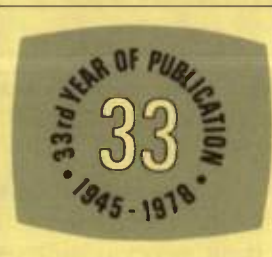


WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

PERTSCHUK BARRED FROM AD INQUIRY: Court rules he showed bias on children's TV ad rulemaking. FTC says rulemaking not tainted and won't be delayed. (P. 1)

CABLE DISTANT-SIGNAL RULES changed in ARTEC chase to put station finances in issue. Washburn terms action 'illegal.' Stations expected to appeal. Flood of waiver requests expected. (P. 2)

CALM AT NAEB CONVENTION: Public broadcasters at NAEB convention relieved after fight over legislation, pleased by praise from Chmn. Ferris. Van Deerlin reaffirms rewrite to provide funding from spectrum fee. (P. 3)

RUSH ON DISTRESSED SALES to minorities under-way, FCC told. Agency adopts prospective buyers list, requires employes to be listed according to salary and job category. Time brokering to minorities encouraged. (P. 4)

HIGH MARKS FOR NAB PUBLIC session in Duluth which attracted over 350. Washburn very impressed, wants FCC to resume such meetings itself. (P. 5)

KSTU STARTS IN SALT LAKE as nation's 994th TV station; owner WWLP dismisses Ch. 30 application in Jacksonville, acquires 25% of grantee Crown Bcstg. Spate of STV applications at FCC. (P. 5)

PERTSCHUK BARRED IN KID AD CASE: Chief backer and architect of FTC children's TV advertising rulemaking—Chmn. Michael Pertschuk—has been barred by U.S. Dist. Court from taking part in proceeding (Vol. 18:9 p5), thus taking significant steam from case.

Judge Gesell ruled Pertschuk has shown bias, must not participate. Decision leaves case in hands of 3 commissioners—Comr. Pitofsky disqualified himself—and all 3 have voiced some reservations with proceeding as first proposed.

Said judge of Pertschuk: "Going far beyond general observations of policy and tentative statements of attitude, the chairman has by his use of conclusory statements of fact, his emotional use of derogatory terms and characterizations, and his affirmative efforts to propagate his settled views, made his further participation improper."

FTC Gen. Counsel Michael Sohn said Commission hasn't decided whether to appeal. He said that decision won't delay proceeding, that decision doesn't mean proceeding up to now has been tainted, although industry is expected to claim in court it has. "I see nothing in the order about reconsidering any actions," he said.

Consumer Electronics

VCR SOFTWARE MARKET could top 500,000 units this year, analysis of Magnetic Video prospectus indicates. Company earned \$428,700 on recorded tape sales in first half. (P. 7)

NO SALES RECORD for color in Oct. after 8 consecutive record months, but 10-month sales exceeded those of any full year except 1972, 1973 & 1977. Remote-control shortages reported. (P. 8)

COLOR IMPORT RECORD of 1.35 million sets & chassis set in 3rd quarter as Sept. shipments jump 47.4% to 473,000, 2nd highest monthly total. (P. 8)

HOME COMPUTER HOPES rise as VideoBrain lowers price to \$300 and Radio Shack begins professional & consumer ad push for TR-80. (P. 10)

INGRAM HEADS Consumer Electronics Group of EIA; Bixler new EIA chmn. Assn. & group propose new dues structures to increase membership. (P. 10)

PANASONIC TAKES OVER coast-to-coast distribution March 31 through acquisition of Newcraft. Lafayette agrees to ties with Harrison Radio. (P. 11)

DIGITAL AUDIO is feature attraction at AES convention. Sony shows prototype disc player adaptable to video. Pioneer demonstrates video-audio disc player combination. (P. 11)

Pertschuk said in response to order: "Obviously, I'm disappointed by the Court's decision. As I have said all along, although I have strong feelings about the importance of the children's advertising rulemaking proceeding, my mind remains open on the important issues raised by the proceeding. I will of course abide by the Court's order."

Case is first in which a commissioner was disqualified during rulemaking proceeding, although not the first disqualification. Advertisers and industry representatives had filed suit, citing several memos obtained under Freedom of Information Law. Viewed most damaging was one Pertschuk sent FDA Comr. Donald Kennedy (Vol. 18:42 p2).

Reaction to the court case was as expected. Peggy Charren, president of ACT, which petitioned for rulemaking: "It's an appalling position. What we find most appalling is for years regulatory agencies have not served consumers, and no one before has said there was prejudice. You finally get a regulator who is open to the needs of the consumers, and [special interests] jump in. It's enough to make you lose faith in the democratic process."

NAB Pres. Vincent Wasilewski: "While the NAB did not choose to join in this case, we believe that the FTC's proceeding...has, from the outset, reflected the personal bias of FTC personnel. Their words and actions have demonstrated a prejudice..."

Veteran lawyer on Pertschuk: "These guys coming off the Hill just don't realize the proprieties involved in the regulatory agencies... They're so used to working for people whose word is law that it sometimes affects their judgment... [FCC Chmn.] Ferris falls somewhat in the same category."

Broadcast lobbyist on Pertschuk: "This raises questions of how effective he's going to be on the Hill in getting money for this. He's discredited."

Senate aide on Pertschuk: "This gets him off the hook. He can say he's fought a good fight, made his points with the consumer groups, and still doesn't have to vote. Politically, he comes out looking good." Howard Bell, AAF: "We are obviously pleased..."

STATION-FINANCES ISSUE IN CABLE DISPUTES: Cable achieved major victory from FCC in distant-signal-carriage front last week—if it holds up in court. Using as vehicle a petition for reconsideration in application by ARTEC, Arlington, Va. system, to carry Baltimore signals, Commission adopted new policy. In substance, policy virtually forces stations to disclose their financial souls if they want to argue that signal imports will so damage them that their public service programming will suffer. Vote was 4-3.

Immediate reaction will be flood of waiver applications, particularly in larger cities—where financial damage to stations is harder to prove. It's expected dozens will be filed to receive WGN-TV Chicago, KTVU Oakland, etc., via satellite.

Cable lawyers were jubilant. Said John Pettit, ARTEC counsel: "Potentially, it's the most significant decision since the 1972 cable rules were adopted." Said another cable lawyer: "It's a whole new ball game." Another: "It means that in the poker game a station must say 'I'll raise you a 324'"—meaning it would have to disclose confidential financial form filed with Commission.

Said ARTEC Pres. John Evans: "This is a small step for ARTEC, but a giant step for cable TV." FCC had previously granted waiver, and system has been carrying Baltimore signals. Washington stations petitioned for reconsideration, and FCC acted last week on that petition.

Court appeal by stations seems almost certain. Comr. Washburn (who wasn't at meeting) wrote scathing dissent. Terming action "an illegal decision," he said: "The 4 Commission members have not just bobtailed the former waiver policy. They have adopted a new rule. And they have done so without complying with procedures required by the Administrative Procedures Act. Specifically, no notice of proposed rulemaking was ever issued nor was the public permitted to comment on the rule change." He said FCC picked "curious time" for its action, because it has cable-station economics inquiry under way, should incur that "small delay" until it's concluded.

Washburn said ARTEC made a case under old waiver policy, but decision went far beyond that. Comr. White also said case had been made under old policy. Comr. Lee stated he dissented. Text of decision hasn't been issued yet.

One station attorney said: "We may want to take them to court. I didn't even know what they'd done. It was a small proceeding—and on reconsideration, no less. Most of the nation didn't even know about it." Said another: "I'm puzzled how it could be done lawfully without rulemaking."

Cable attorneys argue that action was perfectly proper. According to one: "It's procedural. It doesn't prejudice." However, he added: "Let me put on my station hat. This cable thing is a minor issue. Which stations want to expose their finances to citizens groups and the like?"

NAEB CONVENTION—REASSURED, CALM: Despite half-dozen pending proposals for shaking up public broadcasting, those attending last week's NAEB convention in Washington were a calm lot, generally happy battle over Public Telecommunications Financing Act (Vol. 18:41 p1) is over and warmed with kind words from FCC Chmn. Ferris in keynote address.

Unlike PBS's annual meeting last summer, fear of govt. intervention was not all-pervasive, and some of best attended sessions had nothing to do with govt. "Things are less frenetic," NAEB official told us.

Convention was largest ever, with 2,109 attending, increase of 300 from last year. Convention-goers had choice of 160 sessions, attended video & radio fairs.

Ferris's speech (Vol. 18:44 p5) was just what doctor ordered for some attending convention. "I'm glad someone down here likes us," station manager told us. Ferris praised public broadcasters up & down, told them what FCC is doing for them and why FCC is scrutinizing fund-raising and other activities.

Although House Communications Subcommittee Chmn. Van Deerlin (D-Cal.) couldn't attend, he sent open letter reaffirming his intention to keep in rewrite of Communications Act a provision funding public broadcasting through spectrum use fees of commercial users. (Television Digest last week incorrectly reported Van Deerlin had stated spectrum fee money won't go to public broadcasting and rewrite bill may have to be split into 2 parts.)

At NAEB "policymakers" lunch (sponsored by Minorities in Telecommunications Committee), insulation of public broadcast funding from govt. played major role in discussion. House Communications Subcommittee Chief Counsel Harry Shooshan said earmarking of spectrum fees is best way to accomplish this; FCC Comr. Tyrone Brown & NTIA Chief Henry Geller disagreed.

Geller said NTIA is "wildly enthusiastic" in favor of spectrum fees but has told Congress there's better way for insulation. Brown said there's no such thing as insulated funding when money comes from federal govt., that public broadcasting should be looking for "substantial" funding from outside govt. He said earmarking spectrum fees will bring on problems that non-commercial stations hadn't bargained for.

Shooshan & Geller stressed importance of 96th Congress (starting Jan. 15) to public broadcasting, latter calling it "the crucial one," saying NTIA is focusing "a lot of resources, effort and manpower." Geller also said minorities should be favored at FCC in any ownership possibilities created by VHF drop-ins, clear-channel break-up or expansion of AM band through WARC

NAEB Pres. James Fellows, in address to NAEB members, explained how he thought public broadcasters' bad relations with Congress developed: "I am fully convinced that the many problems... are to a very large extent caused by our failure to relate effectively with people in government, who consider themselves to be involved with, interested in, regulators of and supporters of public broadcasting and telecommunications. Perhaps it is the pursuit of insulation, independence and accountability that results in [our] phobia about the government. It is an unintelligent response to a continuing problem and it is time that we took 'government' off the dirty word list. Our relations with the government must become more mature and more effective." Fellows also announced NAEB has retired its \$160,000 debt, announced in 1976.

NAEB board elected Donald Quayle, WETA-TV-FM Washington, chmn., succeeding Florence Monroe, WBHM(FM) Birmingham. Quayle defeated Mary Bitterman, Hawaii PTV Network, for chmn., and Bitterman was elected vice-chmn., succeeding George Bair, U. of N.C.

President Carter sent message to convention. He said Public Telecommunications Financing Act he signed last week "accomplishes the objectives I set out in my message to Congress a year ago." He said bill "will increase the funds for domestic program production, help extend public broadcasting to the tens of millions not presently served and strengthen insulation of program content from political control."

RUSH ON DISTRESSED SALES: While taking several new actions last week to encourage minority employment and ownership in broadcasting, FCC also patted itself on back for adopting distressed sale policy. "There has been a real rush on distressed sales," staffer Patricia Russell said. "There's much announced as well as unannounced activity" since FCC adopted policy last spring permitting stations in renewal trouble to sell to minorities (Vol. 18:21 p1). Russell said 7 stations are qualified to sell under policy, another 4-5 are seeking ad hoc ruling.

Commission also took 2 actions opposed by broadcasters: (1) Require all employees to be listed in public file by descending rank according to salary (although salary wouldn't have to be included) and job category; (2) established minority buyers list. Comrs. Brown & Fogarty had praise for NAB efforts to increase minority ownership, expressed regret that Assn. opposed buyers' list. In announcing action, Commission included a form for minorities interested in acquiring stations.

In changing annual employment form, FCC also will require listing of "more understandable examples" of top jobs in broadcasting, plus all persons hired in last 12 months, by job category, sex, race. At request of NTIA, Commission begin inquiry to encourage parttime operation of stations by minorities through use of time brokerage arrangements.

"I don't know why you have to prove yourself innocent every 3 years. I support anything that makes broadcasting more like any other business... All broadcasters need is a traffic cop at the FCC," Sen. Zorinsky (D-Neb.) told broadcasters at NAB fall conference in Denver last week. Zorinsky, quitting Senate after one term, made broad attack on federal bureaucracy, Congress, deficit spending—in addition to saying what broadcasters wanted to hear: "People in government are attempting to create a utopian society and protect us from womb to tomb. It's getting so they'll want to put everybody in a sterile tube." He said Senate is filled with "too many lawyers, too many Democrats, too many Republicans and not enough U.S. senators." Final NAB conference is Nov. 9-10 in New Orleans, features FCC Comr. Lee & Rep. Moore (R-La.); conference will be preceded by Nov. 8 license renewal seminar at Fairmont Hotel.

"I find it unconscionable that an FCC which... returned to cable operators every cent they had paid... in fees is now proposing a zero refund for a substantial segment of the radio industry"—NAB Vp-Gen. Mgr. John Summers. He criticized Commission plan not to refund anything to stations which paid less than \$323 in annual fees—based on FCC assessment of \$223 annually to all stations to cover costs of hearings and additional \$100 for other costs.

Justice Dept. won biggest battle before Judge Kelleher's U.S. Dist. Court in L.A. last week when Court refused to dismiss major antitrust program charges against ABC & CBS (NBC earlier had signed consent order). Judge did dismiss govt. charges that networks didn't compete for primary market—network first-run programming—(finding each had about 1/3 of market), ordered trial to continue for sub-market (re-runs and programming on their own stations). Said Kelleher: "The networks are seen... as monopolizing the markets for 'used' ABC or CBS prime-time TV entertainment programs... A prime-time show and a prime-time show being run are not birds of the same feather—they comprise different markets, or submarkets... The Court is satisfied that the government has alleged sufficient facts upon which relief could be granted... and will entertain no further motions to dismiss." Kelleher also was critical of all parties because "these cases, sadly, continue to crawl in their own labyrinthine fashion." He warned that no further delays will be permitted, that discovery must be completed by Jan. 2.

"Reasonable access imposes an affirmative obligation on licensees which are independent of their commercial practices," split FCC ruled last week in ordering WKKQ(AM) Hibbing, Minn. to sell program time in 5 min. blocks to re-election campaign of Sen. Anderson (D-Minn.). Commission told WKKQ its policy of not selling more than minute to any advertiser—commercial or political—violates agency's rules and 1971 Federal Election Campaign Act. FCC also ruled proposed \$80 charge for 5 min. (which station announced if forced to sell time in such blocks) is "unreasonable"—nearly 13 times station's one-min. rate. Comrs. Lee & White dissented; Quello & Fogarty concurred. Quello said "here you have a candidate formatting a station... We're hooked by our own rules... and should change them." White: "The majority's decision constitutes blatant intrusion on the First Amendment rights of broadcasters." Lee: "The majority today... has taken us further down the road toward intrusive regulation of access and rates for political advertising."

Some fee refunds might start coming from FCC next Jan., Commission staffers told meeting of licensees & counsel last week—but one of latter told us FCC is in "big, big mess." FCC's Thomas Campbell said staff of 60-70 more is needed to handle refunds, but there's freeze on hiring. Said one broadcaster: "They have no good records. They give bureaucratic answers. GAO has yet to look over the Commission's refund form."

On eve of Nov. 13-15 convention in Chicago, TvB has reached record membership of 388—including 60 new members within last year, 58 of them stations.

HIGH MARKS FOR NAB IN DULUTH: "It was very, very worthwhile... Extremely constructive... The people that were there got a much better knowledge about how difficult programming for TV is... I think both sides learned"—FCC Comr. Washburn on NAB's meeting with public Nov. 1 in Duluth, Minn.

In direct contrast to similar session 3 weeks ago in Charlotte—which attracted only 80 (Vol. 18:43 p5)—350-400 showed up in Duluth and asked more than 100 questions—good questions, not speeches, according to Washburn and NAB execs. This was 4th such NAB session with public, first attended by a commissioner (Duluth is Washburn's hometown; also home of NAB TV Code Chmn. Robert Rich who was on panel answering questions).

Subjects brought up were familiar—sex, portrayal of women on TV, personal product ads, beer commercials on football, loud commercials, payola, failure to portray family life as stable relationship (NBC's Herminio Traviestas said there was "valid concern" behind family question). Mother was bothered because TV often shows "the good guys doing evil things," teaching disrespect to law by children.

TV also was praised by several public participants, and panelists noted that industry is continuing to abide voluntarily by tenets of family viewing even though self-regulatory concept was declared unconstitutional. Washburn said he'd make full report on session to FCC Chmn. Ferris, told us Commission should resume its own meetings with public. Such meetings, he said, change "7 faceless people [commissioners] into 7 human beings in the eyes of the public."

Citing FCC's "wholly confused" comparative renewal process—as epitomized in WESH-TV case (Vol. 18:43 p4)—NTIA called on agency to clarify its standards by: (1) Relying on incumbent's past record. (2) Deciding what constitutes "meritorious service" in local & informational programming. NTIA said current process is confused because FCC hasn't followed its standards, and court decisions have contributed to "erroneous [FCC] policy positions." Incumbent's record should be "critical element," NTIA said, and if renewal applicant has rendered "meritorious" service it should be renewed. Such service should rely on "a quantitative approach" in measuring programming, NTIA said.

HBO has won Cox. They announced 3-phase, 4-year agreement in which Cox will: (1) On Jan. 1, convert standalone systems to HBO; these have 30,000 pay-cable subscribers. (2) In first quarter, start HBO in systems serving 60,000 basics. (3) In 3 new major franchises—Jefferson Parish, La.; Cedar Rapids & Ft. Wayne, to pass total of 230,000 homes—will start with HBO as they turn on. Cox Cable Pres. Henry Harris said that HBO was chosen because of its "phenomenal" record in penetration; that in last 9 months, HBO-served Cox systems increased pay penetration from 12% to 21% of homes passed. Cox has HBO in 125,000 homes in 19 cable & MDS systems.

President Carter has signed Public Telecommunications Financing Act of 1978 (Vol. 18:43 p5).

KSTU STARTS IN SALT LAKE: Nation's 994th TV station—Ch. 20 KSTU Salt Lake City—went on air Oct. 24 as independent. It's owned by pioneer UHF operator Springfield (Mass.) TV (WWLP). Gen. Mgr. is William Pepin; Station Mgr. Robert Simone. H-R TV is rep. Of operating stations, 721 are commercial, 273 non-commercial.

Last week, FCC granted Ch. 30 Jacksonville to Crown Bcstg. after Springfield withdrew its application. Springfield will purchase 25% of Crown, appoint 2 of 10 dirs., become consultant for "a specified percentage of Crown's yearly revenues."

Also at Commission, there's been spate of STV applications last 2 weeks: KAIL for Ch. 53 Fresno; Contemporary TV Bcstg. for Ch. 39 Miami; Ch. 59 of Ind. for Indianapolis; WPW Enterprises for Ch. 17 Grand Rapids; Bcst. Assoc. Inc. and National Subscription TV (Jerrold Perenchio) for Ch. 24 Providence; Ch. 64 of New England for Providence; Tejas Bcstg. Co. and United TV Bcstg. for Ch. 29 San Antonio.

FTC'S MEDIA SYMPOSIUM: FTC, already taking a hard look at TV advertising to children, will examine role of competition in electronic media at Commission Media Symposium Dec. 14-15 in Washington. NAB, CBS and others agreed to participate, despite ANPA's refusal (Vol. 18:43 p4).

Speaking on role of competition in electronic media session will be Bruce Owen, Duke U., and Roger Noll, CalTech. On panel are: Glen Robinson, WARC delegation head; George Gerbner, Annenberg School; Stanley Besen, FCC network inquiry co-dir.; Robert Schmidt, NCTA pres.; David Blank, CBS vp.

Session on local cross-ownership of media properties features Charles Firestone, UCLA; William Gormley, State U. of N.Y.; John Dimling, NAB vp.

Other sessions of program are on newspapers, book publishing and antitrust. FTC Chmn. Michael Pertschuk reaffirmed his position that session is "simply a gathering of information."

Subscription TV applications and applications for new stations by Richard Block companies are being misrepresented to FCC by Block, according to Teleglobe (Sol Sagall), holder of STV patents. Filing with Commission, Teleglobe charged Block has failed to report that contract with Teleglobe has lapsed, also promotes "SelectTV" which is really Teleglobe system. Teleglobe has \$200 million breach-of-contract suit pending against Block. It says Block has applications for stations or STV authorizations pending for L.A., Milwaukee, Philadelphia, Ft. Worth, Houston, Washington, Worcester, Minneapolis-St. Paul, Miami, Seattle, Kansas City, Detroit, Portland, Ore., Clearwater, Fla.

"It's madhouse down there..." You ought to take a look... We just tell them what the law is... There are no bottom-line decisions," FCC Complaints & Compliance Chief Arthur Ginsberg told commissioners week before Nov. 7 elections. He was talking about unit handling political inquiries & complaints by telephone—most of calls are from candidates. Many calls are handled at night, referred to staffers' homes by FCC duty officer.

Personals

Lee Allen Smith, WKY(AM) Oklahoma City, returns to KTVY there as vp-gen. mgr., succeeding late Norman Bagwell; **Joe Jerkins**, KTVY asst. gen. mgr., moves to KVUE Austin Jan. 5 as vp-gen. mgr.; TV stations are owned by Detroit Evening News... **Mel Stebbins**, ex-WJIM-TV Lansing, joins WTOL-TV Toledo as local sales dir... **Alma Newsom** rejoins KHOU-TV Houston as community affairs dir.; **Al Varela** promoted to public affairs dir.

William Andrews promoted to senior vp-domestic syndication, Viacom Enterprises, new post; **Todd Gaulocher**, vp-motion picture sales, succeeds Andrews as vp-domestic sales; **Brian McGrath** advanced to vp-international mktg.; **Jackl Barrios**, ex-Institutional Investor, appointed mgr., advertising & promotion; **John Brady** promoted to head Viacom International financial planning.

David Landis, chief-FCC Bcst. Facilities Div., retires after 30 years at agency... **Stanley Moss** promoted to dir.-TV & film service, International Communications Agency (successor to USIA)... **James Ariana** appointed domestic sales mgr., Collins broadcast products... **Jack Calaway** returns to Vidtronics as vp-engineering.

George Sperry Jr. promoted to vp-gen. mgr., Group W Productions' syndication center... **Howard Schaeffer**, ex-Wells, Rich, Greene, appointed eastern mgr., advertiser-agency TV sales, Arbitron; **Richard Logan**, ex-NBC, appointed radio sales vp, Arbitron... **Hugh Hole** advanced to vp for sales accounts, Vidtronics.

George Krieger, ex-Simcom, L.A., named vp-programming, Telemation Program Services... **Richard Galkin** resigns as operations dir., Hollywood Home Theatre, to handle personal interests in cable and serve as consultant... **Marc Lustgarten** advanced to gen. counsel, Cablevision Systems Development Co... **Richard Ashpole** named engineering dir., Continental Cablevision Va. region.

Albert Foer appointed asst. dir., special projects, FTC Bureau of Competition... **Leonard Dennis** & **Jerome Purcell** named vps, Comcast... **Irving Faye**, Magnavox national sales mgr., establishes offices at Benjamin Fox Pavilion, Suite 733, Jenkintown, Pa. 19046, 215-572-5333, joined by **Charles Anderson**, national turnkey sales mgr.

Thomas Masone named mgr., Katz Radio Sports Div., succeeded by **William Fortenbaugh** as eastern regional mgr... **Susan Swimer**, ex-Viacom, appointed dir., advertising & promotion, MGM-TV.

Time-ATC merger is expected to be approved by FCC early this week. It was discussed again Oct. 31 to determine if there would be any antitrust impact (Vol. 18:44 p6); Commission decided not. Meanwhile, parties have extended agreement until Nov. 20; originally, either could have pulled out after Oct. 31.

Subscription TV growth in N. Y. area is limited only by speed of decoder installation, according to **Blonder-Tongue Chmn. I.S. Blonder**. He expects 42,000 in use by end of year, 125,000 by end of next.

Pay-TV forum sponsored by NATAS in N. Y. last week turned into "HBO vs. Showtime." Panelists **Michael Fuchs**, HBO vp for specials, and **Jeffrey Reiss**, pres. of Showtime, traded examples of companies' successes, past, present & future. Fuchs announced major Cox commitment to HBO—"we will be handling all their business"—plus fact that by Dec. HBO will be available in all 50 states; upcoming HBO programs include National Lampoon special and new "mature" **Candid Camera**—"specifically tailored for pay TV." Reiss discussed Showtime growth, emphasizing virtual doubling of audience due to Teleprompter connection; Showtime will double original programming budget in 1979, offer 40 original shows. Other panelists were N. Y. Times TV Editor **Les Brown**; Warner Cable Chmn. **Gustave Hauser**; and Attorney **Gerald Phillips**, ex-United Artists. Phillips warned that effect of home VCRs on theater-cable-network film distribution system is still unknown. Brown hailed pay TV as "whole new kind of TV," but had reservations about Qube, emphasizing "Big Brother" possibilities of 2-way TV. Hauser replied that Qube was no more a threat than other billed home services such as telephone. Fuchs, Hauser & Reiss said their systems have never cut any movies and none intend to show X films.

Highlight of SMPTE N. Y. conference last week was Recortec's triple-speed high-band modification of Sony U-Matic VTR (Vol. 18:44 p6), networks & stations agreeing there was place for high-quality, compact low-priced unit. Meanwhile, Ampex announced CBS-TV had ordered 3 VPR-2 Type C 1" VTRs for use in sports coverage to supplement slo-mo disc recorders. CEI introduced first color camera with built-in SMPTE standard time code; time-code generator is \$1,195 option, delivery in 90 days. Ikegami demonstrated new HL-79A ENG camera, at 11.2 lb. including viewfinder, claimed to be lightest, smallest 3-tube prism-optics color camera on market, available first-quarter 1979. In technical sessions, PBS's **Daniel Wells** forecast all broadcasters will use satellites almost exclusively for intercity relay. Bell Labs' **Paul Wickliffe** said AT&T's microwave system now used 1,400 duplexers for high-fidelity sound, all capable of simple conversion to 2-channel. Speaking on TV sound, Telegen's **Joseph Roizen** accused networks of "just giving lip-service to good sound—it costs more money without bringing in more revenue." He excepted PBS, which he called "knight in shining armor as far as sound is concerned."

"The Building Gang or the Wrecking Crew" is editorial in Nov. Beam International by **Paul Stevens**, pres. of Southern Baptist Radio-TV Commission. He says: "Have you ever attended a one-joke film? You laugh at first but, eventually enough is enough. So it seems with the career of a certain critic [of broadcasting] from the United Church of Christ... His one goal in life seems to be to give the hot foot to the NAB and/or the entire commercial broadcast industry of America... Standing on the outside, preparing news releases, going for the headlines, using a bulldozer to plow a back yard—all of these tactics are eventually harmful to other religious broadcasters who must pick up the pieces after each intemperate outburst."

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Oct. 20 (42nd week of 1978):

	Oct. 14-20	1977 week	% change	Oct. 7-13	1978 to date	1977 to date	% change
Total TV.	323,966	415,014	-21.9	359,617	12,423,875	11,026,538	+12.7
color	215,425	242,341	-11.1	215,786	7,878,070*	6,851,068	+15.0
monochrome	108,541	172,673	-37.1	143,831	4,545,805	4,175,470	+8.9
Total radio	825,377	1,308,614	-36.9	751,913	37,259,426	42,559,423	-12.5
home, portable . .	544,440	1,049,505	-48.1	507,065	27,027,687	32,453,720	-16.7
AM-only	184,371	294,667	-37.4	143,923	6,253,559	7,779,324	-19.6
FM & FM-AM . .	360,069	754,838	-52.3	363,142	20,774,128	24,674,396	-15.8
auto	280,937	259,109	+8.4	244,848	10,231,739	10,105,703	+1.2

Color TV 5-week moving average: 1978-243,659**; 1977-238,733 (up 2.1%).

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

MAGNETIC VIDEO DETAILS SOFTWARE GROWTH: How big is legal VCR software market? It could easily top 500,000 cassettes, according to our analysis of data in prospectus for planned Magnetic Video Corp. stock offering, based on presumption MVC currently holds close to 50% of business.

Pending finalization of offering, MVC plans to sell 250,000 shares, including 50,000 from insider holdings, with total value of about \$4.3 million at recent prices. Of \$3.5 million earmarked for MVC treasury, \$2 million is targeted for software rights acquisition, \$1 million for studio & duplication equipment, rest for general purposes, possibly including establishment of foreign distribution network.

MVC reports its sales of prerecorded videocassettes, essentially all 20th Century-Fox films, totaled \$367,000 in 4th quarter last year, which marked start of operations. Volume was \$2.73 million in first half this year, and if ratio of cassette sales to total sales held constant, were about \$1.7 million in 3rd quarter. MVC said it had just \$35 of operating income from software in 1977, but earned \$428,700 in first half 1978.

We translate MVC figures into unit sales of nearly 160,000 in first 9 months, project that to something under 250,000 for year. MVC notes that mail-order Video Club of America launched last Nov. now has 10,000 members, accounted for 15% of volume. Bulk of rest was done through network of 400 dealers (1,000 outlets) it sells direct and its 19 regional distributors (including one in Canada).

MVC says it's been operating at full 5-day 24-hour capacity, turning out 1,400 taped movies daily—that's 30,300 monthly, 364,000 annually. By year's end, it expects to expand to 53,000 monthly (637,000 annually). It reports there's currently no problem getting adequate quantities of blank videocassettes.

Program suppliers are making more money in field than duplicators, report shows. MVC's royalty payments (mainly to Fox) for 9 months to June 30 totaled \$688,000, and financial statement showed MVC owed \$284,000 in accrued royalties as of that date (royalty payment is understood to be about \$5 per copy of each film). MVC says it gave Fox \$300,000 advance against royalties last year for 50-film package, may contract for another 50 for \$200,000. Contract allows Fox to withdraw specific films from deal under certain circumstances, provides for increased payments if another duplicator makes Fox better offer.

MVC bought rights to 91 Avco Embassy features last Aug., agreeing to pay minimum \$250,000 royalty this year, \$500,000 annually for rest of 5-year term. Fox contract is non-exclusive, expires July 1980. Avco's is exclusive, includes first refusal on videodisc rights. MVC also holds 2-year exclusive rights to group of feature films and other programming from Viacom, non-exclusive rights to Chaplin movies from RBC Films.

Viacom arrangement may result in lawsuit. Six Elvis Presley movies are included in package MVC purchased from Viacom. RCA Records claims it owns rights to all home use of Presley performances (excluding broadcast or cable TV), has notified MVC & Viacom that they have no authority to put Presley films on home tapes. RCA says it's waiving rights at this time to allow MVC to continue offering Presley films during special RCA Consumer Electronics SelectaVision Film Festival promotion which runs through Nov. (Vol. 16:43 p10). Viacom, which has agreed to indemnify MVC against any action by RCA, contends RCA's contract doesn't include videocassette rights. Issue is still in "lawyer letter" stage. Outcome isn't expected to set any industry precedent, since RCA contract with Presley had uniquely broad scope.

COLOR'S RECORD PACE SLACKENED IN OCT.: After 8 consecutive record months, color TV sales to dealers fell short of Oct. record by 2.4%. With sales of some 913,380 sets, it was 2nd best Oct. in history, trailing high of 936,142, set last year.

Oct. also broke string of 12 weekly color TV sales records, only one week of the 4 setting highs, Oct.'s final week, with sales of 267,600 sets, was 7% below same week in 1977 but nevertheless 2nd best figure ever for 43rd week of a year.

With sales at annual rate of 9.3 million, Oct. ran at lowest pace of year—but even this is record yearly rate (record for any year was set in 1973, with sales of 9,263,503 sets). There's no question at all that 1978 sales will set record—the 8,145,670 sets sold in year's first 10 months exceed total of every full year to date except 1972, 1973 & 1977. We're still sticking to our forecast of 10.3-million sales this year (Vol. 18:42 p8), based on increase of just under 10% for Nov. & Dec. as compared with 1977.

Despite record sales rate, TV manufacturers have chosen to play very conservative game all year—far cry from flamboyant pattern of overproduction whenever business started looking good in 1950s & 1960s. Factory plus distributor inventories stayed in 2.5-million ballpark through Oct., virtually unchanged from Sept.

Set makers even seem to be sacrificing some sales to avoid possible inventory glut. Zenith, RCA & Sony all indicated to us last week they could sell more of some models than they're making. Shortages are particularly evident in remote control, where output in first 9 months is up 50% from 1977 to 1.2 million sets. Sony says remotes now represent more than 30% of its sales.

Fact is, industry sales have been running much stronger than expected all year, but nobody has pulled throttle out all the way. Industry is keeping lean, and if sales should suddenly readjust downwards, there would be no massive bloodbath. So far, there's no evidence sharp decline is in wind. Although Sanyo Mfg. is laying off and will extend holiday shutdowns to cut inventories (Vol. 18:52 p12), this reflects Sears' cutback in promotional pricing and change in billing methods rather than any industry-wide slowdown.

COLOR IMPORTS AT RECORD IN 3RD QTR.: Korean color makers pumping out sets to beat impending U.S. quota and Admiral Taiwan working at full blast in anticipation of shutdown combined to push Sept. imports of color sets & chassis to 2nd highest monthly level ever, raised 3rd-quarter total to 1.35 million, a record for any 3-month period, Commerce Dept. totals show.

At current pace, full year color imports seem certain to top 5 million, some 33% more than 3.78-million record set last year, with chassis & kits exceeding 2.3 million, complete sets approaching, or even bettering, 2.83-million record set in 1976. In 3rd quarter, complete color imports of 787,200 were up 12.7% from same year-earlier period but short of 890,500 record set in Oct.-Dec. 1976. Chassis & kit imports leaped 137.3% to 561,900. Bulk of chassis gain was from Taiwan, where Admiral is cleaning up order backlog. Admiral Taiwan is slated to close at end of Nov., while Admiral U.S., which is quitting TV business (Vol. 18:39 p8), is ex-

pected to continue assembling sets for private-label customers through first quarter next year.

Total Sept. TV imports of 955,800 were up 23.3%, with color up 47.4% to 473,700, b&w up just 6.3% to 482,100. For first 9 months, total TV imports were up 21.6% to 7.93 million, with color at 3.58 million, up 23.5%, b&w at 4.35 million, up 20.1%. Sept. color includes 294,600 complete sets (up 25.5%), 179,200 incomplete (up 106.7%), while 9-month complete color was 2 million (up 1.4%), with incomplete at 1.58 million (up 70.1%).

Imports by country in Sept., with 9-month results in parentheses: Japan, total 246,900, down 26.9% (2.37 million, down 20%); color 171,700, down 11.7% (1.27 million, down 29.5%); b&w 75,200, down 47.5% (1.09 million, down 5.1%); Taiwan, total 478,600, up 63.7% (3.55 million, up 61.3%); color 148,700, up 238.3% (1.1 million, up 317.3%); b&w 329,800, up 32.8% (2.45 million, up 26.5%); Korea, total 122,600, up 71% (969,700, up 72.6%); color 52,100, up 402.7% (232,500, up 330.4%); b&w 70,500, up 14.9% (737,100, up 45.2%). In color only, Singapore supplied 11,900 in Sept., 11-fold jump, 36,300 for full period, up 262.3%; Canada was source for 15,800 in month, up 23.5%, 152,800 for 9 months, up 452.8%. U.K. supplied 2,000 b&w sets in Sept., 15,500 for 9 months, all in 10"-&-under classification, presumably Sinclair 2" models.

Color import mix shows substantial shift to smaller sizes, caused by combination of increased output of 19" models by Japanese-owned plants in U.S. and rising shipments from Taiwan, Korea & Singapore. Here's complete color breakdown by size with percent change and share of total import market (with 1977 share in parentheses) for first 9 months: 10"-&-under, 173,800, up 19.6% for 8.7% share (7.4%); 11"-12", 227,000, up 22.5% for 11.4% (9.4%); 13", 423,500, up 41.9% for 21.2% (15.1%); 14"-15", 158,800, down 6.5% for 7.9% (8.6%); 16"-17", 55,000, down 27.5% for 2.8% (3.9%); 18"-&-over, 961,600, down 12.3% for 48.1% (55.6%). Comparable breakdown for b&w: 10"-&-under, 787,700, up 34.2% for 18.2% (16.7%); 11"-12", 2,995,700, up 29.1% for 69.1% (66.2%); 13"-17", 158,500, down 28% for 3.7% (6.3%); 18"-&-over, 396,100, up 4.9% for 9.1% (10.8%).

Sept. imports of color cassette & cartridge VTRs, including home VCR units, totaled 35,760, up 131.9% from same month last year, but down 27.7% from Aug., marking first time imports trailed EIA sales to dealers for same month—dealers bought 56,756 in Sept. Import figures could signal beginning of market shortage, or may just represent statistical glitch. Japan exported record 62,700 VCRs to U.S. in Sept., and they should show up in Nov. imports. Through first 9 months, VCR imports totaled 354,000, up 285.1%.

"CES TV News Daily" is closed-circuit service planned for Winter Consumer Electronics Show in Las Vegas Jan. 6-9. Using 3 professional news crews & anchorpersons, 60-min. show will be taped daily with pickups from convention and interviews, then run on hotel TV channels continuously for 24 hours. First edition will be pre-show segment Jan. 5. Projection TV sets on show floor also will run taped program continuously. Show will be supported by 10-12 min. of commercials per hour. Exec. producer is Vincent Testa, publisher of Modern Recording magazine & Sound Arts Mdsq. Journal. Somewhat similar effort by different group was scheduled for broadcast on purchased time over KLAS-TV at 1978 show, but was canceled at last minute (Vol. 17:45 p11, 17:52 p11).

Zenith earmarks \$7 million to modernize & expand color TV production facilities in Chicago area. Portion of outlay will be used to broaden circuit board activity, rest going to increase capacity for 100-degree in-line color tubes. Zenith said investments "are more likely to have the effect of protecting the jobs of existing Zenith employees" than increasing employment. Company stated it now employs about 10,000 in Chicago area, 5,000 elsewhere in U.S., 8,500 in Mexico & Taiwan.

Quasar will produce color TV for sister company Panasonic next year unless there's sharp turnaround in yen-dollar situation. While company officials will confirm only that such a move is under consideration, it's understood purchase arrangement involves 19" table models, 25" consoles. Panasonic currently imports all 19" requirements from Japanese parent, purchases 25" from manufacturing affiliate Matsushita Canada. In Japan, meanwhile, Matsushita termed "groundless" news report it will halt color TV production there for U.S. market and shift to making all sets here. Spokesman said "no Matsushita Electric executive ever discussed anything like that."

Urging NTSC color adoption, U.S. delegation headed by E. MacDonald Nyhen, Commerce Dept., made presentation to committee of Colombian Senate in Bogota Oct. 19. On Nov. 15-16, U.S. will present technical symposium there, including representatives of Ampex, GE, Sylvania, RCA & Zenith. Country plans to adopt color within a year. In Venezuela, both candidates for president announced they'll introduce color if elected.

RCA has rejuvenated "Nipper," its dog trademark, will use it on products including TV sets & cameras.

COMPUTER DATA: Just as "home computer" appeared to be merging into small-business computer, new spurt of activity may keep it alive: VideoBrain cut prices, Interact unwrapped new merchandising package and Radio Shack launched TRS-80 ad push.

VideoBrain price reductions run to 40% and basic system dropped from \$500 to \$300 (same price as most expensive video game, Bally Arcade). Cuts have allowed VideoBrain to sign up new retailers, including dept. stores. Unit will be available in Macy's, Bamberger's, Bloomingdale's and West Coast Computerland chain this fall. "We have about 500 outlets total," said Mike Peak, VideoBrain mktg. mgr. "There were 2 reasons for this price cut: First, now that we're producing in volume, our production costs per unit are down; 2nd, we think it will be to our advantage to get as big a piece of the market as we can early on." Later in Nov., VideoBrain will bring out \$150 cartridge with new language, APL/S.

Interact is giving 14 separate programs (on audio cassettes) with each computer without raising \$500 price of unit. Interact computer received FCC Class I type approval in Sept., went into production only 2 weeks ago. Company has 22 programs available, plans to add 3-6 more per month. Interact has been "talking with" Macy's, Marshall Field, others, but distribution network isn't completely set up yet.

Radio Shack is still heavyweight in personal computer business with over 5,000 outlets. Tandy subsidiary says it's skeptical about emergence of "home" computer market (Vol. 18:34 p6), seems to be aiming at small-business users while trying to skim off "home" market on side. Evidence for this is recent full-page ads in mass-circulation dailies recommending TRS-80 as "Christmas gift," while quarter-page ad in Wall St. Journal stressed business uses. Jon Shirley, RS computer mdsg. dir., said that by Christmas ads will have appeared in "top 100 markets nationwide." Ads also will run in 40 magazines, including some which are strictly consumer-oriented, and TV spots are planned for Nov.-Dec. RS claims computer is in tight supply due to "unexpected demand" and semiconductor shortage.

Health of personal computer field is evidenced by entrance of 2 new low-priced models. Ohio Scientific offers stripped-down one-board Super-board II system for \$279 (with power supply & case, unit is renamed Challenger 1P and costs \$349). Olympic Sales Co. is taking orders for "Supernova" microcomputer (available "first quarter 1979"); \$400 Supernova has 4K ROM, video display.

Lafayette 1979 catalog features name-brand products extensively, adds private-label (Criterion) 3" b&w TV with AM-FM-SW & cassette recorder at \$250. Other b&w TVs: Sharp 4" with cassette, Webcor 4.5" with AM-FM, Sinclair 2". Catalog includes deluxe JVC VCR (\$1,295), JVC color camera at \$849. Other brandnames in catalog: Dynaco, Garrard, Dual, BIC, Akai, Fisher, TEAC, Gusdorf, Koss, Emerson, Sanyo, Atari, Phone-Mate, Casio, Midland... American Express offers "exclusive" Panasonic 5" b&w AC-DC TV with AM-FM to card-holders at \$200.

INGRAM HEADS CEG: EIA and its Consumer Electronics Group (CEG) & divisions elected officers and proposed new dues structures to broaden membership. At Fall Conference in L.A., Magnavox Consumer Electronics Senior Mktg. Vp Kenneth Ingram was named to succeed RCA Vp William Boss as chmn. of CEG and its Video Div. Fisher Pres. Howard Ladd was elected Audio Div. chmn., succeeding BSR (USA) Chmn. John Hollands.

EIA board of governors elected Roland Bixler, J-B-T Instruments, chmn. for 1979; Thomas Campobasso, Rockwell, vice chmn.; William Tait, RCA, reelected treas. Sprague Electric's Robert Sprague Sr. will receive EIA's highest award, Medal of Honor, becoming first person ever to receive it twice (first time was 25 years ago); Glenn Ronk, Sola Electric, and EIA Gen. Counsel Raymond Johnson received 1978 Distinguished Service Awards; Jack Loudon, GE, won Engineering Award; Paul Terhaar, GTE Sylvania, Mktg. Services Award.

New dues plans were submitted to membership of full EIA and of CEG to make it easier for smaller firms to join. CEG abandoned plan to propose bylaw change which would permit membership by companies which don't manufacture in U.S. (Vol. 18:42 p9). Study showed at least 160 potential members qualified under existing rules which have been interpreted to include all companies which do some assembling in U.S. CEG officials hope broadened membership will make possible establishment of new sections, such as compacts, components & auto sound within Audio Div. and perhaps hardware & software sections in Video.

New CEG committee chairmen: Dan Scanlon, Sony, Mktg. Services; George Camp Jr., Panasonic, Service (Ed Gaiden, Quasar, vice chmn.); John Gonet, Sylvania, Product Assurance (Paul Hodgson, vice chmn.).

Admitted to CEG membership was Pioneer Electronics. Other new EIA members: Parts Div.—Networks Div. of Bourns Inc., Galileo Electro-Optics, Communications Products Operations of General Cable, Capacitor Div. of Matsushita Electric of Puerto Rico, Savoy Electronics, Communications Div.—Everhardt Mfg., Northern Telecom, Distributor Products—Component Sales Div. of Fujitsu America, Govt. Products—BDM Corp.

April 1 deadline was set by FCC for reports of working committees on standard TV noise measurement in preparation for new 14-dB limit for UHF Oct. 1 (Vol. 18:43 p9). In notice of inquiry issued last week (Gen Doc. 78-348). Commission asked for volunteer experts to serve on 2 committees (measuring procedure, accuracy & tolerance) by Dec. 1, technical papers for conference by Jan. 1 and conference Feb. 1-2. Comments on noise measurement will be accepted until working committees submit final reports April 1.

Taiwan's color TV output leaped 137.6% in first 9 months this year to 1.49 million, unofficial trade sources report. B&w production rose 48% to 4.13 million, while calculator production jumped 101.5% to 2.53 million.

MATSUSHITA BUYING NEWCRAFT: Matsushita is slated to take over western distribution of Panasonic products March 31 when it completes acquisition of Newcraft from Telcor. Newcraft, based in Beverly Hills, has had exclusive distribution rights to Panasonic products in 11 western states since early 1960s; remainder are served by 6 Panasonic-owned region offices.

Under terms of previously announced takeover, Matsushita will acquire assets & business of Newcraft for \$17,750,000 more than book value as of acquisition date. Telcor's total book value is estimated at about \$32 million, but figure includes leasing subsidiary Electro-Rent. Deal is also subject to favorable IRS ruling.

Newcraft is expected initially to be separate subsidiary of Matsushita Electric Corp. of America, parent of Panasonic & Quasar, and present management will be retained. MECA spokesman told us "Newcraft isn't an exact fit" into current Panasonic regional operation setup because of product handling differences—Panasonic sells some products through independent reps. No decisions regarding changes in Newcraft operations have yet been made.

Lafayette has agreed in principle to arrangement that would give Harrison Radio right to acquire controlling interest (Vol. 18:44 p10). Transaction calls for Harrison to buy Lafayette's industrial & marine electronics operations for \$4.8 million plus \$3-million convertible note. Note would be convertible into 455,000 shares at \$6.60 each, comes with warrant for 125,000 shares at \$8.75. Harrison also has right to buy \$4.5-million note convertible into 600,000 shares at \$7.50. Lafayette has about 2.2 million shares outstanding.

Companies also said Harrison is negotiating to buy 275,000 Lafayette shares from estate & trusts of former Chmn. Abraham Pletman and 75,000 shares owned by current Chmn. Leonard Pearlman. Under planned restructuring, Pearlman and 4 others, will resign from Lafayette board, be replaced by Harrison representatives.

In other merger activities, Siemens will offer \$8.7 million for 20% of Litronix shares still outstanding. Last year, German firm purchased 80% of Litronix for \$7.5 million plus assumption of debt (Vol. 17:29 p11)... Electronic Engineering has postponed plan to sell 20% stake in Siliconix because of market conditions. Planned secondary offering by Siliconix was also put off (Vol. 18:43 p11).

"Home Video Market" seminar Dec. 5-7 in Andover, Mass., sponsored by Institute for Graphic Communications, will be chaired by PBS's Ken Winslow and feature consultant Gary Arlen; Konrad Kalba, Kalba Bowen Inc.; Robert Paulsen, AVP Communication; William Slavik, Novotek; George Stamps, GMS Consulting; Gene Tremblay, Wellington Management Co. Price \$455. Information: IGC, 617-267-9425.

PURAC—Personal Use Radio Advisory Committee—chartered in 1976 to study CB problems, has made final report to FCC and been disbanded.

DAWN OF DIGITAL AUDIO? Word at AES convention this weekend was "digital," as Sony showed prototype digital audio disc player and first professional digital 2-channel PCM processor, Pioneer previewed PCM audio decoder for its forthcoming MCA Disco-Vision videodisc player, and JVC showed consumer PCM system.

Sony digital audio disc player uses same optical system it showed last spring (Vol. 18:24 p13), but 450-rpm speed allows for 2-1/2 hours on single-sided disc. With video adaptor, RF output and 900-rpm option, system becomes videodisc player compatible (except for speed) with MCA-Philips format. Professional PCM unit is available now at \$40,000, was used to master acclaimed joint Sony-CBS recording effort 3 weeks ago of Cleveland Orchestra playing Beethoven's 9th Symphony. Sony didn't show consumer digital PCM-1 recorder-adaptor for Beta-max at AES, but according to officials "limited quantities" are already in U.S. for sale this month; price will be "around \$4,000."

Pioneer audio player was 2-piece set-up: Conventional Disco-Vision player hooked up to PCM decoder. Optical system at 1,800 rpm gets 30-min. playing time on each side of 2-sided disc. Neither Pioneer nor Sony had price or marketing information on disc players. Both stressed that units are prototypes, awaiting results of standardization efforts (Vol. 18:41 p10).

JVC showed its version of home PCM adaptor for VCR, to be priced in same \$3,000-\$4,000 range as Technics & Sony models, is first shown in U.S. claimed to work with either Beta or VHS formats.

Consumer Electronics Personals

Gene Schillinger, ex-Sankyo, one-time Hitachi, joins N.Y. rep firm Straitline Mktg. as sales vp... **Morton Russin**, ex-Ikegami & Hitachi, joins Sharp Professional Products Dept. as national sales mgr... **Robert Hamilton**, ex-Fisher & Dokorder, joins Nikko Audio as national credit mgr... **Leonard Mackenzie**, ex-TRW Communications Systems, joins Northern Telecom as mktg. exec. vp.

Peter Burkowitz, Polygram, named AES pres.-elect, to succeed John McKnight (Magnetic Reference Lab) in 1979; **Hugh Knowles**, Knowles Electronics, receives AES gold medal for contributions to hearing aid & audio fields. Among those named AES fellows: **Louis Abbagnaro**, CBS Technology Center, for loud-speaker & microphone developments; **Michael Gerson**, Calrec Audio (U.K.), surround-sound recording; **Jerome Halter**, RCA SelectaVision, videodisc using audio disc cutting head; **Ryosuke Itoh**, Sansui, QS quad system; **Bernhard Jakobs**, Shure, phono pickups; **Meade Killion**, Industrial Research Products, miniaturized hearing aids; **Robert Wallace**, Bell Labs, solid state.

Buckbee-Mears received \$250,000 contract from USSR to provide spare parts for color picture tube shadow mask manufacturing equipment. Parts include pumps, printing frames & arc lamps, and are for equipment B-M supplied about 8 years ago.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Advent			
1978-27 wk. to Sept. 30	19,489,000	562,000 ^a	.22
1977-26 wk. to Sept. 30	16,412,000	647,000 ^a	.25
1978-14 wk. to Sept. 30	11,087,000	210,000	.08
1977-13 wk. to Sept. 30	10,119,000	866,000 ^a	.33
American TV & Communications			
1978-qtr. to Sept. 30	21,478,627	3,129,365	.76
1977-qtr. to Sept. 30	15,105,513	1,973,389	.51
Avnet			
1978-qtr. to Sept. 29	224,009,000	10,254,000	.66
1977-qtr. to Sept. 30	186,324,000	9,243,000	.60
Cowles Communications			
1978-9 mo. to Sept. 30	12,203,000	3,452,000	.87
1977-9 mo. to Sept. 30	9,740,000	2,520,000	.63
1978-qtr. to Sept. 30	4,139,000	1,212,000	.31
1977-qtr. to Sept. 30	3,207,000	803,000	.20
Dynascan			
1978-9 mo. to Sept. 30	50,037,000	2,413,000	.82
1977-9 mo. to Sept. 30	68,095,000	407,000	.14
1978-qtr. to Sept. 30	17,462,000	875,000	.30
1977-qtr. to Sept. 30	12,432,000	(682,000)	--
Emerson Radio			
1978-6 mo. to Sept. 30	32,888,000	1,501,000	1.28
1977-6 mo. to Sept. 30	22,828,000	794,000	.73
1978-qtr. to Sept. 30	22,941,000	1,205,000	1.02
1977-qtr. to Sept. 30	14,618,000	610,000	.56
Grey Advertising			
1978-9 mo. to Sept. 30	53,382,000	3,168,000	5.07
1977-9 mo. to Sept. 30	44,353,000	2,748,000	3.84
1978-qtr. to Sept. 30	18,281,000	947,000	1.51
1977-qtr. to Sept. 30	14,186,000	607,000	.95
Matsushita Electric^c			
1978-9 mo. to Aug. 20	8,700,000,000 ^d	369,500,000 ^d	3.50 ^e
1977-9 mo. to Aug. 20	7,840,000,000	317,100,000	3.20 ^e
1978-qtr. to Aug. 20	3,010,000,000 ^d	129,300,000 ^d	1.22 ^e
1977-qtr. to Aug. 20	2,600,000,000	107,600,000	1.08 ^e
MGM			
1978-year to Aug. 31 ^f	401,406,000	49,341,000 ^d	3.39 ^b
1977-year to Aug. 31	293,011,000	33,188,000	2.24
1978-qtr. to Aug. 31 ^f	127,360,000	18,445,000 ^d	1.27
1977-qtr. to Aug. 31	71,490,000	12,029,000	.82 ^b
A.C. Nielsen			
1978-year to Aug. 31	323,831,000 ^d	24,297,000 ^d	2.21
1977-year to Aug. 31	269,483,000	20,206,000	1.87
1978-qtr. to Aug. 31	88,877,000	6,967,000	.63
1977-qtr. to Aug. 31	72,335,000	5,874,000	.54
Soundesign			
1978-9 mo. to Sept. 30	101,440,000	2,245,000	.85
1977-9 mo. to Sept. 30	110,427,000	6,612,000	2.06
1978-qtr. to Sept. 30	48,378,000	1,096,000	.42
1977-qtr. to Sept. 30	49,200,000	3,422,000	1.07
Texas Instruments			
1978-9 mo. to Sept. 30	1,816,638,000	100,470,000	4.41
1977-9 mo. to Sept. 30	1,471,818,000	84,509,000	3.70
1978-qtr. to Sept. 30	644,533,000	35,503,000	1.56
1977-qtr. to Sept. 30	516,597,000	29,534,000	1.29
Times Mirror			
1978-40 wk. to Oct. 8 ^f	1,064,978,000	94,598,000	2.73
1977-40 wk. to Oct. 2	830,512,000	70,653,000	2.03
1978-12 wk. to Oct. 8 ^f	352,015,000	31,312,000	.91
1977-12 wk. to Oct. 2	279,515,000	25,879,000	.74
Tocom			
1978-qtr. to Sept. 30	1,540,472	64,117	.06
1977-qtr. to Sept. 30	726,767	5,477	.01
20th Century-Fox			
1978-9 mo. to Sept. 30	469,130,000	51,402,000 ^d	6.43
1977-9 mo. to Sept. 30	361,628,000	40,061,000	5.18

Company & Period	Revenues	Net Earnings	Per Share
20th Century-Fox (continued)			
1978-qtr. to Sept. 30	161,001,000	18,440,000	2.26
1977-qtr. to Sept. 30	171,473,000	31,607,000	4.02
Walt Disney Productions			
1978-year to Sept. 30	741,143,000	98,385,000	3.04 ^b
1977-year to Sept. 30	629,825,000	81,947,000	2.53 ^b
1978-qtr. to Sept. 30	241,759,000	37,740,000	1.16 ^b
1977-qtr. to Sept. 30	205,197,000	31,978,000	.99 ^b
Wells-Gardner Electronics			
1978-9 mo. to Sept. 30	8,460,000	(1,071,000)	--
1977-9 mo. to Sept. 30	5,537,000	(1,801,000)	--
1978-qtr. to Sept. 30	2,830,000	(133,000)	--
1977-qtr. to Sept. 30	1,248,000	(572,000)	--

Notes: ^aIncludes special credit. ^bAdjusted. ^cAt yen's current rate. ^dRecord. ^ePer ADR. ^fRestated.

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with
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John W. Thompson Circulation Mgr.

U. K. color TV shipments to distributors in first 7 months were up 6.2% to 1.03 million, BREMA reports. Shipments by domestic producers rose 6.3% to 833,000, imports up 5.8% to 200,000. In b&w, total shipments rose 2.2% to 707,000, with domestics up 31.2% to 412,000, imports down 21.9% to 295,000. As result, U. K. factories accounted for 80.6% of color market, up from 80.5%, 58.3% of b&w, up from 45.3%. Color totals exclude U. K. production by Matsushita & Sony. Other full-period market totals: Portable radios 2.86 million, up 1.5%; other radios, radio-phonos & other radio combinations 1.93 million, up 26.4%; phonos & turntables 243,000, down 23.5%.

New projection TV: Movievision, 2-piece unit to retail at \$750, including electronics & projector with f1.3 lens, screen stand and washable 32"x40" screen, by Projection TV of America, Miami. Larger screens (40"x52" or 50"x64") are options. Nova-Vision, Richmond, Va. is offering one-piece 4.4-ft. (40"x52") system using Bohsei TV and fresnel lens at \$1,395.

WEEKLY

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast

QUAKER PRES. WANTS NETWORKS to simulcast 3 hours of children's TV each Sat. morning. Each network would be responsible for 10 shows annually. Ferris calls Mason proposal 'bold & imaginative,' adds it to children's inquiry. (P. 1)

N. J. TO GET TV STUDIOS, offices under mandate to Philadelphia & N.Y. stations by FCC. Ferris would require VHF's to directionalize to permit N.J. drop-ins. Further inquiry coming. (P. 2)

TRACKING TOP-50 CABLE GROWTH: Major groups' subscribers up 11.7% in year. Homes passed up 16.6%. Homes in franchise areas up 14.7%. New miles planned up 49.7%. (P. 3)

GOLDWATER TO SUCCEED GRIFFIN? Ariz. senator seen likely ranking minority member on Communications Subcommittee after Griffin defeat; Broyhill for Frey in House. Broadcasters expect 'pro-business' attitude, although concerned about some statements on cable and networks. (P. 4)

FCC HAS BUDGET PROBLEM caused by congressional cutback to Sept. 1977 spending levels. Bcast. Bureau to lose 10, Cable Bureau 12. Outside hiring restricted. (P. 5)

HERNREICH WINS LONG FIGHT for renewal of KAIT-TV Jonesboro. (P. 6)

QUAKER PRES. WANTS KID TV SHAKE-UP: With both FTC & FCC taking hard looks at children's TV—and with Senate Communications Subcommittee not far behind—Quaker Oats Pres. Kenneth Mason has proposed radical restructuring of network children's fare & advertising.

Considered a maverick among leading TV advertisers to children, Mason proposed FCC recognize Sat. 9 a.m.-noon as special interest time and allow networks to collaborate to create "a single children's TV network." Under his plan, networks would work together to produce thirty 3-hour Sat. morning shows, each taking responsibility for 10, with repeats being used for rest of year. Networks would show same program on Sat. at same time.

FCC Chmn. Ferris was quick to endorse Mason's "positive proposal," and Commission plans to send his speech to mailing list of more than 20,000, ask for comments in children's TV inquiry. Speech will be placed in official record as early comment (they're due Jan. 15). Ferris said Mason's speech "focuses directly on issues we opened for inquiry... I hope that other industry and public proposals... will be equally bold and imaginative..."

Idea of networks cooperating on children's and/or public affairs programs has been proposed

Consumer Electronics

PRICE INCREASES—2nd round coming from domestic color TV manufacturers. Zenith going up \$10 across-board, Sylvania hiking selected sets \$10-\$20. All Toshiba color sets up \$20-\$120. (P. 7)

COLOR MARKET RECORDS at new supply level set in 3rd-quarter, 9-month periods. Domestic plants boost share in color, as b&w output dwindles. (P. 8)

INFLATION CLOUDS near-term future of color sales as double-digit interest rates dictate further inventory reductions. VCR sales up in Oct. to 14,000 weekly, headed for 400,000-450,000 for year. (P. 9)

COLOR QUOTA TALKS adjourned by U.S. & Taiwan officials without agreement or new meeting date. Talks with Koreans open this week. Treasury presses for TV dumping duty collection. (P. 10)

DIGITAL AES sees 17 papers on new audio technology. Metal tape is non-topic except for Tandberg. (P. 10)

ADMIRAL TV LOST \$7 million from operations in fiscal 1978, down from \$12.9 million 1977 deficit, Rockwell reports. Superscope in red for 3rd quarter, 2nd quarter deficit higher than reported. (P. 11)

TAIWAN TV EXPORT figures leaked by govt. show domestic plants supplying only 42% of complete color exports to U.S. this year. (P. 11)

many times in past, beginning with "Doerfer Plan"—named for then FCC chmn.—in 1958. Networks generally have been cool to such proposals and all 3 had "no comments" on Mason's idea.

Speaking to AAAA in Chicago last week, Mason said because each network would have only 10 shows "they should be able to justify larger budgets for each of the assigned Saturdays and still spend less in total for the year" than they now spend. He said shows would be simulcast on networks, "making it possible to schedule children's programs of outstanding intellectual and artistic quality without fear of losing share of audience..."

Mason, company's former ad dir., said advertisers also would have commercials simulcast and "could expect higher audiences and lower cost per thousand per commercial, plus the advantage of being associated with the highest quality programming possible for children." Commercials would be clustered and would have a lead-in making it clear ads are to follow and, if needed, would offer a balanced view. He suggested this lead-in for cereals: "Hi. I'm not part of the program you're watching, but I'm here to tell you about some commercials you're going to see... When a cereal already has sugar on it, you don't have to add your own. And when a cereal doesn't have sugar, ask your mom or dad how much they think you should add. Another thing to remember is that cereal alone is not a complete breakfast..."

Quaker pres. said children's TV has improved much in recent years, but despite large budgets and opportunity "to do something really wonderful," programming is disappointing. He said: "There is just no way a person interested in the future of this country can sit in front of his TV on a typical Saturday morning... and not be visually and mentally disappointed by the lack of intellectual content in most of the scripts, the lack of realism in most of the characters, the lifeless and mechanical animation employed in most of the programs, and the frequency, the blatancy, and often the sheer idiocy of so many of the commercials."

Mason noted that some, including his company, have said public broadcasting should lead in children's programs, "and leave the commercial broadcaster alone." Problem with that idea, he said, is that it implies only non-profit institutions can serve public interest. "That's an implication I don't think business should accept..." Mason added he's confident that Justice Dept. would approve such network cooperation.

Meanwhile, Court decision disqualifying FTC Chmn. Pertschuk from children's TV ad proceeding (Vol. 18:45 p1) has had silencing effect on other FTC commissioners involved in case. None would comment last week. Court ruled views expressed by Pertschuk on case showed he was biased.

Also last week, NAB held first meeting of new Children's TV Committee (chaired by Leonard Swanson, WHIC-TV Pittsburgh) and ACT hosted symposium on kid TV (by invitation only; NAB's Marilyn O'Connor was allowed to attend only luncheon presentation by Susan Green, head of FCC children's inquiry) in N. Y.

N. J. TO GET TV STUDIOS, OFFICES: Reversing decision of 2 years ago, FCC last week decided to require N. Y. C. & Philadelphia VHF stations to maintain "studios & offices" in N. J. Vote was 4-2 and dissenters Ferris & Brown (Lee didn't participate) disagreed because they felt action was inadequate, didn't go far enough.

In fact, Chmn. Ferris argued that N. Y. & Philadelphia stations should be required to directionalize to keep their signals out of N. J. so VHF stations could be dropped-in and/or to make UHF more viable. Staff argued strongly that idea wouldn't work—that TV can't be directionalized like AM—but proposal will be part of inquiry (due early next year) to provide more adequate TV service to N. J.

"He's [Ferris] getting some bad advice on that one," veteran FCC watcher told us, but Ferris said "I was very serious" and complained that staff didn't present other options for serving N. J. He said inquiry will include "attenuating the signals," economic feasibility of VHF drop-ins, co-assignments, etc. "I'm not fearful of looking at the facts and making a judgment," he told us.

Meeting became acrimonious at times—with Bcst. Bureau staffers arguing strongly several times with positions put forth by Ferris & Brown (latter seemed particularly worried about TV

burdens placed on N.J. politicians, later same day apologized to Deputy Bureau Chief Martin Levy for causing lengthy argument). "Unbelievable," veteran staffer said of arguments between staff and Ferris & Brown. "There hasn't been anything like it since the Burch-Johnson days"—referring to former Chmn. Dean Burch & Comr. Nicholas Johnson disputes—added another.

During meeting, Ferris also argued that stations are licensed to serve N.J. but have refused to do so. "I disagree with that," countered Renewal & Transfer Chief Richard Shiben; he was supported by other staffers and couple commissioners. Brown later commented that staff is trying to provide solution that won't hurt anyone. At another point, Levy told Brown: "I think you're being unrealistic." Action finally adopted came on motion by Comr. White.

Vehicle for Commission's actions were petitions to deny N.Y. & Philadelphia renewals, for allegedly failing to serve needs of N.J., filed by state's govt., legislature, N.J. Coalition for Fair Broadcasting & others. In 1976, Commission refused to require stations to maintain offices in N.J., did tell them they had "special service obligations" and must maintain "physical presence" in state (Vol. 16:27 p1). Under new action, stations will get renewals and letters (final version still to be approved by commissioners) telling them of offices & studios requirement. Comr. Washburn told us: "I'm more interested in service than bricks and mortar," will urge that stations be permitted to share physical facilities in N.J.

In past, stations involved have argued they can better serve N.J. through ENG & film crews. Since letters hadn't been approved finally at press time, none of N.Y.C. or Philadelphia stations would comment. In separate action, non-commercial WNET N.Y. (actually allocated to Newark as commercial channel) also was renewed; station already had been required to maintain N.J. studios.

Also last week, FCC approved STV operation for WNJU-TV—licensed to Linden, N.J. but with transmitter on World Trade Center in N.Y.C. Commission denied protest of WTVG Newark—which uses different STV system—told WNJU-TV it must telecast "some local programming" in prime time. WNJU-TV will use National Subscription TV; WTVG uses Blonder-Tongue.

TRACKING TOP-50 CABLE GROWTH: Top-50 cable operators increased subscribers 11.7% in a year, totaling 9,235,375 Oct. 1. Top 25 rose 11.5% to 7,461,325. Chances are top 50 increased faster than industry as a whole because of acquisitions. We estimate total industry at about 14 million vs. 12.8 million year ago. Top-50 figures come from our semi-annual survey, with detailed tabulation, to be reported in our Special Western Cable TV Show Supplement, to be distributed at Western Show in Anaheim Dec. 6-8.

Homes passed by top-50 systems are up 16.6% to 18,180,205, homes in franchised areas up 14.7% to 22,881,535, miles of plant in use up 8.7% to 188,057. But here may be most significant figure of all: Top 50 plan to build 23,106 miles of plant in next 12 months—49.7% more than they planned a year ago.

There have been a few shifts in ranking. For example, Warner edged Tele-Communications to take 3rd slot. Storer moved from 12th to 10th. GE rose from 17th to 15th. Comcast showed biggest jump in top 25—going from 32nd to 24th. Time-ATC merger wouldn't change ATC's position—just solidify its hold on 2nd place. GE-Cox merger would move GE from 15th to 3rd.

Here's ranking of top 25, with last year's rank in parentheses: Teleprompter 1 (1), ATC 2 (2), Warner 3 (4), Tele-Communications 4 (3), Cox 5 (5), Viacom 6 (6), Sammons 7 (7), CPI 8 (8), UA-Columbia 9 (9), Storer 10 (12), United Cable 11 (10), Continental 12 (11), Service Electric 13 (14), Cablecom 14 (13), GE 15 (17), Telecable 16 (16), Midwest Video 17 (19), New-Channels 18 (18), Daniels 19 (15), Liberty 20 (20), Western 21 (21), Tex. Community 22 (23), Manhattan Cable 23 (22), Comcast 24 (32), Century 25 (25).

Revocation of WTVX Ft. Pierce, Fla. isn't warranted even though station regularly clipped national commercials from "Lawrence Welk Show," FCC Judge Thomas Fitzpatrick ruled last week. Instead, he recommended \$5,000 fine, noting that WTVX is struggling UHF "overshadowed by competing VHF stations" and that officers & directors of

station "were not themselves parties to any wrongdoing."

Hollywood ATAS luncheon speakers, dates not set: Jan., John Backe, CBS pres.; Feb., Fred Silverman, NBC pres.; March, Norman Lear, producer.

GOLDWATER TO SUCCEED GRIFFIN? Broadcasters and Capitol Hill aides expect Sen. Goldwater (R-Ariz.) to succeed Sen. Griffin (R-Mich.) as ranking minority member on Communications Subcommittee after Griffin's election loss last week. And Washington broadcast representatives expect Goldwater to continue Griffin's "pro-business record," although they have some reservations.

"We obviously lost a friend in Griffin," broadcaster said. "At the same time, Goldwater has a pro-business record and has more of an interest [in communications] than Griffin did."

Position is seen as particularly important after announcement of Sen. Hollings (D-S.C.), Subcommittee chairman, that he plans "renovation" of Communications Act (Vol. 18:43 p1). Renovation plus reworking of Act by Subcommittee member Sen. Schmitt (R-N.M.) mean ranking minority member will have significant say in future legislation.

Sen. Stevens (R-Alaska) is ahead of Goldwater in seniority, but Stevens is expected to hold a Senate leadership position, which puts him out of the running. After Goldwater comes Sen. Packwood (R-Ore.), and after him, Schmitt could get position.

To commercial broadcast representatives, Griffin has been a known quantity, and Goldwater is less of one. Lobbyists noted Goldwater has "expressed resentment about network power" and has been known to "express some pro-cable sympathies."

Encouraging to this broadcaster was fact that Goldwater was among first to "speak out about the WESH case [on the floor]. That's a good signal. He wants to get involved in the process. He's looking out for the interests of broadcasters' stability. As a conservative who is anti-govt. and anti-regulation, he might just show some guts."

For public broadcasters, Goldwater may mean more problems. He has been strong critic of what he sees as an unhealthy connection between public TV and Carter Administration (Vol. 18:22 p5).

On House side, Rep. Broyhill (R-N.C.) is expected to replace Rep. Frey (R-Fla.) as ranking minority member, which pleases most broadcasters. One said Broyhill "is a fine, sensible man. Fortunately, North Carolina broadcasters have done a good job of keeping in touch with him. Overall, he should be okay. We may have to see what the son of rewrite looks like, but Broyhill isn't the kind of guy who will go along to get along."

Only House Communications Subcommittee member to lose was Rep. Carney (D-O.), who hadn't been particularly active of late. Rep. Wirth (D-Colo.), who many believed would be beaten, won re-election. Also, 2 newly elected senators, William Armstrong (R-Colo.) and Nancy Landon Kassebaum (R-Kan.), daughter of 1936 GOP presidential candidate Alf Landon, will have more than passing knowledge of broadcasters' problems. Both hold interests in radio stations.

Bell Canada plans experiment with optical fiber linking switching center and 40 homes in Yorkville district of Toronto.

NAB OKAYS TV CLUTTER PLAN: Plans for substantial reduction of clutter have been adopted by TV Board (Vol. 18:41 p6), approved by phone rather than at Jan. meeting. Changes are effective Jan. 1.

Radio Code Board, meanwhile, approved advertising of pregnancy test kits, with certain restrictions. Board also endorsed proposal soliciting research on (1) PSAs "relating to sex and human sexuality in radio & TV" and (2) contraceptive ads.

ARTEC distant-signal decision by FCC (Vol. 18:45 p2) was issued last week, and it included Comr. Lee's dissent: "With this decision, the Commission has changed its signal carriage policy. No rule-making notice, no public comment went into this decision. Just the recognition that ARTEC could not meet its burden of proof unless the waiver standard were changed. Being nervous about arbitrarily granting an unjustified waiver to one petitioner, the majority is changing the standard for everyone." Meanwhile, he said, Commission should have waited for conclusion of economic inquiry and: "If that record justifies changes in the waiver standard, so be it. But what's the rush to make the changes without the record?" (We reported Comr. Washburn's dissent last week.) Comr. Brown abstained because Post-Newsweek Stations had been party to case, and he had once been group's counsel.

Golden West documentary "Scared Straight" on KTLA L.A. beat 3 network affiliates, received Arbitron rating of 19.3, 34 share, at 10 p.m. Nov. 2. Production uses very explicit language, deals with voluntary program by life-termers in N.J. prison to scare teenagers who get into trouble into going straight. Vp-Mgr. Tony Cassara said 600 letters had been received, only 5 negative, along with 2,500 phone calls, 98% favorable. Signal Cos. sponsored hour show without interruption, also will sponsor it in several other markets, including remaining top 10. Simultaneous satellite transmission to over 100 stations is in planning stages for early next year. KTLA filmed program last May, plans follow up next year to see what has happened to more than dozen teenagers "in trouble" during original program. Comrs. White, Quello & Lee saw screening in Washington; all told us they were highly impressed.

Ohio State basketball is on TV because of Qube's efforts, according to Qube Programming Vp Harlan Kleiman, who took issue with comments by Benjamin McKeel, WCMH-TV Columbus (Vol. 18:44 p5). He said Qube bid \$200,000—but it was for 2 years, included all home games (something no other bidder proposed). He said bid was business decision based on creation of statewide station and/or cable network producing \$150,000 yearly. Said Kleiman: "We actually won the bid by default (we were the only bidder) one year earlier. We proved there was a market for the events and once we created that market we wanted to sustain it. Our bid was higher because we were bidding on more games than anybody else." He said university "opted for the 'less games/less dollars' package because it meant broadcast exposure. They did this with our blessings."

SIN has opened sales office in Dallas. Joe Villarreal promoted to southwest sales mgr.

FCC HAS BUDGET PROBLEM: Under amendment to Civil Service Reform Act, govt. agencies are required to reduce spending through 1981 to levels of Sept. 1977, and this is causing personnel & priority problems at FCC. OMB has ordered agency to cut 97 positions from payroll and, under OMB-mandated personnel freeze, Commission can fill only 50% of vacancies with outside hiring.

Commission's fiscal 1979 (started Oct. 1) budget is \$70.4 million; fiscal 1977 budget was \$54.7 million. Already planned increases in Common Carrier Bureau and Office of Plans & Policy will go ahead; also, 37 persons will be added to handle fee refunds, and network inquiry staffing will remain at current level. Bcst. Bureau stands to lose 10 positions, Cable Bureau 12.

FCC plans to appeal some of cuts, will seek return of 6 positions in Bcst. Bureau to handle EEO enforcement. Appeal at OMB is due Nov. 14 and FCC Chmn. Ferris said "we'll give it our best shot. . . There's still some flux in the thing." Budget-paring amendment was sponsored by Rep. Leach (R-Ia.).

United Video began carrying WGN-TV Chicago via satellite Nov. 9, UV Pres. Roy Bliss reporting excellent signal after loss of audio for couple hours at start. Bliss says he has some 200 cable system customers serving about 800,000 homes. He said UV won't seek carriage of other stations for several months—"we want to absorb WGN-TV." Meanwhile, Southern Satellite System dropped out of WGN-TV carriage after RCA transponder 13 proved erratic. SSS has asked FCC to rule that RCA must now give it first crack at next available transponder. SSS affiliate Southern Communications Systems (partner with Holiday Inns) is suing RCA in Tulsa federal dist. court, charging RCA reneged on contract to provide SCS with transponder 18. SSS has contract to use transponder one for KTVU Oakland, expects FCC to give green light on that soon.

Broadcasters shouldn't overreact to "noisy minority" of TV viewers critical of programming, ABC TV Pres. Frederick Pierce said in speech before IRTS. He stressed diverse forms quality can take on TV, said TV is a "visual library—with something to appeal to virtually every taste." "New breed of super-regulator" govt. was topic of ABC Pres. Elton Rule's speech at USC School of Business Administration. Among examples cited was FTC's proposed ban on sugar-coated cereal ads.

WESH-TV Daytona Beach-Orlando has petitioned D.C. Appeals Court for rehearing en banc of decision which had reversed FCC's approval of renewal (Vol. 18:40 p1). Station presented 3 grounds for rehearing: (1) Appeals Court decision was inconsistent with U.S. Supreme Court pronouncement on renewal criteria and with precedent of Appeals Court. (2) Appeals Court substituted its judgment for FCC's, contrary to intent of Congress. (3) Appeals Court remand "was premised on a misreading of the record."

Seven UHF translators, to cover 6,500 sq. miles, have been applied for by KSTP-TV Minneapolis-St. Paul. Switching affiliation from NBC to ABC, station received \$2.4 million loan from ABC for translator project (Vol. 18:40 p6).

FCC's promise-vs.-performance on deregulation of radio was attacked by NAB Pres. Vincent Wasilewski in address at fall conference in New Orleans, and he offered 3-point program: (1) Program percentages—"The Commission's own ALJ expressed disgust at having to impose these requirements in the face of clear First Amendment considerations. Why carry on this charade any longer? The marketplace, whether large or small, will insure that radio serves the public." (2) Commercial limitations—"The FCC should cease fidgeting about what might happen and look instead at what has happened in radio—a general reduction of commercial matter triggered by marketplace competition." (3) Ascertainment—"It is time to toss out all the bureaucratic ascertainment procedures... and simply ask the broadcaster what the needs and interests of his community are, and how he treated them in his programming." Wasilewski concluded: "This plan is only the beginning. We promise that performance of the NAB plan will warrant the same approach for TV, and deregulation of the entire broadcasting industry."

KORK-TV Las Vegas, which lost in its effort to obtain D.C. Appeals Court reversal of FCC decision, plans appeal to U.S. Supreme Court. Appeals Court affirmed Commission's denial of renewal, holding Pres. Donald Reynolds responsible for clipping of network commercials. Court disagreed with FCC, however, in weighing financial qualifications of competitor Las Vegas Valley Bcstg. Commission had found it unqualified, but Court found "insufficient support" for FCC's conclusion. Other court activity: (1) Appeals Court dismissed petition for review of FCC's renewal of WSyr-TV Syracuse. Petition was filed by Syracuse Coalition for the Free Flow of Information. (2) WBRL(AM) Berlin, N.H. has appealed FCC's denial of renewal for fraudulent billing. (3) FCC has asked Appeals Court to remand Truth Publishing's appeal of denial of tax certificate.

During N.Y. newspaper strike, in Sept., general retailers increased TV advertising 216%, TvB reports. Furthermore, said TvB Pres. Roger Rice, Women's Wear Daily reported N.Y. retail business healthier than in rest of U.S. during Sept. "Everything we have learned from retailers," he said, "tells us that TV played a very important role in this success and that the experience gained... suggests a rethinking of media strategy..." Gross retail TV time sales were \$3,034,804 in Sept. vs. \$959,719 year ago. Department stores increased TV buys 368%, discounters 218%, apparel specialties 125%, carpet 123%, furniture 55%.

Teleprompter reports earnings (before extraordinary items) up 46% to \$3,374,000 (20¢) for 3rd quarter, while revenues rose 22% to \$37,961,000. Earnings including extraordinary items were \$4,582,000, up 60%. For 9 months, earnings (before extraordinary items) were up 69% to \$8,787,000 on revenues of \$104,585,000, up 20%. Cable revenues rose 28% in quarter to \$32,020,000, while operating profit rose 21% to \$13,144,000.

Western Cable Convention in Anaheim Dec. 6-8 includes as speakers or panelists: Rep. Van Deerlin (D-Cal.) and his counsel Harry Shooshan, Reps. Rose (D-N.C.), Russo (D-Ill.) & Waxman (D-Cal.), FCC Comr Brown.

Personals

ABC-TV promotions: Norman Grant to vp-planning & special projects, broadcast operations & engineering, West Coast; Robert Trachinger to vp-gen. mgr., broadcast operations & engineering, West Coast; Robert Cagliero to early morning sales vp, new post; Marvin Goldsmith to prime-time sales proposals vp; Anthony Farinacci to vp-business affairs, daytime & specials, East Coast; Anthony Rocco to business development sales vp; Sandy Gartin to mgr., children's programming, East Coast, ABC Entertainment.

Robert Wormington, KBMA-TV Kansas City, elected INTV chmn., succeeding Leavitt Pope, WPIX N.Y.; Sheldon Cooper, WGN Continental, elected vice chmn.; Crawford Rice, Gaylord Bestg., re-elected secy.; William McReynolds, Meredith Bestg., elected treas.; Robert La Reau, ex-Petry, joins INTV as western marketing dir., succeeding Kathy Crawford, now with Telerep; Frederic Gold, ex-WNEW-TV N.Y., named research mgr.

Jeffrey Rosen promoted to senior counsel—govt. affairs & litigation, NBC... Brendan Kennedy, ex-MMT Sales, appointed national sales mgr., KCMO-TV Kansas City; Glen Peiffer, ex-CBS, named business mgr... James Teets, ex-WPGH-TV Pittsburgh, joins WPTT there as sales mgr... Robert Strutzel promoted to technical operations dir., WCBS-TV N.Y... Henry Owen, ex-WJBK-TV Detroit, appointed dir. of engineering, WDVM-TV Washington, and parent Evening News Assn.

Ronald Korda, ex-broadcast ratings mgr., promoted at NBC Entertainment to program planning mgr... David Fiske, ex-Federal Election Commission, joins CBS Washington as legislative and media relations dir.; Rae Evans promoted to govt. relations dir... Robert Unetich, ex-Harris TV transmitter engineering mgr., joins RCA Best. Systems in comparable post.

Charles Hairston, ex-NBC film and program development dir., joins Showtime as programming vp... Mark Friedman, ex-World Vision Enterprises mktg. dir., joins United Artists Pay TV Dept. as sales mgr.; Liv Wright advanced to sales mgr.

John Pettit, one-time FCC gen. counsel, elected managing partner, Washington law firm Hamel, Park, McCabe & Saunders... John Richer, NRBA exec. vp-administration, resigns "to pursue other interests"; Lisa Friede promoted to administrative dir.; Abe Voron named convention coordinator, new post... Brent Kallestad promoted to broadcast exec. for Minn., S.D., N.D. & Wis.

Marc Schacher, dir. of TV research for Katz, promoted to vp-marketing div... Warren Bahr joins John Blair & Co. as vp-corp. development... MMT Sales Inc. promotions: Boston Mgr. Morris Peck to vp; Jack Lyons, Dallas mgr., to vp-sales mgr., Atlanta; Paul Saltin, ex-Chicago, succeeds Lyons as Dallas sales mgr.; Mike Wiener to sales mgr., N.Y.; Larry VanderBeke to sales mgr., Chicago; John Lionberger, ex-Chicago, to Minneapolis sales mgr.

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with
Consumer Electronics...

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George Hernreich apparently has won long fight at FCC for renewal of KAIT-TV Jonesboro, Ark. Under then-Chmn. Wiley's "new ethic," KAIT-TV renewal was denied 3-2 in 1974 because Hernreich "had twice dishonestly made payments to then ABC official Thomas G. Sullivan" to obtain increase in network compensation (Vol. 14:29 p5). At same time, however, Commission granted license to Hernreich's KFPW-TV Ft. Smith. Following oral argument last week, commissioners tentatively agreed to reverse earlier decision and renew KAIT-TV. Decision is expected to be unanimous, although Comr. Fogarty reportedly favored some form of punishment.

Optical Systems control (80%) is being acquired by Pres. Alan Greenstadt from Pioneer Systems which will retain 20%, terms undisclosed. Optical leases pay-cable channels on 10 systems, is planning over-air STV in Salt Lake City, plans start in Fresno and other western cities.

ATC has won franchise for N. Y. C. borough of Queens, which has 750,000 homes, via its Knickerbocker Communications Corp., plans to start construction in spring. System will have 36-channel capacity, charge \$8 monthly.

ATC's acquisition by Time Inc. (Time TV & Communications) has been approved by FCC, as expected. Combination has 850,000 subscribers—ATC 750,000, Time (Manhattan Cable) 100,000.

United Church of Christ and 4 Indian groups will file petition at FCC this week seeking opportunity for increased ownership of stations by American Indians—who now are licensees of only 2, both owned by Navahos.

3M is expected to offer NEC 1" Type C VTR on U.S. market, based on negotiations now in progress.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Oct. 27 (43rd week of 1978):

	Oct. 21-27	1977 week	% change	Oct. 14-20	10 mo. 1978	10 mo. 1977	% change
Total TV.	429,660	472,010	-9.0	323,966	12,853,535	11,498,548	+11.8
color	267,569	293,996	-9.0	215,425	8,145,639*	7,145,064	+14.0
monochrome . .	162,091	178,014	-8.9	108,541	4,707,896	4,353,484	+8.1
Total radio	1,147,141	1,733,185	-33.8	825,377	38,406,567	44,292,608	-13.3
home, portable	882,422	1,437,457	-38.6	544,440	27,910,109	33,891,177	-17.7
AM-only	173,054	510,506	-66.1	184,371	6,426,613	8,289,830	-22.5
FM & FM-AM	709,368	926,951	-23.5	360,069	21,483,496	25,601,347	-16.1
auto	264,719	295,728	-10.5	280,937	10,496,458	10,401,431	+0.9

Color TV 5-week average: 1978—247,975; 1977—251,566 (down 1.4%).

*Record for period.

ZENITH, SYLVANIA RAISING PRICES AGAIN: In unprecedented 2nd round of price increases within 3-month period, Zenith will raise suggested lists of color sets \$10 across-board Nov. 30 and selected radios & stereos 2-2.5%, and Sylvania will raise color TV prices selectively by \$10-\$20 Dec. 1. In first pricing move since introduction of 1979 line in June, Toshiba announced hikes of \$20-\$120 on all color models, effective immediately.

Last Aug. 31, Zenith raised 17" & most 19" sets \$10, most 25" sets \$30, leaving 13" & 23" unchanged, following similar selective RCA increases Aug. 9 (Vol. 18:33 p7). Zenith Exec. Vp Walter Fisher last week confirmed that distributors had been notified of increases in advance of Nov. 20 sales meeting. He said color hikes would average 1.7%, apply to all models. Bold move is unusual in that it appears to abandon some long-maintained price points. Fisher conceded that some dealers "expect historic price points to remain static, but that has become an impossibility."

Action marks first time in recent years Zenith has taken leadership in raising prices. Zenith & RCA traditionally set price patterns in TV industry, and RCA recently has always been first to go up. RCA last week had no comment on new Zenith move, but there's little question that it will trigger re-evaluation of price levels by all major TV makers.

New tactic used by both Zenith & RCA in this year's increases presumably is to institute very small hikes at intervals rather than try one big one—latter strategy traditionally hasn't worked, while last Aug.'s minor boosts apparently have stuck. Fisher hinted Zenith could come back to the well again soon, saying new increases "only partially recover our cost increases."

Sylvania said tersely that it plans "selective price increases on color TV prior to Dec. 31," will announce details later, but it's good bet boosts will be \$10-\$20 Dec. 1. In Sept., Sylvania raised 22 of its 47 models by \$10-\$20 (Vol. 18:37 p11). Details of increases presumably will be announced at distributor meetings—Zenith's begins Nov. 20, Sylvania Nov. 30, RCA Dec. 7.

Imported TVs have gone up far more than domestic brands, of course, but another round may be in wind for Japanese makes, if not in Jan. at April-May introductions. Japanese-brand price-increase picture is mixed, rise in yen tempered by declines in raw material costs and increased production from Japanese plants in U.S. Only 2 domestic makers haven't announced color price boosts since Aug.—GE, keeping low profile pending Justice Dept. approval of sale

of its TV manufacturing business, and Admiral, which is dropping TV.

Zenith's audio price increase was attributed by Fisher to rise in yen vs. dollar—he pointed out his company is probably last major brand to increase prices and, in fact, many lines have raised prices twice in recent months.

As repriced, Toshiba color begins with 5' touch-button varactor tuner model at \$500, up \$30; 3 leader 9' are up \$70 to \$400, AC-DC step-ups are up \$80 to \$450; 13' leader is up \$20 to \$370, trio with swivel bases are \$390, up \$20, step-ups with touchbutton tuner & remote are \$500, \$510 (both up \$60) & \$530 (up \$70); 17' is out of line; 3 replacement 19' sets with conventional tuning are \$440, \$460 & \$480, all up \$20, one-knob varactor model up \$120 to \$600, unit with touchbutton tuner & limited remote is up \$60 to \$630, step-up with random-access touchbutton remote up \$60 to \$730. Leader 12" b&w is up \$10 to \$110, step-up AC-DC at \$125 and 9" AC-DC at \$100 are unchanged, as are deluxe 21" color console with programmable tuner at \$950 and Beta VCR at \$995. Toshiba added b&w camera at \$350.

COLOR HITS QUARTER, 9-MONTH HIGHS: Surge in complete color imports in 3rd quarter pushed total new supply (production plus imports) to record high for any quarter, squeaking past old mark set in 2nd quarter this year by just 1,000 sets, our analysis of available Commerce & EIA data shows.

Also at new highs were 3rd-quarter total TV supply and 9-month color supply. Previous record for 9-month color was 7.44 million in 1973. That year also saw records for 9-month total TV of 12,886,000 (just missed this year) and domestic color production of 6.4 million.

Domestic factories continued to increase share of color market in quarter, though with substantial help from increased output of Japanese-owned plants, it's understood. In July-Sept., U.S. plants accounted for 71.1% of total supply, up from 70.2% in same 1977 period, and for 9 months share was 74.7%, up from 71.2%.

In b&w, U.S. factory share dwindled close to vanishing point in quarter at just 5.6% (GE & Magnavox are about only firms producing b&w in quantity here), down from 12.5%, and for 9 months share was 11.9%, down from 21.9%. Domestic factories and importers essentially split overall TV market evenly during full 9-month period, with U.S. plants accounting for 50.7% of supply, down from 51.7%. But in quarter, U.S. share was 44.7%, down from 47.1%.

Gain in color market share is false indication of health of U.S. color industry on vertically integrated basis. Domestic factories sharply increased imports of essentially complete chassis & kits. Figures show that in quarter 29.1% of U.S.-made color TVs were really assembled imports, up drastically from 14.1% last year. For 9 months, figure was 26.7%, up from 19.1%. On that basis, imports accounted for 49.6% of new color supply in quarter, up from 40.1%, and 45.2% for 9 months, up from 42.4%. Also imported during full 9-month period were 3.1 million semi-complete chassis, which represent an additional 52% of domestic output. Including these puts market share of sets fully assembled in U.S. in neighborhood of just 15%.

Following is our breakdown of TV market at new-supply level showing domestic production, including sets assembled from foreign-made chassis, plus complete-set imports:

9-MONTH U.S. TOTAL TV SUPPLY

	U.S. Produced	% change	Imports	% change	Total Supply	% change
Total TV, 1978.	6,519,000	+11.4	6,338,000	+15.7	12,857,000	+13.5
1977.	5,851,000		5,476,000		11,327,000	
Color TV, 1978.	5,933,000	+21.8	2,000,000	+1.4	7,933,000	+15.9
1977.	4,869,000		1,972,000		6,841,000	
B&w TV, 1978.	586,000	-40.3	4,338,000	+23.8	4,924,000	+9.8
1977.	982,000		3,504,000		4,486,000	

3RD QUARTER

Total TV , 1978.	2,034,000	+12.1	2,514,000	+23.5	4,548,000	+18.2
1977.	1,814,000		2,035,000		3,849,000	
Color TV , 1978.	1,932,000	+19.1	787,000	+14.1	2,719,000	+17.6
1977.	1,622,000		690,000		2,312,000	
B&w TV , 1978.	102,000	-46.9	1,727,000	+28.4	1,829,000	+19.0
1977.	192,000		1,345,000		1,537,000	

INFLATION CLOUDS NEAR-TERM COLOR FUTURE: Double-digit interest rates could take their toll on color TV sales for rest of year, some market researchers believe, resulting in more minuses than plusses in weekly figures. Sales still are headed for 10-million-plus record.

EIA's official figures for Oct. show near-record performance in color TV (Vol. 18:45 p8), mushrooming sales of VCRs and what could be statistical readjustment in radios. In color, some inventory adjustments can be anticipated because interest rates involved in keeping inventories in some cases are becoming higher than profit margins. Said one dealer: "I'm turning down business to cut interest rates. I can't afford to carry some charge-account customers."

With Oct.'s lower sales rate (9.3 million, lowest month of year), inventories have lengthened—not so much in number, but in terms of weeks of supply. We estimate factory plus distributor inventories are good for 13 weeks at new sales pace, up from 10-week estimate at end of Sept. This certainly is safe level, but with new interest rates you can expect to see some inventory shaving, perhaps few extra days of holiday shutdowns.

At end of Oct., factory plus distributor inventories totaled about 2,511,000 color sets, up 2.7% during month and 3.6% from year earlier. Factory stocks at 1,508,000 were up 7.2% & 5.2% respectively, with distributor holdings of 1,002,000 down 0.4% & 7.4%. Next few weeks could see strange anomaly of inventory cutbacks during period of severe shortages of some models & brands. Zenith, about to increase prices (see p. 7), finds 19" sets in short supply, remote control "going off the map," according to Exec. Vp Walter Fisher, who said remote's share of Zenith line is now triple that of 1971. Fisher says Zenith is adjusting production to assure adequate supply of all models for Christmas season.

VCR sales are surging, and are heading for 400,000-450,000 this year. Oct. sales to dealers totaled 56,545—record for a 4-week month—bringing year-to-date sales to 299,134. In Oct., sales averaged 14,136 per week, up from 11,352 in 5-week Sept., when 56,759 were sold. Average weekly sales in Oct. were higher than sales for entire month of Jan. VCR sales soared to 17,700 in final Oct. week.

Despite letdown in VCR imports in Sept. (Vol. 18:45 p9), sufficient supply is in pipelines to guarantee against any major shortages for rest of year. Factory-plus-distributor inventories total about 122,500 units (factory 66,300, distributor 56,200).

Radio sales figures may be somewhat deceptive. After zooming for about 18 months, they started to decline in July, have been dropping ever since. Despite apparently huge falloff from last year, 1978 still will be excellent year. There's some indication that EIA figures overstated 1977 sales and some kind of technical adjustment is under way. Imports of radios are essentially unchanged from last year. Here are EIA's sales-to-dealer figures for Oct:

Product	Oct. 1978	Oct. 1977	% change	Oct. 1976
Total TV	1,474,949	1,537,741	-4.1	1,341,110
color	913,348	936,142	-2.4	809,255
monochrome	561,601	601,599	-6.7	531,855
Home VCR	56,545	—	—	—
Total radio	3,388,006	4,846,248	-30.1	4,996,904
home, portable	2,343,897	3,742,473	-37.4	3,957,110
AM-only	678,699	1,139,015	-40.4	1,565,355
FM & FM-AM	1,665,198	2,603,458	-36.0	2,391,755
auto.	1,044,109	1,103,775	-6.4	1,039,794

QUOTA TALKS ADJOURNED: U.S. & Taiwan trade negotiators concluded 2nd round of what U.S. official termed "productive" color TV export quota talks in Washington last week without reaching restraint agreement. No date for resumption was set.

Sources indicate talks did get down to issue of numbers, and they touched on more sensitive question of putting limits on Taiwan's exports of color chassis to U.S. It's understood, however, that discussions so far have been pretty much limited to restatement & clarification of positions—U.S. seeking annual complete-set limit of around 250,000, Taiwan talking 500,000 neighborhood.

Success of negotiations with Taiwan hinge on resolution of same issue with Korea. Korean talks are stalemated, as Koreans, unlike Taiwanese, have yet to concede that color export-to-U.S. quota is necessary. Korean Embassy officials will meet with U.S. trade team this week, but no representatives of Korean industry are expected to attend.

It's understood Taiwanese are holding back on real progress toward agreement until they get good idea of restraints to be imposed on Korea. There's outside possibility that Japanese industry, which supplies color tubes & other key components, will be brought in to help with Korean question.

Failure to reach settlement with Taiwan was no surprise. That Taiwanese weren't prepared to make quota commitment was signaled in statement issued by govt. there as talks opened. "Based on the experience of previous negotiations," it said, "this week's [TV talks] would only be an opening round to provide a forum for the 2 sides to exchange information," and "subsequent rounds... would probably be required" before pact is concluded.

* * * *

Treasury is sending out TV dumping-duty collection bills to Japanese TV importers, covering assessments from 1971 through June 1973, is still computing dumping duties for imports through April 1977 (which will be billed in segments), has sent questionnaires to importers for data so it can begin working on more recent shipments.

At meeting with security analysts in N.Y. last week, Sears Vice Chmn. Jack Kincannon says company TV dumping bill from Treasury through June 1973 is \$5.5 million, and payment is due next month. Sears is estimated to owe \$59.5 million for shipments through March 1977 (Vol. 18:28 p8). Kincannon said Treasury has yet to rule on administrative protests Sears filed over assessments, stated company plans to join other importers in taking case to Customs Court if protests are rejected.

Fire hit Samsung's main consumer electronics plant in Suwon, Korea, Nov. 3. Though full details of damage aren't known, facility (which makes color & b&w TV and audio equipment) is shut down. Official of Samsung U.S. said some b&w & audio production may be shifted to plant of Samsung Sanyo, nearby joint venture. Samsung also has new, unused factory in area, which was supposed to start color production next June. If enough production & test equipment can be salvaged, new plant could be put into operation in 3 months, he said.

DIGITAL AES MEETING: Growing importance of digital technology for audio industry was demonstrated at AES convention by number of technical papers delivered on subject—18 out of 82—plus special technical session. Sony delivered talk on 24-channel professional digital recorder in addition to recently introduced adaptor (Vol. 18:45 p11). Mitsubishi papers detailed PCM audio disc player laser pickup and professional PCM recorder (neither displayed). Matsushita had paper on PCM recording, showed Technics consumer PCM unit (seen at CES). When asked about availability, Technics rep said, "1979—maybe."

Tape technology played minor role. Except for Tandberg, metal tape would have gone completely unmentioned. No decks capable of playing metal tape were shown and tape companies were more interested in displaying professional products. Tandberg's Herman Lia, speaking on metal tape recorder head design, said firm's current cassette decks will be convertible to metal tape at cost of \$120 to consumer. Tandberg spokesman said reel-to-reel metal tape is still at least year away.

Matsushita had paper on MPU automatic biasing system for tape deck. Hitachi already has automatic biasing deck (Vol. 18:43 p11). New JVC metal tape decks, to be shown in N.Y. Nov. 21, will have feature, which will adjust to metal tapes as well as oxide types.

Capehart is consolidating operations, becoming contract-only console stereo producer, seeking OEM console cabinet & compact speaker customers. Firm will now sell only to major retailers who can make advance commitments for Capehart, DuMont or private-brand models. Compact systems are out of line, but Capehart will produce them to order. New Console line will have fewer standard furniture models, more with disco lights and other deluxe features. Capehart has withdrawn from Winter CES, but will introduce new products & policies during Las Vegas event at Caesar's Palace suite.

AM stereo by Labor Day is distinct possibility, says engineer Harold Kassens, who headed National AM Stereo Radio Committee, taking issue with view that service, if approved at all, is 1-2 years in future (Vol. 18:44 p7). He conceded that further tests requested by FCC would make necessary extension of Dec. 29 comments deadline, but felt results could be submitted around end of March. He saw no possibility of revival of NAMSRC (which is broke) for tests, but felt proponents of each system would line up radio stations for individual tests to provide FCC-requested data.

Winter CES in Las Vegas Jan. 6-9 is sellout, according to EIA Consumer Electronics Group. Current count shows 811 exhibitors, up from 550 last Jan., 459,300 net sq. ft. of exhibit area, up from 342,500.

"Videocassette Recorders—the Complete Home Guide," by Television Digest Editorial Dir. David Lachenbruch, is scheduled for publication this week by Everest House, 1133 Ave. of the Americas, N.Y. 10036 as original paperback at \$6.95.

ADMIRAL WRAP-UP: Rockwell breakdown of results for fiscal 1977 & 1978, to reflect halt to Admiral TV operation, shows TV business was turning around, casts serious doubt on Admiral's future in appliances.

Admiral TV business lost \$32.5 million in year to Sept. 30, \$26.8 million in 4th quarter. Both include \$25.5-million special charge for TV phaseout, so pre-tax operating loss was \$7 million for year, \$1.3 million for quarter, improvement over losses of \$12.9 million & \$1.8 million for same 1977 periods. Figures also show Admiral's fiscal 1977 TV sales were \$114.5 million, with \$35.8 million in 4th quarter—no comparable 1978 results available. Figures indicate that in first 9 months this fiscal year Admiral TV sales were up 28% to \$100.7 million from \$78.7 million, and TV loss was \$5.7 million, down from \$11.1 million. While it's generally believed Admiral has been profitable in appliances, Rockwell's 1977 annual report showed \$19-million loss from overall Admiral operations. This indicates appliances posted \$6.1-million deficit on sales of \$324 million.

Superscope reported higher-than-expected loss for 9 months because of restatement increasing 2nd-quarter deficit from \$1.8 million to \$5.1 million (see financial table). Company blamed accounting error. Commenting on results, Finance Vp Edward Duggan said main cause of losses was unstable dollar-yen situation, noted company was responsible for 50% of \$4.5-million exchange loss suffered by Marantz Japan. Separately, company said it was moving to cut overhead, sell some assets, negotiating new credit agreements.

Third-quarter Trendex color TV retail market-share figures saw Zenith making biggest gain from 2nd quarter, rising one percentage point, while Sears registered largest decline, 1.2 points. Among top 10, there were 2 changes in ranking, Sony replacing GE as No. 5 and Montgomery Ward tying Admiral for 9th place, pushing Panasonic to 11th. Here are rankings of 19 brands by share:

Brand	3rd Qtr. 1978	2nd Qtr. 1978	3rd Qtr. 1977
Zenith. . .	(1) 22.3%	(1) 21.3%	(1) 24.8%
RCA . . .	(2) 18.9%	(2) 19.3%	(2) 20.2%
Sears . . .	(3) 8.3%	(3) 9.7%	(3) 9.0%
Magnavox	(4) 6.9%	(4) 7.5%	(5) 6.2%
Sony . . .	(5) 6.3%	(6) 5.6%	(4) 6.4%
GE	(6) 5.9%	(5) 6.5%	(7) 5.1%
Quasar . .	(7) 4.7%	(7) 4.5%	(6) 5.4%
Sylvania .	(8) 3.5%	(8) 3.6%	(10) 2.5%
Admiral .	(9) 2.9%	(9) 2.7%	(11) 2.1%
Mont. Ward	(9) 2.9%	(11) 2.4%	(9) 2.6%
Panasonic	(11) 2.5%	(10) 2.6%	(8) 2.7%
Penncrest	(12) 2.0%	(12) 2.2%	(14) 1.7%
Hitachi . .	(12) 2.0%	(15) 1.6%	(14) 1.7%
C. Mathes	(14) 1.8%	(13) 1.8%	(16) 1.2%
Sanyo . . .	(15) 1.5%	(14) 1.7%	(13) 1.8%
Toshiba . .	(16) 1.4%	(17) 1.1%	n. a.
Sharp . . .	(17) 1.3%	(16) 1.3%	(12) 2.0%
Philco . .	(18) 1.0%	(17) 1.1%	n. a.
MGA . . .	(19) 0.9%	(17) 1.1%	n. a.
Others .	3.0%	2.4%	3.5%

TAIWAN TV OUTLOOK: Setting groundwork for just-concluded 2nd round of color export quota talks with U.S. negotiators, Taiwan trade officials leaked govt. data which purports to show U.S. & Japanese-owned factories there will directly account for 58% of complete color shipments to U.S. this year, up from less than 10% last year. Point is that quota based on past years' performance would unfairly cut into business of domestically owned companies.

Figures indicate that 3 locally owned color makers combined—Sampo, Tatung & United—will account for 270,000 sets, while Admiral & Hitachi will ship 500,000. In addition, other sources indicate that virtually all of Tatung's 102,500-set increase this year represents sets exported to U.S. under Toshiba label. Quantity of other brands shipped by Sampo & United couldn't be determined. Here's breakdown of color set & chassis shipments to U.S. by company for 1977, with estimate for 1978:

	1978		1977	
	Sets	Chassis	Sets	Chassis
Sampo . . .	140,000	—	—	—
Tatung . . .	120,000	—	17,500	—
United . . .	10,000	—	10,000	—
Matsushita	—	—	3,500	—
Hitachi . . .	130,000	—	130,000	—
RCA	—	500,000	—	—
Admiral . .	250,000	250,000	210,000	250,000
Total . . .	650,000	750,000	371,000	250,000

Canadian TV dumping ruling that requires penalty duties be assessed against all imports from Japan is slated for Supreme Court hearing this week. In 1975 determination, Antidumping Tribunal found that unfairly low pricing on imports from 3 unspecified Japanese companies had injured Canadian producers, but ordered extra duties be levied on incoming shipments from 10 Japanese manufacturers & exporters. Japanese will contend "shotgun" assessment approach is unfair & illegal, seek to have entire determination overruled, or at least have 7 uninvolved firms exempted from case.

CCD color camera at around \$400 is promised next year in Japan by NEC, based on new single-chip color pickup one square centimeter (0.155 sq. in.) in area with 250,000 picture elements. In mass-production, chip would cost \$40-\$45, according to NEC, which says it plans camera half the size & weight of tube-type color cameras. NEC has joint CCD camera development program with Sony.

Photochromic faceplate for small-screen b&w TV is under development by Corning. Special glass, now used for sunglasses, darkens when exposed to sunlight. Corning feels plate can be made to darken enough to provide contrast needed when watching TV outdoors, eliminating necessity for separate plastic sunshield now offered as accessory for many models.

Sale of Admiral Taiwan plant to group headed by Olympic Pres. Herbert Kabat (Vol. 18:40 p8) may be completed this week. It's understood final details remain to be ironed out. Sale presumably would take effect end of Nov. Plant is still in operation, completing color chassis for Montgomery Ward sets.

Consumer Electronics Personals

Phil North, former administrative aide to chmn., advanced at Tandy Corp. to chmn., succeeding late Charles Tandy... Alfred Feldner, ex-GE, joins RCA Consumer Electronics as advance product planning mgr... Cees Bruynes, recently named N. American Philips pres. (Vol. 18:44 p11), adds responsibility for electronic component operations formerly under Frank Randall, newly named vice chmn., who continues to direct expansion of lighting products operations.

Eugene Whitacre advanced at RCA Patent Operations to staff vp, consumer & broadcast equipment patents; Albert Russinoff promoted to interparty patent matters staff vp... Robert Anderson, Rockwell International pres., to succeed Willard Rockwell as chmn. in Feb. in acceleration of previously announced move... B. F. Tyson, TV engineer who participated in development of U.S. color standards, retires from GTE Labs... Rosemarie Monaco advanced at Sony from Business Products Div. ad mgr. to Video Products Co. ad & sales promotion dir.

William Boss, RCA, elected EIA vp representing Consumer Electronics Group; other new vps: Arthur Kelly, Amperex (Distributor Products Div.); David Arnold, McDonnell Douglas (Govt. Div.). Staff vps named corp. vps: Charles Hoffman & Jack Wayman (CEG), Jean Caffiaux (GD), Herbert Rowe (Tube, Parts & Distributor Divs.), John Sodolski (Communications Div.), Allen Wilson (Solid State Products Div. & Engineering Dept.), Clinton Lee (Mktg. Svcs. Dept.)... Eric Herz, General Dynamics, named IEEE gen. mgr. (full-time post), succeeding Richard Emberson, retiring Jan. 1... Jon Kelly, Audio-Technica, named IHF vp; Edgar Hopper, Ziff-Davis, secy.; they succeed Allen Novick (TEAC) & Kenneth Bush (Empire Scientific), resigned; Jerry Hendricks, Hitachi & Bernie Mitchell, Pioneer, succeed Kelly & Hooper as IHF dirs.; Kelly also named IHF Convention Committee chmn.

Thomas Mitchell, ex-Bendix, joins Commodore Business Machines as vp-gen. mgr., with responsibility for computer systems products & home computer mktg.; Dennis Barnhart joins as mktg. vp, succeeding Philip Conklin resigned... Roger Cutler, ex-U. of Denver, appointed Apple Computer education specialist... Robert Dunn, ex-Certron, appointed InterMagnetics Consumer Products Group vp; Douglas Rowlands, ex-Cerwin Vega, named International Licensing Group mgr... James Magid, electronics analyst, joins Shearson Hayden Stone as research vp.

Warren Pompei advanced at SAE from plant mgr. to sales dir.; Andrew McKinney, one-time Phase Linear, joins as national sales mgr.; Barry Thornton appointed chief engineer; Don Jackson named professional products applications engineer... Joseph Vlasak advanced at Schaak Electronics to sales mgr. for DKL speaker line, succeeding Oleh Artym, now mgr. of Minneapolis retail outlets... Sue Crosby appointed Gusdorf N.C. & S.C. dist. mgr.

Robert Helkes resigns as Motorola vp & Semi-

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audiotronics			
1978-qtr. to Sept. 30	4,487,000	155,000	.17
1977-qtr. to Sept. 30	4,143,000	264,000	.28
CTS			
1978-9 mo. to Oct. 1	125,613,000	8,558,000	1.89
1977-9 mo. to Sept. 30	117,926,000	9,642,000	2.06
1978-qtr. to Oct. 1	44,191,000	3,079,000	.68
1977-qtr. to Sept. 30	40,679,000	3,071,000	.66
Esquire Radio & Electronics			
1978-9 mo. to Sept. 30	30,538,171	1,011,183	1.68
1977-9 mo. to Sept. 30	23,554,669	893,558	1.40
1978-qtr. to Sept. 30	13,348,013	477,569	.80
1977-qtr. to Sept. 30	10,082,238	362,991	.57
Foote Cone & Belding			
1978-9 mo. to Sept. 30	79,526,000	6,075,000 ^a	2.37
1977-9 mo. to Sept. 30	58,114,000	4,363,000	1.81
1978-qtr. to Sept. 30	28,673,000	2,010,000 ^a	.77
1977-qtr. to Sept. 30	19,988,000	1,156,000	.47
ITT			
1978-9 mo. to Sept. 30	10,561,824,000	472,187,000	3.45
1977-9 mo. to Sept. 30	9,294,197,000	459,106,000 ^a	3.39
1978-qtr. to Sept. 30	3,533,252,000	130,585,000	.95
1977-qtr. to Sept. 30	3,091,980,000	150,308,000	1.09
MCA			
1978-9 mo. to Sept. 30	787,858,000	95,362,000	4.10 ^b
1977-9 mo. to Sept. 30	608,248,000	62,859,000	2.71 ^b
1978-qtr. to Sept. 30	326,444,000 ^c	46,390,000 ^c	2.00 ^b
1977-qtr. to Sept. 30	225,456,000	27,672,000	1.19 ^b
Sonderling Bcstg.			
1978-9 mo. to Sept. 30	30,032,000	2,560,000	2.29
1977-9 mo. to Sept. 30	23,183,000	1,860,000	1.69
1978-qtr. to Sept. 30	11,182,000	1,138,000	1.02
1977-qtr. to Sept. 30	9,428,000	868,000	.79
Superscope			
1978-9 mo. to Sept. 30	137,600,000	(9,300,000)	--
1977-9 mo. to Sept. 30	123,900,000	2,600,000	1.12
1978-qtr. to Sept. 30	54,600,000	(2,900,000)	--
1977-qtr. to Sept. 30	42,400,000	300,000	.12
Teleprompter			
1978-9 mo. to Sept. 30	104,585,000	9,547,000	.56
1977-9 mo. to Sept. 30	87,397,000	5,758,000	.34
1978-qtr. to Sept. 30	37,961,000	4,582,000 ^c	.27
1977-qtr. to Sept. 30	31,150,000	2,866,000	.17
Trans-Lux			
1978-9 mo. to Sept. 30	11,670,069	1,111,617	.58
1977-9 mo. to Sept. 30	9,649,725	636,498 ^a	.32
1978-qtr. to Sept. 30	4,208,480	404,360	.22
1977-qtr. to Sept. 30	3,462,036	224,954	.11

Notes: ^aIncludes special credit. ^bAdjusted. ^cRecord.

conductor Group gen. mgr. over policy differences... Robert Klem advanced at RCA Solid State Div. from international sales mgr. to vp, for Latin America & Far East... Howard Raphael promoted at National Semiconductor from MPU mktg. dir. to MPU operations dir., succeeding William Baker, resigned... Jakob Soong, ex-Sprague, joins Erie Technological Products as ceramic R&D dir.

Obituary

Charles Tandy, 60, Tandy Corp. chmn.-pres., died in sleep of heart attack at Ft. Worth home Nov. 4. In 1963, Tandy acquired financially failing 9-store Radio Shack retail chain, built it to international marketer, with 6,500 outlets in U.S., 500 overseas. Wife, 3 stepchildren survive.

WEEKLY

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FTC MOVES AHEAD ON AD RULEMAKING: Commissioners vote 3-0 to continue despite industry claims kid ad proceeding is tainted by Pertschuk involvement. Forty groups call for write-in campaign to FTC. (P. 3)

ADVERTISERS FIGHT TV CODE changes designed to reduce clutter, say opposite will result. Reconsideration sought by NAB TV board in Jan. Swafford retained as consultant to ANA-AAAA. (P. 5)

TV MUST IMPROVE QUALITY to compete with superstations, cable, etc., says ABC's Goldenson. Tells movie makers 'other entities' may enter field. (P. 6)

Consumer Electronics

AUDIO PRICE HIKES coming from major mid-fi stereo marketers. GE & Sharp join in general color TV increase round, Sony boosts VCR \$55. (P. 7)

TOSHIBA PUTS TENN. color plant on stream. Production now at 7,000 monthly rate, to hit stride at 15,000 soon. Tripling of capacity in works. (P. 8)

ITC COLOR TV SURVEY shows average factory prices at high for year in 3rd quarter, indicates importer inventory build-up, probable stockpiling of sets from Taiwan & Korea. (P. 8)

WELLS-GARDNER gets \$1-million loan from govt. as import-impact aid. Funds will be used for expansion, modernization. (P. 10)

RF INTERFERENCE STUDY launched by FCC. FCC inquiry to cover all aspects of problem, seek non-legislative solutions. (P. 10)

TV QUOTA TALKS with Taiwan & Korea being reopened. U.S. trade officials make sudden departure to meet Taiwanese color interests in Tokyo, Koreans in Seoul. (P. 10)

FERRIS, TV RATES & INFLATION: "Subject: Inflationary advertising rates... Could you please advise me of our authority to investigate the advertising rate practices of our broadcast licensees"—FCC Chmn. Ferris in Nov. 14 memo to Bcst. Bureau Chief Wallace Johnson. Ferris cited President's call for administrative agencies to "take whatever action possible against inflationary practices and forces" as justification. He added:

"In recent years, the rates charged to advertisers by broadcast TV stations in particular, involving billions of dollars, have spiraled upward at a dramatic pace." Ferris clipped to memo copy of Nov. 9 N. Y. Times article on threatened AFTRA & SAG strike against agencies which, he said, "may further contribute to this situation."

While memo sent shock waves through Washington broadcasting fraternity, Commission officials said it wasn't designed to evolve into more regulation. Gen. Counsel Robert Bruce—along with Common Carrier Bureau Chief Larry Darby—also was asked to look into situation, said: "It may be that there is very little contribution this agency can make to help control inflation... The fact the question is being asked doesn't mean there'll be new regulation." He said if there is formal inquiry, it's likely to focus on reform & changes, rather than new regulations.

While Sec. 403 of Communications Act gives FCC authority, said one FCC attorney, "to investigate anything it wants, and that includes rate practices," most lawyers at agency said it has no authority to control TV-radio pricing. "So there's no point in going through an investigation," lawyer said. Court decisions dating back to 1940 have ruled consistently that broadcasting isn't

common carrier and thus not subject to any form of rate regulation.

Commission lawyer predicted agency would issue notice—with no force of law—urging stations to stay within voluntary guidelines (7% annual increases) set by President to control inflation. "That is the most we can do," he said. Ferris was at NARUC meeting in Las Vegas and unavailable for comment; other commissioners wouldn't comment. Many at Commission, however, were intrigued that memo was sent to Bcst. Bureau rather than Gen. Counsel's Office for legal opinion.

In Variety interview (before knowledge of Ferris memo), ABC-TV Pres. Fred Pierce volunteered that network plans to cooperate with President's guidelines and is determining how to do so. He said pro sports should be willing to do same in accepting bids for rights.

ALL BRIGHT FOR TvB IN CHICAGO: "This is an especially good year to be chairman of TvB... when things are going so well," said TvB Chmn. Marvin Shapiro in opening last week's convention in Chicago. And from there, things got better for more than 550 TV broadcasters (up from 376 year ago in San Francisco) as TvB execs. and committee chmn. spelled out successes in many areas.

Station execs. saw and heard and applauded strong sales pitches to be used against newspapers & magazines—were promised similar presentation against radio in Atlanta next year. They heard—and liked—results of ratings feasibility study (which concluded that present services are doing good job) that TvB commissioned year ago through Booz, Allen, Hamilton (BAH). They praised the member services they've been receiving. Every committee report was upbeat.

They heard Pres. Roger Rice once again increase TvB projections for 1978—total sales \$8.875 billion (up 17%); \$9.78 billion (up 10%) in 1979; \$11.5 billion (up 17%) in 1980. TV's share of total advertising dollar is expected to reach 21.8% in 1980, Rice said. Only downbeat note was report on FCC & FTC regulatory activities by NAB Asst. Gen. Counsel Brenda Fox (see p. 3).

Rice & Shapiro attributed huge jump in attendance to TvB's widespread member services now being provided. Rice said that presence of TvB personnel at stations increased 66% last year, that 13 TvB salespersons increased TV revenues by \$10.7 million and were "a deciding factor" in attracting another \$16.4 million. TvB member attributed attendance to belief that "we've developed a fetish for going to meetings... look how NATPE has grown... I guess it's because everybody is having such good years."

Ratings study grew out of TV stations' unhappiness with paying for 92% of ratings costs, yet having little say about methodology, changes, technology and way Arbitron & Nielsen conduct their business—and these all were conclusions of BAH. Underlining study was threat of TV industry to form own rating service—but BAH concluded, and TvB agreed, such a move isn't needed or desirable at this time.

Instead, Phase II will be redirected "to provide an on-going capability to deal with the rating services, develop an effective mechanism for focused action," to maintain momentum and to let rating services know that industry means to follow through on Phase I.

BAH concluded that advertisers & agencies are satisfied, rely on and trust existing services—with Arbitron having 51% of regular business, Nielsen 49%. However, Arbitron gets 70% of business for special reports, according to BAH's Tim Clark. He said agencies pay only 2% of cost for rating services and that they find very little difference in results of 2. Both services, he said, are only "moderately" profitable and 3rd service probably would make all 3 unprofitable.

Study found that Nielsen & Arbitron use basically same methodology, that minor differences are used as "selling tactics." Clark said both are "valid & cost effective" and their results are "widely accepted & trusted." He added that most advertisers have limited knowledge of ratings and rely on agencies for input.

Clark said that advertisers & agencies would be "skeptical" & "suspicious" of new rating service owned & controlled by TV stations, that there's concern about hypoing but "the available

solutions are not satisfactory." Nielsen & Arbitron prices are virtually identical, Clark said, varying less than 5% in some markets.

Broadcasters (236 stations returned questionnaires) generally are satisfied with rating services, although 15% were "very dissatisfied" with CATV procedures. Stations wanted improvements in costs, sample size, survey periods and cable measurements.

FTC MOVES AHEAD ON KID TV PROCEEDING: FTC is continuing its children's TV advertising rulemaking proceeding, despite loss of main architect Chmn. Pertschuk (Vol. 18:45 p1). That was message from rest of commissioners last week when they voted 3-0 to continue with proceeding, ruling against a filing by ad & broadcast groups who wanted whole rulemaking tossed out because of Pertschuk's bias. Commissioners also ruled there is no reason to replace presiding officer, Morton Needleman.

Commissioners issued orders saying whole rulemaking has been made "with the unanimous judgment of each commissioner," and Pertschuk disqualification hasn't led "any of the commissioners now participating in this matter to conclude that a different course of action should have been or should now be taken."

Flushed with victory in getting Pertschuk disqualified, ad and broadcast groups had called on FTC to kill rulemaking. "The chairman's prejudgment has tainted and pervades every Commission action and decision throughout the entire proceeding and imperils the validity of anything the Commission might do," said lawyers for NAB, INTV, AAAA, ANA, AAF and Toy Mfrs. of America in filing with FTC. And filing said: "The question of taint will lie as a time bomb at the base of all that will be done and expended in this proceeding from here to its administrative conclusions."

Filing said Commission should abandon proceeding and "pursuant to the untainted exercise by the remaining commissioners of their own sound judgment, independently determine whether to initiate a new rulemaking proceeding..."

Groups had requested that FTC extend Nov. 24 deadline for comments, if time was needed to decide on their petition. FTC action left that date intact, and keying on that date last week was coalition of medical, public interest and labor groups which urged parents to write Commission with their complaints.

Some 40 groups in all gathered for a press conference, headed by ACT Pres. Peggy Charren, to urge parents to watch children's programming and then write to FTC about their impressions of the advertising. Said Charren: "We know that the industries that are profiting from advertising are going to make known their views to the FTC in a myriad of ways. We'd like for people who don't have any money at stake to tell the FTC what they think of children's advertising."

While Charren was rallying her troops, Leonard Swanson, NAB Children's TV Committee chmn., was rallying his on another front—FCC. In letter to state assn. presidents and exec. dirs., Swanson urged broadcasters to participate in FCC's children's TV inquiry. Said Swanson: "I see clearly the handwriting on the wall: Unless you and other TV station operators participate in the [proceeding] the Commission may do what several commissioners have threatened—adopt detailed rules and regulations designed to substitute the government's judgment for yours on children's programming and advertising."

Speaking at TvB convention in Chicago last week (see p. 2), NAB Asst. Gen. Counsel Brenda Fox said: "We're all elated...that Pertschuk is no longer a major participant in children's TV rulemaking." She called it "a nightmare" rulemaking containing mostly proposals already considered and rejected by FCC.

Fox saw these "scary" issues on horizon: (1) Sen. Hollings (D-S.C.) call for hearings on children's TV by Communications Subcommittee he chairs (Vol. 18:43 p1). (2) FTC food ad rules, about which she expressed fear Trade Commission simply will shift gears from children's TV and attempt to impose same restrictions on advertising under foods category. "And here, little Mikey [Pertschuk] and [Robert] Pitosky [commissioner who isn't participating in children's rulemaking] will be allowed to play...I'm still nervous...We might be back to step one.

NAB counsel also had unkind words for FCC proposals on PSAs, community service programming and agency's own children's inquiry. Fox saw them as "a tremendous intrusion" on rights of broadcasters, said "we're really moving into mandatory access."

NAB Exec. Committee will establish ad-hoc all-industry cable copyright committee to help work out problems brought on by CATV copyright payment, members not named. Exec. Committee also met with 3 radio groups—NRBA, DBA & CBA—in what was described as "very harmonious session." Groups reportedly agreed to continue dialog to "reduce divisive influences." Meeting—first ever between NAB & NRBA—was set up by NAB Radio Chmn. Walter May, who told us he was concerned about apparent differences in positions between 2 groups (particularly on rewrite), as reported in trade press. "Yet, when I talk to individual members of NRBA I find that there's very little we differ on," he said. Follow-up meeting is scheduled next year in connection with rewrite.

Upset by FCC violation of its own rules, NAB petitioned for reconsideration of action refusing to accept some 150 wires & letters from broadcasters objecting to new Commission requirement that stations rank employees by salary. NAB brought in documents Nov. 16; later that day, Commission announced that acceptance had been cut off preceding day. NAB noted that FCC policy states: "Our notice for each docket will simply state that ex parte contacts have been cut off as of the date of the notice."

With Comr. White absent, FCC last week postponed consideration of proposal to authorize Commission approval of licensee reimbursement of citizens' groups' expenses in certain agreements. White will be swing vote as 6 present last week were believed to be split (Ferris, Fogarty & Brown for; Lee, Quello & Washburn against). Under present policy, FCC refuses to rule on reimbursement agreements; authorization for approval is being sought by Citizens' Communications Center.

Tom Brokaw of "Today Show" was on defensive last week when he turned up as one of first 32 station owners receiving SBA loans or guarantees, yet has salary over \$250,000. He received guarantee of \$345,000 to buy KTOQ(AM) Rapid City, S.D. He said he sought SBA aid because Yankton bank had limit of \$250,000, urged him to go to SBA for guarantee. Of 32 grants, 7 were to minorities.

"We haven't borrowed a nickel from ABC... and we don't think we will," KSTP-TV Pres. Stanley Hubbard said last week in answering report that station received \$2.4 million loan from network to build 7 translators (Vol. 18:46 p5). Under terms of KSTP-TV affiliation switch from NBC, ABC has agreed to lend station that amount if requested (Vol. 18:40 p6).

"Too often, the govt. likes neither bad news nor the truth. And for that reason, people in the govt., with its fearsome power over all our lives—corporate, personal and financial—will, in the nature of things, always be seeking to subjugate the press."—Vincent Wasilewski, NAB pres., before U. of Houston School of Communications.

CCIR meeting in Geneva, preparatory to 1979 WARC, featured U.S. recommendation that Ch. 14-20 be shared, as in U.S., but proposal received no support—provoked strong opposition from countries such as France & Italy, according to delegate George Bartlett, NAB engineering vp. Bartlett also reported that U.S. warned of seriousness of change of AM channel width from 10 to 9 kc in Region 2 (North & South America), was supported by Canada & Brazil—although CCIR proposals aren't submitted to vote. Concept of high-definition TV was urged by FCC's Neal McNaughten. An OAS technical group meets in Rio de Janeiro this week, and some South American countries are pressing for 9 kc. Some 85 countries and 1,000 delegates attended Geneva meeting, which started 5 weeks ago, is still going on.

Criticism of United Church of Christ in Beam, publication of Southern Baptist Radio-TV Commission (Vol. 18:45 p6), wasn't intentional, according to Paul Stevens, head of Commission. He wired UCC's Dr. Everett Parker: "Reference to the United Church of Christ was inadvertently made in the current Beam editorial. Though I must accept full responsibility, since it went out over my name, I hope you know me and my work well enough to be aware that it is not my policy to criticize fellow Christians of other faiths. I want you to know I am extremely sorry and ask that you accept my profound apology." Editorial was titled: "The Building Gang or the Wrecking Crew."

Children's TV Workshop is subject of a special HEW audit following allegations of House Subcommittee of Govt. Operations Committee that there has been series of irregularities in millions worth of contracts with HEW. Concern about allegations threatened to kill partial funding by CPB of CTW's new multi-million dollar science series. CPB approved funding, however, saying charges haven't been proven. CTW says subcommittee is in error, welcomes audit. (For details, see Television Digest's Public Broadcasting Report, Vol. 1:3).

Increased interference to its monitoring stations, FCC announced, requires that its criteria in examining applications be included in rules. Otherwise, Commission said, applicants "may unknowingly enter into expensive study, consultation and preparation of an application only to discover later that the proposal may be objectionable because of interference to monitoring station operations."

KLMN (Ch. 24) Ft. Smith, Ark. began operating Nov. 12 as CBS affiliate. David McClinton is pres., Melvin Caldwell exec. vp, Jim Shearin sales mgr., Lloyd Frazier engineering dir., Ken Blevins chief engineer. Addition brings total to 995-722 commercial, 273 noncommercial.

In fining WTVX Ft. Pierce, Fla. \$5,000, FCC Judge Thomas Fitzpatrick ruled station had clipped program matter from "Lawrence Welk Show," not national commercials as reported (Vol. 18:46 p3).

ADVERTISERS FIGHT CODE CHANGES: Claiming many members of NAB TV board didn't realize what they were voting for when they approved TV Code changes designed to reduce clutter (Vol. 18:46 p4), joint committee of ANA & AAAA will seek reconsideration at TV board meeting in Maui this Jan. Rather than reducing clutter, advertisers & agencies claim, Code changes effective Jan. 1 actually will increase problem.

Joint statement also expressed "deep concern that the new language opens the door to clustering commercials. . . If this were allowed to happen, industry effectiveness will be even further reduced." Former NBC Sales Vp Jack Otter (now SSC&B) said Code board "has taken a step back in condoning more clutter with the addition of another 30 sec. of non-program time"—which networks would be permitted to add in certain long-form shows.

ANA & AAAA have retained Thomas Swafford—former NAB Code dir. and before that NBC standards & practices vp—as consultant on issue. They'll seek formal hearing at NAB TV board meeting.

Sixteen academic humanists conferred with 8 members of ABC Bcstg. Standards & Practices Dept. recently, in 3-day exploration of humanists' view of TV. Major topics: Sex & morality, value system reflected in TV, "docudramas," "Roots." ABC Vp Alfred Schneider said TV has been addressed for years by social scientists "but it is a unique departure to investigate the thoughts and feelings of those who teach history, literature, religion, the arts, writing and the human aspects of the natural sciences."

CBS's first mini-series for children will be "Joey and Redhawk," scheduled 4-4:30 p.m. Dec. 4-8. Series is about middle-class boy from Ohio and Indian youth facing wilderness dangers together. Children's Programming Vp Jerry Golod said CBS is considering 4 or 5 more afternoon mini-series for children, but acknowledged that "Joey and Redhawk," aimed at 6-16 age group, is "experiment."

Survey of radio listeners for AP by Frank Magid Assoc. found 70% couldn't name a network affiliate—but 85% "were familiar with the major wire services." AP said only 13% could identify a CBS affiliate, fewer than 10% an NBC or ABC outlet—and none could identify a Mutual station.

Qube will be used for inter-mayor conference Nov. 20, Baltimore's William Schaefer & cabinet meeting Columbus's Tom Moody & cabinet via satellite. Meeting will be chaired by Frederick Breitenfeld, whose Md. Center for Public Bcstg. assisted in arrangements.

Worldvision, TV distributor, would be acquired by Taft Bcstg. for about \$13 million under agreement in principle. Taft already owns Hanna-Barbera. Taft would issue 410,000 shares of common and \$.3 million of 6% preferred.

PBS ratings rose 27% in 3 metered markets in Oct., going from 1.3 to 1.6 in N.Y., L.A. & Chicago because of increased advertising and what PBS says are better programs.

Report on NBC-TV affiliates meeting in Phoenix by Ancil Payne, chmn. of NBC TV Affiliates Board of Dirs. (changed from NBC Board of Delegates): "We were pleased by the candid approach by Fred Silverman & Jane Pfeiffer, the way they approached the problem; they didn't beat around the bush—you know, the walnut shell and pea game of before. I like the Silverman touch—comedy-based programs, a different look from NBC in the past. There's an improvement in the news product; you know delegates are news buffs. We're very enthusiastic. We've turned the corner. In clutter, we're very pleased that NBC is continuing on our own standards, despite the NAB Code which would allow more clutter. The Code mountain produced a mouse."

MPAA has complained to FCC about delay in acting on petition for declaratory ruling regarding network contracts with independent producers. MPAA said it filed on June 1, 1977, then was advised on Feb. 17, 1978 that petition would be "one of the first matters taken up by the new staff." However, said MPAA, network staff said it hasn't been given job of responding to petition and, furthermore, shouldn't consider it "until the inquiry has assembled information on the effects of the practices at issue." MPAA concluded by asking for action within 30 days.

Reservation of TV-radio channels were petitioned by FCC by several Indian organizations and United Church of Christ: At least one FM & one AM for each of 54 Indian reservations with 1,000 or more population and one TV channel for each of 19 reservations with more than 3,000 inhabitants. Group said only 6 radio stations program substantially to Indians, and only one of these is Indian-owned. No TVs have Indian ownership.

Wometco growth will exceed 15% compound rate achieved over last 5 years, with increase attributed to pay TV, Senior Vp Louis Wolfson told security analysts in N.Y. He said company plans to buy 2 more stations, lease pay-TV time on others. He reported 27,000 subscribers in N.J.-N.Y.C. area, adding 800 weekly, expects 1,000 weekly all next year. Eventually, he said, he expects 300,000 in area.

Delmer Ports Award nominations are being accepted by Broadcast, Cable & Consumer Electronics Society of IEEE. Award is in memory of late NCTA engineering vp. Details: Robert Powers, FCC.

Composite week for TV annual report to FCC due Feb. 1: Sun. Oct. 1, Mon. March 13, Tues. July 18, Wed. May 24, Thurs. April 6, Fri. Jan. 20, Sat. Feb. 25.

WPBN-TV Traverse City, Mich. has been bought by U.S. Tobacco in stock exchange valued at \$3.5 million.

Cox Cable revenues rose 42% in 3rd quarter and "operating profits also increased considerably," company reports.

"Future of Radio Sales Study" is planned by RAB in effort to predict 5-year trends.

Personals

Ronald Sunderland promoted to business affairs vp, ABC TV; David Sherman to motion picture contracts dir.; Robert Mahlman to ABC Radio vp... Roy Meyer, ex-McHugh & Hoffman, named news vp, NBC owned TV stations... David Nelson, ex-WBBM-TV Chicago, appointed station services vp, CBS owned TV stations; John O'Connor, ex-CBS Consumer Publishing Div., named Detroit sales vp, CBS TV; Edward Joyce, formerly news vp, CBS owned TV stations, appointed vp-gen. mgr., WBBM-TV Chicago.

Brendan Kennedy, ex-MMT Sales, named national sales mgr., KCMO-TV Kansas City... Paul Orlo advanced to gen. sales mgr., WFSB-TV Hartford... John Davison, ex-WBZ-TV Boston, appointed asst. gen. mgr., KPXS San Francisco... Larry Scott promoted to gen. sales mgr., WHFT Miami; Lane Peeler to chief operations mgr... Kerry Garcia advanced to mgr., commercial clearance & program practices, KMOX-TV St. Louis; Christine Chase, ex-KSD-TV-AM, named community services dir... Ann Pace, ex-WRAU-TV Peoria, appointed promotion dir., WTOL-TV Toledo... David Tung, ex-WSEE Erie, named operations mgr., WDRB-TV Louisville.

Thomas Cookerly, Albritton, elected TvB secy., succeeding Art Watson, NBC; new board members: Phillip Beuth, WKBW-TV Buffalo; Thomas Comerford, Corinthian; Stanley Mouse, Cox; Thomas Tilson, Metro TV Sales... RAB elects: Elmo Ellis, WSB Atlanta, chmn.; George Duncan, Metromedia, chmn., exec. committee; George Armstrong, Storz, chmn., finance committee.

NAB Pres. Vincent Wasilewski speaks to Washington Ad Club Dec. 12 on First Amendment, Capital Hilton Hotel... Allen Cohen promoted to vp, personnel, CBS Bcst. Group... Lucy Johnson, ex-independent producer, appointed NAB daytime program development dir... Donald Diehl, ex-Motorola, named mfg. vp, Oak CATV div.

Elected to BPA board: Ivan Ladizinsky, KTVU Oakland; Diane Bagwell, WIS-TV Columbia, S.C.; Dan O'Brien, WDCA-TV Washington... William Brazzil, WTVJ Miami, elected chmn.; Arbitron TV advisory council; James Landon, WPTA Ft. Wayne, vice chmn.

Joseph Ceslik, ex-UA TV, appointed vp-domestic syndication sales administration & operations, ITC Entertainment... Thomas Tannenbaum, ex-Universal TV, joins Columbia Pictures TV as exec. vp; Ken Page promoted to exec. vp-distribution... Forrest Du Val, ex-Midwest Telecommunications, named Conrac southern sales mgr. and head of new Dallas office... Masahiko Morizono, gen. mgr. of Sony Video Products Div., awarded David Sarnoff Gold Medal from SMPTE for leadership in development of ENG... Gary Workman, Anixter-Pruzan Pacific northwest district mgr., elected vp.

Davissan Spindle, ex-Central Dynamics, appointed midwest field sales engineer, TeleMation... Earl Langenberg promoted to mgr., sales & applications engineering, Systems Wire... Bob Shannon named southwest regional mgr., Theta-Com... Mila Albertson, ex-Television Factbook, named dir..

services & publications, SCTE.

Armando Nunez promoted to exec. vp-gen. sales mgr., foreign sales, ITC Entertainment... Ken Harris advanced to vp-gen. mgr., film services, National Telefilm Assoc... Bill Doty promoted to promotion & press relations, West, Metromedia Producers... Greg Groce, ex-Va. Assn. of Bcstrs., named AP broadcast exec. for Fla., Tampa, succeeding Donald Harwood, named western cable rep, Denver... Bob Roganti promoted to vp-gen. mgr., Field Spot Sales... Marshal Lichstrahl promoted to Atlanta sales mgr., Katz American TV.

John Richer resigns as NRBA exec. vp; Lisa Friede promoted to administrative dir... Arthur Elliot, ex-CBS, named mktg. vp, INTV... Walter Pfister Jr., ex-ABC, forms Pfister Communications, corp. communications consulting firm, 275 Madison Ave., N.Y. 10016, 212-683-3439... Wendell Johnson advanced to special asst. to pres., Nielsen Media Research Services Group, with responsibility for quality appraisal of TV & station indexes.

Superstations, cable TV, and other technological challenges mean that broadcasters must improve quality of product to compete, ABC Chmn. Leonard Goldenson told ATAS in Nov. 16 speech. He said that superstation—station linked by satellite to cable systems nationwide—"is an entrepreneurial effort to have the best of both worlds—the requirements and program costs of only a single station; the profit opportunity of a full network." He also charged that since "new technologies are not offering the new and diverse material promised, surely some of the blame must be laid at the doorstep of the regulatory and legislative community." Goldenson said that unless movie industry meets "need for excellent visual entertainment," it won't be "too surprising if other entities began to consider entering the motion picture production business."

Network-vs.-independent study, commissioned by ABC owned stations, concludes viewers think much more positively about network stations. Prepared by Nowland Organization, study is based on 1,000 interviews with women in N.Y., Chicago, Detroit, L.A., San Francisco.

NAB has petitioned FCC for reconsideration of its cable registration rules, asking that: (1) Systems be required to notify area stations of carriage plans. (2) Systems list complete complement of signals carried when filing registration.

Expansion of "other" category of community leaders to be checked by broadcasters, to include homosexuals, isn't necessary, because homosexuals don't comprise "significant" group, NAB advised FCC in comments filed.

Public broadcasting is "asleep at the transmitter" as far as minorities are concerned, special CPB task force on minorities found. Report issued by group said programming by and about minorities is "seriously deficient."

Capital Cities has bought 610,000 of its common shares.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Nov. 3 (44th week of 1978):

	Oct. 28- Nov. 3	1977 week	% change	Oct. 21-27	1978 to date	1977 to date	% change
Total TV.	448,642	413,633	+8.5	429,660	13,302,177	11,912,181	+11.7
color	279,261*	248,637	+12.3	267,569	8,424,900*	7,393,701	+13.9
monochrome . .	169,381	164,996	+2.7	162,091	4,877,277	4,518,480	+7.9
Total radio	1,138,803	1,754,262	-35.1	1,147,141	39,545,370	46,046,870	-14.1
home, portable	851,407	1,482,817	-42.6	882,422	28,761,516	35,373,994	-18.7
AM-only	188,996	331,424	-43.0	173,054	6,615,609	8,621,254	-23.3
FM & FM-AM	662,411	1,151,393	-42.5	709,368	22,145,907	26,752,740	-17.2
auto	287,396	271,445	+5.9	264,719	10,783,854	10,672,876	+1.0

Color TV 5-week moving average: 1978--238,522*; 1977--236,956 (up 0.7%).

*Record for period.

AUDIO JOINING IN COLOR PRICE BOOSTS: Cost pressures that are forcing color TV producers to hike prices—GE & Sharp are latest to go along with trend—are hitting audio marketers as well. Among majors in mid-fi stereo, Soundesign, Lloyd's & Kings Point are warning customers to expect higher prices at Jan. Consumer Electronics Show—Morse went up 5% at start of month (Vol. 18:43 p11). Sony, meanwhile, is boosting list on new single-speed Beta VCR \$55 to \$1,150.

All are suffering from increased components & materials costs and problems caused by dollar's weakness in international markets. But final straw appears to have been announcement of 10% Jan. 1 price rise by BSR, supplier of record changers to virtually all phono OEM.

Compact sales leader Soundesign is going up 10% on average, with increases in 7%-18% range. "Our products from Japan are going up the highest, in some cases 17%-18%," said Pres. Ely Ashkenazi. Lloyd's has already notified dealers of boost, but hasn't finalized size. "By CES we'll know exactly how much we want to go up," said Bob Livergood, national sales mgr. At Kings Point, spokesman said dealers will get word on hikes next month.

Emerson & Superscope are trying to hold line. "We're in pretty good shape, better than most," Emerson Senior Vp Saul Knazick told us. "I don't foresee any major price increases in the next 6 months, and if there are any they'll be selective, not across the board. We want to hold to some very definite price points. I think we can absorb the changer increase okay," he said. At Superscope, Doug Chatburn, Imperial Div. national sales mgr., said: "We plan to keep our pricing level through the first half next year." He said company will add 7 new compacts at CES, replace 2 in line with new models.

We've learned GE has increased factory prices in 1%-2% range for most 13", 17" & 19" models. If boosts show up at retail they will be held to \$5-\$10. GE's 10" & 25" aren't affected. Sharp raised 9" color \$30 to \$360, 13" leader is up \$40 to \$390, remote is up \$20 to \$490. In 19", leader is up \$50 to \$490, with first step up \$40 to \$500; model with electronic tuner is up \$30 to \$530 and remote version is unchanged at \$600. In b&w, Sharp raised 4" AC-DC \$10 to \$150, version with radio & cassette \$20 to \$300, left others unchanged.

TOSHIBA CRANKS UP IN TENN.: Toshiba aims to be first "All-American" Japanese color TV brand in U.S. by mid-1979 when it expects to halt virtually all imports from Japan, rely on production at new Lebanon, Tenn. plant for nearly 100% of U.S. color market requirements, according to Robert Traeger, Toshiba American Mfg. Div. vp-gen. mgr.

We discussed operation's production program with Traeger as we toured facility last week, just before formal opening. Toshiba acquired 107-acre industrial park site last Dec., just month after Traeger joined, broke ground for 150,000-sq.-ft. plant in Feb., and first color sets rolled off line in Aug.

Plant now has 2 lines running, one for assembly, other for inspection & set up, employs 150, including 98 on lines, 21 U.S. technicians & engineers, just 8 Japanese. Output in opening months was held down as workers trained, restricted to 13" & 19" color for Sears. But at start of Nov., facility began turning out 19" models under Toshiba brand. Temporary parts supply problem is now holding production rate to about 7,000 monthly but, Traeger said, capacity production of about 15,000 monthly should begin soon.

Though paint on new plant walls is still damp, expansion program has already been launched. Second color assembly line, doubling capacity, is slated for installation at year end, and 3rd line, which will bring single-shift capacity to about 550,000 annually, is planned for next June. At that time, Tenn. offerings will cover all Toshiba screen sizes, with possible exception of 5", and first 25" consoles may appear. By then, at least one compact stereo line will also be in operation.

Sets being assembled at Lebanon today are, electronically, Japanese. They contain main circuit board with components, half-dozen major subassemblies & deflection components all supplied by parent. U.S. content includes picture tube (RCA), cabinet and of course labor. But that is changing. "We have a parts search team out now," to determine which U.S. -made parts can be economically substituted for those now brought in from Japan, Traeger told us.

Traeger says there have been no major difficulties acclimating his local workforce to Japanese ways. He said there was strong spirit of cooperation between local employes and now-departed Japanese training team, and fully half of production workers have enrolled in after-hours training programs. As for quality of work, Traeger says off-line reject rate averaged less than 5% during start-up months, is declining.

Traeger has history of getting new projects off ground. He helped establish & run GE's Singapore color circuit board operation, and as a Sony technical operations vp, worked on getting Dothan, Ala. magnetic tape plant on stream.

Long range plans include 2 more plants in Lebanon, for audio equipment & appliances. "If you are going to be a major marketer here, you should manufacture here for economic & political reasons," Traeger contends. As for other Japanese color producers, he sees no way they can continue to rely on exports from Japan. "The real problem is plant economics," tied to high yen-to-dollar ratio. "We're convinced that ratio isn't going to change a lot." As for political outlook, protectionist stance of Congress "is going to be even tougher next year. You've got to be here," to survive as a supplier, Traeger contends.

Sharp remains as only Japanese color major without U.S. production tie-up in works, but that should be changing soon. Since our exclusive report of its plan to acquire site in Memphis (Vol 18:41 p9), we've learned Sharp backed off to make last review of its options—sites in Cal. & Kansas City also were considered originally—and decision should be announced next week. Other major tie-in in works, establishment of General TV of America venture by GE & Hitachi, is still hanging on results of Justice Dept. review. GE & Justice officials had face-to-face meeting last week, and word should be out soon.

ITC REPORTS COLOR PRICES RISING: Color TV price boosts announced by domestic producers in 3rd quarter did indeed stick, according to report by International Trade Commission. It shows overall factory pricing for period was highest of year, despite slippage for 17'-&-under sets, though still not up to 1977 level. ITC monitors industry quarterly to check effect Japan's color export quota is having on domestic production.

Survey shows total U.S. color output rose 21.9% in quarter to 2.07 million, bringing 9-month total to 6.1 million, up 18.9%, both slightly higher than our estimate based on analysis of EIA & Commerce data (Vol. 18:46 p8). It reports shipments of 2.15 million for quarter, up 14.9%, 6.03 million for 9 months, up 18.2%.

Japanese-owned color assembly plants here accounted for better than half of 372,000 production increase shown for July-Sept., our analysis indicates. We estimate Japanese cranked out 210,000 sets more in quarter this year than last, or about same increase as registered in year's opening quarters. That gives Japanese nearly 60% of U.S. production rise both for quarter and full period, indicates that output of traditional U.S. makers was up about 11% in quarter, rose just 8% for 9 months.

Production breakdown by screen size shows largest increase in 19"-area Japanese plants are concentrating on—up 38.1% in quarter to 980,600, up 28.1% for full period to 2.78 million. Bigger sets rose 10.5% in quarter to 806,800, 9.2% to 2.34 million for 9 months, while respective results for smaller sets were 282,000, up 9.6% & 977,400, up 19.9%.

Question on factory inventory level arises through comparison of ITC & EIA inventory data. EIA shows inventories at end of quarter at 1.5 million, unchanged from July 1, up 39% from start of year. ITC reports Sept. 30 total at 743,300, down 10.4% from end of half, up 13.2% from start of year. As EIA figure is for total market (manufacturers & importers), while ITC is factory-only (includes only imports actually stored in plant warehouses), difference appears to be result of importer stockpiling.

Importer inventories were indicated 754,300 at end of quarter, up 10.6% from half, 81% from start of year. They account for better than half of total stockpile at end of quarter. It's safe bet they're not Japanese, considering imports from there are down and limited by quota. Answer appears to lie with Taiwanese & Korean importers, who are building supplies in expectation that they'll be hit with quota limit before too long. So while EIA figures indicate factory inventories are slightly high but not excessive (Vol. 18:42 p8), fact seems to be that stocks held by industry's most important suppliers are on low side.

Total industry employment averaged 28,400 in 3rd quarter, up 4% from 2nd quarter, but down 8% from 3rd quarter last year. Production workers in period totaled 24,500, up 5.3% from 2nd quarter, but off 7.3% from same year-earlier period.

ITC pricing data covers all sales from domestic factories of U.S.-made plus imported color sets, includes both sales to distributors as well as those made direct to dealers. Here's result for 3rd quarter, with preceding 4 quarters for comparison (2nd quarter 1978 prices have been revised):

	13"	16"-17"	18"-19"	20" & Over	Overall Average
1978—3rd. qtr.	\$216.81	\$289.18	\$294.19	\$450.86	\$343.78
2nd. qtr.	219.36	292.00	286.94	433.07	332.35
1st. qtr.	217.83	292.05	290.07	446.51	338.60
1977—4th. qtr.	225.56	299.10	297.35	456.67	349.23
3rd. qtr.	222.48	288.95	291.86	453.76	348.95

Illegal rebate case has been settled by 6 Japanese ocean freight lines which have agreed to pay Federal Maritime Commission \$2.5 million. FMC charged carriers with kickbacks on payments for container shipments from April 1973 to April 1978. Last month, federal court levied fines of \$520,000 against Seatrain Lines and a subsidiary for illegal rebates given Tenna.

Alpex is latest in home computer business. Conn.-based company's personal computer has received FCC type approval, is slated to be available in first quarter of 1979, priced under \$1,000.

UHF noise figure rules need correcting, FCC announced, amending Sec. 15.66(c) to make sure that follow-up reports are required for receivers certificated after Oct. 1, 1979. Through error, rules had required follow-up for sets certificated after Sept. 15, 1978.

ITA is forming European Advisory Board at meeting in London, and it will consider: Establishing European ITA office; holding annual seminars & general membership meetings there; setting up subcommittee structure.

IMPORT AID FOR W-G: Wells-Gardner is getting import adjustment assistance in form of \$1-million 7-year capital loan from Economic Development Administration. Loan carries 10.5% interest rate. Principal payments don't start for 2 years. W-G also completed refinancing program in which \$1.45 million of bank debt was converted from demand loan to 5-year revolving credit. EDA said loan funds would be used to stabilize jobs of 238 W-G workers through development of new product lines, improving production facilities and expanding sales.

In letter to shareholders, W-G said it operated profitably in Sept., though it showed loss for quarter (Vol. 18:45 p12). Company blamed loss in part on start-up costs for production of new 19" chassis for Teknika (General) sets which began in July, and Aug. production launch of electronic touchbutton tuner & optional remote. Final quarter should be profitable, W-G predicted.

Labor Dept., meanwhile, opened import aid eligibility probes for Admiral sales & service branches in Detroit, Long Island City & West Babylon, N.Y., San Antonio & Brisbane, Cal., declared workers who will lose TV engineering jobs in Harvard, Ill. eligible for assistance under impact ruling it issued in May 1977 (Vol. 17:22 p 10). LD also approved help for former RCA workers who lost jobs at Deptford, N.J. facility as a result of wind-down of receiving tube operations, had good news & bad news for workers at 2 smoke detector companies.

Help was rejected for those formerly employed by Graviner, Mountainside, N.J., because worker duties were restricted to testing and marketing detectors imported from U.K., but was approved for those who made detectors for Pyr-A-Larm, Dublin, Ga. LD said investigation showed 1976 imports of 900,000 detectors, representing 11.3% of 8-million total market (production plus imports). In 1977, market rose 62.8% to 13 million, while imports jumped 189% to 2.6 million, for 20% share. In first half this year, LD said, imports were up 41.7% to 1.7 million, market rose 40.6% to 9 million, with imports holding essentially level 19% share. Commenting on import competition, LD said major firm handling European product (apparently N. American Philips' Norelco line), increased imports 43% in 1977, hiked total 152% in first 9 months this year.

LD also rejected help for workers formerly producing relays at C.P. Clare plant in Chicago & Magnacraft's Rapid City, S.D. facility. In both cases, LD said, job losses resulted from production consolidation within U.S., and that both companies had increased output & sales.

Microprocessor tuner is being substituted on new Magnavox 25" color models with on-set random-access keyboard tuners. New versions, like old ones, will have add-on optional remotes. But where old ones were limited-function, new ones will have 10-digit keyboards, making them essentially same as "Star" tuner models, with exception of Star's on-screen channel display. Pricing information wasn't released. Magnavox also said it has started shipping programmable VHS VCR with \$1,295 list.

FCC INTERFERENCE STUDY: FCC is launching comprehensive study of RF interference, opening inquiry to get views on all phases of issue from all parties.

Congressional hearings earlier this year on bills aimed at forcing consumer electronics makers to improve interference rejection capabilities of products gave impetus to FCC action. In informal inquiry notice, FCC said govt. regulation "might not be the solution that is most in the public interest," added consumers might prefer "less immune but less expensive" equipment, and to "cope with the interference in other ways."

While some 73% of interference complaints relate to consumer electronics, "air navigational aids, pace-makers, truck braking systems & explosive devices," are also subject to interference-caused malfunctions, agency pointed out. Main causes of complaints are unwanted signals from CB & other transmitters, it added.

Specifically, FCC is seeking response from consumers, manufacturers, technicians, engineers, broadcasters & other federal agencies. It wants comments on scope of problem, economics of imposed or voluntary regulation programs, technical & engineering aspects. Formal inquiry notice, due next month, will have different colored pages to identify questions different interest groups may want to answer—one color for laymen, other for manufacturers, etc. Comments are due May 1, replies July 1.

TV QUOTA TALKS REOPEN: Top U.S. trade officials made sudden departure for Far East at week's end to reopen color TV export quota negotiations with Taiwan & Korea. They were slated to meet with Taiwanese in Tokyo over weekend, go on to Seoul for talks there. But launching of new round doesn't appear to signal breakthrough.

Indications at start of week were that changes of early settlement on mutual agreement basis were nil, and nothing seems to have changed that. Taiwan Govt. issued statement Nov. 11 that preceding week's negotiations were "deadlocked," and Koreans said no representatives from Seoul would be on hand for trade meeting planned for Washington Nov. 13-14. U.S. officials had openly started talking about "unilateral quota action," which would mean restricting shipments from all countries, including Singapore & Canada, but excluding Japan which already has quota limit.

Knowledgeable observers feel trip may be last-ditch effort at salvaging situation. By flying to Far East, U.S. officials demonstrate how serious color import problem is. At very minimum, they will have to come back with agreement-to-agree from Koreans. That could be enough to get Taiwanese to accept lower than desired quota, pave way for pact with Korea.

Toshiba purchase of 30% interest in Rank Radio International's U.K. consumer electronics business has been approved by British govt. (Vol. 18:35 p11). New company, Rank Toshiba, is being capitalized at \$19 million, with Toshiba contributing \$5.7 million in cash & technology, rest represented by RRI TV & audio factories.

N. Y. SECURITY SHOW: Expansion of consumer VCR formats into commercial field was spotlighted at International Security Conference in N. Y. where RCA & GYYR Products displayed VHS units with time-lapse capability. Virtually all other major CCTV equipment marketers were also on hand to show their latest video devices.

RCA's time-lapse VHS has 50 different operating speeds, and at slowest can record for up to 200 hours. Basic version is \$2,775, while deluxe model with built-in time-date generator lists for \$3,090. Virtually identical generator-equipped model from GYYR is \$40 less. RCA also displayed new CCD b&w TV camera which has CCD sensor housed in 4 x 3 x 1" cabinet and is hooked to electronics by cable. Lens mounts on sensor cabinet. Unit lists at \$5,800.

ISC is essentially professional, and most items displayed which have consumer applications were designed to be part of comprehensive systems. Among notable exceptions: 8-button electronic keyboard lock from SenDec, Fairport, N. Y., which will fit most residential doors, requires punching in 4-digit number to unlock door. List is \$99; extra plug-in modules to change code are \$4.50 each. Wireless car theft alarm, with \$115 suggested list, will signal pocket receiver located up to half mile away. Available from Page Alert Systems, Torrance, Cal., alarm comes with 4 sensors which can be hooked to doors, seat, stereo or trunk. It has sensitivity control to prevent false triggering, and 12,096 different tone codes are used to minimize possibility pager will be alerted by wrong alarm.

Days when decal announcing use of CCTV surveillance or installation of dummy camera provided strong crime deterrent are apparently over. None of that was on view at show. Instead, move is toward hidden cameras. Half-dozen exhibitors feature clocks, fuse boxes, emergency light systems and even dept. store mannequins concealing TV cameras.

Japan video notes: Toshiba may step up U.S. introduction of battery-portable Beta VCR, display it at Winter CES (Vol. 18:44 p12)...Hitachi unveils new color camera with zoom lens & electronic viewfinder to sell for about 30% less than current model which retails for \$1,950 here similarly featured... Sony plans to market 12-volt Beta VCR play-only system for use in autos, vans & boats in Japan early next year, in U.S. by mid-year. VCR, which comes with 5" AC-DC color TV, will list there at about \$1,070, rechargeable battery pack will be \$500 extra.

Coleco cited declining video game volume in reporting lower sales & earnings for 3rd quarter & 9 months (see financial table). Company said results also were hurt by high interest rates, lower-than-expected productivity of Far East suppliers. Coleco said it's negotiating new financing, reducing inventories...Soundesign intends to buy up to 200,000 of its own shares on open market, or up to 7.5% of shares outstanding.

Ad notes: Sony closes in-house agency Harvey Raymond Inc., appoints Puris AvRutik for Video Products Div. with \$1.3 million budget for 1979... Panasonic is running \$1 million magazine campaign for professional video products.

Consumer Electronics Personals

Joe Di Figlio promoted at Sampo from mktg. dir. to sales & mktg. vp... Len Simons advanced at Magnavox from region sales mgr. to N. Y. Div. sales mgr.; Henry Giffen joins as midwest audio sales mgr... Lewis Kornfeld, Radio Shack pres., named exec. vp of parent Tandy Corp.; Phil North, who succeeded late Charles Tandy as Tandy chmn., adds Tandy's former posts of pres. & chief exec.

Dennis Battaglia promoted at BSR from OEM east region sales mgr. to OEM asst. sales vp... John Kuehn, ADC chief engineer, named vp... Phil Bettan advanced at Bettan Sales from vp to pres., succeeding Marty Bettan, who moves up to vacant chmn. post... Norm K. Skolnik, ex-Clarion & Panasonic, rejoins Superscope as national sales mgr. for Marantz car stereo; Stanley deSzameit, ex-Telecor, named Imperial Div. midwest region sales mgr.; Stuart Sollod, ex-Numark Electronics, joins as west sales mgr.; Marty Rini advanced to asst. sales mgr. for S. Cal.; Mike Goldberg promoted from sales coordinator to sales supervisor, succeeding Rini... Elliot Davis, one-time Superscope, leaves rep field to join Metro Sound (car stereo) as mktg. mgr.

Perry Smith, ex-Solitron Devices, joins Arthur D. Little's Electronic Systems Section, handling research in components area... Ben Newitt appointed Applied Magnetics pres., succeeding Harold Frank, who continues as chmn.; William Anderson advanced at Magnetic Head Div. from mktg. vp to pres., replacing Newitt... Charles Radloff appointed Oak Industries Components Group operations staff vp, new post, continues as Switch Div. pres... George Chao promoted at National Semiconductor from tactical mktg. mgr. to MPU mktg. dir., succeeding Howard Raphael, now MPU operations dir... Kenneth Kline advanced at Switchcraft to plug & jack mktg. mgr.; Ronald Larson named for microphones & audio connectors, Ken Yerama for switch products, Fred Fitzpatrick for telecommunications products... Thomas Snow, ex-Zenith, joins Specialty Connector as vp-gen. mgr.

Jerome Suran, GE, elected IEEE pres. for 1979, succeeding Ivan Getting, Aerospace Corp.; Leo Young, Naval Research Lab, named exec. vp, replacing C. Lester Hogan, Fairchild... Bruce Apar leaves post as ITA communications dir. Dec. 1 to join Video magazine as editor & co-publisher... Susan March resigns as Consumer Electronics Daily editor to join home entertainment/appliance staff of Retailing Home Furnishings.

William Simons advanced at Shure to Evanston, Ill. plant mgr.; Christopher Dean promoted from asst. dir. to dir., purchasing, succeeding Simons... Joseph Turner joins Video Warehouse as gen. mgr.

Obituary

Henry Lackner, 54, GC Electronics exec. vp, died suddenly of heart attack at Rockford, Ill. home Nov. 11. He joined GC in 1963, became exec. vp in 1974. Wife, son, daughter survive.

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with
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10 MONTHS AT-A-GLANCE: Here are EIA's sales-to-dealer figures for consumer electronic products for Jan.-Oct. 1978 with 1977 comparisons:

TELEVISION SALES TO DEALERS

Month	Total		Color		Monochrome	
	1978	1977	1978	1977	1978	1977
January	932,933	963,845	618,963	605,244	313,970	358,601
February	1,102,359	1,044,817	702,513	630,796	399,846	414,021
March (5 weeks)	1,572,295	1,273,546	966,326	770,977	605,969	502,569
April	1,081,687	932,915	698,256	577,142	383,431	355,773
May	1,041,606	796,638	673,632	489,378	367,974	307,260
June (5 weeks)	1,434,566	1,290,438	918,622	794,760	515,944	495,678
July	1,123,013	955,641	668,170	583,109	454,843	372,532
August	1,214,056	1,016,108	777,639	652,575	436,417	363,533
Sept. (5 weeks)	1,876,071	1,686,859	1,208,170	1,104,941	667,901	581,918
October	1,474,949	1,537,741	913,348	936,142	561,601	601,599
TOTAL	12,853,535	11,498,548	8,145,639	7,145,064	4,707,896	4,353,484

RADIO SALES TO DEALERS

Month	Home*		FM**		Auto	
	1978	1977	1978	1977	1978	1977
January	1,624,253	1,354,439	1,126,588	846,818	937,678	981,110
February	2,272,816	1,577,099	1,693,239	1,281,087	984,661	982,828
March (5 weeks)	3,310,381	2,769,093	2,212,691	2,185,866	1,282,652	1,220,942
April	1,576,622	1,671,306	1,039,824	1,336,249	1,120,354	962,003
May	2,094,371	2,491,147	1,602,191	1,807,071	1,053,453	1,065,867
June (5 weeks)	4,999,086	5,306,591	4,314,570	4,136,609	1,146,983	1,182,708
July	3,504,331	3,879,273	2,977,711	3,129,940	786,190	797,540
August	2,689,546	4,575,172	2,069,863	3,308,882	840,153	863,979
Sept. (5 weeks)	3,494,806	6,524,584	2,775,461	4,965,367	1,300,225	1,240,679
October	2,343,897	3,742,473	1,665,198	2,603,458	678,699	1,139,015
TOTAL	27,910,109	33,891,177	21,483,496	25,601,347	10,131,048	10,436,671

* Includes table, clock & portable.

** Includes in home radio; excludes auto radios, radio-phonos & radio-recorders.

* Does not add due to revisions.

HOME VCR SALES TO DEALERS

Month	1978	Month	1978	Month	1978
January	13,567	April	27,221	July	20,862
February	14,954	May	27,994	August	22,478
March (5 weeks)	27,415	June (5 weeks)	31,339	Sept. (5 weeks)	56,759
				October	56,545
				TOTAL	299,134

Philco appoints Vermont Appliance, Burlington, for 14 Vt. & 7 N.H. counties.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acton			
1978-9 mo. to Sept. 30	78,309,000	3,140,000 ^a	1.18
1977-9 mo. to Sept. 30	32,615,000	3,061,000 ^a	1.02
1978-qtr. to Sept. 30	27,279,000	926,000	.35
1977-qtr. to Sept. 30	10,775,000	850,000 ^a	.30
Ampex			
1978-6 mo. to Oct. 28	179,726,000	12,525,000 ^a	1.10
1977-6 mo. to Oct. 29	151,372,000	9,622,000 ^a	.88
1978-qtr. to Oct. 28	92,555,000	6,916,000 ^a	.61
1977-qtr. to Oct. 29	80,598,000	5,100,000 ^a	.47
APF Electronics			
1978-9 mo. to Sept. 30	19,664,897	6,565	.01
1977-9 mo. to Sept. 30	22,550,717	15,003	.01
1978-qtr. to Sept. 30	5,754,591	23,773	.02
1977-qtr. to Sept. 30	7,646,192	(167,424)	--
Coleco Industries			
1978-9 mo. to Sept. 30	77,901,000	(11,694,000)	--
1977-9 mo. to Sept. 30	92,526,000	2,352,000	.34
1978-qtr. to Sept. 30	30,351,000	(7,772,000)	--
1977-qtr. to Sept. 30	37,740,000	1,197,000	.17
Columbia Pictures Industries			
1978-qtr. to Sept. 30	134,019,000	11,195,000 ^a	1.16
1977-qtr. to Sept. 30	116,797,000	10,935,000 ^a	1.19
Comcast			
1978-9 mo. to Sept. 30	11,545,201	909,402	.56
1977-9 mo. to Sept. 30	9,279,780	651,497	.39
1978-qtr. to Sept. 30	4,006,110	373,999	.23
1977-qtr. to Sept. 30	3,250,278	345,124	.21
Gray Communications Systems			
1978-qtr. to Sept. 30	4,933,522	363,443	.74
1977-qtr. to Sept. 30	3,817,488	244,529	.51
Heritage Communications			
1978-9 mo. to Sept. 30	4,602,667	(94,403)	--
1977-9 mo. to Sept. 30	3,714,225	(793,129)	--
1978-qtr. to Sept. 30	1,673,794	3,724	--
1977-qtr. to Sept. 30	1,253,475	(225,058)	--
Lafayette Radio & Electronics			
1978-qtr. to Sept. 30	16,667,000	(1,696,000)	--
1977-qtr. to Sept. 30	18,149,000	(439,000)	--
Lee Enterprises			
1978-9 mo. to Sept. 30	104,690,000	15,914,000 ^a	2.16 ^b
1977-year to Sept. 30 ^c	82,448,000	11,670,000 ^a	1.56 ^b
1978-qtr. to Sept. 30	26,669,000	3,707,000	.51 ^b
1977-qtr. to Sept. 30 ^c	22,018,000	3,608,000 ^a	.49 ^b
Lloyd's Electronics			
1978-6 mo. to Sept. 30	57,857,000	399,000	.21
1977-6 mo. to Sept. 30	57,547,000	565,000	.30
1978-qtr. to Sept. 30	36,269,000	762,000	.40
1977-qtr. to Sept. 30	38,836,000	1,202,000	.64
Movielab			
1978-9 mo. to Sept. 30	21,343,516	533,691 ^a	.37
1977-9 mo. to Oct. 1	20,774,879	353,628 ^a	.25
1978-qtr. to Sept. 30	6,730,192	140,600 ^a	.10
1977-qtr. to Oct. 1	6,483,773	13,804 ^a	.01
Philips NV^d			
1978-9 mo. to Sept. 30	11,268,600,000	210,700,000	--
1977-9 mo. to Sept. 30	10,708,400,000	213,600,000	--
1978-qtr. to Sept. 30	3,827,400,000	58,700,000	--
1977-qtr. to Sept. 30	3,722,300,000	68,400,000	--
Rockwell International			
1978-year to Sept. 30	5,668,800,000	176,600,000	5.02
1977-year to Sept. 30 ^c	5,744,200,000	144,100,000	4.18
1978-qtr. to Sept. 30	1,480,800,000	40,500,000	1.14
1977-qtr. to Sept. 30 ^c	1,556,000,000	41,600,000	1.21

Notes: ^aIncludes special credit. ^bAdjusted. ^cRestated.
^dAt guildler's current rate.

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Broadcast

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FTC KID TV REPORT ATTACKED: Final filings rap report. General Mills says report is response to 'preconceived biases'. FTC proceeding back on track after Pertschuk disqualification. (P. 2)

INTERESTING NAB BOARD RACES: Two Richard Painters want to be radio dirs., as does sports commentator Curt Gowdy and ex-NABer Burns Nugent. About 20 seeking TV seats, including immediate past Chmn. Kathryn Broman. (P. 3)

BLACK GROUP OKAYS MERGER between Gannett & Combined. National Black Media Coalition gets agreement. (P. 3)

PUBLIC INTEREST GROUP arenas to shift from FCC, FTC & courts to Congress and other areas, consultant's report says. Volunteers and number of public interest lawyers seen declining but need for reform still there, report says. (P. 4)

LOBBYING FCC, NAB STYLE: Upset by new salary listing rule, Assn. successful in seeing 5 commissioners after ex parte embargo lifted. Require only from stations in EEO trouble, NAB suggests. (P. 4)

WAIT TILL JUNE, AAAA-ANA TOLD: Don't come to NAB TV board meeting Jan. 17 in Maui to protest recent changes in TV Code designed to reduce clutter (Vol. 18:46 p4), joint committee of AAAA & ANA will be told this week by NAB TV Chmn. Thomas Bolger. He said confrontation so soon will be "premature" since new rules only become effective Jan. 1 and it will be too early to determine how they're working.

Advertiser & agency trade associations—in requesting meeting to seek reversal—charged new Code standards actually will increase clutter and were approved without NAB dirs. knowing what they were voting on (Vol. 18:47 p5). Bolger denied latter charge, said during phone balloting only one dir. wasn't familiar with changes—and he was just back from vacation. Bolger said NAB was anxious to get new rules in effect (approved by Code board in Oct.) well ahead of summer reruns and networks' promotions for fall 1979 to be given fair trial. (NBC has said it will continue to take stiffer line on promotions of upcoming programs than permitted under new Code rules.)

Instead of Jan. meeting, Bolger (in letter to be dated Nov. 27) will offer AAAA-ANA full meeting with TV Code board in Feb. (to which Code Chmn. Robert Rich has agreed), followed

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COLOR QUOTA PACT with Taiwan limits exports to U.S. through July 1, 1980. Korean talks resume next month. Treasury postpones dumping-duty deadline, may expand scope. Japan Oct. TV exports dip. (P. 6)

20TH CENTURY-FOX purchasing Magnetic Video, biggest software producer, plans to expand scope. add outside duplication, cut prices sharply next year. MVC raises prices \$5 per program. (P. 7)

VIDEODISCS CHEAP, players expensive, in expected Dec. 15 Atlanta market debut. Magnavox sees players in '\$700 neighborhood.' MCA pricing regular discs at \$16, \$10 & \$6, may test some sharply lower or higher. (P. 8)

13" PACED COLOR growth in first 9 months with production-plus-import total double year ago; Varactor & remote sets up sharply. (P. 9)

SONY'S CASSETTE CHANGER offered to VCR owners on home-trial basis. Mag Video asks EIA aid in unexpected TV set problem. Weekly data being released on VCR sales. Japan VCR exports down. (P. 10)

'POCKET COMPUTER' ERA approaching as 2 firms offer low-cost programmable language translators. Synthetic voice may be next addition. (P. 10)

by session with full TV board in June. In between, Bolger said he & TV Vice Chmn. Robert King would meet with advertisers & agencies if desired. "We won't know the true effect of the changes in January," Bolger said. "By June, we'll have more factual information and should know how they're working."

If AAAA & ANA insist on coming to Maui, they'll be heard, we're told, and TV Code board will make its presentation—but chances of new time standards being changed at that time are practically zero. Advertisers generally are concerned about change (proposed to and accepted by Code board by ABC's Alfred Schneider) which permits "the broadcaster in his discretion" to fill long-form programming (2 hours) requirements with "promotional/informational announcements" not to exceed 2 min. per hour. Such announcements would be "excluded from the definition of non-program material." Schneider was unsuccessful in securing similar exemption for children's specials and sports.

FTC KID TV STAFF REPORT SEEN 'UNSUBSTANTIATED': FTC staff report recommending advertising restrictions on children's TV (Vol. 18:9 p5) has come under heavy attack from broadcasters & advertisers in final comments before Commission.

General Mills' position, representative of industry-wide stance, is that report "is nothing more than a response to the preconceived biases of those who feel that there are certain inherent dangers flowing from children's TV advertising," according to its comments.

Final statements come when proceeding is back on track after being hit hard by disqualification of Chmn. Pertschuk from proceeding (Vol. 18:45 p1). Three commissioners participating Nov. 17 voted to move ahead with rulemaking, despite petitions to kill it. On same day, industry was dealt another blow in U.S. Dist. Court when Judge Gesell said he sees no procedural grounds for halting FTC action.

Here are General Mills' arguments: (1) Despite staff report claim that children don't understand selling intent of TV commercials, extensive research has yielded inconclusive results. "Moreover, parents can and do say no," filing states. "Television is not an all pervasive force which is in a position to destroy all other influences affecting a child."

(2) Restrictions on toy advertising would come although staff hasn't proven toys are unsafe or harmful. Also, if toy ads are banned, cost of toys will rise 15-20% because of expected decline in mass production. (3) Per capita consumption of sugar hasn't grown since 1920, despite staff claims that sugar consumption is rising. (4) Contrary to FTC staff claims, "sucrose consumption at present levels of use are safe." Also, dental health has improved.

(5) Vitamin-fortified pre-sweetened cereals "make a positive contribution to children's diets... The staff attempts to libel pre-sweetened cereals." (6) There's no truth to allegation that TV ads make children eat less nutritious foods. "Comprehensive studies prove that there is absolutely no correlation between the volume of TV advertising to children and changes in food consumption." (7) FTC's action toward restricting advertising "takes the Commission into dangerous and largely uncharted waters." Also, General Mills believes staff report "has already caused some considerable misunderstanding. The record needs to be corrected."

NAB will say in its filing that proposed restrictions "are founded upon conjecture and supposition, are arbitrary and ambiguous and are not amenable to substantiation and implementation." NAB argues, among other things, that TV Code works, significant numbers of children can distinguish ads from programs, parents should exert control over children, exposure to commercials may not affect behavior, bans of ads based on demographics encroach on First Amendment.

Metromedia's filing says restrictions would violate rights of free speech of broadcasters, advertisers and producers as well as rights of viewers. Filing says staff report mistates and omits "numerous highly significant facts" and claims restrictions would lead to a "marked decline in the quality and quantity of TV programming for children."

Meanwhile, FTC has scheduled prehearing conference on proceeding for Dec. 8 in Washington. Legislative hearings begin Jan. 15 in San Francisco, continue Jan. 29 in Washington.

INTERESTING NAB BOARD RACES: Two Richard Painters are running for separate seats on NAB radio board. NBC sports commentator Curt Gowdy, owner of WCCM(AM)-WCGY(FM) Lawrence, Mass., is said to be actively seeking Dist. 1 radio seat of incumbent Arnold Lerner. And out in far Northwest, ex-NAB Senior Vp Burns Nugent (now owner of KACI[AM] The Dalles, Ore.) is Dist. 17 opponent of incumbent Ted Smith.

Among former radio dirs. certified as candidates: Ex-radio Chmn. Len Hensel, WSM Nashville, and ex-Vice Chmn. Richard Painter, KYSM-AM-FM Mankato, Minn. (both running hard); William Hanson, WROE(FM) Neenah, Wis.; James Curtis, KFRO Longview, Tex.; Allan Page, KGWA Enid, Okla.; Phil Spencer, WCSS-AM-FM Amsterdam, N. Y.; Kay Melia, KLOE Goodland, Kan.; Clyde Price, WACT-AM-FM Tuscaloosa; A. F. Sorenson, WKRS Waukegan, Ill.; Ben Laird, WDUZ-AM-FM Green Bay; Clint Formby, KPAN-AM-FM Hereford, Tex. Not all are expected to actively seek election. Other Painter is from Cal.

On TV side, nearly 20 are expected to seek 6 seats up for election; only incumbent eligible for re-election is Leslie Arries, WIVB-TV Buffalo. Also in race are immediate past TV Chmn. Kathryn Broman, Springfield TV, and past dirs. Daniel Pecaro, WGN Continental, and Allan Land (formerly on radio board), WHIZ-TV Zanesville, O.

All told, 66 TV execs. have been certified as eligible for TV board. Among those who also are believed interested in running, with all TV dirs. elected at-large: Clark Pollock, Nationwide Communication; James Terrell, Gaylord Bcstg.; Jerry Holley, Stauffer Communications; Ralph Becker, Rust Craft; William Brazzil, Wometco; Reid Chapman, Corinthian; Don Curran, Field Communications; Robert Hernreich, Hernreich Bcstg.; James McCormick, WTMJ Milwaukee; Michael McKinnon, Texas Telecasting; John Mazzie, Gilmore Bcstg.; Basil O'Hagan, WNDU-TV South Bend; Thomas Scanlon, WECA-TV Tallahassee; Gert Schmidt, Harte-Hanks Group.

Nominations will be mailed next week, are due back at NAB Jan. 5 with 12 highest, plus ties, placed on TV ballot—to be mailed Jan. 29, results announced March 7. At present, NAB dirs. are limited to 2 consecutive terms (4 years total), may run again after year absence from board.

National Black Media Coalition has reached agreement on merger between Gannett & Combined Communications and won't oppose transaction, now pending at FCC, according to Coalition Chmn. Pluria Marshall. Gannett already had agreed to sell WHEC-TV Rochester, N. Y. to black group headed by Ragan Henry to stay within FCC multiple ownership requirements. Under agreement, merged company will notify minority groups of stations for sale, provide consulting aid to black groups and assist in arranging financing, standardize & expand EEO programs, form companywide EEO committee, create or continue local minority advisory groups, seek minority members for Gannett board and exec. staff. Noted Marshall: "These strong public interest commitments were reached privately, without any need for government intervention."

Mandatory carriage of STV stations by cable systems is urged by MPAA, as it filed comments supporting petition for rulemaking by Blonder-Tongue. Said MPAA: "The fact that cable operators have a strong incentive to deny carriage to STV stations which would compete with their own pay-cable services is compelling justification for the adoption of mandatory STV carriage rules."

FCC topped all federal agencies in amount of paperwork required, GAO study found. Commission requires business to spend some 30 million hours per year filling out forms and logs, according to report.

Tribute from across nation was paid to Don Harris, 41, and Robert Brown, 36, NBC newsmen slain in Guyana massacre. Former newsman Julian Goodman, chmn. of NBC exec. committee, said: "The loss of Don Harris & Bob Brown is a personal tragedy for all of NBC News and all journalism, and a reminder that the freedom and protection we seek for reporters, which sometimes seems itself a losing battle, is more than empty rhetoric..." Said NBC News Pres. Lester Crystal: "The most meaningful memorial we can give them is to report the news with the determination and dedication they demonstrated in their careers."

FCC may soon make available digests of staff recommendations and/or proposed news releases on agenda items before public meetings. NAB has complained that non-FCC participants are confused by references to staff recommendations (which aren't made public) during meetings—and most commissioners agree. Belle O'Brien, chief of Consumer Assistance Office, is due to report to Commission in couple of weeks on plan to make at least some information from staff recommendations available in advance of meetings.

FTC symposium on media conglomerates (Vol. 18:43 p4) Dec. 14-15 will include public participation period, FTC says, noting registrations are still being accepted. Following symposium, comments may be filed for 30 days. For registration: Karen Healy 202-724-1321.

STUDY SEES REFORMERS SHIFTING: Broadcasters' battles with public interest groups will shift from traditional arenas of FCC, FTC and courts to other less-used areas. That's a major conclusion of 36-page report, "Broadcast Reform at the Crossroads," prepared by Kalba Bowen Assoc. of Cambridge, Mass.

Study says shift of focus of public interest groups will go to several areas, including: (1) Shareholder pressure on corp. decision making. (2) Mobilization of public opinion to influence Congress. (3) Increased research on the effect of program content on particular audience segments. (4) Development of "production skills which translate into a more varied and balanced representation of American society on the TV scene."

Report says although emphasis is shifting somewhat to Congress, "few of the broadcast reform groups are well staffed enough to participate in the legislative process in a manner which could begin to counter-balance the very large presence and pressure which industry is able to bring to bear on legislation."

Conducted at request of NCCB, Veatch Program and Rockefeller Family Fund, study found following trends in media reform movement: (1) Move to institutionalize public interest litigation but with "less frenzied and more regulated activity than in the past." (2) More open participation in the legislative process. (3) Greater interest in non-broadcast areas such as common carrier, particularly satellites, cable and videodiscs. (4) Training of people "in how to use the media as well as how to evaluate the media." (5) Direct pressure and negotiation with decision-makers in media. (6) Efforts "to develop more discerning and discriminating viewers and listeners" based on research into impact of media on society.

Report states that "need for broadcast reform has not diminished. Indeed, there probably is a larger consciousness of the impact of TV on lifestyles and values than at any previous period during the history of TV."

In almost every case of a public interest reform organization, the group "has been established and sustained through the leadership of a strong individual," study stated. And, it noted greatest problem of all 13 public interest groups studied is lack of money. Says report: "Small groups find their transition from an ad hoc group of individuals to an established organization thwarted by lack of funding... On other hand, although large groups have achieved organizational status and adequate financial backing, they must nevertheless devote substantial time and effort to maintaining and often increasing their funding levels."

Another problem public interest groups face is declining numbers of volunteers, study found. "Volunteers are not as readily available for ad hoc protest as they were in the mid-'60s. This is partially the result of success in achieving some of the reforms sought." Report concludes, however, retirees may become more important source of volunteers for media reform groups.

Wrather Corp. plans to buy up to 450,000 Teleprompter shares; added to its 1.2 million, that would give Wrather about 10% of total.

LOBBYING FCC, NAB STYLE: More than a little upset by changes in Form 395 (minority employment) adopted by FCC—no effective date—(Vol. 18:45 p4), NAB is striving mightily to get them changed. Particularly abhorrent to broadcasters is new requirement that titles of employees must be listed publicly according to salary (although neither employees, names nor salaries would be required).

On Nov. 20, FCC reversed its decision, announced 5 days earlier, that ex parte contacts were not permitted on subject (Vol. 18:47 p4); commissioners & staffers admitted order was issued through "bureaucratic snafu" and in violation of FCC's own rules. New cut-off for contacts was Nov. 24—and NAB lobbyists went to work, successfully seeing 5 of 7 commissioners. Comr. Brown said he'd see them, but not talk about EEO—so NABers didn't go. They also didn't see Chmn. Ferris because his legal asst. Frank Washington wouldn't let them—to talk about EEO—although Ferris himself wasn't consulted. Washington said he was worried "about the appearance of impropriety... It's a very sensitive thing." He told NAB to submit arguments in writing, promised he would read them.

To 5 commissioners they approached, NAB argued new rule is "overly broad and beyond the Commission's jurisdiction," invasion of privacy, unnecessary, unworkable "because mere salary information... does not disclose discrimination," ranking by salary "would adversely affect staff morale causing irreparable harm to the broadcast property." NAB offered compromise, said to be well received: Require salary listing only by licensees who have run afoul of FCC EEO requirements.

* * * *

Note: Ferris's appointment book last 2 months shows very few meetings with outsiders—industry or otherwise. Last week, he was interviewed by Ed Diamond for New World, sole outside session. Busiest day was Nov. 13, when he met with Mary Jo Manning, chief counsel of Senate Communications Subcommittee (who also met with Comr. Quello last week), INTV & attorney John Jacobs. NAB & NCTA have one appearance each—NAB's Hundred Plus TV Committee Nov. 6; NCTA Pres. Robert Schmidt & Chmn. Robert Hughes, along with Cable Bureau Chief Philip Vermeer, Oct. 18. Ferris also had breakfast Nov. 1 with AAAA board.

U.S. Supreme Court has assessed NCCB about \$6,000 in printing costs in losing appeal of newspaper-cross-ownership case—and group unsuccessfully sought FCC (to which NCCB owes about \$1,000) help in getting out of paying. Justice Dept., which appealed along with NCCB, wasn't assessed costs. Commission decided not to file in support of NCCB and rejected suggestion of Gen. Counsel's Office that agency not try to collect after exec. dir. pointed out law requires it to attempt to collect such fees.

Revised FCC Nov.-Dec. meeting schedule includes closed WARC meeting Nov. 29, open WARC meeting Dec. 5; clear channel and VHF drop-ins Dec. 19.

Personals

FCC Chief Admin. Law Judge **Chester Naumowicz** takes early retirement, and commissioners reportedly are split on successor—between Asst. Chief Judge **Lenore Ehrig** and Judge **Thomas Fitzpatrick**; **Jerold Jacobs**, deputy chief of FCC Cable Bureau, promoted to asst. chief, Bcst. Facilities Div. of Bcst. Bureau, succeeding **David Landis**, retired; **Stephen Sharp**, legal asst. to Comr. **Margita White**, joins Washington office of **Schnader, Harrison, Segal & Lewis**, Philadelphia-based law firm, Dec. 17; **Common Carrier Bureau Chief Larry Darby** speaks at Nov. 29 FCBA luncheon, Capital Hilton, Washington.

Elleanor Hendley, ex-WHP-TV Harrisburg, appointed public affairs dir., KYW-TV Philadelphia; **Charles Thomson**, ex-Philadelphia Evening Bulletin, joins KYW-TV as editorial dir., succeeding **Kenneth Tiven**, now Chicago bureau chief for ABC News.

Monroe Rifkin, chmn.-pres. of ATC, also elected vp of parent Time Inc. . . **Ralph Smith** promoted to vp-treas., NTA . . . **James Marrinan**, ex-Suffolk Cablevision, joins parent Viacom Enterprises as dir.-international sales administration.

Robert Belcher, ex-Editel, appointed gen. mgr., Vidtronic. . . **James Walker** promoted to dir. of finance, **William Miller** advanced to dir. of marketing, Consolidated Video Systems. . . **Donald Dunbar**, ex-NBC, named western mgr., Ikegami Electronics. . .

Elaine Linker & Ted Van Erk promoted to asst. sales mgrs., MMT NY. . . **Meredith Manni**, ex-NBC, appointed sales service rep for Arbitron TV advertiser & agency sales. . . **John Boden** promoted to Blair Radio pres., succeeding **Thomas Harrison**, who becomes pres. emeritus through 1979 and remains a dir. of John Blair & Co.

Sidney Spielvogel promoted to broadcast standards commercial policy mgr., NBC, specializing in children's and over-the-counter drug ads. . . **Howard Duncan**, KAIR(AM)-KJOY(FM) Tucson, elected pres., Ariz. Bcstrs. Assn.; **C. E. Cooney**, KTAR-TV Phoenix, named vp. . . **George Gardner**, Carlisle, re-elected Pa. Cable TV Assn. pres.

Federal cable regulation isn't wise, and cable industry shouldn't urge it, Rep. **Devine (R-O.)** told meeting of state & regional presidents. He said federal regulation brings such factors as potential for common-carrier status, demands for access, etc. He also suggested that AT&T be permitted to cable urban & rural areas untouched by conventional system operators. Rep. **Moore (R-La.)**, on other hand, urged operators to insist on interstate nature of cable, citing court cases.

"Love Affair Douche"—previously banned by NAB TV Code because of name—now is acceptable for TV commercials under recent action of Code board. Manufacturer had appealed ban by personal products subcommittee; Code board first rejected motion to find product unacceptable, then denied motion to affirm earlier action of subcommittee. This made "Love Affair" eligible for TV.

WEEKLY

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with

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National PTA is conducting 3 training sessions to consider whether to file petitions to deny renewals of WMAQ-TV, WLS-TV & WBBM-TV Chicago, WKYC-TV Cleveland & WXYZ-TV Detroit. Sessions are directed by **William Young**, dir. of PTA TV project. Group monitored stations Oct. 15-Nov. 18, and Pres. **Grace Baisinger** said decision whether to file petitions will be based on monitoring, particularly for sex-oriented material. Said she: "While we don't, realistically, expect the portrayal of sexual behavior to be removed from TV, we do feel that presenting sex on the level of 'childish sniggering' is offensive, and that this treatment of sex is being overused and abused as a program device."

"Mood of negativism" threatens gains of blacks in broadcasting and other industries, **Westinghouse Bcstg. Chmn. Donald McGannon** said in accepting "Equal Opportunity Day Award" of National Urban League. He urged all business to "make equal opportunity the major priority for the non-public sector... It makes sense, not only from a business and professional standpoint, but from a personal standpoint as well." McGannon has been chmn. of Urban League last 5 years.

Assn. of Cable TV Suppliers holds formation meeting Dec. 8 during Western Cable Show in Anaheim. Designed as promotional arm, it will carry out such functions as sending "caravan" to smaller conventions & meetings. **James Palmer**, C-COR, heads long-range planning committee; other members are **Nat Marshall**, **Systems Wire**, and **Rod Hansen**, **Cabledata**. **Hansen**, who heads NCTA associates, says there's no conflict between the 2 organizations.

HBO added 50 affiliates in Oct.; they have 144,394 subscribers. Addition brings total cable affiliates to more than 700 serving some 2 million pay-TV customers.

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STATE OF THE INDUSTRY

Sales to dealers (total market), from EIA, for week ended Nov. 10 (45th week of 1978):

	Nov. 4-10	1977 week	% change	Oct. 28- Nov. 3	1978 to date	1977 to date	% change
Total TV.	334,558	347,594	-3.8	448,642	13,636,735	12,259,775	+11.2
color	213,359*	212,100	+0.6	279,261	8,638,259*	7,605,801	+13.6
monochrome . . .	121,199	135,494	-10.6	169,381	4,998,476	4,653,974	+7.4
Home VCR	9,852	—	—	14,111	323,097	—	—
Total radio	692,383	800,493	-13.5	1,138,803	40,237,753	46,847,363	-14.1
home, portable .	435,932	519,649	-16.1	851,407	29,197,448	35,893,643	-18.7
AM-only	171,925	143,927	+19.5	188,996	6,787,534	8,765,181	-22.6
FM & FM-AM .	264,007	375,722	-29.7	662,411	22,409,914	27,128,462	-17.4
auto	256,451	280,844	-8.7	287,396	11,040,305	10,953,720	+0.8

Color TV 5-week moving average: 1978—238,289*; 1977—236,460 (up 0.7%).

*Record for period.

COLOR QUOTA—TAIWAN YES, KOREA NO: U.S. trade team returned from quickie Far East negotiating tour last week with tentative color TV export quota agreement from Taiwan, rejection from Korea. Also last week, there were indications that while importers of Japanese TV prepared to fight dumping-duty assessments, Treasury is considering expanding coverage to include sets assembled in U.S., and Finance Ministry reported sharp drop in Japanese TV exports to U.S.

Faced with probability of imposed quota as only alternative, Taiwan agreed to restrict shipments of color TV to U.S. next year and at least through July 1, 1980. U.S. & Taiwan split differences at Tokyo talks—Taiwan was seeking minimum of 500,000 annually, U.S. maximum of 250,000—and settled on 350-370,000. It's understood Taiwan will be allowed about 175,000 in first half 1979, 370,000 in next 12 months—putting its quota on same calendar basis as Japan's. Chassis export quota is still possibility, will be taken up later.

Koreans proved intransigent. U.S. team went to Seoul with 48,000 annual limit in mind, found Koreans thinking more in terms of 300,000. Gap was so wide there was little to discuss. Next round will be in Washington in Dec.

Taiwan pact isn't sure bet yet. COMPACT, union-industry group which had U.S. color industry declared import injured and protected by Japanese 1.75-million annual quota, isn't happy. Spokesman told us last week, before Taiwan quota details leaked, it would take case to Congress if trade team eased off original quota targets or failed to put limit on incoming chassis. As agreed, quota wouldn't put much strain on Taiwanese. They'll ship about 650,000 this year. Of those, 100,000 are for Toshiba under non-renewed contract, 250,000 for Admiral which is leaving business. That means 50-70,000 above 1978 shipments for survivors plus new owners of Admiral plant. Chassis quota is similarly non-problem. Of 750,000 to be shipped this year, 250,000 were due from Admiral, rest from RCA, so 30% cut wouldn't be too serious.

Falling dollar impacted on Japan's exports to U.S. with crunch in Oct. Total TV exports dropped 22.5% to 34-month low of 204,100, color sinking 32.2% to 40-month low of 98,300, while b&w dropped 10.7% to 105,900, a 33-month low. In first 10 months, total TV shipments were down 13.5% to 2.82 million, with color off 27.4% to 1.36 million, b&w up 5.3% to 1.46 million. CB exports hit 5-year low, declining 15.8% to 122,000, for 10-month total of 1.96 million, down 66%.

First federal court case challenging Treasury's use of Japanese commodity tax to compute "fair value" of TV exports for dumping duty assessment purposes is expected to come from Midland International. Problem will be to get court to accept jurisdiction in case that normally belongs in Customs Court. Midland is expected to claim financial hardship, point out it can't go to Customs Court until after it actually pays dumping assessment. In statement at Trade subcommittee hearing last Sept., Midland said that use of new value calculation system would increase its potential dumping duty liability by factor of 19 from estimated \$700,000 to nearly \$13 million (Vol. 18:39 p12). Similar cases are being prepared by Japanese manufacturers and other independent importers.

Treasury, meanwhile, has given importers additional 30 days, to Dec. 27, to come up with \$46 million in dumping duties assessed for unliquidated shipments through June 1973, is slated to send out bills covering imports through Dec. 1974 next month. Postponement on current bill is warranted, Treasury said in letter to importers, because of "significant" sum involved. It said bonding companies this week will get formal notices of their liabilities in event importers default. Bonds cover only small percentage of \$46 million, since sharp hike on duty assessments wasn't revealed until last March.

Japanese may have new problem—particularly those who thought they could get off dumping hook by setting up U.S. assembly plants. It's understood Customs has begun checking ex-factory prices of sets made by Japanese here with those of most similar models made & sold in Japan, making allowances for differences in costs of picture tube & other parts, wage rates, freight, etc. If U.S.-assembled sets come out too low, extra duties could be assessed on parts imports.

And there's another problem. Japan's MITI is becoming increasingly concerned that U.S. production expansion by Japanese color makers will injure Japanese parts suppliers. There's speculation that MITI pressure forced Sharp to re-think its U.S. production plans, and that next week at meeting in N. Y. Sharp may announce it will set up microwave oven plant here first, add color later.

BEHIND FOX FILM'S PURCHASE OF MAG VIDEO: Hollywood's high hopes for home video took concrete form last week in 20th Century-Fox's agreement to buy videocassette programming leader Magnetic Video Corp. (MVC) for about \$7.2 million. In other home videocassette developments, detailed on p. 10: (1) MVC asked EIA's help in tackling unexpected problem of anti-piracy encoding throwing some newer TV sets out of sync. (2) Sony started nationwide program of supplying videocassette changers to owners of one-hour Betamax VCRs on home-trial basis. (3) EIA started release of home VCR sales-to-dealer figures on weekly basis.

Major immediate effect of MVC takeover by movie major will be availability of added capital, but some change of direction will eventually result, it was indicated by Pres. Steve Roberts of 20th Century-Fox Telecommunications (non-theatrical distribution), under whose wing MVC will come. Although MVC started as audio & video duplicator, Roberts doesn't envision it becoming major duplication house, but rather sees it in position similar to record company which does some pressing and farms out rest of duplication. MVC's capacity will remain about 600,000 cassettes a year, he says, "and we'll go outside to supplement this volume."

Goal of \$29.95 price for videocassette movies this time next year is in view, Roberts told us, despite just-instituted \$5 across-board price increase on all MVC products (to \$55 & \$75 for movies, \$35 for cartoons, \$45 for sports programs). Increase was prompted partly by rise in wholesale cost of blank cassettes (to \$15 for VHS), partly by need for more promotional services to dealers. Roberts feels raw cassette price will drop by more than 50% to \$7 when U.S. suppliers 3M & M/B&H are on stream.

Fox's acquisition of MVC took competitive movie makers by surprise—it's known that at least one more of them also was interested in buying it, but none expected such quick move. Fox becomes 2nd movie company to enter videocassette program distribution—Allied Artists was first. Columbia Pictures has major cassette duplication facility, but insists it has no plans for home program distribution. Paramount was involved in joint video program venture with Sony which never got off ground. MVC will continue to operate autonomously under Pres. Andre Blay and

present officials, according to Roberts, and will continue to acquire movies from Fox's competitors (Roberts compared this to movie firms' ownership of theaters overseas which show competitors' products). Same Fox film package which MVC distributes on cassettes is licensed to RCA for videodiscs, but 5-year pact will run out soon. Roberts told us MVC could also be used as distributor for any 20th Century-Fox videodiscs in future.

20th Century-Fox 50-film package constitutes backbone of MVC's catalog, but company also is distributing films from Avco Embassy, Viacom & others, is negotiating with just about every other movie major. Under agreement, "insider" holders of 65% of MVC's shares would sell at \$14.75 per share, remainder of shareholders being offered \$15.75. Price is about 5 times Sept. 30 book value of \$1.4 million, at a time when most acquisitions are being made for 2-3 times book. Value is about equivalent to current over-the-counter stock price, down from record \$23 in 3rd quarter. MVC had planned public stock offering before stock market turned sour. "We feel there is going to be substantial growth in home entertainment with both tape & discs," said Roberts, "and we see Magnetic Video as a prime vehicle in that medium."

VIDEODISCS CHEAP, PLAYERS EXPENSIVE: Price of Magnavision videodisc player at scheduled Dec. 15 Atlanta debut has now floated to "neighborhood of \$700, give or take a little either way," Magnavox spokesman confirmed last week. But MCA Pres. Lew Wasserman has indicated that some discs might be sold at real bargains to test market at various price levels.

With scheduled introduction now less than 3 weeks off, Magnavox hadn't replied by last week's end to request for comment on TV Guide article which said company initially would lose at least \$300 per player even at \$700 price, that it would be paying parent Philips \$490 each for parts kits from Eindhoven to be assembled in Greeneville, Tenn. Earlier, company conceded it would lose money in initial stages, and Senior Vp Kenneth Ingram told us: "We think we could sell a couple of hundred thousand at twice the initial price. Could we sell more at less money? Sure we could. We'll find out if the price is too high. We feel somewhere between 2 & 3 week's pay is the right price. We're not talking about 9-10 million sales in the first year."

MCA has settled on 3 price levels for introductory period, at least; \$16 for major movies; \$10 for one-hour documentaries, rock concerts; \$6 for 30-min. how-to-shows, perhaps some old movies—all of these subject to escalation by \$1 or so. Price experimentation obviously won't come until marketing is under way for some time, but could include premium packages (such as \$20-\$25 opera).

In interview several months ago, Wasserman said: "If there's any price sensitivity, it's in the disc, not the player. We might be able to sell a Marx Brothers picture as low as \$2.95... We think we can get 2 albums out of every TV series, [such as] Gleason & Dragnet. Would you pay \$2.95 each for these?... Fortunately, manufacturing costs are so low we can test all sorts of markets & techniques." Since interview, inflation may have increased \$2.95 price point by dollar or so.

Since MCA sees 10,000 copies as breakeven point for any disc, software producer may suffer heavier losses than hardware maker over introductory years. As reported here last May, initial run of players is expected to be 20,000 (Vol. 18:20 p8). This presumably will be followed by domestically manufactured model, but probably not till late 1979—indicating entire first-year output won't exceed 20,000 or so.

Nationwide videodisc marketing by Magnavox isn't expected before 1980, breakeven point coming in 1981, according to Philips target, substantial profit hopefully beginning in 1982. In meantime, Magnavox is expected to have competition in player field from Universal Pioneer (MCA & Pioneer venture) with compatible units starting about year from now.

Although initial players are scheduled to accommodate variable-velocity 2-sided 2-hour discs, it's understood that vast majority of programs at first will be half-hour single-sided discs, presumably because of difficulties in mastering. Prices will be same for movie on 4 half-hour discs as they would be for same film on single 2-hour record. First catalog will contain more than 200 titles, as promised, but it's believed many won't be available on introduction date. First releases will include "Animal House," "Jaws," "American Graffiti," "Sting," "Man in the Glass Booth," "Luther," "Animal Crackers," some Abbott & Costello oldies, how-tos,

made-for-TV films including pilots for "\$6 Million Man" "Kojak," Jacques Cousteau documentaries.

Magnavox & Philips will hold kickoff news conference Dec. 13 in N. Y. No MCA representative is scheduled to attend. "Our discs will represent us," official said.

13" PACED 9-MONTH COLOR GROWTH: Color industry's hottest product, 13", continued torrid growth pace in 3rd quarter, and total new supply (production plus imports) at end of 9 months doubled that of same period last year. Also up sharply was output of remotes, rising 50.2% to account for 15.3% of new color supply (up from 11.6%), as well as number of sets with electronic tuning, which rose 38.8% for 35.8% share (up from 29.4%).

Although total portable-table color output was up, gains were confined to big & small screen sizes, while mid-size 14-17" dropped sharply in units & share. Output decline and abandonment of models in those sizes by many set marketers has prompted EIA to combine formerly separate 14-15" & 16-17" classifications for statistical reporting purposes.

Screen-size breakdown for portable-table color shows 9-month output of 12"-&-under at 560,000, up 18.8%, and accounting for same 9.5% share of total supply it held in Jan.-Sept. 1977; 13" at 867,000 was up 99.8% for 14.7% share (up from 8.8%); 14-17" totaled 556,900, down 32.6% for 9.5% share (down from 16.7%); 18-19" at 3.63 million was up 21.7% for 61.7% share (up from 60.2%); 20"-&-over rose 15.8% to 274,600 for 4.7% share (down from 4.8%). Of those, 857,600 were remotes, up 51.9% to 14.6% of total (up from 11.4%). Varactor tuning was in 1.47 million (including most remotes), up 46.1% or 25% of total (up from 20.3%). In consoles, remotes were up 46.4% to 357,300 or 17.5% of total (up from 12.9%), while varactor-tuned models rose 31.8% to 1.37 million, or 66.8% (up from 54.8%).

While total b&w output rose 9.8% to 4.92 million, entire increase was confined to tinyvision, and lion's share of that went to AC-DC models, which rose 37.3% to 1.04 million. Screen-size breakdown shows 10"-&-under at 864,200, up 35.6%, for 17.6% of total (up from 14.2%); 11-12" at 3.19 million, up 24.4% for 64.7% (up from 57.3%); 13-15" at 130,800, down 14% for 2.7% (3.4%); 16-17" at 152,300, down 29% for 3.1% (4.8%); 18"-&-over portables 568,000, down 35% for 11.5% (19.5%); consoles at 21,600, down 48.8% for 0.4% of total (down from 0.9%).

Comparison of EIA & Commerce Dept. data indicates imports accounted for 71.6% of 9-month 12"-&-under color supply, up from 70.1% in same 1977 period. Import penetration in other portable-table sizes: 13", 48.8% (down from 68.8%); 14-17", 38.4% (up from 29.7%); 18"-&-over, 24.6% (down from 34.1%). Sets assembled in U.S. by Japanese companies are considered to be U.S.-made. Import shares in b&w: 10"-&-under, 91.1% (down from 92%); 11-12", 94% (up from 90.4%); 13-17", 56% (down from 60.1%); 18"-&-over portable-table, 69.7% (43.2%).

COLOR TV PRODUCT MIX-9 MONTHS

Type	Units	1978	%	of total	1977	%	of total
		change			Units		
Portable-table	5,890,000	+18.9		74.2	4,952,000		72.4
Console	2,028,000	+ 8.4		25.6	1,870,000		27.3
Combination	16,000	-16.8		0.2	19,000		0.3
TOTAL	7,933,000	+16.0		100.0	6,841,000		100.0
Remote-control	1,215,000	+50.2		15.3	809,000		11.6
Varactor-tuner	2,837,000	+38.8		35.8	2,043,000		29.4

Sears plans to add VHS-format VCRs next year, has been talking to several potential suppliers. Company presumably also will continue selling Betavision recorders made by Sanyo but is seeking to expand its VCR sales by carrying both formats. Asked for comment, Sears said it had no plans to add VHS in "immediate future."

Plugging competitors in TV commercials for VCRs, Panasonic urges viewers to buy "VHS by Panasonic and other fine manufacturers." Another commercial lists GE, Magnavox, Curtis Mathes, Philco, RCA & Sylvania on screen by name, while voice-over announces: "All these companies bring you VHS, and only VHS brings you 4 hours."

SONY'S CASSETTE CHANGER: After tests in Cal., Sony is going national with distribution of its 2-cassette changer—but only as part of "customer satisfaction policy" to mollify disgruntled owners of original one-hour Betamax VCRs. Changer brings unattended recording time of original SL-7200 deck and LV-1901 combination VCR-TV to 3 hours, using new 90-min. L-750 cassette. Owners of those models who complain or make inquiries to Sony or its dealers are given opportunity to test changer and new timer (required for unattended use of changer) for up to 90 days. If satisfied, they're entitled to special price of \$50 for changer, \$20 for timer (with old timer in trade). In other VCR news:

Magnetic Video Corp. (MVC) has appealed to EIA's TV Receiver Engineering Committee to find solution to unexpected problem caused by use of anti-piracy encoding systems such as MVC's "MV-Gard" (Vol. 18:35 p8). Such systems sometimes cause vertical roll of picture on sets with pre-set or automatic sync, according to MVC. Company officials say this trouble is found on only small percentage of such sets, usually can be corrected by service technician adjustment. Engineering officials of RCA, Sylvania & Zenith told us in response to our inquiries that they hadn't heard of any such problem. MVC hopes manufacturers can quickly agree on redesign or modification of future sets to eliminate problem.

EIA, which has been releasing home VCR sales-to-dealer figures on monthly basis, has started issuing them weekly. Beginning this week, you'll find them in our regular State of the Industry feature. Week ended Nov. 3 saw sales of 14,111 units, number dropping to 9,852 following week.

Possible slowdown in home VCR sales growth may be shown by Japan's Oct. exports to U.S.—just 33,000, down 32.5% from year earlier, first such year-to-year decline and 2nd lowest figure of 1978. In year's first 10 months, Finance Ministry reported shipments totaled 439,300, up 98.3%. Significance of steep Oct. falloff is unclear, coming on heels of record monthly shipments of 62,700 in Sept. Two-month average of 47,900 is just about right for pace of current demand, but leaves little room for any major Dec. sales surge.

In blank videocassette field, Fuji & TDK both started sales of Beta-format cassettes in U.S. last week. Both had been selling VHS format only.

Although Sony has paved way for possible round of VCR price increases here with its \$55 hike in price of basic single-speed SL-8600 to \$1,150 (Vol. 18:47 p7), it's obvious industry hopes to rely mainly on step-up machines and accessories to help boost the retail ante. Among new models observed in Tokyo and possible candidates for U.S. versions (in addition to those already reported in these pages): (1) New Sony 2-speed VCR with "cue-&-review" feature, permitting instant rewind & replay of segment during playback, at about \$1,360. (2) VCRs from Matsushita & Hitachi capable of slow, fast & stop motion and frame-by-frame advance, both at about \$1,470. (3) First programmable Beta recorder, by Toshiba, capable of being preset to record 3 programs on different channels up to week.

POCKET 'COMPUTERS': Era of pocket computers is fast approaching as 2 companies rush to market portable language translators with near-computer status. Calculator-sized Craig & Lexicon language translators do more than just flash foreign equivalent when English word is punched in.

Craig pocket language translator isn't scheduled for introduction until Dec. 11 N.Y. news conference, but is advertised in new JS&A catalog. It's programmed by 1,500-word language modules, accepts 4 modules at one time, catalog says, allowing user to translate between any 2 languages. Unit also can store data such as dates, addresses, phone numbers. User can call up 50 most common foreign phrases, learn language by computer spelling lesson. Starter module included has calculator function, does metric & currency conversions. Craig plans more modules to supplement list of English, French, German, Italian, Spanish & Japanese. JS&A says \$200 translator & \$25 modules won't be available until Jan.

Lexicon offers language translator similar to Craig model. Modules have same 1,500-word capacity and calculator module does conversions. Company says \$225 translator programmed with English and \$65 French, German, Italian, Spanish & Portuguese modules will be in dept. stores first week of Dec. Lexicon intends to offer 7 more languages, printer, data-storage module and 1980 Olympics module which tabulates athletic data. Logical next step in hand-held computer evolution would be to combination of translation circuitry with TI voice-synthesizer technology ("Speak & Spell") to produce portable talking computer-translator.

Other items new in latest JS&A catalog: "Computer Stadium Baseball" (\$40) by Microelectronics Corp., Costa Mesa, Cal., described as "world's first MPU tabletop arcade game," \$595 Heathkit "Weather Computer," Sharp desk clock-calculator for \$80 which figures time in any world time zone, TI "Speak & Spell," (Vol. 18:25 p9). Dropped from book are VCR (Sanyo Betacord) and Bally home library game-computer.

Industrywide committee on TV sound has taken first step toward proposal on TV stereo. Meeting in Washington, joint EIA-broadcaster (BTS-JCIC) committee agreed to set up TV sound standards subcommittee with basic design goals of stereo, dual-channel capability for 2 languages and room for telemetry signals. Committee member said: "You can interpret this as TV receiver manufacturers giving a positive 'yes' to go ahead with improved sound." Committee meets again Dec. 15 to select standards subcommittee chmn.

Bally probably will be 2nd large manufacturer to bail out of programmable video game business. Pres. William O'Donnell will wait until end of Christmas buying season to make decision to follow RCA out of business, but results appear set: Insignificant number of games shipped to dealers, only 4,000-8,000 sold in first half, \$300 Arcade game facing competition averaging \$120-\$140 less (Vol. 18:40 p13).

Microwave oven shipments by domestic producers & importers dropped 5.1% in Oct. to 309,600, AHAM reports. For 10 months, shipments totaled 1.98 million, up 15.6%.

VIDEO GAME ROLLERCOASTER: Annual burst of holiday activity in video game business is about to get under way, with retailers skeptical about size of market and manufacturers concerned that under-ordering, combined with limited chip supplies, will cause shortage in Dec.

Seasonality of video game business is firmly implanted in most dealers' minds. Many were burned last season when they were stuck with large number of games after Christmas and had to sell off at cost or below. Typical comments: "Our season was non-existent last year. It started late and ended the day after Christmas." "We're only carrying one game. Maybe we'll do a little promotion around Christmas." "Don't carry 'em. Don't even look at 'em at shows. There's no profit in it." Manufacturers believe dealer cynicism may have caused under-ordering and could result in shortage this season. Market leader Atari is warning of potential shortages in trade ads. Atari Mktg. Dir. Michael Shea said: "You've got to remember that this isn't an unlimited-production industry; we're dependent on the number of chips we get."

Magnavox Odyssey Gen. Mgr. Tom Garvin scoffed at idea of shortage: "We have a 'shortage' hulla-balloo every year in this business. I think you'll see supply & demand pretty well balance out this year."

Atari hopes to break seasonality of game business by opening up new ad campaign immediately after Christmas. Shea explains: "This is going to be a completely separate campaign from the \$6-million one we've got now [Vol. 18:35 p11]. The network spots will start in late Dec. and go through June."

For TV-appliance dealers, "video game" now means "programmable"—none we talked with was still selling dedicateds. "That's gone to the toy depts. where it belongs," said one. Dept. stores have become important to video game sales picture for both dedicateds and programmables—Atari estimates 1/3 of its sales from dept. stores, Magnavox 30-35%.

Decline in demand for dedicateds has predictably slowed production in Far East. Many firms have dropped game business or are taking only large, confirmed orders. Single major manufacturer remains in Korea (Olympus). Taiwanese game makers mostly manufacture for U.S. companies APF, Atari, & Coleco. Hong Kong remains strong due to increased programmable production. Thirteen firms make programmables there, and intense price competition indicates possible shakeout. Latest Hong Kong firm in field, EACA International, intends to have its "Video Programmable System" in U.S. by Jan. EACA claims to have designed own game MPUs (produced by Motorola), says its Kowloon plant can make 15,000-20,000 monthly. Game, \$65 FOB, has 6 cartridges, more planned.

Other Jan. developments: Mattel will show programmable video game at Jan. CES; Fairchild says keyboard control option for its Channel F and Channel II video games won't be available until Jan.

SONY TV UP AGAIN: In possible preview of what dealers can expect from TV importers at upcoming Winter CES, Sony announced Jan. 1 price hikes of \$10-\$25 on all color models (3.8% average), \$5-\$10 boosts on b&w (5.2%). Increase is 3rd of year on color sets Sony imports from Japan—most 5"-15" went up \$10-\$15 in June, \$10-\$20 last Aug. Color sets 17" & over, all made in San Diego, were priced down \$10 in June, but hiked \$15-\$25 in Aug., when b&w also rose \$5-\$10.

Color line now starts with 5" at \$500 (up \$20 from Aug.); 8" is \$530 (up \$25); 9" is \$470 (up \$15); 12" are \$445 & \$465, (both up \$20); 15" leader is \$500 (up \$15), remote at \$600 (up \$30). In U.S.-made color, 17" leader is \$560 (up \$15), remote at \$660 (up \$25); 19" starts at \$600 (up \$15), with step to \$625 (up \$20), remote at \$740 (up \$25); 21" remote is \$860, (up \$20).

In b&w, 3" FM-AM-cassette combo is \$290 (up \$20); 4" with FM-AM \$230 (up \$10); 5" at \$160, 7" at \$150 & \$170 and 12" at \$140 are all up \$5. On selective basis, Sony hiked radio lists \$1-\$5, with single multi-band up \$40 (6% average), recorders \$5-\$20 (7.5% average), compact stereo combos \$10 (3.1%).

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Zenith showed distributors both higher & lower prices at meeting in Chicago last week. While prices were up on most color models (Vol. 18:46 p7), they were down by \$10 on 3 replacement 13" sets. New 13" are System 3 models with modular chassis, automatic picture control & 100° tri-focus tube. Leader is \$340, step with electronic tuning & 30-min. timer is \$380, version with electronic tuning & 6-function remote is \$440. Even with reductions, Zenith's 13" line is priced well above RCA's (\$300-\$330). Zenith now has System 3 in 13", 19" & 25", is expected to have 17" & 23" models next year, which will complete line switchover. Company cautioned distributors to expect shortage of some compact stereo models during first quarter as result of fire at Samsung plant earlier this month (Vol. 18:46 p10). Zenith switched from manufacturing to importing of audio equipment as part of restructuring announced last year. Magnavox, meanwhile, said it has raised prices average of 3% on 25" Touch-Tune models equipped with new MPU-controlled random-access tuners (Vol. 18:47 p10).

Ad notes: Superscope appoints Chickering/Howell, replacing Sanford & Charles, an in-house agency. Superscope has \$5-million budget for Marantz, Imperial & Superscope audio lines, \$1 million for Pianocorder. . . Lafayette, in response to BBB inquiry, agreed to halt use of ads which offer "up to X% off" list prices, and to follow guidelines which call for showing only lowest percentage savings and avoiding use of lists except where products were actually sold at such pricing.

"Zenith wants 20% of the [non-TV] CRT market eventually," said Zenith CRT Display Engineering Div. Dir. Al Cotsworth. "We see a 15% annual increase in the CRT market and we want to be a part of it." Production began last month of Zenith's first CRT for computer OEM market (Vol. 18:31 p12). Price of 12" b&w model is in \$90 range. Cotsworth said Zenith will produce "several thousand" this year.

Consumer Electronics Personals

Martin Gerrity, ex-May Co. TV buyer, joins Magnavox as a region mgr. . . **Steven Frederickson** advanced at 3M Magnetic Audio-Video Products Div. from mkt. development mgr. to retail mkts. mktg. operations mgr. . . **John Schattin** advanced at TDK to east region sales mgr., replacing **Bud Barger**, now national mktg. mgr.; **Mark Israel** succeeds **Schattin** as NE territory mgr.; **Gerry Holland** named west region mgr., replacing **Sandy Cohen**, now national sales mgr.; **Eugene Dunham** appointed western operations mgr. . . **Gary Pointon**, ex-Polaroid, joins Ampex Magnetic Tape Div. as Seattle area consumer sales rep. . . **Ann Boutcher**, ex-Michel Cathar Adv., joins Morse as ad & sales promotion mgr. . . **Dale Middleton** & **Richard Huber**, Lloyd's senior vps, named to board.

Elliott Philofsky, former Motorola Semiconductor R&D Lab dir., joins AVX as technology vp; **Fred Fernandez**, ex-Sprague, appointed AVX Ceramics disc capacitor product mgr. . . **David Marriott**, former Fairchild LSI Group vp-gen. mgr., shifts to same post with new MOS Product Group, adds responsibility as a dir. of U.K. venture being formed with GEC; **Richard Abraham** named vp-gen. mgr. of new Bipolar Memory Group. . . **Mitchell Gooze** advanced at AMI to MPU mktg. mgr.

Philip Christopher, Audiovox, elected pres. of Custom Automotive Sound Assn. Other new officers: **Michael Perpall** (Altus) vp, **William Noble** (Metro Sound) vp, **George Schedivy** (Clarion) treas., **James Cole** (Southern Auto Sound) secy. . . **Jesse Leach**, former NESDA pres., elected chmn. of new Electronics Technicians Assn. formed by disgruntled NESDA members; **Ron Crow**, Ia. State U., named chmn. of affiliated Electronics Educators Assn. (ETA is at 7046 Doris Dr., Indianapolis 46224.)

TV antenna sales this year will total 9.8 million, with wholesale value of \$131.4 million, according to JFD estimates. It puts total outdoor antenna sales at 4.3 million worth \$103.2 million, indoor unit sales at 3.7 million worth \$21.9 million, says replacements for built-in antennas will total 1.8 million valued at \$6.3 million. Of outdoor antennas, it estimates 2.8 million worth \$67.2 million will be replacements. Indoor antenna replacement sales are put at 2.4 million worth \$14.4 million. JFD says 10% of all existing outdoor antennas, 15% of indoor units, 20% of built-ins will be replaced this year.

Advent sales of video projectors rose just 11.9% in dollars in 2nd quarter to \$6.35 million, according to report to stockholders, which blamed promotional pricing on discontinued model, while audio sales were up 6.6% to \$4.8 million. For half to Sept. 30, video sales were up 14.6% to \$10.6 million, audio volume 24.7% to \$8.9 million. Report shows inventories at end of period were valued at \$9.8 million, up 72.7% from end of same 1977 half.

JVC MPU tape deck demonstrated in N.Y. recently is first production model metal tape deck shown in U.S. It has sendust-alloy heads, MPU automatic biasing for conventional or metal tapes, is \$750. JVC set March U.S. delivery date, plans to add more metal tape decks to line.

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
Republic			
1978-qtr. to Oct. 31	66,759,000	3,084,000	1.34
1977-qtr. to Oct. 31 ^a	56,502,000	2,295,000	.92
Superscope			
1978-9 mo. to Sept. 30 ^b	137,616,000	(8,238,000)	--
1977-9 mo. to Sept. 30 ^a	123,876,000	2,161,000	.94
1978-qtr. to Sept. 30 ^b	54,577,000	(2,704,000)	--
1977-qtr. to Sept. 30 ^a	42,402,000	62,000	.03
Technical Operations			
1978-year to Sept. 30	92,017,000	949,000 ^c	.71
1977-year to Sept. 30	91,724,000	384,000 ^c	.29
Tele-Communications			
1978-9 mo. to Sept. 30 ^a	46,139,000	4,283,000 ^c	.74
1977-9 mo. to Sept. 30 ^a	38,842,000	925,000 ^c	.12
1978-qtr. to Sept. 30	16,023,000	1,798,000 ^c	.32
1977-qtr. to Sept. 30 ^a	13,333,000	338,000 ^c	.04
Video Corp. of America			
1978-qtr. to Sept. 30	2,138,000	90,000	.09
1977-qtr. to Sept. 30 ^a	1,468,000	107,000	.11

Notes: ^aRestated. ^bRevised. ^cIncludes special credit.

GE's planned sale of Telechron operation's electric dial-&-hand clock plant in Ashland, Mass. to Timex for \$3.3 million marks end of yet another consumer electronics era for U.S. industry. From development of first clock radios before World War II through mid-1960s, GE supplied radio clocks for nearly all U.S. producers & importers, and fitting of GE clocks to imported radios was first U.S. manufacturing venture for many foreign firms & importers. GE's leadership was unchallenged in field until Japanese developed flip digitals. Now electronic digitals dominate scene. GE is still major OEM supplier, but from Singapore, where both electronic & mechanical clocks are made. Singapore facility is being retained. In other sale activities: **P. R. Mallory** board has agreed to support Dart's \$51-per-share takeover offer valued at \$240 million. Board had rejected Dart's initial \$46 (\$216 million) offer as too low. . . Motorola plans purchase of computer equipment producer Data Systems for shares valued at about \$22.1 million. . . Epicure Products has been acquired by Penrill Corp., producer of data communications equipment, price undisclosed. No changes in management are planned. . . CTS acquires Hallex, IC & resistor network producers, for \$1.1 million in cash & notes.

Long trial is in prospect in Universal-Disney copyright suit against Sony & others after 2 years of pre-trial maneuvering. L.A. federal court Judge Warren Ferguson set starting date at Jan. 30, declined to narrow issues in pre-trial hearings, meaning that Court must hear all information & witnesses proposed by both sides. He announced that case would be heard on 2-weeks-on, 2-weeks-off basis, to give him time to attend to other matters. Thus, trial is expected to cover more than 3 months.

Compucolor has first computer version of CBS Toys' "Othello" board game. Game comes in disc software package for computer, hasn't been priced yet.