

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

SEPTEMBER 5, 1983

VOL. 23, NO. 36

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

IS U.S. 'SAFE' IN SPACE?: Cuban application for satellite slot sparks questions on IFRB procedures. Regulations may not be foolproof, but it might help to follow them. (P. 1)

HOT TREND OF CABLE CLUSTERING: NCTA seeks change in copyright rules to halt higher fees for clustered systems. MPAA scorns attempt. (P. 2)

SPOTLIGHT DIMMING: Four MSO owners want out of deal for what was Cablevision's 10% of pay-TV service. (P. 4)

SOVIET JET ATTACK: Downing of Korean airliner may affect conference this week in Russia designed to improve international communications for reporters. (P. 4)

U.K. RECEIVES CABLE BIDS: 37 proposals submitted for 12 franchise areas, with British Telecom hoping for major stake. U.S. firms involved. (P. 6)

COUNCIL FOR CABLE INFORMATION SIGNS prime holdout TBS, seeks bids from ad agencies for campaign to improve cable's image. (P. 6)

BLACK CAUCUS 'BRAINTRUST' on communications Sept. 21-24 draws top names for congressional hearing, forums. Collins vows to fight broadcast-cable deregulation. (P. 8)

IS U.S. 'SAFE' IN SPACE?: Cuban filing for satellite slot at 83 degrees west, within 1/2 degree of Satcom 4, has had same effect as home robbery on U.S. satellite industry and policy makers: They not only don't feel safe in own orbit, they question efficacy of security system made up of radio regulations and International Frequency Registration Board. Fact is — and it comes as shock to some U.S. satellite firms — U.S. hasn't any clear title to its orbit at all. Numerous procedures set up by elaborate radio regulations are "only designed to protect countries from interference and not to guarantee their slots in perpetuity," according to source in FCC Office of Science & Technology's treaty branch.

Still, Commission could apparently do better to protect against unwanted "intruders" on U.S. arc — it would help, for instance, if notifications to IFRB of intention to launch domestic satellites were filed on time and for proper slots. We've learned that some 43 U.S. domestic satellites, most in planning stages but many already in orbit, have either not been filed for at all or remain in advanced publication stage. Opinions at Commission differ as to importance of this failing. Francis Williams, chief of treaty branch, told us that not filing for slots with IFRB, or

Consumer Electronics

VHS VIDEOMOVIE camcorder in VHS-C format unveiled at electronics show in Berlin. Exhibitors keeping 8mm Video under wraps. (P. 11)

BREAKING AWAY: VCR sales for year's first 33 weeks exceeded all of 1982. Heavy shipments could affect Yule pricing. 1983-86 forecast. (P. 12)

U.S. FST TUBE standardization at hand, with major competitors adopting RCA's non-flat design. Premium flat models coming later. (P. 12)

JAPAN'S VCR EXPORTS to U.S. hit half-million for 2nd month in row in July. Shipments for 7 months top full-1982 total. Color exports up. (P. 13)

SONY INTRODUCES CCD camera, Betamovie, talking VCR, new Watchman, 13 TVs, stressing stereo sound. Sylvania adds high-end monitor. (P. 14)

VSDA MEETING DRAWS heavy attendance. FMA conflict, strong business, in spotlight. (P. 15)

SANYO MFG. WAS PROFITABLE in 2nd quarter and first half. Certron net up. Phone-Mate, Games Network, float stock issues. (P. 16)

ELECTRONICS DOMINATED new product displays at Security Show in N.Y. Color stressed in CCTV. Elbex says CVC VCR format now dead. (P. 17)

filing late, leaves U.S. open to some other country filing for same slot, giving them same rights to those coordinates. There are 3 phases in filing procedures: (1) Advanced publication of intentions to launch satellite or satellite system no earlier than 5 years and no later than 2 years before launch. (2) Coordination of system with other countries which may be affected by system, either by interference or by virtue of having orbital slots in vicinity of proposed satellite's location. (3) Notification by applicant country that system has been coordinated with other countries and by IFRB to all countries that slot is filled.

Coordination phase can follow no earlier than 4 months after advance publication, is considered under radio regulations to give primacy to first administration reaching that stage, in case of contested slot. Next administration to follow bears burden of having to modify its proposal in order to avoid interfering with first system. Should problems between 2 or more administrations persist, IFRB can take active role to try to negotiate differences. But it's an inexact science and procedures are "intentionally vague," according to one policy maker. Another said rules' "success depends on the participating administrations' desire to coordinate — on their interest in having the most uncluttered communications possible."

Whether Cuba shares that concern is debatable in light of that govt.'s ire at such measures as Radio Marti, according to State Dept. source. Some U.S. officials have speculated that Cuba could use U.S.'s tardiness to make political hay at upcoming international communications conferences. Others call system "a paper satellite," say that because Cuba's filing cites maximum time frame, 5 years hence, for launching its system, it needn't be taken too seriously.

At present, U.S. defense of its slots in vicinity of 83 west is tenuous at best since its satellites already are in orbit without proper authorization and can't thus technically take safety in radio regulations. But Ron Lepkowski, chief of FCC satellite radio branch and official charged with submitting filings to IFRB for domsats, told us that "by Nov. 19th, we'll be in coordination status on the contested slots... We'll be sure we're not vulnerable when it comes to Cuba."

Coordination shouldn't be too difficult for satellites like Satcom 4; it's been in advance publication for more than 2 years. But Lepkowski conceded that it would be impossible to put all 43 satellites not filed or only in advanced publication into coordination in 3 months. (It would be technical impossibility for satellites which came in under 2-degree ruling and haven't even had advance publication.)

As one Commission insider put it: "All you need to have in order to file for a slot is a client state and a piece of paper." Another added: "And even if you follow all the rules, if someone's going to make your life difficult, they won't be prohibited from it" by radio regulations.

Another arena where IFRB procedures have generated controversy is in case of Orion's application to launch private-facility satellite to serve N. Atlantic. Orion applied March 11 to launch 3-satellite system; contained in application was request that Commission file on its behalf with IFRB. But Orion didn't know that Intelsat Board of Governors, meeting in secret 6 months earlier, decided to seek one of those slots for itself. Intelsat director general then forwarded decision to member countries, later to FCC to fulfill its "ministerial" role as pipeline for all international filings to IFRB. Intelsat made formal filing May 23; it was forwarded May 24.

Orion Pres. Thomas McKnight charged that move prejudiced Orion's case, called it "an outrage." Officials in treaty branch, Chmn. Fowler's office and international office all indicated that Commission had no choice in matter, despite fact that, technically, 50 west was disputed slot. That Intelsat's request was forwarded within 24 hours is unconnected with fact that McKnight's has languished for several months, treaty official said: "Somewhere along the line the U.S. will have to make a decision on Orion. Intelsat doesn't own the orbit and you're supposed to accommodate newcomers."

CABLE CLUSTERING HAS DOWNSIDE IN COPYRIGHT RULES: Clustering, hot trend in cable ownership, is producing good news, bad news, for many in industry: By swapping properties with other MSOs to consolidate regional holdings, owners achieve economies of scale through reduced

overhead, mass purchases, fewer personnel. But many are increasingly being hit by bad news of clustering — total copyright fees drastically higher than previously distinct systems paid. That's result of some seemingly insignificant words in Copyright Office's definition of "cable system" which NCTA is seeking to change (TVD Aug 29 p5). MPAA, which has internal watchdog unit monitoring cable clustering trend to milk it for more copyright fees, scorns attempt at rule change.

NCTA's petition for rulemaking, filed Aug. 22, asks Copyright Office to change its interpretation of words "either" and "or" to "and" in rule which now reads: "Two or more cable facilities are considered as one individual cable system if the facilities are either (A) in contiguous communities under common ownership or control or (B) operating from one headend." Assn. suggests wording should be changed to create 3-step test: "Two or more cable facilities are considered as one individual cable system if the facilities are in contiguous communities, under common control and operating from one headend." NCTA said change would bring Copyright Office closer to FCC's standard.

Cable copyright fees depend on system's gross revenues and number & type of signals carried. Many small cable systems offering only off-air broadcast signals are assessed as little as \$20 semi-annual payment. Worst-case situation that's increasingly occurring, executives said, is when 2 or more small systems decide to share facilities by, for example, pooling resources to buy satellite dish. Under current interpretation of rules, they then are "operating from one headend" and must pay copyright fees as if they were large system liable for higher fee schedule.

MPAA said rule change could produce "disintegration" of cable by allowing large segment of industry to fragment "into thousands of small entities each paying a \$20 compulsory license fee." It traces NCTA action to advertising campaign earlier this year by cable common carrier Eastern Microwave, in which it advised operators on ways to "reduce copyright payments" through "techniques such as de-integrating your system to come within a lower income bracket."

Industry is greatly concerned that Copyright Office's strict interpretation of "cable system" will spell death of emerging cable advertising networks. In Chicago and other urban centers with patchwork of diverse suburban systems, latest move is to erect microwave links to attract advertisers by offering pooled audiences. "These interconnections are stifled by [interpretation of rule] where interconnection will result in separate systems being treated as one system for copyright purposes" because conceivably they could be considered as operating through one headend, NCTA petition said.

MPAA doesn't allege advertising networks create one entity from several distinct systems which is welcome news to many in cable: "NCTA offers no evidence, and MPAA believes that none exists, that such unrelated but interconnected systems do not maintain separate headends."

It's doubtful that operator would save money by breaking up large cable system by installing separate headends. Cost of equipment generally would be greater than copyright savings. It's also questionable whether that would be allowed under franchise restrictions.

Worst impact of strict definition of "cable system" is to delay or deny improved service to subscribers, executives said. Some MSOs are becoming reluctant to upgrade facilities at older systems they buy located near their larger installations. Usually when MSOs buy several geographically close older, smaller systems, upgrade of facilities & services follow. But that usually entails erecting new central headend to serve diverse systems, creating heavy copyright burden on profit-poor systems.

Changing rule wouldn't significantly reduce total copyright payments made by industry, according to NCTA, although Assn. said it didn't have any figures. Community Antenna TV Assn. agreed change wouldn't reduce payments much, said it would "bring some fairness to what's becoming a very unfair situation." CATA Exec. Dir. Stephen Effros said his members often complain about this situation: "A small operator, say with a few hundred subscribers, wants to add a satellite-fed service. So he contracts with a big nearby operator to microwave it in. Under this rule, the small operator now is forced to pay 3.75% of his gross revenues for each of the [distant signals] carried by the large operator, even though the small operator doesn't receive those signals" because, technically, systems are operating through same headend. Effros said in those situations, small operator's copyright payments "balloon from \$400 to \$4,000."

SPOTLIGHT DIMMING: After weeks of negotiations with Group W Cable to take approximately 10% ownership slot vacated by Cablevision last spring, 4 MSO owners of pay-TV service reportedly want out. Storer, Cox Cable, TCI and Times-Mirror are said to be offering to turn over subscriber base of 750,000 to highest bidder. "It's a question of whether you sell your service or your subscribers — all those things are being considered and something could happen in the near future," one member told us.

HBO confirmed Spotlight had presented possibility of closing channel and selling subscribers. "Of course, we're interested," HBO representative said. Offer was pending actual termination of pay movie channel, which hasn't yet occurred, he added. "I don't know if negotiation is the correct term," HBO executive told us. "There are a lot of technicalities — if Spotlight should negotiate, or the separate MSOs negotiate. It's a very sensitive area." Showtime is reportedly also interested in offer, even as negotiations for final consummation of Viacom and Warner Amex merger dragged at our deadline Sept. 2.

Group W Cable would say only that subject "is still a very sensitive area," neither confirming nor denying involvement. Deal fell through because GWC wanted more control than partners were willing to surrender, we're told. Dismantling reflects demise of usefulness of "housebrand" pay movie service in more mature pay channel environment, one source from involved MSO noted. Cost of running operation, never profitable, was "becoming prohibitive," he said. Housebrand "isn't critical to our longterm existence any more... In the short term, it gave us leverage, but I don't think anyone expected us to compete and drive away the pay services. The question now is how much leverage do we need? And when is the point of diminishing returns?" Price for assets and turnover of subscribers wasn't disclosed.

American Legal Foundation said it's "committed to fighting citizens agreements which provide for contributions to media pressure groups" in return for withdrawal of groups' protests threatened or made to FCC. To that end, Foundation asked Commission to declare "null and void" agreement between KSD(AM) St. Louis and Greater St. Louis Black Media Coalition. Said Foundation Exec. Dir. William Kehoe: "It makes a mockery of the license renewal process to have so-called citizens groups go to a station and threaten to oppose its license renewal application unless the group's terms are met... The FCC should end this type of coercive fund-raising once and for all."

Cox Cable has vowed to fight municipal takeover bid by Burlington, Vt. of its cable system there. City task force recently recommended that municipally owned Electric Dept. build & operate 55-channel cable system although Cox subsidiary Green Mountain Cable TV won franchise in Burlington 11 years ago, operates 12-channel system with 2 pay services serving 7,000 subscribers. Following favorable task force report, city commissioned \$50,000 engineering study to see if it can afford municipal system.

JET ATTACK THREATENS CONFERENCE: U.S. outrage over Soviet downing of Korean Air Lines passenger liner hadn't resulted in any decision to impose U.S. sanctions against Soviet Union at press time, but there was some concern at State Dept. over whether international communications conference scheduled to start today in USSR would be canceled. It's to be sponsored by UNESCO and prime subject will be ways & means to provide news media with more reliable international communications channels.

Conference, to be held in Tashkent — Soviet resort city located in Uzbekistan — was scheduled to be attended by several U.S. dignitaries, including Diana Dougan, ambassador for international communications policy. Some 34 other countries also planned to send delegations. Meeting will be 4th session of International Program for Development of Communications (IPDC), group established by U.S. prodding as means of "finding more rational way of funding worldwide communications development," in words of one State Dept. source.

Dougan was in Moscow when KAL plane went down under fire by Soviet fighter Aug. 31. We couldn't reach her for comment, but she told her office via State Dept. channels that her plans to go to Tashkent would probably be suspended while U.S. Embassy awaits instructions from President Reagan, who cut short Cal. vacation by one day to return to Washington to meet with National Security Council.

State Dept. communications officials were still in dark at week's end about whether to go ahead with preparations for conference, one remarking of Dougan: "She follows orders like everyone else." Only hint might be that State Secy. George Shultz gave every indication that separate meeting was still on with Soviet Defense Minister Andrei Gromyko to discuss arms limitations.

KPRE(AM) Paris, Tex. filed "emergency" request with FCC asking that it be allowed to continue broadcasting in AM stereo using Harris system beyond Commission-imposed Sept. 1 deadline. Mass Media Bureau denied request Aug. 30 and KPRE signed off stereo on deadline. Commission ordered 39 stations using Harris system to cease because Harris STX-1 exciter delivered to stations was "different than the exciter type-accepted." KPRE said it had been using STX-1 for stereo since March 27 and "there has been no complaint from any quarter regarding the technical adequacy of KPRE's signal... Requiring KPRE to stop broadcasting in stereo on Sept. 1 will... result in needless harm and inconvenience to KPRE and its listening public."

"Women in the Telecommunications Marketplace" is subject of Sept. 23 seminar at FCC hq jointly sponsored by Commission and AWRT. Keynoter will be Sen. Nancy Kassebaum (R-Kan.), co-owner of KFH(AM)-KBRH(FM) Wichita. Others include FCC Chmn. Fowler, Comr. Dawson, ex-Comrs. Jones & White and several other women prominent in communications. Participants will be able to question Fowler & FCC bureau chiefs during lunch at NAB hq. Cost is \$75, phone AWRT at 202-296-0009.

NAB advertised in Washington Post Aug. 28 for "senior applications [computer] analyst... for its expanding in-town operations... Starting salary is \$40,000." Contact: NAB Secy.-Treas. Michael Harwood, 202-293-3520.

Games Network announced revised launch schedule whereby headend software will be installed in 5 Orange County, Cal. cable systems in Dec. When line testing is completed, home terminals will be installed later in month in test homes.

As a Special Bonus,
Conference Delegates Will Receive,
Free, a Copy of Countdown II — The DBS
Source Book Published by Satellite Week.

DBS LIFTOFF



September 19, 1983
Vista International Hotel, Washington, D.C.

An Examination of the New Chaos on the DBS Launch Pad —A Conference for Leaders in Satellite Broadcasting

Pressing nuts & bolts issues of DBS implementation now present themselves. This international conference, sponsored by Television Digest and Satellite Week, the authoritative DBS and satellite communication newsletter, will address the crucial agenda items and provide strategic planners with an opportunity to hear and question the executives with direct responsibility for DBS development.

As an added benefit, delegates to the DBS Summit will receive, absolutely free, a copy of **Countdown II: Jockeying at the DBS Starting Gate**, the new DBS source book published by Satellite Week, a \$95 value.

The DBS Summit is particularly timely, coming as DBS matures from the proposal stage to the actual introduction of DBS services in the marketplace. Subject matter to be emphasized at the DBS Summit includes . . .

- . . . The competition between low- & medium-power satellites and high-power birds.
- . . . The \$25 billion opportunity in home earth stations.
- . . . DBS and the program connection.
- . . . How DBS will work globally — and how what happens in other countries will affect how the game is played in the U.S.

Faculty at the DBS Summit represent the world leaders in DBS and include U.S. DBS Ambassador **Abbott Washburn** with legal asst. **Leslie Taylor** . . . RCA Astro-Electronics Division Vice President & General Manager **Charles Schmidt** . . . Satellite TV Corp. Pres. **Richard Bodman** . . . Alcoa-NEC Exec. Vp **Dennis Fraser** . . . M/ACOM Vice-Chmn. **Frank Drendel** . . . DBS Corp. Pres. **Wilbur Pritchard** . . . consultant and former RCA Americom Pres. **Andrew Inglis** . . . U.S. Satellite Bcstg. Pres. **Stanley Hubbard** . . . Asst. Vp Satellite Planning, Western Union Telegraph Co. **A. William Brook** . . . attorney **Richard Wiley** . . . DBS specialist, Philips, France, **Henry Aujard** . . . Inter-American Satellite TV Pres. **William Kommers** . . . BBC Dir. of DBS Development **Christopher Irwin** . . . and others.

RETURN THIS TODAY TO RESERVE YOUR PLACE AT THE DBS SUMMIT CONFERENCE AND TO RECEIVE, FREE, THE AUTHORITATIVE DBS SOURCEBOOK — COUNTDOWN II

Yes, please register _____ delegates at the DBS Summit Conference at \$595 per person. Conference fees are due & payable before the start of the symposium.

_____ Payment attached (Make checks payable to Television Digest, Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires _____

Signature _____

Name _____ Title _____

Company _____

Address _____ City _____

State _____ Zip _____ Phone _____ Telex _____

Return this coupon to Conference Coordinator, Satellite Week, 1836 Jefferson Pl., N.W., Washington, D.C. 20036.
Phone 202-872-9200. Telex 467268.

37 VIE FOR U.K. CABLE: It was show & tell time in U.K. last week when dozens of new companies formed to bid for interim cable franchises — consortia which had closely guarded their intentions — went public by submitting wiring proposals to govt. Proposals show keen interest by bankers, publishers & electronic firms in Britain's new cable industry, as evidenced by number of bids for interim franchises — 37 were submitted for wiring about 30 towns & boroughs, with bulk centered around London's affluent suburbs.

As expected, British Telecom is hoping for substantial share of U.K. cable business as means of diversifying after it's sold off by govt. BT is expected to garner major slice of what could amount to more than \$3 billion cable business. It's major shareholder in companies vieing for 8 franchise areas, is minor participant in another. Private telephone competitor Mercury isn't part of any bidding company but still hopes to get in on cable later by supplying construction capability and advice. In proposals in which BT is major figure, it would build & maintain systems, own lines while leasing system to operator. Other major players include Thorn EMI, Visionhire, Radio Rentals.

American cable interests turn up in several bids, including Cablevision Scotland in which Cox is bidding for parts of 3 Scottish cities — Aberdeen, Glasgow & Edinburgh. Cablevision Scotland is opposed for Aberdeen area by company in which ATC is partner. ATC's U.K. venture also is bidding for Westminster. Western Union's British unit is major shareholder in proposals to wire Preston, suburb of Lancashire, and London borough of Tower Hamlets. Several U.S. cable manufacturers are expected to sell much of equipment needed to build systems.

There are competing applications in 6 franchise areas, and some other applications propose wiring areas that overlap, Dept. of Industry said. Preston and Westminster each attracted 3 proposals, 2 each in Aberdeen, S. Glasgow, Croyden & Leeds. London boroughs & suburbs attracting bids include Ealing, Tower Hamlets, Croyden, West End (affluent area around U.S. Embassy) and Bexley.

Because govt. will grant only 12 franchises now for areas limited to identifiable communities of less than 100,000 homes, it has opted for outside help in choosing best of 37 proposals. Approach was adopted because govt. hasn't yet set up Cable Authority which will oversee industry or promulgate firm rules on operations, programming & technical standards. Consultant EIU Informatics, subsidiary of London's Economist, will evaluate proposals and once that report is completed, Dept. of Industry will hire 2 outside advisers to recommend which proposals should be accepted, govt. spokesmen said. Process should be completed by mid-Nov.

Second wave of franchising activity will occur in mid-1984 when govt. regulatory mechanism is in place. Then it will accept bids for major urban areas, including most of London.

Group W's Newsfeed Network will expand satellite feed to 7 days per week.

Ted Turner has joined camp of Cable Consortium for Information (CCI), group he has criticized because adversary Daniel Ritchie was chosen as chmn. Some 40 members have now signed on for nationwide campaign to improve cable's image. Turner wasn't aboard when CCI was announced at June NCTA convention, and speculation as to reason was that CCI is headed by Group W's Ritchie; CNN and Satellite News Channel (co-owned by Group W & ABC) have filed antitrust suits against each other over their competing cable news services. "They are ironing out their problems," Turner official said of CNN-Satellite News Channels dispute. Seed money pledged now totals \$690,000. Other new CCI members include Capital Cities Cable, Disney, Heritage, Newschannels, Prime, Telecable, Warner, state cable associations. CCI Pres. Kathryn Creech said that some 40 ad agencies will be asked to submit bids to handle multi-media public campaign starting next spring. Campaign will seek to make consumers more aware of cable and improve public's conception of medium. Agency will be picked before end of year. Members will pay Council dues through formula based on number of homes passed. James Rowbotham, formerly with Entertainment Channel, has joined CCI as marketing services dir.

ABC News Washington bureau guard Greg Dority received high praise for way he handled intruder with .45 caliber pistol (later found to be unloaded) while evening news was on air last week. David Mullin allegedly pulled gun on Dority and another guard in lobby at 6:15 p.m. Aug. 29, 15 min. before first feed of network news went on air. Mullin (who also allegedly claimed to have bomb in gym bag) said he wanted to see somebody "high up"; Dority took him to empty floor in ABC building, talked to him for 45 min. before getting him to surrender gun (there was no bomb). ABC anchor Peter Jennings, whose 3-year-old daughter was in control room during news broadcast, referred to incident at end of 2nd feed — after Mullin had surrendered: "Finally, if we seemed a little tense this evening it is because during much of the broadcast a man with a gun has been in the ABC News bureau here in Washington, though not in this studio... He's been taken into custody, the security guard is safe, and even us reporters, we don't know much else." This was 2nd such recent incident at ABC bureau; 2 weeks ago, another man walked into lobby, brandished toy gun.

Station sales: KPLC-TV Lake Charles, La. has been sold by Russell Chambers to Channel Communications, subsidiary of Nashville-based NASCO Inc., manufacturer & distributor of sporting goods. Channel Pres. Brian Byrnes is ex-pres. of Gillett Bestg. and gen. mgr. of WSMV Nashville. Price was \$18 million; broker Blackburn & Co... Toledo Blade is buying WDRB-TV (Ch. 41 independent) Louisville from Cowles Media for \$10 million. WDRB-TV Pres.-Gen. Mgr. Elmer Jaspán will remain under new owner... Sunbelt Communications is buying KRAB(FM) Seattle for \$4 million and KTWN(FM) Minneapolis for \$3.8 million. KTWN seller North Suburban Radio retains daytimer KKKC(AM) Minneapolis.

As part of \$606 million purchase of Corinthian Bestg.'s 6 TV stations, A.H. Belo Corp. has agreed to sell Corinthian's WANE-TV Ft. Wayne & WISH-TV Indianapolis to Lin Bestg. for \$104.9 million. Belo will be required to sell 2 other stations — negotiations now are under way to sell KFDM-TV Beaumont & WTVC Chattanooga, according to Belo Bestg. Pres. Ward Huey — to stay within FCC's 5 VHF maximum. To finance purchases, Belo recently arranged for \$600 million in financing through banking group led by InterFirst Bank of Dallas.

Another TV sex discrimination suit: Former anchor Mary Freeman has filed complaint with Kan. Commission on Civil Rights claiming she was fired by KSNT Topeka after station decided to promote "a new image." Freeman, now with WIBW-TV Topeka, said when she was fired June 10 that station executives told her that they were pleased with her work but "we just feel we need to make a change... They indicated that they were looking for a new image or new look." She also charged she was paid less than male co-anchor.

Rupert Murdoch, chmn., Inter-American Satellite TV Inc., said company has changed name to Skyband Inc., that satellite-to-home TV service will hereafter be known as Skyband. Skyband intends to offer 5 channels of programming starting late this year. M/A-Com was retained as system designer, has completed specifications for equipment, requested tenders from selected vendors, with responses due Aug. 31.

Turner Bestg. reported 2nd quarter 1983 profits of \$4.3 million (21¢ a share) — 3rd straight profitable quarter. In 2nd quarter 1982, Turner lost \$978,000. For 6 months ended June 30, Turner had net income of \$6.3 million (31¢) on revenue of \$105 million, compared with net loss of \$6.3 million on revenue of \$70.4 million for first half 1982. Turner gave no breakout on performance of Cable News Network.

KOHA-TV (Ch. 2) Hilo, Hawaii went on air Aug. 22, raising U.S. operating total to 1,129 (834 commercial, 295 non-commercial). Station is owned by C.R. Henry (51%) & Jonathan Starr (49%).

REACH FOR THE BOOK THAT HAS IT ALL!

If you need current, accurate information about cable system, TV station and low-power TV signal distribution and coverage, you need the **1983 Cable & Station Coverage Atlas**!

An invaluable resource, the **1983 Cable & Station Coverage Atlas** is your only source of Grade B contours, 35- and 55-mile zone and cable microwave maps.

In addition, this reference book contains an earth station directory, MDS directory, subscription TV station directory, low-power TV stations, cable rules, cable organizations, copyright law and regulations, microwave systems, a cable TV equipment directory, a management and technical services directory and more.

So reach for the **1983 Cable & Station Coverage Atlas**—you won't find more accurate, more comprehensive information anywhere else.

RETURN THIS REPLY COUPON FOR IMMEDIATE SERVICE

Yes, I need the **1983 Cable & Station Coverage Atlas**. I am enclosing a check or credit card authorization for \$121 for each copy. D.C. subscribers add \$7.02 sales tax per copy ordered. Foreign subscribers pay \$125 per book. Make checks payable to Television Digest Inc.

Number of copies ordered: _____. Book orders must be prepaid.

Credit Card Authorization _____ American Express _____ Visa _____ MasterCard

Credit Card Number _____ Valid From _____ to _____

Signature _____

Name _____

Organization _____

Address _____

City, State, Zip _____

Mail checks and forms to: Circulation Dept., Television Digest Inc., 1836 Jefferson Pl., N.W., Washington, D.C. 20036.

BLACK CAUCUS 'BRAINTRUST': Minority media problems seem "all but ignored" in deregulation of broadcasting & cable, according to Rep. Collins (D-Ill.). Announcing "Communications Braintrust" sponsored by Congressional Black Caucus Sept. 21-24 in Washington, she said it's "imperative that minorities... join in fighting a deregulation move which threatens to leave us in worse shape."

Collins added that "unless demands are made and negotiated to protect and enhance our participation in telecommunications, the very tools we need to increase competition and to encourage diversity of programming will disappear."

Highlight of Caucus sessions will be joint hearing with House Telecommunications Subcommittee (of which Collins is member) Sept. 23, 9 a.m., Rm. 2154, Rayburn Bldg. Among witnesses: Rev. Jesse Jackson; Ben Hooks, ex-FCC member, exec. dir. of NAACP; Mario Obledo, League of United American Latin Citizens; broadcaster-publisher Percy Sutton; Robert Johnson, pres. of Black Entertainment Network; Jack Valenti, MPAA; Edward Fritts, NAB; Thomas Wheeler, NCTA; FCC Chmn. Mark Fowler; Pluria Marshall, National Black Media Coalition; Allen Hammond, National Conference of Black Lawyers. Sept. 21 forum at Washington Hilton features black artists, athletes & entrepreneurs.

NCTA and National Telephone Cooperative Assn. (NTCA) are at odds over whether Rural Electrification Administration (REA) rules should be changed to allow rural telcos to borrow to invest in telecommunications. At issue is proposed rulemaking to change current REA policy that denies loans to rural telcos if their general funds exceed 8% of total plant investment. Change would allow rural telcos to borrow extra REA money for non-telephone offerings if such services are provided through separate subsidiary. NCTA alleges rural telcos are seeking change so they can borrow govt. money to build cable systems.

First FCC lottery to decide winning applicants will be Sept. 15 in public mobile service — not Sept. 29 for LPTV applicants as had been expected. Mobile service markets involved are York-Hanover, Pa. (2 applicants), New Roads-Frisco, La. (2), Orlando, Fla. area (3, all phone companies), San Francisco area (3), San Angelo, Tex. (2). Losing parties may file "new, not amended" applications for service areas which don't result in harmful interference to winner. In markets with 3 applicants, No. 2 also may build if it doesn't cause interference to winner. Settlement agreements "or any other steps [taken by applicants] which would make the lottery unnecessary" must be filed 2 business days before lottery.

Park Communications — first group owner to reach FCC maximum of 21 TV-radio stations — is going public. In filing with SEC, Park said it would offer one million common shares at \$17-\$20. Pres. Roy Park, who will retain 89.1% of company, said money will be used for acquisitions and general corporate requirements. Park also owns more than 60 newspapers.

Study of Intelsat economics sponsored by Orion Satellite challenges Intelsat's claim that competitive systems would hurt small countries. Intelsat has made case that developing nations benefit from rate averaging, that if Intelsat loses its Atlantic satellite monopoly, small countries would suffer. Not so, according to study by Dale Hatfield Assoc. consultants. Report complains that lack of consistent records & data makes analysis difficult, that full & final definitive analysis requires access to and independent verification "of information which Comsat and Intelsat have not made available." Nevertheless, study claims that enough data is available "to undertake reasonable, if not definitive, analyses of the subsidy issues." But, according to Hatfield analysis, available data "failed to substantiate the claims Intelsat has made regarding inter- & intra-regional subsidies."

Cable rate deregulation is reality in Alaska, where state legislature has voted to make permanent test of deregulation begun in 1980. Industry is supervised by state Public Utilities Commission, which issues certificates of public convenience & necessity on non-exclusive basis. Local govts. don't issue franchises. Measure signed into law stipulates, however, that rate regulation can be reimposed on individual systems if 25% of subscribers petition for it. When newbuilds are completed in Anchorage-Eagle River and Kenia-Soldotna areas — raising to 21 number of operating systems in state — more than 90% of state's 400,000 residents will be passed by cable.

Chicago Tribune has filed statement with SEC for public offering of 5.5 million common shares. Before offering, closely held Tribune Co. will split currently outstanding 7,393 shares on 4,800-to-one basis. Of new offering, 3.4 million shares will be sold by company, 2.1 million by current shareholders. Offering price will be \$22-\$26. Net proceeds will be used to repay debt and to finance acquisition of WGNO-TV New Orleans. Underwriting group will be co-managed by Salomon Bros. and Merrill Lynch Capital Markets.

ACT last week asked FTC to ban ads for cigarettes in theaters during G & PG movies. Complaint was provoked by Kool ad during matinee of Snow White in Newton, Mass. theater. Said ACT Pres. Peggy Charren: "If cigarette manufacturers cannot understand the danger in pitching life-threatening products to children and teenagers, the FTC must move in immediately to protect this vulnerable audience."

American Security Council has asked U.S. Appeals Court, D.C., to overturn FCC ruling that CBS didn't violate fairness in 5-part documentary "The Defense of the U.S." aired June 14-18. Council complained that CBS failed to present contrasting point of view.

Anixter Microsat has been named exclusive distributor in Canada of C-COR products. Anixter Microsat is division of Anixter Communications.

City cable split: National Assn. of Telecommunication Officers & Advisers (NATOA) is considering split from parent National League of Cities (NLC) in apparent dispute over cable deregulation legislation. NATOA, whose membership of about 250 city cable officers mostly opposes NLC-NCTA compromise embodied in S-66, is surveying members by mail about forming separate association. Issue is scheduled for vote during NATOA convention Sept. 25-28 in Baltimore. Some members apparently like proposed move but doubt it will be successful due to resistance to paying drastically higher dues that would be required to support separate organization. NLC now pays much of NATOA's expenses, provides office space & staff support. NATOA Pres. Linda Camp, who is St. Paul cable administrator, said split from NLC is one of several issues under consideration. NATOA members also are considering several bylaws changes dealing with dues, structure of board.

ABC claims to be first network to use Ku-band for live coverage of news event. Network used mobile Ku uplink from Cape Canaveral through SBS-3 for live pre-dawn transmission of STS-8 launch. Test proved satisfactory, demonstrated ABC's confidence that new, higher frequency technology can meet transmission needs in tightening C-band transponder market. It should be noted that network didn't display blind faith in Ku-band, used both C- & Ku-band to transmit, switched from one to other randomly throughout telecast. Verdict, according to ABC News/Special Events Producer Mitch Davis, was that systems were "quite comparable."

CBS will install 125 Nielsen meters in homes subscribing to its Blackhawk cable system in Hurst, Tex. to test response to new shows and to gauge viewing patterns. Network informed FCC of project under guidelines requiring it to keep Commission informed of its cable activities under waiver of cable ownership rules. Suburban Ft. Worth 36-channel system was chosen because CBS said it has "good demographic mix reflective of the kind of audience we want to attract." Meters should be installed by first quarter 1984.

Fairness, Ohio style: Akron Beacon Journal has filed suit claiming state's newspaper retraction law is unconstitutional. Law, passed in 1953 but rarely invoked, allows anyone claiming injury to write retraction, requires newspaper to print it in same location and same type size as original story. Man (identified only as Bill in June 20 article) has demanded retraction of story stating he violated Ohio horse race regulations.

UPI national & international news is now available on NewsNet, electronic distribution system. Hourly daytime usage fee is \$24, with \$15 monthly minimum.

Radio plays "a major role" in lives of most listeners, and about 75% of 1,300 respondents to new survey for NAB said that "something very important would be missing from life" without radio.

Reflecting importance of ex-KMBC-TV Kansas City co-anchor Christine Craft's \$500,000 award in sex discrimination suit against Metromedia, RTNDA has added panel — "The Craft Decision: What does It Really Mean?" — to agenda of Sept. 22-24 convention in Las Vegas. Session will be moderated by RTNDA Dir. Skip Haley, WSFA-TV Montgomery. Panelists include Joel Chaseman, pres. of Post-Newsweek Stations; Diane Cummings, news dir. of KEYT Santa Barbara; Willis Duff, Audience Research & Development; Gail Westrup, KLAS-TV Las Vegas anchor. (Note: Craft went to KMBC-TV from KEYT, returned to KEYT after Metromedia fired her in 1981 on advice of news consultant. She quit KEYT job last week, said she would lecture, write book.) In other changes by RTNDA, 60 Minutes Exec. Producer Don Hewitt replaces CBS correspondent Bill Moyers as luncheon speaker, and computer workshop has been dropped to make room for Craft panel.

Jan. 1983 approved radio equipment list is available from FCC covering: Experimental radio, domestic public radio, broadcasting, experimental, auxiliary, special broadcast, cable TV relay, land stations in maritime services, Alaska public fixed stations, shipboard stations, aviation, private land mobile, microwave, amateur radio. Copies are available for inspection at FCC public reference room and field offices or may be purchased (\$50 plus postage) from ITS, Rm. 315, 1200 19th St. NW, Washington. Mail orders: ITS, 4006 University Dr., Fairfax, Va. 22030.

Cal. stations have been urged to put limit on amount of advertising they will accept for Dec. 13 Republican-backed referendum to realign state's legislature & congressional districts. Speaking to Cal. Bestrs. Assn., state Assembly Speaker Willie Brown said: "You ought to say, 'listen, we ought to keep people out of the bidding war for this year's election...'" He also told stations: "You have a great duty and a great responsibility at this time to begin immediately harping on the fact that people ought to register and participate in the Dec. 13 election."

MIP-TV Market, held in Cannes, France since its start, will move to new site in May 1984 because of dispute with Cannes mayor over dates and conflict with Cannes International Film Festival. MIP organizer Bernard Chevy said he planned to sue Cannes, will shift to Geneva, Naples or Vienna. Chevy also will shift his Videcom (Oct. 2-7 this year) in 1984, Midem music market (Jan. 23-27, 1984) in 1985 from Cannes.

TCI has completed acquisition of Athena Communications by acquiring remaining 19.5% of outstanding stock. Minority holders, who have about 687,000 shares, will receive \$12.50 a share for total cost to TCI of \$8.6 million. Athena has about 100,000 subscribers to systems in 7 states.

NBC-TV, which has been without Medford, Ore. primary affiliate since spring when KTVL switched to CBS, signs KOB & satellite KOTI La Grande, Ore. — former ABC primary affiliates — effective Sept. 26.

Personals

John Sturm, asst. general attorney on NBC Washington corporate staff, will join CBS Washington as dir.-govt. affairs, new post... Donald Baker, ex-Jones, Day, Reavis & Pogue and chief of Justice Dept. Antitrust Div. during Carter Administration, joins Washington law firm Sutherland, Asbill & Brennan, of which ex-FCC Comr. Anne Jones recently became partner... Allan Moskowitz, ex-FCC, becomes assoc. in Washington law firm Shrinsky, Weitzman & Eisen... Programmers Sylvester (Pat) Weaver, Edgar Sherick, Martin Starger & Fred Silverman headline Sept. 13 lunch of HRTS, Beverly Wilshire Hotel.

Steve Cohen, ex-KNXT L.A., moves to WCAU-TV Philadelphia as vp-gen. mgr.; Richard Goldstein, ex-WCAU-TV station mgr., appointed vp-gen. mgr., affiliate relations, CBS-TV; Peter Temple, moves from CBS TV Stations Div. to CBS-owned WCAU-TV as station mgr... Gary Bolton, WDEF-TV Chattanooga, promoted to TV vp for parent Park Bestg... Betty Fox, N.Y. sales mgr. for KTTV L.A., named vp... William Donahue promoted to gen. sales mgr., WEWS Cleveland... Dan Zimmerman, ex-WGN-TV Chicago, moves to parent Tribune Bestg. as mgr.-financial services; George Babick, ex-WFLD-TV Chicago, appointed dir., corporate development... Jeanne Findlater, WXYZ-TV Detroit vp-gen. mgr., elected pres., Mich. Assn. of Bestrs.

Daniel Ritchie, Group W Best. & Cable chmn., will call for "prudent rather than blanket deregulation" of broadcasting in inaugural lecture in Everett Parker series on Ethics in Communications, Sept. 9, N.Y... Ted Burns, ex-Cascade Group, appointed project mgr., Development Group, Gill Management Services... Paula Brown advanced to mgr., on-air promotion, USA Network... FCC Comr. Mimi Dawson attends Atlantic Assn. of Young Political Leaders (she's secy. gen. of group) meeting Sept. 6, Montreal; Jerald Fritz, chief of Tariff Div., FCC Common Carrier Bureau, speaks Sept. 6 on telephone deregulation to National Governors' Conference, Chicago.

Leo Murray (pres.), ex-Warner Amex Cable, & Tony August (exec. vp), ex-N.Y. Mirror, form PR Assoc., 347 W. 46th St., N.Y. 10035, 212-582-9028; clients include N.Y. Telephone, Hauser Communication, CB Communications, Maclean Hunter publishers... Donald Sipes resigns as chmn.-CEO, United Artists; Frank Yablans, vice chmn. of parent MGM/UA, assumes Sipes' duties... Dan Carter promoted to dir.-telecommunications operations, ATC... Sama Rubin, ex-Petry TV, appointed dir.-programming & research, Film Service Corp., succeeding Terry Lynch, resigned to form own film sales company... Robert Sestili promoted to programming dir., Learning Channel.

Rev. Harry Schlitt named dir. of network development, Sister Vivien Jennings dir. of public affairs, Catholic Telecommunications Network, new posts... Carol Williams, ex-Group W Satellite Communications, appointed N.Y. sales mgr., Eastman CableRep... Stuart Smiley joins Showtime as dir.-program development, west coast; Steven Saril

WEEKLY

Television Digest

with
Consumer Electronics . . .
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Editor & Publisher
Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.

Copyright © 1983 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Mary Appel Editorial Director
Marilou B. Legge Managing Editor
Lynn R. Levine Associate Editor
Barbara E. Van Gorder Associate Editor
Jeannette H. Noyes Associate Editor

Factbook Research, Inc.

Marilou B. Legge Director
Business

Roy W. Easley III Controller

Barbara J. Pratt Marketing Dir.
Janet Kohler Dueweke, Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Telen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam
Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600

named dir.-national accounts; Sharon Portin, ex-Entertainment Channel, national accounts dir. for western region... Henry Waldschmidt, ex-Sony, appointed dir.-mfg. planning, Integrated Digital Communication Group, M/A-Com... Mark Knoller promoted to news editor, AP Best. News Center, Washington; James Limbach to asst. managing editor, AP Radio Network News... Glenn Ralston advanced to mgr., MMT Sales new Seattle office; Steve McDonald, ex-KVUE-TV Austin, joins MMT Sales as Dallas office mgr... Mark Gallagher promoted to vp-finance, M/A-Com.

Harvey Schein, former chmn. of Sony Corp. of America, most recently pres. of PolyGram Corp., named pres., Skyband Inc., DBS unit of News America Publishing formerly known as Inter-American Satellite TV. Schein, whose long career in entertainment has included stints at Warner and CBS, also will serve as exec. vp and board member of parent News America Publishing. William Kommers, former pres. of Inter-American, has been named vice chmn. of Skyband... Thomas Oberlin, ex-On-TV of Cincinnati, joins Satellite TV Corp. arm of Comsat as senior mktg. advisor... Deirdre Paulino advanced to dir.-administration and asst. to pres., ABC Motion Pictures, new post... Jeffrey Calman promoted to vp-sales planning, Warner Bros. TV; James Shadon joins as dir.-financial affairs... Mary Lou Wright, ex-United-Tribune, appointed vp-corporate development, ELRA Group.

Margaret Douglas, with British Bestg. Corp. since 1951, named chief asst. to Dir. Gen. Alasdair Milne... Donald Berman appointed gen. sales mgr., KPVI Pocatello, Ida... Deborah Meadows joins WOTV Grand Rapids as public affairs dir.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Aug. 19 (33rd week of 1983):

	AUG. 13-19	1982 WEEK	% CHANGE	AUG. 6-12	33 WEEKS 1983	33 WEEKS 1982	% CHANGE
TOTAL TV#.....	295,674	290,559	+ 1.8	275,220	11,011,586*	9,951,380	+10.7
COLOR#.....	218,716*	203,499	+ 7.5	212,335*	7,709,838*	6,576,824	+17.2
MONOCHROME....	76,958	87,060	-11.6	62,885	3,301,748	3,374,556	- 2.2
PROJECTION TV...	2,113	2,233	- 5.4	2,546	73,168*	52,976	+38.1
HOME VCR.....	59,171*	37,869	+ 56.3	65,729*	2,089,040##	979,611	+113.3
COLOR CAMERAS...	7,070*	4,722	+49.7	7,375	213,061*	173,383	+22.9

Color TV 5-week moving average: 1983--242,859*; 1982--208,599 (up 16.4%).

Home VCR 5-week moving average: 1983--76,212*; 1982--36,914 (up 106.5%).

Excludes projection TV. * Record for period. ## Exceeds full-year record.

VIDEOMOVIE vs. BETAMOVIE--8MM INVISIBLE: New one-piece camera-recorder using VHS-C compact videocassette and weighing only 4.2 lb. occupied video center stage as big Internationale Funkausstellung Audio-Video Fair opened in Berlin at week's end. And as at June CES in Chicago, new 8mm video format was conspicuous by its absence.

Only place 8mm format showed up, in fact, was in form of cassette in back room of tape maker Agfa's exhibit, and in photo on cover of press appointment book it distributed. Agfa's cassette is one-hour metal tape. "Eight weeks ago, a large number of hardware manufacturers told us they were going to have 8mm video systems at this show," said Agfa official. "Somebody has one under a table somewhere, and if one comes out before the end of the show, they'll all come out."

None came out on first day of show, and manufacturers hastened to assure questioners — of which there were many among the press — that it was "product for the far future." "Standards haven't been set yet," or, in the case of Hitachi, "we're keeping out of this discussion." Said a Matsushita spokesman: "Some say 1984, some 1985, some say 1986, but we don't want to cause confusion by commenting." It was obvious that with consumer market just beginning to show signs of recovery in Europe, nobody wanted to upset video applegart now -- and that there was some kind of tacit agreement to hold back at this widely publicized show.

Sony Deputy Pres. Masaaki Morita, asked at news conference about 8mm video, gave typical response: "8mm is still being discussed among the Standardization Committee. The purpose of 8mm will be to expand the total video market. Therefore we have developed it technically, and we can introduce it at any time. We don't think this is the right time, so we'll concentrate on Betamovie. The 8mm metal tape is ready for production, but the evaporated tape still has problems."

But JVC and its partners in VHS Group did want to upset applegart of Sony and rest of Beta Group, for which Berlin Show marked premiere of Betamovie (which goes to market in PAL version, as in NTSC, in Nov.). "Who needs 8mm?" asked official of Telefunken at news conference introducing Videomovie, and he may well have also meant "who needs Betamovie?" Identical Videomovie units were displayed in back rooms by JVC (which made them all) and members of Thomson Group — Thomson-CSF, Dual, Nordmende, Saba, Telefunken. System will be marketed first in Japan, then next spring in Europe, and presumably U.S. as well.

Unlike Betamovie, Videomovie is complete recorder, as well as camera, capable of playing back directly through TV set or its electronic viewfinder. It has 6:l power zoom, uses 15 lux 1/2" Saticon pickup tube, has such extra features as shuttle search, pause-still, memory

counter. It will record for 20 min. in NTSC version, 30 min. in PAL (vs. Betamovie's 3 hours). Thin nicad battery powers unit for 30 min. It will sell for about same price as Betamovie (\$1,500-\$2,000 in Europe).

Videomovie also has weight advantage over Betamovie — it's more than a pound lighter when empty (4.2 lb. vs. 5.5 lb.) and almost 2 lb. lighter with cassette and battery (4.6 vs. about 6.5). But Matsushita, world's largest VHS-format VCR manufacturer, took sideline stance. Spokesman said "we don't have any plans for it, our 2-piece VHS-C is very well accepted." Matsushita sells VHS-C on consumer market in Japan, but currently only offers industrial version, through Panasonic, in U.S.

Philips and Grundig, which enthusiastically espouse 8mm and plan to bring out models next year, featured variety of new stereo and mono models in Video 2000 format. Just as VHS added new speed in Europe to bring it up to 8 hours, new versions of V2000 debuted at show with half-speed switch to bring recording time to 16 hours on single cassette — "an 80-hour library on 5 cassettes." Also introduced at Funkausstellung with great fanfare were both Beta Hi-Fi and Hi-Fi VHS in their PAL and SECAM versions.

VCR SALES EXCEED FULL-YEAR 1982: VCR sales broke into the clear in week ended Aug. 19, sales for year's first 33 weeks exceeding those of full calendar year 1982 — 2,089,040 to 2,034,797 — according to EIA data on sales to dealers. First 33 weeks' sales last year (979,611 units) represented 48% of year's total sales. On that same basis, sales this year would total 4,352,000 units.

Japanese VCR exports to U.S. for 1983 passed full-year 1982 figure in July (see report elsewhere in this issue), and prospects are that imports will continue to increase even faster than American consumers can absorb them — which could result in more tumbling prices by Christmas.

Japanese are concentrating on shipments to U.S. because of voluntary quota agreement with EEC which limits them to 4.55 million units this year, including kits for overseas assembly, to Western Europe. Since agreement took effect in mid-March, Japanese VCR exports to Europe have declined by more than 10% from same period last year.

At same time, Japan VCR production buildup continues. First-half production totaled nearly 7.7 million units, increase of 28.6% from 1982, and June sales were up 45.9%. Latest reports from Japan have Matsushita increasing monthly output from present 400,000 to at least 500,000 by early 1984, Sony going up from 250,000 to 280,000, Hitachi building new plant to raise production from 150,000 to nearly 250,000 next spring, Mitsubishi doubling its current 50,000 output, NEC increasing this year from 30,000 to 45,000.

Analysis by Nomura Securities sees worldwide sale of 17.4 million VCRs this year, rising to 21.8 million in 1984. Here are Nomura's forecasts of Japanese factory sales for domestic & export markets over 5-year period in millions of units:

Year	Total	% Change	Domestic	% Change	Export	% Change
1982	13.0	--	2.3	--	10.7	--
1983	17.4	+33.8	3.3	+43.5	14.1	+31.8
1984	21.8	+25.3	4.5	+36.4	17.3	+22.7
1985	26.6	+22.0	5.6	+24.4	21.0	+21.4
1986	31.1	+16.9	6.7	+19.6	24.4	+16.2

STANDARDIZATION FOR U.S. FST TUBES: Order is beginning to appear out of chaos in square-cornered tubes — at least for first wave of new products, scheduled to appear about mid-1984. All U.S. tube makers now have adopted, or are about to adopt, same approach as RCA's FS tube (TVD Aug 29 p11) — that is, square but not flat. Second generation, due in 1985 or 1986, is still up in air, but will be premium tube with flatter face.

Philips ECG and RCA, nation's largest tube makers, have both opted for same standard faceplate for new 26" design, to be followed by 20" version, then smaller ones; it's understood

GE has decided on same approach and although Zenith hasn't formally made decision, odds strongly favor its going along. New 26" faceplate has 324-sq.-in. viewing area; both it and 20" & smaller versions will have 1R (one times radius) curvature, same as current tubes. Toshiba's FST, along with Philips' European version, have 1.7R curvature, in effect being 1.7 times flatter. Thus the "F" in FST, which stands for "flat" or "flatter" in Japan, stands for "full" (as in "full square") in U.S.

Corning is ready to sample tube makers with square-cornered glass for 26" tube, which could be available around mid-1984; 20" & smaller sizes should come in 1985. Japanese manufacturers are using several designs — Hitachi's 20", for example, has greater curvature than Toshiba's.

Although faceplates of new tubes by different tube makers will be identical, tubes themselves won't. For 26", RCA, GE & Zenith will use COTY-29 neck & yoke design, 110-degree deflection. Philips will employ 100-degree deflection and CFF yoke configuration with standard 29mm neck.

Philips' adoption of curved face with square-cornered tube represents compromise "in the interest of standardization," according to Philips ECG Pres. John Torre. Tube makers also are preparing for next generation, "premium" tube with flatter face, quite probably in 27" size, along with 20-21" version later. RCA is first to discuss this publicly, citing its SP (square planar) tube, due in 1985-86 in 2 sizes. SP system, announced for first time last week, was described by competitor as "something new — more revolutionary" than FS type. Everybody is working on flat design — Japanese already have it and Europeans are looking at N.V. Philips' prototype now.

Meanwhile, battle of yoke & deflection systems — COTY-29 vs. CFF-22 — continues, with Philips only domestic producer of CFF-22 narrow-neck approach. COTY-29 will be used by RCA plus Zenith, GE, and in at least some sets under brands of Hitachi, Mitsubishi, Sanyo, Sharp, Curtis Mathes, Teknika, Wells-Gardner, Sears, Penney, Ward. However, most of those fielding Japanese-made sets will also use 22mm mini-neck in smaller tubes. North American Philips (Magnavox, Sylvania, Philco) will use CFF-22 exclusively. CFF-22 system is interchangeable with Japanese mini-neck type, will be produced in sizes 19" & smaller.

Japanese, meanwhile, are attempting to stay one step ahead of U.S. tube makers by making medium-resolution tubes standard on most sets 13" & smaller, with 380-line resolution (vs. 320 lines for standard tubes) starting next year, at no price premium.

JAPAN EXPORTS CONTINUED SURGE IN JULY: Japanese VCR exporters posted 2nd consecutive 500,000-plus month in shipments to U.S. in July, also set new all-time monthly record for color chassis & kits, and had first increase of year in complete color, Finance Ministry figures show.

July VCR shipments of 515,900 were up 135.4% from same month for year, but short of all-time 530,300 record set in June. That put 7-month total at just under 2.58 million, up 91.2%, and topping 2.5 million shipped in full 1982. In fact, 1.05 million for June-July exceeds full 12-month total for any year through 1980.

In TV, total July exports of 137,200 were up 9.3% from same 1982 month, first such rise this year, with color up 36.8% to 117,900, b&w down 51% to 19,300. For 7 months, total exports were down 23% to 681,100, with color off 13.6% to 544,700, b&w down 46.2% to 136,400. In color, U.S.-bound exports of complete sets rose 11.4% in July to 62,600, but were off 34.7% to 281,000 for full period. Color chassis & kit exports jumped 84.4% in month to 55,300, and 7-month total of 263,600 was up 31.9%.

EIA's annual Fall Conference will be held Oct. 3-5 at Fairmont Hotel, San Francisco. Speakers include Edward Rollins, asst. to President for political affairs, Air Force Undersecy. Edward Aldridge, FAA Administrator Lynn Helms.

France's quota on imports of electronic watches from Hong Kong were ordered lifted by GATT. French official expressed displeasure with ruling by arbitration panel, but said country would go along.

MAJOR SONY INTROS: In its biggest fall introduction ever, Sony last week showed CCD camera and talking VCR, 2 other VCRs, 13 new color sets — many with stereo adaptability — and formally introduced Betamovie and "2nd generation" Watchman TV. With added features, console prices were increased \$30-\$50.

CCD camera weighs 2 lb. 5 oz., can easily be held in one hand, uses single pickup chip with 180,000 pixels, has f1.4 motorized 6:1 zoom, light sensitivity of 28 lux, 1" electronic viewfinder, 2-channel audio capability, fade in & out, single-button record-review, scheduled for Nov. delivery. It's still unpriced but is expected to be close to \$2,000.

Betamovie record-only camera-VCR combination (TVD May 16 p12), also due in Nov., is priced at \$1,595 including AC adaptor, rechargeable battery, shoulder strap, weighs less than 6.5 lb. with battery & standard Beta cassette. Sony will offer long line of accessories from carrying case to battery belt.

Unique new VCR is step-up in "E-Z" low-end low-profile line — which talks back. Speech synthesizer with 120K memory and vocabulary of 70 words vocally confirms dates & times of programmed recordings, announces beginning & end of timer recording, alerts user to errors ("machine is in timer mode," "timer setup is incomplete," "the safety tab on the cassette is missing," etc.). When introduced in Japan (TVD June 13 p19) it spoke with woman's voice; it may or may not be significant that in U.S. version man's voice comes from loudspeaker on front panel. Delivery is scheduled for Oct. at \$750. Also shown was 107-channel version of leader model (\$650), reported here last week (TVD Aug 29 p13).

Third Beta Hi-Fi model, this one with 3 week 9 event timer, keypad tuning, 169-channel cable-ready, was introduced at \$1,250, between leader BHF model at \$900 and top end at \$1,500. New Betastack cassette changer, accommodating up to 4 cassettes, designed for use with newer models, is \$160.

With last week's color TV introductions, Sony now has 11 stereo-ready sets, which can be converted to multichannel TV sound when broadcasting begins. Those sets with stereo amplifiers and 2 speaker systems have jacks to bring audio signal out to multichannel adaptor, back into audio circuits of set; mono models are designed for adaptor to be fed to external stereo amplifier. Sony is stressing "readiness" in new models — game-ready, cable ready, pay-TV ready (jack to accommodate one premium cable service, tunable by remote control).

Sony added 2 remote 13" sets to its earlier game-ready model; these also have extra connection on front for game or VCR and "HIT" button to activate accessory. Both have sleep timer, on-screen display showing functions selected. Models are \$460 & \$529, latter with 169-channel tuner. Other new color sets include 19" & 21" stereo-ready sets at \$960 & \$840, respectively, 26" console line, now stereo-ready and repriced at \$930-\$1,200, all up \$30 except top model, up \$50. Sony says it can't keep up with console demand.

Sony's new b&w Watchman (TVD June 20 p16) has redesigned flat 2" tube, is 20% smaller & lighter, with better visibility, better sound ("American-made samarium cobalt speaker"), lower prices. Weighing 1 lb. 2 oz. is unit to be available this month at \$200. Unit with AM-FM is \$270, weighs 2 oz. more. Both have video inputs for use as VCR monitor. Special models have insignias of NFL football teams. Original Watchman was \$300.

With appropriate fanfare, Sony Chmn. Akio Morita is expected this week to introduce "2nd generation Walkman," understood to be size of standard audio cassette box.

* * *

Sylvania introduced digital CD player at \$950, 19" remote stereo-ready receiver-monitor with 2-channel (5 watts) amplifier, 2 speaker systems, one day one event timer for automatic on-off, 134 channels, at \$760. New 25" table model is \$580; stereo-ready, 125-channel remote consoles with 10-watt per channel stereo amplifiers are \$1,125 & \$1,150. AC-DC 5" b&w with AM-FM is \$150. Top-of-line 4-head stereo Dolby VCR with 128-channel keypad tuning, 14 day 8 event programming is \$1,500. Sylvania also introduced 45-watt component audio system with turntable and cassette deck at \$800, rack \$165.

Ataritel is staffing up for scheduled 1984 launch. Home telecommunications equipment manufacturing & marketing arm of Warner's Atari is running help wanted ads in trade publications searching for salesmen to staff region offices being opened in Atlanta, Chicago, San Francisco and "Boston-Washington, D.C. corridor." Ataritel, ads says, "is about to revolutionize the way residential telephones are used & perceived," with technologically advanced equipment that "will create an exciting new market." Salesmen, ad says, will be calling on regional & independent telephone operating companies as well as retailers. It's understood company is ready to start field testing new line, and one thing Ataritel wants to find out is whether it should stick exclusively to high-tech products or offer broader line that might help it sign up more dealers but will put it into competition at low-end with marketers of less sophisticated gear.

Koss is being sued by Richard & James Horian, founders of Horian Engineering, record & tape car product company now called Calibron Corp., acquired 2 years ago by Koss (TVD Nov. 30/81 p10). Price was \$800,000 in cash & debt assumption plus 112,000 shares, with additional shares to be issued if value of those delivered is less than \$1.88 million in 15 trading days before Sept. 30 this year. Shares were worth \$860,000 when deal was closed, and only about \$700,000 based on market quotes last week. Plaintiffs charge Koss intends to inflate price of its stock artificially through public offer to buy back 150,000 shares and so reduce size of extra payment to Horian. Suit, which claims Koss has more than enough treasury shares to meet obligation, asks court to enjoin Koss from buying back its shares and to order it to resell any acquired after Aug. 16.

VSDA CONVENTION: Only 3 issues that mattered at 2nd Video Software Dealers Assn. meeting in San Francisco last week were unexpectedly heavy turnout, Paramount announcement that it was shipping 150,929 copies of Flashdance and confrontation over first sale revision.

Show drew estimated 450 retailers, 200 associate members, 65 exhibitors, vs. total of about 300 last year in Dallas, strained Fairmont Hotel facilities to point where people were turned away from opening night dinner. Exhibitors reported generally heavy traffic, guaranteeing more of them next time — especially on X-rated side, now that EIA has told adult program suppliers it will move them to Sahara Hotel at Jan. CES in Las Vegas. VSDA Exec. Dir. Dan Davis thinks his group's 1984 event will draw more than 1,000.

Flashdance results weren't completely unexpected, would seem to ensure 200,000 units by year's end, worth \$8 million at retail. Two biggest distributors account for more than 40% of total to date, Sound Video Unlimited taking 34,000 tapes, Commtron just under 30,000.

Warm glow of market rebound from 1982 covered all aspects of business except first-sale issue, which became major confrontation between MPAA & studios and retailers. Among distributors, only Commtron took vocal role, made anti-revision campaign focal point of its exhibit. Hot words, particularly from retailers, justified what MGM/UA Home Entertainment Group Chmn. Cy Leslie in keynote address called "Ft. Fairmont" atmosphere. Leslie asked 2 sides to "see what can be agreed to," said "all or nothing" approach "doesn't make much sense." Pro and anti-Fair Marketing Amendment forces left themselves little room for compromise, are headed for lobbying showdown when Congress reconvenes Sept. 12. Battlegrounds will be House Copyright Subcommittee hearings on Oct. 27 and continuing effort to win hearts & minds of same group in Senate. MPAA Vp Fritz Attaway, representing Assn. position at VSDA, counts on President Reagan endorsement of FMA if Administration decides to back revision. Support ought to come from higher source than Justice & Commerce Depts., he told us.

Fact that studios have never said in detail what they'll do if FMA becomes law doesn't make compromise easy. Retailers are suspicious of motives, don't consider inducements of price cuts to \$29.95 and \$39.95 enough to outweigh regulated rentals. Attaway drew laughter from audience during first-sale and home taping panel discussion when he suggested "you need to work out" new marketing arrangements with studios, got similar response later on when he said studios' "greed" would prevent them from using FMA to arbitrarily raise prices. Attaway finished 2nd best in face-off with EIA Senior Vp Jack Wayman, who said Home Recording Rights Coalition would remain faithful to anti-FMA cause, promised "we're going to go all the way against first sale."

Buoyant state of cassette market was reflected in comments from VSDA panel of studio & independent executives. Estimates are 300% increase in sales over next 5 years were more or less standard,

although with caveat from Paramount Video Pres. Mel Harris that "we don't have a business" unless level is achieved. Panelists agreed about VCR growth as well, with predictions of U.S. population in 3 years ranging from 24-30 million. In discussing outlook, Harris said sales should be up 30-40% next year, 100% in 3 years, predicted it will be while before 8mm becomes important format. Gene Giaquinto, MCA, said world market will be for 40 million cassettes this year with U.S. accounting for 20%.

SEARS' HI-TECH: Sears increasingly is pushing to forefront of new electronics, as evidenced by recent introductions. It currently has 3 FST 20" monitor-receivers, probably the most in any line, having added units at \$660 & \$700 to the one at \$790 featured in fall-winter catalog (TVD July 4 p14), all with 133-channel cable tuning. Original \$790 model was recently seen in Sears retail store at \$700.

Sears enters digital audio age with CD player at \$590, lowest price yet, with offer of 3 pre-selected classical discs for \$10. Also a first at Sears is audio cassette deck with wireless remote to control all functions (record-play, stop, pause, forward, rewind) at \$150.

Electronics bargains will abound in Sears' Christmas catalog: Basic Beta recorder \$380, VHS \$440, Saticon cameras at \$590 & \$790 (both down \$100), stereo CED videodisc player \$300 with 2 free discs (On Golden Pond, Disney cartoons), one-piece projection TV cut another \$700 to \$1,655 (\$2,995 when introduced), stereo rack system (12.5 watts per channel) \$280 (down \$220). Mono CED disc player was seen in Sears store at \$200.

Matsushita's entry in digital chassis color TV will feature 19" tube, offer 5" inset for watching 2nd channel or other video feed at same time, have 16-function remote expandable to handle up to 2,048 functions, come with selection of inputs & outputs, stereo audio. Unit, unveiled in Berlin last week, uses ITT chips. Company said it expects to offer set in U.S. next fall. ITT, Philips & Sony also showed digital TVs (details next week). Matsushita exhibit also featured world's smallest color projection TV. Designed for use as desk-top monitor, it has 3 2" tubes housed in 9.2"x3.3"x12.2" cabinet, 6.3" pop-up rear-screen display, electronic tuner, weighs 6.6 lbs. operates from AC or battery, has 50 ft.-lambert brightness.

CBS/Sony moves to video next month in Japan when it's scheduled to issue 7 music titles on optical discs. Japanese venture will have its discs custom-pressed by Pioneer. Company, which also restructured into operating groups and was renamed CBS/Sony Group to reflect expanded business scope, stressed that move to videodiscs had no connection with activities of its parent companies. Sony is active in optical players and discs both in Japan & U.S., but restricts involvement to commercial-industrial market. In U.S., CBS presses CED videodiscs, markets programming in all formats through venture CBS/Fox Video.

SMC IN BLACK: Sanyo Mfg. Co. more than offset opening quarter deficit with strong profit in 2nd quarter to May 31 on 25.6% sales gain. Sales for half were up 26.2%. SMC had losses in 2nd quarter and half last year (see financial table).

SMC said demand for its color TVs and microwave ovens (produced for sale under Sanyo and Sears brands) was strong in quarter, and that indications are growth will be maintained in 2nd half. Other factors aiding profitability included lower interest expense, increased factory utilization, savings in raw materials costs, company said.

Phone-Mate secondary offering of 600,000 hit market at \$10.50 per share. Preliminary prospectus indicated company had planned to offer 800,000 shares then trading at about \$16, so float was worth \$6.3 million, or about half of what had been expected (TVD July 11 p12). Final prospectus says company will add cordless phones with security codes and line of corded phones in Sept., about month behind original schedule.

Certron had 37.5% rise in operating net in 3rd quarter to July 31 on 13.5% sales increase, 55.6% earnings rise for 9 months on 6.7% sales boost. Earnings last year included tax credits. Company said it has already booked more than \$600,000 in orders for Beta & VHS cassette line it will introduce late this month, has completed manufacturing contracts with suppliers in Japan & Korea. It also said it plans to start manufacturing floppy computer data discs early next year. Company has been marketing discs sourced from outside. Shift to production should improve profit margin, Certron said.

Games Network sold out 1.95 million share initial public offering at \$2 each, raising \$3.9 million (TVD Aug 15 p8). Company said its cable-fed computer game service is scheduled to be phased in on 5 systems in Orange County, Cal. starting in Nov., announced it had licensed Toronto-based Canadian Games Network to distribute service there, and had reached preliminary U.K. license agreement with W.H. Smith & Son of London. Company said start in Canada is expected in 2nd quarter next year.

Nitron posted \$10.4 million loss in year to last Sept. 30, company said in releasing delayed financial results. It also reported loss of \$2.64 million in first half to April 3, with \$1.9 million deficit for first quarter, \$741,700 loss for 2nd. Semiconductor maker, which traces most of its problems to bankruptcy of videogame maker Astrocade, its main customer, said it has arranged for \$3 million in new financing, is negotiating for additional \$5 million.

Williams Electronics saw pickup in arcade video game sales in 3rd fiscal quarter to June 30, but for 9 months such volume was down 43% from same year-earlier period. For 9 months, company net was off 22% to \$11.5 million on 25.1% revenue decline to \$87.4 million. Revenue included \$22.9 million from non-arcade sources, including royalty income on games licensed for home market. Williams said its first laser videodisc arcade game is slated for Oct.

introduction. But while that should help boost sales, 4th quarter "could be seriously impacted by a continuation of customer apathy toward the current generation of videogames."

Personal computer market here gets new major entrant next week, but one potential competitor says it's staying away. Acorn Computer, which holds 80% of U.K. home market for education-oriented computers, will launch \$995 entry in newspaper ads. Acorn, specifically designed for school use, will bow with about 200 software titles. Company estimates that about 30% of schools in U.S. now have computer systems, projects that will rise to 86% by 1986. Current school computer leaders Acorn will be challenging are Commodore with about 32% of market, Apple with 28%, Radio Shack with 14%. Digital Equipment Corp., among leaders in minicomputers, says it will stick with business market and stay away from consumer products. Statement was intended to make clear DEC has no plan to follow lead of IBM, generally expected to introduce Peanut home computer next month.

Apple won major anti-piracy victory with last week's Philadelphia Federal Appeals Court ruling that computer programs on chips, including operating systems, are entitled to copyright protection. Apple was appealing lower court rejection of infringement action brought against Franklin Computer, which offers essentially line-for-line copies of Apple models. In ruling, court said program isn't hardware or part of machine just because it's contained in IC, ordered case remanded to district court. If upheld, decision will give program owners up to 75 years of protection, as against 17 years for patents. It also gives marketers additional incentive to put programs on ROM cartridges rather than on easy to copy tapes & discs.

Probe 2000 is logo NAP Consumer Electronics will use on non-Odyssey videogame cartridges it's bringing to market. First out will be War Room, multi-screen anti-missile command center game for Colecovision consoles slated to bow Sept. 19 at \$37. NAP CE will follow with other games for Colecovision and Atari 2600 consoles. First games from Atarisoft, Atari's non-Atari software arm, are due in Oct. Upcoming are cartridges at \$40 for Colecovision & Intellivision consoles, cartridge & disc programs for Apple, Commodore & IBM computers.

Comdial has renamed its hardware units. Home phone marketer American Telecommunications is now Comdial Consumer Communications Div., and line has been expanded to include standard rotary & tone phones. Comdial Telephone Systems (formerly Stromberg-Carlson) becomes Comdial Business Communications, adds responsibility for marketing business products.

U.K. VCR shipments totaled 2.4 million units in 1982, not 3 million as we reported 2 weeks ago in our summary of Mackintosh International report. We regret the error.

ELECTRONIC SECURITY: While armed guards and barbed wire in one form or another apparently are still first line of defense for security conscious, electronics in many forms has about taken over all other aspects. At least that's strong impression picked up during tour of International Security Conference & Exposition in N.Y. last week.

Host of firms were on hand with ultrasound, microwave or infrared intrusion detection systems, electronic keypad or card entry controls, voice synthesized alarms, as well as complete computer control security system that displays trouble spots, among advanced products shown by some 350 exhibitors. Sponsor Security Equipment Industry Assn. says market for such products has been growing at 10% annual rate, should hit \$20 billion this year, \$31 billion by 1995.

TV monitor systems are now bread & butter item, and more than dozen companies were on hand to show gear. Color is starting to come into its own, though prices would stagger mind of consumer-oriented marketer. At low end was new Matsushita made compact color camera from RCA at \$990 excluding lens. Companion Matsushita-made 10" monitor was \$475. More upscale was special combination color outdoor camera and 13" monitor combination from Fibervision that comes with fiber optic link for 600-line resolution and sells for \$2,900. Subminiature CCD color camera with pinhole lens for easy concealment is \$6,000 from Visual Methods Inc.

Panasonic was on hand with pair of CCD cameras, both offering 404x256 element arrays. B&w version is to sell at about \$925, color at \$1,400. Sanyo displayed its first color camera specifically designed for security, will sell it at about \$1,200. B&w, however, is still dominant, and systems retailing for as little as \$200 were widely available. Novel touch is wireless video monitor system introduced by GBC. List of \$1,995 is for transmitter-receiver combination which covers about 500 ft., needs FCC license for operation. Camera & monitor are extra. CATV Product Sales is asking \$24,500 for Videoplex, adaptor that allows simultaneous display of feed from up to 16 different cameras on single TV screen. Adaptor is made by Stock Electronic Europe of France.

* * * *

CVC 1/4" VCR format developed by Japan's Funai and offered here in portable by Technicolor, is officially dead issue, according to David Elberbaum, pres. of Japanese CCTV maker Elbex, which had display at show. Elbex is former producer of CVC portable VCR introduced in Europe 2 years ago by Grundig. Elbex still makes CVC decks on OEM basis, primarily for Bosch in Europe which uses it in professional news-gathering VCR-camera combination. But low prices on more conventional 1/2" portable formats have made it impractical for Elbex to continue in consumer market, Elberbaum told us. CVC format, he said, is very close to standard for upcoming 8mm Video VCRs, adding that Elbex expects to be producing 8mm decks on OEM basis.

TUBE IMPORTS DOWN: Color picture tube imports were up or down in first half, depending on just what it is that's counted. First half imports of color tubes as distinct parts, on which 15% duty must be paid, were down slightly from same year-earlier period, but dramatic increase in imports of tube-inclusive color TV kits, dutiable at just 5%, resulted in significant rise in overall shipments.

Commerce figures show that 313,100 color tubes were entered in first 6 months, down 17.8% from 381,300 in Jan.-June 1982. But kit imports jumped nearly tenfold from just under 22,000 to 218,500, to put overall tube import total at 531,700, up 31.8% from 403,300. That total of course excludes 1.6 million tubes that were imported as part of complete color TVs.

While portion of kit increase stemmed from rise in shipments from Far East, vast bulk was represented by hike from 1,300 to 172,000 in imports from Mexico. Virtually all of that came from Tijuana plant of Matsushita, where it manufactures chassis and puts kits together using tubes and other parts imported from Japan. Legality of practice, for which Matsushita received advance approval from Customs, is being challenged by labor-industry group COMPACT, which claims it amounts to evasion of higher duty on tube imports (TVD April 4 p14).

U.S. color tube manufacturer complaints that low foreign tube prices keep them from raising prices in strong market gets some support from Commerce dollar import figures. They indicate that average price importers paid for 13" tube in first half was \$43.82, excluding duty & freight charges, down from \$48.06 in same period last year. Decline was even sharper in popular larger sizes, with 19" pricing average dropping to \$61.04 from \$73.46 and 20"-&-over tubes falling to \$64.84 from \$83.32.

In b&w, total tube imports fell 60.9% to 131,400 from 335,800. GE, as last significant U.S. manufacturer of b&w TVs, was major importer of b&w tubes until it ended monochrome set production during first half last year. Here's tube import picture:

U.S. FIRST QUARTER PICTURE TUBE IMPORTS

Type	Units	%chg.	\$ Value	%chg.
Color				
12" & under	22,427	-65.6	1,416,416	-63.2
13".....	93,593	-29.0	4,101,379	-35.2
14-15".....	26,550	-46.6	1,360,445	-44.6
16-17".....	3,573	-46.7	414,512	-31.7
18-19".....	107,833	+ 9.0	6,581,998	- 9.4
20" & over.	59,168	+104.5	3,836,766	+59.1
w/TV kits..	218,537	+894.2	n/a.	--
Monochrome				
12-16"...	20,001	-84.8	395,079	-53.9
Other....	111,284	-45.6	2,214,941	-66.3
For projection TV				
	29,921	n.a.	1,358,992	n.a.

FIRST HALF TV IMPORTS: Sharp leap in shipments from Korea & Taiwan was primary reason June set new all-time monthly high for complete color TV imports, and capped off records for 2nd quarter and first half (TVD Aug 15 p12), according to Commerce figures.

In b&w, imports were essentially flat in June and through 2nd quarter, as rise in shipments from Korea offset decline from 2nd leading supplier, Taiwan. Korea has captured most of b&w private label business, counts GE and NAP Consumer Electronics among major customers. Biggest exporters from Taiwan are RCA & Zenith factories.

Following are TV import totals by country for June and first half. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

Total TV				
	Month	%chg.	6 months	%chg.
Japan				
total...	129,600	-28.0	786,700	-19.2
color...	98,300	-28.5	583,200	-14.5
b&w.....	31,400	-26.2	203,500	-30.1
Taiwan				
total...	302,100	- 4.5	1,427,600	-11.5
color...	105,200	+128.8	469,500	+150.3
b&w.....	196,900	-27.2	958,200	-32.8
Korea				
total...	374,700	+91.5	1,657,200	+45.8
color...	148,000	+388.2	632,600	+154.2
b&w.....	226,700	+37.2	1,024,600	+15.4
Singapore				
total...	41,400	+14.1	306,400	+27.8
color...	39,900	+13.4	290,500	+46.6
b&w.....	1,500	+36.4	15,900	-61.9
Malaysia				
total...	22,500	+491.0	84,100	+219.0
color...	14,600	+634.2	57,900	+379.7
b&w.....	7,800	+333.4	26,200	+83.3
Hong Kong*				
total...	11,800	--	27,400	--
color...	4,300	--	11,300	--
b&w.....	7,500	--	16,100	--
Canada				
color...	9,200	+16.2	39,500	+16.5

Complete Color				
Japan....	70,900	-19.5	382,800	-17.4
Taiwan...	101,800	+143.9	435,900	+151.5
Korea....	136,800	+351.2	577,600	+132.1
Singapore	17,900	+43.4	92,200	+35.6

Color Chassis & Kits				
Japan...	27,400	-44.6	200,300	- 8.5
Taiwan*..	3,400	--	33,600	--
Korea*...	11,200	--	55,000	--
Singapore	22,000	- 3.1	198,300	+52.4
Mexico...	160,800	- 5.9	794,600	+14.9

*Imports negligible in 1982.

RCA TO EMPHASIZE SOFTWARE: "Software is the driving force" behind new RCA Videodisc Div., which brings together all CED disc and player operations (TVD Aug 29 p11), according to Vp-Gen. Mgr. Arnold Valencia. Though formerly pres. of RCA Sales and RCA Distributing under Consumer Electronics Div., and so considered hardware man, Valencia spent 14 years with RCA Records, thus is no stranger to software market. Valencia voices strong support for Mktg. Vp Herbert Mendelsohn, told us "I look to Herb as the marketing power" for hardware as well as programming.

Thrust of new effort is subject to coordinated planning now under way "for the first time," Valencia said. "It's a major opportunity." Strategy won't mean reduction in custom-pressing prices, could result in more tolerant approach to disc rentals. Valencia acknowledges importance of disc sell-through, at same time maintains "there's truth on both sides" — player sales would lag "if it weren't for rental." CED rentals are accepted as norm in business, one retailer on VSDA panel estimating they account for 60% of disc transactions.

Easier-going attitude about rentals won't sit well with number of studio executives introduced to Valencia at VSDA who aren't happy with high price of replication. Reportedly, custom-pressing schedules for 1984 are bit less expensive than present figures, but reductions won't show up at retail now or in near future. Valencia said "we have no plans to change pricing," while emphasizing that Indianapolis plant "is well ahead of cost targets — we haven't made up our minds to do anything different than we're doing now."

Disc distribution seems least subject to change. Valencia said RCA Consumer Electronic distributors are doing "a very effective job," won't go through RCA Records except in U.K. where network already is in place. Since studios supply own network, "we see the possibility of competing distributors selling to dealers [and] continuing erosion of profit margins," he acknowledges. "It's a fact of life."

Valencia said RCA is "on our plan" for player sales, although summer slump was "a little more than expected." Fall ad campaign will be "much more software oriented," and in keeping with that, division will increase emphasis on program acquisition.

* * * *

RCA & Hitachi formally launched U.K. CED marketing effort last week. Hitachi introduced 3 players, mono leader at \$300, stereo with wired remote at \$345, stereo with infrared remote at \$390. RCA said it would back hardware with 100 disc titles when product sale starts next month. Ads will stress that CED is inexpensive, say "RCA & Hitachi halve the cost of video" as system provides high quality pictures & sound at half cost of VCRs.

Video printers that will produce hard copies of teletext material are on way in Japan from Mitsubishi and Europe from Philips. Mitsubishi said it will have printer included in 20" color TV retailing at about \$1,100, follow with printing adaptor. Company said copies will cost about \$1.50 each to make. Philips will include printer in 26" color set.

'82 ELECTRONICS MARKET: Total U.S. electronics sales of domestic & imported products rose 7.9% last year to record \$126.1 billion at factory level, according to figures in EIA's new 1983 Electronic Market Data Book.

Consumer product segment was only non-contributor to industry growth, with volume down 4% to just under \$11.2 billion. Computers and industrial products segment led growth with 11.1% sales rise to \$50.2 billion, just edging out communications equipment & systems, up 11% to \$38.6 billion. Component sales were up 3.4% to \$26.1 billion.

U.S. electronics maintained favorable balance in international trade last year, but at level lower than in 1982 as growth of imports outpaced that of exports. EIA analysis shows U.S. electronics exports were up 3.1% last year to \$24.3 billion, while imports jumped 6.9% to just over \$21 billion. Resulting \$3.24

billion trade surplus was down 16% from \$3.85 billion surplus of 1982.

Copies of data book, which contains by-product production, import, export & sales breakdowns for all industry segments, are \$55 each from EIA, 2001 Eye St., N.W., Washington, D.C. 20006.

Commodore bought 64K RAM technology license from Micron Technology, Boise, Ida. producer of custom devices. Commodore said 64K chips are only major IC part it uses in its computers that it doesn't now manufacture for itself, added it plans to start quantity production at Costa Mesa, Cal. plant next year... Atari has gone to RCA for IC design and programming technology. Agreement is knowhow license only, doesn't obligate Atari to have any ICs manufactured for it by RCA... Mostek claims development of high-speed 256K RAM, said it will start shipping in Dec. at \$100 each in 100-unit lots.

**Now — the Whole Incredible Story of the 12 Months
that Shook the Industry — at Your Fingertips**

THE VCR EXPLOSION

Not since the greening of color TV has home entertainment electronics experienced such an explosive product. But it took color 11 years to reach annual sales of a million units — and it took VCR six. And 1983 sales are doubling those of 1982, at an annual pace of more than 4 million units. Now — the complete report of VCR's takeoff period in one handy reference volume, just as it happened, from the pages of Television Digest.

If you came in late, if you want to brush up on your recent history, or if you just need to know **what** happened **when**, it's all in **The VCR Explosion**, the only complete chronology of the big boom of 1982-83. The industry's most reliable, complete and analytical coverage of what happened and why, including these important developments:

From glut to shortage in six quick months. . . A price collapse feeds the boom. . . The home taping controversy. . . The decline and fall and rise of prerecorded cassettes. . . Rental movies vs. \$39.95 sales cassettes. . . The blank tape market and where it's headed. . . Beta Hi-Fi and VHS Hi-Fi. . . The raging controversy over the European market. . . Who's producing what and how much. . . Complete market-share ranking of all U.S. VCR brands. . . The new products, VCRs and cameras. . . Enter the solid-state camera. . . The one-piece VCR-camera. . . Studies and forecasts of the future of VCR. . . New technology and its influence on product and market. . . The agreement on 8mm, the next generation — will it hold up?

EXTRA: Complete text of specifications of 8mm Video, as issued by 122-member standards conference.

To ensure that you receive your copy of **THE VCR EXPLOSION** fill out the coupon below and return it to Book Order Desk, Television Digest Inc., 1836 Jefferson Place, NW, Washington, D.C. 20036. Book price is \$95 per copy. All orders must be prepaid.

_____ Please send me _____ copies of **THE VCR EXPLOSION**
 _____ Payment attached (Make checks payable to Television Digest Inc.)
 _____ Charge to: _____ American Express _____ MasterCard _____ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Consumer Electronics Personals

Mike Morimonto promoted at Sony Mfg. Co. of America from vp-gen. mgr. to pres., succeeding Shiro Yamada, who becomes senior advisor to Sony America and continues as dir.; Michael Eisner, Sony America controller and John Stern, human resources dir., advanced from vps to senior vps... Jon Passini promoted at Sampo to sales & mktg. dir.; Kenneth Linde, ex-dealer development mgr., named national sales mgr., succeeding Passini; Tony Tsu appointed west zone mgr., Peter Tsai named for east zone.

Gregory Zehner, ex-Foote, Cone & Belding, joins RCA Sales Corp. as national ad mgr... Masahiko Iwasa named senior vp & treas., Sanyo Mfg., succeeding Shinzo Mikami, who returns to parent in Japan... T. Mayer named chief exec. of Thorn EMI Electronics Div. in realignment; I. Owen named Commercial & Home Appliance Group chmn.

Peter Field, ex-Procter & Gamble, joins Texas Instruments as Consumer Electronics Group pres., succeeding William Turner, now with Automatic Data Processing... Kenneth Harkness, ex-Atari Coin-Op Div. pres., joins Digital Research as gen. mgr. of new Consumer Products Div., formed to market home & educational computer software... Frederic Roeben, ex-N.W. Ayer, named Radio Shack administrative ad mgr.; Dick Myers appointed sales promotion dir... A. W. Johnson advanced at Code-A-Phone from mktg. vp to vp-gen. mgr. of new Business Products Div.; James Owen, former operations & engineering vp, named vp-gen. mgr. of new Consumer Product division.

Harvey Schein, former chmn. of Sony Corp. of America, most recently pres. of Polygram Corp., named pres., Skyband Inc., DBS unit of News America Publishing.. Scott Haines resigns as Disney Home Video national sales mgr... James Cardwell named finance & administration dir., Warner Home Video... Paul Foster, ex-VHD Programs, joins RKO Home Video as vp... Rebecca Dragiff advanced at RCA/Columbia Pictures Home Video from mgr. to dir., planning.

George Atkinson resigns as chmn. of Video Station, joins L.A.-based Program Hunter in unspecified post... Robert Conrad appointed National Video new franchisee support dir., responsible for start-up and in-store training programs... Mark Ehrin joins Video Assoc. as national sales mgr... Bruce Apar, Video magazine editor, to become publisher & editor, Home Viewer magazine and vp of parent HV Publications, Oct. 1; Ken Winslow joins as exec. editor.

Olympus released patents for microcassettes to public domain. Company said improvement in production technology by other manufacturers makes it no longer necessary to police market, and that free access to patents is needed for tape equipment makers to meet response to sharply rising demand for system by computer industry. Also, Olympus introduced first microcassette portable designed specifically for use as computer data recorder. Unit has 2 recording speeds, record phase reversal, lists at \$122.50.

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
Certron			
1983-9 mo. to July 31	18,072,000	151,000	.05
1982-9 mo. to July 31	16,938,000	120,000	.04
1983-qtr. to July 31	6,230,000	33,000	.01
1982-qtr. to July 31	5,488,000	40,000	.01
Electrohome^a			
1983-26 wk. to July 1	69,116,000	(1,803,000)	--
1982-27 wk. to July 2	94,939,000	1,170,000	.21b
1983-13 wk. to July 1	33,905,000	(1,062,000)	--
1982-13 wk. to July 2	50,594,000	1,070,000	.19b
Sanyo Mfg. Co.			
1983-6 mo. to May 31	123,779,000	467,000	.07
1982-6 mo. to May 31	98,054,000	(2,268,000)	--
1983-qtr. to May 31	69,204,000	1,144,000	.16
1982-qtr. to May 31	55,123,000	(1,208,000)	--

Notes: ^aIn Canadian dollars. ^bRestated.

National TV ad spending on consumer electronics jumped 221% to \$236.7 million last year, with increase coming in non-traditional products, TVB reports. It shows spending on TVs, radios, phonos, etc. fell 28.9% to \$62.1 million, while outlay on what it calls components & supplies, category that includes videogames & cartridges, jumped 224% to \$174.6 million. Spending on computers was up 245% to \$77.8 million. Figures exclude local ads by retailers. Largest outlay among industry members ranked in top 100 advertiser list was \$107.4 million by Atari parent Warner Communications, up 68% and good for 20th place. Mattel ranked 30th at \$80 million, up 90.3%. Among others: IBM, 68th, \$34 million, up 106.8%; GE, 71st, \$32.2 million, down 17.1%; RCA 82nd, \$27.9 million, down 41.9%; Milton Bradley, 87th, \$26.1 million, down 2.1%; Coleco, 90th, \$25.1 million, up 231.9%.

RCA has dropped amorphous silicon solar energy cell project, bringing end to its 30-year solar energy development effort. Work had been concentrated at RCA Labs, which last year announced it had made first cells with 10% energy efficiency. RCA said it decided it didn't want to underwrite \$100 million it would cost to come up with commercial project. Pilot production equipment and technology has been sold to Md.-based Solarex for undisclosed sum, and RCA solar project engineers have been assigned to other programs.

New Walkman about size of cassette box was introduced by Sony at last week's end at Berlin Show, and is scheduled for U.S. unveiling this week. Tiny flat motor and paper-thin electronics make feat possible. New unit, which uses standard cassette, also has completely redesigned ultra-light headset with transducers which actually contact ear, eliminating cushions and padding, improving sound. It will list at about \$135 in Europe.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

SEPTEMBER 12, 1983

VOL. 23, NO. 37

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

MULTICHANNEL MDS BIDS FLOOD FCC:

Estimated 30,000 proposals include bids by CBS, ABC, RCA plus common carrier majors Microband, Contemporary. (P. 1)

FCC INQUIRING INTO OBSCENITY transmitted by common carriers, approves SBS application for transponder lease. (P. 3)

FCC EXPANDS DAYTIME RADIO HOURS for many daytime only stations. Contingent upon finalized agreements with Canada, Mexico. (P. 3)

EASTERN SHOW ATTENDANCE DOWN due to competition from other shows. Granath tells attendees programming shakeout to continue. (P. 5)

CABLE WAKES UP TO ACCESS CHARGE: NCTA warns that subscribers may have to pay extra charge for interconnecting local loop, cable facilities. (P. 5)

ATSC GAINS MEMBERS, BEGINS STUDY of 3 ways to improve TV technology. (P. 6)

PATRICK NOMINATION to FCC expected this week. Commerce Committee adds staffers. (P. 6)

SHOWTIME, MOVIE CHANNEL MERGER gains Viacom \$40 million in cash. WASEC won't be involved, says new Pres. Weinblatt. (P. 8)

CBS, ABC, RCA BID FOR MULTICHANNEL MDS: "The floor is beginning to sag," joked staffer in FCC Secy.'s office as boxes of applications for multichannel MDS authorizations piled up at deadline last week. One harried staffer, recalling FCC's last blizzard of applications, said "this makes cellular look like small potatoes." Another noted building superintendent was watching situation closely to make sure joke didn't become reality.

As expected, current major MDS operators were most noticeable in applying for authorizations to expand beyond current single channel limit. Microband, largest MDS carrier, submitted 220 applications. No. 2 Contemporary Communications filed about 150, including one for each of 44 cities where it currently operates single-channel MDS outlets. Graphic Scanning submitted 332.

Most applications were by companies from outside traditional MDS common carrier field, including hundreds by cable interests and broadcasters. United Cable submitted about 150 and Daniels filed 105. Some current MDS companies were active in preparing applications for other

Consumer Electronics

DOUBTS ABOUT 8mm surface in Berlin as Videomovie steals show and momentum builds for further developments in standardization. (P. 10)

GE JOINS MOVE to higher color prices, sees more hikes on way. Move comes as EIA reports Aug. ended with record color, VCR sales week. (P. 11)

DIGITAL TV LAUNCHED at Funkausstellung as ITT sets go into production. Blaupunkt, Grundig, Panasonic, perhaps GE & Zenith next year. (P. 12)

PHILIPS SEEKING gradually to increase stake in Grundig, may eventually buy up controlling interest. European connection. (P. 14)

SINCLAIR'S POCKETABLE flat-tube b&w TV to go on market in U.K. this week at \$120. (P. 14)

COLECO LINKS WITH AT&T in phone-fed game venture, with StarCom for videodisc games. Adam priced at under \$600 by discounters. (P. 16)

MATTEL SHOWS LOSS of \$167 million from electronics operations in 2nd quarter, trims Aquarius market plan. Morse back in black. (P. 17)

U.S. PHONE MARKET boom reflected in import figures showing first half shipments are well over totals for full 1982. (P. 17)

interests: Contemporary prepared 350 such outside bids, charging what one competitor said was "\$1,000 a pop."

Raising eyebrows were CBS's bids for systems in N.Y., L.A., Chicago, St. Louis & Philadelphia — where it owns TV stations. ABC used same approach, applying for authorizations in N.Y., Chicago, L.A., Detroit & San Francisco where its stations are. Observers said CBS & ABC opted for those cities to avoid competing for audiences with affiliates. NBC said that it didn't submit any multichannel MDS applications but that RCA did, although officials didn't know cities where parent applied and RCA officials couldn't be reached. CBS said it "is continuing to talk to [Instructional TV Fixed Service] licensees about the possibility of leasing some of their channel time," official said. Insiders said they understood "10 or 15" TV group owners also were applying for authorizations, that several independents also were pursuing licenses.

Applications by several telcos were noticed flowing into FCC, including some filed by Regional Bell Operating Cos. and some independent phone companies. That came as no surprise to many in field: "I would think it would be a natural for them," executive said. "They missed the boat on [Digital Termination Service]. This [multichannel MDS] is a straight common carrier operation. They have the sites, the people, the money; they should have done one in every community."

CBS is interested in supplying programming to other multichannel MDS licensees, official said, but network hasn't contracted with any applicants. Network last year was associated with Contemporary when it operated experimental outlet in Salt Lake City. "We have a very high regard for Contemporary, particularly their engineering talents," CBS official said. "But we don't now have any contracts with them that would bind either one of us."

Estimates of total number of applications ranged from low of 10,000 to high of 30,000. FCC attempted to soften frantic deadline activity by allowing parties to submit bids beginning Sept. 2. But as of Fri. morning, only 1,000 had been received. Common Carrier Bureau was working under assumption that about 12,000 applications in all would come in, but official said that number was surpassed by noon Fri. Told of 30,000 estimate, FCC official said "that may be a little high but judging from the rate they're coming in, I have no quarrel with it." FCC will use lottery to pick winners.

Consulting firm Richard Vega & Assoc. submitted 3,000 applications. Md. firm represented some MDS clients, including Graphic Scanning, but most work was done for non-MDS interests. "We have 8 or 10 clients, mostly from the cable and broadcasting fields, who each are submitting 100 to 150 applications," Vega said. Consulting & engineering firm in San Francisco also was said to have submitted about 2,000 applications for various clients.

When it became clear flood of bids would be received, some parties began suggesting that FCC petition Congress for supplemental appropriation to handle situation. Executive said he was told that if there were only 10,000 applications, at current Common Carrier Bureau staff levels it would take year just to read them.

Some confusion exists about how selection process will operate. FCC is expected to conduct first lottery in Jan.-Feb., but it hasn't published guidelines, final rules. "A lot depends on what [commissioners] do on reconsideration" petitions by ITFS interests unhappy with reallocation of their frequencies, attorney said. Others felt FCC might be able to move quickly because of experience gained with cellular radio licensing, low-power TV lottery. That experience should make Common Carrier Bureau "feel more comfortable with this huge number of applicants and the prospects of holding lotteries," executive said.

Commissioners themselves aren't all happy with way licensing process will work. Lottery survivors, said Comr. Dawson in concurring statement to FCC's May decision to reallocate 8 ITFS channels in each market, "win only the right to negotiate with co- & adjacent-channel ITFS licensees within a 50-mile radius of the MDS station." She noted that MDS winners before starting construction must submit statement from co- & adjacent-channel ITFS users that new MDS outlet won't interfere with ITFS licensee. "Obviously, this gives current ITFS operators something in the nature of a veto power over MDS systems with the only bright spot... being that the veto must be related to 'harmful interference' to existing stations."

FCC APPROVES OBSCENITY INQUIRY: Getting stuck with obscenity hot potato, FCC last week voted unanimously to begin notice of inquiry into prohibitions against using common carrier facilities such as telephone lines and MDS for transmitting obscene material. Inquiry stems from complaints filed by Suffolk County, N.Y. Exec. Peter Cohalan & Rep. Bliley (R-Va.) against N.Y. Telephone Co. for carrying sexually explicit telephone taped message service in N.Y., and petition from Multipoint Distribution System Inc., which is trying to enforce contract provision prohibiting X-rated and unrated films shown on its microwave service by San Antonio Home Entertainment. At last week's meeting, Commission also approved Satellite Business Systems application to allow non-common carrier transponder deals, doubled spectrum for Digital Termination Systems stations.

In sex-phone case, Commission is focusing on 2 issues: (1) What its role should be in enforcing prohibitions in Communications Act against statements over telephone that are "obscene, lewd, lascivious, filthy or indecent." (2) Whether common carriers may unilaterally determine that materials are obscene and terminate service or exclude obscene materials when transmission of obscene material is prohibited by law, tariff or contract. But before determining its role, FCC must find out if it has authority to decide if material is obscene. If it concludes it has, FCC must decide if it's necessary, desirable, or appropriate for it to make obscenity determination and take action to stop activity.

"This is going to be a difficult legal inquiry," FCC Gen. Counsel Bruce Fein said of issue, which has spent much time in courts. Courts have left defining obscenity to local communities but in case of telephone service available nationwide, question is which community standards are to be used. Inquiry also may be involved with First Amendment standards. Other "highly sensitive" issues associated with obscenity include "Dial-A-Porn" use by children, what person may view or hear in privacy of home, whether "victims" use telco service voluntarily, FCC lawyer said.

FCC will set 90-day comment period, 45 days for replies. Action on N.Y. Telephone Co. and MDS Inc. complaints will be deferred pending notice of inquiry. FCC Common Carrier Bureau had dismissed telephone service complaint, referred it to Justice Dept. because complaint could have led to criminal penalties, spokesman said. On June 10, DoJ sent complaint back to FCC, saying that's where it belonged.

FCC also voted 3-1 to grant Satellite Business Systems' application to modify domestic fixed-satellite space station authorizations permitting it to lease transponders to Skyband, new DBS venture backed by Rupert Murdoch. With Comr. Rivera dissenting, Commission said SBS won't be regulated as broadcaster in view of its leasing transponders to joint venture of News Satellite TV Ltd. and Inter-American Satellite TV Co. for direct satellite to home TV aimed primarily at rural areas. SBS may offer 5 transponders on SBS 3 bird to Skyband which is expected to offer one "HBO type" channel, news channel, sports, entertainment. Venture is expected to start this fall, will cover continental U.S., apparently has agreements with farm cooperatives to distribute 1.2-m dishes, FCC staff said.

Rivera opposed, he said, because SBS will be considered strange animal — broadcaster and point-to-point, point-to-multipoint carrier. In heated exchange with Fein, Rivera maintained there wasn't precedent for giving SBS this description. Finally, Rivera said: "I'm getting mad — can we vote?" In another action, FCC denied reconsideration request by SBS on modifying economic and cost support materials required to be filed by dominant carriers.

FCC EXPANDS DAYTIME RADIO HOURS: About 2,200 of perhaps as many as 2,400 daytime-only AMs got boost last week when FCC extended their broadcast day 2 hours past sunset. But stations must operate at reduced power with 500 watts maximum. Daytime stations west of and in close proximity to dominant 1A & B U.S., Canadian or Mexican clear channel stations won't be permitted to add 2 hours after sunset. Unanimous action also authorized adding about 250 daytime stations to approximately 2,000 which now begin before sunrise. Action depends upon protection of sky & ground waves, agreements with Canada, Mexico. FCC staff said tentative nod has been received from former. Final agreements are expected for extended operations to begin when daylight savings time ends Oct. 30.

Nighttime extension isn't expected to create skywave interference, FCC staff said, because of formula used to measure interference, wave path. Action is expected primarily to affect rural areas, they said. Chmn. Fowler, one-time disc jockey on daytime-only station, called action "one of the best steps the Commission has taken in its history to better the lot of our daytime AMs out there." FCC will use computers to calculate effects on stations, send information to stations to be attached to licenses.

Extended hours will increase competition, Fowler said, and will add to station revenues by providing daytime stations access to listeners as they leave work in winter darkness. Low power requirements are satisfactory to meet needs of stations in small communities, FCC staff said.

Comr. Quello expects decision to bring lawsuits, but Mass Media Bureau Chief James McKinney said he expects "celebrations" by all stations because action provides for groundwave interference protection. Comr. Dawson called action "a good first step." NAB Pres. Edward Fritts said: "We applaud the Commission for its actions. Spectrum integrity is being maintained while local broadcasters are being given an opportunity to better serve their communities."

Americans are reading as much as ever despite increasing use of TV and other electronic media, new publishing industry statistics show. According to Sept. 8 N.Y. Times story which examined data from variety of sources, number of book titles issued annually stands at 50,000, highest ever, with per capita annual sales among population of reading age up from 2.75 in 1970 to 4.89 in 1980. Number of retail bookstores increased 62% between 1972 & 1977, continues to rise by about 10% per year. Library circulation has grown at 2 times rate of population for last 4 decades. Number of magazines published is at record high with 9 out of 10 Americans over 18 years reading at least one per month. Although only 2 of 3 Americans read newspapers daily, vs. 3 out of 4 ten years ago, newspaper circulation is growing steadily, is just under 63.1-million record set in 1973. Women now spend more time in reading each day than men. On other hand, there's no doubt that TV, radio and other electronic media, such as videogames, have sapped some reading time, particularly for adolescents who now spend less time reading than 9-year-olds. Young adults read more than older people while retired people appear to spend less time reading than when they worked.

FCC may have created "a loophole in the prime-time access rule which would destroy its effectiveness" through "tentative decision" to permit networks to own syndicated programming, according to Group W. While FCC said PTAR wasn't part of proceeding, Group W said tentative decision (upon which comments are due Sept. 20) "can be read to propose the elimination of all restrictions on network first-run syndication activities, including the access period... Unless the Commission is able to confirm the syndication of first-run material by the networks in the access period [7-8 p.m. for network affiliates in top 50 markets]," Group W asked for additional 30 days to comment on financial interest proceeding. Group W said network affiliates' associations based their support of ABC, CBS & NBC on FCC assurance that PTAR wasn't involved in FCC proposal yet "the tentative decision appears to suggest otherwise." Group W's concern is that off-network show owned by a network will be permitted to be syndicated in top 50 markets to affiliates during access time.

After 3 straight years of declining profits, radio stations showed major turnaround in 1982 with pre-tax profit margin tripling — from 3.46% to 9.42% — over 1981 results, according to annual NAB survey. Last year, 67% of 1,618 participating radio stations reported profits, vs. 58% previous year. "Typical" radio station had pre-tax profit of \$51,100, vs. \$15,800 in 1981. Overall, time sales increased 21% to \$562,500 for typical station, with \$79,200 (14% of total) coming from national-regional spot, an increase of 37%. Local sales were up 19%, averaging \$483,300 at typical station. Average employment was 14 fulltime (same as 1981) but payroll costs rose 14%. Sharpest jump in expenses was for sales & promotion costs, up 32%. NAB plans to release breakout of AM vs. FM results next week. Meanwhile, RAB Pres. William Stakelin pledged last week "a new era of cooperation between SRA and RAB... that will help generate new national dollars into radio." He also said RAB will institute "a new receptivity to new ideas to solve problems that arise in radio," that RAB plans "massive media blitz" directed toward U.S. auto manufacturers.

Manchester, N.H. and Atlanta will be sites of first 2 TV debates among Democratic Presidential candidates, according to sponsoring League of Women Voters. N.H. debate will be in late Feb. (depending on date of N.H. primary), Atlanta March 11. Democratic Presidential contenders (all of whom have agreed in principle to debate) are Reubin Askew, Alan Cranston, John Glenn, Gary Hart, Ernest Hollings, Walter Mondale. Debates "are being scheduled to coincide with some of the major primary events," according to League Pres. Dorothy Ridings. She said 2 additional Democratic debates are scheduled, plus 4 between major party nominees between Labor Day and Nov. election. League is attempting to raise more than \$1 million from private groups to finance debates, which TV & radio networks are expected to cover. NAB, which also wants to sponsor Presidential debates, expects to work with League on voter education campaign.

Gannett is considering 6-month feasibility study to place USA Today on videotex, will detach some editorial employees to participate in study.

EASTERN SHOW ATTENDANCE DOWN: Observers blamed competition from other cable trade shows and fact that Eastern Show opened on Rosh Hashanah as reasons why annual gathering of 13-state Southern Cable TV Assn. (SCTA) attracted about 1,200 fewer people than it did last year in Atlanta. About 5,500 came to Ga. World Congress Center last year; official tally put attendance at 3-day show last week at 4,272. Number of exhibitors also declined from 250 to 227, but SCTA officials said same 70,000 sq. ft. of floor space was rented.

Although SCTA officials were upbeat, one attendee said show and traffic through exhibits "looks smaller to me than it did last year." Eastern Show was competing with Great Lakes Expo cable show sponsored by Ill.-Ind. Cable TV Assn., which drew about 1,500 to Indianapolis last week, and New England Cable TV Convention which ended 3-day show recently in Hyannis, Mass.

Attendees heard another cable austerity message from ABC Video Enterprises Pres. Herbert Granath in keynote address. Demise of CBS Cable and Entertainment Channel "is just the tip of the iceberg of retrenchment in our industry," Granath said, predicting that fewer than 12 of current basic services were likely to survive until 1990. Survivors will be cable services offering "something different" from broadcast TV, Granath stressed. He also sounded familiar theme of attracting light viewers of TV to cable, said that attracting them "has been the guiding principle of our program development" at AVE, which sponsors ARTS and Daytime, both in process of merging with new organizations. Saying that "nature creates improvement by cross-breeding," he anticipated more mergers and joint ventures in cable shakeout now under way.

At SCTA news conference, officials rebutted criticism they caused show to suffer by scheduling opening on major Jewish holiday, saying it was impossible to avoid every holiday. Officials also denied rumors that Eastern Show is considering merger with Atlantic Show.

John Jerose, gen. mgr. of Daniels' Asheville (N.C.) Cablevision, was nominated as pres. to succeed Sally Davidson. Jerose is secy.-treas. His appointment was expected to be ratified by membership late Sept. 9, when members also were expected to confirm suggestion to alter terms of SCTA officers to coincide with calendar year rather than from show to show. If adopted, Jerose would serve through Jan. 1984. In other business, board tabled until Oct. decisions on whether to join Cable Consortium for Information and whether to seek grant from NCTA under program set up to aid state & regional cable associations.

Attracting attention was panel session on cable deregulation featuring Reps. Dowdy (D-Miss.), Bliley (R-Va.) & Tauzin (D-La.). On program side, many were talking about ESPN's announcement of new 5-state pay sports service offering schedule of Atlantic Coast Conference basketball games to subscribers who in past have been blacked out on sports channel when games were shown nationally. Service will be offered as added feature of regular ESPN programming in Md., Va., N.C., S.C. & Ga.

CABLE ACCESS CHARGES? NCTA may petition FCC to reconsider its access charge decision because of questions about how surcharge may be imposed on subscribers who use local phone network in conjunction with some cable services. Assn. last week raised several questions about how FCC's plan for recovering telcos' non-traffic sensitive plant costs will impact on cable industry, including whether cable systems must open their books to telcos seeking information about subscribers using cable facilities to bypass local loop.

Example NCTA cited was Cox Cable's Omaha system where subscribers can use cable institutional loop to terminate MCI's interstate private line network. If subscriber were to hard wire his cable line to local exchange network, he would be subject to surcharge. But NCTA is troubled by uncertain language in access charge order which apparently would allow surcharge on customer when such interconnection "can" occur.

"If that is the case, a user would be subject to a surcharge merely by deciding to purchase both cable and telco facilities, since the 2 facilities could be interconnected at any time," NCTA said in "Special Report" to members. Situation might shrink cable universe because subscriber "will be less likely to drop local exchange lines because he will probably need local telephone service."

Cable subscriber also apparently would be subject to surcharge if he uses local exchange lines for upstream portion of 2-way transactional service such as shop-at-home, NCTA said. If subscriber uses phone to direct-dial out-of-state data base, he isn't bypassing, wouldn't be subject to surcharge. But if he phones cable headend, which connects call to data base via private line network such as MCI, he would be subject to surcharge because he has interconnected cable and local exchange lines to make long distance call for price of local call.

NCTA said "more dangerous problem" with FCC's decision is calculation of surcharge. Commission's prescribed surcharge is \$25 per line per month, but telcos "will have the opportunity to set the surcharge at a level approximately equal to the cost differential between cable facilities and local exchange lines," NCTA said, claiming surcharge "could therefore be used to dissuade users from leasing cable lines by eliminating any cost savings."

In setting surcharge, telcos can rely on industry studies, company records and customer surveys. NCTA warns that FCC doesn't "say anything about the telcos' rights to inspect customer records. That raises fears that the telcos may demand proprietary information from cable systems under the guise of determining what surcharge is appropriate and who must pay it."

Canadian TV stations and cable systems with newspaper cross-ownership in same market are being renewed despite govt. edict year ago banning such situations. Among those recently renewed: CHSJ-TV St. John, New Brunswick; CFPL(AM) London, Ont.; cable system in Belleville, Ont.

ADVANCED TV GETS MORE MEMBERS: Advanced TV Systems Committee (ATSC) took steps last week to complete organization, begin exploring improved TV technology. ATSC accepted 11 new members, now totals 43, formed 3 subgroups, elected 17-member exec. committee.

Joining ATSC, outgrowth of Joint Committee for Intersociety Coordination (JCIC), were Bell Labs/Western Electric Network Systems Div., Bell-Northern Research, Editel Group, Hughes Communications, NBC (becoming last of 3 networks to join), Panavision Electronics, Pappas Telecasting (KMPH-TV Fresno), RCA Americom, U.S. Satellite Bestg., Viscom International USA, Warner Amex. Granted observer status were Bell Labs/Exploratory Wideband Switching Dept., Kalba Bowen & Meredith Corp.

Areas of study assigned subgroups: (1) Improvements in compatible NTSC within framework of 525-line standard and 4:3 aspect ratio. Pursue improved home receivers, studio cameras and TV plant distribution & processing. (2) Enhanced 525-line scanning through changes in transmitted signal. To be studied are such enhanced systems as multiplexed analog component (MAC) approaches proposed for European DBS. (3) High definition TV (HDTV). Subgroups will propose voluntary national standards, solicit comments.

Renville McMann, CBS Technology Center, will chair HDTV subgroup, and Daniel Wells, asst. vp-engineering, Satellite TV Corp., will chair enhanced 525-Line subgroup. Chairman for improved compatible NTSC subgroup probably will be chosen at Oct. 3 meeting of exec. committee. Members given seats on exec. committee: ABC, MST, CBS, DBS Corp., EIA, Group W, HBO, IEEE, NAB, NCTA, North American Philips, RCA, Satellite TV Corp., SMPTE, Sony, Warner Amex, Zenith.

Budget of \$165,000-\$200,000 will be required first year. Dues will be assessed on sliding scale according to company size, possibly up to \$10,000. Exact formula will be determined later. It was unclear whether JCIC members (NAB, NCTA, IEEE, SMPTE, EIA) would be charged full first-year dues since they funded organizational & start-up costs. NAB's Thomas Keller was named chmn. of budget & dues committee.

Total deregulation isn't best goal for broadcasters, Group W Chmn. Daniel Ritchie told United Church of Christ's first annual Everett Parker Lecture on Communication in N.Y. Sept. 9. UCC is sponsoring series in honor of Parker, retiring after career of lobbying for civil rights in media. Fairness doctrine, which Ritchie termed "the public's best protection against censorship," is "stimulus" to First Amendment, he said, not restraint. "Ours is an industry that, at the top and near the top, is still a world of white, well-to-do men," Ritchie said in pointing out need for regulation to assure equal opportunities for women and racial minorities. "Because of the regulatory framework that many of us would now abandon," Ritchie concluded, "we broadcasters can all be faced with important truths."

Senate Commerce Committee is expecting White House to nominate Dennis Patrick to FCC this week, is gearing up for confirmation hearing as early as following week. Nomination of Patrick, assoc. dir. of White House personnel office, isn't expected to raise controversy; quick confirmation is predicted. Meanwhile, staff changes on Senate Communications Subcommittee due to resignations of attorneys Christopher Coursen & Riley Temple have been settled. Shifting from Aviation Subcommittee is attorney Kathleen Meier, who will handle common carrier & international issues. Daniel Phythyon, already on staff, is taking over broadcast & cable issues. Cynthia Douglass, formerly counsel to Surface Transportation Subcommittee, also is expected to take on responsibility for communications policy in areas still to be determined.

Libel lawsuit seeking \$850 million from ABC has been dropped by oilman Robert Sutton 3 months before it was to go to trial in federal court. Decision came 2 weeks after 2 of Sutton's lawyers claimed he owed them money for legal work, according to AP. ABC said it didn't make settlement with Sutton. Stipulation for dismissal states each side bears its own costs and that suit was being dismissed with prejudice, meaning it can't be refiled. Sutton filed suit July 29, 1982, claiming he was libeled in ABC program entitled "The Oil Game" about alleged fraudulent oil labeling practices. Aired nationally June 20, 1982, show included segment about Sutton and one of his Tulsa-based companies, BPM Ltd. Sutton was convicted June 22, 1982, in U.S. Dist. Court, Tulsa, of obstruction of justice resulting from Dept. of Energy investigation of his oil dealings.

Time Inc.'s full-channel cable teletext project is costing more than \$1 million monthly, more than was anticipated, is now expected to be available to general public in mid-1985 rather than previously set "earliest possible launch date" of late 1984 because of technical problems, lack of decoders. Time Video Information Service officials said there never was "hard commitment" for late 1984. Three senior teletext officials have left recently to start teletext-related businesses, including Larry Pfister, chmn. of Videotex Industry Assn. and former Time VIS vp. Pfister's resignation was mutual, came because he felt he would have business to run by now, and he wants to put distance between himself & experiment.

Gillett Communications is buying Post Corp. in cash transaction valued at \$118.6 million. Gillett, which owns WSM-TV Nashville, KXON-TV Mitchell, S.D. and is selling KPWR-TV Bakersfield, has agreed to pay \$65 for each of Post's about 1.8 million outstanding common shares. Post owns WOKR Rochester, N.Y., WLUK-TV Green Bay, WLUC-TV Marquette, Mich., KTVO Kirksville, Mo., WEAU-TV Eau Claire, Wis., radio stations and newspapers.

NAB opposes FCC reconsideration of SCA use for paging by broadcasters, claiming Telocator, which filed petition for reconsideration July 25, wants to create environment in which RCCs "can launch preemptive strikes against all [paging] competition."



CABLE ON THE FIRING LINE

A PERSPECTIVE ON THE FUTURE

*1983 Cable Television Summit Conference
Oct. 27, 1983 - Four Seasons Hotel, Washington, D.C.*

Consider:

... Ma Bell's 7 regional spin-offs will be fierce competitors in the local broadband distribution market (the same market targeted by cable).

... Even if the current cable bill (or one like it) passes, cable TV's regulatory problems have only started (look at what the states are doing).

... Daunting financial challenges face some overbuilt urban franchises (and underbuilt older systems).

... There's a prospect (after RARC '83) of 30-plus channel DBS that promises to offer basic cable-like services to consumers for less.

... More and more high tech executives are biting the dust as corporate boards look for new leadership in a changed world.

The **CABLE TV SUMMIT CONFERENCE** is an unprecedented meeting of the industry's top strategists who will probe the broad spectrum of management problems and the vast business opportunities to be encountered by the industry in a world of new competition and expanding markets.

Intended for an audience of senior and high-level executives, the **CABLE TV SUMMIT** will feature a blue-chip faculty of top industry leaders who will present their views on the cable TV business environment of the immediate future and answer questions from delegates and our panel of expert cable journalists.

The **CABLE TV SUMMIT CONFERENCE** faculty will include **Robert Alter**, President, Cabletelevision Advertising Bureau; **Frank Blondi**, HBO President; **Lawrence DeGeorge**, Chairman, Times Fiber Communications; **Ellen Berland Gibbs**, Vice President, Goldman Sachs & Co.; **Irving Kahn**, President, Broadband Communications; **Daniel Ritchie**, Chairman, Group W; **John Saeman**, Vice Chairman, Daniels & Associates; **Archer Taylor**, Senior Vice President, Malarkey-Taylor Associates; **Thomas Wheeler**, President, NCTA; **Rep. Timothy Wirth**, U.S. House of Representatives, Telecommunications Subcommittee and **Dr. George H. Brown**, Executive Vice President, Retired, RCA Laboratories.

Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

SEND THIS RESERVATION CERTIFICATE TODAY TO GUARANTEE SPACE AT THE CABLE TV SUMMIT CONFERENCE.

_____ Payment attached (Make checks payable to Television Digest Inc.)
 _____ Charge to: _____ American Express _____ MasterCard _____ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268.
 Discounts are available for groups of three or more delegates registering as a group. Contact Barbara Pratt at 202/872-9200 for details.

Sponsored by

TELEVISION DIGEST

SHOWTIME, MOVIE CHANNEL JOIN: Viacom got \$40 million cash for its 50% ownership of new company, Showtime/The Movie Channel Inc., along with \$30 million over 6 years for "consulting services" to Warner Communications, in joint venture announced last week. Amount almost balances \$75 million Viacom paid to buy out Group W partnership in Showtime last year. Venture gets 3 Satcom 3R transponders, 2 from Showtime, other from Movie Channel, and Viacom is making its 2 channels on Hughes Galaxy 1 available at cost.

Warner Communications ends up with 31% of new entity, Warner Amex 19%. American Express interest is less than 10%, about what it would have been if studio merger blocked by Justice Dept. had gone through. Showtime, with 4.5 million subscribers, and TMC, with 2.5 million, are 2nd and 4th ranked pay movie services, respectively.

As expected, Showtime Pres. Mike Weinblatt was named pres.-chief operating officer of S/TMC. But programming arm of Warner Amex Cable Communications, Warner Amex Satellite Entertainment, won't be involved in running new service — nor will WASE be part of S/TMC's yet to be announced board. WASE is "unrelated to this joint venture," Weinblatt emphasized, added neither WASE Pres. John Schneider nor Exec. Vp Robert Pittman are participants. As of Sept. 1, 178 former WASE employees began working for S/TMC, but most will stay put, won't move to new hq at 1633 Broadway, Showtime's offices.

Movie Channel will stay movies, Weinblatt vowed. "Our basic feeling now is that the character of both services should be maintained and enhanced."

Broadcast stations have been warned by FCC that they had better sell time to state & local candidates if they want to stay on good side of Commission. WXLK(FM) Roanoke asked if it's permissible for station to have across-the-board policy of only selling time in federal races since Communications Act guarantees access only to candidates for federal office. Responded Milton Gross, head of FCC unit on political broadcasting and fairness: "Should a licensee fail to make any time available for state and local races, the Commission would examine such broadcasting practices in light of a licensee's public interest responsibilities... including the goal of fostering an informed electorate."

As further evidence of trend by cable MSOs to enhance non-entertainment revenue potential, 6th-ranked Storer has created new unit to develop business communications, mainly data, facsimile and advertising. "Storer is entering a new phase in the focus of its cable operations," Cable Div. Pres. Kenneth Bagwell said in naming John Grubbs business development vp. Grubbs will concentrate on home & business security services, advertising on text services & classified ad channels, coordination of construction of interconnects among adjacent Storer systems, promoting channel leasing. Bagwell said Grubbs also will develop electronic mail, facsimile, etc.

FCC Comr. Rivera is featured speaker at Sept. 23 (Grand Hyatt Hotel, N.Y.) seminar — "The Lawyer and the New Video Marketplace II" — sponsored by ABA Forum Committee on Communications Law. Ex-FCC Chmn. Richard Wiley chairs sessions; panelists include: Henry Geller, Washington Center for Public Policy; Ronald Lightstone, Viacom International; Henry Baumann, FCC; Erwin Krasnow, NAB; Robert Ross, Turner Bestg.; Peter Gross, Time Inc.; Benson Begun, Warner Amex; Andrew Brilliant, Entertainment & Sports Programming Network; Michael Gerber, Viacom Enterprises; Bernard Korman, ASCAP; Robert Roper, NCTA; George Vradenburg, CBS.

CBS was cleared of contempt charge by federal court in La. for network's refusal to submit in advance of airing segment of 60 Minutes dealing with charges of brutality against 7 New Orleans policemen. Judge Earl Vernon held that order by another judge to produce tapes was an unconstitutional prior restraint on news media's First Amendment rights. U.S. attorney had refused to prosecute CBS so federal judges in New Orleans area appointed private lawyers as temporary prosecutors. Original judge, Adrian Duplantier, had issued order prohibiting broadcast of segment before trial of policemen; that order was overturned by 5th Circuit U.S. Appeals and report was aired.

There was no clear winner in N.M. cable-teleo war when state Corporation Commission voted to delay deciding whether Albuquerque Cable TV is common carrier when offering data transmission. Commission vote was to stay complaint filed by Mountain Bell that cable system should obtain certificate of public convenience & necessity before offering service. Albuquerque Cable, unit of Tribune Co. Cable, is experimenting with data transmissions over regular plant for one business customer gratis. In related matter, Commission voted to delay until March 1984 decision on Mountain Bell request for statewide probe of cable data transmission.

NBC and Turner Bestg. have reached out-of-court settlement in dispute over broadcast rights in Atlanta to baseball playoff games if Ted Turner's Braves win National League West. As part of agreement, NBC, which contracted with Major League Baseball for playoff rights, will allow its affiliate, WXIA-TV Atlanta, to preempt network feed, will instead air coverage by Turner's WTBS Atlanta. However, WTBS won't carry games or broadcast them nationwide to cable systems. Details were still being worked out, but it appeared certain that WXIA-TV will broadcast WTBS feed.

"Emergency" stay of LPTV rules and postponement of lottery for low-power authorizations pending judicial review of rules has been asked of FCC by Neighborhood TV Inc. Neighborhood appealed Commission LPTV order June 10, claiming action "reflects a prejudgment by the Commission of its LPTV rulemaking, violates the Commission's own rules and precedents and infringes on Neighborhood's rights."

Personals

Richard Hollings, ex-Wometco, will be appointed senior vp-TV, NAB, succeeding ex-TV Vp Jane Cohen, resigned... FCC Chmn. Mark Fowler & Comr. James Quello will speak at Sept. 12-14 World Communications Conference in Tokyo... Theodore Brophy, GTE chmn., speaks to FCBA lunch Sept. 14, Touchdown Club, Washington.

Kenneth MacQueen, gen. mgr. of WOC-TV-AM & KILK(FM) Davenport, Ia., also named vp... Gerald Walsh promoted to pres., WLVI-TV Boston... Robert White, ex-WXYZ-TV Detroit, appointed vp-gen. mgr., KMGH-TV Denver... Richard Goldberg, ex-WLS-TV Chicago, joins WJLA-TV Washington as news dir... Leonard Marks, chmn. of U.S. delegation to Jan. 10-Feb. 10 WARC conference for planning use of high frequency broadcasting bands of ITU, given personal rank of ambassador by White House.

Alice Lucan promoted to asst. gen. counsel, Gannett Co... Louis Rauchenberger named CBS Inc. vp-treas.; Peter Keegan, vp-controller... Richard Kurlander, ex-WBZ-TV Boston, named Katz TV vp-programming dir... Julie Hoover advanced to ABC Best. Group Owned TV stations PR vp... Norman Nelson promoted to Group W Cable southwest region vp.

Blair TV Exec. Vp Patrick Devlin adds sales operations dir. to title in major reorganization; Senior Vp-National Sales Mgr. James Kelly adds client services dir.; William Breda named senior vp, affiliate/independent sales dir., new post; Timothy McAuliff, David Herman, William Murphy, Murray Berkowitz advanced to div. vps, new posts; Floyd Gelini promoted to senior vp-regional sales dir., new post; Steve Castellaw advanced to eastern region vp-mgr.; Charles Hitchins, midwest region vp-mgr.

Angela Schapiro, ex-Entertainment Channel, appointed vp-sales & affiliate relations, Disney Channel... Mark Smith, KLAS-TV Las Vegas gen. mgr., appointed vp-development & govt. affairs, parent Landmark Communications... Richard Moreno promoted to ABC west coast asst. gen. attorney-labor relations and legal affairs.

Pradman Kaul promoted to exec. vp, M/A-Com DCC... Dimitri Maistrellis promoted to mgr., Wallingford, Conn. plant of Times Fiber Communications... Gary Krieg, ex-Warner Amex Cable, appointed vp-senior engineering associate, James Fischer Assoc... Michael Fitch promoted to deputy chief, FCC Private Radio Bureau.

Stephen Flanagan promoted to engineering dir., Post-Newsweek Stations... Robert Cleve, ex-GTE Sprint, appointed engineering dir., Mutual... Warren Happel advanced to vp-engineering, Scripps-Howard Bestg... David Beeching, ex-Hanimex, appointed mktg. dir., Oak Satellite Systems; R.J. Smith, ex-CableData, joins Oak Communications as western regional mgr.; Anna Pomiak promoted to sales rep for Md., Del., Va., D.C., eastern N.C... Richard Colino, Intelsat exec. dir., keynotes Oct. 19-21 conference of Public Service Satellite Consortium, Washington Hilton Hotel.

Jay Witkin, ex-chief of FCC Common Carrier Bureau Enforcement Div., joins D.C. law firm of Finnegan, Henderson, Farabow, Garrett & Dunner... Susan Lee appointed NBC Entertainment daytime drama dir., new post... Steve Grissom promoted to Capital Bestg. Satellite & Communications Group vp... Timothy Browne, ex-Time Inc., named sales mktg. dir., Sports Time Cable Network... Terri Park, ex-WBZ-TV Boston, named PR vp, WNEV-TV Boston, new post.

Roger Meiners named FTC Atlanta regional office dir., replacing Harold Kirtz, who becomes asst. regional dir., antitrust activities... Carol Forace, ex-Metromedia Producers Assn., appointed program sales development & research dir., Tribune Entertainment Co... Glenda Leggett, ex-FTC, named chief staff exec., AAAA.

Cable programs comparing local grocery store prices have been given boost by FTC. FTC slapped down Dillon Cos. grocers for interfering with independent firm, Vector Enterprises, which collected prices at Springfield, Mo. stores for airing on Telecable of Springfield shoppers' guide show. According to FTC, Dillon attempted to reduce price competition by agreeing with some other area grocers in 1981 to bar Vector price checkers from stores or to force checkers to buy items they surveyed. As result, cable shoppers' guide folded and Vector, which lost Telecable as customer for its data, filed FTC complaint. Dillon was ordered to take several steps to aid resumption of shoppers' guide, if Telecable decides to do so, including paying Telecable \$1,000 to defray program costs. Dillon also must run newspaper ads and post signs in stores notifying customers about cable shoppers' guide.

Once divested, Bell Operating Cos. aren't restricted to offering only regulated monopoly services, as many have believed. According to Justice Dept. in interpretation of antitrust settlement, matter depends upon whether "the provision of such services constitutes the provision of exchange telecommunications or exchange access, not upon whether they are regulated monopoly services." DoJ interpretation was in recent letter to Harry Shooshan, attorney representing Rogers U.S. Cablesystems, which is feuding with Pacific Northwest Bell over data transmission services.

New foe of cable deregulation is National Assn. of Towns & Townships. Assn. Exec. Dir. Bart Russell said that "town governments are concerned about their right to guarantee quality programming... Passage of [S-66] will impose unnecessary federal regulation on local governments and result in higher costs and lower quality programming for small town citizens."

Third advanced RCA domsat, Satcom 2R, was launched successfully on Delta rocket from Cape Canaveral last week. Satcom 2R will replace Satcom 2, launched March 26, 1976. Half of Satcom 2's 24 transponders have failed; company filed insurance claim last week. C-band satellite will go into operation at 66 degrees west.

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Aug. 26 (34th week of 1983):

	AUG. 20-26	1982 WEEK	% CHANGE	AUG. 13-19	8 MONTHS 1983	8 MONTHS 1982	% CHANGE
TOTAL TV#.....	515,341	385,736	+33.6	295,674	11,526,927*	10,337,116	+11.5
COLOR#.....	375,453**	277,948	+35.1	218,716*	8,085,291*	6,854,772	+18.0
MONOCHROME....	139,888	107,788	+29.8	76,958	3,441,636	3,482,344	- 1.2
PROJECTION TV...	2,731	3,703	-26.2	2,113	75,899*	56,679	+33.9
HOME VCR.....	111,597**	40,045	+178.7	59,171*	2,200,637##	1,019,656	+115.8
COLOR CAMERAS...	10,430*	5,393	+93.4	7,070*	223,491*	178,776	+25.0

Color TV 5-week moving average: 1983--271,783*; 1982--215,009 (up 26.4%).

Home VCR 5-week moving average: 1983--81,078*; 1982--36,613 (up 121.4%).

Excludes projection TV. * Record for period. ** Highest figure in history.

Exceeds full-year record.

8mm VIDEO—BACK TO DRAWINGBOARD? At least 5 TV manufacturers had 8mm Video VCR-camera prototypes under lock and key in Berlin last week, either in back rooms at Funkausstellung exhibits or in hotel suites — and mostly they stayed that way, as shock waves from JVC-developed Videomovie continued to shake Berlin Fairgrounds.

Videomovie, camcorder using little VHS-C compact cassette (TVD Sept 5 p11) actually weighed almost a pound less than some 8mm Video systems being demonstrated privately. Both systems are subject to future weight-reducing refinements — switch to solid-state pickups, further reduction in size of electronics, etc. Despite short recording time of Videomovie (20-30 min.) vs. 8mm (one hour, expandable to at least 3), it was clear that it had taken much wind out of 8mm's sails.

Videomovie — ironically same name used by Sony in 1980 for its prototype camcorder which led to formation of 8mm Standardization Committee — was being shown in Berlin by all of JVC's OEM customers, including ITT as well as all Thomson brands.

Thomson and JVC are understood to be pushing very hard within Standardization Committee in Japan for development of new "Timeplex" baseband recording standard for 8mm Video, a far more advanced technology which could delay debut by couple years. Main proponents of "8mm now" are members of Video 2000 Group, led by Philips and Grundig. At summer meeting of Standardization Committee in Japan, further steps were taken toward commitment to Timeplex standard. Next meeting, in Oct., could be crucial. Currently, Committee seems to be committed to 2 standards — conventional recording now, Timeplex in future.

Arguments for delay were put succinctly by Rolf Schiering, Thomson-Brandt Consumer Video mktg. & product planning mgr. "As 8mm stands now," he told us, "it's using the same technique as existing systems — all it does is shrink the cassette so we can have a camcorder. There is nothing new about it. It doesn't take into account HDTV or digital transmission. It will not provide worldwide standardization." (Under Timeplex system, any recording could be played back over NTSC, PAL or SECAM TV set.) "More than 40 million VCRs have been sold so far, 75% of them VHS," and new standard now would cause confusion and obsolescence without providing major benefits, he said.

Asked about difference in playing time between Videomovie and 8mm, he said use of portable camcorder to record off air would be like developing "egg-laying milk-cow" — in other words, as of today they're different animals. Other arguments used against 8mm now: Tape isn't fully developed, nor are solid-state pickup tubes really ready to compete with tubes.

Videomovie is ingenious extension of VHS art, and uses some still undisclosed techniques to achieve miniaturization. Like Sony's Betamovie, they apparently involve smaller head drum revolving at faster speed, possibly slightly different wrap.

Proponents of early introduction of 8mm still say they will come out with product next year. They point to its longer playing time, fact that it can be used as stand-alone broadcast TV recorder by detaching deck from camera head, and call such devices as Videomovie and Betamovie temporary expedients.

But fact remains that waters have been considerably muddled by events in Berlin — soon to be repeated in U.S. It now appears clear that if 8mm is to be introduced next year there will eventually be 2 mutually incompatible 8mm standards. This may be reason that even most ardent 8mm-now proponents didn't show their machines.

It's understood Philips had scheduled junket to Berlin for British journalists to see 8mm, canceled it month before show, and prevalent view at week's end was that MITI had requested that 8mm not be shown. One European manufacturer even told us that machine was withdrawn from exhibition "at the request of the Japanese." ("Nonsense," retorted Thomson's Schiering.) In any event, show which originally was scheduled to mark worldwide debut of new VCR standard has merely added to existing confusion and put any manufacturers who introduce 8mm next year in possible position of being stuck with another CVC — or Video 2000.

* * * *

Sony's official position on 8mm is "we have Betamovie now, it is not necessary" to introduce yet another camcorder at this time, according to Chmn. Akio Morita. In N.Y. last week for introduction of new sub-compact Super Walkman stereo audio cassette player, Morita said he felt that with basic NTSC & PAL operating standards already agreed on for 8mm, there was nothing to keep individual manufacturers from going into production. As for why industry as whole is holding back, "I don't make decisions for other companies," he told us.

Also in U.S., GE is seemingly in no rush, either for 8mm Video or even just launched VHS Videomovie. GE's prime supplier, Matsushita, world's largest VHS VCR format producer, wasn't among companies showing Videomovie in Berlin, and that doesn't bother GE at all, according to TV Div. Vp Gen. Mgr. Jacques Robinson. Robinson said he didn't find it surprising that 8mm got such short shrift in Berlin — "no one now wants to endanger a very nice VCR market." As for Videomovie, "We've seen a number of things Matsushita has on the board for several years to come," and while declining specifics, "we think we have everything we need to go forward," Robinson said. That, he indicated, may or may not include camcorder. "We haven't found that as a real hot item in our market research," he told us.

GE JOINING TV PRICE HIKE MOVEMENT: GE is now in color TV price hike line, right behind RCA & Zenith, according to TV Div. Vp Gen. Mgr. Jacques Robinson, who told us last week company had instituted increases "of one, 2 and occasionally 3 per cent" on models in its step-up Performance Plus and Command Performance lines. Boosts, he said, are being made in conjunction with introduction of fall drop-ins.

Strong market is what's prompting GE to make move, and current round of hikes may only be paving way for more next year, Robinson said. While sales are growing, industry's financial position "hasn't gotten much better just because volume is up. We are pressing on our suppliers all around the world and they are suffering too." Not helping things much is the firming of parts prices because "the supply of components is getting very tight now, particularly some of the critical semiconductors."

GE and rest of industry are bracing for coming price increases in materials, Robinson told us. "We are looking at some cost pressures," he said, pointing out that "preliminary quotes for printed circuit materials are coming in with hikes of as much as 15%," and in picture tube, where "certainly the capacity is tightening up, we know the glass manufacturers are going to be coming with some price increases." Adding to problem are industry plans to introduce sets with new chassis and picture tubes in 1984. "Our development costs will be another big item. There will be quite a lot of new tooling and some very big expenses that have to be recovered."

Not helping much is intense price competition that's forcing GE and others to forego raising prices on leader models. "Our biggest concern is why price hikes don't take hold at the lower end of the market." GE, Robinson said, places blame on undervalued imports from Taiwan & Korea, now subject of antidumping investigation. GE is among complainants and feels U.S. govt. "is convinced that it's there and is going after it aggressively." Key date is Oct. 11, when International Trade Administration is expected to issue preliminary finding. If it's positive, importers of Taiwan & Korean sets will have to post bonds on incoming shipments to cover potential dumping duties owed, and that could translate into pre-Christmas price increases. ITA, however, could decide case is complicated one, put finding off until late Dec. GE "has reason for optimism they can face into it this time" without delay, Robinson said.

Even with price competition, GE is about holding on to its U.S. color TV market share. New sales strategy adopted this year to attract broader base of dealers "is working so far, and though it's really too early to draw conclusions, we are quite happy with it," Robinson said. As for VCRs, supplies are still tight. "If you give me one, I'll sell it."

Business is better than good virtually across board for marketers, as evidenced by final Aug. week figures in our State of the Industry table. Week saw new all-time unit sales records set for both color TV and VCRs, and 2nd highest weekly total ever for color cameras, while b&w sales jumped strongly from same week last year. Month goes into book as record Aug. for all products except b&w.

But Aug. also provided first sign that current video sales boom may be slowing down some. Based on sales pattern of last 5 years, retailers bought color TVs at seasonally adjusted annual rate of 13.8 million, down from record 14.13 million rate in July. In VCRs, Aug. annual sales rate of 4.23 million was down from 4.98 million in July, and lowest since 3.55 million rate in March. Here are EIA's Aug. sales to dealers results:

Product	Aug. 1983	Aug. 1982	% change	Aug. 1981
Total TV.....	1,375,776*	1,229,287	+11.9	1,278,818
color.....	1,030,150*	806,460	+27.7	886,175
monochrome..	345,626	422,827	-18.3	392,643
Projection TV..	10,581*	9,840	+ 7.5	9,434
Home VCR.....	298,022*	137,223	+117.2	98,940
Color cameras..	29,305*	18,723	+56.5	14,263

*Record for any Aug.

BERLIN SHOW LAUNCHES DIGITAL TV ERA: Production is scheduled to start this week on 2 brands of TV sets using all-digital signal processing — ITT (Standard Elektrik) and Graetz, both owned by ITT. Blaupunkt, Grundig and Panasonic say they'll introduce digital sets next year, and ITT Semiconductor officials are quietly confident that in U.S. GE and Zenith will join effort.

Digital TV is biggest single theme at this year's Internationale Funkausstellung Audio-Video Fair, dominating seminars, news conferences and educational exhibits. Its importance at event was underscored by award of Eduard Rhein Prize for accomplishment in Consumer Electronics to ITT Semiconductor Chief Lubo Micic, sparkplug of development and missionary for digital TV for 10 years.

ITT's first digital TV sets will be top-of-line 26" stereo models with built-in teletext decoders — only area where digital circuitry is now potentially price-competitive with conventional technology. ITT will start deliveries of digital sets next month, expects to make 30,000 this year at list price under \$1,000 (same price as comparable analog set). Company said it will increase digital set output to 400,000 units next year, and in 3 years all of its color sets will be digital. ITT made 1.3 million color sets in 1982. Current digital model has conventional teletext circuitry, will switch to new VLSI chip when it's available around year's end.

Biggest surprise was Grundig's display of digital set with ITT chips along with announcement that sale would start in summer 1984 — surprising in view of Grundig's close ties with Philips.

Philips is strong advocate of gradual digitization, opposes ITT's all-at-once approach. Commented one European observer: "Grundig is still being run by Max Grundig."

Another European major, Blaupunkt, also showed sets using ITT's digital chip set and announced plans to offer them next year. Major dropout from ITT Digivision camp was Telefunken, now controlled by France's nationalized Thomson-Brandt. We did observe Telefunken Digivision set (obviously built before tie with Thomson) at educational display by Heinrich Hertz Institute. One of main reasons Thomson opposes ITT approach is that it currently is PAL-only system — but SECAM chip is promised by year's end, and there are indications that Thomson is talking with ITT.

Panasonic's digital set (TVD Sept 5 p15), demonstrated in Berlin, also uses ITT chips, contains unique video monitor feature. Input from any one of its 3 video or 2 RGB inputs can be superimposed in any corner of 19" screen as 5" color picture by means of remote control unit, or full screen may be used as monitor, broadcast image put in corner. Although memory needed to accomplish this at consumer price isn't yet available, Panasonic says it will deliver set next spring.

Sony repeated demonstration of non-interlace high resolution scanning in digital set (also with ITT chips), said some features of prototype will show up in next year's models. Philips demonstrated prototype of receiver for undisclosed future, using CCD instead of RAM memory to eliminate flicker, provide still pictures, zoom, enhanced comb filtering, quicker teletext access, etc. Demonstration was impressive, with sharp improvement in apparent resolution and clarity.

ITT's display at Berlin's Kempinski Hotel was gathering place for set makers from all nations, observing latest refinements in Digivision, including automatic tuner alignment, automatic convergence and pincushion correction which works on video signal rather than deflection system. ITT's Micic told us 250,000 kits of 5 basic VLSIS and 2 peripheral chips would be delivered this year, more than 2 million kits (each for one TV set) next year. Company is expanding capacity, claims orders from 18 major TV manufacturers representing 60% of world color TV market, but declines to give out names of those which haven't yet announced plans for digital sets on their own.

First digital sets actually don't do anything that high-end analog sets can't do, but future features can be added or programmed in cheaply. By year's end, ITT says it will have low-cost teletext chip, SECAM chip, NTSC dynamic comb filter chip. It promises frame store (for picture-in-picture, freeze-frame, flicker elimination) next year. More conservative sources estimate noise-reduction, cross-color distortion reduction and ghost suppression chips will come in 1986-87, with other special chips, such as line-doubling (non-interlace) later.

ITT is also seizing on CD Digital Disc system to push its audio chips for complete digital hi-fi system. Audio processor is designed so volume, loudness, balance, tape head bias, tape indexing, even graphic equalization can be accomplished by programming software.

ITT has modified somewhat its claim that digital sets will be cheaper than analog versions from outset. This year, according to Micic, breakeven point occurs in sets with remote control and stereo sound, with digital sets for teletext and multi-standard reception becoming cheaper than analog versions as soon as those specialized chips are available. By 1986, he maintains, digital circuitry will be more economical than analog even for low-end color sets. Complete digital chip set next year will cost about \$23 or less in production quantities.

Publication notes: EIA's 1983-84 Publications Index, with pricing & ordering information for more than 75 statistical, educational and informational publications, is available free from EIA Public Affairs, 2001 Eye St. NW, Washington, D.C. 20006... Scholastic is adding its 2nd computer magazine, K-Power, for pre-teens & teenagers, is planning on developing CATV series based on K-Power and its sister magazine, Family Computing.

Eduard Rhein prize, presented annually in Germany for outstanding contributions to Consumer electronics, was awarded last week to Lubo Micic and his team at ITT Intermetall for development of Digivision Digital TV. Second prize went to Etsuro Saito and associates at Sony for Mavica electronic still camera. Third prize was given to Horst Redlich, Teledec, for direct metal mastering of phono records. First prize is about \$40,000.

PHILIPS EYES GRUNDIG STAKE: Philips & Grundig apparently have agreed that Philips should boost holdings in German TV manufacturer, possibly eventually take control.

Philips last week confirmed comments made by Grundig founder Max Grundig in German newspaper interview that they were in negotiations to have Philips modestly increase 24.5% stake it acquired in 1979. Preliminary plan calls for Philips to buy additional 1% next year, and then, on gradual basis, end up with as much as 51% in 4-5 years. All shares not now owned by Philips are held in trust by Max Grundig Foundation, controlled by Grundig family.

Philips, along with Max Grundig, is firm believer in theory that European consumer electronics manufacturers must interconnect through mergers, ventures, joint R&D programs and production or find themselves locked out of their own markets by importers and Japanese manufacturers. In keeping with that, Philips & Grundig have forged strong technological as well as financial ties.

They have cooperated in marketing V2000 format VCRs, CD digital audio disc players, optical videodisc players, 8mm Video. Grundig still has corporate mind of its own, as evidenced by its showing of digital TV chassis using chip set supplied by ITT, while Philips is espousing go-slow approach to that market (see report elsewhere in this issue).

Only thing that might stand in way of Grundig's eventual takeover by Philips is German Cartel Office. Agency earlier this year turned down bid by France's Thomson-Brandt to acquire control of Grundig. Objection, it's understood, was over Philips' refusal to relinquish its interest. It's believed German govt. felt direct Grundig-Philips-Thomson link would reduce competition, particularly as Thomson already owned Nordmende & Saba.

As alternative to Grundig, Thomson bought control of another financially troubled German TV maker, Telefunken. Because Telefunken was partner in J2T Holdings, joint European video equipment manufacturing venture with JVC and Thorn EMI, its acquisition effectively threw Thomson into Japanese camp, and presumably makes Philips feel need to solidify its Grundig connection. Issue now is whether Germans are ready to see one more domestic consumer electronics producer move under foreign control.

Japan's next targeted U.S. market will be information processing, according to study by Frost & Sullivan, which notes Japanese manufacturers already have 80% of copier, 54% of fax business here and predicts shares will rise to 95% & 85% respectively by 1987. Japanese 1987 share outlook for other products, with current share in parentheses: microcomputers 30% (1%), floppy disc drives 45% (10%), hard disc drives 25% (3%), operating systems 23% (0%), matrix printers 35% (10%), PBX switchboard 32% (15%). Details on 308-page report, which includes recommendations for heading off Japanese growth, from F&S, 106 Fulton St., N.Y. 10038.

SINCLAIR TV ON WAY: Though about 2 years behind original schedule, and beaten to market by Sony, U.K.'s Sinclair Research is at last coming out with its 2" flat-tube pocketable TV.

Sinclair's TV is scheduled to bow in U.K. this week, priced at about \$120, or at just about half price of what Sony's 2nd generation Watchman is expected to sell for there. Sony set, which uses tube similar to that originally developed by Sinclair, will be on U.S. market next month at \$200. Sinclair claims its set will run for 15 hours on set of batteries, or about 4 times what Sony gets.

Set is being assembled for Sinclair by Timex at plant in Dundee, Scotland, and company says it hopes to have production up to 10,000 monthly by year's end. Sinclair will offer TV first through mail order, which is same introduction strategy it used for other products. Product launch had been held up by since-solved technical and financing problems, and more recently by labor problems at Timex facility.

Sinclair also is planning to crack open mainland China market for home computers. Company said it has agreed to provide ZX81 and newer Spectrum computers in kit form for test of assembly in govt.-owned plant in Canton. As part of agreement, Sinclair said, Chinese technicians will train in U.K.

Higher tariffs & quotas on imports from Japan are needed, or U.S. telecommunications "industry will be decimated" within few years, according to EIA Communications Div. Vp John Sodolski. Japanese, he's quoted in interview in *Journal of Commerce* last week, are "feeding at our trough" with exports to U.S., while keeping their market essentially closed to imports. He said agreement by Nippon Telephone & Telegraph to buy U.S. gear has not been effective because NTT officials "want to run their telephone company in a closed manner." Renewing agreement, which expires this year, won't change anything unless it sets purchase volume quota, he said, adding that "Japanese are going to be very happy" if it isn't renewed. Japanese targeting of export industries for intense competition is other half of problem, he stated. Only answer is "something punitive" in way of legislation, such as "tariffs or quotas or reciprocal treatment of imports & exports," Sodolski contended.

Koss settled stock manipulation suit filed against it by Richard & Japan Horian, former owners of Koss subsidiary Calibron, by agreement to re-acquire for \$1.88 million the shares it issued in connection with that acquisition. Amount was what Koss had guaranteed those shares would be worth, and puts its final acquisition cost at \$2.68 million (TVD Sept 5 p14).

Du Pont is expanding activity of its 50-50 Japanese joint venture with Toray Industries, Toyo Products, to include production of conductive electronic film material Kapton. Du Pont said venture will have new plant next year with capacity for 400,000 lbs. annually for sale in Japan and other Far East markets. It also announced venture name will be changed next year to Du Pont-Toray.

CONSUMER ELECTRONICS VIDEO DATA BOOK

1983 Edition

The market continues to change rapidly in the consumer electronics industry, and to see the future, strategists must examine the past. To aid them, editors Robert Gerson and David Lachenbruch have gleaned from Television Digest's news archives every important market statistic and projection for the past year—to July 1983.

These are some of the same statistics which led Sony Chmn. Akio Morita to tell Playboy magazine that Television Digest is "the leading U.S. trade journal" and required reading in Japan. This 150-plus page handy Data Book covers color & monochrome TV, VCRs, videocassettes, videodiscs & players, audio equipment—plus statistical forecasts & projections, along with summaries of market surveys and reports from a wide variety of industry sources. The **CONSUMER ELECTRONICS VIDEO DATA BOOK** is available for \$125, but subscribers to any Television Digest publication receive the preferred rate of only \$95.

Among statistics in this everyday ready-reference book:

- Table of weekly sales to dealers of total TV, home VCRs, projection TV and color cameras from July, 1982 to July, 1983;
- Monthly sales-to-dealers summaries, with inventory reviews and analyses covering 12 months;
- Quarterly data on total-market supply of color & monochrome TV sets, including TV Digest's own breakdown of domestic production and imports;
- Average prices, mix, imports & sales by screen sizes and U.S. exports;
- Monthly summaries of Japanese exports to U.S. and U.S. imports of major video electronic products;
- Television Digest's exclusive Share-of-Market rankings of color & monochrome TV and home VCR brands;
- Trends and forecasts, including statistical analyses from other sources—all major surveys in a 12-month period;
- Market studies and reports, including projections, covering all types of industry products for both the U.S. and overseas.

NOTE: If you don't already have your copy of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK**, covering Jan., 1981 through June, 1982, you may order it with the new edition at a discounted price of \$25.

Yes! Please ship me _____ copy/copies of the **1983 CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$125 (price for subscribers to Television Digest publications is \$95). Please add \$10.00 per book for foreign orders. D.C. purchasers add 6% sales tax per copy ordered. Make checks payable to Television Digest, Inc. All orders must be prepaid.

Also ship me _____ copy/copies of the 1982 **CONSUMER ELECTRONICS VIDEO DATA BOOK** at \$25.

Credit Card _____ American Express _____ Visa _____ MasterCard _____

Credit Card Number _____ Valid From _____ to _____

Signature _____

Name _____

Organization _____

Address _____

City _____ State _____

Return this form to Television Digest Inc., 1836 Jefferson Pl. NW, Washington, D.C. 20036.
202-872-9200

COLECO, AT&T & SOFTWARE: Home videodisc based computer games, as well as by-phone program delivery service, are in works at Coleco, which last week announced ties with laser-disc arcade game maker StarCom for former, and AT&T Consumer Products for latter.

Coleco Pres. Arnold Greenberg said his company has acquired home rights to arcade hit *Dragon's Lair* from StarCom, and has agreement for additional programs. While it's likely Coleco will come out with non-video game program at first, company has been in touch with videodisc player makers about availability of models suitable for use with company's upcoming Adam home computer system, Greenberg said.

Direct-to-home software feed is to start next year by AT&T-Coleco venture being formed. While companies didn't make full details available, it was indicated AT&T would supply modem, while Coleco would provide games and other programs for variety of computers, not just those sold by Coleco. Coleco presumably would be in charge of game development and licensing, with AT&T handling distribution. Companies said they were in process of developing necessary multi-format low-cost modem. Coleco has promised it would have modem, priced at about \$100, for its Adam computer system next year. Venture puts AT&T-Coleco into competition with Games Network & Playcable, marketers of similar cable-fed services, as well as Game Line, now offering phone-fed games. Major difference is each is restricted to one specific game or computer format.

At meeting in Hartford last week where first production models Adams were demonstrated, Greenberg said Coleco has written orders from retailers for delivery of 400,000 Adam systems this year, verbal commitments for remainder of its planned 1983 production of 500,000. Media jumped on Coleco comment that it had temporarily suspended production of Colecovision consoles to make room at Amsterdam, N.Y. factory for output of Adam. Surprise was unwarranted. Last month, while explaining high inventory total on closing first half balance sheet, Coleco said it had been building up pre-Christmas inventory of Colecovision for just that reason.

Reason for Coleco's delay in submitting Adam to FCC for needed certification was indicated when Greenberg said system had undergone some redesign to improve performance. Also, he said, some software needed debugging. Impression is Coleco now expects to get shipment clearance by first week in Oct., which would get Adam on market about 40 days behind schedule, but still in time for Christmas sale. Upcoming accessories for Adam include \$150 64K memory expansion module, \$300 disc drive.

Byproduct of 8mm video effort is scheduled for spring introduction by Hitachi — 2.5 lb. MOS camera, adaptation of camera portion of one-piece camera-recorder it expects to introduce later.

Thorn EMI has contract to supply IBM plant in Greenrock, Scotland with circuit boards for personal computers being assembled there for sale in Europe.

COLECO ADAM PRICING: While Coleco's Adam home computer system package may be sold by full-margin retailers at close to \$700, as indicated by mail order marketer Markline (TVD Aug 15 p15), discounters will have it out at under-\$600, system in form of expansion modules for Colecovision videogame consoles at under-\$450, as promised by Coleco last June.

In just-issued fall book, national catalog retailer Consumers Distributing features Adam, including computer console, printer, tape drive and hand controllers for \$550, indicates approximate retail value as \$700. Book lists no software, doesn't offer computer adaptor for use with Colecovision videogames. Colecovision is priced at \$149, adaptor for playing Atari 2600 game cartridges is \$70. New Coleco pistol grip hand controllers are \$70.

Atari 16K 600XL is offered at \$149 (shown as \$200 value), 800XL, promised for Oct. availability, is \$249 (claimed \$320 value). New Atari accessories includes cassette data recorder at \$80 (\$100), 80-column dot matrix printer at \$430 (\$549) and disc drive at \$380 (\$450). New Atari track ball control for 2600 game and computers is \$39 (\$50). Atari videogames, after \$30 rebates, are \$119 for 5200, \$59 for 2600.

Other offers: Texas Instrument home computer is \$100 after \$50 rebate, with speech synthesizer with purchase of 6 game cartridges before Jan. 31; Commodore VIC 20 computer is \$87, with cassette data recorder at \$70. Commodore model 64 is \$205, with disc drive at \$350. Mattel Intellivision videogame console is \$90, adaptor for Atari 2600 cartridges is \$48.

Service Merchandise, 31-state catalog dealer, had Adam expansion set for Colecovision game console at \$438 (indicated \$500 retail value). SM prices on most other computer products are in line with those of CD, but is cheaper by about \$10 on Atari 600XL and Commodore 64 computers, \$10 higher on Atari cassette data recorder. Atari 80-column impact printer is shown at \$297 (\$350 retail value), disc drive for Commodore is \$248.

Sony unveiled mini Super Walkman audio cassette player in N.Y. last week (TVD Sept 5 p29). Unit has totally redesigned paper-thin electronics and drive system with electronic speed control, is no larger than standard audio cassette box, weighs 6.4 oz. including single AA battery which provides 5 hours of play, comes with new inside ear headphones, lists at \$100. Version with stereo FM tuner is same size, lists at \$130. Accessory pocketable folding speaker system, with 2"x2" speakers, built-in battery-powered amplifier, is \$50; version with stereo FM-AM tuner is \$70.

Re-recordable opto-magnetic laser videodisc for data applications has been developed by Sony and KDD, Japanese International telecommunications company. Sony claims disc has 30-billion bit storage capacity, says it intends to start commercial production in 2 years.

MATTEL TRIMS AQUARIUS PLANS: Future of Mattel's Aquarius stand-alone home computer looked even shakier last week as result of company announcement that it had "sharply decreased" marketing plan for Aquarius computer, and would restrict distribution to few selected dealers in U.S. & U.K., seek licensees to handle sales in non-English-speaking international markets.

Mattel stressed it would continue to give full support to its Intellivision videogame, and planned worldwide launch on its own of computer add-on in 3rd quarter. Announcement accompanied financial report for July 30 showing corporate loss of \$156.1 million, caused by \$166.7 million operating deficit at Mattel Electronics. Electronics loss was after \$95.4 million charge for inventory writedown and restructuring of that operation.

Mattel said net electronics sales in period were just \$3.5 million, after provision of \$14.3 million, presumably for price protection following price cuts, against \$124.9 million in same 1982 quarter. Company said it will have loss for year, declined to estimate size of deficit it expects from electronics.

Mattel said it was continuing cost-cutting efforts, which include trimming staff, consolidating manufacturing and administration activities, revamping marketing to reduce inventories. It also announced it was skipping regular 7.5¢ quarterly dividend, its first such omission since it started making regular payouts in 1978. Mattel said it had worked out new credit arrangement with banks that assures its financing needs through June 1985. Meanwhile, Standard & Poor's and Moody's reduced their ratings on Mattel debt issues by notch, expressing concern over videogame and computer market conditions.

Morse said it earned \$182,000 in opening fiscal 1984 quarter to June 30, first such profit since 1974. Company said sales were up 5.5% to \$9.75 million, attributed change in fortunes to improved product line, cost-cutting.

Consolidations: Atari said it will move hq next year from some 49 buildings scattered in Sunnyvale, Cal. to new 4-building complex under construction in nearby San Jose. Shift has been in works for some time. TI is moving Consumer Electronics Group hq from Lubbock, Tex. to Dallas, where corporation is centered. Shift coincides with appointment of Peter Field, ex-Procter & Gamble, as CEG pres., and of course means that money-losing operation will be under tighter corporate control. Jobs of about 90 employees in administrative, marketing and sales posts are affected.

Texas Instruments is putting foot into 256K RAM market door. Company has reportedly started sampling some key customers with devices from pilot production at plant in Japan. TI is understood to have indicated it expects to be in full production by year end, and is promising delivery of commercial quantities in Jan. at about \$50 each. Customers say TI has indicated per-unit price could be as low at \$10 by 2nd half 1985.

PHONE IMPORT BOOM: Soaring U.S. demand for home telephones has contract manufacturers in Far East working overtime to meet demand, has caused shortages of ICs and other parts. Tempering enthusiasm is question of whether current boom marks start of new, continuing mass market, or is just part of CB-like cycle that will end in year or 2 with massive unsold inventories and sharply falling prices.

Commerce figures show staggering 13.2 million wired telephone instruments were imported into U.S. in first half this year, as opposed to 5.45 million in full 12 months of 1982. Enjoying similar import surge are wireless phones, with first half shipments of nearly 3.19 million, against 1.91 million through all of last year.

While most major source countries shared in import demand increase, Taiwan has emerged as overwhelmingly largest supplier of corded telephone instruments, while Korea is fastest growing in cordless. Taiwan provided 49% of corded phone imports in first half, up from 32% share for all of 1982, while Hong Kong placed 2nd at 36%, up from 32%. On downside in importance were Korea at 5%, off from 8%, and Japan at 5%, down from 15%.

In cordless phones, Korea boosted share of U.S. import market to 33% in first half, up from 12% in all of 1982, while Hong Kong's share rose to 24% from 10%. Biggest share loser was Taiwan, which fell from 57% in 1982 to 27% in first half this year, while Japan slipped to 15% from 24%.

Standard numbering identification system for commercial & personal computer software is project of group formed under Commerce's American National Standards Committee. Software Subcommittee is chaired by David Cohen, pres. of Technique Learning, Dobbs Ferry, N.Y., which had proposed 3-segment, 14-character identification system of its own last Jan. (TVD Jan 31 p16). Aim is code suitable for use by all levels of distribution that will identify publisher & program, indicate formats available and revised editions. Code proposed by TL also would have indicated computer memory size and peripherals needed, but ANSC code may not go that far, Cohen told us last week. Indicating complexity of job, Cohen said TL, which publishes directories, has already compiled list of 6,200 software publishers, indicated that dozen or so videogame marketers that announced expansion into computer games at recent Summer Consumer Electronics Show. haven't yet been included.

Computer software suppliers appear to be caving in to Texas Instruments' no-licensing policy. Sega & Sierra On-Line are latest to agree to license TI to produce & market their programs on ROM cartridges for use with TI computers. Earlier this year, TI announced it was modifying computers to reject ROMs which weren't programmed in special manner, said it would refuse to license technology to outsiders and would press infringement suits against unauthorized copiers. Move effectively means most independent computer software companies either have to assign program rights to TI or forego sales to TI computer owners.

WEEKLY

Television Digestwith
Consumer Electronics . . .
(ISSN 0497-1515)**PUBLISHED BY TELEVISION DIGEST, INC.**

Albert Warren Editor & Publisher
 Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.

Copyright © 1983 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
 Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
 Dawson B. Nail Executive Editor
 Paul L. Warren Senior Editor
 Jonathan Miller Senior Editor
 Paul Travis Senior Editor
 Steven Tuttle Associate Editor
 Mary Crowley Associate Editor
 Mike Schwartz Associate Editor
 Melinda Gipson Assistant Editor
 Daniel Warren News Editor
 Deborah Jacobs Info. System Mgr.

Barbara J. Pratt Marketing Dir.
 Janet Kohler Dueweke Advertising Dir.
 Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
 Phone: 212-686-5410

David Lachenbruch Editorial Dir.
 Robert E. Gerson Managing Editor
 Seth Goldstein Senior Editor
 Julie Talen Assistant Editor

JAPAN REPRESENTATIVES
(Editorial & Business)

Aske Dam
 Richard E. Varner

c/o Foreign Correspondents Club of Japan
 Denki Bldg., 20th Floor 1-7-1
 Yuraku-cho, Chiyoda-ku
 Tokyo 100, Japan
 Phone: 211-3161 Telex: J24600

Television and Cable Factbook
 Mary Appel Editorial Director
 Marlou B. Legge Managing Editor
 Lynn R. Levine Associate Editor
 Barbara E. Van Gorder Associate Editor
 Jeannette H. Noyes Associate Editor

Factbook Research, Inc.
 Marlou B. Legge Director
 Business
 Roy W. Easley III Controller

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
Cable TV Industries			
1983-6 mo. to July 31	15,163,000	232,000	.08
1982-6 mo. to July 31	17,925,000	30,000	.01
1983-qtr. to July 31	7,299,000	67,000	.02
1982-qtr. to July 31	8,697,000	(90,000)	--
Chyron			
1983-year to June 30	16,921,000	4,286,000	1.05
1982-year to June 30	12,798,000	3,564,000	.87 ^a
1983-qtr. to June 30	5,105,000	1,355,000	.33
1982-qtr. to June 30	3,206,000	854,000	.21 ^a
Mattel			
1983-26 wk. to July 30	424,409,000	(176,474,000)	--
1982-26 wk. to July 31	620,106,000	34,248,000	1.52
1983-13 wk. to July 30	226,775,000	(156,053,000)	--
1982-13 wk. to July 31	329,718,000	17,108,000	.76
TCA Cable TV			
1983-9 mo. to July 31	15,726,000	2,287,000	.36
1982-9 mo. to July 31	12,433,000	1,633,000	.28 ^a
1983-qtr. to July 31	5,576,000	872,000	.13
1982-qtr. to July 31	4,467,000	529,000	.08 ^a

Note: ^aAdjusted.

Consumer Electronics Personals

Rolf Schiering, ex-Telefunken, named mktg. & product planning mgr., Thomson-Brandt Consumer Video Products, with responsibility for all 9 brands controlled by Thomson, including Telefunken... **Richard Meir** promoted at Ataritel, Atari's new telecommunications unit, from mktg. vp to gen. mgr., replacing **Peter Wensberg**, who joined less than year ago from Polaroid and is being reassigned to unspecified duties; **Jan Soderstrom**, former corp. asst. ad mgr., joins Gap Stores as senior mktg. vp... **Sidney Harman**, Harman International chmn., adds duties as pres. & COO, replacing **Jerry Kalov**, who has been relieved of corporate posts, will continue as consultant for duration of his 3-year contract... **John Sculley**, Apple Computer chmn., named acting gen. mgr. of Personal Computer Div., replacing **Paul Dali** & **David Paterson**, who shared title, and are being reassigned to other duties.

Leonard White promoted to N. America sales & mktg. senior vp, CBS/Fox Video; **Edward Walsh** resigns as mktg. vp; **Steve Diener** promoted at CBS/Fox Video International from exec. vp to pres... **Dick Pinson**, ex-WEA Video Products Div., named Vestron Video west region sales mgr.; **Fred Toedtman**, ex-WEA, appointed for midwest; **Kathy Callahan**, ex-Largo Music, south; **Michael Karaffa**, ex-CBS/Fox Video, east... **Ed Charles** named training dir., National Video retailing school... **Elizabeth Mackiewicz** appointed vp of newly formed Cannon Video International.

Dale Rose, ex-Control Data, joins Sirius Software as national sales mgr... **Joseph Keenan**, former Atari

pres. who left with founder **Nolan Bushnell** and helped found Pizza Time Theatre, has resigned as PTT pres.-COO, will continue as consultant and board member. **Bushnell** has taken over **Keenan's** corporate duties... **Douglas Rupe** joins Myco-Tex as mkt. research mgr... **Henry Cohen** promoted from assoc. editor to editor of Video magazine, succeeding **Bruce Apar**, who leaves Oct. 1 (TVD Sept 5 p20).

Thomas Sheehan advanced at Gusdorf to east region sales mgr... **Daniel Kunz** advanced from Commodore Educational Systems program mgr. to corporate educational software dir... **Thomas Massey**, ex-GTE, joins Fanon Courier as pres., succeeding **Robert Marmorstone**, now exec. vp... **Henry Donaldson** named GTE Telephone Operation Group mktg. & business planning vp, responsible for home and business equipment..

Channel Master and parent **Avnet** are named in unfair competition suit filed in Cincinnati federal district court by **Miamisburg, O.** radio-TV parts maker **R.L. Drake**. **Drake** claims it had been supplying CM with receivers, modulators & converters for satellite receivers under OEM contract, but that CM ended agreement in favor of producing equipment itself in Taiwan plant. What CM is making, **Drake** claims, is essentially duplicates of equipment it had been buying from **Drake**, and infringes on **Drake's** copyrights. **Drake** is asking for preliminary infringement injunction while court considers claims for permanent injunction and damages.

Duty-free trade in semiconductors has been proposed by U.S. officials meeting with Japanese counterparts in Tokyo. Elimination of 4.2% tariff each charges on such imports is viewed as way to expand 2-way trade.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

SEPTEMBER 19, 1983

VOL. 23, NO. 38

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

DISCORD OVER BROADCAST BILL: Staff talks are marred by disagreements, endangering bill's future. Oct. markup on calendar anyway. (P. 1)

MASS MEDIA BUREAU SETS AGENDA for fall. Up this week is relaxation of 7-7 ownership rule, implementation of RARC DBS accord. FCC to clarify decision on financial interest. (P. 2)

MAJOR SHUFFLE AT CBS BCST. GROUP sees Leahy taking on greater role. Sauter kicked upstairs, is succeeded by Joyce as News pres. (P. 3)

TIME INC. FOLDS TV-CABLE WEEK after 5 months. About 250 employes to be let go after \$47 million pretax loss. Sept. 25 last issue. (P. 3)

\$435 FOR MMDS APPLICATION: Some engineers, MDS majors, complain 'promoters' filed flood of bids supported by scant data, groundwork. (P. 5)

SENATE OKAYS MARTI COMPROMISE: Marks first time full Senate votes Administration-backed proposal. Broadcasters win language restricting Marti to VOA. (P. 6)

TELEFIRST GETS CLOSER to movie deals. Cohen says equity plan generates interest. Sony to begin decoder production next month. Chicago remains first target. (P. 6)

STAFF DISCORD OVER BROADCAST BILL: House Energy & Commerce Committee staffers are working feverishly to save broadcast deregulation legislation from being strangled by staff dissent, are meeting daily in attempt to reach agreement on principles for draft that Chmn. Wirth (D-Colo.) wants before his Telecom Subcommittee for markup, tentatively scheduled Oct. 10-11. Basics of bill are beginning to emerge from talks, and key members — Reps. Swift (D-Wash.), Tauke (R-Ia.), Wirth & parent Committee Chmn. Dingell (D-Mich.) — continue to participate. It's problems with other legislators, especially GOP members — who've been privately decrying direction discussions are taking — that are making consensus difficult to reach, sources said. Meetings held throughout last week were contentious, leaving future of bill in doubt.

Staffers haven't gotten down to writing of bill but have some accord on framework. Sources said aides will be presenting their bosses with recommendation that bill include quantified public interest standard for TV & radio, incorporate minimum minority hiring &

Consumer Electronics

ITA SETS OCT. 5-7 for unusual hearings on latest Japan TV dumping margin determinations, plans to exclude 5 companies from finding. (P. 13)

VCR & COLOR IMPORTS hit new highs in July, but Commerce figures indicated color record may be tainted. Cameras, b&w join in rise. (P. 14)

VIDEODISC PLAYERS & DISCS out in force at Berlin show. Newest CED, Laservision models, on view. VHD displays but mum on sales start. (P. 14)

RCA TO RELY on banded music discs for random access CED players. Only single interactive disc to be available. (P. 15)

GRUNDIG EYES VHS VCR production for export sales. Thomson starts VHS assembly in France. Hitachi & Sanyo advance EC timetable. (P. 16)

TI TO STRESS education value, play down games, price cuts, in new computer campaign. (P. 16)

AMPEX WINDING DOWN consumer market videocassette sales, sells interest in Konishiroku Ampex to Japanese partner. (P. 17)

FRANCE SEEKS REVISION in EC trade rules to aid European high-tech industries, ease competition from Japan's plants in U.K. (P. 18)

ownership rules, end comparative renewal process only for stations that demonstrate superior performance, keep petition to deny, but toughen procedure so that any stations that haven't met standards automatically become ineligible for renewal.

Small response to TV-radio program surveys also is point of contention in staff negotiations. Broadcasters' allies among GOP say surveys aren't needed, support position that quantified program standards shouldn't be in bill. But Democrats claim that surveys are "essential" and would have provided baseline from which guidelines could be written. Top aide said Wirth is "extra angry" with CBS Best. Group, which Aug. 15 sent Subcommittee letter refusing to play part in survey (TVD Aug 22 p3). Wirth saw letter as "arrogant," is preparing sharp response that is expected to be ready this week. Staffers had hoped to get reply into mail last week but original draft was rejected by Wirth as too "Milquetoast," aide said.

Wirth aides aren't letting lack of survey data hamstring drafting of bill, have agreed with other Subcommittee members' staffers to draw up proposal that is "full of blanks" where numbers for quantified standard would go. GOP aides don't like this either, making it even more difficult for staff to decide what kind of quantification approach to use. Program percentages and some kind of point system reportedly still are at top of staff's list of options, but aides claim problem remains of not knowing what norm is for TV & radio: "Regardless of what broadcasters say, we still believe those surveys were important to our figuring out a fair standard." Explained another staffer: "All we want to do is intervene wherever marketplace doesn't" but without new data "how can we be sure of our baseline?"

Shaky state of staff talks is clouding future of broadcast deregulation in this session, other sources said. One staffer likened discussions to "butting heads," while top Republican aide said that "we feel the bill is dead," and that some GOP members regret that effort to get deregulatory amendment attached to FCC's money bill earlier this spring was halted in conciliatory move by Dingell. If true, "then why the hell am I working so hard?" sputtered key Democratic aide, who claimed epitaph is too early.

MASS MEDIA BUREAU SETS AGENDA FOR FALL: Mass Media Bureau Chief James McKinney has met with Chmn. Fowler on major items before his Bureau to be given priority this fall, and leading list will be Commission consideration Sept. 22 of rulemaking to relax station ownership restrictions. Currently, FCC limits licensees to ownership of 7 AMs, 7 FM's & 7 TV's, regardless of market size. Very few owners now have maximum — but several are poised to buy more TV's if Commission relaxes restriction against ownership of more than 5 VHF's. Commission won't issue proposed new rule, will ask commenters to make suggestions, including whether there should be any restrictions, such as percentage of U.S. population covered by single owner.

Also on agenda this week is implementation of agreement for direct broadcast satellites reached during June-July RARC in Geneva and whether to grant preferences to women in future lotteries. Not on priority list for fall is petition by Turner Bcstg. seeking repeal of cable must-carry rule. Petition has been pending for several months and Turner has threatened to go to court if Commission doesn't act.

Among other key items McKinney expects to get before FCC this fall: (1) VHF drop-ins, "although that may slip beyond the first of the year," McKinney told us. "I have no idea what the Bureau will recommend." (2) Children's TV, where Comr. Rivera is pushing for programming requirements to be placed on TV stations. Outstanding is rulemaking containing series of options on programming for children. (3) Dual-city identifications. (4) New 4th report on subscription TV to include technical rules. (5) Power increases for Class 4 AM stations and Canadian bilateral agreement on AMs. (6) Implementation of Doc. 80-90 providing for several hundred new FM's. McKinney said he didn't expect "another multichannel MDS here" — reference to some 30,000 applications filed for MMDS 2 weeks ago — because there'll be table of allocations for new FM's. (7) FM low power translators.

"And then, of course, there's financial interest," McKenna added. Comments on FCC "tentative decision" to let networks own domestically syndicated programming are due Sept. 20.

Group W official said it's satisfied with FCC clarification of financial interest proposal as it relates to prime-time access rule. Commission said Sept. 15 it's not proposing to review PTAR "in this notice... With respect to the question posed by Group W, we would simply note that the reference in the prime-time access rule to 'programs from a national network' is broad enough to cover programs syndicated by a network (or entities under common ownership or control) as well as those that are distributed as part of a conventional network..." Group W had expressed concern that Commission may have created "a loophole in the prime-time access rule which would destroy its effectiveness" through tentative decision to permit networks to own syndicated programming. Not so, said FCC, since "it is clear that in this proceeding the Commission has very deliberately focused its attention on the network syndication and financial interest rules rather than on the prime-time access rules."

Group W ally Committee for Prudent Deregulation wasn't satisfied, however. It said: "The fact is, the tentative decision has implicated the PTAR. The Commission cannot avoid the PTAR question merely by asserting... that the PTAR is not involved because the Commission says it is not. To the contrary, the Commission must admit that the tentative decision has an impact — however unintentional — on the PTAR and allow for public comment on that fact." PTAR prohibits network affiliates in top 50 markets from carrying off-network syndicated programming during access time.

JANKOWSKI UNLEASHES MAJOR SHUFFLE AT BCST. GROUP: Major realignment of responsibilities at CBS Best. Group was announced late last week when Pres. Gene Jankowski named James Rosenfield group senior exec. vp and also announced addition of 2 new group exec. vps, Neal Pilson and Van Gordon Sauter, who join Thomas Leahy in that capacity. Jankowski also unveiled substantial realignment of Group's divisional structure.

Rosenfield becomes senior exec. vp-financial, operations & development. Reporting to him will be Timothy Reynolds, vp-finance, to whom network divisional financial officers will now report. Also reporting to Rosenfield will be Paul Isacson, senior vp-cable/CBS Best. Group Enterprises, and George Shannon, who was named pres. of newly created CBS Operations & Engineering Div. Donald Grant also will report to Rosenfield in his capacity as head of Theatrical Films Div. but not as CBS Entertainment pres.

Leahy takes on extra responsibilities as exec. vp in charge of CBS Entertainment & Network Div. Anthony Malara continues as pres. of CBS TV Network, reporting to Leahy. Pilson, pres. of CBS Sports since 1981, becomes exec. vp in charge of CBS Sports & Radio Div. Sauter, who was pres. of CBS News, becomes exec. vp in charge of News & TV Stations Div. At News, Sauter is succeeded as pres. by Edward Joyce. Neil Derrough continues as pres. of TV Stations Div., will report to Sauter. David Fuchs was promoted to senior vp-broadcast affairs; John Blessington to vp-broadcast relations reporting to Fuchs.

"There was a need to provide more of an expanded structure to meet our expanded business," network executive said in explaining changes. "Everybody involved is seeing a stretching of their responsibilities," he said, adding that Sauter's move "is a compliment to the way he ran things" at News, that Sauter "is being stretched further." Implementing changes should take several days to 2 weeks, executive said, explaining that "this is a whole lot of desks to move."

TV-CABLE WEEK FOLDS TENT: Heralded as most expensive magazine launch ever, Time Inc.'s glossy TV listings magazine, TV-Cable Week, was canceled on one week's notice by Time at monthly board meeting last week. "We examined a number of alternatives" over last 3 months, Time Pres. Richard Munro said, "but none of them is economically feasible for Time Inc... We cannot justify committing additional resources to sustain the weekly in the current cable market." Magazine was marketed in only 18 systems, with circulation reported to be well under target of 600,000 by year's end. In unsuccessful attempt to solve earlier difficulties it changed publishers in Aug.

"Shock" was mood at White Plains hq where employees were told of decision immediately by Munro and TV-Cable Week top brass. All employees were let go with minimum of 13 weeks

severance pay. Time is instituting temporary hiring freeze in N.Y. metropolitan area, under which TV-Cable Week ex-employees will be given first crack at jobs.

Loss is less of money than of prestige, insiders say. Emotional investment ran high in sustaining what was to be \$100-million project over 5-year period. Instead, fledgling magazine ran through \$47 million in pretax loss in planning stage and first 5 months of publication, including 3rd quarter outlay of \$29 million. Pretax figure was arrived at after recoverable assets, including word processing system which now goes to Time magazine, were deducted. Subscribers will be given cash refunds.

Project had been baby of publishing rather than cable side of Time Inc. Although competitor to TV Guide in form of slimmer, sexier product was envisioned, newsstand sales never materialized and weren't stressed. Signing of cable systems was emphasized instead, which proved to be cumbersome and expensive, Time Magazine Group Vp Kelso Sutton said. High price of magazine -- \$3 monthly -- was due to cost of system-specific listings, met with consumer resistance, in presence of what was perceived to be cheaper or free competitive guides, he said.

Several business plans were discussed and discarded by task force which included, by Sept., Time Inc. Video Group Pres. Gerald Levin, HBO Pres. Frank Biondi, Time Deputy Group Video Vp James Heyworth and HBO Operations Exec. Vp-Network Group Pres. Winston Cox. Among other discarded options were HBO marketing of TV-Cable Week, monthly guide and splitting magazine into separate cable & broadcast sections. Slashed staff also was consideration as late as last week. Bottom line, in end, was simple: "We misjudged the intensity of demand for a weekly magazine and underestimated the impact such a complex project might have on the cable operator," Sutton said.

U.K. GOVT. OKAYS COMMERCIAL DBS: Home Secy. Leon Brittan, addressing Royal TV Society's annual meeting in Cambridge, said legislation will be introduced soon to amend Bestg. Act, which currently makes no provision for Independent Bestg. Authority to participate in direct broadcast satellite ventures. Move will allow independent broadcasters opportunity to operate 2 DBS channels around 1986-87.

IBA won't directly program its DBS system, instead will grant franchises to commercial companies, in same way that it already franchises rights to use Britain's commercial terrestrial networks. If past practice is maintained, opportunities for foreign companies to participate directly won't exist -- although there's no doubt that U.S. programming will comprise significant portion of any service. Govt. decision doesn't appear to require IBA to award DBS contract to any particular system contractor, IBA spokesman told us.

FCC is urged to authorize SCA modulation levels of 105% and 110%, respectively, for FM stations with one subcarrier and 2 subcarriers in joint technical report prepared by NAB, Westinghouse & NPR. Based on test measurements, report states modulation at these levels won't cause interference to other FM stations. Report indicated 115% modulation was considered, could be permitted "with no noticeable effect on FM service" but that 110% "clearly precludes the possibility of creating additional interference and offers a simple method to calculate maximum permissible modulation."

TV syndicator Telepictures is buying KMID-TV Midland-Odessa, Tex. from R.H. Drewry and associates for \$15 million.

FCC ENTERS LOTTERY AGE: It took only about 20 min., but for FCC it was big step last week when officials spun drum for first time and chose among mutually exclusive applicants for public mobile service authorizations. Winners, who are capable of 2-way voice but are thought most interested in paging, were picked for new services in Pa., La., Fla. & P.R. Winning applicants also were scheduled to be drawn from groups in Cal. & Tex. but those competing companies notified Commission they intended to settle and so were excluded from raffle.

"It's good experience," remarked FCC Secy. William Tricarico who presided over smooth proceedings. With much larger scale low-power TV lottery looming on Sept. 29, initial raffle provided important trial-run of methods & procedures.

Gannett has denied widespread rumors that company's deal to acquire KRON-TV San Francisco has fallen through. Company said it's determined to complete deal whereby San Francisco Chronicle will acquire KOCO-TV Oklahoma City, plus \$75 million from Gannett, for KRON-TV. To comply with FCC cross-ownership rules, Gannett has sold Oakland Tribune. However, there's still opposition because of Gannett's ownership of smaller papers in KRON-TV coverage area, plus distribution of national newspaper USA Today in San Francisco area.

ATC will absorb 3 small cable systems with about 6,000 subscribers around Portland, Me., owned by Diversified Communications. ATC already has 6 systems in Portland area with 28,500 subscribers. ATC will sell systems in Sanford & Biddeford, Me., which have about 8,900 subscribers, to Diversified. Terms weren't disclosed.

MULTICHANNEL MDS GRUMBLES: "Some promoters are out to make money off the application process," complained Washington engineer who filed several detailed multichannel multipoint distribution service (MMDS) applications for clients, only to realize chance of their being granted is significantly reduced, he said, because they will go into lottery with thousands of other proposals unsupported by specific engineering surveys, often using same transmitter site as dozens of other applicants. "People are just slapping stuff in [at FCC], figuring it's a raffle chance," engineer said, adding that "the old days are over when you didn't file one page until you did everything possible."

It wasn't unusual for 2,000-3,000 applications to be filed by several firms, and it's expected total of 30,000 in all were filed (TVD Sept 12 p1). Firms would locate suitable transmitter site in each of up to 250 cities, prepare map of where signal from that site would reach. Then that data was put into data base, repeated over & over for multiple clients, spokesmen said. Applications had only to show letter stating that owner of proposed tower site was willing to negotiate lease should application be granted. Tex.-based Compucon did that for more than 2,000 applications in 235 cities, charging about \$435 per application. Comsearch prepared about 1,000 applications, charged only \$200 each because it didn't provide transmitter site letter, work it subcontracted to another firm. "There was more business to be had. We were turning people away," official at one firm said.

Such applications meet FCC requirements for multichannel MDS, and no one alleges companies did anything illegal or unethical. "We're just used to the old way of doing things," another engineer said. Officials at several consulting firms pointed out that by easing application requirements, FCC is meeting its goal of diversification of media by making process simple enough — and cheap enough — for ordinary people to get involved. Clients were told that transmitter site specified in their application also was cited on dozens of other bids for that city, officials said. Besides, only 2 licenses will be granted in each city. Most applicants said systems could be built for \$150,000-\$200,000.

Applications by many traditional engineering firms and MDS majors were generally more extensive, contained surveys detailing what, if any, interference would be created by building systems proposed. Many contained maps of signals of existing Instructional TV Fixed Service in market, showed by engineering data that proposed MMDS wouldn't cause interference. However, all that FCC requires is statement that applicant would seek to avoid interference and was financially capable of building system, several said. Compucon official said that engineers did disservice to clients by charging them for extensive detail now, would have to rework applications after lottery — again charging clients.

There were warnings that new FM drop-ins will be next process in which short-form applications will flood FCC. Several said Commission will accept preliminary applications for about 150 drop-in sites

next month, that "thousands, thousands" of applicants will want "to get their foot in the door" by filing for dozens or all cities available.

Perhaps most unusual among flood of MMDS applications filed with FCC are ones by Pappas Telecasting principal Stella Pappas, who proposes 105 stations featuring high definition TV (HDTV). Applications gloss over HDTV technical problems, indicate only that development of HDTV equipment compatible with NTSC standard is "underway."

Another applicant was Kansas City Southern Industries (KCSI) which filed 185 MMDS applications for wide variety of markets. Mostly known for its transportation subsidiary, Kansas Southern Railway, KCSI is rapidly diversifying into telecommunications, including 38% interest in Direct Best. Satellite Inc. and number of cellular radio applications.

STUDY FAULTS TV EDUCATIONAL ROLE: New National Science Foundation report sharply critical of TV's role in educating children has excited interest of House Telecom Subcommittee staff. Report was released Sept. 13 and comes just as aides are struggling to draft commercial TV & radio deregulation bill that uses some kind of quantified public interest standard targeted to programming (see separate story). Although broadcast & cable industries figure only briefly in report, findings were called "significant" by one top staffer, who claimed recommendation that govt. require TV stations to air at least one hour daily of educational programming for children will "surely" come up in members' negotiations over deregulation bill.

Report was written by special 20-member NSF commission. TV is called "perhaps the most pervasive medium of informal learning," is chided for "often present[ing] a grossly distorted and generally negative, picture of science." Report also calls for: (1) Continued & heavier federal funding of science broadcasts. (2) Push for more science broadcasts by businesses and private foundations. (3) Voluntary publicity of science museums & technology centers by cable & local TV stations. (4) Cable & local TV involvement in teacher training. (5) More effort by corporations to fund & promote public broadcasting.

Subcommittee staffer said: "It can't be ignored." Aide said report has special significance in light of Subcommittee's problems in gathering hard data about programming from TV-radio industry through surveys.

Bar owners in Miami area are under injunction not to broadcast any more blacked-out football games after ruling by James Kehoe, Miami Federal Court judge. Several proprietors had been using receiving dishes to pick games from satellite; games had been banned from over-air TV because they weren't sold out. Margaret Alexander of Covington & Burling law firm said case was first of its kind brought on federal level and "proves what ought to have been obvious, that it's neither legal nor a good idea to break copyright law... It's a landmark ruling and may lessen the market substantially for the equipment to facilitate these kinds of broadcasts."

SENATE OKAYS MARTI COMPROMISE: Working around threatened filibuster, Radio Marti proponents led by Sen. Hawkins (R-Fla.) Sept. 13 won Senate passage of compromise proposal. Victory came after last-minute negotiations with key opponents, including Sen. Zorinsky (D-Neb.). Compromise places authority for broadcasts to Cuba under wing of VOA, concession by White House that addresses fear Marti would become propaganda service. Changes make Senate bill significantly different from House version (HR-2453) introduced by Rep. Fасcell (D-Fla.), which is still awaiting floor action.

As in House proposal, Senate bill limits Marti broadcasts to 1180 kHz already being used for VOA programming to Latin American countries, and increases broadcasts from current 6 hours daily to 14.

Compromise includes language sought by Hawkins that wouldn't restrict Marti to traditional VOA news & public affairs programming through statement that "there is a need for broadcasts to Cuba which provide news commentary and other information about events in Cuba and elsewhere to promote the cause of freedom in Cuba." Hawkins told reporters that statement would permit Marti to take on limited advocacy role, but in parallel concession to Zorinsky, VOA would be required to identify Marti program during broadcasts. Should station be jammed or if it isn't able to reach all of Cuba, govt. would be able to lease time from commercial stations or shift to shortwave.

Bill authorizes \$14 million for USIA to modernize facilities at Marathon, Fla., which sources said was concession to VOA. Agency has been unhappy with idea of having Marti under its jurisdiction. There is also \$11 million in operating funds for FY '85. USIA won speedup of funding for its worldwide modernization program, under compromise would get \$54.8 million in next 2 fiscal years to upgrade its 18 stations around globe. Support for funding in House is shaky. Both bills contain \$5 million one-time compensatory fund that U.S. AM stations affected by Cuban interference could use to upgrade facilities.

NAB spokesman said compromise was palatable to broadcasters: "If you are going to broadcast to Cuba, this is the best way to do it so that broadcasters suffer the least." Broadcasters won big victory with VOA language, which NAB spokesman said makes prospect of retaliatory Cuban radio interference less likely. NAB Pres. Edward Fritts called it "a tribute to the effectiveness and persuasiveness of American radio broadcasters."

President has asked for reappointments of Board for International Bestg. members Frank Shakespeare, pres. of RKO General, and Ben Wattenberg, American Enterprise Institute. Reagan also said he intends to redesignate Shakespeare chmn. President returned to Senate names of 6 nominees that Senate failed to act on before recess — including author Michael Novak, whose credentials have been questioned by some Republicans. Senate Foreign Relations Committee already has approved 6 original candidates, won't be holding new confirmation hearings for them or 2 incumbents.

TELEFIRST MOVES TO STUDIO DEALS: Deals to supply Telefirst Entertainment Recording Service with movies are "at the lawyer-to-lawyer stage" at several studios, according to Arthur Cohen, pres. of ABC Video Enterprises Div. He said Telefirst has "conceptual and/or written agreements," hopes to have titles 4-7 months after theatrical release. Service still is scheduled to begin in Chicago in first quarter 1984, delivering 4 so-called premiere movies a month and additional 70 hours of varied programming by encoded signal to specially equipped VCRs. It will be on air starting at 2 a.m. for 3-1/3 to 3-3/4 hours, 6 nights a week, excluding Sat.

Telefirst has surveyed in detail 1,000-4,000 Chicago-area residents about service — Cohen wouldn't reveal exact number — hired Grey Adv. to build image and Gill Management for data processing, rented 25,000 sq. ft. in nearby Bensonville to stock individually addressable Sony decoders. Cohen said one of 6 one-min. consumer versions of 5-min. promotional tape made for studio presentations will be chosen for on-air ad over ABC's WLS-TV Chicago. "If we can deliver this thing, we'll deliver an enormous business," Cohen told us, adding: "It should work, [but] it may not."

Key to Hollywood arrangements is equity offer ABC has made to studios. In simplest terms, the more cooperative participants are in terms and supply of titles, the bigger share of Telefirst they can acquire. There's no cash commitment, Cohen emphasized. Service will cost "tens of millions of dollars to test and hundreds of millions to roll out," he said, and venture has to be guaranteed sufficient product. Cohen claims good response to "fair" offer, won't say how many studios might go equity route.

Whatever count, titles still will be licensed in one of 2 ways — either treating Telefirst as recorded cassette distributor or as STV system, with former giving venture earlier window, Cohen said. Promotion tape, incidentally, mentions several big features including *The Verdict*, *Officer & Gentleman*, *My Favorite Year* and *Chariots of Fire*, but Cohen noted they were named for illustrative purposes only. However, Telefirst got into hot water when it showed without clearance 20th Century-Fox's *The Verdict* in N.Y. test to about 65 homes. "It was 6 weeks after I came, and I didn't know any better," he said.

TV characters now smoke a lot less but they drink a lot more, according to study of 30 years of TV entertainment by Institute for Scientific Analysis, Berkeley, Cal. Monitoring of 280 hours of programming showed that smoking has dropped to nearly nothing, while drinking has more than doubled. Results, based on monitoring of 24 stations in 4 states, were published in *New England Journal of Medicine*.

NAB sent checks totaling \$1.3 million to 309 TV stations last week, representing broadcasters' share of 1980 & 1981 cable copyright fund distributed by CRT.

C-COR Electronics reports \$7 million agreement to provide cable distribution equipment to Warner Amex.



CABLE ON THE FIRING LINE

A PERSPECTIVE ON THE FUTURE

*1983 Cable Television Summit Conference
Oct. 27, 1983 - Four Seasons Hotel, Washington, D.C.*

Consider:

- ... Ma Bell's 7 regional spin-offs will be fierce competitors in the local broadband distribution market (the same market targeted by cable).
- ... Even if the current cable bill (or one like it) passes, cable TV's regulatory problems have only started (look at what the states are doing).
- ... Daunting financial challenges face some overbuilt urban franchises (and underbuilt older systems).
- ... There's a prospect (after RARC '83) of 30-plus channel DBS that promises to offer basic cable-like services to consumers for less.
- ... More and more high tech executives are biting the dust as corporate boards look for new leadership in a changed world.

The **CABLE TV SUMMIT CONFERENCE** is an unprecedented meeting of the industry's top strategists who will probe the broad spectrum of management problems and the vast business opportunities to be encountered by the industry in a world of new competition and expanding markets.

Intended for an audience of senior and high-level executives, the **CABLE TV SUMMIT** will feature a blue-chip faculty of top industry leaders who will present their views on the cable TV business environment of the immediate future and answer questions from delegates and our panel of expert cable journalists.

The **CABLE TV SUMMIT CONFERENCE** faculty will include **Robert Alter**, President, Cabletelevision Advertising Bureau; **Frank Blondi**, HBO President; **Lawrence DeGeorge**, Chairman, Times Fiber Communications; **Ellen Berland Gibbs**, Vice President, Goldman Sachs & Co.; **Irving Kahn**, President, Broadband Communications; **Daniel Ritchie**, Chairman, Group W; **John Saeman**, Vice Chairman, Daniels & Associates; **Archer Taylor**, Senior Vice President, Malarkey-Taylor Associates; **Thomas Wheeler**, President, NCTA; **Rep. Timothy Wirth**, U.S. House of Representatives, Telecommunications Subcommittee and **Dr. George H. Brown**, Executive Vice President, Retired, RCA Laboratories.

Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

SEND THIS RESERVATION CERTIFICATE TODAY TO GUARANTEE SPACE AT THE CABLE TV SUMMIT CONFERENCE.

☐ Payment attached (Make checks payable to Television Digest Inc.)
☐ Charge to: ☐ American Express ☐ MasterCard ☐ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268.

Discounts are available for groups of three or more delegates registering as a group. Contact Barbara Pratt at 202/872-9200 for details.

Sponsored by

TELEVISION DIGEST

TECHNOLOGY DRIVING EUROCABLE Enthusiasm for introduction of cable & satellite TV in Europe was somewhat tempered in Birmingham, England last week as realities of new video era were examined at conference sponsored by Economist magazine. In general, 2 themes emerged: (1) Major problems remain before cable is assured profitable future in Europe. (2) Desire of govts. to encourage new technology is factor driving European cable developments, rather than response to identifiable consumer demand.

Conference began with complaints from British cable entrepreneur Robin Hill, who alleged that British govt. cable policy is too restrictive. "Mixed picture" of profitability of British cable was presented by Bill Shew, vp, NERA International Consultancy, saying that most U.K. franchises aren't likely to be profitable. Cable capital requirements are enormous and must be judged by same criteria as other investments, reminded Malcolm Davidson, dir., corporate planning, Samuel Montagu & Co., investment bankers.

Lack of clearly defined regulations or an established regulatory body will scare some investors, predicted Patrick Michael, chmn., Communications Equity Assoc., U.S. Boris Townsend, head of engineering information at Independent Bestg. Authority, noted that cable can provide nothing that can't be provided by other means. "We should concentrate more on consumer demands," insisted Claus Detjen, managing dir., Anstalt für Kommunikationen, W. Germany.

Questioning European DBS approach, Michael Tyler, chief exec., CSP International, N.Y., suggested that Europeans could learn from American experience with lower-powered satellites. "The critical question is the extent to which the 40-watt distribution satellite can do much of the job. Is not the full-power DBS obsolete before it's launched?" he asked.

Christopher Irwin, mgr., DBS development, BBC, retorted that costs of high-powered satellites will be insignificant in long run when costs of programming and ground segment are considered. Jon Chaplin of European Space Agency predicted that DBS could be formidable in Europe, could deliver service competitive with cable. He said that in area of DBS earth stations, "the Japanese may surprise and perhaps frighten Europeans with the price of their equipment."

Giving Spanish view, Eduardo Gavilan, dir. of international technical relations, RTVE, said decision was taken in 1972 to operate cable in Madrid & Barcelona. System was built passing 100,000 dwellings in each city. Although system operated by PTT has been maintained in perfect condition, for political reasons it has never been used. He reported that interest in cable has recurred, noted that while cable has languished, there's 50% MATV penetration in Spain.

Meanwhile, Britain's trade unions are calling for strict quota on use of foreign programming by U.K. cable industry. Unions, which include powerful Assn. of Cinematograph and TV & Allied Technicians

(ACTAT) fear imports, especially American feature films, will reduce U.K. film industry and wipe out union jobs. Said ACTAT Pres. John Gray: "To make a profit, the cable operators will have to hire second-hand American programs." He said unions want quota of 14% foreign imports on cable, same as that of Independent Bestrs. Assn. Note: We have obtained complete list of 37 applicants for 12 interim cable franchises in U.K. List contains addresses, phone numbers, major stockholders, franchise areas. Limited number of copies are available to subscribers — no charge. Call Circulation Mgr. Betty Alvine, 202-872-9200.

NAB and 3 networks acted "voluntarily, free of FCC coercion" in adding family viewing amendment to then TV Code in April 1975, according to 4 sitting FCC commissioners — none of whom was agency member when concept was adopted at time Richard Wiley was chmn. and Arthur Taylor was CBS pres. During that spring of 1975, there were several secret meetings between Wiley and network officials before Taylor made hurried trip to San Antonio home of TV Code Chmn. Wayne Kearn of Harte-Hanks to get his concurrence. Both Wiley & Taylor had been pushing hard for a "family viewing hour" 8-9 p.m. devoted to programming suitable for viewing by entire family. Hollywood coalition went to court on grounds there had been "coercion" by FCC in Code adoption of concept, and a district court in L.A. ruled Commission had violated First Amendment and Administrative Procedures Act by coercing networks and NAB. In Nov. 1979, appeals court reversed lower court and returned case to FCC which higher court said had primary jurisdiction. Said current FCC: "Based on the record of Chairman Wiley's actions and on its background of experience with the networks, the Commission concluded... that the network's decision to support the adoption of the family viewing amendment [in TV Code] reflected their independent judgment ..."

Mexican & Canadian broadcasters will join NAB Exec. Committee and top staffers for 2 days of meetings Sept. 20-21 in San Diego. Previous day, Exec. Committee will hold its own regular monthly session. Joint meeting will begin with political overview of 3 countries and playing major role (for Americans at least) in discussions will be question of Cuban interference to AM. Also on agenda: Satellites, DBS, HDTV, copyright, must-carry, AM stereo, land mobile, UNESCO and Canadian border problems. At Aug. meeting, NAB Exec. Committee deferred requests from 3 departments for their own mini-computers, authorized that questionnaires be sent to non-members (similar to recent survey of members), approved expenditure of \$20,000 to update publication on impact of new technologies, heard that report on controversial TV trends study is in 3rd draft and will be ready late Nov.-early Dec., agreed to co-sign note for \$25,000 with Productivity Council.

Blair Video bought Rhodes Productions and its 700 hours of TV programming, price unannounced. Founder Jack Rhodes will remain with Blair as consultant.

FCC has imposed freeze on LPTV applications for smallest markets, said only applications it will continue accepting are those mutually exclusive with applications already filed and subject to cut-off date. Freeze previously was imposed on applications for medium & largest markets. Commission said proposed rulemaking will be released within next few months that will propose new procedures to lessen processing burdens for both Commission and future LPTV and TV translator applicants. Current freeze announced last week extends to all new "LPTV and translator applications and all applications seeking amendment to licenses, CPs, or existing applications." FCC Low Power Branch Chief Barbara Kreisman said rulemaking will seek simplified application process, will allow Commission to focus on eliminating backlog. About 12,000 LPTV applications are on file; about 4,000 of those are thought to be grantable, subject to cut-off. New applications mutually exclusive with those 4,000 will continue to be accepted "and there probably will be lots of those," Kreisman said.

N.Y. Times Co. and Warner Communications have formed joint venture to produce & distribute informational programming for cable. NYT Productions, part of Times Syndication Services, is filling editorial needs under supervision of Exec. Producer Ted Harbert; Warner Amex Cable Communications will provide production facilities, technical personnel & program distribution, under Senior Programming Vp Sheldon Perry. Times created production arm last year to tap flagship newspaper, 20 other dailies, magazines, radio & TV stations for cable and home video material. Present deal is still in formative stage. "It's nothing but an agreement to work together," said Times source. "Nothing has yet been decided" about content.

NAB has asked FCC to expedite modification of Aspen rule on political broadcasting to facilitate station sponsorship of debates among candidates for office. Aspen prohibits broadcasters from directly sponsoring such debates, requires that they be aired on same day they take place. "Expansion of the Aspen rule would permit those with the expertise... to improve voter education in their communities," NAB Pres. Edward Fritts wrote FCC. "It would provide the public with infinitely more candidate and issue information [and] it is imperative that broadcasters be able to provide complete and extensive candidate coverage." FCC is expected to act favorably on petition in Oct.

Capital Cities Communications is "one of the most determinedly anti-union conglomerates in the nation," according to "dishonor roll" of 5 U.S. corporations issued by AFL-CIO. "In city after city as [Capital Cities] acquires a new newspaper, they bring in a union-busting lawyer to oust the union," AFL-CIO charged. "The companies cited today were selected from a long list of labor law violators because each of these has demonstrated a clear corporate determination to break unions." Capital Cities spokesman said firm would have no comment because it hadn't seen union charges.

FCC decision to okay Satellite Business Systems (SBS) long-term lease of 5 transponders to Rupert Murdoch's DBS company Skyband has fueled already burning controversy at Commission over what constitutes "broadcaster." Commission ruled that Skyband has "some of the attributes associated with traditional broadcast services," but offering "is not intended for the general public since the signal will be scrambled and received only by paying customers who have [Skyband's] decoding equipment." Skyband thus falls in "hybrid" category with both broadcasting and point-to-point service characteristics "and need not be subject to broadcast regulation," FCC said. Comr. Rivera dissented, raised questions about lines separating pay TV services from broadcasters. Upshot of debate, Commission sources said, is that notice of proposed rulemaking will be issued: "You can pretty much assume that they'll be looking to define subscription TV services better than they have been," source said. Some analysis of DBS's "regulatory qualities" will probably be included, source added.

Following communications checkout of Insat 1-B, which was started last week, India has good reason to look forward to inaugurating service from new satellite. On-orbit checkout will span next 2 weeks, after which bird will be ready for use. First trials of electronic systems showed all C-band & S-band (DBS) channels operating normally. TV picture sent through satellite also was relayed in good form, according to spokeswoman for Ford Aerospace which built satellite. Indians appear ready; 30 ground terminals to expand and upgrade telephone communications have been built at cost of \$63 million. Of these, 60% were imported from U.S. & Japan, rest made in India.

"Localism is unique to [the] electronic media... Broadcasting began with stations and a fundamental part of it will remain with stations — new technologies notwithstanding." That was message delivered to 50th anniversary convention of Neb. Bcstrs. Assn. in Omaha by Gene Jankowski, pres. of CBS Bcst. Group. "Broadcasters became generalists, not specialists, very early on because they recognized that theirs would be a people's medium," he said. "Whatever your schedule format is today, that remains the case. I think it will be so tomorrow as well."

Eastman CableRep wants out of cable advertising business. Pres. Bill Burton said Eastman's parent ERI Communications Group is in process of rethinking status of cable division, prefers selling business to clients or outside interests. Those options will be exhausted before Eastman would fold division, laying off some 25 workers, Burton said. Problem with cable ad business, Burton said, is "ratings, ratings, ratings." ERI definitely won't divert any more of its revenues from radio sales toward cable, Burton said.

NPR probably will borrow only \$7.5 million of \$8.5 million line of credit available from CPB to meet deficit, NPR Financial Dir. Melvin Ming told CPB Finance, Budget & Development Committee last week.

Philadelphia Mayor William Green and City Council are sharply at odds over awards of cable franchises in 3 areas of city. Green announced his choices among 7 bidders for 3 franchise areas, and they're different from those recommended last month by City Council. He sent his recommendations to Council in form of ordinances, warned that if members change ordinances by substituting their preferences they will be liable for civil damages. Further, Green said if Council rejects his picks, franchise process probably would have to start all over, delaying cable in city for "a very long time." He picked Philadelphia Inner City for Area 2 covering West Philadelphia, Overbrook, Wynnefield, East Falls, Manayunk, Roxborough & Andorra; Comcast for Area 3 covering Chestnut Hill, Mount Airy, Germantown, Olney, Logan & Lawndale; Cablevision Systems for Area 4 covering Fishtown, Kensington, Richmond, Northeast & Far Northeast. City Council had picked Wade Communications for Area 2, Rollins Cablevision for Area 3, Comcast for Area 4. Wade was criticized by Green for lack of experience in cable. It's owned by local resident James Wade who served in former Gov. Milton Shapp's administration. Wade had deal with Cox to build & operate system. At news conference, Green reportedly denied that his prior association with prominent city law firm which has represented Comcast for 20 years influenced his selection. City is still soliciting proposals to cable Area 1 which covers downtown and South Philadelphia. Bidders are proposing 36-75 channel service on systems costing about \$40 million-\$65 million each to build, with basic service as low as \$2.95 monthly for 47 channels.

Sports interests oppose NCTA bid to change Copyright Office's definition of "cable system" in computing copyright payments (TVD Sept 5 p2). NCTA is seeking rulemaking to base definition on headends. In their opposition comments, Major League Baseball, National Basketball Assn., National Hockey League & North American Soccer League said change would "transform certain large cable systems into a host of smaller ones, thereby making them eligible for the bargain basement royalty rates paid" by medium & small systems. They gave this example: A top-50 market system generates \$300,000 in semi-annual revenues, carries 3 distant signal equivalents (one subject to new 3.75% royalty rate, 2 others subject to adjusted syndicated exclusivity rate), has semi-annual copyright bill of about \$18,000. Sports said under NCTA's proposal, because it might serve subscribers through 2 headends, could file as 2 medium-size systems, each with semi-annual copyright bill of about \$2,000. Proposal "has the potential for significantly reducing the industry's already minimal and inadequate royalty payments," filing said.

Ad-supported European satellite superstation is in works for European Bestg. Union. According to Washington Post, Union is planning to launch multinational network early next year using Netherland's transponder on European Communications Satellite (ECS-1), will beam programming to expanding European cable market.

Republican control of CPB through surprise recess appointment of industrialist William Hanley to board was challenged by rest of members last week after doubts were raised about legality of appointment. Board members overwhelmingly approved resolution questioning President's authority to place Hanley on board immediately without seeking Senate approval, and prohibited Hanley from participating in meeting. President named Hanley, chmn. of N.Y.-based clay products & oil exploration company, Hanley Inc., to replace Gillian Sorensen in term to expire March 1, 1984 just hours before Senate reconvened after 5-week recess, citing Chief Executive's authority under "vacancies clause" in Constitution that permits some temporary govt. appointments without Senate consent. Nominations to CPB normally are reviewed by Senate Commerce Committee, then go before entire Senate for final action. President has submitted Hanley's name under usual procedure, leaving up in air his current status.

Cable industry is going head-to-head with telephone industry in battle over cable deregulation bill. Disputed common carrier provision in Senate version of bill (S-66) has led the 2 to unleash lobbyists for what may prove final effort in House. AT&T was first out of gate with newspaper ad campaign last month but NCTA countered last week with "we urge you" letters to members of House Energy & Commerce Committee. Wrapped into each was 7-page handout describing issues that divide industries, as NCTA sees them. It claims phone industry has been trying to throttle cable for years, is wrongly citing threat of high local rates in argument against bill. NCTA's twist: "Oddly, the telephone companies [have] opposed public policy that would foster competition and lead to their own deregulation."

Conservative viewpoint is expected to take over at FTC with White House appointment of 36-year-old Vanderbilt Law Prof. Terry Calvani to succeed David Clanton, whose term expires Sept. 26; both are Republicans. Calvani is expected to join FTC Chmn. James Miller & Comr. George Douglas (both economists) in conservative votes against liberals Patricia Bailey (Republican) and ex-Chmn. Michael Pertschuk (Democrat) — both appointed by President Carter. Calvani is graduate of New Mexico U. and Cornell Law School, is expert in antitrust law. Said Pertschuk: "Miller was pushing for this... because he wanted an antitrust lawyer to help him face some of the heat from the Hill and from some of us on the Commission... Given the range of possible disasters [Calvani's] probably not the worst we could have expected."

Acton sold Cal. cable system for \$5 million, price of about \$2,300 per subscriber, to Falcon Communications, Cal.-based limited partnership. Acton refused to identify system, would say only that it was "attractive property" with 2,200 subscribers. Sale terms exclude AML link located at Cal. system. Acton said it would move AML to one of its east coast systems. Acton operates 43 systems with about 65,000 subscribers.

VALENTI ON FINANCIAL INTEREST: "The networks have no allies; isn't that strange?" That's strongest lobbying point for retaining financial interest & syndication rules, MPAA Pres. Jack Valenti said in interview with our Communications Daily last week. Last month's FCC vote to let networks own programs was blow, but Valenti maintained MPAA hasn't given up on FCC, sees strong support in Congress for retaining ban: "There are very few times when I'm totally absorbed by what I believe is right, and this is one of those times." Has he given up hope of winning at FCC? "No, of course not... absolutely not," Valenti replied.

But to win, particularly in Congress, Valenti said chances "depend on our ability to communicate the facts of this case." He said lobbying effort hinges on 2 questions. "I just ask... (1) What is the public interest reason for changing this rule? (2) Will the Fowler plan increase or decrease competition in the television marketplace?" Copyright Royalty Tribunal should be abolished, Valenti continued, along with its foundation — cable's compulsory license — because they artificially skew program marketplace. HBO probably will continue as strong force in Hollywood, he said: "I'm not optimistic at all that HBO can be turned around." Other comments:

On networks' lobbying on financial interest & syndication: "Well, I think the networks, since they command in their network news and their morning news, 50 to 75 million people a day, that equates in power, that equates into a bludgeon that can instill fear in peoples' minds. If you vote against me, the implied thing is — I'll get you somewhere along the line. You don't have to say that; it's that kind of power that they have that gives the networks, I think, some clout."

On reason for studios' inability to confront HBO challenge: "Because the Justice Department has several times turned down their efforts to mount a challenge to HBO. I'm not optimistic at all that HBO can be turned around simply because they've got 70% of the marketplace now; they're spending enormous sums of money on production; they're going to have a lot of pictures tied up over the next 4 to 5 years, exclusively, which will give them a competitive edge over their already-weakened opposition. So, I see them dominating this marketplace for a long time."

On getting more money from HBO — "Half the pictures that the so-called big companies distribute aren't their pictures. They probably have the theatrical rights in U.S. and Canada, and they got some television rights; they may not even have the cable rights. These are done by independent companies; they are either partly financed or wholly financed or not financed by the major companies and they take them for distribution. And those ancillary rights are already bargained for. While there are 7 or 8 big companies, they personally finance probably only a small fraction of the movies that you ever see in the marketplace."

On CRT's new 3.75% rate and NCTA appeal — "When the Copyright Tribunal... came up with this 3.75, I thought it was too low. We wanted a lot more because 3.75 is nothing compared to what television

stations pay... The courts have to look at it with all the evidence examined. The way to cure the problems of the Copyright Royalty Tribunal are very simple: Abolish it. And go to the free marketplace..."

On NCTA's influence: "Well, you've got 4,400 cable systems in America. They're all over the country; that's what gives you influence."

S-66 is Corvair of cable legislation, according to Ralph Nader, who has put out report sharply critical of deregulation bill which he said "will result in consumers paying more for fewer services." Nader called S-66 "bail out" for cable operators who "made many promises to get franchises" and now "want to renege on legally binding commitments. It is a one-sided give-away to an industry that will operate as a natural monopoly." Nader found it ironic that while bill reduces local & state control, "cable historically has been stunted by pro-broadcast regulation at the federal level." He said S-66 is bid by Congress to "make amends... for the [FCC's] past mistakes." NCTA Exec. Vp James Mooney said Nader's conclusions should be taken "with a bagful of salt... Congress has gotten used to treating Nader's advice as ideological pronouncements rather than objective analysis. In some quarters his opposition actually could do us some good."

Broadcast stations have been warned by FCC that they had better sell time to state & local candidates if they want to stay on good side of Commission. WXLK(FM) Roanoke asked if it's permissible for station to have across-the-board policy of only selling time in federal races since Communications Act guarantees access only to candidates for federal office. Responded Milton Gross, head of FCC unit on political broadcasting and fairness: "Should a licensee fail to make any time available for state and local races, the Commission would examine such broadcasting practices in light of a licensee's public interest responsibilities... including the goal of fostering an informed electorate."

"The advertising demonstration project has produced no abatement in the NAB's traditional strong support for public broadcasting or in its strong opposition to advertising on it," NAB Pres. Edward Fritts has written FCC Comr. Quello, chmn. of Temporary Commission on Alternative Financing for Public Telecommunications. Fritts said that advertising on public stations "is inconsistent with the essential nature of noncommercial or public broadcasting and that public broadcasting would not continue its unique and important role in the American broadcast system if it were to become merely a subsidized form of commercial broadcasting." Group meets Sept. 18, is due to make final recommendations to Congress Oct. 1.

House Telecom Subcommittee is planning markup for financial interest & syndication legislation (HR-2250) Sept. 22, time & place to be announced. Subcommittee also has tentatively set markup of telephone bills Sept. 26-27, time & place also to come.

WEEKLY

Television Digest

with
Consumer Electronics . . .
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Editor & Publisher
Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.

Copyright © 1983 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nail Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Television and Cable Factbook

Mary Appel Editorial Director
Marilou B. Legge Managing Editor
Lynn R. Levine Associate Editor
Barbara E. Van Gorder Associate Editor
Jeannette H. Noyes Associate Editor

Factbook Research, Inc.

Marilou B. Legge Director

Business

Roy W. Easley III Controller

Barbara J. Pratt Marketing Dir.
Janet Kohler Dueweke Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Telen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam

Richard E. Varner

c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600

this fall to do research project for Washington program of Annenberg Schools of Communications.

Ted Harbert promoted to vp-program planning & scheduling, ABC Entertainment; Jordon Kerner to vp-dramatic series development; Julie Hoover advanced to vp-ABC owned TV stations PR, new post... Jean Dietze advanced to dir.-clearance systems & analysis, sales/affiliate services, NBC TV Network; Mitchell Semel to mgr.-specials, NBC Entertainment; Deborah Curtan to dir.-current comedy programs... George Young promoted to dist. mgr.-CBS TV Network affiliate relations for far west, succeeding Thomas White, retired; Alan Lewis, ex-PBS, appointed dir.-CBS News Film/Video Tape Library, succeeding Neil Waldman, promoted to dir.-Archives Development... David Naseman joins Lin Bestg. as vp-gen. counsel & secy... Elkan Kaufman named international sales dir., Western-World TV... Art Reynolds, ex-Disney Channel, resigns to start marketing consulting firm Reynolds Communications, 6004 Avenida Cresta, La Jolla, Cal. 92037, 619-459-4149... Lauren Chez, JLT Films, appointed midwest sales mgr., Family Home Entertainment.

Gary Chapman, WLNE-TV, re-elected chmn., Electronic Media Rating Council. Elected dirs.: Robert Temple, KUTV Salt Lake City; Walter Sechwatz, Blair TV; Gary Stevens, Doubleday Bestg.; John Abel, NAB.

William Gunter promoted to vp-treas., United Telecommunications... Elizabeth Devlin joins Times Fiber as sales promotion mgr... Wayne Cornils advanced to senior vp-radio, NAB, new post... Linda Miller promoted to sales dir., IRTS, new post... Roy Morris, ex-FCC Office of Plans & Policy, appointed senior mgr.-policy analysis, MCI Economic Analysis Div.

Robert Sachs promoted to vp-corporate development, Continental Cablevision... Catherine Shaffer advanced to asst. to Vp-Gen. Mgr. Pat Polillo, KYW-TV Philadelphia... Price Broughton, ex-Ark. ETV Network, appointed dir.-special projects, Southern Educational Communications Assn.; Madalyn Hardy, ex-CPB, joins SECA as dir.-corporate services... Rex Lardner, ex-CBS Sports, appointed programming dir., Sports Time Cable Network, due to debut April 3.

Jay Newman, ex-KDKA-TV Pittsburgh, named news dir., WCAU-TV Philadelphia... Laurence Rebich joins Satellite News Channel as vp-sales promotion; Sara Levinson promoted to vp-sales promotion, Nashville Network; Peter Newman to vp-sales promotion, Sports Network... Charter Bestg. Pres. John Bayliss resigns Oct. 1 to form brokerage firm John F. Bayliss & Co., San Diego.

Frederic La Pointe, ex-Hewlett-Packard, joins General Instrument Broadband Communications Group as business development analyst... Roger Seltzer, ex-Liberty Communications, appointed gen. mgr., Sonics SuperChannel, Sports Network... Leonard White promoted to senior vp-sales & mktg., North America, CBS/Fox Video... Keith Mielke promoted to pres., Children's Computer Workshop, succeeding Paul Firstenberg.

Personals

NCTA Pres. Thomas Wheeler will address NATAS in N.Y. Sept. 20. He will criticize opponents of cable deregulation bill S-66 in speech entitled "Hiding Behind Aunt Minnie's Skirt." Meeting is at Copacabana, 10 E. 60th St. For reservations: 212-765-2758.

Jane Cohen, ex-NAB TV vp, joins WJLA Inc. Washington and parent Allbritton Communications Oct. 1 as asst. to Pres. Thomas Cookerly... Mary Nichols, ex-dir. of communications, U. of Pa., returns to WNYC-TV-AM-FM N.Y. as dir.; she formerly headed stations in 1978-80... Jeanne Kerr, dir.-corporate communications for Time Inc., elected a corporate vp.

Leslie Taylor, ex-legal advisor to Abbott Washburn, chmn. of U.S. delegation to ITU Region 2 broadcast satellite conference, joins GTE Spacenet as dir.-regulatory affairs... Tom Lamarche, ex-WKEF Dayton, appointed program dir., WLWT Cincinnati, succeeding William Spiegel, now gen. mgr. of Multimedia Sports Productions.

Henry Goldberg & Philip Spector, both ex-Verner, Liipfert, Bernhard & McPherson, form Washington communications law firm Goldberg & Spector, 1920 N St. NW, Washington 20036, 202-429-4900; joining as associates are Stephanie Sommer, ex-Verner, Liipfert, and Jeffrey Olson, ex-Citizens Communications Center... Kalmann (Connie) Schaefer, international advisor to FCC Chmn. Mark Fowler, will resign Oct. 1 to form consultancy; Schaefer, who has degree in economics, was in Japan with Fowler last week; Jerry Duvall, asst. to FCC Comr. Mimi Dawson, will leave

Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Sept. 2 (35th week of 1983):

	AUG. 27- SEPT. 2	1982 WEEK	% CHANGE	AUG. 20-26	35 WEEKS 1983	35 WEEKS 1982	% CHANGE
TOTAL TV#.....	337,657	329,664	+ 2.4	515,341	11,864,584*	10,666,780	+11.2
COLOR#.....	260,213	229,814	+13.2	375,453**	8,345,504*	7,084,586	+17.8
MONOCHROME....	77,444	99,850	-22.4	139,888	3,519,080	3,582,194	- 1.8
PROJECTION TV...	2,368	2,860	-17.2	2,731	78,267*	59,539	+31.5
HOME VCR.....	96,490*	48,958	+97.1	111,597**	2,297,127##	1,068,614	+115.0
COLOR CAMERAS...	11,420*	5,463	+109.0	10,430*	234,911*	184,239	+27.5

Color TV 5-week moving average: 1983--258,073*; 1982--207,255 (up 24.5%).

Home VCR 5-week moving average: 1983--78,902*; 1982--37,236 (up 111.9%).

Excludes projection TV. * Record for period. ** Highest figure in history.

Exceeds full-year record.

ITA SETS OCT. DUMPING HEARINGS: Now very familiar cast of characters will gather at Commerce in Washington next month for 2 unique International Trade Commission hearings on agency's latest Japan TV dumping duty margin determinations and its even more controversial proposal that 1971 dumping finding be revoked as it applies to 5 major exporters (TVD Aug 22 p9).

ITA letters announcing hearing, due to be received by importers and domestic industry interests this week, will say ITA has reserved 3 days for hearings, Oct. 5-7. Issue of latest margin determinations will be considered first, with exclusion proposal to follow immediately.

Review to be considered at hearing shows either no dumping, or dumping at insignificant margins for all Japanese exporters of commercial importance in year ending March 31, 1981. In companion notice, ITA said it found that JVC, Matsushita, NEC, Sanyo & Sharp had met revocation requirement of no undervalued sales for 4 years. Actual exclusion, however, can't be granted until ITA completes review of their shipments from April 1, 1981 through Aug. 12, date notice of proposal was issued.

In scheduling hearings, at request of labor-industry group COMPACT and Zenith, ITA is breaking with usual procedure of relying on written comments from outsiders and resolving any difficulties directly with importers and exporters. In yet another diversion from general practice, in notice of proposed revocation ITA said it was proceeding even though it found "disturbing" information regarding Japanese domestic TV production & investment and trends in prices of sets exported to U.S., emergence of Korea & Taiwan as major U.S. market suppliers and European restrictions on imports from Japan. This is considered by some an open invitation to try to make ITA change its mind on revocation by commenting on issues agency normally doesn't look at.

Zenith is currently challenging in Court of International Trade (CIT) method ITA used to calculate set of margins it released in 1981 showing Japanese in general weren't dumping in year to March 31, 1980. Along with COMPACT, it's expected to raise similar arguments on more recently released set. COMPACT & Zenith are also expected to argue against ITA's partial revocation plan.

ITA consideration of revocation may end up being academic, as last July CIT Judge James Watson ordered ITC to reverse its finding that possible resumption of dumping by Japanese poses

continued threat of injury to domestic producers (TVD July 18 p11). Action on that ruling is being held up as Zenith has filed request for reconsideration. Also, ITC has right to appeal finding but won't do so until after Watson decides what to do with review request.

JULY SEES RECORD VCR & COLOR SET IMPORTS: Commerce July import figures show new all-time monthly records for incoming shipments of VCRs and complete color TVs, but analysis indicates that while color mark will go into official book, it should carry asterisk to reflect questionability.

VCR record appears clean. Month's shipments of 489,700 were up 389.6% from same month last year, shattering previous high of 381,100 set last May. Total puts 7-month total at 2.18 million, up 71.1%. Because of time it takes for Japan's exports to arrive here, July figures reflect Japan's exports in June, first month in which shipments to U.S. topped 500,000 mark. Japan's July exports were also above 500,000 level, so another big import month can be expected in Aug.

In other video products, total TV camera imports were up 33% for month to 37,600, as color rose 47.7% to 32,200 while b&w dropped 17.4% to 5,300. For 7 months, camera imports of 243,600 were off 11.6%, color down 12.6% to 197,000, b&w down 7.1% to 46,600. Imports of color cameras carrying export price of less than \$2,000, and included in total, were 31,600 for month, 190,700 for 7 months. No comparable 1982 figures are available. Videodisc player imports jumped 37.2% in July to just under 3,000, but were still off 14.4% for full period to 17,700. Imports of projection TVs were up 86.3% to 3,800 for month, up 19.6% to 23,100 for 7 months.

According to Commerce, total TV imports jumped 79.4% in July to 1.07 million, with complete and incomplete color at record 610,400, up 141.6%, as complete sets leaped 278.5% to 465,500 and incompletes rose 11.8% to 145,000, while b&w rose 33.8% to 461,100. By-country breakdown for complete color ranks Japan as largest source country for first time this year, with shipments more than tripled to 198,500. Japanese total includes 87,200 19" sets, which on face is open to question as Japan supplied only 55,700 in that size through entire first half. In addition, figures indicate average value of July 19" sets was just \$46.82 each, compared with more realistic first-half average of \$249.47. There's similar situation in over-19", with 34,700 total shown for Japan for month exceeding 6-month figures. Our best guess is that figures include upwards of 90,000 misclassified chassis & kits, which would leave true import number at about 370,000. That, incidentally, would still be record.

However, as Commerce figures stand, July results put 7-month total imports at 6.23 million, up 16.7%, with color at 3.5 million, up 39.3%, b&w at 2.73 million, off 9.8%. Full period color total includes 2.07 million complete sets, up 84.2%, 1.43 million incompletes, up 20.3%.

In b&w, complete set imports were up 33.4% to 459,900 in month, with all gain coming in 12"-&-over, up 53.1% to 350,600, as tinyvisions slipped 5.5% to 109,200. For 7 months, complete b&w imports were off 10.1% to 2.71 million, with small-screen and combinations down 29.3% to 610,000, larger sizes off 2.4% to 2.11 million.

VIDEODISCS ON VIEW IN BERLIN: Despite lack of market acceptance, videodiscs & players were very much part of Berlin TV-Radio Show, and if you looked closely you could see all 3 systems on display — LV, CED & VHD, though European market introduction of VHD has been scrubbed indefinitely in favor of sales in only Japan.

Philips made biggest splash, with 2 new Laservision models and major price reduction. Low-end unit, without random access, similar to one introduced last year, was priced at about \$550, down from around \$750. New random access model has 2K memory, can program up to 7 chapters or segments in any order. Grundig introduced similar models, and Pioneer featured unit similar to the one it's now selling in U.S. & Japan.

Philips also fielded its first industrial-institutional model, with slot to accommodate 16K EPROM cartridge similar to those used in videogames. Cartridge can be programmed by any

personal computer, making possible on-screen graphics, interactive response, branching, etc. Professional LV player has wireless infrared alphanumeric typewriter keyboard in place of regular remote control.

Hitachi displayed 2 PAL model CED players it's selling in U.K. to back RCA disc launch (TVD Sept 5 p18). Both are stereo models, have 4-speed visual search (4, 16, 120 times normal speed and track-by-track in either direction) with 11-function remote control. Low-end model, at about \$300, has wired remote (USD 300); high-end wireless is \$345.

JVC once again demonstrated VHD/AHD video and audio disc systems, with Thorn-EMI officials very much in evidence. In fact, software displayed was all Thorn Educational/instructional material. Thorn spokesman indicated once again that company had no specific plans for marketing in Europe yet. JVC was quoting new prices — about \$585 for random-access VHD player, \$835 for combination VHD/AHD system.

RCA INTERACTION SHORT: RCA has just single truly interactive videodisc title, *A Week At the Races*, ready to go to support market launch of new \$500 random access CED player, expects to have only 4 this year, total of 8 by mid-1984. Company is counting on music discs, which player can handle by band, just like programmable audio record turntable, to generate market appeal. Player can also be set to call up program portion from standard disc to exact sec., because of information always included, while other CED players display only to min.

Cost is reason for interactive title shortage according to Videodisc Div. Mktg. Vp Herbert Mendelsohn. Such programs, we're told, run minimum of \$275,000-\$300,000, and with so few CED and Laservision players able to handle them in consumer homes, producers understandably are cautious, even if RCAV and Optical Programming Assoc. make what for them are hefty contributions. RCAV doesn't have much in way of program development budget.

As for less expensive banded music discs, RCA has 22 available now, will offer about 30 by year's end, according to Mendelsohn. Total number of CED titles available should reach 1,000 this month, 3 months ahead of schedule, and 1,200 by Jan., said Div. Vp Thomas Kuhn. RCA has shipped about 6.5 million albums worth \$160 million under own label, predicts 10 million total — including output from own and CBS plants — from March 1981 start to end of 1983. During same period, RCA estimates player sales at 500,000. Bestselling title to date is *Muppet Movie* at 68,000 copies, 3 *Rocky* titles at 160,000, with *Officer & Gentleman* fastest mover of year at 38,000.

First 8mm Video VCRs will be on market in Japan by Jan., at June CES in Chicago, according to Hitachi Maxell National Sales Mgr. Don Patrican. Patrican says tape manufacturers have no problem producing 1.5-2 hour metal particle tapes, thinks 3-5 hour metal evaporated variety — basis for 8mm mass market — will take while longer to produce. Despite current high annual sales VCR rate in U.S., Maxell is still predicting 3.8 million will be sold here this year, may edge forecast up to 4.4 million if it feels there's no shortage of units from Japan.

Activision is setting up subsidiary in U.K. to handle videogame and computer program marketing, distribution and sales there.

GERMAN TAX SNAFU: U.S. proponents of copyright tax on video & audio recorders and blank tapes as way of compensating program owners for sales lost to unauthorized duplicating by consumers are advised by cohorts in Germany to work carefully to avoid legislative headaches that have plagued program there.

Copyright tax regulations on audio and video tapes and recorders in Germany are so badly snarled that only new legislation can make them workable, in opinion of German manufacturers. Although law was passed in 1963 imposing 5% tax to go to copyright owners, no money has yet been distributed. Recently court ruled that total value of combination radio-recorders was subject to tax, leading manufacturers to consider discontinuing that product entirely.

"The fact is that this law is unclear," said Gunter Kroll, spokesman for German Electrical & Electronic Mfrs. Assn. Consumer Electronics Div., "and it is only by lawsuit that you can get clarification." Both sides are aiming for new legislation by May 1984.

Soft market for videogame software could produce \$3-\$5 million loss for Activision in 2nd quarter to Sept. 30, according to Pres. James Levy. Company posted earnings of \$4.4 million in same period last year. He said Aug. volume was improvement over July, but that customer concern over inventory build-up put damper on expected post-Labor Day sales surge.

Where's Peanut? Word now circulating on Wall St. is that IBM won't start selling its home personal computer until next year. Earlier this year, those same sources were predicting Sept. launch, last month switched to Oct., while in recent N.Y. Times interview Tandy Chmn. John Roach said he didn't expect it to appear before Dec. IBM, of course, hasn't yet even admitted Peanut exists.

Portable computer pioneer Osborne was forced into Chapter 11 bankruptcy filing last week as creditors pushed for payments. Company said it has laid off all but 80 employees, halted production, and is selling from inventory. At week's end, it announced banks had agreed to lend it \$600,000 to enable operations to continue.

GRUNDIG EYES VHS OUTPUT: Grundig may become 3rd European video equipment manufacturer to enter VHS production ranks there, but should that happen, it won't signal any lessening of company's commitment to competing V2000 VCR format in Europe.

Grundig said it's considering proposition from foreign company that it produce several hundred thousand VHS units over next 2-3 years for sale in overseas markets where V2000 isn't offered. Grundig declined to identify other company.

Three European companies currently are involved in assembling VHS VCRs there. Thorn EMI and Telefunken, with partner JVC in their joint video manufacturing venture J2T Holdings, and France's Thomson-Brandt. Thomson start-up follows something of compromise with French govt., calling for it to assemble VCRs in existing plant near Paris, and to construct new facility in economically depressed eastern region for manufacture of VCR components.

Thomson said it has already begun turning out VCRs under 5-year license agreement with JVC, using parts & subassemblies imported from Japan. Under terms of license, Thomson also is to manufacture key parts, including head drum assemblies, for its own use and for J2T's German & U.K. VCR plants. Thomson became de facto J2T partner earlier this year when it acquired control of Telefunken consumer electronics business.

Conflict with govt. arose when Thomson indicated it wanted to convert existing b&w plant for VCR and parts production. Officials pressured for totally new facility (TVD Aug 8 p16). Use of European-made parts of sufficient value would exempt VCRs made by Thomson & J2T from 3-year quota on EC-bound exports agreed to by Japanese. But unless extended, quota ends in 1985, and Thomson's decision to house component operation in new plant means it isn't likely to be turning out parts in quantity until some time in 1986.

Meanwhile, Hitachi and Sanyo have accelerated timetable for VCR assembly in Europe. Both say they will be producing in Europe next month, instead of early 1984. Sanyo will locate in its existing U.K. color TV plant in Lowestoft, while Hitachi is constructing new plant in Landsberg, Germany. Both will start assembly at 5,000 monthly, plan to double that next year.

* * * *

Cost of being videophile in France will go up if govt. approves increase in annual use tax as way of balancing budget of state-owned TV networks. For TVs, use tax will be boosted only about 6.5%, from current \$58 to about \$62 for color, from \$38.50 to \$41 for b&w. VCR owners, however, face 30% jump from \$58, introduced just last Jan., to \$75.75.

Sylvania adds its first digital audio CD player at \$950. TV drop-ins include 19" color monitor-receiver with 134-channel remote tuning, stereo audio, at \$760; pair of 25" color consoles with 125-channel remote tuning, stereo audio, audio jacks, at \$1,125 & \$1,250; b&w 5" battery portable with FM-AM at \$150.

TI'S NEW AD THRUST: Texas Instruments is abandoning bargain basement approach to home computer market, adopting new ad campaign stressing educational advantages of computer ownership and playing on parents' concern that kids who don't have one at home may be left behind.

Behind ad thrust is market research showing parents feel they need computer, but are confused over what to get and fear it will be nothing more than glorified videogame. Typical print ad headline stresses that if child "stumbles on 6th grade math he may never catch up."

TI will run TV & magazine ads this fall, spending "more than anyone has ever spent on a home computer campaign," according to Mktg. Dir. John Ayer, in N.Y. last week to describe program. Conceding TI may have made mistakes in past, he said pure entertainment use of computer won't even get mention in ads. In support, TI is extending computer warranty from 90 days to full year, offering 5 hours of free computer lessons at training centers being set up in 100 cities. Comic Bill Cosby, past TI spokesman, isn't being used in campaign.

While Ayer emphasized campaign is TI's way "of getting away from low priced hardware," company isn't yet ready to get out of price war. Ayer said company hasn't decided whether to extend current \$50 rebate offer due to expire Jan. 1.

In other ad activity: Tomy, about to launch home computer, appoints Y&R/Dentsu, replacing Sachs, Finley & Co. on \$13 million account... **Suncom** appoints Sharp Adv. for video game accessories line. Sharp also named by telephone marketer LeTel Electronics... Stackpole Components appoints Johnson/Ferguson/Avant... **Ideal Toy**, subsidiary of CBS, appoints D'Arcy-MacManus & Masius to handle West German market launch of Colecovision videogame. In U.S. D-M-M gets Pittway's \$2.5 million consumer security products account, replacing Grey-North... **Atari** has bought Olympic sponsorship, is now official home computer and home & arcade videogame supplier, will push designation in ads next year, feature logo on products. Atari said it plans to set up videogame arcades at Olympics sites in L.A. for use by athletes... **Magnavox** launched Sept. 15-24 **Magnavox Home Entertainment Center Week** promotion with full-color tabloids delivered to 4.7 million homes by direct mail and as newspaper inserts... **PacTel Communications Systems**, marketing unit of Pacific Telesis Group, west coast phone company being formed, appoints Ketchum Communications.

Dedicated computer magazines are coming out for owners of Coleco's Adam and Commodore computers. Adam Family Computing is quarterly slated for Jan. introduction under license from Coleco by Scholastic at \$2.50 cover price. Free one-year subscriptions will be given to purchasers of Adam computers and Adam computer adaptors for Colecovision game consoles. Ion International is launching Ahoy for Commodore owners as bi-monthly in Oct. with \$2.50 cover price, plans to go monthly in Jan.

AMPEX CONSUMER PULLOUT: Ampex has sold off interest in joint Japanese consumer video & audio tape manufacturing venture Konishiroku Ampex to its partner in move that marks beginning of end of U.S. company's consumer market involvement.

Ampex pulled out of U.S. audio cassette market in 1981, just year following production start up in Japan by KA, said at that time KA would be setting up own marketing arm here in year or so to re-introduce Ampex brand audio cassettes, take over sales of Ampex videocassettes. But when partner Konishiroku launched tape sales here earlier this year, it announced it would use same Konica brand it features on photographic products.

Ampex spokesman acknowledged company was now working on phasing itself out of consumer videocassette business. "While the timing is not precise, we have a finite capacity for videotape production, and in recent years only our excess is used for consumer video," spokesman told us. As Ampex builds up business in other areas, share of output devoted to consumer market "will shrink and eventually we will be out of that end of the business," he said. Ampex, he stated, intends to continue in the industrial and professional video and audio tape markets, stressed that it considers videocassette sales to duplicators an industrial, not consumer, activity.

While terms of sale agreement weren't disclosed, Konishiroku said unit would become subsidiary, retain Konishiroku Ampex name, and maintain technological ties with former U.S. partner. Konishiroku said KA's dissolution was "totally amicable," and stemmed from Ampex's wish to quit consumer arena. KA was launched on 50-50 basis as \$50 million venture, and some \$30 million more has since been spent on expansion.

Ampex's market departure would leave only 3M of original big-4 U.S.-based videotape producers still operating in same form. Memorex sold its consumer tape business to Radio Shack parent Tandy last year, while Du Pont turned its operation over to PD Magnetics, venture it formed with Dutch Philips in 1980.

Atari is moving virtually all its remaining U.S. videogame and cartridge production offshore. Last Feb., company announced it was trimming 1,700 U.S. manufacturing jobs, moving most game & computer console and cartridge production to Far East & Puerto Rico, but said manufacturing for step-up 5200 game console and cartridges would remain at El Paso plant (TVD Feb 28 p13). Atari now says it is moving that production out as well, dismissing 380 workers and turning El Paso facility into service center with 300 employees.

Brushless DC, variable speed, reversable motor being marketed by GE will get first application in appliances, but could lead to simplified video & audio recorders and disc players. GE says it has developed inexpensive electronic control system that allows motor to do by direct drive what constant speed, one-way motors can do only when hooked up to equipment through gears or belts & pulleys.

JAPAN SHUNS TAPING ISSUE: Japanese govt. has no intention of sticking its 2 yen into purely domestic U.S. dispute over imposition of home taping copyright royalty tax on video & audio recorders and blank tapes. That's message sent by MITI officials to 4 senators and others involved in issue.

Messages were in response to set of letters sent to MITI Minister Sosuke Uno, first from pro-royalty Senators Dole (R-Kan.) & Bentsen (D-Tex.) urging MITI get Japanese manufacturers to agree to royalty or risk setting off trade war, 2nd from anti-royalty Senators DeConcini (D-Ariz.) & Thurmond (R-S.C.) telling MITI to take no such action (TVD Aug 29 p10).

In letter, Uno told DeConcini: "I agree with you that it would not be appropriate for the Japanese govt., as a foreign govt., to become involved." Separate letter to other senators from MITI Machinery & Information Industries Bureau Dir. Gen. Manabu Shiga, supports Uno's stand. Purpose of Shiga comment is to show Japanese unity on issue, show taking matter up at higher level in Japan would probably do no good.

In related activity, Paramount Home Video has hired consultant Linda Rosser as one of 4 new regional reps. In addition to getting recognized video industry expert, Paramount has also removed major opponent in its effort to win passage of Fair Marketing Amendment to Copyright Act which would give studios right to share of retailer videocassette rental revenues. Rosser was about to be named head of \$25,000 anti-FMA campaign aimed at stirring up dealers and consumers and supported by Video Software Dealers Assn. and EIA-backed Home Recording Rights Coalition. Meanwhile, House Copyright Subcommittee has raised hackles at EIA Consumer Electronics Group by shifting date of audio copyright revision hearing from Oct. 13 to Oct. 6. All key staffers and officers will be at EIA's Fall Conference in San Francisco, Oct. 3-5, and most planned to attend related activities that carry through following weekend.

Computer U. opened in Washington last week in form of TeleLearning Systems, which is offering 170 college level courses via phone link to owners of home & personal computers. TS charges \$35-\$100 per course, which covers textbooks and cost of calling Telenet, Uninet or Tymnet, central computer services that function as 2-way electronic mail boxes into which lessons, tests and other materials are deposited in students' names. Students send back complete tests in same way, can leave messages for instructors. There's also one-time outlay of \$130-\$230 for special hardware and software needed to communicate, with price depending on computer owned. Charge is less if student already has modem. TS says it expects to start marketing service and equipment through computer stores in Boston, Chicago, Dallas, Houston, Miami, N.Y., San Francisco & Washington by month's end.

Toshiba reports Aug. was its best U.S. sales month ever for consumer electronics, predicts industry will have double-digit percentage sales increases in 4th quarter.

ARCADE GAMES GO HOME: Coleco may have company in videodisc-based computer games for home sooner than it thinks. Just week after Coleco said it acquired rights to Dragon's Lair from StarCom (TV Sept 12 p16), RDI Video Systems says next spring it will have \$500-\$600 disc player with computer built in along with new games. RDI is Pomona, Cal. company which helped create Dragon's Lair.

RDI plans to include voice synthesis & voice activation in system, have keyboard option, show it at Consumer Electronics Show in June, according to Mktg. Dir. Richard Layman. He said RDI has contacted RCA and Pioneer Video for CED and Laservision, respectively. Both have random access players which can handle kind of games RDI has in mind.

PV, meanwhile, has caught up with demand for arcade game players, according to Industrial Sales Vp Ronald Butler. PV will be attending Amusement & Music Operators Assn. convention in New Orleans Oct. 27-30, is scheduled to deliver 2-hour presentation on Laservision technology. AMOA Exec. Vp Leo Droste said he expects disc exhibits "almost for sure" from Dragon's Lair marketer Cinematronics, Data East, Atari, Bally (displaying new Sega entry, Astron Belt) and Mylstar (formerly D. Gottlieb, Columbia Pictures subsidiary), thinks others such as Nintendo, Centuri, Komani, Taito & Williams might show something.

But only 2 such entries are confirmed. Mylstar will show its MACH 3, jet fighter game with optional cockpit for player, and in testing has achieved what Mylstar calls "the highest ratings" of any game company has introduced. Mylstar is major factor in pinball games, missed first arcade videogame wave. Other AMOA entry is NFL game from Advanced Video and Perceptronic.

Semiconductor market recovery is reflected in recently announced expansion plans by IC manufacturers. Advanced Micro Devices said it expects sales will be up 40% to \$500 million in year to March 27, and that it plans to boost capital spending 80% next year to \$125 million, add 500 to current 11,500 employee workforce. Texas Instruments announced it would spend \$50 million to expand IC portion of plant it also uses for home computer production in Lubbock, Tex. TI said that recently revealed plan to shift hq of consumer product unit to Dallas would result in only about 2% reduction of Lubbock workforce.

"Smallest, lightest color video camera in the world" was introduced by Konica at Berlin Show. Weighing less than 1.6 lb., it has vertical configuration, is held like large lollipop. It uses new "Cosvicon" tube, has 3:1 zoom, F1.5 lens, 35 lux sensitivity, sells for about \$575. Advertising literature shows girl using camera while riding bicycle.

GM will offer AT&T-supplied cellular mobile phones as original equipment option on one 1984 Buick model in Nov., when service is scheduled to start in Chicago. Phones are made for AT&T by Hitachi, will list at \$3,000.

FRANCE SEEKS TRADE WALL: France is proposing EC revamp and stiffer tariff barriers to further limit foreign competition to Europe's developing high-tech industries, and tighten EC-content requirements for local production by foreign manufacturers.

Latter proposal, contained in recommendation to EC Council of Ministers by France is aimed at U.K., which has become haven for Japanese consumer electronics producers that have set up color TV and VCR assembly plants to avoid EC import restrictions. France has complained that foreign content in output from those plants is too high, and is urging that more restrictive line be drawn to separate true European-made products entitled to preferential treatment from those simply assembled in EC from foreign parts.

If accepted, that would give Thomson-Brandt and members of J2T Holdings (JVC, Thorn EMI & Telefunken) significant cost edge in EC VCR market. Thomson is setting up VHS VCR parts making plant to supply itself and J2T's U.K. & German plants starting in 1986 (see related story elsewhere in this issue).

In addition to temporary duty rate boosts to shield EC companies developing in such advanced product areas as semiconductors, computers & telecommunications, France is urging more inter-company R&D cooperation, establishment of EC product standards which, of course, foreign companies might have difficulty in meeting, and changes in antitrust laws to allow European companies to grow to same size as their international competitors.

Coleco starts this week still waiting word from FCC on certification it needs to start marketing Adam home computer system. FCC completed testing on memory console and cassette drive, but was unable to check out printer because Coleco was late in delivering word processing software. As Coleco intends to sell Adam as complete system, rather than piece by piece, whole package must be cleared before sales can start. Word processing program came from Infsoft, Norwalk, Conn. contract developer of computer operating systems & software. Infsoft spokesman told us debugging problem stemmed from modifications made to Adam and decision to adopt new tape drive, both made after word processor software was written. Coleco was making all program changes itself, and Infsoft was not involved, we were told. Coleco has indicated it plans to have Adams in dealer hands by Oct., about month behind original schedule, says it still expects to deliver 500,000 this year.

Philips is sticking with prediction that digital audio CD disc players for cars are at least 2 years off, despite promise by Japan's Toyota it will offer one as option on autos next year. While player mounting difficulties could be overcome soon, bigger problem is heat buildup in parked, closed cars that could cause disc warpage and shorten life of playback laser.

Taiwan has budgeted \$225 million for grants & loans to help develop high-tech industries in current fiscal year.

Korea will lower duty rates on home electronic and electrical appliances as part of overall 5-year trade liberalization program to start next year. But impact on consumer electronics will be minimal, as tariff will drop from current 50% to equally prohibitive 40% in 1985, bottom out at 20% in 1988. Also being left relatively untouched are high duties on semiconductors and computers. Taiwan is liberalizing by removing 3,700 items from list of 11,000 products subject to severe import restriction or outright prohibition. Importation of VCRs, however, will continue to be banned as measure to protect domestic industry.

Add-on remote control for audio systems from AR connects between pre-amp and amp in component setups, or through tape out-in loop in receivers, lists at \$160. Unit comes with 8-button hand remote for control of power, volume, balance, source selection and has built-in sleep timer.

Hitachi upgraded estimates for worldwide digital audio Compact Disc player sales, says it now expects total sets in use to hit 400,000 by end of first quarter next year, up from original 300,000, while sales in U.S. will approach 50,000, against earlier estimate of 20,000-30,000. Hitachi says forecast increase stems from sooner-than-anticipated introduction of lower-priced players. Matsushita started ball rolling earlier this summer with player that sells in Japan at \$450 (\$700 list in U.S.). Now Hitachi and Sony say they will have similarly priced units next month, while Yamaha promises to start marketing first \$400 player in Nov.

IBM announced development of experimental 512K dynamic RAM, with double capacity of 256K chip now available from IC makers only in pre-production sample quantities. Industry estimates it will take IBM at least 3 years to put new chip into production.

**Now — the Whole Incredible Story of the 12 Months
that Shook the Industry — at Your Fingertips**

THE VCR EXPLOSION

Not since the greening of color TV has home entertainment electronics experienced such an explosive product. But it took color 11 years to reach annual sales of a million units — and it took VCR six. And 1983 sales are doubling those of 1982, at an annual pace of more than 4 million units. Now — the complete report of VCR's takeoff period in one handy reference volume, just as it happened, from the pages of Television Digest.

If you came in late, if you want to brush up on your recent history, or if you just need to know **what** happened **when**, it's all in **The VCR Explosion**, the only complete chronology of the big boom of 1982-83. The industry's most reliable, complete and analytical coverage of what happened and why, including these important developments:

From glut to shortage in six quick months. . . A price collapse feeds the boom. . . The home taping controversy. . . The decline and fall and rise of prerecorded cassettes. . . Rental movies vs. \$39.95 sales cassettes. . . The blank tape market and where it's headed. . . Beta Hi-Fi and VHS Hi-Fi. . . The raging controversy over the European market. . . Who's producing what and how much. . . Complete market-share ranking of all U.S. VCR brands. . . The new products, VCRs and cameras. . . Enter the solid-state camera. . . The one-piece VCR-camera. . . Studies and forecasts of the future of VCR. . . New technology and its influence on product and market. . . The agreement on 8mm, the next generation — will it hold up?

EXTRA: Complete text of specifications of 8mm Video, as issued by 122-member standards conference.

To ensure that you receive your copy of THE VCR EXPLOSION fill out the coupon below and return it to Book Order Desk, Television Digest Inc., 1836 Jefferson Place, NW, Washington, D.C. 20036. Book price is \$95 per copy. All orders must be prepaid.

_____ Please send me _____ copies of THE VCR EXPLOSION

_____ Payment attached (Make checks payable to Television Digest Inc.)

_____ Charge to: _____ American Express _____ MasterCard _____ Visa

Card No.: _____ Expires: _____

Signature _____

Name _____ Title _____

Company _____

Address _____

City _____ State _____ Zip _____

Consumer Electronics Personals

Herb Anspach, former Whirlpool pres.-COO, appointed personal consultant to Matsushita Electric Corp. of America Pres. **Keiichi (Tex) Takeoka**... **George McBride**, ex-IBM & Decimus, appointed COO for all BSR units in North America, with hq in Santa Clara, Cal.; **Steve Halsey**, BSR Canada pres., adds responsibility for BSR U.S., succeeding **John Sweeney**, who has resigned as pres... **Walter Coleman**, ex-Ingersoll Rand, joins RCA as auditing vp... **Kenneth Macke**, Dayton Hudson pres.-COO, adds post of chief exec., succeeding **William Andres**, who continues as chmn... **Gerry Ghinelli** named Maxell Consumer Products east region video supervisor.

Gregory Fischback, L.A. attorney and business consultant, joins Activision as senior vp and pres. of Activision International... **Christopher Deering**, ex-Gillette, appointed Atari International Div. mktg. vp with responsibility for game & computer hardware & software; **John Beutell** advanced from international sales & mktg. dir. to sales vp for Africa, Canada & Latin America; **Steven Henick** named Asia & Pacific sales vp; **Dumas Simeus** appointed new business development vp... **George Kiss**, ex-Atari software development dir., appointed Coleco advanced game software R&D vp... **Peter Doctorow**, ex-Litton, joins home robot maker Androbot as product management dir.; **Meredith Beam** named human resources administration dir... **Peter Rosenthal**, ex-Atari product development & business planning vp, joins educational software marketer DesignWare as sales & mktg. vp.

Gary Dartnall named chmn.-CEO of Thorn EMI Screen Entertainment, new entity combining film & video companies; **Philip Nugus** named mktg. head; **Mike Mercer** takes over home video sales, with **Nicholas Bingham**, former managing dir. of Thorn EMI Video, given responsibility for new business development... **George Atkinson**, ex-Video Station chmn., named exec. dir., Program Hunters International Div... **Susan Peterson** advanced to new product development dir., MCA Home Video and Universal Pay TV, new post... **Jerry Sobczak** promoted to sales & mktg. administration dir., CBS/Fox Video... **Al Strutz**, ex-Sound Video Unlimited, named mgr. of new Commtron branch in Portland, Ore... **Lauren Chez**, ex-JLT Films, appointed midwest sales mgr., Family Home Entertainment... **John Pough**, Video Cassettes Unlimited, elected Video Software Dealers Assn. treas.

Twin-pack videocassette promotion coming from Sony, to be billed as "super saver one-time offer," will include regular L-500 packaged with surplus duplicator L-435 housed in distinctive blue sleeve, with printed material pointing up combination provides 5 hour & 36 min. record time in Beta 3 mode. Actual duplicator tapes used will vary in length from L-435 to L-500. Package carefully states deal includes regular consumer-type Dynamicon cassette, plus Sony "LS Tape used by professional duplicators." Sony says pack can be retailed profitably at \$10.

ELECTRONICS LEADERS: TV makers RCA and Zenith each slipped in rank, while North American Philips edged up in annual list of nation's top 50 electronics manufacturers by Electronic News. Sales are estimates from latest available 4 quarters, generally through March 31.

RCA, in 4th place last year, declined to 7th with electronics volume of \$4.36 billion, Zenith dropped to 31st from 29th at \$1.29 billion, and NAP moved up notch to 15th with \$3.28 billion. Top 4 were unchanged, led by IBM at \$28.7 billion, followed by ITT with \$7.28 billion, Western Electric \$6.7 billion, GE \$6.4 billion. Price of admission to rankings went up this year. M/A-Com placed 50th at \$618.1 million, and sales of just \$459.4 million were needed to qualify in 1982. Corning, on list in 49th place last year, didn't make 1983 roster.

Among other companies listed, with sales in millions, 1982 ranking in parentheses: Hewlett-Packard 5th (8th) \$6,401; TI 11th (9th) \$3,670; Litton 15th (14th) \$3,256; Tandy 21st (22nd) \$2,552; Rockwell 24th (23rd) \$2,255; Schlumberger 25th (19th) \$2,073.

Included in bottom half of list: GM 27th (24th) \$1,861; Harris 29th (31st) \$1,399; National Semiconductor 34th (33rd) \$1,210; Ford 36th (44th) \$1,121; General Instrument 41st (37th) \$929.

Foreign list was expanded by one company to 14, to make room for U.K.'s Thorn EMI, which entered at 13th with \$1.2 billion. Biggest changes were Hitachi's jump to 5th from 9th with \$7.23 billion, Thomson-CSF drop to 7th from 5th with \$4.04 billion. At top, unchanged in position, were Philips at \$11.7 billion, Matsushita \$9.22 billion, Siemens \$7.83 billion. Others listed: NEC 5th (4th) \$4,820; GEC 6th (6th) \$4,791; Fujitsu 8th (7th) \$3,195; Toshiba 9th (8th) \$2,694; Northern Telecom 10th (10th) \$2,361; L.M. Ericsson 11th (12) \$1,538; Plessey 12th (11th) \$1,376; Racal 14th (13th) \$1,000.

Mergers & acquisitions: Mitsubishi has agreed to acquire Digital Entertainment, professional audio equipment manufacturers, terms undisclosed... Warner and Datasoft have terminated negotiations on purchase of software marketer by Warner... Dale Electronics is being sold to Peabody International by Lionel for \$50 million. Lionel, operating under Chapter 11, last May had agreed to sell its profitable 82%-owned electronic components manufacturing operation to Acme-Cleveland for \$43 million, but that was overturned by Bankruptcy Court when higher bid from Peabody was submitted. Court also had been considering purchase offer by group of Dale employees.

Facing intense competition in home phone instrument market, AT&T is cutting back on Western Electric's manufacturing capacity. Company said it plans to phase out phone plant in Indianapolis over next 3 years, eliminating 3,700 jobs there. Plant has had as many as 7,200 employees. Last year, AT&T set up \$317.6 million reserve to cover shutdown of unneeded facilities, has since listed 4 factories it intends to close at cost of about 14,200 jobs.

WEEKLY

Television Digest®

with
consumer
electronics®



The authoritative service for broadcasting, consumer electronics & allied fields

SEPTEMBER 26, 1983

VOL. 23, NO. 39

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

REPEAL OF 7-7-7 RULE TARGETED in rulemaking that considers holding networks to current limits, treating TV & radio separately. (P. 1)

RTNDA UP TO DATE: Adler defeats Spain in hotly contested race for pres. Panelists discuss impact of Metromedia/Craft case. Implications called 'frightening.' (P. 2)

'BULLISH' ON DBS: Attendees at DBS Liftoff conference favor high-power over medium-power systems. STC's Bodman predicts industry could become 'bigger than anyone believes.' (P. 4)

NCTA ENDORSES HOUSE ON deregulation bill that's expected to contain some provisions group opposed in Senate. (P. 6)

CABLE COPYRIGHT SPARKS confrontation between NCTA and Hollywood. MPAA & 8 studios accused of 'unjustly enriching' themselves. (P. 6)

COURT RULES CABLE ISN'T PUBLISHER, upholds R.I. law imposing govt. loop requirement, including free drop to church schools. (P. 7)

NCTA, CRT TAKE APPEALS court lumps as judges challenge assertions by opposing counsels during oral argument. Questions raised about 3.75% distant signal rate. (P. 7)

REPEAL OF 7-7-7 RULE TARGETED: FCC will "deregulate to the maximum extent feasible" 30-year-old limit on ownership of broadcast properties which holds groups to 7 AMs, 7 FM's & 7 TV stations, including maximum of 5 VHF's. Wide-ranging rulemaking (83-440) poses several questions, including whether 3 networks should be held to current limits and whether TV & radio should be treated separately. "Motivating reason" for rulemaking launched last week is to enhance environment for creation of new national broadcast networks.

Some on Capital Hill are opposed to repeal. Bill to block proposed softening or elimination of rules was introduced by Reps. Collins (D-Ill.) & Leland (D-Tex.). Legislators called FCC's proposal "premature" and "unconscionable," said eliminating rules would further hamper efforts by minorities to gain ownership of TV & radio outlets. Leland noted that minorities own only 171 of more than 10,000 U.S. radio & TV outlets, warned issue will be addressed in broadcast deregulation legislation that Subcommittee is drafting.

Consumer Electronics

RCA RAISES FORECASTS for video industry for this year, rest of 80's. Not quite as sure now about 8mm Video for 1984, Vp Donahue says. (P. 11)

COLOR TV SHIPMENTS from Sanyo U.S. plant are being counted as imports and are distorting trade data. (P. 12)

TV STEREO SYSTEM TEST results from EIA subcommittee should be ready in time to meet FCC reply deadline, Chmn. Keller says. (P. 13)

SEARS TV DUMPING Customs fraud indictment ordered reinstated. Hitachi, Toshiba up for dumping revocation. COMPACT dumping filings. (P. 14)

SELF-PROGRAMMING VCRs preoccupy European manufacturers. Schemes involve bar codes, teletext and encoded broadcast signals. (P. 15)

ADAM PASSES FCC TESTS but will be held back by Coleco until mid-Oct. for field tests. TI trims software prices, cites slow computer sale. (P. 16)

U.S. TV R&D CO-OP proposal supported by 10 companies cleared of anti-trust problems by Justice Dept. (P. 16)

EMERSON ADDING VCRs to TV line next spring. Expects 50% sales & net gain in fiscal 1983. (P. 18)

How 3 networks will be treated depends on whether Commission counts their affiliates' audiences as part of networks'. FCC official said that under Dept. of Justice's method of assessing concentration of media, networks might be excluded from acquiring more TV stations if affiliates' audiences are counted.

Another approach contemplated is allowing group owners same proportion of properties as existed when rule went on books in 1953 when there were 2,458 AMs, 686 FM, 199 TVs. Since then, number of AMs has increased 92%, FMs 561%, TVs 469%. "So you could have something like [new ownership limits of] 36 radios [AMs & FMs] and 14 TVs if the same proportions are maintained," said FCC attorney Steve Bookshester. Increasing limit to 14 TVs & 36 radios could be "interim step" as rulemaking proceeds, FCC said.

Comr. Rivera issued strong dissent because he said lifting rule would hamper minorities' acquisition of stations. He said he was dissenting because rulemaking takes "rather radical step" of departing from FCC's ownership diversity goal. He decried notice's "bent toward total elimination of the rule," which he said only "paid lip service" to other measures. "It calls for a new concept of diversity" by saying "the public interest is best served by media conglomerates." He complained that notice is "silent on the impact that lifting the rule would have on new entrants to the media marketplace."

Reacting to Rivera's complaint, Gen. Counsel Bruce Fein suggested that rulemaking include question of how minorities would be impacted by repeal. Commission agreed. Comr. Dawson disagreed with Rivera: "Diversity can be achieved" without rule, she said. "Our bedrock policy is diversity, not the 7-station rule."

FCC has sought to achieve program diversity through limit on station ownership but Commission now is rethinking that concept, said Bookshester. He suggested lifting rule may enhance program diversity by giving group owners better financial base to develop programs.

Commission feels secure in launching rulemaking because of its conclusion broadcast ownership is extremely diversified. Cited were statistics that there are 174 group owners, that top 3 groups in 1980 (which were networks through their owned stations) combined accounted for only 14.2% of total industry revenues.

Rulemaking suggests diversity is related to emergence of video alternatives, particularly cable. Given cable, MDS, SMATV, DBS, are "the concerns regarding economic concentration and information diversity which fostered the rule's adoption... valid today?" Related question is: "If the FCC is to continue to concern itself with economic concentration matters, what are the relevant markets involved?"

Office of Plans & Policy argued local market is relevant context for diversity considerations because "the range of choices available to viewers depends on the number of outlets available at the local level." Multiple ownership of outlets in separate markets doesn't limit that range, OPP said, contending that if all local markets are competitive, there isn't need for national or regional ownership rules.

NAB will "very vigorously participate" in rulemaking, said Pres. Edward Fritts, laying to rest speculation NAB might sit it out because of its diverse membership. "We would support deregulation to the maximum extent possible." Commenting on Rivera's objections, Fritts said: "I can't see how lifting the rule would preclude minorities. The problem of minorities' access to the ownership ranks of broadcasting isn't with rules and regulations; it's money."

EVERYTHING UP TO DATE FOR RTNDA: As RTNDA convention began to wind down at weekend, exhibitors, delegates and RTNDA officials agreed it was best ever — and this despite last-minute cancellation by 3 top participants (David Brinkley, Bill Moyers & Diane Cummings, news dir, KEYT Santa Barbara, Christine Craft's ex-boss.)

Midway through convention (at noon Sept. 23), registration had reached 2,100, up 100 from last year at same Caesar's Palace Hotel, Las Vegas.

In most hotly contested RTNDA election in years — one which attracted record number of votes — Lou Adler, WOR(AM) N.Y., won pres.-elect title with 139 votes over John Spain, WBRZ

Baton Rouge, 127 votes. Adler succeeds Ed Godfrey, WAVE-TV Louisville, who moved up to pres. at close of meeting, replacing Dean Mell, KHQ Inc., Spokane. Lou Prato, bureau chief of Medill School of Journalism, was unopposed as treas.

There were 102 exhibitors filling Caesar's ballroom and most we talked to were happy about traffic and on-site sales. "You wouldn't believe the amount of business I conducted Thursday," we were told by major exhibitor. According to Exhibit Mgr. Eddie Barker, many groups now are sending their engineers to help news dirs. select proper equipment, and some now come for exhibits alone. Workshops and general sessions were very well attended and lunches first 2 days (featuring "60 Minutes" Exec. Producer Don Hewitt and ABC commentator Paul Harvey) played to capacity crowds of more than 900 in main showroom.

TV news in general received "an undeserved rap" in Christine Craft winning lawsuit against Metromedia because of her dismissal as KMBC-TV Kansas City co-anchor, in opinion of Willis Duff of Audience Research & Development — Metromedia's news consultant. During one panel titled "The Craft Decision: What Does it Really Mean?" he said entire TV business has received "black eye" as result. Duff said he was ordered to keep quiet during trial but that, using hindsight, "I surely would have gone on" TV to present consultant's side.

Craft decision, in which court ordered Metromedia to pay her \$500,000 after she was fired because station wanted new image, "is certainly frightening in its implications," according to RTNDA board member and WYFF-TV Greenville, S.C. News Dir. Mary McCarthy. She said there had been no formal legal advice to "be careful" because of Craft decision, but there's much talk to that effect among management. She said decision is disservice to TV news because it caused management to become more conservative. "There are an awful lot of people out there who make their decisions based on how pretty her [news person's] face is... It's time we were frank and honest about this."

Joel Chaseman, pres. of Post-Newsweek Stations (who came up through news ranks), said gen. mgrs. don't know enough yet about journalism and news integrity but "they are learning fast... The day of the actor is over." He said ratings and peer pressure on reporters to win is "very great." Comment from audience: "I hope this case doesn't result in a host of seminars across the nation about how to fire people."

Ex-CBS News & Sports Pres. Sig Mickelson said at convention that he was "appalled" by many of things that came out in Craft suit. "Some of you are pooh-poohing the long term impact" on TV news, and case should be taken much more seriously, he said. Of major concern to Mickelson: (1) Evidence during trial indicated that "appearance" on camera is number one consideration and fact that there was no mention of journalism competency during trial. (2) "Illusion of credibility" of TV reporters and their efforts that develop during trial. That "illusion... is just not enough" to establish credibility, he said.

At meeting's opening, 2 major speeches were delivered by CBS news executives. Hewitt loosed indictment of newspaper critics of TV news while CBS new pres. for less than week, Edward Joyce, noted that it's becoming "fashionable" to sue broadcast news organizations, added that "every suit CBS wins — and we haven't lost any — is a victory for [local news] as well."

CBS connection continued as Mickelson received RTNDA's distinguished service award and CBS Best. Group Pres. Gene Jankowski spoke to news directors of CBS affiliates. "They might as well call this the CBS news convention," grumbled news dir. of NBC affiliate: "Whatever happened to the fairness doctrine?" However, in fairness to RTNDA, Joyce was last-minute fill-in for NBC correspondent David Brinkley, who was in London on assignment.

Jankowski announced that CBS would add 2nd prime time weekly hour news program in 1984, tentatively titled "The American Parade." Jankowski said that, "despite discussion in the press about budget cuts [by CBS news] the fact of the matter is that CBS will be employing more people, spending more money and producing far more hours than ever before... by far."

Joyce said that "the great threat faced by journalists today is not the cases that are won by the plaintiff. It is the cases that are settled out of court because the news organizations cannot afford the expense of a lengthy trial, or worse than that, the news stories that are never on the

air because of the fear of a libel suit." (Note: CBS-owned WBBM Chicago & WCAU-TV Philadelphia settled libel suits out of court within last year, paid plaintiff in both cases undisclosed sum.) Joyce praised local news efforts, said: "In many areas of the country, your work would stack up extremely favorably with the print press... As an overall industry, as a profession, we are steadily improving and maturing and steadily finding more and better ways to cover the news."

Said Hewitt: "If one of the jobs of the [newspaper] journalist -- as they constantly remind us -- is to criticize, when is the last time you heard one newspaper criticize another? If criticizing us is good journalism, is criticizing newspapers bad journalism? Newspapers run TV columns because their readers care about us. We don't run newspaper columns because, frankly my dear, no one gives a damn... If [newspaper critics] want to go on thinking they are the real journalists and you are only playing at it, just make sure you don't take what they write about you too seriously. Show me one of them that wouldn't pack it all in tomorrow morning if someone offered him your job."

RTNDA members were scheduled to act late Sept. 23 on several resolutions dealing with First Amendment issues, including coverage of federal courts and Senate proceedings, renewal of Assn.'s "opposition to all attempts to weaken the Freedom of Information Act" and one calling for congressional repeal of fairness doctrine. Another resolution opposes attempt by some House Telecom Subcommittee members to add to pending deregulation bill "arbitrary government-imposed standards as to the amount of broadcast time to be devoted to quality public affairs broadcasting."

CONFERENCE ATTENDEES 'BULLISH' ON DBS MARKET: Distribution of entertainment programming is only beginning for DBS, Satellite TV Corp. Pres. Richard Bodman told crowd last week at DBS Liftoff conference, sponsored by our affiliated publication Satellite Week & Television Digest Inc. "The provision of entertainment services to underserved areas will be the foundation of our industry," but: "In the next decade... that foundation will look like the basement of the Taj Mahal."

STC, Comsat's DBS company, envisions that DBS will engender "a whole new system of television... linking the pervasiveness of television with the vast capabilities of the computer," Bodman said. Single channel on STC high-power satellites will have 4,000 times capacity of single telephone line to download computer software, he added. Sounding something like scenario for "global village," Bodman's predictions for society post-DBS included move toward decentralized "home communications center... By linking the television to a home computer, complete with word processing equipment, the home will have an advanced electronic system comparable to a modern office." Bodman wasn't very specific on how these digital services would be provided, except that it would involve use of telephone lines.

Transition from simple pay-TV services will take time, he said, but, by latter part of this decade, subscriber totals for DBS industry "could swell dramatically" to "become bigger than any one believes." By time DBS companies are offering entertainment, information and transactional services, subscriber total "could easily reach 30 to 40 million," Bodman said. Bullish projection reaches out to include STC -- company "conservatively" estimates that it will have 7 million subscribers by 1993, 9 years after service is launched.

DBS will glean many of those subscribers at expense of smaller, aging cable systems, Bodman predicted. Some 40% of U.S. cable systems have 12 or fewer TV channels, he said: "That percentage represents about 3,000 systems and more than 5 million subscribers... This is another obvious target market for DBS." Quality TV services and not quantity will aid STC's bid for cable market, as will lower overall costs of DBS system, Bodman said: "For less than \$1 billion -- or about what it will cost the cable companies to wire the boroughs of New York City -- we could put up enough satellites to provide 32 channels of DBS programming nationwide." STC will stick with fewer than that, but warns that cost is only comparatively cheaper than cable: "No one should think for a moment that this is the kind of business that a company can enter quickly and cheaply... To succeed in this very competitive business, a company must hit

the market with a mature product," not expecting consumer to succumb to being treated as "guinea pig."

On subject of high-power versus medium power systems (200-watt DBS in 12.2-12.7 GHz band versus early entry systems on conventional Ku-band satellites), Bodman said simply: "Power means money... There is no reason to believe that anything less than 200 watts will become the American standard." STC's own high-power satellites will be delivered in 1985, he said. Later, participant asked if rumored deal with General Cinema and CBS would mean high definition TV for STC; Bodman declined to comment but wouldn't rule out HDTV.

Others at conference were even more assertive on subject. Stanley Hubbard, pres. of Hubbard Bestg.'s DBS company U.S. Satellite Bestg., said "low-power DBS will be very short-lived." Companies like United Satellite Communications and Skyband won't be able to compete with larger number of channels and better reception of high-power systems, he said. He agreed with Bodman that DBS will give cable run for its money. He predicted that by 1995 "there will be a tremendous retrenching in cable," cited research indicating that 60% of those surveyed taking cable would drop cable for DBS when satellite service became available.

Among Hubbard's other predictions: "The future of pay-TV is very limited... When you have a tremendous selection of free programming, who's going to pay for it?" (USSB will be advertising-supported.) To bolster that prediction, he foretold renaissance in filmmaking industry, said that DBSers would be able to buy more and better quality programming than either cable or networks because "in DBS we have no middle men" to jack up costs.

Only defenders of medium-power systems seemed to be Frank Drendel, vice chmn. of M/A-Com, which has system-designing contract with Skyband, and Ted Jarman, pres., Northstar Home Theatre, Canadian pay-TV service that will operate in much same way as USCI in U.S. Northstar system will run \$1,500 (Canadian) for dish, low-noise amplifier and scrambler, not including installation — price many conferees said U.S. market wouldn't begin to bear. Drendel said TVRO market was strong enough to indicate that consumer would pay more than \$350 that Hubbard cited as upper limit for DBS equipment. Scrambling is essential to success of DBS, he added, because "somehow TVRO owners will find a way to use even a 12' dish to pull in the signals. It may burn it up, but it will be tried." Opinion was in sharp contrast to Jarman's view of backyard earth stations which he said 2-degree spacing would "turn into so many bird baths."

Voice of moderation came from lawyers in group who said industry still faces some regulatory and technological hurdles. Stephen Sharp, former FCC commissioner and head of FCC panel on DBS standards, said it wasn't clear in his own mind whether Commission should hand down technical guidelines. Debate is especially controversial in view of fact that equipment makers from Alcoa-NEC and M/A-Com at conference, though both said they favor industry standards, are putting forth completely incompatible DBS systems.

Under pressure from House Telecom Subcommittee Chmn. Wirth (D-Colo.), CBS Best. Group last week agreed to answer panel's TV-radio program survey. In strongly worded letter Sept. 19 to CBS Pres. Thomas Wyman, Wirth said CBS refusal to answer survey "suggests a remarkable and surprising disregard by CBS of the role of its stations as public trustees" that "extremely troubled" him. Letter included tart reminder of power that panel has over broadcasting and warning that parent Committee "has a record which clearly demonstrates how seriously we take our responsibility to obtain the information we deem necessary to carry out our functions." CBS's responses will bring to about 267 number of radio surveys Subcommittee has received, which it believes is still below minimum necessary for data to be accurate. But Subcommittee aides insist that data will be useful, say it at least gives legislators idea of state of industry.

Waivers of network nonduplication rule were granted to 4 cable systems by FCC in unusual action in which Mass Media Bureau staff presented them as examples of cases they want to dispose of under delegated authority. Scotts Bluff (Ariz.) Cable TV, Manhattan (Kan.) Cable TV, Atchison (Kan.) Cablevision and Vision Cable of Metrolina (Charlotte, N.C.) were allowed to duplicate local network affiliate stations with programming on imported stations. In each case, staff cited statistics that loss of network nonduplication would only minimally hurt local station's audiences & revenues.

Surgeon Gen. Everett Koop will give keynote address at National Coalition on TV Violence conference Oct. 6 at George Washington U. Conference is entitled "Violence on Television: A National Health Issue?" Details: Brian Malloy, 202-462-0515.

NCTA SUPPORTS HOUSE CABLE BILL: House version of cable deregulation bill already through Senate (S-66), was strongly endorsed by NCTA Pres. Thomas Wheeler: "We support it in its entirety." Although late last week he refused to discuss details of bill, which House Telecom Subcommittee is keeping under wraps until negotiations are finished, Wheeler said that new version of bill balances industry & govt. concerns in ways Assn. can support.

Wheeler made remarks during all-day hearing on impact broadcast and cable industry deregulation will have on minority ownership & employment, which was chaired jointly by Subcommittee and Congressional Black Caucus Communications Braintrust. He cited FCC's 1982 employment figures for industry which showed minorities made up 15.3% of workforce and 19% of all new hires that year. But while minority participation is increasing, he conceded numbers aren't high enough, said legislation by Caucus Chmn. Collins (D-Ill.) & Subcommittee member Rep. Leland (D-Tex.), which would codify FCC's tax exemption procedures and allow tax certificates to be issued for sale of non-broadcast properties to minorities, should be addressed in new cable bill.

Subcommittee began circulating cable bill last week among members and top officials at NCTA, National League of Cities & U.S. Conference of Mayors. Bill is said to contain strong national policy statement on diversity, leased access set-asides and increased local authority, which NCTA had opposed when in Senate.

Informed sources said House bill is similar to S-66 in most regards. Source said draft bill closely follows Senate version on: (1) Allowing unregulated data transmission by cable companies. (2) Granting operator reasonable expectation of franchise renewal if he materially has met conditions of original franchise. (3) Cap of 5% of gross revenues for franchise fee. (4) Deregulating rates in markets served by 4 TV stations, including one affiliated with each network. (5) "Altered circumstances" escape clause allowing operator to drop services required in franchise if there's been material change in conditions, such as price or copyright liability, since franchise was granted. However, grandfathering provisions in S-66 are perpetuated in House version, sources said, retaining rate regulation for 5 years or half of remaining life of franchise, whichever is greater.

NCTA-NLC compromise agreement that gave birth to S-66 basically is mirrored in House bill, source said. It appears, then, that one major concession NCTA had to accept from Subcommittee was 3rd party leased access. It's believed House bill provides formula for set-aside for 3rd-party leased access, but it isn't clear whether bill sets rates operators can charge lessee for channels. Subcommittee staffers have indicated approach will be liberal, allowing operator to charge what market will bear. One commented at NCTA convention in June that Congress wouldn't be concerned about leased access rates until operators charge "a million dollars a minute."

CABLE COPYRIGHT FLARES: NCTA has filed suit in U.S. Dist. Court, D.C. against MPAA, 8 major Hollywood studios alleging defendants are extracting unjust copyright royalties by coercing cable operators to pay more fees than required by law. Issues in suit are nearly identical to ones in continuing confrontation between Charles Dolan's Cablevision Systems, Long Island, and Hollywood studios — should cable operator calculate copyright fees based on total revenues from basic service, or can he reduce revenues proportionally for non-broadcast channels included in basic? Similarly, how should copyright fees be calculated for revenues from tiers that include pay cable channels like HBO and distant signals? Copyright owners take position that in each case payments should be based on total revenues; NCTA violently disagrees.

Allegations are becoming harsher: NCTA accuses defendants of "threatening" some cable systems with revocation of compulsory license, saying that if operators don't compute royalties on broadcast revenue base they may incur liabilities that "would far exceed the value of the cable system involved." Unless Court acts, many operators "will be cowed by defendants' interpretations and threats to overpay" royalties, NCTA suit said. Hollywood's "improper and unreasonable interpretation of the Copyright Act" is "unjustly enriching" copyright holders, suit said.

Dispute mostly is over differing interpretations of "gross receipts" in Act. It reads that royalties are to be calculated on "gross receipts from subscribers.. for the basic service of providing secondary transmissions of primary broadcast transmitters." Dolan & NCTA take position Act and its legislative history indicate that subscriber receipts from pay cable services shouldn't be included in "gross receipts." It should be clear, NCTA said, that Congress intended copyright owners to be compensated only for works embodied in retransmitted broadcast signals. Studios & MPAA say "gross receipts" means all subscriber income.

MPAA & studios also take hard-line position on penalties for underreporting royalties, NCTA said. According to Assn., studios & MPAA believe any underpayment could result in immediate forfeiture of operator's compulsory license. According to them, NCTA said, statutory damages for copyright infringements may be set from \$250 to \$10,000 per infringed work, not for single accounting period.

Studios named are Columbia, Embassy, MGM/UA, Orion, Paramount, 20th Century-Fox, Universal, Warner Bros., same as those which countersued Dolan.

House leaders pulled FCC's budget authorization (HR-2755) off floor agenda at last minute last week after pressure from GOP made it appear bill was headed for defeat. At issue is bill's 5.6% annual increase in federal spending for CPB. Republicans have repeatedly objected to more funds for CPB, and in Energy & Commerce Committee tried unsuccessfully to have funding slashed. Final floor action was postponed until Sept. 26 to give members more time to consider Committee report on bill, which wasn't filed until Sept. 15.

CABLE ISN'T PUBLISHER: In blow to cable industry's bid for full First Amendment status, U.S. Dist. Court, R.I., has upheld state law requiring that operators reserve at least 7 public, educational, govt., leased and other access channels. NCTA said decision "obviously undermines the industry's efforts to establish cable's protected status under the First Amendment."

Suit arose from Newport County's franchise battle in which 9 companies are bidding to serve area of about 31,000 homes. Berkshire Cablevision filed suit against Edward Burke, administrator of R.I. Div. of Public Utilities & Carriers. Suit challenged law placing access burdens on cable operators and requiring institutional loops connecting private & parochial schools, colleges, non-profit institutions and govt. agencies. Court rejected Berkshire's First Amendment contention that access rules impaired its free speech right to program channels as it chose. He also rejected 14th Amendment argument that mandatory access is unlawful taking of property without just compensation.

Sidelight also noted in case is that Court rejected contention that providing free institutional loop connections to parochial schools was "establishment of religion." Judge said church schools are only one of many types of entities to be on institutional loop, that rule thus doesn't single out religion.

"I was pleased the essential parts of the access rule [were upheld] and by the feeling [expressed by judge] that there are public obligations on the cable TV industry, that there are distinctions between cable and print," Burke said. Court decision runs contrary to several recent court cases, especially in Utah & Fla., which have ruled that cable is akin to newspapers.

Court held there's important difference between cable & print. Judge said that while citizen has no guaranteed access to newspaper, he still can make his views known in print through pamphlets or leaflets. "In contrast," decision read, "a resident of Newport County who does not have \$7 million to develop his own cable system is shut out of that medium with no way to express his ideas with the widely acknowledged power of the screen."

CBS News executives say they didn't know Frank Terpil & George Korkala would receive most of \$12,000 network gave intermediary to arrange interview with pair for 60 Minutes. Manhattan Dist. Attorney Robert Morgenthau's office, in court papers released last week, said money went to Terpil & Korkala, who were convicted in absentia in N.Y. Supreme Court on weapons and conspiracy charges in May 1981. Interview was in Oct. 1981, used on Nov. 1981 show. Morgenthau said CBS broke no law even if it did give money to fugitives, and no legal action is planned against CBS.

Local TV ad expenditures rose 15.4% during first half 1983 to \$1.3 billion, according to TvB.

McDonald's was largest advertiser, spending \$47.8 million, more than double that of 2nd place Burger King with \$22 million.

APPEALS COURT QUIZZES NCTA: "I'm not sure all this cuts in your favor," said U.S. Appeals Court Chief Judge Abner Mikva in interrupting NCTA's attorney as lawyer presented points why court should overturn CRT's action significantly raising rates for some distant signals. Comment from bench was one of many dashes of cold water judge threw on assertions by both counsels during oral argument last week in NCTA's appeal.

Mikva similarly jabbed CRT's counsel: "The Tribunal didn't overwhelm us with its reasoning about how it arrived at" new rate of 3.75% of gross revenues for distant signals added after June 1981 when FCC repealed its syndicated exclusivity and distant signal quota rules. That point may be fundamental in Appeals Court's reasoning in deciding case and was one which NCTA attorney Robert Roper stressed most: That CRT arrived at 3.75 number by taking rate proposed by copyright owners, 5%, and "discounting" it by 25%.

NCTA chart showing new rate's impact on larger cable systems was attacked by Arthur Scheiner, attorney representing copyright owners. According to chart, average large (Form 3) cable system in 1981 had semi-annual gross receipts of \$712,067, carried 4.2 distant signals, had net pre-tax profit of \$7,833, paid royalties of \$12,202. If system added one distant independent station, its copyright fee for that signal under 3.75% rate would be \$26,703, chart showed. Scheiner said chart used "mixed-up, inappropriate" data. He said pre-tax profit figure was FCC average. "Typical" Form 3 system has about 14,000 subscribers, on average generates pre-tax profits of \$97,000, Scheiner said.

No commercials should be aired on public broadcasting stations, according to report approved last week by Temporary Commission on Alternative Financing for Public Telecommunications (TCAP) to be forwarded to Congress by Oct. 1. As expected, Commission opted to seek enhanced underwriting, which would allow public broadcasters to identify supporters by airing their brand names, trade names, slogans, public service announcements, brief institutional-type messages. For this to occur, FCC must modify policies concerning underwriting acknowledgments. TCAP also urged Congress to maintain advance appropriation procedures for CPB to allow insulation, aid program planning. Commission also urged repeal of unrelated business income penalty incorporated in Public Bestg. Amendments Act of 1981.

AT&T and Hilton Hotels announced plans for network of 35 videoconferencing rooms by end of 1984. Rooms will be linked by AT&T switched digital service called Accunet Reserved 1.5 Service. Hilton will build, own and operate rooms, and first 2 are scheduled for L.A. & N.Y. by Jan. Conferences can be set up with as little as one hour's notice and can communicate with non-Hilton videoconferencing rooms linked to AT&T network. Hilton said it plans to use AT&T's proposed international videoconferencing service, awaiting FCC approval, to link overseas locations.

HOUSE WOULD TIE FCC'S HANDS: House Telecom Subcommittee Sept. 22 approved, 10-4, 5-year moratorium (HR-2250) on FCC proceeding to repeal financial interest & syndication rules, one day after House Appropriations Committee voted 26-25 to include language in emergency spending bill that would deny FCC funds for rulemaking through Sept. 30, 1984. Actions came as lobbying for & against rules reached fever pitch on Capitol Hill and were seen as only skirmishes, with real battles still to come in parent Energy & Commerce Committee and on House floor.

Sharp contrasts in way 2 panels approached votes underscored uncertain future that proposals face in this session. Telecom Subcommittee approved moratorium bill, written by Rep. Waxman (D-Cal.), after only brief jousting among proponents & critics on panel. GOP members, led by Rep. Rinaldo (R-N.J.), repeated criticisms they voiced at first markup Aug. 3 that panel should hold more hearings before acting. Rep. Swift (D-Wash.) agreed with GOP and voted against bill. Appropriations Committee markup was rougher with final tally narrow 26-25 on amendment offered by Rep. Fazio (D-Cal.).

Fazio proposal may never get to floor. Amendment was added to an emergency spending bill already loaded down with controversial provisions unrelated to govt.'s need for fast money infusion to keep it going after Oct. 1, when new fiscal year begins. Congressional leaders want trimmed bill that would have better chance for passage, were working at week's end to craft stripped-down proposal that both houses must pass by Sept. 30.

"We've been having conversations with a number of organizations" about possibility of joint DBS activities, CBS Best. Group Pres. Gene Jankowski told N.Y. security analysts meeting last week. At same time, he said, CBS would seek from FCC 6-month extension of Dec. 1 deadline requiring network to tell its plans for DBS slot. "We want more time to do our homework," he said. "We'd rather reject something than ignore it." Jankowski & executive staff dismissed cable's inroads, claimed impact of new basic & pay services had peaked — "the cable revolution is now down to isolated guerrilla warfare," said Vp Anthony Malara. Best. Group position, stated in new audience research booklet, is that HBO's primetime ratings have declined from 12.8 in 1980 to 11 in 1982, and Jankowski put drop at 25% from Feb. 1982 to Feb. 1983. CBS now says bulk of broadcast networks' audience loss is due to surge in independent stations, believes crisis has passed, since 51% of U.S. homes will be wired by 1985, vs. 60% expected in 1990. It calls pay cable rating expectations "unrealistic," dampened by high disconnect rates.

"Roast" of NCTA Pres. Thomas Wheeler in Washington last week, sponsored by Women in Cable, also featured some reverse needling by Wheeler. He drew one of evening's biggest laughs with: "When I heard that Jack Valenti wrote a book on public speaking, I rushed right down to the library. When I saw how good it is, I decided I had to have one for my very own — so I Xeroxed it."

TV-RADIO GROUPS vs. LAND MOBILE: Land mobile interests from throughout N. America have continued to demand more spectrum space "to the detriment of other services," according to commercial broadcasters from Mexico, Canada & U.S. meeting in San Diego last week. To stop that spectrum grab, group resolved that "no additional broadcasting spectrum" should be reassigned to land mobile service and that such a stipulation should be included in future international agreements. In cooperative mood, group adopted 7 joint resolutions, while Americans & Canadians by themselves approved statement on copyright and syndicated exclusivity. It called for cable to pay "proper compensation" to copyright owners. Mexico didn't sign resolution because its copyright laws differ from those in U.S. & Canada.

In other resolutions, groups: (1) Called for govts. to regulate new technology "in such a manner as to insure the continuing viability of locally based broadcasting." (2) Called for govts. to continue to require cable must-carry of local TV signals. (3) Opposed performance royalty rights. (4) Reaffirmed Sept. 1982 resolution on Cuban interference to Mexican & American AM stations. (5) Called for continuance of bilateral efforts to extend hours and power of Class 4 AM stations. (6) "Deplored" any effort to have UNESCO impose restraints on free flow of information around the world.

House last week began annual ritual of tying itself in knots over budget & spending bills, with latest entanglement affecting Depts. of Commerce & State, FCC, FTC and U.S. Information Agency. Spending bill that would have provided money for these & other agencies came to House floor Sept. 19 — before chamber had received measure authorizing expenditures. Noting that 70% of bill's \$10.7 billion in FY '84 appropriations wasn't authorized, GOP forced House to strip measure of \$4.2 billion in unauthorized spending. With current fiscal year due to end Sept. 30 and Congress still writing 13 appropriations bills, House will be forced to take short cut of including these funds in interim spending measure. Affected are: \$2.8 billion for State Dept., including more than \$649.3 million in salaries & operating funds for USIA and \$34 million for construction of radio facilities; \$3.19 billion for Commerce Dept. and independent agencies, including \$87 million for FCC, \$65.1 million for FTC, \$24.9 million for NTIA. Already absent from bill was funding for Board for International Bestg., which was removed during summer by House Commerce Appropriations Committee, pending outcome of final House action on proposal to add Radio Marti to BIB's programs.

TV advertising in 1984 will rise 15-17% to almost \$19 billion, TvB said, due to Olympics and local & national elections. TV advertising in 1983 is estimated at \$16.2 billion, up 13% from 1982. National spot should rise from 1983's roughly \$5 billion to \$5.6-\$5.8 billion in 1984 while local advertising will increase from this year's \$4.3 billion to \$4.9-\$5 billion. Network advertising is expected to increase 16-18% next year to \$8.1-\$8.2 billion.

93,100, trim imports from all countries from 465,500 to 360,000. That still would leave July as all-time record month, but only by about 4,000 over mark set in July, instead of by nearly 110,000.

Derived numbers are reasonable approximation of SMC's production, at least of larger-screen models, based on figures company has released in past. Of those 105,400 sets, 9,200 were 13", 66,400 were 19", 29,800 were larger and presumably 25". If numbers are accurate, they give pretty good look at TV business of Sears. Retailer holds minority interest in SMC, by contract purchases at least 75% of its color requirements from that firm and accounts for nearly 90% of its sales volume. Bulk of rest of SMC's output is for U.S. marketing arm of parent Sanyo Electric.

Distortion in color "imports for consumption" figure will be getting even more severe as last week FTZB approved Toshiba's application to have its Lebanon, Tenn. plant designated as free zone, with same restrictions on use of imported tubes as were imposed on SMC. Sharp is understood to be planning similar request. Bottom line is that consumption data, traditionally used as tool for tracking import penetration, is becoming useless, and trade watchers are going to have to shift wavelength to general imports instead.

* * * *

Different import classification issue was raised formally last week in petition filed with Customs by labor-industry group COMPACT. This one challenges right of Matsushita to combine chassis assembled in Tijuana, Mexico plant with color tubes from Japan and ship them as kits to Franklin Park, Ill. plant for final assembly into Panasonic & Quasar brand sets. Kits, like chassis, carry 5% duty rate. Duty on tubes, if entered separately, is 15%. Savings can be substantial, averaging \$4-\$6 on 13" & 19" in import duty alone, and then there's profit parent makes as tube supplier. Import figures show 199,900 tube-inclusive kits were imported from Mexico in first 7 months this year, against 177,800 in all of 1982. Indicated duty saving alone is in \$800,000-\$1.2 million range.

Prime objection point made by COMPACT is that classification was created for statistical purposes only, as way to help U.S. officials monitor color imports from Japan following 1977 establishment of quota, and shouldn't be used for duty purposes. It also claims traditional classification requires kits contain all parts needed for finished product assembly, and contends Matsushita's kits don't qualify because some significant parts are missing and aren't added until kits reach Franklin Park. Final contention is that because tubes are only transhipped through Mexico (primarily to evade duty, COMPACT contends), they shouldn't be considered part of Mexican-made kit.

TV STEREO COMMITTEE PUSHES TO WRAP TESTS: EIA Multichannel Sound Subcommittee won't be able to meet FCC's Oct. 31 deadline for comments on proposed rulemaking to authorize start of stereo audio TV broadcasts, but is going into high gear to meet Nov. 30 deadline for reply filings, according to Subcommittee Chmn. Thomas Keller of NAB. Remaining test of 3 proposed standard systems, 7th of 10 being run, is critical, feeds actual programming sound through systems. Test didn't start until last week. Choices of audio material to be used were hotly debated, since some types of music favor one system, another type favors another, Keller said.

Committee still plans to recommend single system, to be voted on after final test and rough drafts of reports are completed at end of Oct. Material on year's worth of tests is being assembled into 2-volume study, first detailing test of approach and basic results, 2nd containing engineering details. Networks, manufacturers and committee members have volunteered extra staff to finish work in time for deadlines, Keller said.

Final meeting of groups involved was held Sept. 14 in Chicago. If subcommittee misses deadline for filing, industry members will have lost opportunity to get together and select single system as recommended standard — and that's considered necessity as FCC is expected to make marketplace decision, allowing use of any system that meets operating parameters. "We will make every effort to meet the deadlines," and "we'll know in the next few weeks whether we'll

meet them or not," Keller told us. Fulltime NAB staffer will be working with material to that end in Chicago.

Tests over past year varied from earlier work in having all components uniform for testing each system. Subcommittee recommendation must pass EIA Broadcast TV Standards Committee — "process which can probably be very fast," Keller said. Year's delay wasn't fruitless, Keller said. "Everyone knows a lot more. Whatever system we choose, it'll be a better system."

Meanwhile, NCTA group led by Scientific-Atlanta R&D Dir. Alex Best has finished its tests and will file separate report on difficulties incurred in passing all 3 types of TV stereo through different cable descrambling equipment. Report will be finished in time for Oct. 31 filing date, but won't be made public until FCC has seen it, Best said.

SEARS DUMPING FRAUD CASE REOPENED: Customs criminal fraud charges were ordered reinstated against retailer Sears by federal appeals court in San Francisco, overturning lower court's 1981 dismissal of grand jury indictment because of prosecutorial misconduct.

Sears had been charged with falsifying Customs documents to conceal \$1.1 million in rebates received from its Japanese TV suppliers. Allegation was that Sears inflated payments made for imported sets to avoid paying dumping duties, got kickbacks later from manufacturers. Indictment handed up in 1980 was rescinded by Dist. Court Judge Manuel Real, who said conduct of prosecutor prevented jury from making impartial decision. Among factors cited was calling of Sears attorneys as witnesses, even though it was obvious they would decline to comment on activities of client, and failure to control testimony of John Nevin, then Zenith chmn. Transcript shows Nevin offered detailed account of what he felt was long history of unfair practices by Japanese TV makers, little of which was directly relevant to Sears case. In ruling, appeals court said that while prosecutor "abused his prerogatives," Sears failed to show jury was unable to "make an informed and unbiased determination."

While all dumping duty and civil claims relating to Japanese TVs imported before March 31, 1979 were included in \$78 million settlement negotiated by govt. in 1980, criminal charges were not. Sears of course may appeal reinstatement to Supreme Court. Govt. still hasn't said it will prosecute, but sources at Justice indicate intention is to bring case to trial. However, in more recent unrelated case, federal court held that Customs law section under which Sears was charged is too vague, and dismissed charges. So if Justice does proceed, it's first expected to get new indictment under broader statute.

Other aspects of Japan TV dumping case are also still very much alive. COMPACT filed petition with Supreme Court seeking review of lower court dismissal of its challenges to legality of settlement agreement. While settlement is in process of being finalized, issue is far from moot, COMPACT contends. Brief said court ruling is needed to prevent any more such agreements, claims that even though Customs may be completing liquidations of entries, that action could be declared void, and importers forced to pay larger penalties. Commerce's International Trade Administration last week added Hitachi & Toshiba to list of Japanese companies eligible for exclusion from TV dumping determination. In notice issued in Aug., ITA proposed revoking dumping finding against 5 Japanese companies as none was found to be dumping in 2 years to March 31, 1981. Hitachi & Toshiba were left out because in 2nd year they made no commercial shipments to U.S. However, ITA said check showed they had no shipments in year to March 31, 1982, giving them required dumping-free period. ITA said it was postponing hearing on revocation proposal until Dec. 5, will open one on recently issued tentative dumping duty determinations Oct. 5 as scheduled.

COMPACT capped busy filings week by amending dumping complaint pending against color TV imports from Korea & Taiwan to allege critical circumstances. It says record indicates that large dumping margins, extensive sales to related parties and experience of importers indicates companies involved "knew or should have known" sets were being sold here at less than fair value. Importers normally are liable for dumping duties on sets imported following tentative positive determination by ITA. But if agency finds critical circumstances, penalties can be made to cover shipments 90 days retroactively.



CABLE ON THE FIRING LINE

A PERSPECTIVE ON THE FUTURE

*1983 Cable Television Summit Conference
Oct. 27, 1983 - Four Seasons Hotel, Washington, D.C.*

Consider:

- ... Ma Bell's 7 regional spin-offs will be fierce competitors in the local broadband distribution market (the same market targeted by cable).
- ... Even if the current cable bill (or one like it) passes, cable TV's regulatory problems have only started (look at what the states are doing).
- ... Daunting financial challenges face some overbuilt urban franchises (and underbuilt older systems).
- ... There's a prospect (after RARC '83) of 30-plus channel DBS that promises to offer basic cable-like services to consumers for less.
- ... More and more high tech executives are biting the dust as corporate boards look for new leadership in a changed world.

The **CABLE TV SUMMIT CONFERENCE** is an unprecedented meeting of the industry's top strategists who will probe the broad spectrum of management problems and the vast business opportunities to be encountered by the industry in a world of new competition and expanding markets.

Intended for an audience of senior and high-level executives, the **CABLE TV SUMMIT** will feature a blue-chip faculty of top industry leaders who will present their views on the cable TV business environment of the immediate future and answer questions from delegates and our panel of expert cable journalists.

The **CABLE TV SUMMIT CONFERENCE** faculty will include **Robert Alter**, President, Cabletelevision Advertising Bureau; **Frank Blondi**, HBO President; **Lawrence DeGeorge**, Chairman, Times Fiber Communications; **Ellen Berland Gibbs**, Vice President, Goldman Sachs & Co.; **Irving Kahn**, President, Broadband Communications; **Daniel Ritchie**, Chairman, Group W; **John Saeman**, Vice Chairman, Daniels & Associates; **Archer Taylor**, Senior Vice President, Malarkey-Taylor Associates; **Thomas Wheeler**, President, NCTA; **Rep. Timothy Wirth**, U.S. House of Representatives, Telecommunications Subcommittee and **Dr. George H. Brown**, Executive Vice President, Retired, RCA Laboratories.

Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

SEND THIS RESERVATION CERTIFICATE TODAY TO GUARANTEE SPACE AT THE CABLE TV SUMMIT CONFERENCE.

_____ Payment attached (Make checks payable to Television Digest Inc.)
 _____ Charge to: _____ American Express _____ MasterCard _____ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268.
 Discounts are available for groups of three or more delegates registering as a group. Contact Barbara Pratt at 202/872-9200 for details.

Sponsored by

TELEVISION DIGEST

Personals

Arthur Nielsen Jr. retires May 1 as chmn. of A.C. Nielsen after 27 years as pres. or chmn., will be succeeded by Henry Burk... Jerry Duvall, member of FCC Comr. Dawson's staff, leaves FCC to work on research project of Annenberg School of Communications Washington Program... FCC Chmn. Mark Fowler speaks at Oct. 5 National Press Club luncheon about deregulation, proliferation of telecommunications.

Gary Chapman, vp & gen. mgr., WLNE Providence, R.I.-New Bedford, Mass., re-elected chmn., Electronic Media Rating Council; newly elected dirs.: Robert Temple, vp & gen. mgr., KUTV Salt Lake City, representing Standard Communications; Walter Schwartz, pres., Blair TV, N.Y., representing Station Representatives Assn.; Gary Stevens, Doubleday Bestg. pres., representing NAB; John Abel, NAB research & planning senior vp... Martin Brantley, gen. mgr., KPTV Portland, Ore., named Oregon TV Inc. pres.

Jeanne Kerr, corporate contributions dir., elected Time Inc. vp... Toby Rogers, ex-Hearst/King Features Entertainment, named Tribune Entertainment national sales/programming dir... Xernona Clayton promoted to WTBS Atlanta dir., public affairs.

Curt Hockemeier promoted to Cox Cable Oklahoma City gen. mgr... Roger Buoy named pres. of SFN Companies' new SFN Electronic Publishing Co... Julie Dolan, ex-Porter, Novelli & Assoc., appointed American Ad Federation information & publications dir.; Leslie Hilleman, ex-Dancer Fitzgerald Sample, named AAF asst. to pres. & meeting coordinator... Ceri Larson promoted to TvB publicity mgr... Marvin Shapiro forms Foxwood Communications, broadcast & cable consulting firm.

Mary Clunis named AP broadcast exec. for S. Tex., replacing John Willis, resigned... Edgar Quiroz joins NAB as dir.-information systems, new post... Maury Wind promoted to regional offices vp, Katz American TV... David Kennedy promoted to vp-finance, Columbia Pictures Filmed Entertainment Div.

Cheryl Grund, ex-Private Cable magazine, named advertising dir., Television Digest Inc., replacing Janet Dueweke, who joined Media General... Cynthia Hilson promoted to asst. to pres., Times Mirror Bestg.

Richard Morby promoted to KYW-TV Philadelphia local sales mgr... Paul Sacks, ex-KTZO San Francisco, appointed sales mgr., KFTY Santa Rosa, Cal... Donald DeKoker, ex-LPTV Services, named NILPTV member services dir... Thomas Smith, ex-Continental Cablevision, appointed Sports Time Cable Network operations dir.

Weather Channel's future is clearing with announcement that 15 major operators have agreed to carriage fees beginning Jan. 1, development that parent Landmark Communications said assures channel's continuation.

CONCERN FOR MINORITIES AIRED: Blacks and other minority broadcasters, performers & producers last week took their concerns about TV & motion picture stereotypes, employment & ownership opportunities to Congress where they again asked for program & hiring guarantees in broadcast deregulation bill that lawmakers are drafting.

Pleas came at 2 separate hearings, one Sept. 19 by House Telecom Subcommittee & other by Subcommittee and Congressional Black Caucus Communications Braintrust on Sept. 20. Legislators signalled their strong support for minority protections, promised to consider including EEO & ownership guidelines in bill.

Subcommittee member Rep. Leland (D-Tex.) set tone for sessions when he described TV's portrayal of minorities as "abysmal" because it presents "a distorted view of minority life by white writers for white viewers." Leland's points were echoed in testimony of witnesses, who called for minimum programming guidelines for children & minorities as part of proposal to quantify public interest standard, also tax credits & incentives to encourage broadcasters to hire minorities and to help minorities buy TV & radio outlets.

Several witnesses also threatened to organize boycotts of products advertised on TV and of films, said that if way minorities are portrayed doesn't change, blacks, Hispanics & other minorities would surely join in more dramatic effort to force change.

Ore. cable-telco war continues with request that DoJ's Antitrust Div. rule that telcos are required under modified final judgment (MFJ) in AT&T breakup agreement to make pole & duct space available to cable operators on unbundled basis. Sought is opinion that telcos can't require that their own crews provide turnkey package of pole make-ready and other jobs necessary for stringing cable, that cable operators have right to do any or all of that work themselves as long as it complies with standards of license agreement. Allowing customers to pick & choose only those services or connections they need is called unbundling. Request was made by Portland franchisee Cablesystems Pacific (CP) in its pole attachment dispute with Pacific Northwest Bell (PNB).

Wometco Enterprises will be acquired by group of investors led by Kohlberg, Kravis, Roberts & Co. for \$842 million. Buyers will pay \$46.50 a share for 18.1 million shares outstanding and assume about \$180 million in debt. Wometco is major Coca-Cola bottler, owns 4 TV stations and 84% of Wometco Cable TV, 22nd largest MSO with 240,000 subscribers. Kohlberg Kravis, closely held investment firm, said it plans to have Wometco acquire 1.1 million outstanding shares of cable unit for \$25 a share.

Is Time Inc.'s teletext project about to follow TV-Cable Week? Pres. Richard Munro hinted as much in Duke U. speech when he predicted project will be "winding down soon," according to Washington Post report. Munro, through Time spokesman, said quotes were accurate but were taken out of context from longer series of remarks made during informal session with reporters before speech.

● Consumer Electronics®

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for week ended Sept. 9 (36th week of 1983):

	SEPT. 3-9	1982 WEEK	% CHANGE	AUG. 27- SEPT. 2	36 WEEKS 1983	36 WEEKS 1982	% CHANGE
TOTAL TV#.....	316,888	263,586	+20.2	337,657	12,181,472*	10,930,366	+11.4
COLOR#.....	234,369*	161,202	+45.4	260,213	8,579,873*	7,245,788	+18.4
MONOCHROME....	82,519	102,384	-19.4	77,444	3,601,599	3,684,578	- 2.3
PROJECTION TV...	2,307	2,433	- 5.2	2,368	80,574*	61,972	+30.0
HOME VCR.....	62,534*	33,928	+84.3	96,490*	2,359,661##	1,102,542	+114.0
COLOR CAMERAS...	5,446*	4,231	+28.7	11,420*	240,357*	188,470	+27.5

Color TV 5-week moving average: 1983--260,217*; 1982--205,400 (up 26.7%).

Home VCR 5-week moving average: 1983--79,104*; 1982--38,730 (up 104.2%).

Excludes projection TV. * Record for period. ## Exceeds full-year record.

RCA BRIGHTENS ITS INDUSTRY OUTLOOK: Current across-board video equipment sales surge has RCA economists upgrading their sales forecasts both for this year and for rest of decade. Outlook, as well as RCA's fall ad plans, were described at press briefing in N.Y. last week.

Just 4 years ago, RCA was looking at TV-video market to soar nearly 4-fold from \$2.6 billion wholesale base in 1970 to \$10 billion by 1990, company said. But 1980 volume, just year after forecast was drafted, exceeded prediction by more than \$1 billion, and it looks like 1985 will come in at \$11 billion, 1990 at more than \$15 billion, figure RCA Sales Mktg. Operations Vp David Croner described as "conservative." "Just around the corner," he said, are sales years of 15 million color sets, 6 million VCRs — product only 2 years ago RCA saw leveling off at about 3.5 million annually — and million levels for color cameras & videodisc players.

For this year, Croner said, RCA sees color sales to dealers coming in at about 13.4 million, up from 11.5 million in 1982 but below company's derived annual sales rate of 13.6 million through first 8 months. VCRs and color cameras are expected to maintain sales rate through rest of year, with VCR sales ending up at 4.3 million, up from 2.03 million in 1982, cameras at 440,000, up from 296,000. Videodisc players are pegged at 300,000, up from 223,000. RCA said that color TVs will continue to be largest single product area, with growth stemming from replacement market, where strong demand is anticipated for hi-tech models, as well as 2nd set sales, with market spurred by small-screen TVs for use with computers & games. In keeping with that, RCA expects to stress its technological leadership in upcoming promotions.

On 8mm video format VCR-camera combo, RCA hasn't exactly changed its expectation for product introduction next year, "but we are a little less certain" about timetable, we were told at meeting by Consumer Electronics Div. Vp-Gen. Mgr. Joseph Donahue. At gathering last Aug., Donahue expressed view that 8mm video would be in RCA's 1985-model line (TVD Aug 15 p11), but last week he acknowledged that apparent intention of Japanese manufacturers to hold it back for awhile, as expressed by those exhibiting at recent International Audio-Video Show in Berlin, has created doubts. He indicated RCA hasn't had any definitive word from Hitachi, company that now produces entire RCA VCR line and would presumably be its 8mm video supplier.

Donahue said 8mm video is far from critical component in RCA's product game plan for next year. "I have said it won't be important for several years" after introduction, he told us, adding that delay wouldn't bother company much as long as RCA was ready to go with one when

8mm video is launched by competition. "We don't want to be out there alone" with new format either, he said. As far as RCA can tell right now, only real problem with system is tape. "How much of it will be available and of what quality," are questions RCA is trying to get answer to, Donahue said.

Also on tape front, RCA plans to start moving soon to recapture significant share of videocassette market. It once was among brand leaders, but has seen position slip away as independents established strong retail distribution. Push will come from RCA Distributor & Special Products Div., under Exec. Vp Jack Sauter. Tape maker Maxell, subsidiary of Hitachi, will soon start producing videocassettes for RCA in Atlanta plant opened last year, and output will include Beta, as well as VHS, cassettes. Cassettes will be part of overall push to have DSPD establish strong RCA presence in video accessory market, Donahue said, pointing out that unit's own field sales force is better equipped for job than are RCA CED distributors.

First major industrial customer for RCA's new random access videodisc player is, fittingly enough, RCA. Player, along with disc containing feature information on RCA's TV-video equipment line, will be used in point-of-purchase display being offered to retailers this fall. As for rest of fall campaign, RCA will push 25" color, videodisc players in TV ads — player budget is RCA's largest ever for single product, TV outlay is one of strongest to date, company said. Portable VCRs and cameras will be pushed only in print media.

* * * * *

RCA won't be only one looking for increased share of videocassette market. 3M will launch its first TV ad campaign this fall. Company will spend \$10 million on ads, including print, through rest of this year, figure that dwarfs \$2 million it spent in all of 1982, year 3M estimates that all tape marketers spent just \$6 million on ads. At meeting in N.Y. last week 3M said research indicates current 8-9% VCR household penetration will double in 1984, and that worldwide tape market will grow 30% a year from 1983 sales base of \$1.8 billion.

SMC FREE ZONE OUTPUT BLURRING IMPORT FIGURES: This week's TV trivia quiz: When is a domestically produced color TV set considered an import? Answer: When it's assembled in foreign trade zone and then shipped to customer in U.S.

That's explanation behind seemingly huge jump in complete color TV imports as shown in Commerce's July figures (TVD Sept 19 p14). They put imports at 198,500, or triple average in each of preceding 6 months this year. Imports of 19" at 87,300 and 20"-&-over of 34,700 exceeded first-half totals for those classifications. Explanation appears to lie in full-scale startup as foreign trade zone by Sanyo Mfg. Co. of plant in Forrest City, Ark. Clearance for that designation was approved by Commerce's Foreign Trade-Zone Board last year after SMC agreed to meet industry objections by accepting provision that it pay full import duty on any foreign-made color tubes it uses for sets assembled for sale in U.S.

Problem with import statistics arises from Customs' treatment of products made in FTZ as imports when entered into the U.S. Figures used to be reported separately, but practice was stopped when FTZ operators complained it revealed size of their businesses. FTZ imports now show up in figures just as do normal imports, and the main source country of foreign components used in assembly is indicated as country of origin. Import value indicated is value of foreign parts used. SMC uses U.S. labor to mate imported Japanese chassis with U.S.-made picture tube, cabinet and some other parts to make complete set. That's why average value of Japanese 19" dropped from indicated \$247.47 through first 6 months this year to just \$46.82 in July. As for fact that figures weren't seemingly out of line in Jan.-June, it's assumed SMC's major operating change coincided with production start of 1984-model line.

Import figures do offer some hard data on FTZ activity. All imports are logged under heading "Imports for Consumption." However, FTZ products are treated as though they were removed from bonded warehouses, and so are excluded from monthly listing of so-called "General Imports." In addition, imports are broken down by Customs District of entry. Figures show 105,400 13", 19" & 25" color sets imported from Japan through New Orleans Dist. (which includes SMC plant) under consumption heading, but not under listing for general imports. Deleting them would cut Japan's overall import total for month down to more seasonally normal

EUROPEANS TESTING SELF-PROGRAMMING VCRs: Complexity of programming VCRs is coming under careful scrutiny in Europe among manufacturers, and — surprisingly — broadcasters. System premiered 2 years ago by ITT, Philips and others used light pen attachment for VCR. Magazines and newspapers were expected to print standard bar codes along with program listings. To program recorder, pen was passed over printed code, and data fed into VCR's memory. However, publishers rebelled at idea, pointing out that codes required too much space.

One German magazine is now experimentally printing identification numbers with each program listing. Owners of specially equipped VCRs punch figures into remote-control keypads, setting up machines for automatic recording.

One system using teletext and digital receiver was demonstrated by ITT at International Audio-Video Show that recently closed in Berlin. Teletext receiver is tuned to page showing upcoming programs, and listings are both stored in memory and displayed. On-screen remote controlled cursor is manipulated to appear at program to be taped and "enter" button is pressed. As each program to be taped is entered, it is stored in memory. On-screen list of home taping schedule may be displayed at will. System also cautions user when time conflicts make it impossible to follow taping schedule.

Potential technique whereby originating station helps program VCR will be put into trial operation over Berlin's TV transmitters. Called VPS (for Video Program System), it involves digitally encoded signal along with broadcast indicating date, starting time, end, nationality of program and channel. Although system also has other uses, it's suggested that additional 4-digit code could be transmitted to trigger start and end of recording.

SINCLAIR POCKET TV ARRIVES: Sinclair unveiled 2" flat tube pocketable TV in U.K. last week at expected \$120 (TVD Sept 12 p14). Company said it will be on sale in England, mail order only, by month's end, indicated it would have only about 10,000 available this year.

Sinclair attributed 2-year market launch delay to technical problems with tube, said that only minor hold back was caused by labor problems at Timex's Dundee, Scotland plant where tube and set, along with Sinclair's computers, are assembled using automated equipment designed and provided by Sinclair. Company says TV took nearly 7 years, \$7.6 million to develop. Govt. provided some financial aid.

TV weighs 9.5 oz., measures 5.5"x3.5"x1.12", uses Polaroid lithium battery that provides 15-hour play time, costs \$5.25 to replace. Virtually all circuitry is contained in single custom IC being produced in U.K. by Ferranti. Chip has automatic transmission standard recognition capability, so TV can be used in any NTSC or PAL country. Version demonstrated was designed to tune only UHF channels, which is fine for U.K. Sinclair said all-channel version is being developed for introduction in U.S. next year. If Sinclair follows U.S. market pattern it took for computers, it will launch TV by mail here on its own, turn product over to Timex if sales are big enough to warrant national retail distribution.

Taiwan exports of electronic products rose 7.8% in first half this year to \$1.57 billion, govt. reports. Imports of electronics were up 8.9% to \$775 million, leaving island with \$790 million trade surplus, up 5.3%. In trade with U.S., Taiwan's exports were valued at \$4.9 billion, imports at \$2.1 billion, for \$2.8 billion surplus, which exceeded \$2.4 billion surplus it showed from trade with all countries.

Bankrupt Osborne has been hit with fraud suit filed in San Francisco federal court by group of stockholders & creditors. Action charges pioneering portable computer maker issued misleadingly optimistic sales & earnings forecasts, changed fiscal year to evade SEC disclosure requirements, withheld information that new Pres. Robert Jaunich demanded increased compensation when he discovered company's true financial condition, and that there have been stock sales by insiders. Osborne has denied charges. Meanwhile, bankruptcy is starting to have visible impact on Osborne suppliers. Component maker CTS said it will take \$1.9 million charge in current quarter, reflecting write-down of receivables and inventory. About half that will come from subsidiary Micro Peripherals, disc drive maker CTS acquired earlier this year and prime supplier to Osborne. Circuit board manufacturer Testology said it laid off 22 employees, added that since Osborne represented 80% of its business, remaining 120 workers have nothing to do. Software developer Softech said Osborne's bankruptcy filing will have significant impact on its earnings.

Japanese beat IBM in push to establish standard for mini floppy computer disc drives. IBM said lack of market acceptance, particularly among potential OEM customers, has caused it to discontinue 4" drive format it introduced just 9 months ago. Move seemingly clears way for standardization on 3.5" drive originally developed by Sony and since accepted by several U.S. and Japanese manufacturers.

Correction: Colortyme consumer electronics rental outlets no longer handle Curtis Mathes product line. Relationship between CM and its former subsidiary was misstated in report on Colortyme activities last month (TVD Aug 15 p15).

ADAM CLEARS FCC: Coleco's Adam home computer system passed FCC radiation emission certification tests last week, clearing way for shipments. But, Coleco announced, delivery is being postponed.

Coleco said it wants to conduct consumer use tests to check out quality of system and be sure users have no problems with instructions before retail sales start. Delivery target now is mid-Oct. Full-scale production of Adams won't begin until Oct., Coleco said, indicated that unit sales this year could be as much as 10-15% below target, but said it was still shooting for 500,000.

Coleco was late getting Adam to FCC for tests because of design and peripheral equipment changes. Testing was slated to be completed 2 weeks ago, but completion was held up while company worked out bugs in word processing software FCC needed to check out Adam with printer operating. FCC said that had Adam failed, it couldn't be considered for re-test until mid-Oct., and that could have cost Coleco bulk of Christmas selling season.

Adam's problems generated unprecedented publicity in financial press, and FCC Lab in Laurel, Md. was deluged on daily basis with calls from media, security analysts and others with interest asking how test was going. "We can't get any work done around here," one annoyed staffer told us. "Who are these people [Coleco] anyway?" To FCC examiners, he said, Adam "is just one of the hundreds of things we check. How come nobody wants to talk about that?"

Texas Instruments, meanwhile, moved to improve competitive position by cutting up to 30% from list on much of its plug-in cartridge home computer software offerings, and at same time simplified its price sheet. Cartridge group selling in \$30-\$40 range was trimmed to uniform \$25, while step-up group, formerly running up to \$70, was dropped to \$40. Most cuts were on educational or home management programs, presumably reflecting upcoming TI effort to stress utility of home computer, downplay use as game machine, and isolate company's products from price war (TVD Sept 19 p16).

In remarks prepared for speech to be delivered to institutional investors last week, Chmn. Mark Shepherd was slated to report that TI's home computer sales in July-Aug. were lower than company's downwardly revised projections, and express view that sales would pick up for Christmas.

EC-Japan trade conflict has shifted away from VCRs & TVs to watches. European officials have protested over 120% jump in Japan's quartz watch exports to 8 EC countries in first 7 months this year, including 766% climb in shipments to Ireland, where several companies have watch assembly operations. Watches were on list of products included in import monitoring program EC & Japan agreed to last Feb. as way to head off trade friction at same time quotas on Japanese VCR and color tube exports were imposed (TVD Feb 21 p10). EC officials say that while Japan appears to be holding down shipments of other products on list such as color TVs and audio equipment, it's showing no such restraint when it comes to watches.

U.S. TV R&D VENTURE: Center for Advanced TV Studies is being formed by 10 U.S. TV firms as co-op R&D venture to head off industry domination by foreign companies which get high-tech research support from their govts.

Existence of CATS came to light last week when Justice Dept. released business review letter saying it had no antitrust objections to its formation, and that formation as proposed isn't likely to hinder competition. Creation of such multi-company research efforts has official Administration blessing, and bill to grant them specific exemption from antitrust laws is pending in Congress. First one, Microelectronics & Computer Technology, was cleared by Justice at start of year (TVD Jan 31 p13).

Object of CATS, as outlined in proposal, is "to restore the domestic TV industry to a worldwide leadership position in technology" by underwriting outside projects. It notes that "little effort has been made in the U.S. to re-think and redesign" basic TV system since it was approved by FCC more than 30 years ago.

Membership is open to govt. agencies and any private business that has U.S.-based parent, which shuts door on subsidiaries Japanese and European companies have here, but leaves open question of eligibility of North American Philips — NAP generally contends it operates independently of Holland's N.V. Philips, but in some filings says Philips may be deemed to be NAP's parent company.

Current roster includes ABC, Ampex, CBS, Harris, HBO, 3M, NBC, PBS, RCA & Tektronix. Each has member on exec. committee, now chaired by Ampex's Charles Steinberg, and each has agreed to annual dues of \$100,000. In lieu of cash, PBS will provide administrative & financial services. Rules give new members seat on exec. committee after 3 years, prohibit companies from talking to each other about costs, prices, technology agreements or outside research projects.

First R&D contract, for \$1 million, has gone to MIT. Object is to define "optimal display device," analyze conceptual changes needed in "transmission, production, storage, distribution and image generation systems required to produce the desired display characteristics." Deal calls for MIT to retain patents resulting from study. Members get free licenses and can sublicense, turning 50% of royalties back to MIT.

Japan's VCR production capacity build-up is continuing. Last to join output expansion parade include: Hitachi, building new plant that will, on completion next spring, expand capability 25% to 250,000 monthly; Mitsubishi, boosting output 40% to 100,000 monthly in Oct.; NEC increasing 50% in Oct. to 45,000 monthly. Current estimate is Japan will produce up to 17 million VCRs this year, up 30% from 13.1 million of 1982.

FCC made preliminary determination last week that Harris stereo AM exciter can be used temporarily. Commission tests showed that signal distortion isn't objectionable under programming conditions.



CABLE ON THE FIRING LINE

A PERSPECTIVE ON THE FUTURE

*1983 Cable Television Summit Conference
Oct. 27, 1983 - Four Seasons Hotel, Washington, D.C.*

Consider:

- ... Ma Bell's 7 regional spin-offs will be fierce competitors in the local broadband distribution market (the same market targeted by cable).
- ... Even if the current cable bill (or one like it) passes, cable TV's regulatory problems have only started (look at what the states are doing).
- ... Daunting financial challenges face some overbuilt urban franchises (and underbuilt older systems).
- ... There's a prospect (after RARC '83) of 30-plus channel DBS that promises to offer basic cable-like services to consumers for less.
- ... More and more high tech executives are biting the dust as corporate boards look for new leadership in a changed world.

The **CABLE TV SUMMIT CONFERENCE** is an unprecedented meeting of the industry's top strategists who will probe the broad spectrum of management problems and the vast business opportunities to be encountered by the industry in a world of new competition and expanding markets.

Intended for an audience of senior and high-level executives, the **CABLE TV SUMMIT** will feature a blue-chip faculty of top industry leaders who will present their views on the cable TV business environment of the immediate future and answer questions from delegates and our panel of expert cable journalists.

The **CABLE TV SUMMIT CONFERENCE** faculty will include **Robert Alter**, President, Cabletelevision Advertising Bureau; **Frank Blondi**, HBO President; **Lawrence DeGeorge**, Chairman, Times Fiber Communications; **Ellen Berland Gibbs**, Vice President, Goldman Sachs & Co.; **Irving Kahn**, President, Broadband Communications; **Daniel Ritchie**, Chairman, Group W; **John Saeman**, Vice Chairman, Daniels & Associates; **Archer Taylor**, Senior Vice President, Malarkey-Taylor Associates; **Thomas Wheeler**, President, NCTA; **Rep. Timothy Wirth**, U.S. House of Representatives, Telecommunications Subcommittee and **Dr. George H. Brown**, Executive Vice President, Retired, RCA Laboratories.

Delegate fee of \$695 includes continental breakfast, lunch, cocktail reception and briefing materials. A transcript of the proceedings will be prepared and sent to all delegates following the conference.

SEND THIS RESERVATION CERTIFICATE TODAY TO GUARANTEE SPACE AT THE CABLE TV SUMMIT CONFERENCE.

☐ Payment attached (Make checks payable to Television Digest Inc.)
☐ Charge to: ☐ American Express ☐ MasterCard ☐ Visa
 Card No.: _____ Expires: _____
 Signature _____
 Name _____ Title _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

Return to Conference Coordinator, Television Digest, 1836 Jefferson Place NW, Washington, D.C. 20036, USA. Phone 202/872-9200. Telex 467268.
 Discounts are available for groups of three or more delegates registering as a group. Contact Barbara Pratt at 202/872-9200 for details.

Sponsored by

TELEVISION DIGEST

EMERSON ADDING VCRs: Emerson, industry's only major independent TV marketer, is broadening video horizons, adding first VCR to line next March. It will be full-feature programmable with 10-function wired remote "that will compete against models selling for \$600" but will be priced so dealers can promote it in \$425-\$450 range and still get reasonable margin, according to Exec. Vp Saul Knazick.

Success of color line this year prompted move into VCR. "Our customers wanted it from us," Knazick said. Color TV is complete sellout for Emerson this year, including \$1,000 package that included high-tech-look 19" with matching stereo components. "We planned for 10,000, and they're gone," he told us.

Emerson, formerly phono marketer Major Electronics, picked up rights to old-line brand name in 1973 when National Union Electric pulled out of consumer electronics business. While it added some specialty TVs soon after, it was only last year that it entered market in big way. Most of its sets are supplied from Korea by Gold Star, but Emerson has other sources as well. About 60% of sales are through mass merchandise and catalog retailer.

"The acceptance of our TVs" by dealers "has been phenomenal," Knazick said. "This year our portable TV volume will probably exceed [original] Emerson's best year. We will be No. 6 in portable color sales." He based that on his estimate that Emerson will "deliver close to a half million sets." Company has proven "that the Emerson brand is still quite powerful in TV," he said.

He pointed to recent Emerson statement that company expects 50% gain in results in current year to March 31. In last fiscal year, Emerson earned \$3.1 million on \$95 million sales. Only about half of that increase stemmed from TV volume, Knazick said. "Our TVs have generated broader interest in our audio products," and rest of improvement is coming from increased demand in that segment. In keeping with new stature, company is putting Emerson name back in ranks of national TV advertisers. It's now preparing \$10 million campaign themed "Emerson turns America on."

Paramount canceled Nov. videocassette release of movie *Staying Alive* just week after it announced availability plan to distributors. Reason is same one that's been plaguing consumer electronics and phono record marketers here: Grey market sales. But for Paramount it's reverse problem, with its U.S. distributors shipping product into foreign markets, and sometimes before film itself has been released to movie theatres. Crusher was appearance of *Flashdance* cassettes in Japan at about same time film opened. Sources say Paramount's theatrical distribution wing ordered steps be taken to prevent recurrence. Situation may be eased early next year when Paramount revamps international marketing and presumably efforts will be coordinated with theatrical debuts. Language of course is most obvious & effective barrier to cassette imports — except in case of *Flashdance*, as much music video as movie, point reportedly driven home in Japanese newspaper ads.

WINDOWSHADE TV: Why not a giant flat color TV display that can be rolled up just like a windowshade or movie screen? Technically, there's no reason at all, according to engineer John Stapleton, long-time consultant on electronic displays, and now chmn. of Visionary, firm he recently founded to develop product based on concept. Working with him as pres., and heading search for financial backers, is Pat Gambuti, projection TV veteran, most recently with Projection Systems Inc., developer of first rear projection TV using black matrix screen.

Idea, Stapleton says, is to come up with flexible mylar screen that will have individually addressable electroluminescent phosphor pixels and transistor drivers printed on it. Basic TV electronics could be housed in screen holder. His studies, he says, indicate that 9x12 ft. is largest practical size, indicated such a screen would have 1,080 lines with 1,440 picture elements per line, making it suitable for use with HDTV. Consumer version, with 3x4-ft. screen, he estimates, could be made to retail for \$1,800, based on understanding that raw material costs will run about \$5 per sq. ft.

Stapleton believes company can come up with working prototype for R&D outlay of about \$3-\$5 million, "and that includes our equipment." This, he says, is in contrast to \$30-\$40 million spent on unsuccessful color flat-screen development by number of major companies in past. Hired on to handle chemical development effort, Stapleton says, is Electro Materials Corp. of America.

In operation, Stapleton says, 3x4-ft. screen would have brightness of 20 ft. lamberts, drawing about 60 watts. He puts screen life at "a couple of thousand hours, or 10 to 11 years" of normal use. Assuming plans come together on schedule, Stapleton estimates he will have 8x9" sample display to show by early 1984, full-scale working prototype in 18 months. Contact: 8 Caldwell Ct., East Brunswick, N.J. 08816.

Mergers & acquisitions: RCA said it has entered discussions to sell subsidiary CIT Financial, declined further details. Sale would leave Hertz & Coronet Carpets as RCAs only major units outside electronics-communications area... Gould sold battery business to group of investors for \$270 million. Sale marked divestiture by Gould of its last non-electronic operation... AT&T may expand into office automation equipment through acquisition of substantial minority interest in Olivetti. AT&T is understood to be bidding for 23% interest in Italian manufacture now owned by nationalized French companies.

A 525-line compatible 1,050-line HDTV system was announced last week at IEEE meeting in D.C. by CBS. Designed for satellite feed, it uses pair of 525-line channels, one in standard 4:3 aspect ratio for current TV sets, other in 5:3 for special wide-screen models that combine 2 channels. CBS suggests that for use in receiving standard 4:3 aspect broadcasts, HDTV sets could have side flaps to cover left & right sides of screen where no picture is displayed. For more details, see report in Broadcast section of this week's issue.

SONY NET DOWN: Sony reported sharp 43.9% drop in net for fiscal quarter to July 31, but that represented easing of decline registered in first half, and for 9 months earnings were off 60.5%. Sales were down 7% in quarter, down 3.7% for full period.

Sony said worldwide competition forced price reductions that trimmed both sales and earnings in quarter even though unit volumes of such products as VCRs and color TVs increased. Results were also impacted by continued unfavorable international exchange rates, 9.5% boost in R&D outlays to \$90.6 million, representing 8% of sales, up from 6.8% last year.

Stiffened competition was more evident in overseas markets, where Sony sales dropped 12.3% in quarter to \$801.1 million, were down 7.9% for 9 months to \$2.35 billion. Sales in Japan for those respective periods were up 8.9% to \$330.9 million and up 8.2% to \$988.5 million.

For full period, Sony sales rose only in its non-specific "other" product group, which includes computers, office and some professional equipment, where volume was up 11.3% to \$415.2 million. In other groups: Video was down 6.1% to \$1.39 billion, TV slipped 4.6% to \$790.7 million, audio was off 5.2% to \$745.1 million. In TV, flat-screen portable Watchman sets helped b&w show 6.3% growth to \$14.6 million, while color TV edged down 4.1% to \$717.3 million, projection systems fell 21% to \$27.1 million and other, including component video systems, was down 3% to \$31.7 million.

Sony said it's continuing to hold line on costs, will keep emphasizing new and advanced technology products. It predicted sales for fiscal year to Oct. 31 will be about even with \$4.58 billion posted last year, but it expects 40-45% decrease from \$188 million profit shown in 1982.

Trio-Kenwood said it posted consolidated loss of \$3.79 million in year to May 20, against deficit of about \$20 million last year. Sales were flat at \$353.7 million. Hi-Fi maker said it expects improvement to continue, predicts it will show profit of about \$5 million on sales of \$390 million in current fiscal year.

General Instrument net sank 69.7% on 12.3% sales decline in quarter to Aug. 28. GI blamed slump on drop in IC sales to videogame and home computer makers, as well as slowdown in CATV construction. GI is prime supplier of ICs to Mattel for use in Intellivision consoles. GI said it expects 2nd half results to about equal those of first half, predicts comeback in next year's fiscal first quarter.

Dynascan credited phone equipment for 288.6% jump in 2nd quarter net to \$2.6 million. For period, company said, telephone sales were up 305%, while sales of answerers jumped 631%.

Apple said it expects to show 60-70% profit drop to \$5-\$8 million in fiscal 4th quarter to Sept. 30, 25-30% decline in full year net from \$61.3 million of 1982. Company blamed flat sales, higher development costs and writeoffs, increased level of sales to educational market which requires more support services. To spur sales of new Lisa computer, Apple cut price 18%, unbundled it from software package.

TELETEXT BIG IN BERLIN: Everywhere you looked at just-closed Berlin Audio Video Show, you were assaulted by barrage of on-screen graphics — both teletext and developmental videotext. Teletext is more or less going operation in Germany, and set manufacturers were making most of it, some claiming that as much as 30% of their output this year would be teletext-equipped.

Along with teletext, VCRs and massive invasion of Europe by videogames, came full-scale introduction of component TV by almost every manufacturer. Philips was ubiquitous with its "match line" system of monitor, tuner, disc player, teletext decoder, VCR, tuner-switcher and audio equipment, all designed to be operated (or at least switched) by single 46-button remote control. Philips also made effort to eliminate maze of cables with introduction of "Euroconnector," 20-connector cable designed for all video equipment. Other brands used cable-free systems in which monitors automatically docked to components when placed on top or next to them.

Among most popular halls at show, as at CES, were those devoted to videogames and VCR programming. Although these made Berlin's Funkausstellung seem like an American electronics show, there was one major difference: Virtually no home computers. Though show had some very small exhibits by computer makers (Acorn & IBM among them), some TV manufacturers exhibited home computers, and TI held continuous home computer seminars, it's understood show management discouraged widespread exposure for computers. There presumably was feeling time wasn't right and computers might distract from popular debut and display of teletext and other new marvels. Perhaps they were right — many an observer, from both trade and public, came away with impression of electronic overkill.

Tape copyright royalty situation in Germany isn't quite as bleak as depicted in our report here last week, which was based on word from hardware marketers, according to MPAA. Assn. said VCR manufacturers have paid out \$22.1 million during last 4 years to govt. agency responsible for collecting & disbursing funds, less than 50% of what supposedly was due. "It's out of the control of the VCR people," source told us. Although law has been on books since Jan. 1966, it had impact only when VCRs came in market in 1978, with more than 66% of payments made in 1981-82. Royalty fee, based on 5% of manufacturers' sale price, "should be huge" if 1.3 million machines are sold this year as expected, MPAA said. Assn. acknowledges that copyright owners have received only "partial satisfaction" from small amount of money distributed to date, nevertheless expects full payment by year's end. Next step, MPAA hopes, is legislation to include blank tape.

Personal computer with touch-screen function control has been introduced by Hewlett-Packard at \$4,000. H-P said it will spend \$10 million in TV ads to launch computer it expects to have on market next month.

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
General Instrument			
1983-26 wk. to Aug. 28	433,347,000	23,340,000	.75
1982-26 wk. to Aug. 29	509,318,000	53,966,000	1.77
1983-13 wk. to Aug. 28	213,830,000	8,040,000	.26
1982-13 wk. to Aug. 29	244,056,000	26,577,000	.87
Microdyne			
1983-39 wk. to July 31	17,183,000	973,000	.21
1982-39 wk. to Aug. 1	18,010,000	1,631,000	.35
1983-13 wk. to July 31	5,441,000	198,000	.04
1982-13 wk. to Aug. 1	6,441,000	556,000	.12
S.A.L. Cable Communications			
1983-6 mo. to July 31	12,868,137	(255,564)	--
1982-6 mo. to July 31	14,565,858	184,154	.15
1983-qtr. to July 31	6,321,884	(172,254)	--
1982-qtr. to July 31	6,905,106	30,133	.02
Sony^a			
1983-9 mo. to July 31	3,334,200,000	70,300,000	.30 ^b
1982-9 mo. to July 31	3,461,200,000	178,200,000	.77 ^b
1983-qtr. to July 31	1,131,200,000	25,400,000	.11 ^b
1982-qtr. to July 31	1,216,600,000	45,200,000	.20 ^b
Tektronix			
1983-12 wk. to Aug. 20	266,019,000	13,480,000	.71
1982-12 wk. to Aug. 21	259,792,000	11,929,000	.63
Texscan			
1983-qtr. to July 31	21,531,000	1,398,000	.21
1982-qtr. to July 31	11,233,000	1,081,000	.18

Notes: ^aAt yen's current rate. ^bPer ADR.

Consumer Electronics Personals

Kenneth Thomson shifts at North American Philips Consumer Electronics from Magnavox vp-gen. mgr. to vp-gen. mgr. of Odyssey (videogames, game & computer programs), replacing **R. W. (Mike) Staup**, appointed NAPCE planning vp. Replacement for Thomson is expected to be named soon. **William Enser**, former planning vp, named mktg. administration vp, succeeding **Paul Adams**, now on special assignment... **Edmund Carpenter**, ITT senior vp, named pres., ITT Industrial Technology, which includes responsibility for American & European components & semiconductor operations, succeeding Vice Chmn. **Richard Bennett**, who held post on interim basis... **Robert Bryson**, former Sony Office Products Div. gen. mgr., named to head new Information Products Div. formed through merger of IPD & Microcomputer Div.; **Don Marro** has resigned as MD gen. mgr.; **Gary Sawyer** appointed gen. mgr. of new Software Div.

Roger Keesee, ex-GE Video Products Business Div. Mfg. Dept. gen. mgr., joins Bally as exec. vp... **David Horowitz**, ex-Perkin Elmer, joins Scholastic as European computer software market director... **Archie McGill**, ex-AT&T, named chmn. of IBM-compatible personal computer software developer Knoware.

Gene Warren, ex-Fotomat, joins Bell & Howell/Columbia Pictures Video Services as advanced development dir... **Alan King** appointed gen. mgr. of

WEEKLY

Television Digest

with
Consumer Electronics . . .
(ISSN 0497-1515)

PUBLISHED BY TELEVISION DIGEST, INC.

Albert Warren Editor & Publisher
Paul L. Warren Senior Editor & Associate Publisher
Publishers of weekly TV Digest, annual Television and Cable Factbook and weekly TV, Radio & Cable Action Updates, Cable Atlas, Satellite Week, Video Week, Communications Daily, biweekly Public Broadcasting Report and other special publications.

Copyright © 1983 by Television Digest, Inc. Reproduction in any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

1836 Jefferson Place, N.W., Washington, D.C. 20036
Phone: 202-872-9200 Telex: 467268

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Dawson B. Nall Executive Editor
Paul L. Warren Senior Editor
Jonathan Miller Senior Editor
Paul Travis Senior Editor
Steven Tuttle Associate Editor
Mary Crowley Associate Editor
Mike Schwartz Associate Editor
Melinda Gipson Assistant Editor
Daniel Warren News Editor
Deborah Jacobs Info. System Mgr.

Barbara J. Pratt Marketing Dir.
Janet Kohler Dueweke, Advertising Dir.
Betty Alvine Circulation Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410

David Lachenbruch Editorial Dir.
Robert E. Gerson Managing Editor
Seth Goldstein Senior Editor
Julie Talen Assistant Editor

JAPAN REPRESENTATIVES (Editorial & Business)

Aske Dam
Richard E. Varner
c/o Foreign Correspondents Club of Japan
Denki Bldg., 20th Floor 1-7-1
Yuraku-cho, Chiyoda-ku
Tokyo 100, Japan
Phone: 211-3161 Telex: J24600

Television and Cable Factbook

Mary Appel Editorial Director
Marilou B. Legge Managing Editor
Lynn R. Levine Associate Editor
Barbara E. Van Gorder Associate Editor
Jeannette H. Noyes Associate Editor

Factbook Research, Inc.

Marilou B. Legge Director
Business
Roy W. Easley III Controller

Video Memories, new U.K. company converting film & slides to tape... **Patrick Bohlen** named pres. of Caravatt Home Entertainment, new subsidiary of Caravatt Communications... **Jerry Elster**, ex-Sound Video Unlimited, joins Paramount Home Video as midwest sales mgr.; **Susan Hatfield** has same responsibility for west, **Linda Rosser** for east.

Isaac Levy, ex-Panasonic Technics Div., joins Sanyo as home audio product mgr... **Joseph Giordano** promoted at 3M from Electronics & Information Technologies Sector business planning mgr. to Magnetic Audio/Video Products Div. product planning & development dir.; **Joseph Leon** advanced at Magnetic Tape Div. from sales dir. to professional products mktg. dir... **William Kollner**, ex-Panasonic Industrial Co. & Pioneer Video, joins Konica Audio-Video Div. as west region sales mgr.; **Ann Fonfa** named for east.

Obituary

Maurice Valente, 54, who in 1980 left ITT for job as RCA pres. but was dismissed after just 6 months, died in villa near Rome, Italy, Sept. 3, an apparent suicide by hanging. His wife, former **Dolores Grant**, died following long illness last May. Daughter, 2 sons, survive.

U.S. retail phone market is seemingly bottomless pit, according to report by Venture Development. It says it expects sales will leap from 5.3 million in 1982 to 19.1 million this year, soar again to 31.4 million in 1984, before leveling to 35.3 million in 1985 as market saturates. Details: VDC, One Washington St., Wellesley, Mass. 02181.