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FERRIS STATISTICS ON NEWS countered by NBC's Goodman, who reports network budget was up 34% in 1976. Conventions coverage cost \$9 million. (P. 6)

COURT AXES WESH-TV RENEWAL: In major blow for all renewal applicants facing comparative hearing—present & future—unanimous D.C. Appeals Court thoroughly castigated FCC for renewing license of Cowles' WESH-TV Daytona Beach-Orlando over competing application of Central Fla. Enterprises. "Appellant [Central] contends that the Commission acted unreasonably and without substantial support in preferring Cowles' renewal application. We agree, vacate the Commission's orders and remand for further proceedings," Court said.

And that's kindest thing Judge Wilkey (writing also for Robinson & Dist. Court Judge Flannery) had to say about FCC and its decision renewing WESH-TV, which Court said is "unsupported by the record and prior law." As warning to other licensees, Wilkey noted: "This may well be a typical comparative renewal case, hence the careful scrutiny we give the Commission's procedure and rationale herein." He proceeded to find agency's "procedure & rationale" faulty on every comparative issue.

Cowles already has announced appeal plans, hopes Commission will go along (and that's expected to be close issue at FCC). Cowles first will seek reconsideration by full 9-judge Appeals Court—it expects to lose that move—then go to Supreme Court. Decision will impact al-

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ADMIRAL TAIWAN TV plant sale to U.S. business group headed by Herbert Kabat all but closed. GE & GTE share new Ward color TV contract. Sanyo ending Japan-to-U.S. color exports. (P. 8)

ALL-OUT INQUIRY examining 'all aspects of the TV receiver' up for FCC consideration as follow-up to TV quality labeling proposal. EIA sees FCC exceeding jurisdiction, fights receiver-control authority in Communications Act rewrite. (P. 9)

TV IMPORTS TOP MILLION for 2nd month in row in Aug. Color import rise of 72.6% keyed to hike in Taiwan chassis shipments. Complete color from Taiwan, Korea up; Japan's decline. (Pp. 8 & 9)

GE AUDIO CLIMBS, company claiming its position was enhanced as No. 1 in radio this year, with 'substantial' tape increase. (P. 11)

JVC VIDEODISC demonstrated in Japan. Capacitance system has many advantages of optical type. Philips plans to commercialize tiny digital 'Compact Disc' in 1981-2. VCR imports set 1978 record in Aug. (P. 11)

ZENITH STILL BEST, though by declining margin, in its latest poll of repairmen. Consumers rank Zenith tops, too, new study shows. (P. 12)

HOME PINBALL business is small, according to figures in Bally prospectus. Firm's fall programmable TV game sales 'insignificant.' (P. 13)

most immediately on FCC's renewal of WPIX N. Y.—appeal by loser Forum Communications now is pending in same Court. "We'll get that thrown back for sure," FCC lawyer said. "We'll either ask Court to remand it or to withhold action until we've acted on WESH-TV."

Another FCC lawyer welcomed remand, said agency will use it to "address the uncertainty in the renewal process" and attempt to define for licensees their "reasonable expectancy" to be renewed. "We'll try to add some stability" to process, he added.

Stability & expectancy is just what FCC tried to put in comparative renewal process—a system nearly everybody agrees needs changing—in WESH-TV case. Station first won renewal 4-3 in July 1976 because of "superior" service (Vol. 16:37 p5). On its own motion, Commission attempted to clarify decision in Jan. 1977 (Vol. 17:2 p5) and to establish policy in such hearings that would favor incumbent if it had provided "level of service [that] was sound, favorable and substantially above a level of mediocre service which might just minimally warrant renewal." Then-Chmn. Wiley dissented to first WESH-TV renewal, saying it couldn't be favored based on FCC's comparative criteria, changed vote to join majority in 4-1 decision on reconsideration.

Washington lawyers generally decried decision—"horrible," one said. NAB Senior Vp-Gen. Counsel Erwin Krasnow said WESH-TV "is potentially of more significance... than WHDH"—which resulted in concentrated effort to get renewal bill through Congress. In Boston WHDH-TV case, Krasnow pointed out, a newspaper-TV combine was involved in same market, station had never received license, and ex parte contacts were at issue. Under WESH-TV, according to Krasnow, the Court is saying "you've got problems as an absentee owner if somebody else comes in and promises more."

William Sims of Dow, Lohnes & Albertson—which represents many group owners with newspapers—said Court "overreached" in weighing renewal criteria, in substituting its views for that of the Commission, and in telling FCC how it should weigh various criteria. He also saw "broader implications" than WHDH-TV, said "it increases the need for ultimate relief," expressed concern about "the implications for all group owners."

Here's some of Court's language: "The state of administrative practice in Commission comparative renewal proceedings is unsatisfactory. Its paradoxical history reveals an ordinarily tacit presumption that the incumbent licensee is to be preferred... Further, until recently, such choices by the Commission were routinely affirmed by this Court... We hold that the Commission acted unreasonably and without substantial record support in this matter... The Commission's rationale in this case is thoroughly unsatisfying... The Commission's handling of the facts... make embarrassing clear that the FCC has practically erected a presumption of renewals."

On ownership of other media, Court sent chills through other licensees by saying FCC must consider—during renewal—newspapers, radio, magazines, etc., owned by licensee "anywhere in the nation," told Commission to consider on remand: "(1) The conceded relevance of diversification of media ownership in the comparative renewal concept. (2) The materiality of related media interests anywhere in the nation. (3) The evident hazards of relying on local management autonomy as a surrogate for diversification of media ownership." Court also hit FCC for not giving Central clear preference on several other issues, including unauthorized main studio move by WESH-TV, mail fraud against principals of another Cowles company, and black principal in Central application.

In his discussion of ownership of mass media, Wilkey made no reference to June 12 Supreme Court decision permitting continued ownership of TV, radio & newspapers in same market (Vol. 18:25 p1).

FREY WANTS CAP ON REWRITE FEES: Rewrite's co-sponsor, Rep. Frey (R-Fla.), wants revised rewrite bill to include license fee system which places maximum on what broadcasters would have to pay. "You just can't take too much profit [in fees]," Frey told us.

Frey didn't offer specifics, but change is one broadcasters have clamored for, saying if rewrite doesn't spell out license fee costs, they could rise at whim of new regulatory commission. Other sponsor, Rep. Van Deerlin (D-Cal.), Communications Subcommittee chmn., says

he too wants specific provision but is undecided on form.

Frey, who goes into private law practice in Washington in Jan., said results of 3 months of hearings have convinced him rewrite "is more needed than ever." And he says he has no doubts "this bill is going to be law. It could be law in one piece or it could be done piecemeal."

Asked if strong opposition to bill from many broadcasters, particularly TV, doesn't hurt chances, Frey said revising the spectrum fee system with a specified maximum will help to reduce opposition. "Take care of that and you take care of a big segment," he said. He also said opposition "hasn't been nearly as strong as I expected."

Last week's hearings on public broadcasting section were last on present bill. Frey & Van Deerlin now plan to revise bill with staff, resubmit it in Jan. Frey said he doubts if other Subcommittee members will have much say in process because of elections and other pressing matters, although Van Deerlin says: "Any number can play."

Public broadcasters and others last week generally rapped bill, as anticipated (Vol. 18:39 p3). One of aspects most often criticized in reams of testimony delivered was economic power of proposed National Telecommunications Agency over public broadcasting. Said NTIA chief Henry Geller: "...A federal agency, so inclined, could easily apply the pressure of the purse to stations producing or carrying programs which displeased the [government]."

Geller also voiced concern over proposed Public Telecommunications Programming Endowment, which he said must be "truly independent" with a board selected in a "politically insulated way." He urged Subcommittee to not earmark funds collected from license fee for public broadcasting and other areas, said it should go to general fund.

Other commonly heard complaint was that rewrite would prevent underwriting of programming by private sources. "In Nebraska," said Jack McBride, secy. of state's Educational TV Commission, "this would prevent us from making a broad spectrum of PBS programming available, programming that our audience regards as a vital service." Ford Foundation's Fred Friendly agreed: "I submit that this medicine may have debilitating side effects on an already undernourished patient."

FCC Comr. Washburn told Subcommittee public broadcasters need \$1 billion yearly from Congress. "Our sights have been far too low for far too long," he said. United States Catholic Conference spokesman, the Rev. Patrick Sullivan, S. J., told Subcommittee public stations should "transform themselves into public telecommunications centers offering a number of services to many specialized audiences, however small."

Meanwhile, Van Deerlin last week took unusual step of naming entire Subcommittee to serve on House-Senate conference on public broadcasting bill (Vol. 18:39 p4). Conference meets this week.

CABLE CERTIFICATES OUT, REGISTRATION IN: FCC's cable certification process is dead—killed, FCC said, by its devotion to "zero-based regulation" and, though it didn't say so, by Sen. Hollings' (D-S. C.) order that it be executed or else.

Laborious, time-consuming certification process is replaced by registration system—in which cable system simply files basic information and starts operating (or adds signals) without waiting for FCC action. What should be emphasized is that change is simply procedural, not substantive—meaning system still must comply with all carriage rules, can't carry any he couldn't before. However, if system is in doubt whether a signal complies with rules, he can carry it at his own risk—risk of FCC fines up to \$20,000 and punishment for copyright violation. There are some 1,500 certificate applications pending, 1,200 uncontested—and these will be washed out.

Biggest gain is speed. Up to now, system had to wait at least 2-3 months for FCC to issue certificate to carry any new signals. And, if someone objected to carriage, system might have to wait year or more for dispute to be resolved.

Registration system is effective when published in Federal Register—in couple weeks. Here's how it works: (1) System files statement giving its name, location, EEO statement,

signals carried. (2) It needn't notify anyone else—including stations carried. (3) Commission will announce registrations in public notices. (4) Systems holding certificates or have them pending are now considered registered, need do nothing more. (5) If system wants to carry signals inconsistent with rules, they have to ask for special relief or declaratory ruling. (6) If someone objects to carriage of a signal, system can wait for Commission to resolve dispute—or proceed to carry it at its own risk (fines, etc.). (7) Systems continue to file annual reports previously required.

Comr. Washburn argued with staff at length during consideration of registration, seeking to strengthen ETV stations' capacity to block systems from bringing distant ETVs into markets with local ETVs. He said all ETVs carry same programs, so there's no need to dilute local station's audience, impairing its fund-raising ability. Cable Bureau Chief Phillip Verveer pointed out that studies show ETVs raise about as much via cable as they lose. And Commission's resident public TV expert, Frank Lloyd, asst. to chmn., said that there are substantial differences in ETV programming, particularly in daytime, and that PBS, via satellite, will soon offer more than any single station can carry. They convinced Washburn, and he went along.

Some 20 Cable Bureau staffers will be freed by new process. Several have gone to Common Carrier Bureau, 2 will go to new cable enforcement div., others are looking for jobs. Comr. Lee wondered what will happen to Cable Bureau, losing so many people. Comr. Fogarty said merger with Common Carrier should be considered. Comr. Quello said: "The cable industry fears that more than anything."

NCTA Pres. Robert Schmidt hailed decision, said industry hopes Commission also will eliminate distant-signal and exclusivity rules.

At separate meeting, FCC expanded EEO reporting requirements to include cable, said it will review reports individually, compare them with local work force (as compiled by Bcst. Bureau), take action where warranted. Comr. Fogarty raised question of FCC's authority, predicted "we'll face the issue in court," added: "We mean business. We mean to follow up on it this time."

Comr. Brown noted that "what is proposed is not a terribly onerous" reporting requirement, that Bureau will have staff to process reports since it no longer will have to issue certificates. He wondered whether 2 people working fulltime would be enough "to conduct a meaningful review." Verveer said that other staffers would be brought in as needed, that Bureau realizes EEO "is a high priority item."

FBI CHECKS JONES FOR FCC: Background check of Anne Jones for her expected appointment to FCC (Vol. 18:29 p1) is underway by FBI, and prospect of Jones as commissioner is anything but pleasing to NAB.

Jones, now gen. counsel of Federal Home Loan Bank Board, had reputation as tough regulator when she was high-level staffer at SEC. This, coupled with belief she'll align with Chmn. Ferris, who recommended her to White House, is what has NAB shaking its head. Jones was in law school at Boston College with Ferris, although both say they weren't friendly at time.

House for 2nd time has rejected House-Senate conference report on FTC bill giving Congress veto power over actions by that agency. Those opposing conference report said provisions weren't strong enough. During debate on report, children's TV advertising inquiry was criticized repeatedly.

SIN has been granted year waiver of FCC rule prohibiting network from repping stations other than those it owns. During interim, Commission said it will consider possible changes in rules. SIN represents 10 stations, 4 of which it doesn't own.

CATV is enjoying "mini-boom," General Instrument Chmn. Frank Hickey told press in N. Y. briefing. Problems of 1974-76 are past, he said, with improvement in regulatory environment, profits & cash flow. "Pay TV has become the driving force, with 2.5 million subscribers" due to triple in next 5 years. GI expects 30,000 miles of new plant this year, 33,000 or more in 1979. Officials of Jerrold indicated new CATV/video game system jointly developed with Mattel would be inaugurated in Dec. or Jan.

Storer Bcstg. will provide \$1 million—subject to favorable ruling from FCC—to assist minorities in purchasing stations. Storer will allocate money to Minority Bcst. Investment Corp., which in turn will turn it over to Minority Small Business Investment Corp. Storer's \$1 million would make MSBIC eligible to receive additional \$4 million in matching funds from SBA. Storer also said its "expertise & knowledge" would be made available to prospective minority owners.

FCC fines: WHNE(AM) Portsmouth, Va., \$5,000 for "misleading the public during a 'Mr. Treasure' contest;" KIFW-TV-AM Sitka, Alaska, \$4,000 for "willful falsification" of operating logs.

FEE REFUNDS—NEXT YEAR: U.S. Treasury has \$167 million kitty waiting to be dispersed to TV-radio stations—and other licensees paying fees to FCC between 1970-76—as soon as FCC decides how much. And, after repeated prodding by NAB and others, Commission decided last week how much to give back—about \$55 million of \$90 million collected from broadcasters.

At same time, Commission started inquiry seeking answers to how & when to start collecting fees again and what to base them on. Agency suspended all fees Jan. 1, 1977—after D.C. Appeals Court had ruled they were illegal unless based on cost to agency and value to recipient. FCC said: "The unique concept of this inquiry is the possibility of imposing a fee on all users of the spectrum, possibly based on a lease or auction system."

To get refunds, broadcaster must submit claim within year on special form (to be released). If refund is accepted, he would be required to waive future claims. Special board at FCC will be formed, "proceeding under relatively informal and expedited procedures," to consider appeals or denials of refunds. Common carriers, FCC said, are expected to pass refunds on to consumers in lower rates.

Commission will hold public meeting early this month (date not set) to discuss refunds, set Nov. 8 deadline for comments. (Note: Original court order covered only fees paid by cable systems—appealed by NCTA. After cable won refund, FCC refused to refund broadcasters' fees. TV-radio stations subsequently went to court, also won.)

Comments on future spectrum fees are due Jan. 8. At Commission meeting last week, Office of Plans & Policy said that new fees could be based on coverage and potential viewers. Comr. White (who dissented in part) said this would stress ratings, lead FCC into "a regulatory swampland"; Brown said it would create problems for minority or specialty stations. There also was considerable discussion (started by Comr. Washburn) on possibility of using fees for efficient management of spectrum. Chief Engineer Raymond Spence said fees could be "very valuable spectrum management tool" but method would take "years to develop."

FCC exclusivity rules vis-a-vis cable have been upheld by D.C. Appeals Court, which ruled unanimously against Home Box Office's appeal, saying: "We think the Commission reasonably concluded, in the exercise of its discretion, that as a matter of policy further restrictions should not be placed upon the industry at this time and that it is best to defer action until the play of competitive forces can be observed... There is nothing novel or startling about a contract granting the exclusive right to publish or broadcast." Judges Bazelon, Robb & Tuttle, in decision written by Robb, found pay cable achieving "dramatic" growth since anti-siphoning rules were outlawed.

NAB has sent certification notices to members for election to radio & TV boards, with mail balloting in Feb. Of 6 TV terms expiring, only Leslie Arries, WIVB-TV Buffalo, is eligible for re-election. On radio board, 13 terms expire and 5 are ineligible.

NAB Task Force on Minority Ownership "is not thinking small; we expect to be able to leverage over \$100 million of broadcast acquisitions" for minorities, NAB Chmn. Donald Thurston told meeting of NAB and National Assn. of Black-Owned Bcstrs. He said NAB is applying to IRS to set up charitable trust to administer investment fund, and Task Force soon will go to industry for funds. Rep. Clay (D-Mo.), member of Black Caucus, charged: "It is a crime against the black consumer that millions of black dollars are spent buying everything from food supplements to dirt removers, yet is improperly represented on the airways." As for programming: "You as black broadcasters must take a critical look at what black junk programming is doing to the psyche and creativity and the power and strength of our community."

Four new radio rating services—Burke, RAM, TRAC-7 and Intermediate Market Service (Arbitron)—have applied to BRC for accreditation. BRC Exec. Dir. Mal Beville said approval will take at least 6 months.

CABLE & STATION COVERAGE ATLAS

Latest edition of Television Digest's "Cable & Station Coverage Atlas," one of most valuable reference tools of cable & broadcasting industries, is coming off presses, available this week. Atlas includes station coverage maps indispensable for applying FCC cable rules.

Publication is industry's only reference work showing relationship between TV station contours, 35-mile & 55-mile contours, and locations of all cable systems. Grade B contours of all TV stations—including ETV—are displayed on state maps, along with identification of each community with a cable system.

Every map is changed this year—particularly because they reflect new Grade B contours drawn to conform to FCC's new formula for computing them. Noteworthy too is tremendous increase in size of satellite directory—increase from 116 earth stations last year to 409 this.

Here are a few features of Atlas: (1) 55-mile zone maps (also includes 35-mile zones) showing communities with cable systems underscored in color. (2) Color-coded gatefold map showing locations of MDS licensees & CPs (along with MDS directory) and satellite earth stations & CPs. (3) Expanded microwave section to include list of CARS & business service microwaves along with map of common-carrier microwaves serving cable systems. (4) Updated directory of all translator stations. (5) Directories of NCTA, regional and state associations. (6) Directory of FCC Cable Bureau staff. (7) Directory of cable equipment manufacturers. (8) Up-to-date quick reference directory of all TV stations.

Copies are available from Television Digest, 1836 Jefferson Pl. NW, Washington, D.C. 20036. Use enclosed order card for prompt delivery.

DIGITAL VTR ARRIVES: First working demonstration of full-screen digital VTR with continuous motion created most of the excitement last week at London's International Bestg. Convention (IBC). Perhaps biggest surprise was announcement that developer IBA had licensed Fernseh & Sony to manufacture unit in Type B & C 1" formats respectively. Showgoers saw picture only, produced by IBA-modified Fernseh BCN recorder, which was hidden in van, presumably because IBA didn't wish to demonstrate favoritism between Sony & BCN.

IBA indicated commercial digital unit was perhaps 2-4 years off—significantly nearer than many were willing to predict. Picture displayed wasn't particularly good—below typical analog VTR standard. IBA said this was because it was transferred from film. BCN unit operated with head at double speed, writing at 2,000 ips, track width reduced to 2.4 mils, guardband of 1.6 mil. IBA spokesman said he thought it was first time density of 10^7 bits per sq. in. had been achieved. We gained access to van and observed that modified unit wasn't much bigger than standard analog BCN.

Fernseh officials downplayed significance of new development, indicating that principle couldn't apply to portable system, that technique was good for first-generation only—obviously concerned that demonstration of digital unit might hurt sales of analogs.

From standpoint of attendance and number of exhibitors, IBC 78 was a hit, having already outgrown new locale at Wembley Conference Center. In terms of new products—except for digital VTR—it was ho-hum.

Most of news was made by Britain's IBA, which also demonstrated first European use of satellites for ENG. Little 2.5-meter dish at Wembley picked up newscasts, which were relayed to 3 locations—2 in Britain, one in Italy—and carried throughout U.K. BBC demonstrated new "Carfax" radio system, using ring of transmitters to provide traffic information, overriding not only local broadcasts but car cassette players and similar devices.

Much of rest of show was propaganda—who's best and why—including conflicting claims for sales of 1" VTRs by Fernseh, Ampex & Sony. Sony made biggest promotional pitch for European business with deluxe boat trip down Thames. Other manufacturers stressed their contributions to upcoming Moscow Olympics—particularly Thomson Marconi & Electro Impex (Czechoslovakia). IBC 78 probably marked start of ENG in Europe—Sony reported nearly 100 U-Matic recorders ordered or delivered to British, Finnish, German, Czech & Swedish TV authorities.

CP for WWLD (Ch. 18) Jackson, Mich. has been canceled and call letters deleted. FCC noted that grantee Jackson TV already had been canceled twice—then reinstated—for failure to build station, and refused to approve transfer to Malrite Telecasting on grounds Jackson TV "had nothing to transfer or assign."

Storer Bestg. has sold KTNQ(AM) L.A. to K-LOVE Inc. (KLVE[FM] L.A.) for \$8 million. Brokers—Ted Hepburn & Chapman Assoc.

Responding to criticism of networks' commitment to news by FCC Chmn. Ferris (Vol. 18:39 p2), NBC Chmn. Julian Goodman last week made these comments at Houston B'nai B'rith banquet (honoring Jack Harris, pres. of KPRC-TV Houston): "We normally do not like to talk about the additional costs that are borne silently by the news organizations on coverage of unexpected events. . . But when our lack of commitment is questioned, I think the misconception is so great it must be corrected." He cited statistics he said proved Ferris wrong and said implication of Ferris's statement was "totally erroneous." Goodman's statistics: (1) "The overall NBC news budget for 1976 [year cited by Ferris] was 34% higher" than in 1975. (2) Cost of covering 2 political conventions was \$9 million—"a figure we could not hope to regain through the sale of commercial time." (3) NBC carried 100 hours more news than it did in 1975 because of increased political coverage.

Deadline for comments in FCC children's TV inquiry has been extended to Jan. 15, replies March 1. Commission noted "the overlapping issues" with FTC advertising proceeding and fact that many parties are participating in both. Also, this week FCC will announce series of field workshops with public & broadcasters to explain children's inquiry, tell public how to participate. First FCC session is expected to be in Atlanta, tying in with NAB fall conference Oct. 16-17—as will other FCC children's TV meetings. Susan Greene, dir. of FCC children's TV task force, also will appear on program at some NAB conferences; she also plans meetings with program producers in Cal. Greene said purpose of public meetings is to "make contact with as many interested people as possible."

"Make no mistake. Radio will not be left out of the mix as pressures increase to restructure broadcasting. If the regulators are successful in changing the very nature of TV, changes in radio will not be far behind. Indeed, we are all involved in the proposed rewrite of the Communications Act"—CBS Best. Group Pres. Gene Jankowski, speaking to CBS Radio affiliates' convention in Phoenix. At convention, CBS Radio Network Vp-Gen. Mgr. Richard Brescia announced major revamping of network's programming & commercial schedules, including: Expansion of sports; shorter news features; more availability for local advertisers in network time; return of "The Reasoner Report;" new drama series; several "in-depth" specials.

NBC will affiliate with independent WTCN-TV Minneapolis (owned by Metromedia) next March when KSTP-TV switches to ABC. This will leave current ABC affiliate KMSP-TV without network. Under affiliation agreement filed at FCC, ABC will lend KSTP-TV \$2.4 million to build translators as part of switch (Vol. 18:36 p3) and KSTP-TV will get \$2,100 network rate.

WGGH(AM) Marion, Ill. has been ordered by FCC to submit "additional justification" within 20 days for its proposal to air 22 min. of commercials per hour, 24 min. during winter months & political campaigns. Commission noted its "guidelines" permit 18 min., up to 20 min. no more than 10% of air time.

Personals

FCC Comr. **Tyrone Brown** speaks at FCBA luncheon Oct. 12, Army-Navy Club, Washington... FTC Chmn. **Michael Pertschuk** appointed to Administrative Council; **Ellis Ratner**, top attorney on FTC children's TV inquiry, will join N.Y. law firm Davis & Gilbert in early Nov.; **Helen Scott**, attorney-advisor to Pertschuk, leaves in Nov. to become deputy secy. of Treasury; **Rachael Shao**, Consumer Protection Bureau, moves to attorney-advisor to Comr. **Robert Pitofsky**.

Leonard Matthews, pres. of Young & Rubicam National, elected pres. of AAAA, succeeding late **John Crichton**; Matthews was asst. secy. of Commerce 1975-76... **Joseph McCabe**, KPLR-TV St. Louis, elected Bcst. Financial Management pres., succeeding **Gene Anderson**, Forward Communications, who becomes chmn.; **Ronald Doerfler**, Capital Cities, elected vp.

Robert Singer, ex-Lawrence Gordon Productions, joins NBC-TV as drama development vp; **Richard Lindheim** advanced from dramatic programs vp to current drama programs vp; **Sara Dempsey** named current drama programs dir.; **Maurice Goodman** advanced to NBC to broadcast standards dir.; **Tom Posivak** promoted from administrator to program policy mgr., succeeding Goodman; **Albert Ovadia**, former NBC Burbank studio tour mgr., moves to NBC Entertainment as creative services mgr. responsible for specialty merchandise promotions of NBC's 1980 Olympic coverage.

Chet Collins, ex-ABC-TV Spot Sales, joins CBS-TV Stations National Sales as mgr. of Detroit office, succeeding **Ed Gargano**, now at WCBSTV N.Y. NAB Highlights Editor **Marilyn O'Connor** promoted to dir. of special projects-public affairs, new post.

Steve Castellaw promoted to mgr., new Blair TV office in Charlotte (5950 Fairview Rd. 28210)... **Kevin Barry**, ex-Times Wire, named mktg. dir., MCE Inc. (Merrill), Phoenix... **Jordan Schaaf** joins TOCOM as controller.

Edward Sobel advanced to art dir.-advertising & promotion, CBS Entertainment, West Coast... **Michael Ziegler** named WITF-TV-FM Hershey, Pa. exec. vp in reorganization; named vps: **James Coyle**, administration & finance; **Michael Greenwald**, development; **Robert Hostetter**, media & community; **Walter Sheppard**, broadcasting.

Marcia Fortune promoted to operations mgr., WTMJ-TV Milwaukee... **Robert Wheat**, ex-WCMH-TV Columbus, O., joins KCMO-TV Kansas City as promotion dir... **Philip Salas** advanced to research mgr., WCAU-TV Philadelphia... **Dwight Cosner** joins Nielsen Station Index as asst. to Exec. Vp **Roy Anderson**.

Archa Knowlton, retired General Foods media dir., appointed exec. vp-media services, Vitt Media International... **William Fink**, ex-Conrac, joins Thomson-CSF Labs as dir. of marketing... Named research mgrs. by CBS Technology Center: **Robert Castrignano**, dir. of advanced TV technology; **Abraham Goldberg**, assoc. dir. for advanced TV research;

Arthur Kaiser, assoc. dir. for advanced TV development.

Ronald Bernard, ex-Datascope, appointed Viacom International treas.; **Irene Mizwinski** promoted to dir.-business affairs administration... **Alex Papagan** joins Universal Subscription TV as marketing & programming dir., will concentrate on over-the-air pay TV in Boston... **Bruce Milner**, ex-Media Buying Services, joins Simcom International as dir. of pay TV... **Gerry Jordon** appointed dir. of educational development for Warner's Qube... **Fred Furnish** promoted to mgr.-central operations, GE Cablevision; **Paul Schonewolf** named mgr.-eastern operations, also is mgr. of marketing for GE pay cable.

C-SPAN—Cable Satellite Public Affairs Network—formed to carry House proceedings (Vol. 18:18 p5)—has been given full go-ahead by its board which decided to: (1) Install its own earth transmitting station in Washington area, at about \$500,000. (2) Share Satcom transponder 9 with Madison Sq. Garden, which uses it at night, thus cutting costs. C-SPAN will run average 6-7 hours daily, usually starting when House convenes at noon. (3) Set price to cable operators at 12¢ yearly per subscriber. Head of organization, **Brian Lamb**, said most major MSOs have joined, including 8 of top 10. Plan is to get going as soon as House is ready—hoping for start of Congress Jan. 3.

CBS TV Network Pres. James Rosenfield, speaking on FTC children TV ad inquiry before Washington Ad Club: "The FTC staff report [recommending regulation] takes a collection of theories about TV and the psyches of young children, parent-child relationships, American dietary habits and consumer behavior and connects them as though they had been demonstrated in a single laboratory experiment and arrives at a radical conclusion that clearly will not remedy the harm it supposes to exist. What it certainly will do is undermine the funding for children's TV."

FCC has reinstituted practice of announcing staff instructions in adjudicatory cases following closed meetings. First use of new procedure was announcement there will be oral argument in "early November" on renewal of KAIT-TV Jonesboro, Ark. Commission started similar policy in early 1960's in effort to prevent premature disclosure of planned decisions, dropped it after few years.

Vertical Blanking Interval (VBI) rulemaking has been started by FCC, at request of NBC, which asked that line 20 be used for a digital signal to identify network, city of origination, date & time. Network said it could be used to verify transmission, improve program ratings, help in automatic logging, provide automatic operation of cable non-duplication switching. Comments are due Nov. 8, replies Nov. 28.

Sen. Hollings (D-S.C.), Communications Subcommittee chmn., has asked GAO to evaluate whether FCC is doing a good job. He asked for "full-scale review" of entire operation, requested it be done by next spring. FCC Chmn. **Ferris** had endorsed idea, according to Senate aide. GAO already has an FCC study underway (started in summer 1977), and final report is expected next month (Vol. 17:34 p1).

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 15 (37th week of 1978):

	Sept. 9-15	1977 week	% change	Sept. 2-8	1978 to date	1977 to date	% change
Total TV.	322,325	303,235	+6.3	246,344	10,480,139	9,102,296	+15.1
color	205,411*	204,916	+0.2	159,545	6,659,776*	5,657,403	+17.7
monochrome . . .	116,914	98,319	+18.9	86,799	3,820,363	3,444,893	+10.9
Total radio	739,799	1,035,831	-28.6	575,330	32,748,799	35,447,804	-7.6
home, portable .	452,536	799,320	-43.4	360,215	23,820,637	26,685,106	-10.7
AM-only	124,495	149,653	-16.8	111,521	5,392,058	6,291,879	-14.3
FM & FM-AM .	328,041	649,667	-49.5	248,694	18,428,579	20,393,227	-9.6
auto	287,263	236,511	+21.5	215,115	8,928,162	8,762,698	+1.9

Color TV 5-week moving average: 1978—213,224**; 1977—183,401 (up 16.3%).

*Record for period. **Highest of year & record for period.

ADMIRAL TAIWAN PLANT SALE NEAR: Rockwell found buyer for Admiral's Taiwan TV plant, but sale is being held up by legal technicalities, it was learned last week. In other developments: (1) Montgomery Ward picked new private-label TV supply sources. (2) Sanyo said it's giving up Japan-to-U.S. color exports. (3) COMPACT called news conference for Oct. 4 to reveal new TV anti-import program. (4) U.S. trade officials prepared for meeting with Taiwanese TV interests.

Sale of Admiral Taiwan plant, made excess baggage by end of Admiral's U.S. TV business (Vol. 18:39 p8), is all but closed. Snafu involves title dispute, is expected to be resolved by week's end. Purchaser is business group headed by Olympic Pres. Herbert Kabat, though Olympic itself isn't involved. Rockwell spokesman said only that there has been "no final sale" of plant, but conceded it is "holding discussions" and Kabat is "among those" involved.

What's actually being bought is Swiss holding company, Admiral S.A., created as parent of Admiral Overseas, the Taiwan operation launched in 1967. Roundabout purchase means ownership of Taiwan plant won't change. Taiwan Govt. approval of transaction or for continued operation as TV facility isn't needed. Undisclosed purchase price, it's understood, includes contract to make 50,000 color chassis for Admiral to meet its commitment to Montgomery Ward. Admiral is expected to keep Harvard, Ill. TV assembly operation going until end of first quarter 1979.

While Admiral TV plants are for sale, brand name isn't—for time being at least. Group of independent distributors, who will continue handling Admiral appliances, may be given right to import & market Admiral-brand TVs, supply them to other distributors. Even while dropping TV, Admiral is beefing up independent distribution. It cut down territory served by factory branches in Chicago, N. Y. & Detroit, expanded responsibility of 4 independents.

Ward is understood to have split color TV contract between 2 companies which formerly supplemented Admiral as suppliers—GE & GTE Sylvania. All 3 companies were silent on subject. It's not known whether b&w contract has yet been awarded.

Sanyo has become first, but presumably not last, Japanese color maker to say it's giving up exports to U.S. Company said it can't be competitive from Japan any more, would expand production at Forrest City, Ark. plant. Complete-set exports will be phased out over next 2 years. Presumably, it will continue to supply Forrest City with color subassemblies, and

while no specific statement was made, it could ship sets here from plants in Taiwan, Korea & other low-wage areas.

Sweeping new program to control TV imports, protect domestic industry, is expected to be proposed at COMPACT briefing this week. COMPACT is union-industry group which succeeded in having industry declared import-injured and quota placed on Japan's exports. Members include Corning, Sprague, Owens-Illinois & Wells-Gardner, and Sylvania is active supporter. COMPACT wanted higher duty rates on TV imports, and has called quota failure because over-all imports are on rise (see below).

U. S. trade officials met at week's end to decide just how Taiwan should be asked to restrain color exports to U. S. Problem is knotty because bulk of shipments are chassis & subassemblies from U. S.-owned plants, and Admiral is top exporter of complete color. Pending sale of Admiral Taiwan plan adds even more complication. It's expected that any restraint agreement will be limited to complete sets. This will avoid interfering with most shipments from U. S. plants there, skirt problem of rising chassis imports from U. S.-owned plants in Mexico, set stage for similar pact with Koreans who are due in Washington next week.

FCC STAFF URGES ALL-OUT TV SET PROBE: Manufacturers who are incensed by FCC's TV set labeling proposal (Vol. 18:39 p13) ain't seen nothing yet. As soon as early Nov., Commission staff is expected to propose "over-all inquiry and examination of all aspects of the TV receiver."

Proposed new inquiry—certain to be challenged as "illegal" by receiver makers—would climax drive characterized by one staffer as major push to improve TV reception. First step was new rule approved by FCC last May cutting allowable UHF tuner noise figure from present 18 dB to 14 for new models after Oct. 1, 1979 (Vol. 18:21 p10).

Second step was Commission's controversial inquiry on how public can be informed of performance of TV sets, lead-in & antennas—for which comments are due Feb. 1, replies March 1. Details of inquiry are scheduled this week. As one staff member said: "We know noise figures may not mean much to the public, so we want to find out if there can be some kind of measuring system. Perhaps sets could be tagged 'approved for strong, medium or weak signal area.'"

Commission is scheduled this week to propose standard system of measuring tuner noise figures to implement new 14-dB rule. EIA Consumer Electronics Group already has asked delay in rule because of lack of measuring standards (Vol. 18:37 p10). Opposition comments to EIA petition are due Oct. 10, replies Oct. 20.

Commenting on FCC's set quality labeling program, one industry member pointed to energy labeling proposal (Vol. 18:38 p11) and other label requirements and said: "Soon you'll have to wrap the TV set in wallpaper to get all the labels on." FCC Gen. Counsel's Office made staff objective clear: "We hope the labeling system will create market pressure to help improve sets. If this doesn't work, we would have to be more paternal...use regulatory fiat."

Thus, early in Nov. staff will propose thorough investigation of TV sets. In response to our question, staffer said inquiry could include "additional contract work [for] further improvement of the Texas Instruments [ideal] TV receiver." Approval of inquiry by Commission is not foregone conclusion.

EIA Consumer Electronics Group opposes all moves to control TV sets by FCC. "The Commission has no jurisdiction to regulate receiver performance except as it relates to UHF capability, which was specifically granted it by Congress," says CEG special counsel J. Edward Day. Almost unnoticed in proposed congressional rewrite of Communications Act is section specifically authorizing FCC or its successor to regulate TV performance characteristics. Quipped one industryite: "The FCC would end up being a giant Consumers Union." General Counsel's office feels new language merely spells out authority which Commission already has.

TV IMPORTS AT MILLION AGAIN IN AUG.: For 2nd month in row, total imports of TV sets, kits & chassis topped million mark, putting 8-month total at level higher than in any calendar year through 1975, Commerce figures show.

Month's total imports of 1.03 million were up 49.1%, with color up 72.6% to 424,900, b&w up 36.2% to 609,200. For 8 months, total TV was up 21.4% to 6.97 million, color up 20.5% to just under 3.11 million, b&w up 22.1% to 3.87 million.

For color, imports of complete sets rose 30.6% to 247,400, bringing cumulative total to 1.7 million, down 1.8%. Chassis & kit imports tripled to 177,600, for overall 1.4-million total, up 66.4%. Taiwan was key to sharp leap in chassis shipments, month's imports from there up by factor of 13 to 96,400. In July & Aug. Taiwan averaged 100,000 monthly, about double average of preceding 6 months. There's speculation situation is temporary and caused by production speed-up by Admiral which is selling plant there (see p. 8).

August TV imports by country, with 8-month results in parentheses: Japan total 294,600, down 12.1% (2.12 million, down 19.1%), color 164,700, down 8.1% (1.1 million, down 31.7%), b&w 129,900, down 16.6% (1.02 million, up 0.1%); Taiwan total 493,000, up 119.3% (3.07 million, up 60.9%), color 150,900, up 510.1% (950,200, up 333.1%), b&w 342,100, up 71% (2.12 million, up 25.5%); Korea total 163,100, up 69.6% (847,000, up 72.8%); color 33,900, up 489.5% (180,400, up 313.1%), b&w 129,100, up 42.9% (666,700, up 49.3%). Also in color, Canada 12,100, up 197.2% (137,000, up 819.2%); Singapore 5,600, up 316.7% (24,400, up 169.9%); Mexico, chassis only, 54,000, 85.3% (696,500, up 4.4%).

Japan's color total for Aug. includes 139,800 complete sets (down 12.6%), 24,800 chassis & kits (up 29.3%), and for full period 959,700 sets (down 34.9%), 142,900 incomplete (up 2.1%). Taiwan's Aug. complete color was up 206.3% to 54,400, for 8-month total of 399,800 up 106.1%. Full-period incomplete color from Taiwan was up 22-fold to 550,400.

New color tube, reminiscent of Philco's "Apple" tube of 1950s, was one of 150 new products demonstrated in Japan last week by Matsushita in celebration of 60th anniversary. Tube is expected to be marketed in 5" battery-powered sets next year, has single gun, extremely low power drain, making possible color set which can be operated on 9 D flash-light cells for 3 hours. Black control stripes between color phosphors emit ultra-violet rays for beam indexing. Among other new products shown: (1) "Pocket" TV set with 2.4" b&w liquid-crystal display, for production in about 2 years. (3) High-speed videotape duplication system (no production date). (4) Prototype ultra-sensitive (50-lux) home color camera. (5) Optical videodisc memory system. (6) Kitchen with home computer. (7) Fast fax system.

First portable VHS-format VCR made by Matsushita was introduced by Panasonic last week as part of new line of institutional products. Portable weighs less than 20 lb., is fast-speed (2-hours) only, lists at \$1,250; companion color camera is \$895. Other new Panasonic institutional products: Fast-speed VCR with TV tuner, still framing and adjustable slow- & fast-motion at \$1,275; play-only version \$925; 2- & 4-hour recorder \$1,150; optical-viewfinder color camera weighing 3.75 lb., \$895. Unpriced at presstime were low-cost b&w camera, deluxe color & monochrome cameras, broadcast quality color production system.

Strong opposition to expanding govt. authority to set consumer electronics performance standards was voiced by EIA Consumer Electronics Group at House Communications Subcommittee hearing on proposed Communications Act rewrite. CEG said plan to broaden regulatory powers of proposed Communications Regulatory Commission is unnecessary since market competition already demands manufacturers do what they can to improve quality, reduce interference.

IHF will hold "Second Annual International High Fidelity Convention and Exposition" April 20-22 at St. Louis Convention Center & Sheraton Hotel. Said IHF Pres. Jerry Kalov: "We know there were some problems [at Hi Fi Show] this year, but mostly we were encouraged by the Atlanta experience." Date of Convention was moved up month to avoid conflict with CES. "Convention" isn't full-blown show; manufacturers may display as much or as little of product lines as they wish, and exhibit floor will be open only in afternoon, leaving mornings for seminars. Snitow Organization will continue handling event. In 1980, convention will be held in Anaheim, Cal. May 10-12; IHF plans to alternate convention location between East & West.

Montgomery Ward Christmas catalog features 19" color set cut \$75 to \$315, step-up reduced \$100 to \$350; Admiral-made calculator-type remote version cut \$85 to \$445; GE-made 10" set down \$30 to \$245; 23" console down \$30 to \$399; 25" cut \$50 to \$440 and \$80 to \$500, 2 touchbutton models down \$100 to \$560, 3 calculator-tuned models down \$100 to \$650 (optional remote \$70). B&w sets: 12" AC \$88 (down \$10), AC-DC \$98 (down \$20); 19" \$138 (down \$10). Back cover features APF color video game half price at \$28.

Standard invoice form for manufacturers, developed by EIA Distributor Products Div., is intended to reduce processing errors, speed up handling. DPD says adoption will require only minimal changes in computer billing programs for most manufacturers, should result in lower form costs. Form layout package is \$5 from EIA, DPD, 2001 Eye St. NW, Washington 20006.

Price increases: MCA plans to announce 3-4% TV price hikes this week. Toshiba will announce TV boosts in next few weeks. Aiwa will raise audio prices this week.

GE AUDIO CLIMBS: GE is becoming even more entrenched as "strong No. 1" in radio, its sales this year up "significantly more than the industry," according to Audio Electronics Gen. Mgr. Walter Williams. Although still No. 2 (to Panasonic) in tape instrument sales, Williams says GE sales are up "substantially" while rest of industry has shown only slight increase. And in CB, GE has climbed from nowhere 2 years ago to "4th or 5th."

Interview with Williams & Mktg. Mgr. Lud Huck inevitably focused on GE's CB philosophy. GE expects industry sales of more than \$400 million this year, down from perhaps \$600 million in 1977, "but that's still significant," says Huck—"bigger than the whole tape [recorder] industry." This is decline from GE's prediction last June of about \$520 million sales (Vol. 18:23 p10), and company sees further dip to \$350-\$400 million in 1979, based on economic slowdown.

After all-out binge of 1974-76, GE believes CB is starting normal growth pattern as mature product. Period of flamboyant & faddish expansion is over, and GE, according to Williams, now looks at CB as significant product for a mobile society. "The ability to communicate from the automobile is so fundamental a desire it goes back almost to the start of the telephone. It is beginning to gain momentum as a safety & security product. It's a utility—like a radio in the bedroom. Our basic message is: 'For \$100, how can you afford not to have it in your car. You can pay much more for other types of insurance with far less likelihood you'll use them.' Never before was there such a just-gotta-make-it product." GE will stick with current CB line through early 1979, emphasizing middle-of-line products with fundamental features.

GE doesn't expect economic letdown in 1979 to hurt its other products. "It will be basically a flat year," forecasts Williams, "but our share will grow. This is the kind of time people turn to old-line brands. People give gifts even in a slowdown, and they look to values, such as those in radios & tape recorders—less expensive than larger gifts." Among its fall programs, GE will have major gift catalog promotion reaching 40 million homes.

GE study group is looking into cost pressures and what should be done now, but any price increase will be accompanied by full dealer program to soften impact as much as possible, Huck said. "We must talk value, rather than price, to the consumer and the retailer. From 1973 to 1977, the Consumer Price Index rose 36%—in the same time radio is up 6% and tape equipment up 1.8%."

Radio's future looks exciting, Williams indicated, hinting new products in next year, some possibly based on frequency synthesis. "The microprocessor and ICs open up a lot of prospects—new features at relatively low cost. But they must be meaningful to the consumer or they won't sell."

"World's smallest, lightest & thinnest micro-cassette recorder" goes on U.S. market this month from Aiwa at \$210 list. Two-speed unit, which can record up to 2 hours on micro-cassette, is claimed to be 40% smaller than any other.

JVC SHOWS VIDEODISC: JVC last week demonstrated its hitherto top-secret grooveless capacitance videodisc system in Japan, as forecast (Vol. 18:38 p8). Called "VHD/AHD" (for Video/Audio High-Density Disc System), it works as we described it exclusively in March & July (Vol. 18:29 p11).

System can hold up to 2 hours on 2-sided disc, is designed to play both video & digital audio discs (latter with adapter). Disc revolves at 900 rpm, uses servo-controlled cantilever arm to "track the imaginary grooves" on disc and to correct for time-base error. As with other videodiscs, program information is contained in microscopic pits in disc; in VHD system, "tracking signals" are used between disc tracks to provide feedback to keep stylus on track. Like optical systems, VHD can provide slow or fast motion, stop motion & reverse. Stylus is controlled longitudinally & laterally by electromagnetic system governed by tracking-error signal, time-base-error signal or command to move stylus to a desired track.

Recording is done by laser in clean room on glass master at real time in manner similar to process for making optical-disc master. MPU random-access unit, wireless remote, etc., can be added to player, just as it can with Philips/MCA optical system. Disc is pressed from uncoated conductive PVC material. Disc life is claimed to be more than 10,000 plays, sapphire stylus life 2,000 hours.

Officials of JVC & Matsushita had no comment last week on our report that Matsushita planned to adopt VHD system in preference to own Visc, or was strongly considering such a move.

With Japan talking of setting standards on digital audio disc systems, Philips demonstrated own approach there, as we forecast 2 weeks ago. Unlike other videodisc proponents, Philips feels video & audio discs should use different players and company has optimized its optical system to accommodate tiny (4.33" diameter) "Compact Disc," which revolves at varying speed for constant tangential velocity (Vol. 18:21 p8). Philips sees little 60-min. stereo disc as "ideally suited in the total consumer market"—home, auto, portable—and hopes to have it on market in 1981-82. Player measures about 7 x 9 x 3", slightly smaller than 45-rpm changer. Philips plans to hold showings around world, sees Compact Disc becoming same type of universal standard as Compact Cassette.

* * * *

Aug. VCR imports totaled 49,500 units—highest monthly figure this year and 2nd only to the 51,200 imported last Dec. Imports (consumer plus industrial) for year's first 8 months totaled 318,200, up 317% from 1977 period.

Matsushita provided major grant for multi-city "Japan Today" exhibition of Japanese art & culture sponsored by Japan Society and slated to kick off in Washington, April 17. Additional funding is provided by National Endowment for the Humanities, National Endowment for the Arts, Japan foundations. Activities also are planned for N.Y., Chicago, L.A., Denver & St. Louis.

ZENITH SURVEYS: Zenith has completed new study of technician attitudes for use in continuing ad campaign in which independent servicers are cited as preferring its color TV sets to all other brands. While Zenith's ranking slipped from 1977 in each of 3 survey areas, it still shows up on top. Zenith also is number one in consumer attitude survey conducted for first time last Aug.

In technician study (by Gallup) and consumer poll (Louis Harris) respondents were asked to name brand: (1) with highest quality; (2) needing fewest repairs; (3) they'd purchase today if in market. Here are results for most-named brands expressed in percentages:

TECHNICIAN SURVEY

	Quality		Repairs		Purchase	
	1978	1977	1978	1977	1978	1977
Zenith	40	42	34	37	32	35
RCA	20	20	18	18	19	17
Sony	11	10	7	7	5	6
Sylvania	8	5	6	4	8	4
Quasar						
(Motorola) .	4	8	7	11	7	10
Magnavox ...	4	4	3	3	4	3
GE	3	2	3	3	4	2

CONSUMER SURVEY

Zenith	32	--	32	--	33	--
RCA	22	--	19	--	20	--
Magnavox ...	6	--	5	--	6	--
Sony	6	--	4	--	6	--
Quasar						
(Motorola) .	5	--	4	--	5	--
Sylvania	4	--	3	--	4	--
GE	3	--	3	--	3	--

Survey results were contained in documents Zenith submitted at recent House Trade Subcommittee hearing on anti-dumping regulations (Vol. 18:39 p9). Filing also included March 1978 attitude survey showing 49% of consumers think U.S.-made TVs have better workmanship, as against 19% who prefer imports, while 28% think there's no difference. On TV styling, 50% preferred U.S. sets, 11% chose imports, 35% saw no difference.

Video game shortage this fall is forecast by GI Senior Vp Edgar Sack, who thinks industry could sell 2 million more than the 7-8 million which will be available. Programmables should be particularly short; it's estimated Atari will make about 600,000, Fairchild 200,000. Sack said GI had already shipped chips for 1.5 million game cartridges, and based on past experience that 5 cartridges are sold for every game, he estimates some 300,000 programmable in use (plus some using cartridges with non-GI chips). Virtually all ball-&-paddle games, except those by Coleco, are now imported from Far East, Sack said, biggest sources being Conic, Radofin & Promoters, all from Hong Kong. First CATV-game interface, according to Jerrold Exec. Vp Colin O'Brien, probably will be started experimentally on unnamed cable system using Mattel game in Dec. or Jan. (Vol. 18:24 p13). GI officials reported surprising shortage of calculator chips, forecast watch chip shortage next year.

Mergers & acquisitions: Controlling interest in CB marketer Teaberry Electronics has been acquired by Pres. John Talley from founder N. Thomas Berry, who retired as chmn.; Talley adds chmn. post. Shares in company were also bought by Operations Vp Kenneth Greiwe, who replaces Berry as a dir. . . Mitsubishi is buying 10% interest in Australian color licensee Awa-Thorn Consumer Products. A-T, a 50-50 venture capitalized at \$10.8 million by Amalgamated Wireless Australia & Thorn in 1974, assembles color TVs, imports Mitsubishi-made b&w TV & audio equipment. . . P.R. Mallory is negotiating sale of Taiwan ceramic capacitor operation to Japan's Murata. . . Seiko is seeking to sell controlling interest in Micro Display Systems, Dallas-based LCD watchmaker spun off from Texas Instruments in 1973. Japanese watchmaker backed MDS with eye toward getting foothold in digital field, but Seiko now has established itself, no longer needs U.S. connection.

CB Scene: Has NSA unfairly kept inventors from marketing scrambler which provides privacy for CB transmissions? That's what Sen. Magnuson (D-Wash.) is asking Commerce Dept. Developers sought patent, instead were issued secrecy order forbidding their producing gadget, licensing others to do so or discussing how it works. National Security Agency sent them letter saying reasons for ban are classified information, can't be revealed. Scrambler apparently works on all types of radio transmissions, and since it's intended for CB, presumably offers wide variety of user-selectable codes, is relatively inexpensive, easy to install. . . National Semiconductor has developed one-chip CB frequency synthesizer, says it will be priced at \$2.50 for volume orders. . . House Communications Subcommittee Chmn. Van Deerlin (D-Cal.) hosts kickoff of "10-4 Day" marking CB's 20th anniversary in Room 2168, Rayburn House Office Building at 9:30 a.m. Oct. 10.

Color TV deliveries to U.K. distributors totaled 903,000 in first 7 months of year, up 8% from same year-earlier period, BREMA reports. Shipments of domestic producers rose 9.7% to 732,000, to account for 81.1% of market, up from 79.8%. Imports rose just 1.2% to 171,000—figures exclude sets assembled in U.K. by Sony & Matsushita. In b&w, total shipments were up 4% to 617,000, with U.K.-made rising 35.7%, for 59.8% share, up from 45.9%, while imports dropped 22.7% to 248,000. Market totals for other products: Portable radios 2.44 million, down 3.8%; other home radios, including combinations & components 1.65 million, up 24.4%; phonos, turntables & changers 197,000, down 23.9%.

TV & microprocessors will dominate IEEE Chicago Fall Conference on Consumer Electronics, Nov. 6-7 at Ramada O'Hare Inn, Des Plaines, Ill. On tentative program are papers on ghost-canceling in TV (Zenith), standards converter (Sony), new color receiver (Hitachi), VIR (Matsushita & Sanyo), soft-flash picture tubes (Philips), calculation of deflection characteristics (Sanyo), high-voltage bi-potential design (RCA), flat panel for 3D TV (GTE Videon), colorimetric performance (Zenith), picture-in-picture TV systems (Fairchild & Hitachi), mass-market potential for home computer terminals (A. D. Little), PCM infrared remote system (Siemens).

BALLY GAME REPORT: Home pinball machines constitute a segment of consumer electronics business that has yet to take off, according to Bally. Its prospectus for \$50-million bond offering shows company's consumer product sales totaled \$3.65 million last year, up 185.7% from \$1.28 million in 1976, and \$1.53 million in first half this year, up 10.4% from \$1.38 million.

Prospectus states Bally didn't start production of programmable Arcade TV game until Dec. 1977, and output has been limited, sales to date (Sept. 19) insignificant. So virtually all consumer sales activity is in high-end home pinball area where Bally is considered to have market-leadership role. Assuming average \$200-\$400 wholesale price, Bally moved only 10,000-15,000 units last year, 4,000-8,000 in first half this year.

Bally's coin-op video game business is on decline. Prospectus says sales & rentals of arcade games, primarily video models, fell 28.3% last year to \$17.8 million from \$24.9 million in 1976. In first half, revenue was off 17.3% to \$9.55 million from \$11.5 million. Last year, prospectus notes, Bally acquired Dave Nutting Assoc., generally credited with developing first coin-op video game, for shares valued at about \$2 million. Bally spent \$2.53 million on new product & component development, up from \$2.3 million in 1976. R&D emphasis has been on home programmable TV game and electronic circuitry for pinball machines, Bally says.

Chess Master Mark I is being offered by new Hong Kong producer Novag Industries at about \$45 FOB, or about half price of similar games now on market. Unit comes without chess board, has micro-processor programmed for 6 skill levels, communicates moves through LED readout with response time varying from few seconds to hours, depending on level of play. Novag says output started last month, claims it has 25,000 monthly capacity, says it has orders from U.S., Europe & Mideast. Company says it plans to air freight units to non-exclusive U.S. distributors for Christmas sales.

Tubeless projection TV system invented by William Glenn, ex-GE & CBS Labs, now dir. of N.Y. Institute of Technology's Science & Technology Center in Dania, Fla. (Vol. 16:4 p8), is in state of suspended development because of lack of financial support by TV manufacturers, Glenn told us. System uses CCD as substitute for electron gun, liquid crystal membranes for image-forming. Picture-on-wall system could be developed, he says, by using fiber-optic screen with projector itself in one corner. Glenn estimates he could develop operating b&w system in 1-1/2 years, color in 4.

FCC stressed that inquiry announced last week on refund of fees (see p. 5) doesn't apply to CB. Commission noted refunds deal only with fees of more than \$20, said refunds on fees less than that amount (which includes CBers) will be "taken in the near future."

Handicapped hiring promotion program of EIA's Electronic Industries Foundation is slated to receive expansion grant of \$250,000 to \$300,000 from Labor Dept.

Integrated Video Terminal for home which will handle display of inputs from VCR, telephone, personal computer & other sources as well as serve as regular TV receiver, will represent a \$1-billion industry by 1988, according to study by International Resource Development. First IVT will appear on market in 1982, list for \$1,400, IRD says, noting that while regular retail stores will handle product initially, specialized outlets will open as new capabilities evolve. As for manufacturers, study says firms which have consumer product & computer production and marketing experience (TI & IBM are cited) are likely to squeeze current TV & home computer producers out of field. For details on report contact IRD, 125 Elm St., New Canaan, Conn. 06840... **High Fidelity** magazine study of component market for last 12 years shows buying activity & market share by brand. Copy is \$100 from Publishing House, Great Barrington, Mass. 01230.

Largest pirated-tape raid in history may have occurred in Houston last week. U.S. Attorney's office raided Televideo Corp., seizing tapes said to be worth up to \$10 million and \$250,000 worth of duplicating equipment. No one was arrested; grand jury proceedings are still going on, and Attorney's office said raid was made to keep evidence from being destroyed. Illegal tapes, mostly recorded from TV, apparently were being sold to oil companies for use at foreign & offshore drilling sites. Dan Kamin, asst. U.S. attorney handling case, made "very rough guess" of \$10-million value of tapes. "We believe that the Televideo operation is the largest illegal tape outfit, if not in the whole country, then certainly in this region." Televideo refused to comment, said it will make public statement this week.

No hope for reduced import competition for domestic producers of electronics and other consumer-oriented goods is contained in report on Far East prepared by staff of Congressional Joint Economic Committee. Report says that while Taiwan, Hong Kong & South Korea are becoming more vertically integrated in consumer electronics, they are also beginning to shift production and export emphasis toward heavier industrial products. Their role as consumer goods suppliers to U.S. won't be left vacant, however, as other less developed countries are prepared to step in in same way Taiwan & South Korea filled void when Japan voluntarily cut back color exports to U.S., report states. U.S. manufacturers hoping to compete in either domestic or export markets will have to rely on products that involve advanced technology, study concludes.

Watch watch: Hughes is continuing to wind down watch operations, is ending LCD production, but retains watch IC operation for time being. Hughes dropped LED watch business earlier this year (Vol. 18:6 p11)... Bulova completed phase-out of LED watches, continues with LCD, analog quartz & mechanical models.

Winter CES, Las Vegas Jan. 6-9, will match last summer's CES in size with 700 exhibitors, 400,000-sq.-ft. exhibition area, expected attendance of 40,000, EIA Consumer Electronics Group says. Main hall will be Convention Center; Jockey Club Hotel will house esoteric hi-fi displays.

Consumer Electronics Personals

Paul Michle, Panasonic Consumer Electronics Div. Midwest Group gen. mgr., named vp; Jack Pluckhan, Southern Group gen. mgr., & Ralph Wolf, NE Group gen. mgr., also named vps; Chuck Nichols promoted at Home Appliance Div. to special mktg. mgr... Charles Riley promoted at Sanyo Mfg. Forrest City plant from dir. to mgr., product services... Terry Yokoyama advanced at Quasar to product planning & analysis mgr.; Robert Bills, ex-RCA, joins as NW region sales mgr... Charles Fazio shifts at Rockwell from Consumer Operations pres. to pres. of new General Products Operations, formed from consumer & industrial production equipment units.

Brian Dietz promoted at JVC from pro video east region sales administrator to Home Entertainment Products Div. national sales administrator; Robert Katz, ex-BSR & Sharp, joins HEPD as east region sales mgr.; Howard Rosenstein, ex-Arkes Sales, appointed for midwest region; Jeffrey Heath advanced at Hi-Fi Products Div. from asst. region sales mgr. to national sales administrator; Harold Schiffman named HFPD east region sales mgr... Jeffrey Rochlis, Mattel new business development dir., named vp & pres. of Electronics Div... William Mathies advanced at Pioneer America (car stereo, Centrex stereo) to sales planning dir.; Debbie Coates promoted from asst. dir. to dir., mktg. research, succeeding Mathies.

Ron Dangelo, Tenna after market gen. mktg. mgr., named vp... James Reynolds leaves rep field to rejoin Pathcom as national accounts mgr... John Ochtera, asst. to Bogen Pres. John Morgan, advanced from vp to exec. vp, with supervisory responsibility for all depts... William Adams, Lloyd's asst. treas., elected treas. of west coast-based Assn. of Electronic Importers... Angela Phillips, ex-Electronics Retailing, joins Cunningham & Walsh as acct. exec. responsible for Sharp & AT&T.

Walter Gips, Gulton pres., adds post of chmn., succeeding William Stott, retired... Linda Swindell advanced at JFD from east area distributor sales mgr. to gen. sales & mktg. mgr. responsible for all sales through distributors... Donald Winans, ex-RCA Solid State Div., joins Cramer Electronics as corp. mktg. dir... Charles Woods promoted at Sylvania Parts Div. to south district mgr., new post... R. Clyde Sessions, ex-San/Bar Corp., appointed Howard W. Sams mktg. dir.; Hugh Wallace named distributor sales dir... Steven Jasper, ex-Signetics, joins Fairchild Camera as LSI strategic mktg. mgr... Ken Davis named ITT Semiconductor U.K. mktg. dir.

Magnavox told Consumer Product Safety Commission of possible antenna shock hazard in group of 13" color portables caused by incorrectly installed screws. None of sets has been sold to public, and agency has approved company's corrective action plan.

Radio Shack's 2nd Computer Center (Vol. 18:34 p6) is scheduled to open this week in Dallas (first was pilot operation in Ft. Worth), we were told last week by Pres. Louis Kornfeld, who said some 6 locations have now been designated.

WEEKLY

Television Digest

with

Consumer Electronics ...

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U.S. parts makers & IBEW objected to bids to expand duty-free treatment afforded imports from underdeveloped countries to include resistors & semiconductors (Vol. 18:35 p10). In statement filed with Office of Special Trade Representative, IBEW said granting liberalization requests from Singapore & Malaysia would unfairly "reward U.S. multinational corporations" which have shifted labor-intensive portions of their semiconductor operations to low-wage countries. EIA Parts Div. said non-wirewound variable resistor imports now account for 26% of U.S. market, a penetration level above that which earned quota protection for color TV & textile makers. Support for EIA position came in form of Labor Dept. approval of import adjustment assistance for workers formerly producing non-wire variable resistors at Vernitron's St. Petersburg, Fla. plant. LD study shows first-quarter U.S. market dropped 1.4% to 236.6 million, as domestic production slipped 6.5% to 172.2 million, imports rose 15.4% to 64.4 million. As result, imports accounted for 27.2% of new supply in period, up from 23.3% in same year-earlier months. LD report says Vernitron has increased its reliance on imports for internal requirements.

TDK restructures organization in preparation for expanded U.S. production & marketing activities in 1979. Ken Kohda promoted to new post of vp & asst. to Pres. Sho Okiyama, with responsibility for manufacturing & mktg. Bud Barger, former East Div. sales mgr., succeeds Kohda as national mktg. mgr. Sandy Cohen moves up from West Div. sales mgr. to national sales mgr. and John Schattin, former NE territorial mgr., becomes eastern region sales mgr. Earlier this year, TDK said it was doubling capacity of Irvine, Cal. audio cassette plant, seeking site for U.S. videocassette plant, planned to add Beta cassettes to line next year (Vol. 18:21 p9).

WEEKLY

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with
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33
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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

PROSPECTS OF GE-COX MERGER: At least year expected for approval, barring complications, in nearly-half billion-dollar deal. Three VHF's, 5 FM's & one AM to spin off. Cable combination could be tougher to sell to govt. than broadcast. (P. 1)

JONES FINALLY PICKED FOR FCC: Federal Home Loan Bank Board gen. counsel is White House choice, but confirmation is delayed by Sen. Goldwater. White keeps seat until Jan. (P. 3)

CBS'S BACKE SUMS UP, after 2 years on job: Record 3rd & 4th quarter; strong advance sales for 1979; continued stress on information & entertainment; narrowed leads in ratings; aims for quality programming; less emphasis on demographics. (P. 3)

FERRIS EVALUATES FIRST YEAR, says 'minds are changed' at FCC meetings because he doesn't negotiate in advance. Contacts with White House at 'arms length.' Improving 'decision-making process' is highlight of first year. (P. 4)

HOUSE PUBLIC BILL WINS OUT: Conference results in many Senate concessions on public broadcasting bill. CPB-sponsored study finds many viewers see PTV as still 'educational.' (P. 6)

COMSAT TO DEAL DIRECT: FCC okays direct TV negotiations with Comsat. (P. 7)

PROSPECTS OF GE-COX MERGER: GE acquisition of Cox Bestg. in exchange of stock valuing Cox at almost half billion dollars is expected to take at least a year, even if all runs smoothly. It would take that time at FCC alone, assuming no objection by Justice Dept. or FTC or suits by citizens' groups—and those can't be assumed.

GE & Cox are expected to try to sweeten deal, in eyes of govt., by selling stations they have to spin off (to stay within FCC ceiling) individually, and to outfits with minority stockholders. Three VHF's, 5 FM's and at least one AM have to be sold. Already, principals are deluged by outfits seeking to buy whole package. One source familiar with negotiations said "package deal" might be simple—but harder to sell to govt. FCC Chmn. Ferris told us no GE or Cox representatives had talked to him about proposed merger, and parties to deal said they hadn't discussed it with Justice Dept. or FTC, either.

GE's TVs are WRGB Schenectady, KOA-TV Denver & WNGE-TV Nashville. Cox's are WSB-TV Atlanta, WSOC-TV Charlotte, WHIO-TV Dayton, WIIC-TV Pittsburgh & KTVU San Francisco-Oakland. Because of market strength, it seems certain GE would keep Denver, San Francisco, Pittsburgh & Atlanta. Nashville is most likely to go. GE might want to keep

Consumer Electronics

SHARP'S U.S. COLOR plant slated for Memphis area. Last of Japanese color majors into production here. (P. 9)

COLOR'S BEST WEEK in history—326,527 sets—topped off all-time highest month in sales to dealers. Annual rate in Sept. was 10.3 million, in first 3 quarters 10.4 million. (P. 9)

COLOR IMPORT QUOTA covering sets & chassis from all countries urged by COMPACT. U.S.-Taiwan negotiators meet. Customs moving on dumping duty collection. (P. 9)

VIDEODISC STANDARDS negotiations expected to follow pattern of multinational digital audio conference in Japan. Big lift-off in VCR sales to dealers came in Sept. with 53% jump from Aug. (P. 10)

NO PRICE HIKES for new Panasonic products next year if yen stabilizes, says Matsushita Exec. Vp Hino. (P. 12)

QUASAR & SYLVANIA to show red ink in color set operations this year. Tubes make Sylvania profitable overall. (P. 12)

FIRST 'VIDEO MAGAZINE' is CBS-edited international weekly Cronkite news, distributed for worldwide non-broadcast use on cassettes. (P. 13)

Schenectady (industry pioneer, on air since 1939) for sentimental reasons—though Charlotte & Dayton are somewhat stronger markets. WSB-AM-FM Atlanta would have to go; so would KFOG(FM) San Francisco. After that, there are lots of possible chess moves, much depending on which TVs are sold.

Curiously, cable part of deal may be more troublesome than broadcast. Cox has 44 systems, 550,000 subscribers, GE 12 systems & 170,000—for total of 720,000—making it No. 3, after Teleprompter and ATC-Time Inc. However, size may not be the problem. You'll recall that Cox & ATC sought to merge in 1972 (Vol. 12:52 et seq.) but Justice Dept. attacked it on grounds it would reduce competition for franchises in big cities—and parties finally called it off after repeated delays. GE-Cox merger may have better time of it, because GE hasn't been active in seeking franchises; thus, new entity wouldn't be reducing franchise competition much. Then, of course, there's question of "bigness." GE is considered nation's 5th largest company, had 1977 sales of \$17.5 billion, profits of \$1.1 billion. Cox had \$186.4 million sales, \$25.5 million earnings.

Terms of merger, which includes virtually all Cox holdings (except newspapers)—auto auctions, Bing Crosby Productions, technical & magazine publishing, etc., are: (1) GE would issue 1.3 GE shares for each of Cox's 6,652,000 shares. (2) Price for each Cox share would be no less than \$65, nor more than \$72. (3) Total value would range between \$440 million & \$488 million.

Sisters Barbara Cox Anthony & Anne Cox Chambers (ambassador to Belgium) own 47% of Cox Bcstg., and they favor merger, so there shouldn't be hitch in negotiating final arrangement. They won't do badly. At current 65¢ Cox dividend, they get about \$2 million yearly; after merger, with GE's \$2.60 dividend, they'd get \$10.6 million.

Negotiations started mere 6 weeks ago—and it was Cox that approached GE. There are rumors that possibility of tender offer sparked this, but we haven't been able to verify that. There's speculation, too, that someone might come in with tender now. Such prospects are considered slim—because GE's offer is about 50% over market, and that's about what tenders have been running lately. Cox stock shot up some \$10 from \$49 on the news, while GE moved only fractionally around \$52.

Garner Anthony, chmn. of Cox exec. committee, said major factor in move was "increasing regulatory pressure on common ownership in different media in the same market area." Atlanta ACLU & NAACP have been petitioning FCC to deny Cox renewals there because of concentration. Cox Pres. Clifford Kirtland was optimistic about govt. approval, but said "it may take some time."

GE in recent years has become increasingly profit-minded, acquiring companies & products which provide profit opportunities and not hesitating to lop off products & lines which don't. In 1976, it acquired mining company Utah International for over \$2 billion in stock. It's currently awaiting Justice Dept. approval for spin-off of its marginally profitable TV & picture tube manufacturing business to new firm to be called General TV of America, owned equally by GE & Hitachi (Vol. 17:50 p7 et seq.), and insiders speculate that GE might eventually sell its interest to Hitachi—thus company is getting more heavily involved in highly profitable side of TV (broadcasting, cable), decreasing its exposure to low-margin side (set making).

* * * *

Other sales actions: American Family Corp., insurance holding company, has tentative agreements to acquire KFVS-TV Cape Girardeau, Mo. for \$24.5 million and WTOG-TV Savannah for \$6.2 million, latter mostly in stock. (2) Ziff Corp. increased offer for Rust Craft to \$33.50 per share from \$30.50—raising total value to \$87.1 million from \$80 million. Rust Craft directors Jack & Myles Berkman previously blocked sale, on technicality involving Kidder, Peabody purchase of bonds—but expectation is that board will approve latest offer. (3) Sonderling Bcstg. wants to pull out of deal to sell to Viacom for \$28.3 million, saying its investment bankers think it should get more (Vol. 18:25 p5). Howard Stark is broker in American Family & Rust Craft sales.

JONES TO FCC, CONFIRMATION DELAYED: White House has finally picked Anne Jones to replace Margita White at FCC (Vol. 18:29 p1) but confirmation has been delayed by Sen. Goldwater (R-Ariz.), Communications Subcommittee member. White House hoped to push confirmation through Senate this week, before Congress adjourns, but Goldwater, for whom White once worked, blocked hearing.

Goldwater spokesman said: "The White House is in too much of a hurry. We'd like to see the regular procedure followed, including finishing the FBI check." Net effect of Goldwater action is to allow White to stay until Jan.—and she has been so informed—when hearing could be held. Only if White resigned, which she has no intention of doing, could White House name Jones to fill vacancy as recess appointee.

Meanwhile, Jones is unhappy that she's viewed as automatic ally of Chmn. Ferris, who recommended her, we're told. Although they attended Boston College Law School together, they're not close, and Jones might show streak of independence—in reaction to commonly held opinion her vote is in Ferris's pocket.

CBS's BACKE SUMS UP, AT 2-YEAR MARK: We interviewed CBS Pres. John Backe at length last week, on eve of his Oct. 13 second anniversary on job, found him strongly confident about CBS's position and where it's going. Here are highlights:

(1) Financial—Third quarter will be another record, as will 4th. For 1979, "we're taking a cautious look, but there's very strong advance selling in the network, magazines—and everything else... Inflation is a major concern, but we can still do a better job of keeping costs down. The Broadcast Group has best marks in this."

(2) Ratings—"We inherited a ratings problem, and we're coping with it." He said CBS has no "target date" as to when it expects to achieve or surpass equality with other networks, "because who can schedule invention?" However, he added: "It's going to be more competitive. No one will be dominant for 20 years as CBS was. The lead will be narrowed."

(3) Programming—"All networks must raise the quality of their programs. For example, we're going to stand behind 'Paper Chase' because it's the right kind of thing to do. I'd like to see some breakthroughs in programs—maybe more drama. We've got to change the whole demographic syndrome, not going just for the 18-49 audience." How to do that? "We've got to get support from the advertisers and agencies. It's a long educational process—wean them away. It doesn't have to be the Channel 13 type [public TV]. I'm biased, of course, but I think 'MASH' is the best written show on TV. There should be more information shows, such as our 3-hour energy show, even though it was a loser financially, and our 3-hour show on education. We plan a 1-1/2 hour of news Sunday morning. We're working on several pilots in the News Div. They never had funds before for pilots."

(4) Personnel—"I'm pleased with the reorganization of the Broadcast Group. Gene Janowski and his division presidents have done a fantastic job—coping with a lot of problems in a class style. We've improved 'corporate governance,' keeping the board well informed."

"Our management school is working very well. We've been sending 20 middle-management people at a time. We'll expand that and extend it to upper and lower management. We want to promote from within. I think that, in the recent past, too many have come from the outside."

Backe said he has no one in mind for News Div. pres. when Bill Leonard retires—"that's a couple years off." Asked why news execs. have been picked for Washington vp, he said: "We didn't think of Bill Small because he's a newsman. He had the background in Washington. He can do a hell of a job—certainly that's apparent from the turnout for his reception there." Might CBS combine news & sports jobs, a la Roone Arledge at ABC? "It's not something you'll see happening at CBS. The news job is so encompassing."

(5) CBS's future—"We want to be a total information & entertainment company. We may supply to others as technology changes—discs, videocassettes, cable, and so forth. We want to be a major supplier, whatever way it goes. Lots of different kinds of software. There's no reason we can't supply to cable." Asked if CBS would be back in cable ownership if govt. permitted, he said: "Yes, I'd like to see us in cable."

"Acquisitions? Probably in the software area. We just missed one, you know—IMS [pharmaceutical data] because of a last-minute management change there... Overseas, we have 10,000 employees in 100 countries, growing very fast. There's more opportunity there for broadcasting, information & entertainment. I don't see us in the manufacturing business—except those involving craftsmen, such as Steinway pianos."

(6) CBS's image—"I'm aware of a study of our Wall St. relationships. It showed there wasn't enough recognition of our businesses other than broadcasting. We had a 'class' image. Today, I think you'd get much the same report. People are surprised, for example, that we're the largest company in records."

(7) Satellite networking—"It's not cost-efficient up to now. We're very interested. The costs will come down when launches are cheaper."

(8) Hypoing—"I've been in a lot of different businesses, and I ask a lot of questions. There is no rational reason for the November & May sweeps. It's naive to spend millions—and nobody knows what it means. They ought to just stop it."

(9) Philanthropy—Backe said CBS sets aside 1.3% of pre-tax earnings, which would be \$4.7 million last year—"and I think you'll find that at the high end, compared with other corporations... We touch on social responsibility, and there ought to be a thread that makes sense to the stockholder. It makes sense to support the arts. Last year, we gave \$2 million in New York. Last week, we gave over \$2 million in Los Angeles. Proposition 13 made it a desperate situation there. We help them, and it means more sources of supply of creative people for us. We have a 5-year plan for philanthropy in the cities where we operate—stations, records, etc."

(10) KNXT short-term renewal—"It's an administrative burden, but we can handle it. It was sloppy work in the Sports Div. We've made sure our people understand the procedures and we monitor them. Obviously, you worry about image. I think the press blew it out of proportion. I don't think the affiliates thought it that serious."

(11) Affiliate raiding—"I'm not aware of anything serious right now—and I assume there will be some aggressive work on our part."

(12) Personal activity—"I haven't done much speech-making, testifying, and so forth. It's not a matter of preference. I haven't the time. The division presidents can handle their areas. Jankowski did a fine job of testifying. I would speak up on subjects that cut across all our groups—such as copyright. The speech I made on 'bigness' brought a lot of supporters, and it brought a lot of people who took exception. It had a long after-life."

"I enjoy the creative side. I came from hardware [GE] and publishing, and it was a pleasure to work on a book or magazine from the start." His working style? "Formal & relaxed. I'm serious in my approach to business, but I don't take myself seriously. I like to go to an operation, such as KNXT or Steinway, and engage in total immersion—auditing, everything. And I see people coming up. I say to myself: 'Boy, there's someone I've got to watch.' My relationship with people is very relaxed. I love tennis—but I don't have much time for it. I like historical novels. I like to fly." (He has 7-passenger Cessna 401, was bomber pilot in SAC for 3 years.)

"You've got to work at being with your family. It requires a lot of discipline. Phones are ringing. People want to see you. But you've got to leave."

Backe is 46, native of Akron, got B.S. from Miami U. (Ohio), M.B.A. from Xavier U., Cincinnati. He worked for GE in variety of jobs before becoming pres. of General Learning Corp. (GE-Time Inc. joint venture), joined CBS/Publishing in 1973.

FERRIS EVALUATES HIS FIRST YEAR: "I think that minds are changed" during FCC meetings. "It's now a totally open process," Charles Ferris told us last week in evaluating his first year as FCC chmn. Ferris said his style is not to do any lobbying in advance for any position he advocates and that he often is deliberate in not giving his opinions & decisions in staff meetings.

Ferris often has been criticized for not tipping off his feelings in advance—"he's sure not a Dick Wiley," commissioner told us—and chmn. said it would remain that way to permit uninhibited

ited discussions at meetings, open & closed. He added: "I can and do make fast decisions... I have no ambivalence on the issues." Ferris also said he realizes when he isn't getting all sides of issue from staff, doesn't hesitate to ask questions.

Contacts between FCC chmn. & White House are "totally at arms length... They're non-existent on matters involving policy," he said. There've been no contacts with FTC Chmn. Michael Pertschuk "in months," Ferris said, and talks with NTIA Chief Henry Geller have been limited to WARC & common-carrier matters.

We asked Ferris about the highlights of his first year: (1) "Taking steps toward improving the decision making process." Examples cited included his "open process." (2) "Great personal satisfaction" in quality of people he brought into Commission. He expressed pride that a woman (OPP Chief Nina Cornell) and a Chicano (Carlos Roberts, Safety & Special Services) are bureau chiefs. (Note: On other hand, Ferris has been criticized by some of his colleagues for bringing too many "activists" into FCC. Among those cited were Frank Lloyd, his administrative asst., several members of network inquiry staff, legal aide Frank Washington and new personnel in Office of Plans & Policy—"I'm scared to death of what that outfit [OPP] is doing and going to do," veteran staffer said.)

(3) Fee refunds & inquiry (Vol. 18:46 p5). "They said it couldn't be done, yet the FCC has come up with criteria that will be accepted by Congress and the courts." (4) Efforts to push minority ownership through tax certificates and distressed sales (so far, there have been one of each) "that give present licensees an incentive to sell to minorities... It will become a most significant policy effort that will realize a very tangible result... I think it will be extraordinarily effective over a period of years."

Disappointments? "There have been none... I don't get discouraged very easily." He later admitted "frustrations... because nothing happens as quickly as you want it to happen" and admitted "many small bureaucratic frustrations"—such as heat & air conditioning in FCC building. Ferris noted utilities operate 6 a.m.-6 p.m. 5 days a week. He attempted—and succeeded briefly—in changing this to all day, 7 days a week. It's now back to 6-6, with GSA & FCC arguing over who should pay extra fuel bill. So now, negotiations are underway to change heat & aid conditioning times to 8 a.m.-8 p.m.

Told that broadcasters fear him and the policies he may attempt to put through, Ferris said they shouldn't. "My policy statements are clear. I spend a lot of time developing my speeches because they are my policy statements. If the broadcasters have fears of me... they should look at themselves... I believe their fears are because I am perceived as an enigma—one whom the industry cannot predict with certainty or what my decision will be on any specific issue... I do not have a pre-conceived notion or judgment on any of the issues before the Commission and I hope I never do."

Ferris said D.C. Appeals Court overturn of WESH-TV Daytona Beach-Orlando renewal (Vol. 18:40 p1) will give FCC "an opportunity to establish some meaningful and objective renewal criteria which will provide some certainty to the industry as well as the courts and the Commission." He refused to speculate on whether FCC will join WESH-TV in appealing remand—commissioners will discuss possible appeal this week.

With over 5-1/2 years remaining in his term, Ferris said he'll never be candidate for re-nomination, added: "I hope that when I leave the Commission, the regulated industries and the public at large... will be able to reach the same conclusion—that I was fair and honest."

U.S. Supreme Court has agreed to review appeals court decisions which had held that: (1) ASCAP & BMI blanket licenses are unlawful price-fixing and misuse of copyright. (2) FCC exceeded its authority in imposing public-access requirements on cable. High court declined to review FCC decision holding that state of N.Y. couldn't add 2% cable franchise fee on top of Commission's 5% ceiling. Court also refused to reconsider its "7 Dirty Words" decision (Vol. 18:28 p1).

"Full commitment" of ABC toward "building and supporting the finest news organization in the broadcasting industry" was given by Chmn. Leonard Goldenson at ground-breaking for \$10-million news hq in Washington. Calling himself "a news buff," Goldenson said: "I watch our news and everybody else's news every night." Ten-story building, said to be largest ever built "for use solely as a broadcast news facility," is due for early 1980 completion. It will house 2 TV studios, \$10-million in equipment.

HOUSE'S PUBLIC BILL OVER SENATE'S: House version of Van Deerlin-Hollings public broadcasting bill (Vol. 18:19 p6) last week essentially won out over Senate version (Vol. 18:20 p4) during House-Senate conference when Senate conferees gave in left & right.

"It seemed like Hollings [D-S.C., Senate Communications Subcommittee chmn.] didn't care," said Hill aide, commenting on how little fight there was from Senate. "This was small change to him," said broadcast lobbyist.

Here are points resolved in conference: (1) Rather than NPR getting at least 25% of facilities funds (as in House bill), it will get "substantial amount." (2) Facilities funds will be distributed under "equitable geographic" terms. (3) No CPB, PBS or NPR salaries can be over \$66,000, except for those people now getting more. (4) CPB will use experts to evaluate program proposals. (5) CPB is prohibited from producing, scheduling or disseminating programs. (6) CPB will conduct study on how to apply volunteer time in calculating govt. matching funds. Once method is okayed by GAO, system could take effect. (7) Match reduced to 2 to 1 from 2.5 to 1. (8) \$220 million is authorized for fiscal 1983.

(9) CPB prohibited from using govt. funds to entertain govt. employees. (10) "Significant" portion of CPB funds must be used for program production and "substantial" amount must go to independent producers. (11) House bill setting 5 new criteria for Community Service Grants (strongly opposed by PBS) was rejected, making those criteria simply "goals." (12) All stations must have community advisory boards. (13) Stations with 5 or fewer employees are exempt from bill's EEO provisions.

NAB TV Code Board approved "substantial reductions" in amount of non-program matter in all time periods, during Oct. 4-6 meeting at Hilton Head, S.C. last week. Board also tightened definition of non-program matter, eliminated restrictions for some movie & program promotions. Board had several plans before it to cutback on "clutter," and new restrictions (subject to ratification of parent NAB TV Board at Jan. meeting) are combination of all, according to Cox Bestg.'s Michael Kievman, who headed special Code subcommittee. Code Chmn. Robert Rich, KBJR-TV Duluth, Minn., said effort to ban network promotions of upcoming movies (in programs which don't fill 2 hours) was subject of "vigorous discussion." As result, Code Board voted to limit such promotions to average of 4 min. per 2-hour program, not to exceed 12 per year. "I'm not disappointed," said Rich. "I think the net result is going to satisfy a lot of people."

House is gearing up for full-time TV coverage of its sessions, meeting recently with network news representatives to seek advice. House has bought 6 RCA TK-46 color cameras, plans to have own employees operate them, mostly for shots of individuals at first. News representatives, still unhappy they won't control their own cameras (Vol. 18:25 p5), reportedly didn't offer much advice for coverage, which is expected to start early in the new Congress.

(14) Public broadcasting stations can't editorialize.

Meanwhile, CPB-sponsored study of public TV in several major cities found many viewers still see public TV as "educational TV" and too demanding to watch.

Study, done last July by Nicholas Research of N.Y., found that viewers polled found public TV "serious," "demanding," "classic," "highbrow," "special" and not the type of programming that is immediately gratifying and found on commercial TV.

Called "A Qualitative Study on the Effects of TV on People's Lives," study found viewers see commercial and public TV as separate animals—commercial TV's purpose is to entertain, public TV's is to educate. Many of those polled referred to their public station as "the educational channel."

"No matter what the product was," report stated, "if it was brought in via a public channel, it was prejudged as arty, intellectual, hard to understand, and of special interest only. For many it was simply hard to believe that anything shown on public TV could be entertaining and relaxing."

Study noted that those polled who took more positive view of public TV praised it for cultural shows, ability to stimulate, information conveyed, constructive programming, ability to broaden horizons more than commercial TV does, and for being "uncensored."

Report also found that lack of promotion of some shows had hurt: "The principal reason claimed for not watching what could be primarily entertaining on public TV, or indeed for not watching what might satisfy a specialized interest, was that people simply did not know what there was available... The lack of promotion of a program had... insured their ignorance."

"Periodic EEO reports" have been required by FCC of 17 Cal. TV & radio stations before renewals are granted. Commission said stations failed to meet following criteria: Minority employees didn't equal 50% of minorities in total area work force and/or 25% of management jobs. In addition, KMIR-TV Palm Springs and 5 radios were ordered to institute "hiring goals" for minority & women employees. At same time, FCC renewed license of KTVU Oakland, rejecting petition of Marcus Wilcher claiming discrimination in hiring of blacks.

"Demonstrating a major commitment to fostering thoughtful, informed and effective participation by the public in all FCC proceedings," agency's Consumer Assistance Office plans 5 workshops this fall (Vol. 18:40 p6). They'll stress "practical skills & mechanics" of filing pleadings and inquiry into children's TV programming & advertising practices. Participants will include Belle O'Brien, chief of Consumer Assistance Office, and Susan Greene, head of children's inquiry. Schedule: Chicago Oct. 18; L.A. Oct. 21 & 23; San Francisco Oct. 25; Atlanta Nov. 6; east coast site & date to be chosen.

Hearing on food labeling will be conducted on QUBE by FDA in Columbus Oct. 17, with FDA Administrator then asking viewers to vote on 7 issues about labeling.

COMSAT CAN DEAL DIRECT: In future, Comsat needn't go through international common carriers but can deal directly when TV signals are involved, FCC ruled last week. Commission unanimously allowed SIN to deal with Comsat directly, breaking with long-standing policy.

Decision was urged by networks, PBS, NTIA, HBO, among others, which told Commission service could be improved by allowing direct dealing.

Meanwhile, NTIA chief Henry Geller told PSSC convention in Washington last week that NTIA is launching program designed to help public service agencies put satellites to more extensive use. Geller told group part of program "charges NTIA with the responsibility to aggregate the public service users market, so that the productivity and quality of public service use provided by satellite technology to our citizens will be enhanced."

NAEB Pres. James Fellows told PSSC: "The role of the public broadcasting station solely as a single channel distributor of programming is on the brink of becoming history...[Public stations'] future will not be limited to being an outlet or a single channel program service."

Camera in courtroom developments: (1) Ohio State Bar Assn. opposes State Supreme Court decision allowing cameras in court. (2) TV cameras were allowed in Alaska Supreme Court hearing for experiment. (3) N.J. Supreme Court chief justice wants one-year test with TV cameras in courtroom. (4) L.A. Superior Court judge ordered release for broadcast of audio recordings of 1977 divorce hearing. (5) NAB has published booklet: "Free Press/Fair Trial: Broadcast Access to Courtroom Proceedings."

NAB fall conference Oct. 12-13 in Boston will feature Rep. Durkin (D-Mass.) & FCC Comr. Fogarty. Other appearances by members of Congress: Sen. Hollings (D-S.C.), chmn. of Senate Communications Subcommittee, in Atlanta; Rep. Van Deerlin (D-Cal.), chmn. of House Communications Subcommittee, in San Francisco; Sen. Moore (D-La.) in New Orleans; Sen. Cannon (D-Nev.), chmn. of Commerce Committee, in Denver; still open is Chicago.

Meeker TV Inc. (rep firm) has been formed by Meeker Co. and All-Canada Radio-TV Ltd., Toronto; Robert Dudley remains pres. All-Canada parent Selkirk Holdings Ltd. has U.S. cable interests (including Dallas manufacturer Tocom, Ft. Lauderdale system) and TV-radio-cable in Canada & England, also reps U.S. radio stations through Selcom. Meeker reps 27 U.S. TV stations.

Jane Pfeiffer, new NBC chmn., has been elected to RCA board, replacing Julian Goodman, now chmn. of NBC exec. committee, as expected (Vol. 18:38 p2). Reporting to Pfeiffer are Goodman, Vice Chmn. David Adams, Exec. Vp-Gen. Counsel Corydon Dunham, Exec. Vp-Employee Relations David Gardam, and Washington Vp Peter Kenney.

Showtime pay-cable adds affiliates in Pa.: Meadville, Titusville, Nuremberg, Millville, Berwick, Masontown, Bentleyville, Perryopolis & Point Marion.

Expecting FCC approval soon, Southern Satellite Systems announced signing long-term leases for RCA Satcom I transponder 13 to distribute WGN-TV Chicago, transponder one for KTVU San Francisco-Oakland, hopes to start service Nov. 1. Pres. Edward Taylor, whose SSS now distributes WTCG Atlanta, has applications pending also to carry KTTV L.A. & WPIX N.Y. RCA allocated now-scarce space via bidding, and 10-15 bidders filed. Winners were picked on basis of which were willing to start paying earliest, and without contingencies. SSS won 2 transponders, Warner 2, United Video one, Reuters one. Taylor said he expects WGN-TV & KTVU to get regional pickups, unlike WTCG, which is national—because of FCC distant-signal rules, stations aren't actively marketing as does WTCG, they don't have such heavy sports schedules and they don't operate around clock. FCC hasn't ruled yet, but it's expected that any qualified distributor will be able to offer any station signals—no exclusive rights.

FCC & FTC have money problems—no money. President failed to sign appropriations bill before Sept. 30 end of govt. fiscal year and still hadn't at week's end. As consequence, FCC curtailed all travel (forcing Cable Bureau Chief Philip Verveer to cancel trip to Mont.) since it doesn't have continuing resolution authorizing spending based on last year's appropriation. Chmn. Ferris & Comr. Brown are due in Atlanta Oct. 10-11 for USITA meeting, Fogarty in Boston Oct. 13 for NAB conference, Washburn in Hershey, Pa. Oct. 14 for convention of National Assn. of State Boards of Education, White in Mass. same day for American Radio Relay League convention. If President doesn't sign bill, all will have to pay own expenses—hoping they'll be reimbursed later—if they go. Congress has voted \$70.4 million for FCC, even though OMB & FCC requested only \$67 million (Vol. 18:5 p3).

Horse race is developing early for NAB's Distinguished Service Award next spring and lobbying of Convention Committee (which will make selection at Jan. board meeting) already is intense. Main "non-candidates" are Stanley E. Hubbard (KSTP-TV Minneapolis) and Jack Harris (KPCC-TV Houston). Friends of Harris put him in race in "stop Hubbard" movement, according to major group owner.

Showtime hired Reva Melniker, former HBO studio operations vp-gen. mgr. to head task force handling switch by Teleprompter's cable systems from HBO to Showtime. Last month, TPT agreed to buy 50% interest in Showtime from Viacom (Vol. 18:38 p3). Though acquisition isn't slated for completion until Jan. 1, Showtime expects at least 60 TPT systems to be switched by year end.

FCC will ask en banc D.C. Appeals Court to reconsider remand of agency's decision that CBS didn't violate fairness doctrine in 1972-76 coverage of national security issues (Vol. 18:38 p5). Commission also will ask same Court to remand 1975 changes in CATV-broadcast cross-ownership rules.

As part of merger with Gannett (Vol. 18:35 p3), Combined Communications is swapping KTAR(AM)-KBBC(FM) Phoenix for KSD(AM) St. Louis, owned by Pulitzer Publishing. Combined purchased KCFM(FM) St. Louis in Aug.

Personals

William McReynolds, Meredith Bcstg. Group vp & gen. mgr. of KPHO-TV Phoenix, promoted to exec. vp-TV, new post; **Richard DeAngelis**, vp-gen. mgr. of WNEM-TV Flint, succeeds McReynolds at KPHO-TV; **WNEM-TV Gen. Sales Mgr. Todd Holmes** promoted to gen. mgr.; **KPHO-TV Gen. Sales Mgr. Norris Reichel** will become gen. mgr. of WPGH-TV Pittsburgh when Meredith consummates purchase Oct. 30.

William Eaton, ex-Rollins Telecasting, joins LIN Bcstg. as vp-operations, succeeding **Philip Marella**, now pres. of Pinnacle Communications, which took over WBJA-TV Binghamton Oct. 1; Marella remains a LIN dir. . . **Joseph Berwanger**, ex-TvAR, appointed KYW-TV Philadelphia sales mgr. . . **Candace Nardi** promoted to program dir., WBPT Miami. . . **Lewis Freifeld**, ex-WCIX-TV Miami, appointed sales dir., WVIT New Britain-Hartford; **Gail Blanchard**, also from WCIX-TV, named promotion mgr.

Charles Zewe joins WYES-TV New Orleans as public affairs dir. . . **Charlotte Koppe** promoted to mgr.-press information, WLS-TV Chicago, succeeding **Susan Tash**, now with Playboy Enterprises. . . **Donald Quayle** named WETA-TV Washington vp-planning & special projects, also will continue half-time as outside consultant. . . **James Hulbert**, NAB senior vp, now in Taiwan as guest of Sino-American Cultural & Economic Assn. in U.S. group on 10-day tour.

Richard Fischer promoted to exec. vp, NBC News; **Don Dunkel** to vp, news operations; **Stuart Sheslow** advanced to mgr., comedy development, NBC Entertainment. . . **Walter Flynn** moves up to vp-gen. mgr., ABC TV Spot Sales, **John Tiedemann Jr.** to vp, daytime sales, ABC TV network.

Tony Malara, ex-WWNY-TV Watertown, N.Y. bcstg. mgr., joins CBS TV Network as vp-station services, affiliate relations; **Donald Clancy** advanced from admin. dir., affiliate relations to vp-admin. & legal services, affiliate relations. Other new affiliate relations posts: **George Zurich** advanced from station clearance dir. to communications dir.; **Robert Shellard** named business affairs assoc. dir.; **Patricia West** appointed clearance mgr.; **Judy Ann Wormington** named promotion mgr.; **Elizabeth Hayter** named district mgr. . . **Paul Bissonette** advanced to advertising & promotion mgr., CBS Entertainment, **David Minkow** to mgr. of administration.

Kenneth Buschman, ex-WBFF Baltimore, appointed WPIT Pittsburgh station mgr.; **Alberta Sharra** named public affairs dir.; **Stella Wolk** promotion dir. . . **John Proffitt**, free-lance producer of sports programming, named program mgr., KWGN-TV Denver, succeeding **LeRoy Olliger**, retired. . . **Frank Terry** promoted to controller, WGHP-TV High Point, N.C.

Jeffrey Krauss promoted to asst. chief, FCC Office of Plans & Policy. . . **Henry Heilbrunn**, AP N.J. bureau chief, promoted to exec. in charge-AP cable TV services. . . **Carl Taylor**, ex-NLRB, rejoins **Hogan & Hartson** law firm. . . **Martin Ozer**, Metro-

WEEKLY

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with

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media TV, elected chmn., TvB Sales Advisory Committee; **Vincent DeLuca**, WTEN Albany, N.Y., named co-chmn.

Terry Semel, Warner Bros. Distributing Co. pres., also named exec. vp-chief operating officer, Warner Communications. . . ATC promotions: **Thomas Binning** to vp-finance & treas.; **David O'Hayre**, controller. . . **Par Peterson** promoted to engineering dir., Continental Cablevision Mich. region. . . **William Hart** promoted to senior vp, national program sales, Columbia Pictures TV. . . **William Van Huss** rejoins Firstmark Financial as dir. of business development. . . **Pat Ward**, ex-AWRT exec. in national hq, joins NAB as editor of Highlights.

Supreme Court refused to reconsider 5-3 decision last spring authorizing police search of newsrooms without subpoena specifying what is being sought (Vol. 18:23 p1). Most news organizations had sought reconsideration of "Stanford case," which authorized use of search warrant without prior notice to news organization.

KIOI(FM) San Francisco is celebrating 21st anniversary with 12-hour telecast on KTSF-TV there. Viewers-listeners will be taken on video tour of radio station while they listen to KIOI stereo. Station is owned by NRBA Pres. **James Gabbert**.

Obituary

Norman P. Bagwell, 56, vp-gen. mgr. of KTVY Oklahoma City, died of cancer Oct. 1. He joined Gaylord Bcstg. (Okla. Publishing Co. subsidiary) in 1956 after retiring from FBI, remained with Oklahoma City station (then WKY-TV) after it was purchased by Detroit Evening News in 1975. He served on MST, TvB & NAB TV boards. Wife & 4 daughters survive.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Sept. 22 (38th week of 1978):

	Sept. 16-22	1977 week	% change	Sept. 9-15	1978 to date	1977 to date	% change
Total TV.	387,248	351,529	+10.2	322,325	10,867,387	9,453,825	+15.0
color	245,988*	229,833	+7.0	205,411	6,905,764*	5,887,236	+17.3
monochrome . . .	141,260	121,696	+16.1	116,914	3,961,623	3,566,589	+11.1
Total radio	847,887	1,142,079	-25.8	739,799	33,596,686	36,589,883	-8.2
home, portable .	586,334	885,609	-33.8	452,536	24,406,971	27,570,715	-11.5
AM-only	142,604	179,986	-20.8	124,495	5,534,662	6,471,865	-14.5
FM & FM-AM .	443,730	705,623	-37.1	328,041	18,872,309	21,098,850	-10.6
auto	261,553	256,470	+2.0	287,263	9,189,715	9,019,168	+1.9

Color TV 5-week moving average: 1978-224,779**; 1977-197,670 (up 13.7%).

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

SHARP COLOR PLANT SET FOR MEMPHIS: Sharp is taking plunge into U.S. manufacturing, acquiring site near Memphis for color TV & microwave oven assembly plant, we learned last week. Formal announcement was planned by Pres. Akio Saeki for Oct. 12 N.Y. news conference, but it was cancelled because of change in Saeki's travel plans. No new date was set.

All top Sharp U.S. execs. were unavailable for comment last week—they were meeting with Saeki on West Coast. Officials of Tenn. state industrial & economic development agency confirmed Sharp has been investigating Memphis area, said they couldn't acknowledge that decision had been made.

Sharp is last of Japanese majors to make U.S. color production commitment. Matsushita (Quasar), Mitsubishi (MGA), Sony & Toshiba all have assembly plants in operation. Hitachi is waiting for Justice Dept. clearance to launch General TV of America, its venture with GE. General is having Teknika-brand sets assembled for it by Wells-Gardner. NEC is supplying chassis subassemblies to Curtis Mathes.

BEST COLOR WEEK & MONTH IN HISTORY: Sales of color TV sets to dealers peaked in final week of Sept. at some 326,530—biggest week ever—to bring Sept. sales to about 1,208,200 and make it biggest month ever. Previous record for week was 321,686, established just year earlier, and was beaten by 1.5%. Second best month in history was Sept. 1973 (1,131,104), topped this year by 6.8%.

Sales for Sept. were up 9.3% from 1977 month, worked out to annual rate of 10.3 million, based on our seasonal figures. Third quarter saw 2,654,000 color sets sold, up 13.4% from year earlier, 8.6% above previous high in 1973 and at annual rate of 10.2 million. Sales in first 3 quarters totaled 7,232,300, beating 1977 by 16.5% and record 1973 by 13.1%, annual rate of 10.4 million. VCR sales also reached year's high in Sept. (see p. 11).

COMPACT CALLS FOR TOTAL COLOR QUOTA: Color export quota agreement with Japan has failed to stem rise in U.S. set & chassis imports, and overall quota limiting shipments from all countries is needed to protect domestic industry, COMPACT said at news briefing in Washington last week.

Agreement with Japan "has been torpedoed by astronomical increases in shipments" from

Taiwan, Korea, Canada, Mexico & other countries, Corning Exec. Vp & COMPACT Co-Chmn. Allen Dawson said. "Unless the President acts swiftly to impose restraints," U.S. color industry "will be destroyed within 5 years or less." COMPACT didn't suggest level at which import ceiling should be placed.

Only surprise in quota call was specific mention of chassis. Chassis imports represent touchy issue, since nearly 90% come from RCA, Sylvania & Zenith plants in Mexico, Admiral & RCA in Taiwan, and are used to feed their U.S. assembly lines. Restricting flow, domestic makers contend, could make U.S. operations uneconomical, result in even more domestic job losses.

As result, chassis imports from U.S.-owned plants tend to be excluded from serious trade talks. Such was case, it's understood, at U.S.-Taiwan meeting in Washington last week where discussions on Taiwan color export restraint were generally restricted to complete sets. At week's end, it appears no agreements had been reached, and weekend session was being considered. Taiwan officials are believed to have expressed willingness to cooperate on issue, based on understanding that similar restraints will be accepted by Koreans. U.S.-Korean trade talks are due to start this week.

Customs, meanwhile, is completing formal notification to Japanese TV importers that it's proceeding with controversial commodity tax system of calculating dumping duties, giving them last chance to come forward with acceptable data on Japan-market vs. export-to-U.S. pricing. Agency is expected to start pressing in Dec. for \$46 million in dumping duties billed last March, send levies for sets imported June 1973-Dec. 1974 about same time. First Customs Court challenge to procedure could also come in Dec. Sony is only Japanese TV maker excluded from dumping action.

Call for better U.S.-Japan understanding, and warning that increased protectionism will result without it, was issued in Tokyo last week by TI Chmn. Mark Shepherd. Shepherd, leader of U.S. trade delegation, said that while U.S. industry should insist on enforcement of unfair competition laws, it shouldn't seek "govt. aid or intervention without a careful review of the reasons for Japanese success" here. These he said, include careful market research, quality products, good service. He also chided U.S. companies which sell advanced technology to foreigners for cash, then complain about competition. As for Japan, he said it should be willing to assist U.S. export effort in "same spirit that the U.S. assisted Japan to become a successful & modern industrial nation." Japan must be sure its domestic market is truly open to imports and be able to prove it to U.S. govt., industrial & labor leaders or U.S. "protectionist demands will continue."

V-DISC STANDARDS TALKS MAY FOLLOW AUDIO: "Digital Audio Disc (DAD) Standardization Conference," formally established in Tokyo by 29 Japanese, European & U.S. firms, is seen by its founders as prototype for similar organization to standardize videodisc formats. In addition to virtually all major Japanese audio & video electronics and record companies, group has as members RCA & MCA Disco-Vision (U.S.), Philips (Holland), Thomson-CSF (France), AEG Telefunken (Germany) and record firms at least partly owned by CBS (CBS-Sony), EMI of England (Toshiba-EMI) & Polydor (joint venture of Philips & Siemens of Germany).

One reason organization was formed in Japan with aid of non-Japanese firms was squeamishness of some U.S. & European firms about antitrust problems if meetings are held here. It's understood attempts were made to start talks in U.S., but organizers couldn't obtain govt. guarantee against antitrust prosecution or get Justice Dept. to send lawyer to observe meeting. (Scheduled session on videodisc standardization at Oct. 30-Nov. 2 SMPTE Conference in N. Y. was canceled last week.)

In Japan, prime mover in establishing DADSC was Matsushita founder Konosuke Matsushita. In N. Y., commenting on our report that Matsushita was preparing to drop own Visc videodisc system and adopt JVC's VHD system (Vol. 18:38 p8), Matsushita Exec. Vp Masaji Hino said his company was still working on Visc and JVC on VHD, "but at this moment we do not intend to switch over to Victor Company's system... It would be premature to say anything [about combined effort, we are] both seriously working in development & refinement of our systems... We

are fully aware that our customers want standardization, and are keeping in mind that we should come out with a standardized system."

DADSC's goal is to arrive at standard specs for digital disc within 2 years, submit draft to Japan's Ministry of International Trade & Industry and to International Electrotechnical Commission. DADSC statement says "digital audio disc system is now ready for practical use," but indicates members will wait for standard before formal introduction. Among tasks group has set for itself: (1) "Attempts to define interchangeability between the laser-beam system and the stylus system [along with] efforts to use the same type of disc." (2) "Detailed study" of possible "interchangeability with the videodisc systems." (3) Measures to prevent piracy.

Although initial announcement specifically refers to variations in size, recording methods & revolution among digital discs already developed, official of one member company told us he'd be satisfied if group could agree on standard sampling rates, technology, encoding & decoding methods and possibly error correction without necessarily going into disc speed, size, etc.

Advantages of digital pulse code modulation (PCM) discs were summed up in DADSC announcement: (1) Noise reduction. (2) Expansion of dynamic range. (3) Decreased distortion. (4) No wow or flutter. Most PCM discs demonstrated or announced so far have been modified videodisc systems. Main deviation is Philips "Compact Disc" which, though based on optical videodisc system, uses tiny disc and small player (Vol. 18:40 p11). Although it's not charged with doing so, some members expect DADSC to define PCM standards for tape as well as disc.

Pioneer-brand videodisc player, produced by Universal Pioneer joint venture with MCA in Japan, probably will get first U.S. showing at IHF convention & exposition next April 20-22 in St. Louis, we were told last week by U.S. Pioneer Pres. Bernie Mitchell. Why introduce video equipment at hi-fi show instead of CES? Ex-IHF Pres. Mitchell indicated he wants to encourage fledgling show with newsmaking product introduction. Pioneer player is compatible with Magnavox's Magnavision, which is scheduled for sale in one U.S. market in Dec.; Mitchell said Pioneer unit would debut in late 1979 in 3 markets at \$500-\$700 retail, but he didn't expect it to be profitable until 1983.

In other video news, Philips announced details of big new Austrian VCR plant, reported here last month (Vol. 18:38 p8). Company will sell current VCR plant to Austrian govt., which in turn will provide credit facilities. City of Vienna will supply plant site free and Philips will invest some \$144 million in factory, scheduled to start in 1980. New plant will consolidate all Philips VCR output, and Philips said its production capacity will equal \$288 million annually. Based on estimated factory value of slightly over \$500 per recorder, this would indicate capacity of more than 500,000 VCRs annually. Philips is expected to manufacture completely new type of VCR there, using 1/2" tape in cassette about size of VHS but with 8 hours' playing time, as we've reported previously.

Meanwhile, Sony finally announced that Dothan, Ala. tape facility is turning out Beta cassettes. Tokyo release states that U.S. plant is contributing 25% of the million a month being produced by Sony. Release marked shipment of 10-millionth Sony Beta-format cassette since start of production in May 1975.

Big lift-off in VCR sales seems to have come on schedule in Sept. We've learned EIA will report sales to dealers of about 56,800 home VCRs for 5-week month, up 52.7% from 22,478 in 4-week Aug., by far the best month since EIA started collecting data in Jan. (previous best was June with 31,339). Sept. sales average out to 11,360 per week vs. best previous weekly rate of 7,000 in May. Sales for year's first 9 months totaled about 242,630.

Japan's color production dropped 7.6% in Aug. to 634,000, EIA-J reports. Total shipments dropped 1.9% to 658,000, as exports fell 17% to 304,000, domestic shipments rose 16.4% to 354,000... Taiwan reports TV production in first 8 months rose 61.8% to 4.67 million.

Korean TV exporters agreed to 70,000 limit on b&w shipments to U.K. in 1979, double the 35,000 quota unilaterally enforced by British Govt. in 1977 & 1978. Agreement also permits Koreans to export 50,000 b&w kits for assembly into finished receivers by U.K. manufacturers.

MATSUSHITA'S OUTLOOK: Matsushita has restructured manufacturing operations to bring costs into line with higher value of yen, and as result doesn't expect to increase export prices on new products next year, according to Exec. Vp Masaji Hino. Addressing N.Y. security analysts last week, Hino said company expects yen to be stable next year, feels rate against dollar may rise to more realistic 200-to-1, up from current 190.

Exchange losses cut deeply into Matsushita gross profits this year, he said, putting figure at about \$421 million. About half that loss was offset through price increases, 30% compensated through increased productivity. Lower prices of raw materials & parts imports are expected to reduce net loss even more, he said.

Detailing Matsushita's 1977 operations, he said consolidated consumer electronics sales totaled about \$3.5 billion, including \$1.17 billion in color TV, \$623 million in stereo. VCR is now fastest growing product, with first-half volume of about \$138 million, up from some \$42.5 million in same fiscal 1977 period. He said Japanese are expected to produce about 1.2 million VCRs (home & industrial) this year, up from 700,000 in 1977.

Panasonic Pres. Taylor Mizutani said company will have difficult time maintaining substantial U.S. sales growth rate achieved over last 3 years, but predicted 10% increase for 1979 if economy holds up. Asked why Matsushita-made 19" color set sells for \$400 in U.S. but \$800 in Japan, he said such direct "comparison is not fair." Typical U.S. set is table model with mechanical tuner & controls, while Japanese version is electronic-tuned console with more advanced circuitry. He said demand for 19" in Japan is still relatively small, so production costs are high, and marketing & distribution cost more in Japan than they do in U.S.

Though mention was made of futuristic products, such as CCD color camera & LCD pocket b&w TV that Matsushita is displaying in Japan as part of 60th anniversary celebration, none were on view at meeting. Panasonic's programmable VHS-VCR, to be priced at \$1,275 (same as similar RCA & Magnavox models) was shown, along with prototype of Technics mini-components. Components included stereo FM tuner, amp & pre-amp, each about 11" X 8" X 2", could sell together for about \$800, plus linear phase foot-high speakers to retail at about \$100 a pair.

Singapore capacitor plant is planned by Japan's Nichicon. Company is capitalizing new Singapore subsidiary at \$4.3 million, expects to start production of aluminum electrolytics in leased facility next spring, have owned plant in operation in 1981. Nichicon says it expects to sell output of new facility to Japanese plants operating in SE Asia, may export to U.S. Facilities in Japan will be converted to production of audio parts.

Capehart is dropping Amex listing, moving stock to over-the-counter market. Company said low trading volume & listing costs, as well as questions concerning Capehart's ability to meet listing requirements, figured in decision.

QUASAR & SYLVANIA IN RED: Neither Quasar nor Sylvania TV operations are expected to be profitable this year, according to spokesmen for Matsushita & GTE, respective parent companies.

Rising value of yen pushed Quasar back into red in fiscal 1978, according to Matsushita Exec. Vp Masaji Hino, who added company may break even for calendar year. Essentially, Quasar is performing according to plan established when it was acquired from Motorola in 1974. It called for 2 years of deficit while management & production changes were made, end to losses in 1977, profit in 1978. Quasar did break even last year, he said. Hino told stock analysts in N.Y. last week Quasar was not yet operating at full production capacity, had sales this year of about \$316 million. This would mean it's now larger than it was under Motorola. Motorola annual reports indicate its TV sales peaked at \$261 million in 1972.

Sylvania's U.S. color operation isn't likely to show profit this year, but unit as whole will if color tube operation is included, GTE Chmn. Theodore Brophy said in recent Wall St. Journal interview. He said color business in U.S. is difficult, pointed to Admiral's decision to leave field as evidence "industry is sick enough that companies are dropping out."

Sears' Christmas catalog lists 19" remote-control color set with 12-channel up-&-down scan tuning at \$450, down \$30 from similar set without remote in fall-winter catalog. Another new set is random-access remote with calculator tuning, LED time & channel indicator, VIR at \$590 (same set in Sanyo line lists at \$600). Both 19" sets are listed as "imported... some assembled in U.S.A." Other sets in book are imported 19" color at \$380 (reduced \$70), 9" color at \$250, console cut \$105 to \$500 ("our lowest price ever for any 25-in. console"); 12" b&w cut \$21 to \$87, b&w 19" down \$21.45 to \$133.50. Catalog features Atari-built programmable video game at \$179 and 16 cartridges at \$20 & \$35 advertised in 3-page spread, plus 2 other pages of games (cheapest \$19). Penney's Christmas book has only 2 color sets—9" AC-DC down \$30 to \$299, GE-made 10" cut \$38 to \$229. B&w 12" set is down \$15 to \$84, AC-DC 5" cut \$10 to \$129, AC-DC 5" with AM-FM & cassette recorder down \$20 to \$229. Neither Penney, Sears nor Ward (Vol. 18:40 p10) lists VCR in Christmas book, although all do in full fall-winter catalogs (Penney has RCA, Sears Sanyo-built Betavision, Ward Panasonic).

Superscope & Sony finalized terms for accelerated end to their 21-year U.S. distribution arrangement (Vol. 18:38 p10). Superscope no longer has exclusive rights to any Sony products, will halt Sony-brand sales April 1. Sony will purchase Superscope's Sony-brand inventory of all products except car stereo & open-reel recorders, covered under original exclusivity agreement ending Jan. 1, 1980.

Mail-order marketer JS&A is first to offer low-cost Hong Kong-made chess game (Vol. 18:40 p13). It has FOB of about \$45, is being promoted as "JS&A Computer Chess" for \$100.

FIRST 'VIDEO MAGAZINE': While there's plenty of talk about "video publishing" and the "video magazine of the future," what is probably first actual video magazine has been in "publication" for more than year. It's "International Edition of the CBS Evening News with Walter Cronkite," 50-min. video news-weekly edited every Fri. evening by CBS News and "published" exclusively for non-U.S. non-broadcast use by Overseas News & Information Service Inc. (ONISI), 10 W. 66th St., N.Y. 10023 (212-874-5110).

ONISI distributes Cronkite news and CBS's "60 Minutes" (which lasts 50 min. without commercials) under exclusive pact with CBS, currently serves 60 clients around world—principally U.S. firms operating overseas. It's expanding operations to include unique home videocassette service for Americans in Japan and is talking with airlines for use of its cassettes (or film versions) on international flights as well as in foreign hotels catering to English-speaking guests.

Each Fri. evening, 5 days' newscasts are edited down to day-by-day chronology, replicated by S/T Videotape Duplicating onto 3/4" & 1/2" cassettes; they're shipped to overseas clients Sat. and played Mon. & Tues. throughout world. Cassettes are licensed for all kinds of closed-circuit showings—through MATV systems or on individual tape players—for unlimited plays for 3 months. Cost is \$22,200 per year for the 2 weekly shows for use in up to 5 different locations or "markets."

Service is now being extended to homes in Japan via Rentacolor Japan (RCJ), affiliate of big Hong Kong firm Jardine, Matheson & Co., which subscribes to ONISI service. RCJ offers CBS weekly news plus Betamax VCR for \$100 monthly (19,000 yen). Cassettes are delivered to homes in Tokyo area (\$26 monthly additional) or may be picked up in Imperial Hotel Arcade weekly, preceding week's cassette returned at same time. RCJ established basic VCR rental and library of BBC productions last Jan., added CBS News service in July. Robert Garrison, former mktg. vp of Hertz & ITT, is ONISI operating chief.

ONISI is one of handful of firms in U.S. & U.K. specializing in export or programming for overseas non-broadcast use. To best of our knowledge, it's only one distributing especially edited "newsmagazine." Principal competition is from bootleggers, whose business is believed to be far bigger than that of legitimate program exporters.

* * * *

Return of all equipment & tape FBI seized in Sept. 20 raid on Houston-based Televideo Corp. (Vol. 18:40 p13) was ordered last week by Houston Federal Judge Ross Sterling. Order followed by one day decision to return equipment alone as "act of good faith" by U.S. Attorney General's office. Victory is bitter one for Televideo, according to Pres. Ralph Smith, who said some \$50,000 worth of studio equipment was dropped from truck and destroyed as it was being returned. Bulk of equipment confiscated in raid, Smith said, came from firm's Training Div., housed separately from Entertainment Div. which allegedly was duplicating video tapes illegally. Smith

said Entertainment Div. has been dissolved, staff of 3 fired. He also laid off 22 employees of Training Div. which produced instructional programs for oil companies & underdeveloped countries. He said FBI has refused to re-install Training Div. equipment, but that engineers at local TV stations have volunteered to help, estimated it would take 6 months and \$35,000 to get back into operation. Smith stated he estimates damages so far at about \$400,000, excluding value of business he may not be able to get back, says he may file suit against govt. when full extent of damage is determined. Despite return of equipment & tapes, copyright violation proceeding against Televideo is continuing.

ELECTRONICS STUDY: Commerce Dept. awarded \$500,000 grant for study of consumer electronics industry to Northwestern's Center for Interdisciplinary Study of Science & Technology. Grant is part of \$13-million program intended to help domestic industries meet import competition.

Study grant, one of 10 Commerce is handing out at total cost of about \$6 million, is for review of strategies to improve relative position of domestic manufacturers in consumer electronics market. It's supposed to concentrate on areas of technological development & advancement. Remaining funds are for setting up 10 regional import adjustment assistance centers. Centers will provide import impact aid advisory services to local businesses.

However, there's limit to how far Administration is willing to expand trade adjustment program. Labor, Commerce & other agencies are lobbying in Senate against some expansion provisions contained in bill passed by House last month (Vol. 18:38 p11). Objection is to broadening coverage program to include: (1) Service industries and (2) companies & workers indirectly impacted when their customers are import-injured. Planned program expansion, including extension of benefits period, would cost estimated \$130 million annually.

IHF Convention plans (Vol. 18:40 p10) has led to new dissension in its ranks. Empire Exec. Vp Ken Busch quit his IHF secy. & board posts, charging that decision-making process leading to selection of St. Louis as show site wasn't open enough. Others on IHF board said there was no discussion of show, that they were merely "told" of plans. Biggest issues concerning show are date (proximity to CES), and whether IHF get-together should be show or "convention."

Royalty on recording equipment and blank tape is best method of compensating copyright owners, performers & producers for damage to their interests caused by home video & audio taping, it was decided by UNESCO-sponsored meeting of World Intellectual Property Organization and International Labor Organization in Paris, Billboard reports. Recommendation will be submitted in report next year to meetings of international copyright bodies.

FCC consideration of standard system for measuring tuner noise (Vol. 18:40 p9) has been postponed to week of Oct. 19. It had been scheduled for last week.

Consumer Electronics Personals

David Schulte, ex-Maytag, joins Magnavox as VCR sales mgr., succeeding **Robert Ferber**, now a region mgr. . . **Jerry Huffman** advanced at RCA Sales from central region vp to international sales vp responsible for set & component sales outside N. America. . . **J. Terrence O'Flynn** advanced at GTE Consumer Electronics from Sylvania area field sales mgr. (R.I.), to Philco direct markets national sales mgr., succeeding **Herbert Hoffman**, reassigned to special project and reporting to Pres. **Thomas Shepherd**; **Joseph Haagen**, former Sylvania Adirondack area mgr. named Philco national accts. mgr., new post; **Alford Rodgers** appointed TV product mktg. mgr., succeeding **Charles Goris**, now TV product mgr.; **Michael Ross**, former Sylvania ad & sales promotion mgr., replaces **Rodgers** as Philco ad & sales promotion mgr.

Ken Emmer resigns as Sharp audio products national mktg. mgr., plans unannounced. . . **Glen Hersch**, ex-BASF audio-video mktg. mgr., joins BIC as promotion vp, succeeding **Andrew Carduner**, resigned. . . **Allen Novick** resigns as TEAC vp to join Daymark Industries, rep organization launched in 1976 by ex-TEAC Pres. **George DeRado**. . . **Rudolph Bozak**, Bozak founder, **Henry Kloss**, KLH & Advent founder, **Saul Marantz**, Marantz founder, elected to Audio Hall of Fame.

Alan Wurtzel, Wards pres., elected NATM Buying Group pres., succeeding **David Mondry**, Highland Appliance pres. . . **S. Erik Jenstad** moves from Ampex International Div. to Magnetic Tape Div. as mktg. mgr., succeeding **Ken Hering**, retired. . . **Carroll Ray** promoted at Radio Shack from corporate development post to Computer Div. computer applications dir., responsible for development & acquisition of programs. . . **James Andrews**, ex-Conrac Turner Div., joins Teaberry as mktg. vp, new post. . . **Tyler Bryant**, ex-Swan Electronics, appointed Antenna Specialists regional sales mgr.

Anthony Goodchild promoted at Automatic Radio from Automotive Specialties Group exec. to pres.-chief exec. . . **Donald Aarons**, ex-Avtel, joins Melco Sales (MGA) Industrial Products Div. as distributor/dealer liaison. . . **Barry Hill** advanced at GTE Precision Materials Group to mktg. services mgr., succeeding **Thomas Gilder**, now Sylvania Metal Forming Operation mktg. mgr.

Exxon enters consumer battery business with world's first rechargeable lithium battery. It's 2.4-volt, suitable for LCD watches & calculators, for microprocessor or memory devices, standby power device. It can be recharged after full discharge, will wholesale at \$7.50 in lots of 100.

Bell & Howell has won \$345,000 Armed Forces Radio & TV Service contract for duplication & distribution of TV program videocassettes (1/2" & 3/4") for broadcast at U.S. bases throughout world.

Winter CES Jan. 6-9 adds Las Vegas Hilton as 3rd exhibition area, augmenting main display space at Convention Center and esoteric audio exhibits at Jockey Club.

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
Lafayette Radio & Electronics			
1978-year to July 1	75,889,000	(8,039,000)	--
1977-year to July 2	88,439,000	(3,621,000)	--
1978-qtr. to July 1	16,775,000	(3,822,000)	--
1977-qtr. to July 2	18,499,000	(3,058,000)	--
National Semiconductor			
1978-16 wk. to Sept. 17	184,163,000	8,752,000	.65
1977-16 wk. to Sept. 18	131,118,000	5,380,000	.41
Republic			
1978-year to July 31	239,046,000	10,053,000	4.13
1977-year to July 31 ^a	205,165,000	8,115,000 ^b	2.89
1978-qtr. to July 31	64,024,000	2,871,000	1.26
1977-qtr. to July 31 ^a	51,348,000	2,195,000 ^b	.78
Telecor			
1978-qtr. to Aug. 31	35,027,000	1,768,000	.41
1977-qtr. to Aug. 31	28,954,000	1,426,000	.34
Wometco Enterprises			
1978-9 mo. to Sept. 9	190,667,000	13,522,000 ^b	1.59
1977-9 mo. to Sept. 10 ^a	152,312,000	9,557,000	1.12
1978-qtr. to Sept. 9	70,714,000	6,390,000 ^b	.75
1977-qtr. to Sept. 10 ^a	56,437,000	3,470,000	.41

Notes: ^aRestated. ^bIncludes special credit.

Chapter XI petition filed by Food Fair affects consumer electronics through subsidiary J.M. Fields, 79-store retail chain. Fields carries Sylvania, RCA, Zenith, Philco & Hitachi TVs. Creditors' meeting will be held this month to determine debt reorganization. Food Fair says assets are \$344 million, liabilities \$212 million; Fields' operations are said to have caused extreme cash shortage. Sylvania spokesman was confident: "They're an extremely fluid company and we think that with the help of Christmas sales they'll pull through."

Neatest trick of week dept.: "NOW! Learn to repair video cassette & disc systems. . ."—NRI Schools (McGraw-Hill) ad in Oct. Popular Science.

Obituary

Lawrence LeKashman, 57, Electro-Voice mktg. & sales vp and pioneer hi-fi marketer, died Sept. 24 after brief illness. Author of more than 100 technical articles, editor of handbooks and holder of patents & copyrights, he's credited with introduction of first stereo phono cartridge and, as pres. of Teledyne/Olson Electronics and exec. vp of Lafayette Radio, with innovating mass mail-order marketing of quality audio components. Onetime RCA Tube Div. ad & sales promotion mgr., he joined E-V in 1951, leaving 20 years later to join Olson, switching to Lafayette in 1974, becoming Gladding Electronics Group vp in 1976, rejoining E-V last year. He's survived by wife, 2 daughters.

Carl A. Pollock, 74, honorary chmn. of Electrohome, died suddenly Aug. 17. His career at the Canadian firm, founded by his father in 1907, spanned 49 years, including offices of pres. & chmn. He is survived by son, Electrohome Pres. John Pollock, daughter.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

HOLLINGS OFFERS ACT 'RENOVATION': Hollings plans amendments, but no extensive rewrite. Common carrier & cable key areas. Believes broadcasters doing good job, need less attention. (P. 1)

NEW PERTSCHUK MEMO CITED: Pertschuk note describes 'evils' of kid TV ads and his 'conviction' on them. Kellogg calls for disqualification in court filing. (P. 2)

NAB COURSE SMOOTH for Boston conference of 208 broadcasters, 56 students. Fogarty pledges Ferris won't have automatic 4 votes at FCC, urges broadcasters to be skeptical on rewrite. Wasilewski seeks involvement in new technology. TvB ups sales predictions. (P. 3)

TV-WHO'S IN CHARGE subject of discussion by 4 TV network presidents. Boston NATAS lunch used to hit pressure groups. Mulholland explains Silverman influence. (P. 4)

BROWN-WHY COURT IS SUPER FCC: FCC's promise-vs.-performance gap forces court to make policy, says commissioner. His solution: Change policy or change decisions. (P. 4)

'INSULT' OVER CPB SEAT: White House nomination of black for short-term CPB seat causes anger at Senate Communications Subcommittee. (P. 5)

HOLLINGS PROPOSES 1934 ACT 'RENOVATION': Communications industry still wrestling with House rewrite of Communications Act now will face large-scale revisions of Act from Senate side. Sen. Hollings (D-S.C.), Communications Subcommittee chmn., last week said he plans "renovation" of Act, changing provisions through amendment and on a more limited scale rather than the top-to-bottom treatment on House side.

Senate aide told us amendments will key on common carrier, cable and satellite areas "and secondarily broadcasting." "[Hollings] thinks broadcasters do a good job," aide said. "They have a lot of respect in their communities... In the common-carrier area, absolute confusion reigns." The official said amendments will be offered "early next year" and hearings probably will follow.

Asked what prompted Hollings' action, aide said senator, who never favored idea of complete rewrite, has "after spending 18 months learning the subject area found that there are certain needs and problems that need correcting." Hill observers speculate that plans by Sen. Schmitt (R-N.M.), Subcommittee member, to revise Act may have been instrumental in prompting Hollings' proposal. Schmitt has directed minority staff to prepare revision. Hollings'

Consumer Electronics

VCR PROGRAM SALES seen at \$28 million so far in survey showing 400,000 recorded videocassettes sold to date. Only one VCR owner in 5 buys software. Nielsen surveying VCR owners. (P. 6)

VIDEODISC SYSTEM 'mergers' seen snowballing until only 2 are left—Philips-MCA optical and RCA-Matsushita-JVC-Toshiba-everybody-else. Optical system in one-market debut in Dec. (P. 7)

COLOR QUOTA TALKS with Taiwan & Korea result in agreement to agree, no deals. Next round set for Nov. Japanese set makers press their govt. for help in TV dumping case. (P. 7)

COLOR TV SALES headed for 10.3 million this year, thanks to strong momentum of first 3 quarters. Inventories at safe 10-week supply. Consensus for 1978 put at 9.4 million. (P. 8)

METAL TAPE PROGRESS at Tokyo Audio Fair: 3M announces Metafine tape sales in Japan by Dec., when Toshiba, JVC & Lux promise to have decks ready. (P. 11)

RCA, SANYO MFG. 3rd-quarter reports show competitive pressure holding color profits down. Sanyo plans some layoffs, extending shutdowns at Forrest City in 4th quarter. (P. 12)

assistant said plans have been in works for some time for Hollings' "renovation," noted staff members have been added.

A House staffer said he believes Hollings' plans "add credibility" to rewrite and enhance chances of large-scale changes in communications law.

Speaking to U.S. Independent Telephone Assn. in Atlanta, Hollings said: "[The Communications Act] has been assailed as creaky, as outdated. Yet, its basic goal remains an appropriate expression of public policy. How can you improve on a policy [which states] 'to make available to all... rapid, efficient nationwide and world-wide communications service... at reasonable charges'...

"While [the Act's] tools remain partially relevant today, they are not adequate to deal with the market and regulatory changes that are inevitable. The '34 Act should not be packed off to a nursing home—but it must be renovated to meet a new age... No one would responsibly advocate total deregulation. Competition is not an end in itself... I believe we must put aside our technological and regulatory stereotypes... Now there need be no obvious difference between a telephone terminal and a computer terminal, between a CATV company and a telephone company... We must develop more national relationships between overlapping industries, such as between cable and telephone companies, especially in rural areas. [Changes in Act] must treat all technologies evenhandedly. It must revise existing telephone-cable-translator cross-ownership rules with automatic waivers in certain cases."

'DAMAGING' PERTSCHUK MEMO: Opponents of FTC children's TV advertising inquiry (Vol. 18:29 p4, et seq.) believe they have most damaging evidence to date showing alleged bias of FTC Chmn. Pertschuk and his views on children's ads. Memo from Pertschuk to FDA head Donald Kennedy dated Nov. 17, 1977 was submitted by Kellogg Co. in U.S. Dist. Court as part of attempt to have Pertschuk disqualified.

Memo states: "Setting legal theory aside, the truth is that we've been drawn into this issue because of the conviction, which I know you share, that one of the evils flowing from the unfairness of children's advertising is the resulting distortion of children's perceptions of nutritional values. I see, at this point, our logical process as follows: children's advertising is inherently unfair."

Said Kellogg in filing: "This letter... demonstrates as clearly as any other single piece of evidence in the record, that by Nov. 1977 (i.e. some 6 months before the commencement of the children's advertising proceeding), defendant Pertschuk had reached a firm conviction (not a preliminary determination but a conviction) concerning whether TV advertising to children is unfair..."

Meanwhile, FTC attorneys have asked court to wait until after FTC issues any advertising rule before ruling on Pertschuk's bias. They argued disqualifying Pertschuk now could delay rulemaking for long time.

Attorneys said comments Pertschuk opponents have cited as examples of Pertschuk's bias are actually reflections of his preliminary conclusion that FTC should consider issuing a rule because there appears to be a problem. And they said Pertschuk's vote in Feb. allowing consideration of rules other than an outright ban shows he hasn't prejudged matter. Judge Gerhard Gesell is expected to rule on Pertschuk bias case within several weeks, ruling later on other complaints from ad industry and others on proceeding.

"Significantly viewed" cable signal decision of FCC—easing non-duplication requirements of many systems (Vol. 18:13 p4)—was stayed by 4th Circuit Appeals Court, Richmond, on 2-1 vote, and systems involved must go back to providing protection until final resolution of dispute. Lawyers predict it will take up to a year for Court to decide case. Suit was brought by WSPA-TV Spartanburg, joined by NAB and 30-40 other stations. Timing in case was unusual: Stay came week after FCC decision went into effect.

FCC agenda this week includes: Network inquiry; Time-ATC merger; petitions to deny KPIX San Francisco & KQVR Stockton, Cal.; TV receiver noise measurements; GAO report on FCC field operations. Nov.-Dec. schedule announced includes: Nov. 8, Teletext-Ceefax demonstration; Nov. 9, WNET N.Y.-N.J. renewal; Dec. 5, WARC; Dec. 14, clear-channel radio; Dec. 19, VHF drop-ins.

Oct. 20 is effective date for cable certification elimination, FCC announced.

NAB's SMOOTH COURSE IN BOSTON: There won't be any 4-vote block at FCC when appointee Anne Jones (Vol. 18:41 p3) comes on board next year, Comr. Joseph Fogarty assured broadcasters at NAB fall conference in Boston last week. "There won't be any Boston mafia [Jones, Fogarty & Chmn. Charles Ferris all are Boston College law graduates and Catholics]... Charlie has one vote... I have my vote too, and I'm going to exercise it... There aren't 4 sure votes for anything."

At opening stop of annual fall tour, NAB drew 208 broadcasters (a good turnout), plus 56 students, for 1-1/2 days of generally upbeat sessions. Sen. Durkin (D-N.H.) didn't show as Oct. 12 luncheon speaker—so NAB Pres. Wasilewski filled in on hour's notice.

Fogarty mostly answered questions, said: "I would like to regulate cable the same way we regulate broadcasting [but] we can't do it any longer. The courts have caught up with us." He said under existing court decisions, FCC has practically no authority left and that it will take legislation by Congress to get Commission back in business of regulating cable. (At following session, NAB Exec. Vp-Gen. Mgr. John Summers disputed Fogarty, claimed FCC has been "derelict," said it has ample authority to regulate CATV.)

Fogarty said broadcasters should be skeptical about rewrite, drew applause with: "Amend the 1934 Act only where it needs to be amended." He claimed FCC has obligation to rule on radio format changes, said: "I am a firm believer in Sec. 315 and the fairness doctrine" but he would require "just a slight bit of ascertainment" only in smallest radio markets.

Wasilewski talked about future, warned: "It is what is happening outside of broadcasting that may well have a greater impact on both radio & TV than what is happening inside our industry." Noting that broadcasting is part of "the information economy," he discussed positions put forth at Sept. NAB execs.' seminar. He stressed broadcasters are in good position to take advantage of changing technology "because we supply... nearly all the entertainment and most of the news and information received by the American people."

AP Bcst. Exec. Jay Bowles predicted that radio's use of satellites will happen "far faster than you anticipate." He said they'll provide superior audio and stability in pricing—noting that AP's line charges for radio customers went up \$7,000 a day (45% increase) Jan. 21, have risen 120% in 10 years. Bowles discussed AP & UPI applications before FCC for year's experiment using RCA Americom; Mutual Vp Gary Worth discussed that network's application for permanent system using Western Union satellite.

Worth said Mutual is opposing UPI & AP because technology is there, no further experiments are needed; wire services want to use satellite free during experiments, and "ultimately we could be put in the position of subsidizing our competition." Bowles said AP is dedicated "to the quickest possible establishment of a satellite delivery system," will embrace Mutual system if FCC grants that proposal. RCA Americom's Andrew Inglis discussed technical inter-

ference problems, said RCA is "anxiously awaiting" FCC approval of experiment. He said cost to RCA would be "extremely insignificant" because satellites already are in orbit.

During "children's hour" session—with ACT Pres. Peggy Charren in audience—NAB Senior Vp-Gen. Counsel Erwin Krasnow said "we are going to encourage every single TV station" to participate in FCC's children's TV inquiry. He said all stations will be sent questionnaire to determine what they're doing; detailed study of selected sample also will be made.

TvB raised its predictions for TV's 1978 performance: Local up 21%, compared with 16% predicted in May; spot up 20% (formerly 15%), network up 12% (formerly 10%). For 1979, TvB sees increases of 13% for local, 8% for spot, 10% for networks. Dennis Leibowitz of Donaldson, Lufkin & Jenrette, N.Y., said agencies & advertisers really don't know what audiences are being delivered by networks because of scatter buys. He said network buying is "very difficult to plan and very difficult to deliver." Panelists agreed that if there isn't more stabilization of network prime-time plans, more advertisers will switch to national spot.

Popular 2-1/2 hour TV session, titled "a special concentrated mini-course—future dimensions of cable," featured Washington lawyers Howard Braun & Philip Hochberg and Asst. NAB Gen. Counsel James Popham.

CBS—NEW RECORDS: Third quarter and 9-month records were set by CBS, with broadcast & publishing groups leading in 3rd quarter earnings growth, company announced.

CBS said 3rd quarter earnings were \$1.75 per share, up 11%. Net income was \$48.5 million, up 11%. Revenues were up 20% to \$807.1 million. For 9 months, earnings per share were \$5.11, up 9%. Net income for period was \$141.6 million on revenues of \$2.3 billion. These figures represent 8% increase in net income, 16% increase in revenues. Cash dividend of 65¢ per share was declared, up 5¢, 4th successive increase.

FCC exec. dir. has ordered 20% reduction in administrative travel for fiscal year started Oct. 1. In addition, "mandatory reporting requirement" was established to make sure reduction is achieved. Report must identify "the specific types of administrative travel to be reduced or eliminated, the types of program travel to be reduced and the types of program travel to be exempted." All international travel is considered "essential" and therefore exempt. Exec. dir. said "all travel that is not directly related and essential to the performance of the FCC will be considered as administrative travel"—thus subject to 20% cutback.

FCC has denied equal-time complaint of Cal. Republican gubernatorial candidate Evelle Younger (state atty. gen.) against 26 Cal. TV-radio stations. Younger complained that June 13 speech by Gov. Edmund Brown on Proposition 13 wasn't "bona fide news event" and thus exempt from equal time law.

TV—WHO'S IN CHARGE: That was subject of Oct. 12 luncheon meeting of New England NATAS chapter which featured presidents of ABC, CBS, NBC & PBS TV networks. When it was over, question still hadn't been answered, although consensus leaned toward public and/or viewers.

At same time, network presidents—particularly NBC's Robert Mulholland and CBS's James Rosenfield—took opportunity to loose strong attacks on pressure groups which attempt—of late successfully—to influence network programming through advertisers.

Mulholland: "Organized criticism of TV has itself become a growth industry. Never before have we experienced the kind of sophisticated, professional, public relations and political tactics used by these groups... Determined organizations seem to be on the march—all in different directions... And in most cases these groups conduct their campaigns in ignorance of—or without concern for—the economics of TV, its operating realities, or the structure of a mass medium based on advertising, program suppliers, news responsibilities, affiliated stations and networks."

Rosenfield found threatened economic boycotts of advertisers "distressing" and of great concern, said he was "absolutely flabbergasted" by PTA's campaign against sex & violence: "The view they profess... is really the product of a very small number of people (like 3 or 4) who want to decide what others should be allowed to see." Rosenfield also discussed prime-time documentaries on CBS, detailed 6 which finished at very bottom of ratings for week. Network is going to continue documentaries "in spite of a discouraging vote like this," he said. "But it's not for business reasons and God knows it's not for ratings reasons..."

Network presidents found ratings necessary, although not necessarily desirable. Said ABC's James Duffy: "We have concern about the influence of ratings... But we should be clear about one thing—the ratings are indispensable."

PBS Pres. Lawrence Grossman listed several probables on what or who controls TV, with "greed... the avaricious pursuit of ratings" No. 1. Others included fear, viewers, pressure groups, govt., networks, program suppliers and NBC Pres. "Freddie Silverman... CBS is what he was. ABC is what he is. NBC is what he will be."

Mulholland detailed influence of Silverman over TV network: "Well over" \$50 million has been committed to prime-time program development in 1979, 50% more than NBC is spending in 1978 and "more than double the outlay a few years ago." And, Mulholland added, under Silverman's "incentives there has been a tripling in the amount of news programs and serials in prime time."

Cablevision Systems Development has obtained \$23 million loan from group of banks headed by Chase Manhattan, plus given additional commitment for \$6 million.

Broadway shows more & more are using TV & radio ads to increase ticket sales, Wall St. Journal reports, noting some shows have had strong success.

BROWN—WHY COURT IS SUPER-FCC: "Promise vs. performance gap" at FCC, resulting in "no national communications policy," is what has caused Appeals Court to assume role of "super-FCC," according to FCC Comr. Tyrone Brown.

Speaking before FCBA, he said Commission must either change its policies to fit its decisions or vice versa. "From a purely legal standpoint, the weakness in the Commission's approach is not that it strongly favors incumbency. The 'public interest' standard under which we operate is broad enough to justify almost any policy result... The weakness in the Commission's approach has been that we say one thing and do another."

Brown's solution: "We can repeal the Commission's 1965 policy statement on comparative license proceedings, we can apply that statement to individual cases, or we can develop an entirely new policy statement... This is a process the Commission has said for 13 years it would undertake and which should have been completed years ago... I do not necessarily quarrel with the policy results that the Court of Appeals is attempting to achieve. In fact, I agree with the substantive thrust of many of the Court's opinions."

In question period, Brown said: "FCC has a strong proclivity towards incumbency. I must say, and I've been here only 11 months, that I find a proclivity toward incumbency growing in me." Asked whether Congress should set policy on renewals, etc., he said: "It's appropriate for Congress to try to give us statutory guidance, but FCC has the wherewithal to do it now."

Meanwhile, another TV renewal by FCC—this time for RKO's WOR-TV N.Y.—has been remanded by D.C. Appeals Court, 2nd such remand in 2 weeks (Vol. 18:40 p1). Latest remand dealt only with Court's dissatisfaction with Commission's ruling that competitor—Multi-State Communications—wasn't financially qualified. Court told agency to reconsider case and that Multi-State was financially qualified.

Commercial TV programming has "vast, untapped potential" for education—and educators, parents & broadcasters should take better advantage of it, ABC Pres. Elton Rule said in address to Sacramento Rotary Club. Today's TV shows can be used to encourage youngsters to explore "other areas of learning," he said, noting programs such as "Eleanor & Franklin," "Roots" and even "Starsky & Hutch" have been featured in classroom discussions. ABC has been involved deeply in research showing effect of TV on children, has project under way to "find new & effective teaching methods that will help children become more discerning TV viewers," Rule said.

FCC Comr. Washburn believes that agency's proposed spectrum use fees "would resemble more closely an excess profits tax than an efficient spectrum allocation tool," thus has dissented to that portion of fee inquiry (Vol. 18:40 p5)—along with Comr. White.

Storer is buying General TV, with its 32,000 cable subscribers in Md. & Del. (see Factbook for list), paying either \$10.50 per share or 1/3 of a Storer share for each of General's 900,000 shares. Addition gives Storer total of 257,000 subscribers.

Personals

Rep. Lionel Van Deerlin (D-Cal.) and NAB Pres. Vincent Wasilewski speak at HRTS luncheon Nov. 13, Beverly Wilshire Hotel, L.A. . . NTIA Dir. Henry Geller speaks to National Conference of Black Lawyers luncheon Oct. 19 on WARC 1979, George Washington U. Faculty Club, Washington. . . Betty Hayter promoted to CBS-TV affiliate relations regional mgr. for northeast.

Harvey Struthers, ex-management development & human resources vp and onetime CATV operations vp, appointed CBS/Bcst. Group development vp, responsible for CBS investments in Canadian CATV and new business opportunities. . . Blanche Runge promoted to NBC Entertainment Program Dept. admin. mgr., new post. . . Kate Kelleher, ex-BIB, joins Metromedia Producers Corp. as east coast ad & promotion mgr. . . Steven Saferin, formerly with Viacom Law Dept. atty., named Viacom Communications Div. vp responsible for franchise acquisition & development.

Todd Holmes promoted to gen. mgr., WNEM-TV Bay City-Saginaw-Flint. . . Joseph Niccoli, ex-KJTV Bakersfield, named gen. mgr., WQTV Boston. . . Bob Parente advanced to national sales mgr. KTXL-TV Sacramento; William Morrison to dir., sales development & research.

Tony Malara, ex-WWNY-TV Watertown, N.Y., named CBS-TV vp, station services, affiliate relations; Donald Clancy promoted to vp, administration & legal services, affiliate relations. . . Raymond Matarazzo advanced to dir., accounting services, ABC Inc. . . Jeff Sagansky promoted to dir., dramatic development, NBC Entertainment; Michele Brustin named associate.

Les Haber, ex-Qube, joins HBO as dir. of special programming development. . . E. Roger Williams, ex-Warner Cable, appointed mktg. mgr., WTCG Atlanta cable relations dept.; Judy McClenaghan promoted to mgr.-affiliate services. . . Kirk Beauregard promoted to vp-broadcast advertising, BBDO, new post; Richard Sleeman named business mgr. . . Leon Durham joins AAF as controller.

Grayson Enterprises has been denied by Commission in its request that company be allowed to sell its 4 Texas TV stations and get out of broadcasting after questions of character qualifications were raised. Stations are KLBK-TV Lubbock, KMOM-TV Monahans, KWAB-TV Big Spring, KTXS-TV Sweetwater.

More sophisticated audiences for TV are developing, in opinion of FCC Comr. Washburn. Addressing meeting of National Assn. of State Boards of Education in Hershey, Pa., he commended TIO and teachers' groups for providing TV-related guides, praised networks for grants to cultural groups.

FCC plans final report on 1979 WARC by early Dec., terminated docket last week, said no further notices (9 to date) will be issued. Inquiry started 4 years ago; more than 2,000 comments have been received. FCC & NTIA proposals will serve as basis of U.S. position for Geneva conference.

'INSULT' OVER CPB SEAT: White House last week caused minor furore at Senate Communications Subcommittee when it nominated ITT attorney Howard White for partial term, rather than full, designating White to fill remaining term of outgoing W. Allen Wallis on CPB Bd. White, a black, would get only 1-1/2 years before needing to be nominated again, fact Subcommittee Chmn. Hollings (D-S.C.) had previously advised White House is totally unacceptable.

"It's incredible," Hollings aide said. "I can't believe it. This is an insult." Hollings had advised White House that no confirmation hearings would be held on other 3 nominees (Vol. 18:34 p4) until White was appointed for full term. White House last week did just what it wasn't supposed to do.

Matter is moot for a while anyway. No hearings of any type will be held until new Congress in Jan., and White House must resubmit names, giving it another chance to mend fences with Subcommittee.

FCC's "distress sale" policy—designed to expand ownership of stations by minorities—was eased to give relief to the few stations which had already been involved in hearings when policy was announced May 25. (Original policy excluded stations already involved in hearing.) Now, FCC said, station involved in hearing before May 25 may elect, by Nov. 13, to declare it will seek distress sale; it will have until next April 13 to file application for sale. Such relief isn't given to stations designated for hearing after May 25. Meanwhile, tax attorneys say it will be close call on whether distress sale of WAEO-TV Rhinelander, Wis. to minority group will be tax free—no clear provision in tax laws for station in hearing in danger of losing license. There appears no problem with tax certificate in sale of WYCH(FM) Hamilton, O. (Vol. 18:39 p6).

Seeking to upgrade station complement, Detroit Evening News Assn. Pres. Peter Clark said he's interested in GE-Cox spinoffs, as is just about everyone else (Vol. 18:41 p1). Meeting with civic leaders in Washington, where company operates WDVM, having swapped WWJ-TV Detroit for it with Washington Post, he said company plans to spend some \$5 million in Washington to expand facilities & coverage. Asked about his former Detroit station, he said: "I think Katherine [Graham, head of Washington Post] is going to have a hard time educating the audience to more news & information. You have a smarter audience here. It's more interested in news." Incidentally, in GE-Cox deal, word now is that GE will sell WRGB Schenectady, keep WSOC-TV Charlotte, among 3 TVs it must sell.

NCCB is now one of organizations under Ralph Nader umbrella. Nader becomes chmn., and Nicholas Johnson will stay on board and as chmn. of separate National Citizens Communications Lobby. New NCCB Exec. Dir. is Samuel Simon, ex-FTC lawyer. NCCB will resume major publications, Access magazine, Media Watch, and Citizens Media Directory. "Too much is now at stake," said Nader. "Consumers should be given the access and opportunity to turn the mass communications technologies we now have, the electronic media and the future technologies, toward their most constructive uses."

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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 Sept. 29 (39th week of 1978):

	Sept. 23-29	1977 week	% change	Sept. 16-22	9 mo. 1978	9 mo. 1977	% change
Total TV.	511,199	506,982	+0.8	387,248	11,378,586	9,960,807	+14.2
color	326,527*	321,686	+1.5	245,988	7,232,291**	6,208,922	+16.5
monochrome	184,672	185,296	-0.3	141,260	4,146,295	3,751,885	+10.5
Total radio	1,421,875	2,856,477	-50.2	847,887	35,018,561	39,446,360	-11.2
home, portable . .	1,159,241	2,577,989	-55.0	586,334	25,566,212	30,148,704	-15.2
AM-only	213,252	678,950	-68.6	142,604	5,747,914	7,150,815	-19.6
FM & FM-AM . .	945,989	1,899,039	-50.2	443,730	19,818,298	22,997,889	-13.8
auto	262,634	278,488	-5.7	261,553	9,452,349	9,297,656	+1.7

Color TV 5-week moving average: 1978—241,634⁺; 1977—220,988 (up 9.3%).

*Highest week in history. **Record for period. +Highest of year and record for period.

VCR PROGRAM SALES SEEN AT \$28 MILLION: Public has bought some 400,000 recorded videocassettes at estimated retail price of \$28 million—and those who buy software already paid average of 1/3 the amount they spent on their VCRs for something to watch. Those are 2 conclusions which can be drawn from new RCA survey of VCR owners.

Survey hasn't been released, but we obtained results from reliable source. It shouldn't be taken as gospel, because any VCR survey today necessarily uses rather small sample—but here are more highlights: Only 20% of VCR owners buy recorded cassettes, possibly because small percentage of dealers handle them (our own survey of Early Warning Report retail panel members found only 20% handled recorded tape)—and very few VCR dealers plan to add them.

Of VCR owners who buy recorded cassettes, average ownership is 5 cassettes. Average price these buyers claim to have paid for their cassettes is \$70 each—quite a bit more than average price of Magnetic Video movie cassette—leading to conclusion that large number of porno cassettes are being purchased (such cassettes sell as high as \$150 each, sometimes more). Also lending credence to porno theory is fact that owners say they view recorded cassettes many times, not just once.

Given estimated 400,000 VCRs in use, survey would indicate that some 80,000 owners bought recorded cassettes—average of 5 each means 400,000 such cassettes owned, and at \$70 each, total purchase price works out to \$28 million. Survey also showed that average VCR owner buys 5 blank cassettes; when all have been recorded he re-records them, rather than keep them and buy new blanks.

Note: Home VCR habits are under investigation by A.C. Nielsen, which is conducting telephone interviews with viewing panel members who indicated in diaries they owned VCRs. Areas being probed: Format owned, taping hours per week, editing-out of commercials, type of shows taped, whether tapes are kept or re-recorded, recorded tape purchases. Owners are being asked whether they really find VCR important enough to replace when current one is worn out, to describe features of their VCRs, state which features they wish they had but didn't. There are trick questions to test knowledgability, such as: Is maximum playing time 1, 2, 3, 4, 5 or 6 hours?

VIDEODISCS—ARE THERE REALLY ONLY 2? We hear a lot about "proliferation" of videodisc systems—certainly many different & incompatible types have been demonstrated—but there's growing evidence that battle could simmer down to only 2 different systems. Increasing demands for standardization, plus realization that fragmentation of market could be disastrous, appear to be leading to quiet talks which could merge all major non-optical systems into one large united RCA-Matsushita-JVC-Toshiba-everybody-else system.

This may be denied for form's & face's sake, as was our Sept. 18 report that Matsushita was considering dropping its Visc system to adopt JVC's VHD (Vol. 18:38 p8). Latter denials seem to have evaporated with appearance of K. Matsushita at first public demonstration of VHD. Although he didn't publicly endorse VHD, he made plea for standardization—he has never identified himself in any way with Visc.

Optical system definitely is scheduled for limited premiere sales beginning in mid-Dec. in one market, with Magnavox players backed by 200-plus-title MCA Disco-Vision catalog (all titles won't be available for debut). Although Magnavox will be demonstrating player at ITA Video Programming Seminar in N. Y. this week, it's not expected to give many details about introduction. In addition to Magnavox dealers stocks, MCA discs will be available from start by mail order from MCA subsidiary Spencer Gifts via 800 phone number given in disc catalog.

Thus Philips-MCA optical is going system, also embraced by Pioneer, which has joint player venture with MCA. Competitors who don't believe in optical system know single united front is needed to head off combine of world's biggest TV maker plus major U.S. movie & record company. Part of this effort involves significant change in RCA system.

Although RCA won't comment on subject, we've learned that it has augmented its capacitance system to cure tracking problem of needle in groove. New development permits stylus to detect adjacent grooves (presumably by superimposing signals on alternate grooves). Not only does this technique keep stylus in proper groove, it makes possible many special features of Philips-MCA system—such as slow motion & reverse, stop-motion (with addition of memory)—on one-hour-per-side disc. (Philips-MCA system gives up those features in LP hour-per-side mode as result of use of variable-speed-disc technique, retains them in 30-min.-per-side discs.)

It's believed RCA is still shooting for basic stripped-down player at \$300-\$400, with added features in step-up. Philips gives these features (for 30-min. disc) in its basic player, expected to be priced around \$600 in introductory market. RCA also is expected to claim its grooved disc can provide record search and sequence repeats without loss of sync.

If RCA's active tracking system sounds familiar, it's probably because you read about JVC's VHD system, which uses similar tracking direction on ungrooved disc. Major differences between RCA & JVC discs now seem to be grooves vs. no grooves, 450 vs. 900 rpm. And Toshiba now seems firmly in RCA camp. Last week, it demonstrated RCA-made PCM audio disc on Toshiba-made player. Just one year ago, Toshiba demonstrated player compatible with RCA videodiscs. Since then it has built other models, all for playing RCA discs.

TAIWAN, KOREA QUOTA TALKS ADJOURNED: U.S. trade officials wrapped up 2 weeks of talks on color export restraints with Taiwanese & Korean counterparts last week with general agreement something will be done to limit incoming shipments. Just what is still up in air.

Taiwanese think something in neighborhood of 600-650,000 complete sets per year would be nice. That's about what will come from there this year. Basic U.S. position calls for 250-270,000 annually, which represents yearly complete set average for 1972-77, discounting current year's shipment boom. It also is exclusive of chassis exports which come only from U.S.-owned plants there, and require separate handling.

As for Koreans, "they're very good listeners," we were told by one informed observer. They feel they're as entitled to fair share of U.S. color import market as anyone else, but because they're new to field they don't have historic claim. Korea provided less than 2% of color imports in 1974-6, just 4% (93,000) last year, but are grabbing off better than 10% this year, and shipments could top 250,000, which would be about

2-3% of total U.S. market. Koreans likely will settle for something less, but are likely to want quota based on total U.S. market rather than import market, so they won't be penalized if Japanese increase U.S. production and cut back on exports.

Canada is complicating factor. It's supplying nearly 8% of imports this year—mainly from RCA & Panasonic plants—and Koreans think Canada should be included under quota umbrella. As for Taiwanese, they won't go along voluntarily unless Koreans do. It boils down to more talks in Washington, probably in mid-Nov., possibly preceded by visits to Taipei & Seoul by U.S. trade team near end of this month.

Japanese color set makers, meanwhile, are urging their govt. to pressure for reversal of Treasury's decision to have Customs use TV dumping duty assessment system based on home market values calculated from 15% commodity tax collected on sets sold in Japan (Vol. 18:39 p9). In addition to substantially higher duties if decision isn't reversed, they fear same assessment procedure would be followed if dumping complaints on other consumer electronics are filed & upheld. Japan's MITI has promised to continue direct effort to persuade Treasury and indicated it might file formal objection with GATT, international trade regulation agency.

COLOR SALES HEADED FOR 10.3 MILLION: Although some TV makers are sticking to 9.5-9.8 million forecasts for 1978 color set sales to dealers, we think momentum (with 7,232,291 sets sold in 3 quarters) is too strong to permit plateau or decline in 4th-quarter sales. If year's final quarter sees increase of just 6% over last year's record pace, total should come in at 10.3 million. That's just about where we think it will end up, and we see higher figure more likely than lower. Here's why—

Mathematically: Abrupt tail-off just isn't in wind. Record sales for year are assured—4th quarter would have to be more than 30% below last year's 2.9 million for full year's sales to dip below 1973 record of 9,263,500; even to hit 9.5 million they'd drop 22%. If 4th-quarter sales just match last year, total will be 9.8 million. Color's going rate in record Sept. was 9.3% above same 1977 month; if this increase continues through 4th quarter, total sales will be 10.4 million.

Of year's first 9 months, 8 established new records, most previous records having been set in 1973, although April & June highs, set in 1977, were easily surpassed. Oct. & Nov. records were established last year, too. Of the 39 weeks in first 3 quarters, 32 established new weekly records, climaxed by highest week in history for 39th. It's curious fact that 39th week usually gives clue to final quarter's sales; in last 12 years it has averaged to just about 10% of sales of upcoming quarter. If 1978 follows this pattern, sales will be exactly 10.5 million.

In terms of inventories: At current sales pace, inventories are at extremely safe 10-week supply at factory-plus-distributor level. There's no accumulation which would serve as warning signal that sales were going to tail off. At the 2 levels, end-of-Sept. stocks stood at slightly over 2.5 million units, down 0.7% from year earlier. Factory inventories at just under 1.5 million were up 5.2%, but distributors held only slightly over 1 million sets, down 8.4%. During Sept., factory inventories dropped 0.2%, distributors' 1.2%, for total decline of 0.6%.

Movement at retail: Preliminary tabulation of our Early Warning Report (EWR) retail survey for Sept. indicates good movement for month with healthy increase over last year. Subscribers to our monthly EWR will get further details of Sept. business in mail early this week. (EWR has been accurate barometer of retail trends in TV, stereo & VCR; subscription information available at our offices.)

Sales in first week of 4th quarter gave little clue as to what will happen rest of year—at 214,568, they were just 12 sets below those for same 1977 week. Neither week set record, incidentally; high for year's 40th week (219,173) was established in 1972.

EIA sales-to-dealers figures for Sept. show black-&-white TV increases over last year outpacing those of color for 3rd consecutive month. Radio sales continued apparent slump which started last April; figures this year show them down to 1975-76 levels, considerably below last year and 1973-74 pace. And magnitude of VCR's Sept. blast-off is best illustrated by fact that the single month's sales to dealers were greater than those for entire first quarter. (For 9-

month TV-radio figures, see State of the Industry.) Here's Sept.:

Product	Sept. 1978	Sept. 1977	% change	Sept. 1976
Total TV	1,876,071	1,686,859	+11.2	1,389,916
color.....	1,208,170	1,104,941	+ 9.3	861,063
monochrome.....	667,901	581,918	+14.8	528,853
Home VCR.....	56,759	--	--	--
Total radio.....	4,795,031	7,765,263	-38.3	4,837,132
home, portable.....	3,494,806	6,524,584	-46.4	3,487,868
AM-only	719,345	1,559,217	-53.9	1,462,353
FM & FM-AM	2,775,461	4,965,367	-44.1	2,025,515
auto.....	1,300,225	1,240,679	+ 4.8	1,349,264

First consensus forecast of 1979 TV set sales comes from Eggert Economic Enterprises, headed by Robert Eggert, once RCA's top economist. Based on "published reports and personal contact with 10 economists from leading electronics firms, publishers, suppliers & financial analysts during early Oct. 1978," Eggert puts next year's color sales at 9.4 million, including 2.4 million imports, 300,000 exports, 7.3 million domestic production. B&w sales are placed at 5.3 million. Thus, figures indicate 8.7% decline from expected 10.3 million color sales, 14.5% dip from 6.2 million b&w.

FCC LOOKS TO 900 MHZ: Now that dust from 1977-78 CB industry collapse has about settled, FCC is ready to look into opening of 900-MHz band for personal communications. Acting on recommendation of Safety & Special Radio Service Bureau, FCC last week ordered staff to prepare notice of inquiry. Notice should be released in Jan.; full proceeding, if one is started, will take 2-3 years. Move was forecast here 2 years ago (Vol. 16:48 p7).

Idea isn't quite as bizarre as present state of CB business would make it seem. Though sales are down some 60% from last year and are running about 80% behind those of boom 1976, there'll still be some 3-4 million sold this year, and license applications to FCC are running at about 100,000 monthly.

Despite business falloff, problems of overcrowding in 27-MHz CB band, interference to TV from CB and to CB from sunspots, haven't gone away. Bureau feels hundreds of clear channels available at 900 MHz will help. Transmitter power for new service hasn't been decided; FCC feels 4-watt mobile unit would have 10-15-mile range, while base station could cover 20-25 miles. There's possibility FCC would authorize use of repeaters to increase range, but interconnection to phone lines seems out of question at this time.

EIA bylaw change to allow membership in Consumer Electronics Group by companies which don't manufacture in U.S. will be considered by CEG & EIA boards at fall conference in L.A. Along with new dues structure, proposal is designed to permit CEG to expand audio membership. Expansion of Audio Div. into 3 or more sections—including compacts, components & auto sound—is envisioned if change attracts large number of audio firms.

Sharp acknowledged it has decided to build color TV plant in U.S., but top official of U.S. marketing arm said our report company had settled on Memphis site was "premature" (Vol. 18:41 p9). Sharp is still reviewing location options, expects to make announcement "within several months," he told us.

Rockwell is negotiating with at least 2 groups interested in purchasing Admiral name for TV, with no agreement in sight. It's understood Rockwell at least initially is asking \$5-\$6 million, which bidders consider too high. It's not even foregone conclusion Rockwell will sell at all. One bidder is believed to be GTE, which couldn't be reached at press time for comment. Another is group of independent Admiral distributors (Vol. 18:40 p8). Sale of Taiwan plant to Herbert Kabat is still pending the unscrambling of some legal problems, could come this week.

Japan video notes: JVC plans to double production of home VCRs to 50,000 monthly by next March. Japanese sales of home VCRs are expected to reach 500,000 this year, up from 300,000 in 1977... Hitachi has developed single-chip MOS pickup for home color camera, as opposed to 2- & 3-chip CCD systems developed by others. Company hopes to have camera weighing 1.5-2 lb. and costing no more than super-8 film camera in 2-3 years... Combination 19" color console and VCR will be marketed in Japan in mid-Nov. by Hitachi.

CBs in operation are mostly 23-channel mobile units (64%) with other largest group being 40-channel mobile units (20%), FCC study shows. Twelve percent are 23-channel base units, 3% are 40-channel base units. FCC study, based on survey of 851 CB licensees, says there are 19-21 million CBs in use. On average, CB licensees own 1.5 units.

Court-ordered return of material seized in FBI raid on Houston's Televideo (Vol. 18:41 p13) excluded allegedly illegally made copies of TV shows & movies. These were retained by U.S. Atty. Gen.'s Office, are expected to be used as evidence to support piracy charges.

Chrysler's 3,400-dealer Video Marketing Communications Network will use Sony Betamax equipment. Details will be announced this week at Video Expo in N.Y.

SOFTWARE WOES: These are difficult times for videocassette software industry—it isn't easy getting started in young business, as these stories illustrate:

(1) Visiondisc Corp. is N. Y. company formed by Charles & Vivian Arden to tape music & entertainment for original release on videocassettes & videodiscs. Some of its first tapes, acts at N. Y. disco Les Mouches and rock star Todd Rundgren, received favorable notices in first videocassette reviews in Stereo Review. Visiondisc claims 78 retail outlets.

But behind outward optimism lies legal & financial morass. Artists & production people involved in Visiondisc taping projects claim that Ardens defaulted on contract, paid them late or not at all. Rundgren's mgr., Eric Gardner, wants tapes off store shelves: "There are 3 ways he [Arden] broke our contract: One, all Visiondisc's checks bounced, originally. Recently, the session men did receive their money, but it was well outside the 30-day payment period. Two, nothing was supposed to be released without our permission... We never saw any tapes, and no permission was given. Three, our music publishing company was to get the [record] rights, which they never did." Gardner said he has lawyers looking into situation.

Artists & crews involved in Les Mouches taping say they've given up hope of getting paid. Early checks from Visiondisc bounced. Through lawyers, Arden offered them initial \$500 payment on \$13,000-plus bill. Group laughed at offer; its efforts shifted to preventing sale of cassettes by talking directly to retailers. Tactic was working in N. Y.; Harvey Sound has taken Visiondisc product off shelves.

At first, Arden claimed that "everybody has been paid," but now he says that financial backers deserted him and stories are true. He says that he now has more reliable support and is planning 80-machine duplicating facility in Conn. "to meet demand." So far, Visiondisc cassettes have been released in VHS format only at \$30 to \$35 for one-hour shows.

(2) National Telefilm Assoc., L. A. TV syndicator which owns rights to old Republic westerns and other movies, has postponed videocassette distribution until undetermined date in fall, says it has large number of orders. Company reportedly wanted to sell direct to dealers but couldn't set up adequate distribution network. Pres. Bud Groskoph has been unavailable for comment.

(3) Delayed first videocassette shipment by Allied Artists may be just around corner. Company spokesman said shipment, due Oct. 15, definitely will be out by 2nd half of Oct.; spokesman for Bell & Howell, replicators for Allied Artists, says work is on schedule, with most of it finished, and plant is waiting for packaging material. AA says that early-order demand is heaviest for blockbuster, adult & Charlie Chan features.

Hand-held battery-powered record cleaning brush is offered at \$16.95 by Panasonic.

China is seeking IC manufacturing knowhow & equipment, has invited RCA to send executives over for discussions. Team is expected to leave this month. About year ago, in response to similar request, RCA submitted proposal to supply China with color TV tube plant & related technology, but received no official response. Earlier this year, Hitachi & Toshiba said they had won contracts worth about \$240 million for plants to produce color TV tubes & consumer electronics ICs (Vol. 18:30 p9), but China itself has made no announcement. There's no indication whether invitation to RCA has any relationship to those other agreements. Any deal to sell sophisticated electronic equipment to China is subject to approval of COCOM, multinational organization that oversees sale of military-related equipment to communist countries. COCOM hasn't yet ruled on Hitachi-Toshiba sales proposals.

Consumer electronics imports in first half were valued at \$2.06 billion, up 16.6% from same 1977 period, Commerce reports. Total includes complete products, TV chassis & kits. Japan continued as largest supplier, though value total rose just 8% to \$1.19 billion, followed by Taiwan with \$306.4 million, up 35.3%. Korea moved into 3rd place with \$127.7 million, up 39.7%, passing Hong Kong, which dropped to 5th with \$91.4 million, down 6.6%. In 4th place was Mexico at \$111.2 million, up 171.4%. Other leading source countries: U.K. \$71 million, up 19.1%; Canada \$45.2 million, up 139.6%; Brazil \$40.3 million, up 15.6%; Singapore \$29.2 million, up 37.8%; W. Germany \$17.3 million, up 46.6%.

Expanded schedule of product conferences & retail workshops will be featured at Jan. 6-9 Winter Consumer Electronics Show. Sessions will be held 8:30-10:30 a.m. and 2-6 p.m. Jan. 6 & 7, with shorter schedule Jan. 8 & 9. Product conferences will discuss personal communications, telephone devices, audio systems, auto sound, TV, video systems, computers, games, calculators, watches, esoteric hi fi. Retail workshops: Advertising & sales promotion, in-store display, sales training, inventory control & sales analysis.

Japanese watch output rose 18.2% this year to just under 24.2 million, Japan Clock & Watch Assn. reports. Mechanical watch production rose 3.5% to 15.4 million, while electronics were up 58.2% to 8.76 million. Within electronic classification, digitals climbed 50.6% to 3.89 million, analogs up 64.9% to 4.87 million. JCWA said 2.23 million digital & 1.83 million analog electronic watches were exported.

Quasar extends warranties to full year parts & labor for all color sets in special Sept. 15-Dec. 1 joint factory-distributor financed promotion. Simultaneously, company is running \$1-million retail salesman incentive program, with cash, bond & merchandise prizes.

Nakamichi's 2nd stereo receiver has non-varactor auto-tuning, is priced at \$850; new \$650 cassette deck has cueing feature, remote-control option, new head & transport technology. Both are set for Nov.

METAL TAPE PROGRESS: One of prime topics at Japanese Audio Fair in Tokyo last week was introduction of metal tape. No "official" industry standards have been set, but 3M went ahead with announcement that joint venture Sumitomo 3M will be marketing its Metafine tape in Japan by Dec. 3M thus fulfills promise last spring (Vol. 18:23 p7) to have metal tape on market this year—but in this case "market" turns out to be Japan. 3M says delay in appearance of tape here has been due to lack of hardware, but Japanese hardware manufacturers have been saying they can't come out with decks till tape standard has been adopted. Norwegian deck manufacturer Tandberg, which showed first metal-tape deck, says it was forced to delay production until next spring due to lack of software here.

But deadlock appears to have been broken. At least 3 Japanese firms—Toshiba, JVC, & Lux—showed Metafine-compatible decks in Tokyo for marketing in Japan by year's end. Both Fuji & TDK are ready to produce quantities of metal tape close to 3M formula for sale in Japan this year.

These developments have upset some manufacturers waiting for industry standards. ITA standardization roundtable discussion in N.Y. was inconclusive. Sony, Matsushita & Pioneer don't want to market hardware until standards (most important variables are coercivity & retentivity) are adopted universally. At N.Y. press conference last week, Etsuro Nakamichi urged restraint in marketing metal tape. Nevertheless, Nakamichi plans to have metal-tape deck out by next spring.

3M strategy may be to use Japan as giant test market, forcing Japanese hardware manufacturers to come out with Metafine-compatible products, thus establishing Metafine as de facto industry standard. Once product has foothold in Japan, whole industry can easily be imported back to U.S. Says 3M's Don Rushin: "I don't see a standardization problem. Our hardware OEMs set the tone—1000 oersteds coercivity."

JVC plans Nov. 21 N.Y. news conference to show new deck, which probably will be available in U.S. by March. Lux will show metal-tape deck at Jan. CES, available in U.S. "by March, at the latest," according to Vp Jerry Kaplan. Only Toshiba is unsure when it will bring deck to U.S. Tandberg will have kit available in Jan., to convert Model 340 cassette decks to metal tape capability. These hardware developments make 3M optimistic it can market metal tape here by Feb. or March. Company is believed to have large quantity of Metafine (all produced in U.S.) not only for sale in Japan through Sumitomo 3M, but for U.S. market as well.

Electrochromic watch displays (Vol. 15:7 p12) may finally be coming to mass market next spring when Sharp expects to offer line of them. Electrochromic displays use metallic chemicals which change to dark color (Sharp's are blue) when voltage is applied. Once changed, they retain color until voltage is reversed. They have considerably higher visibility than LCDs because image is non-directional. They're considered cost-competitive with LCDs, may not be fast enough for calculators.

Consumer Electronics Personals

Darrell Bade promoted at RCA Sales from TV mdsg. vp to mktg. operations vp in realignment; **James DeVoe** moves from ad & mktg. services vp to ad & mdsg. vp; **Marvin Kramer**, former retail mdsg. vp, now sales vp; **Arnold Valencia**, Canadian sales operations vp, adds responsibility for warranty programs; appointment of **Jerry Huffman** as international sales vp was announced earlier this month... **Edward Wennerstrand** promoted at Audio Dynamics from vp-gen. mgr. to pres.; post at BSR subsidiary had been vacant.

Robert Doyle promoted at GTE Consumer Electronics from TV design mgr. to product design mgr... **Leslie Brettman**, a former national account mgr., promoted at Quasar to national accounts sales mgr. with added responsibility for private-label & specialty industry sales; **Richard Verch**, ex-Sharp, joins as SE region mgr... **Paul Dotray**, ex-3M, named gen. mgr. of M/B&H Home Video, videocassette manufacturing venture of Memorex & Bell & Howell.

Michael Ross, recently named Philco ad & sales promotion mgr., was formerly asst. to Jeff Keller, who continues as Sylvania ad & sales promotion mgr.

Thomas Mitchell appointed Commodore Business Machines consumer products gen. mgr., assuming responsibilities formerly handled by Pres. **Jack Tramiel**; **Dennis Barnhart**, ex-Microelectronics, named mktg. vp; **G.M. O'Neil**, ex-Intersil, appointed personal computer mktg. & sales dir.; **Philip Conklin**, sales & calculator national sales mgr., & **Adrian Byram**, computer software mgr., have resigned... **Irving Cooper**, ex-Intel Microma Div., joins Sun Electric as gen. mgr. of Consumer Products Div. (auto test equipment)... **Richard Lemke** promoted at Ball Electronic Display Div. from east region sales mgr. to national sales mgr., new post... **John Clay** advanced at Litton Microwave from national ad mgr. to consumer ad dir.; **James Shorr** promoted from mktg. communications dir. to mdsg. dir... **Donna Liotto**, ex-Woman's Day, joins Panasonic Home Appliances Div. as sales training promotion specialist.

Thomas Cowen advanced at Quasar from Denver region sales mgr. to vp-gen. mgr. of Quasar Sales Inc., in Indianapolis... **Jack Somber** resigns as Lloyd's N.Y. metro sales mgr... **Leon Davis** promoted at Astatic from international mktg. mgr. to gen. sales mgr. for domestic & foreign sales and Commercial Sound Div. mgr. and named to board... **Tim Bailey** appointed Gusdorf S. Texas district sales mgr.

William Schmitt appointed Sylvania Parts Div. East District mgr.; **Harold Martin** named for Mid-Atlantic, **Gary Candrea** for Midwest, **Garry Ettinger** for West... **Michael Callahan**, ex-Motorola Semiconductor, joins Monolithic Memories as fabrication operations vp... **David Deardorf** advanced at Raytheon Semiconductor to IC operations dir.; **John East** appointed LSI operations mgr., succeeding Deardorf; **Steve Fry** replaces East as digital IC operations mgr.

Sidney Harman, former Harman International chmn., resigns as Commerce Undersecy., Dec. 1, to join Aspen Institute for Humanistic Studies.

WEEKLY Television Digest

with
Consumer Electronics . . .

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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
CBS			
1978-9 mo. to Sept. 30	2,302,700,000 ^a	141,600,000 ^a	5.11
1977-9 mo. to Sept. 30	1,979,200,000	131,600,000	4.68
1978-qtr. to Sept. 30	807,100,000 ^a	48,500,000 ^a	1.75
1977-qtr. to Sept. 30	669,900,000	43,700,000	1.57
Electro Audio Dynamics			
1978-year to July 29	67,886,000 ^b	2,522,000	1.21
1977-year to July 30	56,156,000 ^b	(1,495,000)	--
GE			
1978-9 mo. to Sept. 30	14,250,100,000 ^a	866,100,000 ^a	3.80
1977-9 mo. to Sept. 30	12,795,000,000	755,800,000	3.33
1978-qtr. to Sept. 30	4,842,900,000 ^a	298,900,000 ^a	1.31
1977-qtr. to Sept. 30	4,438,700,000	268,500,000	1.18
Koss			
1978-year to June 30	23,506,803	696,721	.42
1977-year to June 30	17,973,659	29,588	.02
1978-qtr. to June 30	5,774,459	45,653	.03
1977-qtr. to June 30	4,366,730	(131,043)	--
Owens-Illinois			
1978-9 mo. to Sept. 30	2,299,012,000	79,555,000	2.70
1977-9 mo. to Sept. 30	2,093,263,000	74,409,000	2.53
1978-qtr. to Sept. 30	788,098,000	27,490,000	.93
1977-qtr. to Sept. 30	726,094,000	23,798,000	.81
Raytheon			
1978-9 mo. to Oct. 1	2,385,331,000	112,387,000	3.62
1977-9 mo. to Oct. 2	2,071,253,000	82,588,000	2.68
1978-qtr. to Oct. 1	781,499,000	40,794,000	1.31
1977-qtr. to Oct. 2	696,874,000	30,067,000	.97
RCA			
1978-9 mo. to Sept. 30	4,796,000,000	203,200,000	2.66
1977-9 mo. to Sept. 30	4,267,500,000	181,500,000	2.37
1978-qtr. to Sept. 30	1,679,900,000 ^a	70,000,000 ^a	.92
1977-qtr. to Sept. 30	1,464,600,000	62,900,000	.82
Sanyo Mfg.			
1978-9 mo. to Aug. 31	144,864,000	1,968,000	.45
1977-9 mo. to Aug. 31	45,456,000	437,000	.10
1978-qtr. to Aug. 31	44,711,000	610,000	.14
1977-qtr. to Aug. 31	22,922,000	196,000	.04
Starr Bcstg. Group			
1978-year to June 30	35,798,683	265,649	.17
1977-year to June 30 ^c	33,387,442	2,152,866 ^d	1.50
United Cable TV			
1978-qtr. to Aug. 31	6,427,000	765,000	.37
1977-qtr. to Aug. 31	4,907,000	382,000	.20
Video Corp. of America			
1978-year to June 30	6,543,000	(12,000)	--
1977-year to June 30 ^c	5,363,000	698,000 ^d	.69

Notes: ^aRecord. ^bFrom continuing operations. ^cRestated. ^dIncludes special credit.

RCA, SMC RESULTS: Soaring sales don't mean rising profits in competitive color TV business, as evidenced by falloff in net from color operations indicated both by RCA and Sanyo Mfg. Co. SMC is U.S. color producing subsidiary of Japan's Sanyo Electric.

RCA reported record corporate sales & net for 3rd quarter & 9 months (see financial table), including increases from consumer electronics products & services. But earnings from TV "were under pressure as a result of the industry's cost-price squeeze," company said. Home VCR business was profitable, and RCA continued as industry sales leader. RCA said color tubes showed increased earnings with help of exports & foreign production and cited improved performance for RCA Records & RCA Service Co.

SMC said that while 3rd quarter (to Aug. 31) sales nearly doubled and net tripled from same 1977 period, results were off 20% & 14.3% respectively from preceding quarter. SMC said there was declining demand for its products—presumably from Sears which is main customer—but that cost control programs, production efficiencies "and anticipated price increases which did not fully materialize" minimized impact on net.

Sales slowdown is expected to continue, and SMC is planning selected layoffs of production workers, extended Thanksgiving & New Year holiday & inventory shutdowns to reduce inventories. Starting Sept. 1, supply contract with Sears was changed so that goods are sold as shipped, rather than as produced. Expected result of billing change will be loss & lower sales in 4th quarter, though SMC should show profit for full year to Nov. 30. SMC is negotiating for \$20-million loan from parent which will

be used temporarily to finance finished goods inventories. SMC also announced it plans to start production of 13" color early next year. Currently it makes 19" & 25" models.

Emerson Radio holders approved proposal requiring vote of 80% of shares for certain mergers, acquisitions & other corporate transactions, rather than simple majority of quorum. Bylaw change is intended to block unfriendly takeover attempts. Emerson board approved 3-for-2 stock split, and company indicated it expected to report 6-month net (to Sept. 30) nearly doubled to about \$1.5 million on \$10-million sales gain to \$32.9 million.

WEEKLY

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OCTOBER 23, 1978

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Broadcast

TOUGH TALK FROM HOLLINGS to broadcasters at NAB Atlanta conference. He wants congressional guidelines for children's TV, attacks large group owners. White hits increased FCC regulation. Durkin & Quello featured in Chicago. (P. 1)

MAJOR FCC DE-REG MOVE in staff instructions for radio experiment—deleting commercial, news & ascertainment requirements in major markets. Proposal due back in 2 months. (P. 3)

SCOPE OF NETWORK INQUIRY: FCC will take 2 years, go into everything it can think of, issue proposed new policies from time to time. (P. 3)

THURSTON VS. VAN DEERLIN: NAB chmn. responds to criticism of NAB by Van Deerlin. Thurston 'resents' Van Deerlin's comments at NRBA. Rep. Broyhill defends rewrite. (P. 4)

FCC TO JOIN WESH-TV APPEAL, although 3 commissioners aren't happy about it. Fogarty says Court language isn't binding. NAB calls group owners together for strategy session. (P. 4)

PUBLIC BCSTG. LIKES NEW BILL: New public broadcasting legislation better than once perceived, leaders say. Grossman 'can live with this,' Mankiewicz thinks bill is 'terrific,' Herndon 'encouraged.' (P. 5)

Consumer Electronics

MAGNAVOX VIDEODISC introduction seen coming Dec. 15 in Atlanta, based on evidence at ITA. Price may be around \$600, discs \$16 & below. (P. 7)

MOVIE MAKERS eye video, indicating they don't want to be excluded from profit opportunities but fear piracy. Software manufacturers seen taking more responsibilities. (P. 8)

'FLAT-SCREEN' PROJECTION TV and VHS players being installed by Bell & Howell in airliners. Company forecasts home unit next year within \$2,000 range. (P. 9)

SOFTWARE EXPLOSION at Video Expo stresses porn, but Video Tape Network adds unique catalog. RCA extends 'film festival' promotion. Fotomat entering software market next year. (P. 10)

COMPACT SEES IMPORTS of color TV rising 23% to record 3.36 million in 1979 if U.S. fails to impose limits. (P. 10)

BIGGEST BETA SALE involves 4,000 MPU players being supplied by Sony to Chrysler network (P. 10)

EARNINGS REPORTS from Magnavox, Zenith & GTE reflect continued profitability problems in color TV. (P. 11)

ROUGH TALK FROM HOLLINGS: Some 280 broadcasters listened in silence Oct. 16 at NAB fall conference in Atlanta as Sen. Hollings (D-S.C.), chmn. of Senate Communications Subcommittee, expanded on his "renovation" plans for Communications Act (Vol. 18:42 p1)—and audience didn't like most of what it heard. FCC Comr. White, on other hand, warned broadcasters that Commission repeatedly is adding regulations "despite the well-reported rhetoric about a deregulatory direction at the FCC" and President's pledges for less regulation.

Hollings generally took anti-industry positions on such issues as Sec. 315 & fairness, children's programming & advertising, fees, renewals, group ownership (including an ad-libbed attack on GE-Cox merger [Vol. 18:41 p1]), and for N.J. & Del. to have VHF stations to provide "equal protection under the law."

Most chilling to broadcasters, many of them told us, was Hollings' pledge to hold hearings on children's TV "to see where we can set some guidelines." He said questions & problems go beyond scope of FTC's well-publicized inquiry and "are an appropriate area for congressional oversight. I am more concerned with rotten minds than with rotten teeth. I challenge you to come in with a better response than that TV viewing is the parents' responsibility."

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He said Communications Act should "be renovated, not replaced. The FCC has not been the best regulator, but its mandate should be revised, not uprooted. . . To eliminate 4 decades of case law would destroy rather than create." He said fairness doctrine "does not stifle robust debate. Rather it guarantees that there will be debate."

Prime sponsor of 1974 renewal bill that passed both houses and died in conference, Hollings said "on reflection, my original 1974 proposal was over-broad. Its effect would have been to ensure renewal of a license with too little regard for performance. . . On another critical point, a [spectrum] user fee is in the public interest and consistent with your public trust. . . The amount of the fee should relate to the value of the public resource. . . a fair measure of worth for the spectrum you, and other users, occupy." He also said fees should be used to support public broadcasting—strongly opposed by commercial broadcasters on grounds public TV-radio are competitors.

(Note: Hollings said plans of Sen. Schmitt [R-N.M.] to submit amendments to Communications Act didn't influence him and had nothing to do with his own "renovation" ideas—as had been reported [Vol. 18:42 p1]. Hollings told us he decided last May he would introduce selective amendments to Act next year and had waited until what he thought was proper time to go public—which he did 10 days ago at USITA convention, also in Atlanta.)

Without exception, broadcasters who would comment were critical of Hollings. "His speech was chilling and in some areas offensive," said Gray Communications Vp Raymond Carow from NAB platform. Added S.C. broadcaster: "It was the worst goddamned speech I ever heard from a politician."

Now, back to lame-duck Comr. White: Citing recent FCC proposal for a "massive" spectrum fee, efforts to "restructure the broadcast industry and a trend towards greater program regulation," she charged that "at a time our elected leaders and the public itself are pleading for less government regulation, the FCC is marching to a different drummer. . . Contrary to recent suggestions, the greatest threats to the independence of the broadcast media come from the Commission itself. . .

"They come from those who extol the virtues of the free marketplace in the same breath that they denounce the profit motive, who vow to protect your programming independence as they attack your programming judgments, and who then question your principles and credibility." White also hit "growing obsessions [to] prevent or break up broadcast ownership combinations of all kinds," said govt. attempts to promote diversity through "arbitrary lines. . . can have the opposite effect."

Referring to Chmn. Ferris's speech at IRTS (Vol. 18:39 p2)—but not by name—White noted: "You, the broadcasters, recently were castigated for inadequate political coverage in 1976. That's a little bit like telling a man to jump rope after you've tied his hands behind his back. The time has come to loosen the ropes to give broadcasters the editorial discretion to cover politics with depth and flexibility in future campaigns. . . But, I am convinced that broadcasters will need to turn to Congress for the deregulatory relief which is unlikely to be forthcoming from a Commission increasingly out of step with the President's pledges."

At NAB conference in Chicago (also last week), Sen. Durkin (D-N.H.) hit "un-elected bureaucrats" who are making "too many decisions" through regulation that Congress should make through legislation. On House rewrite plans, he said "from the Senate side, it'll be far from the final word"—appearing to support plans of Hollings. Without being specific, he was critical of regulatory agencies "and senior members on the Hill who continue to scratch each others backs."

Also in Chicago, which attracted 231 broadcasters, Comr. Quello said: "There is no doubt that the Cowles decision [see p. 4] lends a new urgency for broadcasters to seek legislative relief and direction. It's practically an incitement to a new call to arms, both legislatively and judicially." Quello repeated his proposal for a 3% of gross TV spectrum fee, 2% for radio, in return for same First Amendment freedoms that newspapers enjoy.

MAJOR RADIO DE-REG MOVE BY FCC: "It seems kinda silly" to have standard requiring radio stations to program minimum of 6% non-entertainment and then renew station which proposes only 3.4%, FCC Chmn. Charles Ferris said last week. As result, Commission plans experiment which would remove all commercial and program-type restrictions, along with ascertainment requirements, on radio stations in major markets.

Action came last week when agency was considering renewal of 4 FMs which proposed less than 6% "non-entertainment programming." Two were renewed, 2 were asked for more information. FCC's 6% non-entertainment standard is meant as flag (as is restriction of no more than 18 min. commercials per hour on regular basis), and staff is instructed to bring such stations to attention of full Commission. Comr. Quello said: "We're telling the public they're going to get news whether they want it or not" in requiring all stations to air news & public affairs. Comr. Fogarty, on other hand, said that if listeners want wall-to-wall music, they should buy cassettes, that all stations have obligation under public interest standard to provide news & public affairs.

Staff was instructed to return to FCC within 2 months with proposal to eliminate "rules and procedures and processing guidelines" on amount of informational programming required, limits on commercials and ascertainment of community needs in "one or more markets with a large number of radio signals."

Several months ago, FCC ordered hearing on renewal of WQAL(FM) Cleveland because station proposed less than 6% non-entertainment programming. Case still is pending before Commission judge, although Bcst. Bureau has recommended—and station has agreed to accept—summary decision recommending short renewal without hearing.

SCOPE OF NETWORK INQUIRY: FCC embarked on "Further Notice of Inquiry" into networking—planned to take 2 years—to mixed notices. Said one broadcaster: "It's an intelligent kind of thing for them to do." From a program supplier: "Biggest pile of bull I've ever seen." Inquiry will examine 4 main topics:

(1) What should FCC do about regulating network-affiliate practices? (2) Same for network-supplier practices. (3) What are prospects for more conventional networks? (4) Same for "additional forms of networking using new technologies or financing methods."

From time to time, FCC said, it will pull out proposed alternative policies and ask parties to comment on them. Commission plans to go into just about every angle it can think of—station & network profitability, compensation, allocations, interconnection, UHF, contracts, production, syndication, previewing, clearance, exclusivity, reruns, network-owned stations, etc.

Charging "coercion" & "duress," Allen Gilliland has asked Cal. court to invalidate agreement made with citizens' group in sale of KNTV San Jose to Landmark Communications. Philip Jacklin, on behalf of Committee for Open Media, had protested renewal of KNTV on grounds Gilliland (Gill Cable) also owned CATV system in San Jose. Gilliland subsequently sold station to Landmark (transfer was consummated last month), Jacklin had threatened to protest sale. As consequence, according to Gilliland, he agreed to pay Community Media Center \$202,000 in settlement agreement. Community wasn't party before FCC, which didn't have settlement agreement before it at time transfer was approved. Now, Gilliland has asked court to dismiss agreement.

FCC & HILL ON NAB'S MIND: When public educational broadcasters come to NAB convention in Washington Oct. 29-Nov. 2, they'll be looking toward Capitol Hill & FCC—where public broadcasting system may get considerable shakeup.

Sessions are planned on FCC inquiries into funding and underwriting of programs, multiple ownership of stations, eligibility of institutions as licensees and new FM table of assignments.

Also planned is session on constitutional issues of recently-passed public broadcasting bill, discussions on such questions as "do special EEO rules, accounting procedures, salary caps and the like unconstitutionally involve the govt. in station operations?"

Theme of convention at Sheraton Park Hotel is "Making Diversity Work," and some 2,000 people are expected. Keynoting convention Oct. 29 is FCC Chmn. Charles Ferris. Luncheon Oct. 31 includes panel with top communications staffers on Hill, FCC Comr. Brown, NTIA head Henry Geller.

"Diversionary tactic" of Vue-Metrics has resulted in FCC affirming Judge Joseph Stirmer and dismissing Vue-Metrics application for pay-TV operation on Ch. 57 Philadelphia. Stirmer had ordered applicant to submit financial data; instead, FCC ruled, Vue-Metrics attempted to amend application. As result, judge dismissed Vue-Metrics, granted application of Radio Bcstg. Co. Said FCC: "Vue-Metrics' attempt to divert the course of the proceeding into channels more agreeable to the private interest of its financiers rather than comply with the judge's order was not an effort the judge was required to indulge, even temporarily."

FCC staff will hold public meeting Nov. 1 on refund program of fees over \$20 (Vol. 18:40 p5) at GSA auditorium, 18th & F Sts., Washington.

THURSTON VS. VAN DEERLIN: NAB Chmn. Donald Thurston took offensive last week and attacked Rep. Van Deerlin (D-Cal.), Communications Subcommittee chmn., who strongly criticized NAB for its stand on rewrite (Vol. 18:39 p1).

"I really resent the inference that I'm leading the radio broadcasters of this industry in a manner contrary to their best interests," he said. "I am a radio broadcaster... radio only, and I have been for 29 years. In all my years of high level NAB involvement, I have never felt specific TV pressure to alter a stand which I might otherwise have taken as a radio broadcaster. Unlike the Subcommittee, the NAB position on the rewrite does not hold out false promise."

And he said Van Deerlin "says we're different in order to gain political points, but he treats us with one bill because he knows we are one industry. He'd like to seduce the radio industry with false promise in order to be able to do his will on TV. If there is a genuine desire to deregulate radio and I believe there is throughout the bill, then Chmn. Van Deerlin should deliver a bill all radio broadcasters can judge on its own merits. Then and only then will you find where the real support lies."

Thurston also said that "if, occasionally, the NAB appears to be arguing for the status quo, it is because we honestly believe the system, as it has evolved, has accommodated new technologies and has worked to the best interest of the public."

Defender of Van Deerlin last week was Rep. Broyhill (R-N.C.), who may replace outgoing Rep. Frey (R-Fla.) as ranking minority member on Communications Subcommittee. Speaking to N.C. Assn. of Bcstrs., Broyhill said: "I've heard the arguments being made that radio and TV interests are being treated differently and the reason behind this is to drive a wedge between the radio & TV people in the [NAB]. This is untrue. Frankly, we've got to recognize there is a tremendous difference between radio & TV. Further, it is a political fact that going as far in deregulating TV as we would like is simply not possible at this time. Frankly, I think we're most fortunate to achieve the level of deregulation for the broadcasting industry that we have in the rewrite."

Granddaddy of citizens' participation cases at FCC—WLBT (Ch. 3) Jackson, Miss.—may be settled soon. Four competing applicants have agreed to merger in which blacks will own 51%. Civic Communications will get 30%, Dixie National Bestg. & Jackson TV 25% each, Channel 3 Inc. 20%. Board will be composed of 4 blacks, 4 whites; if members can't agree on issue, it will go to arbitration by 3-person board composed of representatives of United Church of Christ, NAB & National Arbitration Board. Black stockholders will be prohibited from selling for specified time, as yet undecided, except to other blacks. William Dilday will remain as gen. mgr. Station has been in interim operation since 1971 after D.C. Appeals Court remanded FCC renewal in 1969 because of programming & employment discrimination. Originally, FCC had ruled protesting citizens didn't have standing; Court said they did.

FCC TO JOIN WESH-TV APPEAL: Although 3 commissioners aren't happy about it, FCC will join WESH-TV Daytona Beach in asking en banc D.C. Appeals Court to reconsider remand of station's renewal and denial of competing application (Vol. 18:40 p1). Chmn. Ferris & Comrs. Fogarty & Brown had sought rehearing only on portions of decision which "could be viewed as limiting the discretion of the Commission in comparative renewal cases," according to FCC press release. Other 4 commissioners wanted reconsideration of total decision—which broadcasters & lawyers feel will make it hard for incumbent licensee to win renewal over competing application.

Dissenters, reportedly, were concerned only about Court language which said: (1) Past record could favor incumbent only if Commission ruled it was "superior." (2) FCC would have to consider diversification of mass media, in cases of multiple and/or newspaper owner, in comparative renewal hearing.

In separate statement, Fogarty said: "I believe the Court's holding is essentially correct—the Commission in this comparative renewal proceeding simply failed to articulate a sufficient rationale for its decision... I would have joined the Commission in seeking... a clarification of certain language... which might be interpreted as unduly restricting the Commission's discretion... However, I believe that the language of the Court's opinion which is most troubling... may be regarded properly as advisory dicta, rather than holding and thus binding on future Commission action... Rather than further diminishing this agency's litigational stature with the Court, we should immediately institute an expedited inquiry into our comparative renewal standards & policies designed to bring clarity and certainty to our process."

Meanwhile, NAB (which is expected to file amicus in case) hosts Oct. 24 Washington meeting of more than 20 group-newspaper owners and their lawyers to discuss WESH-TV. One subject will be possible trade-offs in rewrite bill, in exchange for renewal stability.

Media ownership symposium, to be held by FTC Dec. 14-15, is being boycotted by American Newspaper Publishers Assn., which says deck is stacked. NAB hasn't decided whether to send representative. Symposium is for exchange of ideas and fact-gathering on problems of media conglomerates. Unhappy that ANPA had backed out of meeting, FTC Chmn. Pertschuk wrote ANPA: "... The Commission has clear authority to make inquiry into the issue of the competitive conduct and structure of the media... Mindful of the importance of a free press and of the significance of competitive issues in the media, we have undertaken in this instance not a law enforcement investigation, but simply a gathering of information... in order to shed more light..."

FCC has refused license renewal to WXPN(FM) Philadelphia because of consistent failure of licensee (U. of Pa.) to exercise control over students who operated station (Vol. 17:15 p3). At same time, Commission will tell University that it may reapply immediately, waiving requirement that stations which lose licenses must wait year to reapply.

PUBLIC BCSTG. LIKES NEW BILL: President Carter was due to sign into law new Public Telecommunications Act of 1978 (Vol. 18:41 p6) this week, and leaders of major public broadcasting institutions were whistling generally positive tunes. Bill was passed by both House and Senate several weeks ago, almost a year after President Carter first proposed measure.

After Carter proposed bill, House & Senate produced own bills, some provisions outraging some at PBS and at stations. Bill finally approved is viewed as far less painful for public broadcasters than original congressional version.

"The way the bill now reads... all of us can live with this quite readily... Compared to what the language was, this is quite palatable," PBS Pres. Lawrence Grossman told us. Grossman said he's disturbed about provision putting limit on top salaries of CPB, PBS & NPR employees. "It's not personal, but the principle involved," he asserted. He said that Congress, by imposing provision, is suggesting "that private organizations are pseudo-govt. organizations."

Grossman acknowledged that PBS's lobbying effort against provisions it didn't like weren't well received on Hill (many congressional staffers thought PBS arrogant). Despite this, Grossman said "efforts to let the Congress know how our system works turned out to be very salubrious."

NPR Pres. Frank Mankiewicz was elated. "I think it's terrific," he said. "We're very pleased with it. I'm pleased with the reduction of the match, the levels of funding are up, the intrusion of govt. is minimal and most important it establishes some firm level for radio. It gives us a minimum of 25% for facilities and calls on CPB to distribute operating funds at the same level... It's a larger share of a larger pie... For the first time in history of public broadcasting, the President & Congress are clearly committed to [NPR's] well being."

CPB Chmn. Lillie Herndon had this comment: "I am pleased by what I perceive to be a growing interest and commitment to public broadcasting on the part of the House and Senate, particularly the strong guidance shown by Sen. Hollings and Congressman Van Deerlin. I am also encouraged by the continuation of long range financing in this legislation for the next 5 years, coupled with the continuation of 2-year advanced appropriations and the reduction of the non-federal match to 2:1. The bill's strengthening of CPB's leadership role in setting policy and planning is a significant aspect of the legislation."

Robert Sachs, NTIA consultant watching bill for White House, was happy too. "I think we were very satisfied. It embodies almost all the objectives of the President's proposals sent to Congress a year ago... Such as limiting CPB's programming role, assuring more money for program production at the national level, getting CPB to function as a long range planner, putting the facilities program where it could get more attention."

Sourest comments about legislation came from NAEB Pres. James Fellows: "I think this bill still

has serious problems in it. The facilities program, the areas associated with finances, the addition of bureaucratic approaches to EEO. It's unclear why the facilities program had to be moved... This bill is the continuation of the trend of further federal involvement in the system... People shouldn't be misled into thinking this is a terrific bill... I'm happy about the new financial levels, the change in the match, the volunteer services provision. These are all strong points."

PUBLIC TV RATINGS UP: Large-scale ad campaign, new programming plus better press coverage of new PBS shows have led to 14% increase in ratings for prime time in first week of Oct. PBS programming during period, based on overnights for N.Y., Chicago & L.A., garnered average of 1.6 rating with 2.5 share, vs. year-ago average of 1.4 & 2.2 share.

First week in Oct. was PBS premier week, and its officials couldn't be happier. "It looks good," PBS Programming Vp Chloe Aaron told us. "I feel wonderful right now."

Big advertising push, helped by \$1 million grant from CPB, is getting some credit for increase. Stations putting up money for ads are getting it matched by CPB. TV Guide has received substantial chunk of it. And PBS has taken different approach to public relations, according to PBS spokesman, resulting in additional stories and reviews about PBS. "We've really been moving it," spokesman said. New programs including "blockbusters" such as "Pumping Iron" and "Opium Trilogy," helped system get attention, too.

NAB's 'PUBLIC' IN CHARLOTTE: "I don't think there's a thing in the world wrong with TV or radio... I think TV & radio are wonderful... I just came down here to tell you that." So said 72-year-old Jane Guthery as 2nd speaker at NAB meeting with public in Charlotte last week. Furthermore, she stayed around to heckle other speakers who were critical of TV—she told Baptist minister, complaining about sex & lack of morality on TV: "I used to be married to a Baptist, I know how narrow-minded they are."

Session lasted only 90 min., attracted about 80—compared with 300 in San Diego (Vol. 17:46 p4) and 220 in Boston (Vol. 17:43 p4) year ago. There were no organized pressure groups present and only 14 persons asked to speak. Most made speeches of complaint—with feminine products, profanity & sex most often mentioned—rather than asking questions.

Psychologist from Davidson College—who asked what TV Code is doing to control misleading ads directed toward children—expressed dismay to us that so few members of public were interested enough to come. Session received wide publicity in papers, broad disclosure in TV-radio spots. WSOC(AM) broadcast meeting live, WBTV taped session, planned 30-min. show in prime time Oct. 22.

Showtime adds 5 Wometco cable systems: Thibodaux, Eunice & Opelousas, La.; Pryor, Okla.; Picayune, Miss.—with total of 14,650 basic subscribers.

Personals

John deButts, 62, retires 2 years early as AT&T chmn., succeeded by Exec. Vp Charles Brown... Mike Weinblatt, NBC Entertainment pres., elected to NBC board... Paul King, ex-CBS, named NBC Entertainment vp, prime-time series; Glen Fitzgerald named mgr., station advertising... Don Wollman advanced to dir., on-air advertising, west coast, ABC TV.

Richard Stubbe promoted to dir., TV network operations, best. operations & engineering, ABC... Susan Simons advanced to practices policy mgr., law, west coast, NBC... Jo Moring advanced to vp, NBC radio news... William Brazzil, WTVJ Miami, named chmn., Arbitron TV Advisory Council... Tim Vignoles, ex-MCA-TV, appointed vp, international distribution, Columbia Pictures TV... Frank Costa, ex-CLIO magazine, named IRTS national sales dir.

Sheldon Cooper, WGN Continental, & Harold Protter, KPLR-TV St. Louis, added to INTV board; Arthur Elliot, ex-CBS, named INTV mktg. vp, succeeding Bob Somerville... Albert Sanders Jr., WMAZ Macon, elected chmn., CBS Radio Affiliates Assn.; Bill Lester, KOOL Phoenix, vice chmn.; Samuel Carey, WBOC Salisbury, Md., continues as secy.-treas.

Philadelphia-based law firm Schnader, Harrison, Segal & Lewis is beefing up Washington office with additions of Robert Belzer of Kirkland, Ellis; Thomas Patton, ex-gen. counsel of Energy Dept.; Paul Dembling, ex-GAO gen. counsel; also negotiating to join firm is Jane Frank, ex-Cabinet secy. in Carter Administration.

Michael Rice, ex-WGBH-TV Boston vp & gen. mgr., joins Aspen Institute Program on Communications & Society as program dir., succeeding Douglass Cater... Russ Vossen advanced to operations dir., WOTV Grand Rapids; Don Gallagher to chief engineer... Frederic Wilkenloh named vp-optical communications, Valtec.

Henry Gillespie resigns as pres. of Viacom's Enterprises Div. at year's end to pursue undisclosed business interests in program development & distribution; Brian McGrath, ex-administration vp for Enterprises Div., named Viacom international mktg. vp.

Lee Kitchin, prof. & exec. dir., Va. Law School Foundation & U. of Va., formerly pres., Times-World Corp. & WTAR Radio-TV Corp., named vp-gen. counsel, Corinthian Bestg... Mel Kampmann, ex-McHugh & Hoffmann, formerly with WPVI-TV Philadelphia & KRON-TV San Francisco, named exec. dir.-news, WJLA-TV Washington... Frank Wyche advanced to mktg. & research dir., KSD-TV St. Louis.

Maximum FCC fine for TV-radio stations and CATV systems increases to \$2,000 for single violation, \$20,000 for multiple violations, Oct. 23. Increased fines (previously \$1,000 & \$10,000) were approved by Congress last Feb.

Gateway's WSBA-TV York & WLYH-TV Lebanon, Pa. appoint Avery-Knodel rep, replacing Blair TV.

WEEKLY Television Digest

with
Consumer Electronics...

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Novel suit for \$80 million has been filed against several FCC staffers and Cal. govt. officials by Faith Center. Center solicits funds on air, and Commission has been rebuffed in efforts to get financial details of operation. Center's KHOF-TV San Bernardino has been set for renewal hearing. It also owns KHOF-FM, KVOF San Francisco, WHCT-TV Hartford. Suit, filed by Center Pres. Dr. Eugene Scott in Cal. Northern Dist. Court, charges interference with constitutional religious rights. FCC staffers named as defendants include Wallace Johnson & Arthur Ginsburg.

Phone companies should be allowed to build cable systems in low-density areas under following conditions, according to NCTA: (1) Below 6 homes per mile, through simple FCC waiver process and notification to potential cable operators. (2) For 6-20 homes per mile, phone companies have burden of proving cable service is otherwise unavailable. (3) Over 20 homes, phone cable service should be "very strictly limited, with telephone companies assuming a considerable burden of proving that monopoly service is the only alternative."

National Black Radio Network has purchased first stations—WDAS-AM-FM Philadelphia—is looking for more. Network is paying Max M. Leon Inc. \$5 million, plus \$1 million not to compete for 7 years. Money was obtained from Equitable Life (\$4 million) and Chemical Bank of N.Y. (\$1 million) through Allbritton Communications; Allbritton also guaranteed loan for no-compete clause. Broker: Cecil Richards.

Warner Cable is installing 60 earth stations for its cable systems, which will pick up Warner Star Channel pay-TV programs, other satellite-fed stations & services. Company's systems have 600,000 subscribers.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Oct. 6 (40th week of 1978):

	Sept. 30- Oct. 6	1977 week	% change	Sept. 23-29	1978 to date	1977 to date	% change
Total TV.	361,706	339,734	+6.5	511,199	11,740,292	10,300,541	+14.0
color	214,568	214,581	0.0	326,527	7,446,859*	6,423,503	+15.9
monochrome . . .	147,138	125,153	+17.6	184,672	4,293,433	3,877,038	+10.7
Total radio	663,575	726,912	-8.7	1,421,875	35,682,136	40,173,272	-11.2
home, portable .	409,970	427,628	-4.1	1,159,241	25,976,182	30,576,332	-15.0
AM-only	177,351	85,834	+106.6	213,252	5,925,265	7,236,649	-18.1
FM & FM-AM .	232,619	341,794	-31.9	945,989	20,050,917	23,339,683	-14.1
auto	253,605	299,284	-15.3	262,634	9,705,954	9,596,940	+1.1

Color TV 5-week moving average: 1978—230,408*; 1977—222,222 (up 3.7%).

*Record for period.

MAGNAVOX DISC INTRO DEC. 15 IN ATLANTA: Magnavox officials demonstrating videodisc last week at N. Y. ITA video programming conference appeared determined to give out no new information. But we learned enough to report that company's intention is to introduce player to world in Atlanta Dec. 15 with no definite schedule for any further markets.

At several of demonstrations Oct. 19-20, there was confusion as to whether machine demonstrated actually was production model. It finally was conceded that it was single-speed unit designed to play 30-min.-per-side discs only, but players to be introduced in Dec. will be designed for both 30-min. discs and one-hour-per-side variable-speed discs.

We've learned, however, that vast majority of discs to be supplied by MCA Disco-Vision will be 30-min.-per-side to start. Remastering of feature films probably will be done later to cut down feature films to single disc. Price of feature on 2 or more short discs will be same as that of same feature on single longer-playing disc.

One aspect of upcoming player introduction not yet ascertained is price—but our guess is around \$600. At that, Magnavox and/or parent Philips will be losing substantial chunks of money; parts kits initially will be shipped from Eindhoven to Greeneville, Tenn. Components eventually will be sourced here, but this may take as much as a year.

Top-quality movie discs are expected to be priced \$15-\$16 by MCA Disco-Vision, with other product around \$10 and \$5 or \$6, but knowing MCA Pres. Lew Wasserman's penchant for the dramatic, it wouldn't be surprising to see some software test-marketed at quite a bit below that. Initial product will include recent & older Universal films, older Paramount items (including at least one Marx Bros. film), probably a Walt Disney or 2 ("very likely there will be some Disney product for the MCA machine if it comes on the market on schedule Dec. 15," said Disney's James Jimirro at ITA), maybe a couple of test Warner features, plus cooking, how-to, rock concerts.

Magnavox, however, suffered from shortage of disc product last week, demonstrators stating they had only one disc—one-sided 30-min. consumer demonstration record with selections from "Sweet Charity," Elton John concert in stereo, tennis lesson, art masterpiece slides, segment of "Columbo" with sound tracks in English & Japanese. Demonstration once again produced outstanding pictures, showed extreme flexibility of machine with 30-min. disc. Hour-per-side-disc doesn't have same features (slow, stop, reverse). However, it does have locating

system, but this is calibrated in hours & minutes rather than in frames, as on 30-min. disc. Magnavox did confirm that player would be tradenamed "Magnavision" (Vol. 18:39 p11).

Nationwide ad campaign for Magnavision originally was scheduled for kickoff this week in Oct. 30 special video section of Time magazine, but ad was pulled at last minute when Magnavox & MCA couldn't agree on content in time for publication.

MOVIE MAKERS STAKE OUT CLAIMS IN VIDEO: Movie majors spoke out more positively on home video than ever before last week, indicating: (1) They don't want to be excluded from any profit opportunities. (2) They prefer disc to tape. (3) They want to control their own home video distribution. (4) They're fearful of piracy. Their sometimes conflicting messages came across clearly at ITA seminar, one of many features & events of a sort of informal "video week" in N.Y.—you'll see other aspects elsewhere in this and next week's issues.

Keynoter Jack Valenti, MPAA pres., was necessarily vague enough to encompass all movie views. Timing of home video release in terms of theatrical showing, pay TV, network TV & syndication was major issue, he said, and profit from home video "must be enough to make up for risk of destroying the earning potential" of conventional film showing. He added that video opens door to "piracy, a cancer in the belly of this industry" which film firms are "determined to beat back."

20th Century-Fox's Steve Roberts said company's decision to license movies to home video was "definitely correct," sales "substantially above our expectation... we have re-evaluated our thinking." In release pattern, 20th now believes "home video market should come after theatrical release but before pay TV." Pleading for compatibility and high-speed duplication, he pledged 20th would be "major participant in this market," supplying made-for-video product as well as movies.

Paramount's Tom Johnston said he was convinced video is "opportunity, not threat" and Paramount would make movies available when there are enough VCR households (end of this year with 500,000 machines in use) and when prices are low enough to "drive out of business those who steal" movies (not in sight). "We're interested in experimenting [with] sale, rental, retail, direct mail. We want to share in the profits as the industry grows... We want a voice in the marketing of our own product."

Disney's James Jimirro said studio was "very enthusiastic about video" and would enter over next 3-4 years, will test with some product on MCA videodiscs, making it available to "all disc systems"—but "we haven't crossed the videocassette bridge [and have] no plans to make pictures available to cassettes at this time."

United Artists' Gerald Phillips saw videocassette "revolutionizing" TV as well as theatrical business, warned that pirated tapes would drive out legal cassettes. It's "not reasonable," he said, to release cassettes before pay TV. He added that a business which is exclusively rental would help discourage piracy.

At equipment manufacturer panel, message that hardware makers don't plan to carry marketing ball for software suppliers was loud & clear. Magnavox Vp Kenneth Ingram stressed that participation in videodisc business will require "total commitment" by software producers, who will have to "pony up the dough" to cover production, replication & promotion costs if they want to participate. Quasar Mktg. Mgr. Anthony Mirabelli said surveys indicating little repetitive viewing of pre-programmed videocassettes cast doubt on need for recorded software to sustain growth of VCR hardware.

As if anticipating hardware companies' comments, Magnetic Video Corp. Pres. Andre Blay announced "African Queen" would be released in 2nd quarter 1979 with major ad campaign. "Next year we will become a major advertising force." Home Video Corp., rental operation owned by Video Corp. of America, starts national advertising this week in Time magazine (and raises rates in new catalog). Sports World Cinema Pres. Gary Ewing had advice for his software colleagues: "As soon as you get into video, you're in a new industry called consumer electronics. This exists to sell hardware. We are part of consumer electronics and have to play the game by their rules."

There's conflict in industry over just what those rules may be when it comes to joint hardware-software promotion. Strong complaint over discount program offers was voiced by Chicago retailer Gene Kahn (Columbia Video) and echoed by Dave Rothfeld of Korvette's. "I hate the packet of cards" JVC packs with VCRs, "I hate the project that RCA & Magnetic Video (MV) put together... When we sell an RCA recorder, we send the name of our customer to MV" who gives him 2 free tapes and club membership which lets him "purchase the titles we buy from MV, at a lower price," Kahn griped, adding, "we stock every title they [MV] distribute... but then, we're only their dealers."

BELL & HOWELL TO OFFER HOME TV PROJECTOR: "Flat-screen" projection TV system developed & built by Bell & Howell is now being installed in airliners, and is scheduled to be offered next year on home market through builders and conventional dealers.

Projector is first bright consumer-type unit to be offered for "zero-gain" screen—that is, one which isn't curved to concentrate light. "You can use any screen—or the wall, for that matter," says Bell & Howell Video Pres. Robert Pfannkuch. Projector uses 3 side-by-side 5" monochrome projection tubes, specially designed U.S. Precision lenses, weighs 65 lb. and can be installed in ceiling between conventional 16x16" joists or used with floor stand. Airline version has 30x40" (50" diagonal) screen, home unit 36x48" (60"). Pfannkuch said consumer version would be priced "in the \$2,000 area, competitive with Advent."

Projection system was designed by B&H in \$1-million 2-year effort to meet movie system requirements in airlines, including non-directionality of screen, according to Pfannkuch, who says B&H is now installing one a day in American Airlines planes, starts Continental Airlines installations in Dec., Laker in Jan. Movies will be recorded in VHS videocassette format. JVC players, installed in luggage rack, are modified to operate on 50-, 60- or 400-Hz AC (last is used by airlines), NTSC or PAL color. B&H, which claims to be "world's largest tape duplicator," presumably will transfer movies to VHS for airlines. Projector's electronics are made by Telemation Co., broadcast equipment manufacturer recently purchased by B&H.

B&H also will supply wireless stereo headphone and wireless stewardess call & light switch systems on aircraft, Pfannkuch said at N.Y. dinner last week devoted to Video Group, which B&H Chmn. Don Frey, speaking from Chicago by satellite, called company's fastest-growing operation. Pfannkuch said B&H is continuing to work with GE on CCD color camera, and has developed low-cost optics for it, hopes to be involved in distribution of BASF LVR video recorder. Company also displayed "smart VTR," modified JVC VHS unit with computer programming contained on first 4 sec. of tape, which is digitally addressed through simple and relatively low-cost (\$500) MPU system. B&H's work on TV bandwidth compression, he said, could result in fivefold reduction in VTR head-to-tape speed, making possible 20-hour cassette. He said B&H probably would announce new joint video venture this year.

Note: Sony's 3-tube projection TV will be priced at \$3,500 for 50" screen, \$4,000 for 72", marketing to begin by early Nov.

Color TV imports in Aug. totaled 500,500, according to Customs, which is monitoring flow to police shipments under quota from Japan. Total is 25,500 higher than 424,900 indicated by Commerce figures covering essentially same period (Vol. 18:40 p9). Customs' data-logging deadline is later than Commerce's, and in long run they balance out. Customs said Aug. total included 297,500 complete, 203,000 incomplete sets. Special report on Japan revises total certified color exports from there for quota year ending last July 1 upward to 1.68 million, or 4.1% below 1.75 million limit. Increase reflects late arrival of some sets, submission of certificates for previously uncertified shipments.

Pre-trial hearings in Universal-Disney copy-right suit against Sony start Nov. 13. Trial is expected to begin in Jan. or Feb., take about month.

Matsushita is expanding U.K. production activity with help of govt. Welsh Development Agency is spending about \$2 million to build 50,000-sq.-ft. plant adjacent to Matsushita's color set facility. Company says it will invest some \$5 million over next 3 years to equip new plant for production of compact & component stereo for sale throughout Europe. Pilot production may start before year's end. Matsushita currently turns out about 5,000 sets monthly in TV plant.

FCC inquiry, approved last week, will set up industry-Commission conference and 2 committees to develop standardized techniques or procedures for measuring receiver noise figures in time for manufacturers to meet mandated 14-dB noise limit for new models after Oct. 1, 1979 (Vol. 18:21 p10, 18:40 p9). Details probably will be spelled out by end of Oct.; FCC goal is to have standards in 28 weeks.

SOFTWARE EXPLOSION: Perhaps it should be "explosion," judging from the large increase in hard-core porn displayed by exhibitors at last week's Video Expo in N. Y. Among the 15 pre-recorded video exhibitors, however, there were exceptions. Video Tape Network, veteran syndicator of tapes to colleges, finally issued its home catalog—unique collection of more than 50 titles under slogan "TV That Won't Rot Your Mind." Selections include rock concerts (\$40 for 30 min., \$50 for one hour), comedy and other acts from cabarets, Julia Child and other cooking shows from PBS, cartoons, instructions in tennis, skiing, Frisbee, etc.

Among most recent movies offered on cassette is Simone Signoret in 1978 Academy Award winner "Madame Rosa" from International Home Video Club. Leader Magnetic Video, as reported here earlier (Vol. 18:33 p10), is adding 15 Avco Embassy movies plus 8 movies and 6 sports films from Viacom this month. Among features: "The Graduate," "Lion in Winter," "C.C. and Co.," "Day of the Dolphin."

In sheer numbers, however, porn dominated Expo's software exhibits. Among old & new porn cassette exhibitors: Video Cassette X-Rated (VCX), Video X Home Library, Erotic Tape Co. (ETC), Quality X Video Cassette Co., Media Home Entertainment Inc. (MEDA), latter releasing catalog of both public domain and porn. One company's order form contains statement: "I certify by my signature that I am not a govt. or postal agent engaged in entrapment, and that I am of legal age."

* * * *

RCA is extending "SelectaVision Film Festival" promotion through Nov., offering free & reduced-price recorded cassettes with VCR purchases (Vol. 18:33 p9). In addition, RCA is now offering cassettes of the 2 Ali-Spinks fights for \$50 each or \$90 for both, in VHS or Beta format, by direct mail.

Fotomat expects to start pre-recorded tape marketing next spring, stocking some inventory in its kiosks, but also taking in-person or phone orders from consumers for next-day pickup.

China is eyeing consumer electronics exports markets. Asia International Electronics, Hong Kong radio & recorder producer, will supply some parts, subassemblies & knowhow for 4-plant color TV, radio & recorder manufacturing venture near Peking. AIE will own 30% of venture. Most output is expected to be sold in China, but some products will be exported, with portion earmarked for U.S. China apparently is very interested in having factory workers trained in modern production methods, has invited Ford to discuss opening of auto parts export-assembly operation just across border from Hong Kong.

IHF expands work on technical standards for hi-fi components to include turntables, speakers & cassette decks. Chairing committee for turntable standards is Martin Fine, B.I.C./Avnet; speakers, James Novack, Jensen; cassette decks, Edward Foster, Diversified Science Labs. Already completed are standards for tuners, headphones & amplifiers.

COMPACT'S COLOR OUTLOOK: Modest growth in complete color TV imports this year, sizeable jump to record 2.36 million in 1979, is outlook unless U. S. takes steps to expand import-restraint program to include other countries besides Japan, according to COMPACT.

Union-industry group, which succeeded in having Japanese exports to U. S. limited to 1.75 million annually for 3-year period, says increased imports from other countries have negated beneficial effect of that agreement on domestic producers. COMPACT called on President Carter for blanket limit on imports from all countries (Vol. 18:41 p9). It also urged restrictions on imports of incomplete sets. It estimated value of incomplete color imports would total \$214 million in 2nd half this year, up 6.4% from \$208.1 million in first half, for 1978 total of \$422.1 million. If trend continues, COMPACT says, 1979 full-year total will rise 33.7% to \$564.5 million. Using combination of Customs & Commerce import data, COMPACT compiled following color import table showing shipments for 1977 and estimates for 1978 & 1979:

COMPLETE COLOR TV IMPORTS (add 000)

Country	1977	1978 (est.)	% change	1979 (est.)	% change
Japan . . .	2,015	1,639	- 18.7	1,605	- 2.1
Taiwan . . .	309	581	+ 88.0	975	+ 67.8
S. Korea .	93	265	+184.9	460	+ 73.6
Canada . .	58	187	+175.0	200	+ 7.0
Singapore.	9	44	+388.9	95	+115.9
Total all countries	2,509	2,736	+ 9.0	3,355	+ 22.6

BIGGEST BETA SALE: Biggest single sale of Betamax equipment is Sony's deal with Chrysler involving some 4,000 random-access MPU-controlled play-only units (list \$1,600) for 3,400-dealer Chrysler Video Marketing Communications network (VMC). Some 73% of Chrysler's dealers have subscribed to network which is about 70% dealer-financed. Subscribing dealer gets Sony SLP-300 one-hour industrial player, RM-300 random-access controller and 19" Trinitron TV. Designed for showroom use, system is employed for sales training, as "tape catalog" for customers and even to provide cartoons & feature films for customers waiting in showroom.

Each tape will have at least 2 "programs," available to dealer by dialing digits on wired remote unit corresponding to locations on tape counter. First tape contains 11 programs, 2nd has 2. Chrysler plans to send out 8 tapes by Jan. 1, 8 more by end of Aug. Tape replication is being done by Magnetic Video Corp. Although sale is biggest in Betamax format, U-Matic network supplied by Sony to Ford is bigger. GM's Chevrolet Div. is investigating possible Betamax network, it's understood.

Sony introduced combination tuner-timer for Beta & U-Matic VCRs at Video Expo in N. Y. last week. Unit has 12-channel pushbutton tuning, LED timer with one- or 2-hour shutoff, is priced at \$396. Although offered as institutional unit, it's expected to be similar to consumer version designed for Betamax portable.

MAGNAVOX RESULTS: Magnavox apparently operated in red in 3rd quarter, according to statement for period issued by parent North American Philips. NAP said "significant earnings gains" of electrical-electronic components business "were partially offset by unsatisfactory results in the consumer electronics segment." NAP noted that 1977 3rd-quarter results included \$2.14-million dividend to U.S. Philips Trust on preferred shares issued in connection with financing of Magnavox acquisition, but no dividend was paid in 1978. Dividend is payable when Magnavox earnings exceed \$2 million annually.

Sylvania had increased color TV sales in 3rd quarter, higher color tube volume in U.S. & Latin America, improved picture tube earnings, parent GTE reported. Figures are consolidated with those of GTE. GTE said sales from domestic & foreign Consumer Electronics Operations rose 20.3% in quarter to \$269.8 million, were up 25.2% for 9 months to \$738.8 million. Income totaled \$2.8 million in quarter, up from \$444,000, \$8.98 million for 9 months, against year-earlier loss of \$5.69 million.

Zenith sales rose 12% in 3rd quarter, just 0.6% for 9 months. Net for 1977 includes loss from discontinued operations of \$3.1 million in quarter, \$4 million for 9 months. Pre-tax income from continuing operations, excluding \$22.4-million writeoff of Lansdale, Pa. color tube plant in 3rd quarter last year, was \$12.4 million in 3rd quarter, up from \$4.2 million, \$25.3 million for 9 months, down from \$31.5 million.

Siliconix says it intends to offer up to 600,000 shares to raise funds for working capital & capital outlays. Shares would be worth about \$11.7 million at current prices. Over half of offering will come from Electronic Engineering of Cal. which is liquidating its 19% interest (375,800 shares) in Siliconix.

Nippon Electric says consumer electronics & appliances sales in fiscal 1978 (to March 31) totaled \$365 million, or 11% of consolidated sales, up 23.5% from 1977, when they provided 10% of volume. Sales of electron devices rose just 1.8% to \$562.5 million, to account for 17% of volume, down from 19%. Annual report says NEC expects that, in "not too distant future" computer or telecommunications terminals will "become as much a part of the home as consumer electronics appliances."

Morse raises prices average of 5% Nov. 1 to offset rising materials costs and lowered value of dollar in Far East. Morse said orders received by Oct. 31 for shipment by Nov. 30 will be filled at pre-hike pricing.

MPU cassette deck which automatically adjusts for tape variables—bias, equalization, sensitivity—will be shown by Hitachi at winter CES. The \$1,000 deck may be ready for distribution by Feb.

"Flip Phone," compact electronic phone shown by GTE at CES (Vol. 18:25 p13) has reached market; JS&A Sales is offering it by mail order for \$50, \$10 below GTE list.

VCR with stereo sound capability is planned by JVC for next year.

Consumer Electronics Personals

David Croner advanced at RCA Sales Corp. from color TV mdsg. mgr. to retail mdsg. vp, succeeding Marvin Kramer, recently named sales vp; W. James Pashley, former mktg. development mgr., now central region vp, replacing Jerry Huffman, now international sales vp; David Arganbright promoted from Chicago dist. mgr. to home VCR mdsg. mgr. . . James Parks promoted at Panasonic Technics & Home Audio Div. from national sales mgr. to asst. gen. mgr., with overall management & mktg. responsibility for Technics line; Joseph Goetz, one-time Regency vp, joins Video Systems Div. as CCTV national mgr. . .

Sidney Sawin promoted at Superscope from asst. vp to vp, finance. . . Jerry Landis advanced at Morse from region sales mgr. to Great Lakes Div. sales mgr. . . Gary Beckstrom resigns as Hitachi personal electronics national sales mgr. . . Richard Gottlieb appointed Polk Bros. Audio Dept. mdse. mgr., succeeding Al Mollinger, who has left. . . Stephen Martin, ex-JVC dist. sales mgr., moves to Professional Video Div. east coast regional sales mgr., succeeding Richard Quinlan, appointed to new post of national video training mgr. for Vidstar line. Robert McNeill replaces Martin as Pa.-N.J. dist. sales mgr. . . James Ambrose, ex-Quasar national accounts dir., named vp & gen. mgr. of Quasar Sales Chicago Div., for Ill. & northern Ind.

Henry Waldschmidt promoted at Motorola Auto Products Div. from technical support operations mgr. to advanced mfg. technology & new products mgr. at Seguin, Tex. car stereo & CB plant, with responsibility for new product development. . . Donald Coleman, Clarion mktg. head, advanced from vp to senior vp. . . Al Bedross promoted at Fuji Tape Div. from east region videotape sales mgr. to national videotape sales mgr. . . Larry Hockemeyer, Capitol Magnetics Products Div. professional product national sales mgr., add responsibility for consumer tape sales. . . Fred Bergstrasser, formerly Sound Systems video products mktg. vp, appointed Ikegami closed-circuit TV national sales mgr.

Japan is sending goodwill delegation of IC manufacturers to U.S. next month in effort to blunt protectionist drive of U.S. semiconductor manufacturers. Group will conduct informational meetings for U.S. producers & press in San Francisco & N.Y. to explain present state of industry and growth aims. Team will be led by Hitachi Vp Toshihiko Kubo, include semiconductor executives from Fujitsu, Hitachi, Matsushita, Mitsubishi, NEC, Sharp, Tokyo Sanyo & Toshiba.

Taiwan's exports of electronic-electrical products were valued at \$1.43 billion in first 9 months, up 33.7% from same year-earlier period, and better than \$100 million higher than total for all of 1977, govt. there reports.

VCR sales projections for U.S. in 1979 made by manufacturers at ITA seminar last week: Quasar, 500-550,000; Sony, 700,000; Zenith, 550,000.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Andrea Radio			
1978-9 mo. to Sept. 30	1,650,633	79,626	.16
1977-9 mo. to Sept. 30	1,425,255	56,341	.11
1978-qtr. to Sept. 30	588,748	40,309	.08
1977-qtr. to Sept. 30	517,225	(3,224)	--
Bell & Howell			
1978-9 mo. to Sept. 30	408,203,000	9,110,000	1.63
1977-9 mo. to Sept. 30 ^a	352,730,000	7,853,000	1.36
1978-qtr. to Sept. 30	145,891,000	2,634,000	.47
1977-qtr. to Sept. 30 ^a	125,262,000	1,986,000	.34
Buckbee-Mears			
1978-9 mo. to Sept. 30	46,965,000	2,094,000	.68
1977-9 mo. to Sept. 30	47,400,000	1,273,000	.41
1978-qtr. to Sept. 30	14,621,000	714,000	.23
1977-qtr. to Sept. 30	16,406,000	547,000	.17
Chris-Craft Industries			
1978-year to Aug. 31	86,395,000	6,666,000 ^b	1.31
1977-year to Aug. 31	88,329,000	5,916,000 ^b	1.10
1978-qtr. to Aug. 31	21,459,000	2,619,000	.54
1977-qtr. to Aug. 31	22,656,000	(517,000) ^b	--
Combined Communications			
1978-9 mo. to Sept. 30	235,220,000	20,183,000 ^b	1.96
1977-9 mo. to Sept. 30 ^a	180,286,000	13,777,000	1.42
1978-qtr. to Sept. 30	80,494,000	7,868,000 ^b	.75
1977-qtr. to Sept. 30 ^a	66,873,000	4,465,000	.46
Conrac			
1978-9 mo. to Sept. 30	95,688,000	2,906,000	1.29
1977-9 mo. to Sept. 30 ^c	101,130,000	5,226,000	2.49
1978-qtr. to Sept. 30	32,657,000	1,337,000	.61
1977-qtr. to Sept. 30 ^c	33,590,000	1,665,000	.78
Corning Glass Works			
1978-40 wk. to Oct. 8	950,650,000	82,262,000	4.64
1977-40 wk. to Oct. 9	868,870,000	70,803,000	4.00
1978-16 wk. to Oct. 8	382,794,000	29,973,000	1.69
1977-16 wk. to Oct. 9	340,880,000	23,222,000	1.31
Craig			
1978-qtr. to Sept. 30	36,821,000	1,929,000	.62
1977-qtr. to Sept. 30	33,052,000	2,547,000	.82
GTE			
1978-9 mo. to Sept. 30	6,295,817,000	479,542,000	3.28
1977-9 mo. to Sept. 30	5,574,023,000	411,889,000	2.88
1978-qtr. to Sept. 30	2,156,906,000	169,474,000	1.15
1977-qtr. to Sept. 30	1,927,575,000	143,408,000	.99
Gross Telecasting			
1978-9 mo. to Sept. 30	6,544,844	1,495,506 ^d	1.87
1977-9 mo. to Sept. 30	5,538,372	1,110,020	1.39
1978-qtr. to Sept. 30	2,228,551	507,498 ^d	.63
1977-qtr. to Sept. 30	1,753,762	308,738	.39
Harte-Hanks Communications			
1978-9 mo. to Sept. 30	129,263,000	10,616,000	1.17
1977-9 mo. to Sept. 30	104,917,000	8,716,000	.97 ^c
1978-qtr. to Sept. 30	45,922,000	3,515,000	.39 ⁱ
1977-qtr. to Sept. 30	36,429,000	2,895,000	.32 ^c
Kansas State Network			
1978-year to Aug. 31	17,396,000	1,910,000	1.10
1977-year to Aug. 31	15,720,000	1,799,000	1.05
1978-qtr. to Aug. 31	4,501,000	438,000	.25
1977-qtr. to Aug. 31	3,868,000	389,000	.23
LIN Bcstg.			
1978-9 mo. to Sept. 30	36,288,000	7,655,000	2.74
1977-9 mo. to Sept. 30	30,793,000	5,474,000	1.99
1978-qtr. to Sept. 30	12,070,000	2,561,000	.93
1977-qtr. to Sept. 30	10,599,000	2,050,000	.74
P.R. Mallory			
1978-9 mo. to Sept. 30	280,105,000 ^e	8,922,000	1.94
1977-9 mo. to Sept. 30	246,552,000 ^e	11,098,000 ^b	2.53
1978-qtr. to Sept. 30	97,679,000 ^e	3,561,000	.73
1977-qtr. to Sept. 30	95,642,000 ^e	2,905,000	.65

Company & Period	Revenues	Net Earnings	Per Share
Metromedia			
1978-39 wk. to Oct. 1	243,741,000	22,516,000	4.39
1977-39 wk. to Oct. 2	212,110,000	21,244,000	3.17
1978-13 wk. to Oct. 1	78,003,000	6,218,000	1.35
1977-13 wk. to Oct. 2	65,154,000	5,933,000	.90
3M			
1978-9 mo. to Sept. 30	3,473,000,000	415,700,000 ^b	3.57
1977-9 mo. to Sept. 30	2,972,000,000	304,000,000	2.63
1978-qtr. to Sept. 30	1,224,000,000	153,400,000	1.31
1977-qtr. to Sept. 30	1,032,000,000	108,800,000	.94
Motorola			
1978-9 mo. to Sept. 30	1,575,914,000	90,303,000	2.97
1977-9 mo. to Sept. 30	1,324,524,000	76,126,000	2.51
1978-qtr. to Sept. 30	534,004,000	29,757,000	.98
1977-qtr. to Sept. 30	445,664,000	24,291,000	.80
Multimedia			
1978-9 mo. to Sept. 30	79,047,507	10,792,779	1.63
1977-9 mo. to Sept. 30 ^c	65,750,972	8,188,632	1.24
1978-qtr. to Sept. 30	27,570,209	3,830,771	.58
1977-qtr. to Sept. 30 ^c	22,801,674	2,972,127	.45
North American Philips			
1978-9 mo. to Sept. 30	1,573,722,000	43,147,000 ^b	3.34
1977-9 mo. to Sept. 30	1,382,820,000	41,491,000 ^b	3.22
1978-qtr. to Sept. 30	530,219,000	14,702,000	1.13
1977-qtr. to Sept. 30	487,262,000	13,738,000 ^b	1.07
Oak Industries			
1978-9 mo. to Sept. 30	137,187,000	3,090,000	1.44
1977-9 mo. to Sept. 30	114,185,000	1,221,000	.49
1978-qtr. to Sept. 30	46,021,000	1,050,000	.43
1977-qtr. to Sept. 30	34,092,000	(74,000)	--
Scientific-Atlanta			
1978-qtr. to Sept. 30	25,305,000	1,426,000	.58
1977-qtr. to Sept. 30 ^a	20,073,000	1,174,000	.48
Storer Bcstg.			
1978-9 mo. to Sept. 30	105,177,000	11,824,000	2.42
1977-9 mo. to Sept. 30 ^a	86,082,000	7,513,000	1.54
1978-qtr. to Sept. 30	35,380,000	3,968,000	.81
1977-qtr. to Sept. 30 ^a	27,992,000	1,724,000	.35
Taft Bcstg.			
1978-6 mo. to Sept. 30	98,041,810	15,972,838	1.89 ^f
1977-6 mo. to Sept. 30	78,579,685	12,218,013	1.50 ^f
1978-qtr. to Sept. 30	54,353,831	9,994,815	1.18 ^f
1977-qtr. to Sept. 30	45,412,738	7,982,176	.98 ^f
Tandy			
1978-qtr. to Sept. 30	262,983,000	14,873,000	.62
1977-qtr. to Sept. 30 ^c	218,154,000	10,990,000	.45
J. Walter Thompson			
1978-9 mo. to Sept. 30	154,080,000	7,745,000	2.58
1977-9 mo. to Sept. 30	128,486,000	5,253,000	1.82
1978-qtr. to Sept. 30	51,455,000	2,205,000	.73
1977-qtr. to Sept. 30	43,965,000	1,623,000	.56
Time			
1978-9 mo. to Sept. 30	1,155,615,000	88,650,000 ^b	4.26
1977-9 mo. to Sept. 30	882,331,000	59,546,000	2.93
1978-qtr. to Sept. 30	407,675,000	26,009,000	1.25
1977-qtr. to Sept. 30	303,145,000	19,359,000	.95
Viacom International			
1978-9 mo. to Sept. 30	58,882,000	5,164,000	1.36
1977-9 mo. to Sept. 30	42,004,000	3,931,000	1.05
1978-qtr. to Sept. 30	21,298,000	1,894,000	.50
1977-qtr. to Sept. 30	14,959,000	1,422,000	.38
Warner Communications			
1978-9 mo. to Sept. 30	904,427,000	59,579,000	4.21
1977-9 mo. to Sept. 30	745,893,000	50,914,000	3.82
1978-qtr. to Sept. 30	316,563,000	21,161,000	1.44
1977-qtr. to Sept. 30	272,853,000	16,636,000	1.24
Zenith Radio			
1978-9 mo. to Sept. 30	703,400,000 ^e	13,100,000	.70
1977-9 mo. to Sept. 30 ^a	702,000,000 ^e	600,000	.03
1978-qtr. to Sept. 30	262,600,000 ^e	6,400,000	.34
1977-qtr. to Sept. 30 ^a	234,100,000 ^e	(12,900,000)	--

Notes: ^aRestated. ^bIncludes special credit. ^cAdjusted. ^dRecord. ^eFrom continuing operations. ^fReflects stock split.

WEEKLY

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OCTOBER 30, 1978

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CANNON LIKES 'RENOVATION': Commerce Committee chmn. doesn't like 'rewrite', backs renovation at NAB regional in San Francisco. Van Deerlin says common carrier & broadcast sections in bill may have to be split up. (P. 1)

WGN-TV NEXT ON SATELLITE: Cable distribution due in Nov. as FCC grants all 4 common-carrier applications. (P. 2)

FCC-WIN, LOSS IN COURT: Ruling that 4 Cal. stations didn't violate fairness doctrine remanded because FCC didn't 'clearly and explicitly articulate' standards relied on. Court upholds agency's refusal to adopt 'quantitative' program standards. (P. 3)

ABC CONTINUES DOLLAR SURGE: Network reports record sales & earnings for 3rd quarter & 9 months, led by strong performance of broadcast & publishing. Aug. spending by network advertisers increases. (P. 3)

QUBE REVISITED—A YEAR LATER: Hauser still withholding key figures. Interviews with subscribers inconclusive. Trying for 'supermarket' of programs. Reactions of commercial stations. (P. 4)

CANNON & FOGARTY STRESS renewal uncertainty in San Francisco NAB conference. Senator pledges hearing; Fogarty says FCC must devise criteria. NAB holds Washington strategy session. (P. 5)

CANNON WANTS RENOVATION, NOT REWRITE: Sen. Cannon (D-Nev.), Commerce Committee chmn., has endorsed concept of Communications Act "renovation" proposed by Sen. Hollings (D-S.C.), Communications Subcommittee chmn. (18:43 p1), adding to congressional impetus for large-scale changes in broadcasting regulation.

Cannon's support and interest in project, together with rewrite on House side and large-scale changes being drawn up by Senate Communications Subcommittee minority staff for Sen. Schmitt (R-N.M.), make for what promises to be most important Congress for broadcasters on Capitol Hill since renewal legislation drive of 1974.

Cannon, speaking to NAB San Francisco regional meeting (see p. 5), discounted rewrite of House side by saying: "The history of law and practice should not be lightly traded away in exchange for some possibly illusory gain in merely replacing the old with the new. Therefore, I support the cautious approach which Senator Hollings intends to take..."

Cannon also said recent FCC action experimenting with radio deregulation (Vol. 18:43 p3) "underscores the viability of the 44-year-old statute as concerns broadcasting: Its flexibility permits reaction to changing regulated environments."

Speaking on cable, Cannon repeated statements of Hollings promising to recognize CATV in

Consumer Electronics

AM STEREO APPROVAL by FCC seen in doubt as Commission expresses dissatisfaction with characteristics & tests of systems, urges more testing, analysis & data. Spence sees approval in 2 years if at all. (P. 7)

JAPAN VCR EXPORTS to U.S. hit record 62,700. Color shipments also up. Yen value figures show Japanese are trimming export prices but can't keep pace with decline of dollar. (P. 8)

TAIWAN COLOR QUOTA talks open in Washington Nov. 6 with wide split on acceptable quantity. Korea seen unresponsive to U.S. bid for restraint on export growth. (P. 9)

LAFAYETTE CALLS OFF sale of business to investment group, plans to sell 2 small units to Harison Radio. Craig buying IMA, import-marketer of Hanimex line. Other mergers. (P. 10)

ADMIRAL TV WORKERS seeking import impact aid. Labor Dept. opens eligibility probes for administrative & distribution personnel. (P. 10)

SOFTWARE EXPLOSION at Video Expo stresses porn, but Video Tape Network adds unique catalog. RCA extends 'film festival' promotion. Fotomat entering software market next year. (P. 11)

renovation. Cannon said a prime example of FCC's rules being aimed at serving a particular industry are signal carriage restrictions. Although he said he doesn't necessarily believe carriage rules should be changed, "restricting delivery of complimentary choice and diversity in programs and services should be based upon evidence of harm to existing local outlets."

Cannon said he favors some type of spectrum use fee, as does Hollings. "Given that the airwaves are a public resource, the public should be compensated for private use of a public good," Cannon said.

Rep. Van Deerlin (D.-Cal.) told group that rewrite may have to be split into 2 parts, separating broadcasting and common carrier. He said it may be necessary because they are so diverse, although he has no plans now for such split.

Van Deerlin said there will be no confrontation between House & Senate—rewrite vs. renovation. He stated that 2nd draft of rewritten Communications Act will spell out provisions in areas where ambiguity exists. He said license fee money now won't go to public broadcasting, as stated in first bill, because of strong opposition from public broadcasting.

Van Deerlin said he was confused over criticism of him by NAB Chmn. Thurston (Vol. 18:43 p4) when Thurston said congressman was seducing radio "to do his will on TV." Van Deerlin said he doesn't know what that means.

Meanwhile, National Treasury Employees Union, which represents FCC employees, has filed comments with Subcommittee in opposition to rewrite, calling for public interest standard. Union said bill's estimated 25% reduction in FCC employees would mean a major loss to public.

WGN-TV NEXT ON CABLE SATELLITE: New phase in satellite-cable distribution begins next month, possibly Nov. 10, when WGN-TV Chicago goes on RCA bird, joining WTCG Atlanta which has had skies to itself. Service will be offered to cable systems by Southern Satellite Systems (Edward Taylor) and United Video (Roy Bliss), which have been beating bushes competitively, lining up customers.

It's new phase in common carrier-field in another respect, in that FCC granted all 4 applications seeking to transmit WGN-TV—American Microwave and Midwestern Relay, in addition to SSS & United. However, American and Midwestern don't have agreements for RCA transponders, presumably aren't planning to offer WGN-TV now; both currently distribute WGN-TV to cable in Midwest via microwave—may have been seeking "insurance" in case satellite ultimately proves to be only way to go.

There's irony, too, in that same signal on same bird is to be offered by 2 carriers, using 2 transponders—a waste, in FCC's eyes, but it isn't insisting they share. Taylor said that transponders cost some \$700,000 each per year; that he offered split with Bliss, was refused. Refusal, said Mktg. Dir. Cheryl Bliss, was based on fact United has better signal, picking up 1/4 mile from station, whereas SSS picks up out of town.

But it's all part of FCC's de-regulation drive, with emphasis on competition in marketplace rather than monopoly on common carrier. There won't be quite pure price competition out there—because carriers have to file tariffs with Commission—a bit of price control, though they can file lower tariffs, which competitors can also file.

Taylor reports having signed 54 systems for WGN-TV, says he expects to corral 70% of market for station. Ms. Bliss said United has 150, comprising "most" of market. Taylor is hoping for FCC grant to carry KTVU Oakland this week, would like to be flying by Thanksgiving. He also has applications for WPIX N. Y. & KTTV L. A., will withdraw latter. United has applications for KTVU, WOR-TV N. Y. & WSBK Boston. FCC has directed staff to move processing fast. We asked Alex Latker, chief of FCC Common Carrier Domestic Branch about target. He said: "We hope it's not years. We hope it's not months. It's a matter of resources."

We asked Taylor what impact of signals will be on WTCG, and he said: "I expect Turner [WTCG] to remain national, the others regional. The others don't have half as many sports or movies that he has. He's promoting with cable systems. The others are saying they don't have anything to do with it."

Meanwhile, Holiday Inns, partner with Taylor in separate venture, has Oct. 31 deadline for sealed bids for some 300 dishes for its hotels & motels, and it's expecting many of its 700 franchised inns to join satellite network.

FCC—WIN, LOSS IN COURT: Chalk down significant loss for FCC in fairness doctrine case before D.C. Appeals Court. Both Commission and broadcasters received victory from different panel of same Court, which ruled FCC acted properly in refusing to adopt "quantitative program standards" for TV renewal applicants.

Fairness case involved 4 Cal. AM stations—KPAY Chico, KJOY Stockton, KATY San Luis Obispo, KVON Napa—which FCC ruled hadn't violated doctrine in 1974 referendum campaign on nuclear power (Commission had ruled that 8 other stations did violate doctrine on same issue). Public Media Center and other groups appealed, and in remand last week, Court said: "We cannot affirm a Commission order that does not clearly and explicitly articulate the standards which govern the behavior both of licensees that have violated the fairness doctrine and those who have not. . . The Commission is under a continuing obligation to explain its reasons and do more than enumerate factual differences. . . Even if we could discern the factual analysis that led the Commission to the present outcome, we would remain unsatisfied."

Judges Danaher, Robb & Tamm (last wrote decision) didn't consider several other charges made by Media Center. Case was unique in one respect: FCC Gen. Counsel Robert Bruce signed brief for govt.; his wife Collet Guerard for appellant.

Quantitative standards case was appealed by National Black Media Coalition and 2 Cal. groups; ABC, NBC and several large groups intervened. Commission refused to adopt renewal standards in April 1977; Judges Robinson, Wilkey & Dist. Judge Flannery (last wrote decision) said such standards aren't mandated under Communications Act and First Amendment, as Coalition had argued. Said Court: "It is readily apparent that the FCC action was reasonable and within its statutory and constitutional authority. . . In addition, the quantitative guidelines would limit editorial discretion without any guarantee of improved service."

FTC has issued subpoenas to top cereal, candy and soft drink manufacturers for documentation on, among other things, effects of sugary foods and information on how children understand difference between ads and regular programs. Subpoenas were issued in connection with children's TV advertising rulemaking. General Mills has filed to quash subpoena, saying it was not issued correctly, is too broad, and FTC hasn't jurisdiction. Meanwhile, oral argument is set for Oct. 30 in U.S. Dist. Court on filing of opponents of rulemaking, asking that FTC Chmn. Pertschuk be disqualified because of alleged bias (Vol. 18:42 p2).

AM stereo isn't a shoo-in, judging from text of FCC's rulemaking notice, which warns that it's not "totally committed," seeks large quantity of additional data. If a system is selected, process could take up to 2 years (see story on p. 7)

ABC CONTINUES DOLLAR SURGE: Led by "strong performance" of broadcasting & publishing divs., ABC last week reported record 3rd-quarter and 9-month sales & earnings. Net income for quarter rose 14% to \$25.4 million (91¢ a share) from \$22.2 million (81¢) in 1977. Sales were up 16% to \$413.5 million from \$357 million. Network said record figures were achieved despite "the cost of expanded activity at ABC News and higher expenditures for entertainment programming, sports rights and theatrical films."

For 9 months, ABC had net income of \$90.1 million (up 20%) on \$1.32 billion sales (up 18%); 1977 income was \$75 million, sales \$1.11 billion.

* * * *

TvB/BAR report Aug. spending by network advertisers jumped 16.1% to \$265.9 million; all day-parts registered increases. In Jan.-Aug. period, advertisers invested \$2.47 billion in networks—ABC garnered \$896.6 million, CBS \$815.3 million, NBC \$758.2 million.

FCC Comr. Washburn has 2nd thoughts about Commission's experimental de-regulation plan for radio in some major markets (Vol. 18:43 p2). Speaking to National Bcst. Assn. for Community Affairs in Boston Oct. 26, Washburn said: "I am leery about any action" which might encourage stations to air more than 18 min. of commercials per hour. "The 18 min. is in the NAB Code. Radio broadcasters are doing well with it financially. . . The inherent danger [by relaxing standard] is that you might start a spiral effect with competitors." He also said "informal guidelines" on amount of non-informational programming are useful and that he wouldn't want "to abandon ascertainment completely. . . There has been more citizen input into broadcasting in recent years than ever before."

Knoxville Ch. 8 drop-in proposal should be dropped, WTVK (Ch. 26) urges FCC. Station, which originally requested drop-in, with facility to be located on House Mountain, said WBIR-TV (Ch. 10) has applied to move from House Mountain to site nearer Knoxville—demonstrating inadequacy of site. WTVK said drop-in would eliminate UHF in Knoxville and "preclude meaningful UHF development in the future." Station noted that Tenn. State Board of Education plans to apply for Ch. 15, sharing WBIR-TV's proposed new site.

Registrations for TvB's Nov. 13-15 convention in Chicago have surpassed 500—vs. record 365 last year. Program will highlight first phase of Booz, Allen, Hamilton study for TvB dealing with uses of ratings and emerging needs of industry. Sessions also will emphasize personnel training, co-op advertising, retail development, compensation.

Irby Turner, Miss. lawyer caught up in charges he had blocked pro-black activities while head of Miss. ETV Commission, is being dropped as CPB nominee, White House officials say.

QUBE REVISITED—A YEAR LATER: Gustave Hauser—and few if any others—knows how Qube is doing after a year's operation in Columbus, and he isn't giving out key numbers yet. Without reporting figures, however, he says he's very pleased with progress.

We reported on Qube before it started (Vol. 17:40 p1), went back recently, year later, did some old-fashioned man-in-the-street and woman-in-the-house interviewing—and we'd certainly want to know a lot more than we learned before we'd draw any conclusions. Most Qube subscribers told us they watch "premium channel" (pay-per-view) relatively little. Hauser laughs: "People say one thing and do another." We also found very few Qubists seem to know how much they pay for service monthly—without looking it up. Only 2 of about a dozen gave us figures; one said "about \$15"; another mentioned "around \$30." Several specifically stated they don't like open-end nature of per-program system. Two said they'd "prefer Home Box Office."

We talked to lot of non-Qube-subscribers—and their answers are clear: (1) Cost too much. (2) Don't watch TV much. One other thing is clear: Everyone had heard about Qube; polls show some 95%. Everyone we talked to knew, subscriber or not. Basic cable (stations only) is \$7.50 monthly. Qube costs \$10.95—which adds several "community channels" plus opportunity to buy additional material on premium channel on per-program basis.

Columbus is home of Ohio State U. Buckeyes, maybe football-craziest city in country—so we went there on day of Baylor game. It was 2nd of 5 that Qube got by filing antitrust suit against ABC & NCAA, and it was sole home game of the 5. Game was 58th consecutive sellout. First game, away, was with U. of Minn. Qube officials aren't telling how many subscribers bought games—but we were given impression that some 5,000 of the 20,000-plus Qube-equipped homes took it. We found a few subscribers who had watched game. Said one: "It's great if you don't have tickets. I understand there's about 20,000 waiting for season tickets."

Ohio State U. Athletic Dir. Hugh Hindman told us he didn't know how many had watched on Qube—which has contract to pay school 40% of gross. Video is handled by school's WOSU-TV, audio by Qube, with former Giants coach Allie Sherman as color commentator. Said Hindman: "Obviously, I'm at the game and don't watch it. Some people tell me it's well done. Others tell me its kind of sloppy."

Elizabeth Young, head of WOSU-TV, said station is covering 7 home games, 3 away—but must telecast them delayed because of NCAA rules, runs them 10:30 p.m. night of games. Games have underwriters, she said, "and we have a pretty good-sized audience; they're picked up by other Ohio public TV stations."

Qube experimented with selling football to cocktail lounges. David Girves, mgr. of Jai Lai, said: "It was pretty successful. We filled every seat that could see the screen. It just about paid for itself. They charge \$9 per bar stool. It cost us about \$240.

We need \$450 in extra sales to break even. It's hard to sell that much booze in that time. I guess it's a service to my customers." Girves also had experimented, some time ago, with advertising on Qube, taking reservations on 2-way system via computer. Said he: "Their computer got fouled up, and we ended up getting my customers mad at us."

Wayne King, mgr. of Royal Inn, was pleased with results of game: "It was not a big profit, but it brought in new customers. We had 80-90 people—about 75% filled for the first game, full house for the 2nd."

Ronald Castell, Qube mktg. mgr., gave these highlights of system's operation: "We want to be a supermarket of services, a library. Football brought in new subscribers. We're happy with the percentage. I wish we had the franchise for the whole city. We try to do the things that aren't available on TV. We did OSU basketball; the commercial stations didn't want it. The Republican National Committee had a film on taxes—with Sen. Baker & Rep. Rhodes. They asked the audience for response, and over 80% of them responded. Time-Life has tested ads for books. We've sold books for a book store. We give them a printout of orders.

"Our college exam preparation course, at \$35, is 40% over projection. It's had a tremendous acceptance in the educational community. Our drive-in-type movies, what I call the 'good ole boy' movies, do very well. They're generally not available on TV. Networks don't pick them up. We rate them in our program magazine, and we tell why we rate them—because of violence, etc.

"We closed down our Westland Mall studio. It's dormant. It was just a local talk show. It didn't fill a need. We absorbed most of the staff in other areas."

"We're still in the cradle when it comes to interactive. We've had to grow our own. There's a psychic reward for the respondent."

We talked to all 3 mgrs. of commercial stations. Here are reactions: Gene D'Angelo, WBNS-TV—"There's a great deal of interest in the Qube football. Otherwise, it's just another cable company. Oh, they take a few rating points here & there. You want to know Qube's most significant accomplishment? I'll tell you, but you won't print it. It's their ability to get people like the Wall St. Journal, N.Y. Times and folks like you to do national stories on them. I live in Columbus and I don't know what they're talking about. Their promotion is fantastic. I think it's my guy, the guy they got from us—Ron Castell.

Fred von Stade, WTVN-TV—"They're not getting what they expected. They've cut way back on people & promotion. It's too expensive. They hired Flippo the Clown from WBNS-TV, and they're stuck with him. They're not competition for us. Football is something for them. I'd rather have Home Box Office; they've got better stuff. Qube has some advantages—for research, polls, and so forth." (Castell says staff has held steady at about 330.)

Benjamin McKeel, WCMH-TV—"Qube itself isn't having much impact, but cable penetration as a whole has some. Sometimes 8 rating points. But

they're a competitor for programs. They bid for properties at silly prices—for old syndication stuff, for movies. They buy movie packages, pull out one or 2 and run them 16 times. They're very active in sports. They bid \$200,000 for OSU basketball. WBNS bid \$130,000; we bid \$110,000. Then they pulled out of it. They're doing a super job of promotion. They got Betty Furness out here with the Today Show.

"The 2-way system is intriguing. I used it for auditioning some talent on the PM program. I got my research back immediately. I thought it valid. I wouldn't base my entire decision on it, because they represent the upper quadrant of the city. Other 2-way uses are minimal. The town meeting was interesting. They had the city council and the mayor on. I view Qube and all cable as competitors. I wouldn't accept their advertising any more than I accept the advertising of the other stations." WCMH-TV, NBC affiliate, has sued ABC, NCAA, Warner & Ohio State, charging them with antitrust conspiracy depriving city's stations of opportunity to bid for football games.

We went back to Hauser and asked him how it all adds up. His response: "People are buying a considerable amount of premium. They're buying more than we thought they would. It's considerably higher than the average pay-cable rate. You have to take my word for it. I'll tell you later. We'll have much better answers in another year. Costly? Cable was too costly. Then pay cable was too costly. Now—what? Pay TV has a limit. Where do we go now? In January, we'll add fire & burglar alarms.

"Other markets? Sure, we're in planning stages in other systems. We're interested in Pittsburgh. All Qube doesn't have to look like Columbus—different in different cities. We're experimenting with community-type programs. We haven't learned it all. We're probably doing more than we have to. We're trying something for everyone—things you don't get on TV. We tried games. We had 3,000 people participating. It takes time. You're asking people to do something different. First, you asked people to pay for stations, then programs. Some 94% of the people know about Qube, but they don't know what it is. It's a very complex product."

CANNON & FOGARTY ON RENEWALS: "I am concerned that the courts once again appear to be making communications policy in the absence of congressional involvement"—Sen. Cannon (D-Nev.), chmn. of Senate Commerce Committee. "I believe that the Commission has the authority to specify a standard which if met by all licensees in a market would entitle each to a reasonable expectation of renewal"—FCC Comr. Fogarty.

They were referring to WESH-TV Daytona Beach case (Vol. 18:40 p1) and speaking at NAB fall conference in San Francisco (see p. 1). Cannon pledged: "Congress will again address the comparative renewal matter in the 96th Congress [starting in Jan.]... I will support efforts to bring more predictability and rationality to the comparative renewal process... with a view toward giving good broadcast performance appropriate weight among other considerations... You

deserve to know beforehand what performance is expected of you." Cannon also said that stations should be granted longer licenses and that Congress should again look at this issue.

In answer to question, Fogarty said that it's "imperative that Congress move with band-aid legislation" if FCC is unable to come up with acceptable renewal criteria. But, he added in prepared text, "crisis" in renewals revealed by WESH-TV decision "was not created by you or the Court. The crisis was created by the Commission [in agency's failure to develop acceptable renewal criteria] and must be resolved by the Commission's own action... If incumbent licensees are really sitting ducks, it is not because of the potential application of the so-called protective criteria but rather because the Commission has failed or refused to set clear, objective standards... I believe the Commission should be accorded the discretion to prefer a bird in the hand—the good broadcaster—to 2 in the bush—those who promise anything. However, a rational difference for that preference, one grounded in the public interest, must be made explicit..."

"Until we establish some method to evaluate rationally a renewal applicant's performance, there is no proper way for the Commission to prefer an incumbent to a challenger. And, this would deeply disturb me if I were you. In other words, without standards your industry's certainty is uncertainty."

Earlier in Washington last week, NAB called together blue-ribbon cast of group & newspaper owners to discuss strategy in countering WESH-TV decision. "It's a very upsetting case to the industry," according to NAB Pres. Wasilewski. "Not only to the big groups but to anybody who owns 2 stations or has a newspaper-station cross-ownership situation." Consensus was that legislation is desirable, although there was no clear decision to go after renewal bill in next Congress. "We should be prepared to take action on any fronts," added NAB Chmn. Thurston.

FERRIS HAPPY WITH PUBLIC BCSTG.: FCC Chmn. Ferris, who had some tough criticisms for those at NCTA & NAB conventions, has almost nothing but praise for those attending NAEB this week. Ferris, according to advance text, will offer strong praise of PBS & NPR programming, noting commercial counterparts have responded to benchmarks set by public broadcasting.

"The benefits of public broadcasting are so significant that I believe the time has come for all of us in and out of govt. who realize the importance of the electronic media, and who hope for its significant deregulation, to support full funding of our public broadcasting system." He said goal of funding should be \$1 billion a year. And he said FCC's rulemaking proceeding on fund-raising addresses question of whether non-commercial stations are exceeding rational limits on over-the-air fundraising.

NAB Exec. Committee plans Dec. 13 Washington meeting with Canadian Assn. of Bcstrs. "to continue discussion of the issues" raised at joint meeting in Toronto (Vol. 18:27 p1). NAB also will host fall 1979 meeting of IAAB in Washington, will ante \$15,000 of expected \$30,000 cost.

ECONOMY BROADCAST VTR: New broadcast VTR format claimed to have picture quality at least as good as 2" quad or 1" helical and with better sound at fraction of cost and with convenience of cassette format will be introduced at this week's SMPTE conference in N. Y. by Recortec, Sunnyvale, Cal. Called HBU, new format is obtained by modifying U-type videocassette recorder to operate at triple speed as segmented VTR, providing 7-10-MHz high-band color.

First model is based on Sony's editing VTR, VO-2860 and is priced at \$14,500 complete. VTR is modified with special electronics package mounted on top, but unit still is desktop size. It uses standard U-Matic cassettes—UC-60 cassette will provide 20-min. recording. Writing speed has been increased from Sony's 400 to 1,200 ips; video signal-to-noise is claimed at 46 dB, audio 56 dB for 2 tracks. System is said to be ideal for on-line editing. Future versions will include record-only & ENG models. Unit is available now in small quantities; Recortec's current capacity is 10 monthly.

Time-ATC cable merger seemed to be going well during FCC meeting last week—until Chmn. Ferris & Comr. Brown asked staff what consideration had been given to antitrust aspects of deal. They hadn't given any, were ordered to come back with revised document Nov. 2. However, agreement expires midnight Oct. 31. Time Inc. said it's ready to extend date; ATC scheduled board meeting in N. Y. Oct. 30 to consider situation—some 6 months since original agreement. Time is by far largest stockholder of ATC, 26%, but has only one of 7 board members. Furthermore, Time Pres. James Shepley, before ATC stockholders voted on agreement, had stated company wouldn't vote its stock as a block, would lean over backwards and allocate votes in proportion to votes of other stockholders. Though FCC set Nov. 2 for further consideration, it has meeting scheduled on other matters Oct. 31, could take up merger, grant it—even if ATC board votes against extension.

Nixon Administration, unhappy with public TV's "obvious liberal bias," planted critical news stories over appointments of NPACT newsmen Sander Vanocur & Robert MacNeil in hopes of driving wedge between stations & CPB, according to confidential memo obtained by Public Broadcasting Report, Television Digest's new newsletter. Memo, dated Nov. 21, 1971, from OTP Dir. Clay Whitehead to White House aide H. R. Haldeman, said OTP planted negative stories in trade press and "encouraged speculation about Vanocur's & MacNeil's salaries." Whitehead, now Cal. consultant, said recently that OTP faced an "enemies mentality" at White House at that time.

Rand UHF study is unreliable, and FCC staff should quit using it in recommendations to Commission, MST Pres. Tom Paro urged in letter to Commission. As example, he said, Rand model envisions 196 commercial UHF's by 1990, yet there are already 225 UHF's on air, granted or applied for. Said Paro: "Other defects in the Rand study can be readily cited."

Call for technical papers for NCTA May 20-23 convention has been issued by NCTA's Robert Luff.

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with
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Personals

Leonard Goldenson, ABC chmn., speaks Nov. 16 at new series of ATAS luncheons, Century Plaza Hotel, L.A.; others, at dates to be set, are CBS Pres. John Backe, NBC Pres. Fred Silverman, producer Norman Lear... Frederick Pierce, ABC-TV pres., speaks at IRTS luncheon Nov. 6, Americana Hotel, N.Y... ABC Pres. Elton Rule addresses AWRT luncheon saluting ABC's 25th anniversary, Essex House, N.Y., Nov. 14... Rep. Lionel Van Deerlin (D-Cal.) & NAB Pres. Vincent Wastlewski address HRTS on Communications Act rewrite Nov. 13, Beverly Wilshire, L.A.

Robert Silberberg promoted to vp-national sales mgr., ABC-TV; Gordon Link to vp-dir. of eastern sales; Donal Flynn to vp & asst. to Pres. Frederick Pierce... Bob Benson, ex-AP, named vp-ABC News, radio... Marsha Kleinman, ex-free-lance, named vp-casting, West Coast, NBC Entertainment; Eileen Knight & Jeff Ryder named mgrs., casting... Rita-mary McMahon advanced to mgr., children's & day-time programs, NBC Entertainment... Richard Kozak promoted to vp-dir., station relations, Mario Cucinotta, vp-dir., affiliate operations, ABC-TV.

Wilson Wearn, Multimedia, elected a BMI dir... Andrew Feinstein, ex-ABC Spot Sales, named national sales mgr., WABC-TV, N.Y... Michael Schuch advanced to asst. gen. mgr., WTVV Milwaukee... Joseph Chaplinski, ex-Control Data, appointed operations mgr., WDVM-TV Washington... Richard Painter, KYSM-AM-FM Mankato, elected pres., Minn. Bcstrs. Assn... Daniel Smith, retired senior vp-engineering dir., Capital Cities Bcstg., becomes consultant to Silliman, Moffet & Kowalski, consulting engineers... Lionel Monagas shifts from FCC gen. counsel office to Bcst. Bureau, as special asst. to chief for EEO & minority ownership.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Oct. 13 (41st week of 1978):

	Oct. 7-13	1977 week	% change	Sept. 30- Oct. 6	1978 to date	1977 to date	% change
Total TV	359,617	310,983	+15.6	361,706	12,099,909	10,611,524	+14.0
color	215,786*	185,224	+16.5	214,568	7,662,645*	6,608,727	+15.9
monochrome . . .	143,831	125,759	+14.4	147,138	4,437,264	4,002,797	+10.9
Total radio	751,913	1,077,537	-30.2	663,575	36,434,049	41,250,809	-11.7
home, portable .	507,065	827,883	-38.8	409,970	26,483,247	31,404,215	-15.7
AM-only	143,923	248,008	-42.0	177,351	6,069,188	7,484,657	-18.9
FM & FM-AM .	363,142	579,875	-37.4	232,619	20,414,059	23,919,558	-14.7
auto	244,848	249,654	-1.9	253,605	9,950,802	9,846,594	+1.1

Color TV 5-week moving average: 1978-241,656**; 1977-231,248 (up 4.5%).

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

FCC APPROVAL OF AM STEREO IN DOUBT: Those counting on authorization of AM stereo as mere formality of picking one system over others got their comeuppance in FCC's formal rule-making on subject. Commission took show-me attitude, indicated it was dissatisfied with data submitted, wants more tests, more price data, and, in fact, isn't convinced that there's need for the service at all.

Only victory won by AM stereo proponents in proceeding is Commission's decision to start rulemaking rather than inquiry as urged by chief engineer's office (Vol. 18:38 p7). FCC said it was persuaded there was great interest in AM stereo by broadcasters & manufacturers, but "this should not imply... that the Commission is totally committed to adopting standards for AM stereo." It said its doubts concerning compatibility with allocations and emission requirements must be resolved before standards can be adopted.

Commission had some cavil about every one of the 5 proposed AM stereo systems and by implication criticized work of National AM Stereo Radio Committee (NAMSRC). Among areas of FCC dissatisfaction, which it wants resolved in comments & test data: (1) Protection of 2nd adjacent channels. (2) Possible reduction in station service areas. (3) Receiver compatibility. (4) NAMSRC data indicates no systems met own suggested channel separation figures. (5) "Further comments & analysis" on potential impact of possible reduction of AM bandwidth & channel spacing under international treaty. (6) Effects on listeners who depend on skywave service. (7) Effects of directional antennas. Commission also reminded all involved that everything has to be cleared with Canada & Mexico—almost as if this were serious problem.

On pricing front, FCC said Motorola estimated 25-70% price differential between AM stereo & AM mono receivers. Motorola & Belar saw under 10% to 35% increase for redesigning stereo FM-AM receivers, and National Semiconductor forecast added \$2 cost of Magnavox system and \$4 for Motorola system using IC chips. Commission asked more recent cost estimates as well as potential number of customers likely to buy AM stereo receivers assuming various cost figures. It also wants names of those holding patents, details of licensing arrangements. It added it "encourages further over-the-air testing" of the 5 systems, "especially during normal station operating hours," offered to issue authorizations. It flatly said it wanted more data from over-air operations.

Consulting engineer Harold Kassens, who headed NAMSRC, conceded there must be further

extensions of Dec. 29 & Jan. 31 comments deadlines, said he thought it still was reasonable to expect authorization in 1979. He said FCC's tough skepticism was move to pacify chief engineer's office. Chief Engineer Raymond Spence, however, saw AM stereo approval probably "a couple of years away—12 months at best," if it comes at all.

"There are technical & cost questions," said Spence. "The real question is: Who really wants it? Not the people with pocket portables. It's not a serious contender on high fidelity And stereo doesn't add that much in a car environment. What is the appeal except to the people who sell hardware?" He said he detected no enthusiasm from broadcasters. "As long as I've been making speeches against it, nobody every tried to talk me out of it." He said FCC rule-making leaves door open for more systems, and he forecast further rulemaking would be necessary to narrow it down to single system.

"I'd like to see a manufacturer and a station join forces, work up a couple of thousand receivers, go on the air and have a public test, see if people really want it and at what price," he said.

JAPAN SEPT. VCR EXPORTS SET RECORD: Figures were upbeat in Sept. for Japanese consumer electronics exporters, who posted record VCR shipments to U. S. and enjoyed healthy increase in color TV. But analysis of Finance Ministry data shows that despite apparent price-cutting they haven't been able to offset effect of eroding dollar value. Dollar's plunge last week to record low 179 yen virtually guarantees substantial price hikes on Japanese imports in next year's first quarter.

Japanese exported 411,200 TVs to U. S. in Sept., up 5.3% from same month last year, as color rose 11.7% to 214,600, b&w slipped 0.8% to 196,600. For 9 months, TV exports totaled 2.62 million, down 12.7%, with color at 1.27 million (off 27%), b&w 1.35 million (up 6.8%)—color totals include 17,500 chassis & kits for month, 148,700 for full period.

VCR exports of 62,700 were up 47.2% from year earlier, topping previous monthly high set in Nov. 1977 by 2,300. Nine-month VCR total of 406,200 was up 135.4%. CB continued sluggish, with Sept. shipments of 159,600 off 64.2%, for 9-month total of 1.84 million, down 65.2%.

Export value totals released by Ministry are in yen, giving constant picture of what Japanese are getting for their products. Conversion of 9-month values for 1977, (when exchange rate was 267 yen to dollar) and those for 1978, (at 190 rate) shows U. S. importers are paying sharply higher average prices in dollars for TV & VCRs, while Japanese are getting fewer yen.

Picture derived doesn't reflect actual sales transactions, since major importers have hedged in international money markets and most have contracts that force foreign suppliers to absorb at least part of currency fluctuation losses—average true payment rate this year was in 215-235-yen-to-dollar range, against about 275 in 1977. But it does show how relative situation has been changed by sinking value of dollar.

Impact is most substantial in color TV. Actual average yen price this year for set or chassis dropped 10.2% to 46,000, from 51,200, which meant \$241.29 in Sept. 1978, against \$191.71 a year earlier—cost of complete color set averaged \$248.38. In b&w, average yen value was down 5.6% to 15,900 from 16,800, while dollar average rose to \$83.56 from \$62.99. As for VCR, yen price average was off 26.5% to 120,000 from 163,300, or \$631.36, up from \$611.51. Figured at last week's exchange rate, color average rises to \$255, b&w to \$88, VCR to \$666.

While they struggle to stay competitive here by improving efficiency and trimming margins, Japanese manufacturers & importers will find little comfort in announcement from President Carter's inflation-fighting team last week that price increases on imports needn't be restricted to 7% guideline.

* * * *

Japanese color producers received assurance from Prime Minister Takeo Fukuda that dumping situation would be subject of top-level talks with U. S. officials. Issue is Treasury's use of unique calculation system, based on Japanese commodity tax collections, to develop TV market values for purpose of dumping duty assessments (Vol. 18:39 p9).

NEW TAIWAN QUOTA TALKS NOV. 6: Round 2 in trade negotiations aimed at limiting Taiwan color set exports to U.S. opens in Washington Nov. 6 with no indication that spadework done by U.S. staff-level team which returned from Far East tour last week resulted in anything resembling tentative agreement.

We've learned Taiwan has put offer on table calling for quota based on average shipments to U.S. for 1977-78. That would mean annual ceiling of 450-500,000, or 100-200,000 less than will be imported from there this year, but 125-175,000 more than in 1977. This contrasts with U.S. proposal of 250-270,000 limit, based on average of 1972-77 shipments. At this point issue of limiting chassis exports (which come only from RCA & Admiral plants there) isn't being taken up.

Taiwan offer would let local producers export to U.S. at current levels or better, presupposing cutbacks in shipments from Admiral & Hitachi Taiwan plants. Those 2 will account for about 350,000 of 600-625,000 color sets U.S. will import from there this year. Admiral is selling facility as part of U.S. color TV business shut-down (Vol. 18:39 p8 et seq.). If, as expected, plant is sold to independent color maker, output for U.S. market could be expected to be off 50% or more for first couple of years at least. As for Hitachi, bulk of its U.S. color needs will be sourced here if Justice Dept. blesses its participation with GE in domestic manufacturing venture General TV of America (Vol. 17:50 p7).

Lack of limits on chassis exports will leave Taiwan makers free to set up small-scale assembly operations here if necessary. Tatung, which will import about 150,000 color sets this year, makes handful of 25" consoles in Cal. now, has plan to build about 5,000 or so in 1979. Sampo, other local major exporter, will ship around 100,000 this year. Officials of their U.S. marketing subsidiaries say there's been some talk about U.S. production, but there's nothing significant in works at this time.

Similar color quota talks with Koreans are even less promising, negotiators having yet to find suitable framework. Korea will ship nearly 400,000 color sets to U.S. this year at current rates, up from about 100,000 last year. Because color support industry there is small, 50% of set value consists of Japanese-made parts. On that basis, U.S. trade spokesmen contend, next year when Korea has own picture tube capability it could cut back to 200,000 or so without economic loss.

Koreans aren't at all receptive. They've committed for sizable expansion of color set & parts capability. There is no domestic color market. Colorcasting was to have started in 1977, but govt. has dragged feet, and despite urgings of set makers it appears there'll be none until 1980. So entire near-term future is keyed to U.S.-bound exports. They'll be in Washington to argue case Nov. 13.

U.S. trade team would like to have voluntary quota agreements with Taiwan & Korea locked in time for April 1 implementation. Quotas would be effective until July 1, 1980, when pact with Japan runs out, making it possible to negotiate extensions, if necessary, with all 3 at same time.

Color boom slowed down in Oct. from record pace of Feb.-Sept. Although month's 2nd week set record (see State of the Industry), first & 3rd didn't, and both were below 1978 pace. Sales to dealers for 3rd week totaled about 215,400, down 11.1% from record 242,341 in same 1978 week. Sales in first 3 weeks of 4-week Oct. totaled about 645,800, up 0.5% from 1978's same period, but down 0.7% from 1973. At annual rate of 9.53 million, Oct. so far is slowest month since non-record Jan. Month can still set record if 4th-week sales exceed 290,400 units.

Sony U. K. is first Japanese-owned producer to be accepted as member of Confederation of British Industry. CBI is equivalent to NAM in U.S., is U. K.'s major spokesman for domestic business.

Nationwide video club, nonprofit American Video Tape Library, lends cassettes by mail to members, who pay one-time \$50 fee and \$5 monthly. Each member can take out one title at a time, keep it as long as he wishes. All tapes are owned jointly by members. AVTL, which was tested regionally before going nationwide, currently has more than 100 titles. Managing Dir. Nancy Payne says members so far have been asking for adult films, horror movies & Elvis Presley, in that order. AVTL is at 6650 S. Broadway, Littleton, Colo. 80121. Toll-free phone: 800-525-7487.

TV receiver advances make move of all TV to UHF band practical for first time, in view of Ren-ville McMann, pres. of Thomson-CSF Labs who recently accepted 3rd engineering Emmy.

LAFAYETTE SALE OFF: Planned sale of Lafayette to investment group for \$16 million (Vol. 18:31 p11) has been called off. Company said financing arrangements were too uncertain and terms limiting its ability to consider other offers during negotiations were too restrictive. At same time, financially troubled electronics marketer said it was considering sale of 2 operations.

Harrison Radio is negotiating to buy Lafayette's Marine & Industrial Divs. for about \$4.8 million, or \$650,000 over book value. In addition, Harrison will purchase \$3-million convertible note. Principals of Harrison, which include Pathcom Pres. William Thomas, own major portion of Pathcom, were also part of group which founded Altus Electronics, purchaser of Automatic Radio's car radio aftermarket business last June.

Lafayette said it plans to use proceeds from sale as working capital and to cut bank debt. In report for fiscal 4th quarter to July 1, Lafayette said it sold Carson, Cal. warehouse for net gain of \$450,000.

Craig announced acquisition of International Mdsg. Assoc., Elk Grove Village, Ill., terms undisclosed. Formerly a subsidiary of Australia's Hanimex Group, IMA imports and distributes Hanimex-brand b&w TV, video games, calculators, radios & specialty products. IMA will continue selling Hanimex-brand products over next 2 years while it phases in new brand. Current IMA management is being retained, with Exec. Vp Patricia Schoenberg moving up to pres.

Mergers & acquisitions: Hitachi Magnetics has acquired American Magnetics, producer of strontium ferrite magnets for speakers, for undisclosed sum. HM produces cobalt magnets in U.S., imports ceramic magnets from Japan... P.R. Mallory has agreed to sell ceramic capacitor subsidiary, Radio Materials Co., back to founders Mr. & Mrs. Joseph Riley. Mallory acquired RMC in 1958. Mallory is dropping out of ceramic capacitor field, and, as previously reported, is negotiating sale of Taiwan unit to Japan's Murata... U.K.'s GEC reportedly is negotiating to acquire Plessey's semiconductor business there. Plessey unit makes specialty devices and would complement GEC's existing R&D operation as well as standard semiconductor venture it's planning to establish with Fairchild... Pioneer has made \$1.3-million investment in Phase Linear Co., which will remain separate from Pioneer operations, according to spokesman... Johnson Controls said it completed previously announced acquisition of Globe-Union for shares valued at about \$250 million... Japan's Furuno has completed acquisition of Konel Corp., marine 2-way radio subsidiary of Narco Scientific, for \$4.5 million. Konel, based in S.F., is being renamed Furuno U.S.A., will continue as manufacturer, serve as U.S. distributor of Furuno communications products... Optel sold LCD business to Rafac Technology for undisclosed cash sum... Arlen Realty has agreed to sell 51% stake in Korvettes discount chain to French retailing firm Agache-Willot Group for about \$30 million. A-W also plans to purchase some Korvettes real estate from Arlen.

AID FOR ADMIRAL: Labor Dept. opened series of import adjustment assistance eligibility investigations for workers who are losing jobs as result of Admiral's TV phase-out by parent Rockwell (Vol. 18:39 p8). Process will cost about 1,800 jobs in production, marketing, distribution & service. Initial probes cover engineering services in Chicago, administrative workers in Schaumburg, Ill., those at sales & service centers in Cheektowaga, N.Y., McKees Rocks, Pa., E. Rutherford, N.J., Medford, Mass.

In other actions, Labor approved aid for those who lost jobs earlier this year when General Instrument transferred F.W. Sickles Div. administrative office to El Paso, Tex. and test & repair operations to Juarez, but rejected help for employees at 3 other firms. Turned down, because Labor ruled job losses weren't directly related to import competition, were ex-workers at Houston Electronics, Kane, Pa. (crystal holders); Freedom Electronics, Dorchester, Mass. (circuit boards, power supplies, cables) and TRW Crescent Wire Cable, Trenton.

Import impact aid expansion bill died with congressional adjournment Oct. 22 (Vol. 18:38 p11; 18:41 p13). Senate had passed less generous version of bill previously approved by House. Administration trade officials managed to have compromise measure passed by House on adjournment day, but were unable to get it to Senate floor in time. More troublesome was Administration failure to get congressional approval of bill extending President Carter's right to waive collection of countervailing duties past Jan. 3 deadline. Duties aren't being collected on certain imports from Europe pending agreement on new international guidelines. European trade officials have warned that imposition of duties could result in halt to current GATT Tokyo Round of trade-barrier reductions.

Results of Nielsen survey of VCR owners (Vol. 18:42 p6) probably won't be offered to clients. "We haven't collected much data yet," said spokesman, "and we're not at all sure of its eventual quality." Spokesman indicated that survey may be completed by Nov. Arbitron plans similar survey, due in 4-5 months, has been following VCR ownership for almost 2 years. Figures from this growth curve: In Nov. 1976 sweep of 100,000 homes, only 2 VCRs were reported; Nov. 1977 figure was 5. Jan. 1978 sweep of 31,000 homes turned up 7 VCRs, 100,000-home Feb. sweep found 21. Small March sweep of 8,000 homes found 4 VCRs, but full 100,000-home May sweep resulted in only 17.

Tape topics: Agfa plans to re-enter U.S. market with own-brand tape next year. W. German producer pulled out of audio cassette field here in early 1970, but has been selling to U.S. OEMs. First offering will be U-Matic videocassette, to be followed by cassettes for Beta & VHS VCRs; Agfa is currently negotiating for licenses. Line of audio cassettes is due at year end... BASF has series of audio cassette promotions planned for this fall. Included are 2-for-1 & 25%-off, cassette gift pack for dealers to offer to deck buyers, portable storage case free to purchasers of 5 cassettes or 40-cassette storage rack for purchase of 6 cassettes.

SOFTWARE SURVEYS: RCA Consumer Electronics Mktg. Vp Jack Sauter gave more highlights of company's software survey (Vol. 18:42 p6) at ITA conference in N.Y.: Highest rate of prerecorded cassette purchase occurs during first 3 months of VCR ownership, with average of 4.2 cassettes bought per owner. All VCR owners have average of 8.4 cassettes which were purchased blank. Feature movies represent largest category of pre-programmed cassettes owned; 85% of owners of programmed cassettes bought features, with adult movies 2nd at 12%. Of 29,000 retail outlets, 39% handle VCRs, 13% (or one of 3) sell programmed cassettes.

Merchandising Week Editor Ron Schneiderman gave these highlights of 1,000-person consumer survey: 10% were VCR owners; of those, 32% also owned cameras. Asked what they used VCRs for, 32% said they taped programs while not at home, 24% to tape while watching, 24% to tape one show while watching another, 6% make home movies, 14% mainly watch prerecorded shows.

Major video retailer Gene Kahn (Columbia Video Systems, Highland Park, Ill.) gave some of his statistics: In first 9 months this year, his store bought 294 VCRs, sold 538 recorded tapes at over \$30,000 as well as 3,886 blank VHS tapes and 2,563 blank Beta tapes.

FBI raid on Houston-based Televideo Corp. and allegations of piracy (Vol. 18:40 p13, 18:41 p13) were "a concoction of Universal [Pictures]," with which Televideo is involved in litigation, Pres. Ralph Smith told us last week. Smith said Televideo was suing Universal and its parent MCA for \$28.5 million for non-performance of 1974 contract which gave Televideo "worldwide distribution rights" to "entire library" of Universal Pictures & MCA-TV. However, MCA attorney Charles Morgan told us Televideo's contract involved only 70 specific titles and Televideo refused to pay royalties, alleging defects in prints. He said MCA went to court to invalidate contract and was met with "absolutely ludicrous action" filed by Televideo. "The idea that we had some involvement" in FBI raid is wrong, said Morgan. "We did not know that Smith was the target of grand jury proceedings [or that he was] involved in unauthorized distribution."

Fines of \$520,000 for participating in illegal rebating were assessed in Cleveland Federal Dist. Court against Seatrain Lines and a subsidiary. Each firm was fined \$10,000 for kickbacks given Tenna executive Harvey Ludwig before 1976, plus \$250,000 each for currency law violations. Zenith, meanwhile, is seeking records of overseas freight carriers to obtain data on rebates paid to U.S. importers of Japanese consumer electronics. It plans to use information in \$1-billion antitrust suit it's pressing against Japanese industry in Philadelphia federal court.

West Coast Computer Faire is being held at L.A. Convention Center Nov. 3-5, with over 70 conference speakers; topics include "Getting Serious About Computer Games" and "Implementing A Small Computer System Detailed for Businesspeople." Admission: \$6.

Consumer Electronics Personals

Cees Bruynes promoted at N. American Philips from exec. vp to pres. & chief operating officer, assuming some responsibilities of **Pieter Vink**, who continues as chmn. & chief exec. Bruynes retains overall responsibility for Magnavox; **Frank Randall** advanced from exec. vp to vice chmn., remains responsible for electronic components operations... **Thomas Rivers**, one-time Admiral & Sylvania, joins Sampo America as finance dir.; **Martin Weinberg**, ex-Hitachi, joins as sales administrator.

Gary Olson, ex-Panasonic Video Div. midwest sales mgr., joins NEC America Video Products & Consumer Products Div. (CCTV & OEM) as national sales mgr... **Cedric Bastiaans** advanced at JBL from engineering systems mgr. to dir. of new Applied R&D Group... **Shelly Bunnnett**, ex-TEAC, joins Uni-Sync as sales administrator... **Spencer Boise**, Mattel, elected pres. of Society of Consumer Affairs Professionals in Business; among new dirs.: **Benjamin French** (RCA), **Robert McCleary** (Corning), **Thomas Chadwick** (former Admiral vp, now with U.S. Postal Service)... **Jerry Schwartz**, ex-Ohio Appliance (RCA), returns to Zenith N.Y. as N.J. territory sales mgr.

William Winther advanced at Centralab to L.A. operations gen. mgr.; **Allan Choy**, former Hong Kong plant operations mgr., succeeds Winther as Far East operations gen. mgr... **Charles Thompson** promoted at Motorola Semiconductor from asst. dir. to dir., worldwide mktg., succeeding **Pasquale Pistorio**, named to head new International Div.; **Robert Nobis** named high-end MPU strategic mktg. mgr. at Microprocessor Components Group; **Stan Groves** given responsibility for mid-range MPUs... **Kenneth Rolnick**, ex-Micro Design, one-time Bell & Howell, joins GC Electronics as senior mktg. vp.

Tim McLoughlin promoted at BSR Industrial Products Div. (OEM) from midwest region mgr. to asst. vp for midwest & west coast sales regions; **Alan Cummings** advanced from inventory supervisor to sales administration mgr., succeeding **Tim Noble**, resigned... **Joseph Dash**, CBS Records business development dir., named vp.

Robert Anslow advanced at Rockwell Micro-electronic Devices to business development dir., new post, in reorganization; **Fred Little** appointed Device Products business dir., retains overall mktg. & sales responsibilities; **Richard Pinto**, former production operations vp, named dir. of new Telcom/Subsystems Product unit... **Farooq Quadri**, ex-Burroughs, joins National Semiconductor as magnetic bubble memory product engineering mgr... **John Hewkin**, ex-TI, joins Mostek as European mktg. mgr... **William Strauss**, ex-Digital Equipment Corp., joins General Instrument as telecommunications product line mgr... **Barry Carrington**, American Microsystems Mfg. Group chief, named mfg. vp; **Mitch Gooze**, ex-Motorola Semiconductor strategic mktg. mgr., joins as MPU production mgr.

GTE consumer phone sales & manufacturing responsibilities switched from GTE Automatic Electric to new umbrella group GTE Telcom Systems.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
American Bcstg. Cos.			
1978-9 mo. to Sept. 30 ^a	1,323,632,000	90,069,000	3.26
1977-9 mo. to Sept. 30 ^a	1,117,057,000	74,950,000	2.75
1978-qtr. to Sept. 30	413,469,000	25,378,000	.91
1977-qtr. to Sept. 30 ^a	357,015,000	22,241,000	.81
Arvin Industries			
1978-9 mo. to Oct. 1	352,417,000	17,210,000	2.52
1977-9 mo. to Sept. 30 ^a	346,429,000	23,977,000	3.69
1978-qtr. to Oct. 1	120,419,000	5,238,000	.74
1977-qtr. to Sept. 30 ^a	113,152,000	8,183,000	1.26
BBDQ International			
1978-9 mo. to Sept. 30	84,400,000	7,320,000	2.91
1977-9 mo. to Sept. 30	69,500,000	5,908,000	2.35
1978-qtr. to Sept. 30	28,100,000	2,316,000	.92
1977-qtr. to Sept. 30	22,500,000	1,906,000	.76
John Blair			
1978-9 mo. to Sept. 30	124,472,000	7,443,000	3.04
1977-9 mo. to Sept. 30	100,697,000	6,081,000	2.51
1978-qtr. to Sept. 30	44,349,000	2,584,000	1.05
1977-qtr. to Sept. 30	35,075,000	2,029,000	.83
Capital Cities Communications			
1978-9 mo. to Sept. 30	265,965,000	39,200,000	2.74 ^b
1977-9 mo. to Sept. 30	218,918,000	30,032,000	2.00
1978-qtr. to Sept. 30	90,531,000	12,328,000	.86 ^b
1977-qtr. to Sept. 30	75,078,000	9,647,000	.64 ^b
Clarostat			
1978-9 mo. to Sept. 30	11,851,500	602,500	1.09
1977-9 mo. to Sept. 30	9,894,900	326,900	.59
Cohu			
1978-9 mo. to Sept. 30	14,032,950	361,851	.21
1977-9 mo. to Sept. 30	12,972,048	443,503	.25
1978-qtr. to Sept. 30	4,969,547	145,092	.08
1977-qtr. to Sept. 30	4,205,558	140,208	.08
Comsat			
1978-9 mo. to Sept. 30	132,657,000 ^c	24,454,000	3.06
1977-9 mo. to Sept. 30 ^a	126,907,000 ^c	25,699,000	2.59
1978-qtr. to Sept. 30	46,708,000 ^c	8,959,000	1.12
1977-qtr. to Sept. 30 ^a	42,919,000 ^c	8,034,000	.81
Cox Bcstg.			
1978-9 mo. to Sept. 30	162,916,999 ^c	23,500,000 ^d	3.52
1977-9 mo. to Sept. 30 ^a	135,358,000 ^c	18,295,000	3.02
1978-qtr. to Sept. 30	58,049,000 ^c	8,701,000	1.30
1977-qtr. to Sept. 30 ^a	45,220,000 ^c	5,119,000	.80
Doyle Dane Bernbach			
1978-9 mo. to Sept. 30	59,543,000	3,935,000	1.48
1977-9 mo. to Sept. 30 ^a	49,478,000	3,259,000	1.16
1978-qtr. to Sept. 30	18,109,000	230,000	.09
1977-qtr. to Sept. 30 ^a	14,102,000	118,000	.04
Electronic Memories & Magnetics			
1978-9 mo. to Sept. 30	95,903,000	5,917,000 ^d	.95
1977-9 mo. to Sept. 30	80,660,000	3,398,000	.48
1978-qtr. to Sept. 30	33,033,000	3,552,000 ^d	.61
1977-qtr. to Sept. 30	27,379,000	1,303,000	.19
Fairchild Camera & Instrument			
1978-9 mo. to Oct. 1	377,954,000	18,724,000	3.39
1977-9 mo. to Oct. 2	343,917,000	6,693,000	1.24
1978-qtr. to Oct. 1	133,618,000	6,718,000	1.20
1977-qtr. to Oct. 2	113,348,000	2,893,000	.54
Fuqua Industries			
1978-9 mo. to Sept. 30	1,272,602,000	21,298,000	1.59
1977-9 mo. to Sept. 30	453,017,000	13,166,000	1.37
1978-qtr. to Sept. 30	435,752,000	8,681,000	.65
1977-qtr. to Sept. 30	157,231,000	4,330,000	.44
International Rectifier			
1978-13 wk. to Oct. 1	27,844,000	1,118,000	.42
1977-13 wk. to Oct. 2 ^d	22,564,000	497,000	.19

Company & Period	Revenues	Net Earnings	Per Share
Interpublic Group			
1978-9 mo. to Sept. 30	219,131,000	11,457,000	3.12
1977-9 mo. to Sept. 30	172,137,000	8,154,000	2.26
1978-qtr. to Sept. 30	75,535,000	2,758,000	.76
1977-qtr. to Sept. 30	57,870,000	1,782,000	.49
E.F. Johnson			
1978-9 mo. to Sept. 30	31,636,000	1,107,000	.43
1977-9 mo. to Sept. 30	42,565,000	(8,392,000) ^e	--
1978-qtr. to Sept. 30	9,625,000	550,000	.21
1977-qtr. to Sept. 30	10,287,000	(4,432,000) ^e	--
Koss			
1978-qtr. to Sept. 30	7,771,766	382,579	.23
1977-qtr. to Sept. 30	5,297,726	107,966	.06
Masco			
1978-9 mo. to Sept. 30	424,990,000	46,080,000	1.76
1977-9 mo. to Sept. 30	331,433,000	38,870,000	1.49
1978-qtr. to Sept. 30	144,970,000	15,170,000	.58
1977-qtr. to Sept. 30	109,148,000	12,040,000	.46
Meredith			
1978-qtr. to Sept. 30	76,697,000	3,591,000	1.17
1977-qtr. to Sept. 30	65,035,000	3,391,000	1.10
Ogilvy & Mather			
1978-9 mo. to Sept. 30	127,790,000	7,776,000	1.97 ^b
1977-9 mo. to Sept. 30	105,326,000	6,520,000	1.72 ^b
1978-qtr. to Sept. 30	44,218,000	2,723,000	.68 ^b
1977-qtr. to Sept. 30	36,602,000	2,190,000	.58 ^b
Regency Electronics			
1978-qtr. to Sept. 30	9,435,147	1,039,627	.39
1977-qtr. to Sept. 30	5,844,729	152,746	.06
Resdel Industries			
1978-year to June 30	20,999,670	(2,818,598)	--
1977-year to June 30	29,591,514	(3,954,520)	--
Rollins			
1978-qtr. to Sept. 30	81,283,396	5,620,075	.42
1977-qtr. to Sept. 30	69,497,764	4,920,003	.37
TRW			
1978-9 mo. to Sept. 30	2,754,700,000	124,900,000	3.89
1977-9 mo. to Sept. 30	2,399,800,000	110,600,000	3.41
1978-qtr. to Sept. 30	927,900,000	42,200,000	1.31
1977-qtr. to Sept. 30	797,300,000	36,400,000	1.12
Washington Post			
1978-39 wk. to Oct. 1	371,054,000 ^c	33,751,000	4.15
1977-39 wk. to Oct. 2	309,444,000 ^c	22,453,000	2.63
1978-13 wk. to Oct. 1	123,145,000 ^c	9,480,000	1.18
1977-13 wk. to Oct. 2	101,928,000 ^c	6,611,000	.79

Notes: ^aRestated. ^bAdjusted. ^cFrom operations. ^dIncludes special credit. ^eAfter special charge.

Japan video notes: Toshiba will introduce Beta-format portable VCR & color camera in Japan next spring at about \$2,100 (400,000 yen), with export to U.S. scheduled late in 1979... JVC says it will be top source for blank videocassettes in Japan when 3rd plant goes on stream in Feb. Production will be about a million monthly, using raw tape from other Japanese suppliers... Sharp plans to start producing VHS-format VCRs starting next summer, last of major Japanese TV makers to do so. Sharp has been buying VCRs from JVC, is only Japanese brand not offering VCR in U.S. market... VCR retail sales in Japan are expected to exceed \$1 billion this year.

Ireland is getting 2 new consumer electronics plants. Atari is opening video game facility in Tipperary, while Japan's Unisef plans radio & recorder assembly operation in Dublin. Output from both will be sold in Europe.

RCA has published service bulletin on installation & operation of VCRs on CATV systems.