson announced IC venture agreement with Philips subsidiary Radio-technique. From patriotic standpoint, pressure on French to get moving in semiconductors was increased by launching of Inmos Ltd., U.K. IC venture backed by \$47.8-million govt. investment (Vol. 18:31 p9).

**BSR introduces microprocessor appliance & light remote control system.** Plugged into outlet, it sends pulse-code signals through home wiring, can turn appliances on & off, dim lights. System can control up to 16 different appliances or groups of appliances using house wiring and plug-in modules; BSR is working on RF remote-control & timer options, computer & touch-tone phone interfaces. System command center will sell for \$40, ultrasonic remote \$20, and individual modules \$15. Sears will feature unit in home improvement & spring catalogs. It will also be sold through home-improvement centers & hardware stores.

**Bubble memory** with 250K-bit capacity has been announced by Rockwell Electronic Devices Div. Company says it's accepting low-volume orders for 60-90-day delivery at \$500 each, promises to have million-bit memory available next year. National Semiconductor expects to have similar 250K-bit bubble memory available at end of next year and Sperry Rand's Univac Div. says it has developed own version, is now evaluating build-or-buy options.

**Multinational corporations** represent only instrument for industrial development of emerging countries, Frederik Philips said at N.Y. news conference last week. Govts. can't do job because of lack of experience and task is too risky for small companies, he said. The former N.V. Philips pres., now chmn. of Philips Holding Co., was in U.S. to mark publication of English-language edition of his autobiography, "45 Years With Philips" (Blandford Press, \$14.95).

**Video monitor** with increased resolution and 3D effects has been developed by Cal. arcade game company Cinematronics. Vectorbeam system doesn't scan picture tube but "draws" on millions of light points. Monitor is available in company's \$1,500 space war arcade game, but Cinematronics spokesman said it could be made & sold separately for \$400. Consumer use would be limited to home computer, since monitor can't accept normal video signal.

**Color tube plant** in Singapore, owned 70-30 by Hitachi & govt. (Vol. 18:36 p7), now is expected to have capacity of 800,000 tubes annually after completion in 1982, doubling original plan. Production of 30,000 monthly is scheduled to start in 1980.

**"Videophile"** will be new name of The Videophile's Newsletter as it changes from Editor Jim Lowe's "non-profit publishing hobby into a serious... publishing enterprise." Address: 2014 S. Magnolia Dr., Tallahassee, Fla. 32301.



## Consumer Electronics Personals

**Stanley Miller** advanced at Sylvania from production mgr. of Ottawa, O. TV tube plant, succeeding **Robert Isacke**, now mgr. of Altoona, Pa. receiving tube plant; **Wayne Lehman** appointed special projects product mktg. mgr. for GTE's Wilbur B. Driver Co. . . **Phillip Green**, ex-Hamilton Beach, named U.S. Pioneer south region sales mgr.; **Steve Elgort**, ex-Ally & Garano, appointed ad dir., replacing **Don Kobes**, resigned. . . **Larry Winn**, ex-Handick & Quasar, joins Toshiba as SE region mgr., succeeding **G. (Ike) Royster**, now SW region mgr. . . **John Javetski** joins Electronics magazine as consumer electronics/industrial editor, succeeding **Jerry Walker**, now managing editor.

**Robert Brown**, Motorola Semiconductor sales dir., named vp. . . **Ted Malanczuk**, former Sperry Univac semiconductor development chief, joins National Semiconductor at C/MOS & bipolar product engineering mgr. . . **Richard Grogan** joins Sharp Calculator Div. as product planning mgr., new post.

**Walter Curran**, ex-industrial sales mgr., named mktg. mgr., Raytheon Distributor Products Operation. . . **James Reynolds** promoted from Pathcom key accounts national sales mgr. to national account mgr. . . **Richard Myers** appointed Radio Shack NE Div. ad mgr. . . **Stanley Reiff**, ex-PRB/ICP Industries, named vp of GR Electronics with responsibility for east coast marketing of Grundig car stereo, GR Elec auto loudspeakers and Poddig antennas. . . **Barrett Brown** named La. & Miss. district sales mgr. for Gusdorf Corp.

**Distribution notes:** Philco appoints Burney-Neal, N. Little Rock; Electra Appliance Distributors, Miami; Continental Distributors, Tampa; Hennigh's, Wichita; Michie Distributing, Dallas. . . **Quasar** opens Chicago branch, replacing R. Cooper & Son, appoints James Ambros vp-gen. mgr. . . **Superscope** closes N.Y. sales office, appoints E.J. Green as rep for Superscope & Marantz lines. . . **Tatung** appoints Irv Kappy Assoc. N.Y. metro TV rep.

**Effects of CB debacle** continue to be felt in Japan: (1) CB maker Chiba moved into bankruptcy with debts of 2.5 billion yen (\$13.2 million). (2) Nihon Dengyo, which once shipped over 70,000 CB units to U.S. OEMs in single month, has given up OEM marketing and will sell under its own name through marketing subsidiary in Cal.

**Motorola** plans to double its U.K. semiconductor facility's employment to 1,000 over next 3 years, expanding production of microcircuits for automotive use. Plant eventually may make K4K RAMs, which would bring it into competition with govt.-established Inmos. Motorola is now listed on London Stock Exchange.

**Regency Electronics** has goal of annual growth of 20% or more through new products and plant expansion, Pres. Floyd Ritter told N.Y. security analysts. New products are non-consumer communications & test equipment, including marine radios with built-in automatic VHF direction finders.

## 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			
1978-year to Aug. 31	39,615,733,000	5,102,001,000	7.59
1977-year to Aug. 31	35,117,102,000	4,332,670,000	6.72
1978-qtr. to Aug. 31	10,370,377,000	1,419,980,000 <sup>a</sup>	2.09
1977-qtr. to Aug. 31	9,150,816,000	1,182,354,000	1.82
Chyron			
1978-year to June 30	3,156,000	89,000 <sup>b</sup>	.09
1977-year to June 30 <sup>c</sup>	3,453,000	273,000 <sup>b</sup>	.25
General Instrument			
1978-26 wk. to Aug. 27	256,765,599	15,511,809	1.93
1977-26 wk. to Aug. 28	247,243,820	11,761,522	1.46
1978-13 wk. to Aug. 27	131,299,517	8,684,233	1.08
1977-13 wk. to Aug. 28	123,117,261	6,624,199	.83
Harvey Group			
1978-26 wk. to July 29	23,815,000	929,000 <sup>b</sup>	.42
1977-26 wk. to July 30 <sup>c</sup>	19,323,000	241,000 <sup>b</sup>	.11
MPO Videotronics			
1978-9 mo. to July 31	16,792,666	546,632	.99
1977-9 mo. to July 31	15,139,786	451,195	.82
Rust Craft Greeting Cards			
1978-6 mo. to Aug. 27	46,625,000	692,000	.30
1977-6 mo. to Aug. 28	41,089,000	517,000	.23

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

**CUSTOMS BILL CLEARED:** By 360-1, House last week approved Customs Reform Act, leaving intact provision that excludes current investigations from section setting tougher proof requirements and easing penalties in duty fraud cases. Exclusion is specifically intended to cover Justice Dept.'s current probe into legality of rebates Japanese TV exporters gave to U.S. private-brand importers. Importers could be subject to both criminal & civil penalties if: (1) Rebates were unreported to Customs, and (2) they were accepted with intent to avoid dumping duty payments. Act was already passed by Senate, has been sent to White House.

Treasury Dept. last week dismissed complaint Japanese exports of electronic musical instruments & amplifiers were being subsidized (Vol. 18:11 p10). At issue were Japanese govt. rebates of domestic commodity taxes to exporters. In TV case, Supreme Court ruled such tax refunds aren't export incentives subject to offsetting countervailing duty levies (Vol. 18:26 p10).

Current shift to protectionism by U.S. & Europe could seriously hamper growth of underdeveloped countries, according to report by International Finance Corp. (IFC), a World Bank affiliate that invests in private business & financial ventures in those nations. Less developed countries need export markets for their products, loans for new projects and to pay off past borrowings. Protectionism reduces export opportunities, and by encouraging internal business expansion in industrialized nations, limits funds available to poorer countries, IFC says.

**PerCom Data** is making \$400 mini-floppy disk drive for Radio Shack TRS-80 personal computer.