

TELEVISION DIGEST®

The Authoritative Service for Broadcasting, Cable, Consumer Electronics and Allied Fields.

With Consumer Electronics

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APPEALS COURT DUMPS DISTRESS SALES POLICY: FCC distress sales policy is unconstitutional because it violates due process guarantees of 5th Amendment to white applicants, according to 2-1 decision March 31 by U.S. Appeals Court, D.C. In majority were Circuit Judges Laurence Silberman and George MacKinnon, with Chief Judge Patricia Wald dissenting. In 50-page opinion with 40 footnotes, Silberman said Alan Shurberg, who's white, was denied due process under Constitution "simply because of his race." He and MacKinnon held that policy doesn't promote diversity in programming, as contended by Wald in her 43-page dissent with 48 footnotes. Wald took several potshots at majority and was treated in kind by MacKinnon (17-page statement, 29 footnotes) and Silberman.

Case involves Jan. 1985 distress sale of WHCT-TV (Ch. 18) Hartford by Faith Center to Astroline Communications. FCC had rejected Shurberg's competing application for WHCT-TV after Faith Center had been set for revocation hearing. Astroline deal was Faith's 3rd attempt to dispose of station under distress sale. Court decision itself was only 2 paragraphs and said opinions of Silberman and MacKinnon "in some respects differ in analysis." However, both concluded that FCC's "minority distress sale program unconstitutionally deprives Alan Shurberg of [his] equal protection rights under the 5th Amendment because

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the [FCC policy] is not narrowly tailored to promote programming diversity." Court remanded case to FCC "for further proceedings not inconsistent with this opinion."

Silberman noted that Court resolution of case had been delayed by earlier Steele case (involving minority preference for female applicant) and congressional budget authorization prohibiting FCC from spending any money on inquiry as to legality of minority preferences -- as well as remand of Shurberg case requested by FCC. He said it's "truly extraordinary" that after FCC had "admitted that it had not adequately established a nexus between minority status and broadcast diversity to withstand constitutional scrutiny [in Steele case]... Congress intervened with a continuing resolution to prevent the FCC from expending funds to pursue that inquiry in accordance with our remand order... The congressional action is especially troubling because it prevented the FCC from complying with a direct order of this Court."

Noting that Richard Ramirez -- "whose Hispanic surname was the predicate" bringing distress policy into play -- held 21% interest and 70% voting control of Astroline, but contributed "less than 1% of the station's operating capital," Silberman said: "The Commission apparently found Astroline to be eligible to participate in the distress sale simply because of Ramirez's Hispanic surname." Citing previous U.S. Supreme Court and Appeals Court cases, he said "ancestry alone cannot be determinative in deciding who is entitled to a minority preference. There must be some opportunity to exclude those individuals for whom affirmative action is merely another business opportunity. For that reason... the FCC has failed sufficiently to target the preference to those actually entitled to a remedy... The agency's conduct, therefore, is contrary to the direction of the Court [in previous decisions] that racial classifications may be employed only as a last resort." However, Silberman and MacKinnon didn't rule that FCC's distress sale policy *per se* is unconstitutional.

But, said Silberman, policy imposed "an unconstitutional burden" on Shurberg because it deprived him "of a unique opportunity to own a broadcasting station solely because of his race... The state of the record makes it difficult for me even to guess at the extent to which nonminorities are excluded, except to say that it is potentially limitless and completely within the control of the FCC... To label, as does [Wald's] dissent, Shurberg's lost opportunity for a license as a mere potential 'windfall' is to belittle the hardship that he suffers in losing that unique opportunity solely because of his race... A chance to compete for a license elsewhere in the country is not an equivalent opportunity for Shurberg."

While Wald staunchly defended FCC's efforts to promote diversity, Silberman noted Commission's repeal of fairness doctrine cited wide diversity of programming as prime reason: "Obviously, the FCC cannot claim a compelling interest in fostering diversity of programming if such diversity already exists... It seems implausible that the FCC at the same time [it revoked fairness doctrine] can have a compelling interest in continuing to promote diverse programming through the distress sale policy."

Countering Wald argument that distress policy was "narrowly tailored," MacKinnon said it's "not only not 'narrowly tailored,' it is a completely untailored program. That is, the program is open-ended in that circumstances may cause it to be applied to any broadcast licensee without regard to any past discrimination and thereby deprive all nonminorities of their right to equal access to a broadcast license. The FCC program thus denies the equal access protection of the law to innocent nonminorities." He cited fact that Faith Center had lost licenses for 2 TV stations and FM because it had solicited funds on air and didn't use money for announced purpose.

Said Wald, in defending FCC action: "The majority's invalidation of the Commission's 10-year-old minority distress sale program in my view impermissibly overturns a considered congressional judgment... of assuring diversity of viewpoint over the national airwaves... The majority has too rigidly applied Supreme Court affirmative action guidelines designed for other types of programs, ignored firm precedents in this Circuit and failed to credit the explicit intent of Congress... I do not believe that so modest and targeted a program furthering such a compelling aim violates the Constitution."

In reaction to decision, FCC Chmn. Patrick said agency "remains committed to ensuring minority participation in the broadcasting industry [but] race alone should not control the licensing of broadcast stations. As a legal matter, use of race-based criteria by government is constitutionally suspect and, except where narrowly circumscribed, can deny others equal protection under the law. The Court's opinion lends support to these positions... We continue to abhor discrimination and will actively pursue efforts to provide assistance to those seeking entry into broadcasting."

Andrew Schwartzman, dir. of Media Access Project (which intervened in case on behalf of Astroline), called decision "a miscarriage of justice... I'm real disappointed but I'm not surprised." However, expecting

further court action, he warned "it's not over." He said FCC policies to help minorities enter broadcasting had worked well and he was confident they would "easily stand muster -- even by the standards the Supreme Court has established." Shurberg was overjoyed, saying he's gratified Court ruled that race alone isn't determinant for broadcast license. "This decision will stick, unlike Steele," he predicted.

Note: Astroline placed WHCT-TV under Chapter 11 bankruptcy protection last fall, now is airing Home Shopping Network more than 12 hours daily.

ROPER SAYS TV STILL IS AMERICA'S PRIMARY NEWS SOURCE: "The news about television continues to be good." That's conclusion of 16th biennial Roper study for TIO, which found 75% of Americans watch TV every day and 97% at least weekly. Study confirmed that TV remains primary source of news for 65% of public, with newspapers 2nd at 42% (dual answers were permitted). TV also is "most believable" news medium, outscoring newspapers 40% to 36%, and remains as primary news source for 65%, compared with 42% for newspapers, radio 14%, news magazines 4%. But, cable scored highest with viewers for having better children's, entertainment, cultural and sports programs. "While much has changed about television's form and substance in 30 years, what has not changed is America's fascination with the medium itself," Roper concluded.

For first time, Roper asked respondents to define what they meant by "watching television," found term includes any programming viewed on TV screen -- whether over-air, cable or VCRs -- although 80% "still consider watching television to mean viewing a program on the 3 major networks and their affiliated local stations." Watching TV "still ranks high among things Americans say they look forward to each day," Roper said. Regular TV rated higher than cable for local and national news coverage. Viewers, by large majority, also said cable offers more sex, violence and profanity than regular TV.

Special section on 1988 presidential campaign found that more than half thought TV treated candidates "about right." But, they said, net effect was "minimal" and had no influence on their interest. TV was found to be "fair and interesting" in its coverage. Slightly more found coverage of Democratic convention "interesting" than Republican convention.

Watching TV ranks 3rd among activities "people most anticipate doing during the day." Topping TV were socializing and hearing-reading news. Americans (78%) were found to "prize their freedom to choose" TV programs for themselves and few would delegate that responsibility to govt. or special interest groups. Even larger number (88%) feel parents -- not govt. -- should control what their children are exposed to on TV. "The message is clear," Roper said. "Americans will accept no censorship of television programming."

Study concluded that popularity of TV continues to grow because "a majority of the public continues to find it entertaining, interesting and informative" and favorable attitude is "much better" than 2 years ago. Among negative TV attributes (10-21% of viewers) identified: In bad taste, dull, simple minded, annoying, programs all same and "generally bad." Nearly half (49%) say TV is "generally good" while only 10% call it "generally bad"; ratio has improved from 47% and 14%, respectively, in 1987 poll. In finding that has remained steady for 25 years, 72% of viewers said commercials are fair price to pay for free TV, while 20% disagreed.

Release of new Roper study was last official act of TIO, which ceased to exist March 31. It had been supported by 3 TV networks and NAB, along with individual station subscribers, since 1957. Early Roper studies dealt with single issue -- rigged quiz shows in 1959, then-FCC Chmn. Minow's "vast wasteland" speech in 1961 -- but most recent ones have covered variety of issues. Biennial Roper study of TV will be continued under auspices of NAB. Past studies always have been released during NAB convention but TIO board (which also went out of existence March 31) wanted 1989 study released while it still had its own identity. New study was compiled from 2,000 interviews conducted Nov. 12-19.

Basic cable rates in R.I. have risen twice as fast as inflation in last 3 years, survey by Providence Journal reported March 26. Average cable subscriber in state now pays \$18.74 for basic, up 22% from 1985. Consumer Price Index in same span rose 11%, paper said. Journal also said subscribers in state get more for money than those elsewhere; for example, R.I. systems carry average of 47 channels, compared with national average of 35. Journal cable MSO has 16,500 subscribers in Pawtucket and Westerly and 276,000 nationally.

Century Communications is buying stake in Citizens Utilities of Stamford, Conn., from Citizens Chmn. Richard Rosenthal and others. Century, major cable operator, is paying \$48 million for 900,000 shares of common; companies wouldn't disclose how large a stake that constitutes. Century said Rosenthal stake is largest single block and Century will seek representation on board. Rosenthal said he was selling for personal and family reasons. Century Chmn. Leonard Tow said he had long-standing interest in telephone business.

FCC MOVES ON ABUSES: Going about as far as it thought it could without encroaching on congressional authority, FCC took several steps March 30 to curb abuses of renewal process to put stop to "sham" applications seeking payoffs and to illegitimate petitions to deny. Actions had been expected (TVD March 27 p1). Agency also toughened its Form 301 (used in applying for new stations) and sought additional comments in effort to clarify criteria used in comparative hearings.

On renewals, Commission: (1) Banned all settlement agreements with competing applicants until initial decision has been issued, and limited any licensee payment to withdrawing applicants to "legitimate and prudent expenses." (2) Limited payments for withdrawal of petitions to deny to actual expenses. (3) Required prior FCC approval of all agreements with citizen groups. (4) Repealed Cameron doctrine, which allowed competing applicants to renewals to assume they could acquire incumbent's transmitter site, permitting them to avoid completing engineering portion of applications.

By prohibiting settlements before initial decision, FCC said it would assure competitors represent "bona fide" applicants rather than those using the process to... extract a settlement" for profit. Agency stressed that many petitions to deny generally serve public interest, but said some settlements "can merely be disguised methods of paying off nonlegitimate petitions, particularly where they receive money." Therefore, Commission said, it will consider all such settlements on case-by-case basis. It said it will consider any payment to drop petition to deny, "either directly or indirectly, contrary to the public interest and [it] will not be approved."

Agency said it no longer will enforce program-related representations in citizens' agreements because it no longer requires detailed program proposals in renewals or applies "a promise-vs.-performance standard." There also is potential for abuse caused by "unclear standards" currently used for determining renewal expectancy, agency said. Therefore, it asked for comments in attempt to clarify and reform those standards: "Specifically, the Commission is seeking comment on a proposal to maintain the current 'meritorious' programming standard [and] to adopt a new order of proof for establishing meritorious service."

Comr. Dennis, while saying action goes "a long way" toward improving process, nevertheless dissented to parts of order that require initial decision before settlement can be made with competing applicant and other "policies so harsh as to discourage the filing of legitimate petitions to deny." She said banning early settlements will "provide little or no additional deterrence [to abuse]... Rather than encouraging these legitimate settlements, we may be causing parties who want to settle to endure a long, pointless hearing... It may be time for Congress to... adopt a 2-step renewal process, under which we would first examine the incumbent's performance and then consider challenges only if the incumbent's performance is unsatisfactory" -- procedure advocated by NAB.

Chmn. Patrick said "we have for far too long tolerated abuse of our processes." He called it "important and significant" that FCC is taking first step to curb abuses: "Our actions today will greatly discourage, if not eliminate, the filing of comparative applications and petitions to deny with the intent to extort cash settlements." Comr. Quello said action is "long overdue" and one of "4 or 5 significant" FCC steps in last 2 years.

Mass Media Bureau Chief Alex Felker said new procedures will take effect 60 days after publication in Federal Register or when Office of Management & Budget approves -- whichever is later. When they become effective, he said, amendments will be required in pending applications to meet new requirements. In answering question, he referred to "quick-buck artists who simply take the money and run," and said FCC is seeking to require that settlements be based on public interest "and not simply on dollar terms."

NAB Pres. Edward Fritts said "FCC actions are a significant step forward in curbing renewal abuses" and will "discourage frivolous applications and those filed for the sole purpose of seeking financial gain." However, he said NAB would have preferred "a complete ban on payoffs... We hope that the Congress can truly reform the renewal process by banning payoffs altogether and eliminating comparative renewals, which the FCC is not empowered to do." Media Access Project Dir. Andrew Schwartzman said "this is deregulation for the most part" and that his group could live with case-by-case consideration of petitions to deny.

In changing Form 301 requirements, FCC said it needed additional information on finances, ownership and integration from competing applicants. Such material will "fill gaps in its reporting requirements that could contribute to abuse" of application process, agency said. Additional information also will "deter persons from filing applications through sham entities," Commission said. Form 301 changes were made primarily at request of FCBA.

Time Inc. has been asked by Rep. Bryant (D-Tex.) to respond in "head-on and in a non-evasive manner" to INTV's concerns on cable ownership issues raised in proposed merger with Warner Communications Inc. (WCI). In letter March 27 to Time Vp-Govt. Affairs Brian Conboy, Bryant said he "completely" disagreed with what he characterized as Conboy's assessment that INTV's concerns had little to do with merger. INTV wrote companies in March, expressing worries about treatment independents could expect from new company (TVD March 20 p2). Bryant said he hasn't taken position yet on Time-Warner, but was dissatisfied with Time's response. He said he believes proposed merger does raise issues of ownership concentration and horizontal and vertical integration. Lawmaker sits on House Commerce and Judiciary Committees.

Cal. Bcstrs. Assn. (CBA) is inviting broadcasters from 10 other western states to its July 16-18 convention, Fess Parker's Red Lion Inn, Santa Barbara. Also invited are Cal. Cable TV Assn., U.S. Telephone Assn. and National League of Cities. CBA Exec. Dir. Vic Biondi said this is first time so many state associations have been invited to regional meeting. Prime reason, he said, is that radio licenses in 11 western states are up for renewal in 1990. Washington attorney and former NAB Gen. Counsel Erwin Krasnow will conduct seminar on how to develop "bullet-proof defense" against competitors for renewal. Among other sessions: "Changing Television Marketplace," featuring INTV Pres. Preston Padden; "Changing Best. Marketplace," with participant from cable industry; syndicated exclusivity; employe firings and discrimination suits.

Atlantic Bcstg. has been formed by Better Communications of St. Louis and senior executives of Communications Equity Assoc. to acquire TV-radio stations. Its first purchase was independent KDNL-TV (Ch. 30) St. Louis from Cox Enterprises. Better Communications is headed by Barry Baker.

SYNDEX, CABLE-TELCO UP FOR NCTA: NCTA board will tackle 2 issues that have split industry at special April 6 meeting in Washington: Syndicated exclusivity (syndex) and cable-telco. On syndex, board will decide whether to appeal FCC reimplementation of what cable calls blackout rules. On cable-telco, we're told that NCTA will discuss possibly softening stance against freeing RHCs to own cable systems outside their local exchange areas. Before NCTA opts to change position, board members said, there would have to be better safeguards against cross-subsidies than now exist at FCC.

Syndex item is timely because Commission released text of revised ruling 2 weeks ago (TVD March 27 p6) and publication in Federal Register is expected this week. That will trigger 60-day period during which appeals may be filed with U.S. Appeals Court, D.C. NCTA's timing problem arises because next regularly scheduled board meeting isn't until May 25. Board insiders told us it's too close to say whether NCTA will appeal because there's deep split between members willing to accept new scheme as part of political strategy and those who see syndex posing operational nightmare.

Shortly after FCC first voted to reimpose syndex last spring, Pres. James Mooney issued statement saying NCTA "obviously" will take issue to court. However, in news conference after Commission extended effective date (TVD Feb 27 p1), NCTA Exec. Vp Decker Anstrom declined to commit to appeal.

On cable-telco, fact that NCTA was even discussing changing position surprised observers we talked with. RHCs are prohibited from providing any information service, including cable, by Modified Final Judgment (MFJ). Other telcos, such as GTE and Centel, which is selling its 578,000 subscribers, are allowed to operate cable systems outside their local exchange areas. All telcos are prohibited from being cable operators inside their service areas. However, they may build systems and lease them back to cable operators.

Some NCTA board members told us they strongly oppose allowing any telcos to provide cable inside their service areas. However, several noted there's apparent discrimination between way RHCs are treated, compared with telcos outside of service area. Arguments we heard from cable insiders in favor of freeing RHCs: (1) If RHCs are allowed to begin buying cable, and they acquire enough systems, they will become part of cable fraternity and lose desire to buy systems inside their service areas. (2) It's going to happen eventually, with or without cable, so cable might as well be friendly early. (3) RHC involvement will bring more deep-pocket investors to cable, driving up system prices.

Opponents argue that cable is in extended war with telcos over USTA push for right to provide cable inside service areas, and that industry should give no ground without fight. NCTA has levied 15% surcharge on members to pay for anti-telco battle.

Nearly 85% of N.Y. state judges were favorable or neutral on presence of cameras in courtrooms, according to survey released by Administrative Judge Matthew Crosson. State has been conducting 18-month test. In survey, only 3.6% of judges said they felt presence of cameras made jurors nervous. During experiment, news entities made 805 requests to televise or take still pictures of trials, and judges granted 91% of them, Crosson said.

SCRAMBLING INQUIRY SET: FCC opened inquiry into satellite TV scrambling March 30, aimed primarily at question whether govt. should mandate universal encryption standard. Inquiry is required by Satellite Home Viewer Act of 1988. FCC staffer Jonathan Levy said there has been no substantial change in satellite TV piracy situation since FCC concluded in Feb. 1988 that there was no need for standard: "The piracy situation was very severe before and it's very severe today."

Inquiry is one of 3 FCC plans on scrambling. Commission, which approved encryption standard notice of inquiry at agenda meeting, is expected to issue similar notices within next month on feasibility of imposing syndicated exclusivity rules on program delivery to satellite dish owners and on whether there's discrimination against superstation and network programming distributors by satellite carriers. Comments on encryption standards are due 45 days after notice is released, replies 30 days later.

FCC is focusing on 6 areas: (1) Consumer costs and benefits of universal encryption standard, including investment in existing descramblers. (2) Incorporation of technology advances, including advanced TV systems. (3) Effect of universal standard on piracy. (4) Costs and benefits for cable TV and satellite master antenna systems. (5) Effect of standard on competition among equipment manufacturers. (6) Impact of time delay in establishing FCC standards. Commission said commenters also may want to analyse relationship between standards issue and syndicated exclusivity.

Commission is retaining "open mind" on universal standard, Chmn. Patrick said, despite earlier decision that General Instrument VideoCipher had become de facto standard, eliminating need for FCC mandate. Comr. Quello agreed Commission could "learn a little bit more" from inquiry. Levy, in presentation to Commission, indicated there had been some work on solving piracy problem, including "a few" prosecutions and "dozens" of cases in pipeline. He also cited GI efforts to upgrade VideoCipher security, but said it was unlikely there would be "100% effective solution."

Century Computing will develop system to generate specialized still pictures and test patterns for Advanced TV Test Center (ATTC) under new contract. Pictures produced by ATTC Objective Test System (AOTS) will be used to evaluate proposed HDTV systems to be tested by Center. Pictures will have 16 million pixels, 30 times typical resolution of today's TV pictures, can be regenerated by AOTS in precise format required by specific HDTV system. Heart of AOTS is programmable Pixar II Image Computer, featuring processor for correcting and manipulating image data.

Citizens advocacy group Center for Science in the Public Interest petitioned FCC last week to eliminate Sec. 317 waivers of 1984 Communications Act that require broadcasters to disclose paid placements of brand name products in films they air. FCC currently waives disclosure requirement for movies produced first for theater distribution. Group targeted paid alcohol and cigarette placements. It said it wants "conspicuous disclosure every time a paid product placement is depicted."

Va. Gov. Gerald Baliles has signed into law measure that requires local jurisdictions to grant 2nd cable franchises with terms no less burdensome than franchise held by incumbent.

WARNER LOSES OVERBUILD CASE: Cities have won major ruling in Fla. federal court that supports their right to compete with franchised cable systems via municipal overbuilds. Decision March 10 is first at federal level on whether city has right to compete directly with cable operator, according to lawyers involved in case. Suit was filed by Warner against Niceville, Fla., after residents in 1985 voted 10-1 in favor of overbuild, and city received permission to issue \$2 million in revenue bonds. Warner contended that would violate cable operator's 14th Amendment rights because city would be both competitor and regulator.

U.S. Dist. Court, Pensacola, Judge Roger Vinson ruled that Warner had suffered no "actual or threatened" deprivation of property: "The fact that the defendant has become both its competitor and regulator does not, without more, implicate due process." Court had dismissed Warner's First Amendment claim in April 11, 1988, order.

Niceville opted for overbuild because of service outages, high rates and poor telephone customer service, we're told. It plans service comparable with Warner's, as well as 2-way capability that would provide burglar and fire detection, all at rates lower than those charged by Warner, lawyer said. City's sister, Valparaiso, also had municipally owned cable system that was providing service comparable with Warner's but at lower price, city lawyer said. Niceville was aided in case by Pensacola City Attorney Donald Caton. Caton said "anything's possible" when asked if Cox Cable, franchisee in Pensacola, may face municipal overbuild.

Warner has nonexclusive franchise that runs through 1995. Vinson ruled that franchise hadn't been revoked and Warner's authority to provide cable hadn't been threatened. Company faced risk of competition at time it entered franchise agreement and, while franchise is constitutionally protected property, it doesn't provide contractual or property right to be free from competition, judge said. He said 14th Amendment doesn't protect against loss of business due to competition. Judge said Warner must pay city's legal costs.

Warner Cable spokesman said appeal is likely. It would go to 11th U.S. Appeals Court, Atlanta. At time of overbuild vote, system had 18 channels for \$11.20 per month; now it offers 34-channel basic for \$15.20.

Adelphia Communications is paying \$309.6 million to acquire stock of Centel Cable unit that operates systems serving 125,000 subscribers in southeast Fla. Deal is valued at \$2,475 per subscriber -- slightly above \$2,422 average for overall Centel deal. Adelphia estimated price it was paying was 12.5 times cash flow for year ended Dec. 31, 1990. It plans to finance acquisition through use of nonconsolidated entity and joint venture in which 3rd parties may invest. Centel also announced it had sold 60,000-subscriber operation in Ky. to Simmons Communications. Systems were expected to cost about \$1,900 per subscriber, for \$114 million total, we're told. Simmons didn't release terms. Latest deals constitute final pieces of Centel sale of systems with 578,000 subscribers. Earlier, Centel announced it had reached definitive agreements to sell portions to ATC, C-TEC, Jones, Warner (TVD March 27 p5).

National Economic Research Assoc. (NERA) has merged telecommunications practice with Shooshan & Jackson. Harry Shooshan, Charles Jackson and Jeffrey Rohlfs become vps of NERA and Susan Leisner special consultant.

Fox Bcstg. will lease 2 fulltime satellite transponders from AT&T's Telstar system, clearing way for Fox TV Network to expand program schedule quickly, potentially making possible "fulltime existence," officials said. Fox plans to offer "Movie Nights" one Mon. per month beginning in May, add weekly Mon. night programming Sept. 11, Senior Vp Brad Turrell said, and further expansion could occur as market demand justifies. Network also is planning to expand into Tues. evening slot in Oct., he said. "Investing in a fulltime, long-term agreement for the use of a satellite was a required next step as we expand our programming delivery," Fox Bcstg. Pres. Jamie Kellner said. "We can now provide the highest quality service to our affiliates without the confusion that existed before, when we bought satellite time by the hour." Leases are for life of transponders on AT&T Telstar 303. Programs will be relayed on transponders 9H and 12V. No decision has been made on what to do with large amount of transponder time Fox doesn't use, official said.

Two prominent radio broadcasters soon will become NAB executives, with appointments expected this week. Lynn Christian, among founding members of NAFMB and NRBA (now folded into NAB), will become senior vp-radio. Set to become vp-govt. relations is ex-NAB radio board member John David. Christian will replace David Parnigoni, who unexpectedly resigned last week, effective May 5 (immediately after NAB convention). Parnigoni said: "I really want to get back into station operation and ownership." Christian is former exec. vp of Century Bestg. of Chicago, now is with Century National Entertainment, L.A. David will be in charge of NAB political action fund TARPAC, state association activities, Legislative Liaison Committee. He served 4 years on radio board, with 2nd term expiring in June 1988. He has worked with several Okla., Kan. and Mo. radio stations, last fall sold KFSB(AM) Joplin, Mo., which he had acquired in 1971, and is past pres. of Mo. Bestrs. Assn.

NABET and Cap/ABC were said to be in "90-95% agreement" at start of final negotiating session (after our deadline) in San Diego March 31 -- day current contract expired. Negotiators will take recess of undetermined length before talks resume in Washington. Union, which hasn't asked members for strike authorization vote against ABC, complained at March 30 meeting that network hadn't given its proposal enough consideration. For its part, ABC made several concessions, offering: (1) Guarantee against layoffs of NABET engineers for 18 months. (2) Bigger financial package, including lump-sum payments and guaranteed salary increases each of next 4 years. ABC also said there has been "movement on both sides" on daily hires -- sought by network, opposed by union -- and on operation of ENG equipment. In gesture of labor solidarity, NABET has made \$10,000 contribution to unions on strike against Eastern Airlines.

TCI reported \$93 million pretax earnings in 1988 (about 47¢ per fully diluted share) on \$2.3 billion revenues, Pres. John Malone told financial analysts in N.Y. last week. Results compare with \$49 million pretax earnings in 1987 (25¢) on \$1.7 billion revenues. Malone said cash flow increased 36.7% to \$888 million from \$650 million year earlier. Earlier in March, Malone predicted TCI in 1989 would have \$1.4 billion cash flow. Company executive explained that would include 15-20% annual increase plus results from United Cable TV when it merges with United Artists Communications Inc. (UACI), now expected to close in May, plus any other mergers that may come along. Executive also said that at end of 1988, TCI had \$6.2 billion debt, which would climb to \$7.5 billion on UACI-UCT deal.

HDTV TESTING FOCUS OF REPORT: Upcoming report by FCC Advanced TV Advisory Committee will focus on testing of proposed HDTV systems, but apparently won't decide crucial issue of what program material will be used for test, we're told. First draft of Committee's latest report went into mail March 31, but Chmn. Richard Wiley gave brief advance look at what it's likely to include in speech to Annenberg Washington Program HDTV symposium.

Wiley said much of report will deal with procedures and timing of testing. Advanced TV Test Center has said it needs to know as soon as possible what type of program material to use to test systems so it can begin purchasing equipment. Advisory Committee is awaiting results of tests on materials that could be used to evaluate competing systems, so draft report isn't likely to make that crucial decision. Wiley indicated that report will recommend against testing simulations and that companies would have to "come... hardware-ready." In Annenberg speech, Wiley mentioned possibility of Test Center's charging system proponents fees to defray part of cost of testing, but committee members have indicated decision is likely to be left up to Test Center itself.

As in past, 20-page report is expected to include overview of technical and economic analyses by subcommittees and update on its work, we're told. It also is expected to include listing of further issues to be decided and rough timetable. Wiley said committee probably will seek 2-year extension of its charter, expects to complete testing in 1991, allowing FCC to decide on system and standards in 1992 if it wants to.



Citing plethora of competing media in N.Y.C. area, FCC has approved assignment of WNEW(AM) N.Y. from Metropolitan Bestg. to WNEW-AM Partnership -- composed of Metropolitan and Westwood One. Philip Galasso had opposed transfer, charging that it violated FCC ownership rules and that proposed format change wasn't in public interest. Metropolitan also owns WNEW(FM), and Westwood is acquiring WQHT(FM) Lake Success, N.Y. In approving transfer, FCC said 22 FM, 17 AM and 11 TV stations are licensed to N.Y. area, along with 7 cable systems. "Therefore, the large number of media outlets strongly militates against any adverse impact on the radio advertising market" and doesn't violate ownership rules, agency said. As for format change, agency said that's outside its purview and for it to consider that factor would "deter innovation in radio programming."

Ex-ABC Pres. Fred Pierce and his former programming chief Fred Silverman have teamed to form Pierce/Silverman, TV program production joint venture. Mack Anderson, ex-KABC-TV L.A., is senior vp and will handle day-to-day operations. Pierce and Silverman will continue operating their separate production companies -- Frederick Pierce Co. and Fred Silverman Co. Silverman also had been program chief at CBS and pres. of NBC.

Groups opposing elimination of fairness doctrine by FCC filed joint request in U.S. Appeals Court, D.C., March 27 seeking en banc rehearing in Syracuse Peace Council case. Henry Geller and Donna Lampert, Media Access Project and Citizens Communications Center of Georgetown U. said Feb. 10 3-judge panel erred in ruling FCC had acted properly in striking down fairness doctrine (TVD Feb 13 pl).

CNN is accessible to 50 million U.S. TV households, TBS reported, citing Nielsen figures. CNN began in June 1980 with 1.7 million subscribers.

Jack Cooke said he ended talks on sale of Cooke CableVision to consortium of cable operators, offered no reason. He had signed letter of intent to sell cable systems serving 700,000 subscribers in 19 states for about \$1.5 billion to consortium including Chambers, Falcon, InterMedia, Rock Assoc., TCA Cable, TCI and some combination of members of Rigas family, which controls Adelphia with Hawk Cable. When he first offered systems for sale, Cooke was said to be seeking \$2,700-\$2,800 per subscriber. At \$1.5 billion, he would have received figure closer to \$2,100. However, he still stood to make profit of several hundred million over what he paid. InterMedia had been negotiating deal on behalf of consortium. Its spokesman, Alan Mutter, said there "obviously" are unresolved issues and InterMedia remained hopeful they could be settled.

House Telecom Subcommittee tentatively has set April 6 for children's TV hearing, 9:30, room to be announced, Rayburn Bldg. Hearing is expected to focus on kidvid legislation due to be reoffered this week by Subcommittee Chmn. Markey (D-Mass.)(TVD March 27 p4). Witnesses weren't announced. Senate Communications Subcommittee also tentatively has scheduled kidvid hearing for April 12, focusing on potential educational value of TV for youngsters, and not specifically on legislation, aide said. Witnesses weren't announced, are expected to include public interest advocates and academics. Meanwhile, House Subcommittee set April 5 for markup of fairness doctrine legislation (HR-315), 9:30 a.m., room to be announced, Rayburn Bldg.

HDTV 1,125/60 Group will conduct major demonstration of HDTV production equipment at NAB convention in Las Vegas April 29-May 2. Group will set up HDTV Production Expo '89 at Tropicana Pavilion, with 30 manufacturers showing equipment that meets SMPTE 240M standard. Participants include Canon, Chyron, Dynair, Fujinon, Grass Valley, Hitachi, Ikegami, Magni Systems, Merlin, Mitsubishi, NEC, Nikon, Panasonic, Panavision, Quantel, Rank, Rebo, Sanyo, Sharp, Shima Seiki, Snell & Wilcox, Sony, Tektronix, Toshiba, Ultimatte, Utah Scientific, U.S. JVC, VTE Digital Video.

Comcast reported net loss of \$47.6 million (-71¢ per share) on \$449.9 million revenue in 1988, compared with \$9.4 million net loss (-15¢) on \$309.2 million revenue year earlier. Cash flow for 1988 rose 57% to \$176.8 million from \$112.3 million. Comcast said it has \$197 million in cash and short-term investments. At end of 1988, it had 2.2 million subscribers in affiliated operations, plus its 50% share of those from Storer Cable, which is in partnership with TCI and Knight-Ridder. Comcast stake in that partnership is 767,000 subscribers.

FCC last week established new class of FM service (C3), designed to permit many Class A FMs to extend coverage. New C3 FM stations will be permitted to operate with maximum of 25 kw and 328 ft. antenna, with protected coverage radius of 24 miles. FCC also increased minimum facility (power and antenna height) requirements for C2 FMs, phased over 2 years. Agency released list of about 150 Class A stations it said it would upgrade on its own motion.

NAB TV board has been expanded with appointment of 3 new dirs. to represent TV affiliates' associations (which made appointments): John Behnke, KOMO-TV Seattle, for ABC; Joseph Carriere, KELO-TV Sioux Falls, for CBS; Cyril Vetter, WLVA Baton Rouge, for NBC.

Museum of Bcstg. Roundtable breakfast speakers scheduled at Warner hq, N.Y.: April 18, Roger Ailes, pres., Ailes Communications; May 15, Dennis Patrick, FCC chmn.

Personals

Robert Wright, NBC pres., speaks on startup cable network CNBC at April 12 lunch of Washington Metropolitan Cable Club, Washington Marriott Hotel; he also speaks on "Staying Alive Together" at April 18 ATAS lunch, Century Plaza Hotel, L.A... Changes at NBC: **Thomas Rogers** advanced to pres., NBC Cable & Business Development; **J.B. Holston** named vp-gen. mgr., NBC International, new post; **Rosalyn Weinman** advanced to vp-program standards and community relations, NBC, new post... Promotions at Cap/ABC: **Stuart Bloomberg** and **Ted Harbert** to exec. vps-prime time for dramatic programs and current series/specials/variety, respectively; **Harry Factor** to vp-promotional sales.

FCC calendar -- April 5: Gen. Counsel **Diane Killory** participates on FCBA panel on recent trends in judicial review of Commission decisions, 5-7 p.m., Washington Marriott; April 6: Chmn. **Patrick** testifies before Senate Commerce Appropriations Subcommittee, 10 a.m., Rm. S-146, Capitol Bldg. **Comr. Quello** is lunch speaker at Kan. City seminar on FCC mass media licensing/policy issues, Westin Crown Center; several FCC staffers also will participate... **Pradman Kaul** promoted to pres., Hughes Network Systems.

Garth Ancier, ex-Fox Entertainment pres., joins Walt Disney April 10 as pres.-network TV production, new post... Changes at MPAA: **Fritz Attaway**, vp-gen. counsel, to add duties of **Kathy Zebrowski**, vp-congressional affairs and special counsel, who's expected to resign in May; **Frances Seghers**, ex-Business Week magazine and onetime Warren Publishing, to join in newly created lobbyist position.

Barbara Brogliatti, ex-Norman Lear and Lorimar Telepictures, forms PR/mktg. firm Brogliatti Co... **Jerry Blair** promoted to senior vp-legal and business affairs, MCA Development... **Gary Marsh** advanced to vp-original programming, Disney Channel, succeeding **Paulo de Oliveira**, who forms own production firm... **Fred Hirshfarb**, ex-NBC and RCA, named full-time consultant, Panasonic Best. Systems... **Ronni Brand**, ex-Noble Bestg. and Malrite, joins RAB as western regional dir... **Sarah Crisp** promoted to publicity coordinator, NCTA.

Ted Capener, vp-university relations, U. of Utah, is PBS chmn.-designate, will succeed **Alfred Stern** at PBS annual meeting April 12, San Diego... **Lucy Bates** promoted to senior dir.-consumer research and planning, ATC... **Jeff Burnton** advanced to regional sales mgr. (L.A.), Blair TV, new post... **Peter Merchant**, deputy dir.-engineering, U.K.'s Independent TV Network, rejoins BBC as TV chief engineer... **Richard Woollam**, ex-chief exec., U.K.'s Telecommunications Industry Assn., joins its Cable TV Assn. as dir., succeeding **Nicholas Mellersh**, who becomes dir.-development, U.K.'s Cable Corp.

Spencer Koch, ex-WJW-TV Cleveland, joins WJBK-TV Detroit as station mgr.-sales vp... **Robert Salat**, ex-WCJB Gainesville, named vp-gen. mgr., WCTI New Bern, N.C... **Jean Fuller**, ex-TV Guide, joins WPCQ-TV Charlotte as cable relations mgr... **Bruce Allen**, ex-Reiss Media, appointed pres., Atlantic Satellite Communications... Changes at TBS: **Jeff Cohen** advanced to senior creative dir.-ads and promotion, **Jeff Grimshaw** promoted to vp-on-air promotion, **Judy Chastain** expands duties as vp-media services.

Louis Whitsett, chief-legal branch, FCC Mass Media Bureau's Policy & Rules Div., joins Senate Science

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Subcommittee May 1 as minority counsel... Changes at Lifetime cable network: **Patrick Guy**, ex-CBS News, joins as vp-business and legal affairs; **Sydney McQuoid** advanced to vp-affiliate relations-central region... **Jim Thomson**, vp-southern div. mgr., Worldvision Enterprises, retires May 1, remains consultant; **Karl Middelburg** will succeed him as southern div. mgr... **Kipp Rogers**, ex-Paul, Weiss, Rifkind, Wharton & Garrison law firm, joins HBO as dir.-business affairs-west coast... **Ian Clubb** joins British Satellite Bestg. as group finance dir... **Mark Altschuler**, ex-vp-dir.-program sales, World Event Productions, appointed dir.-southeast sales, D.L. Taffner... **Andrew Kaplan** advanced to senior vp, Columbia Pictures TV office of chmn.

John Curley advanced April 1 to Gannett chmn., succeeding **Allen Neuharth**, retiring... **Andrew Kaplan** promoted to senior vp, Columbia Pictures TV... **Nancy Mason**, ex-chief of staff to Rep. Packard (R-Cal.), joins NTIA as dir.-congressional affairs... Advancements at MTV Networks: **Abby Terkuhle** to vp-creative, MTV service; **Linda Corradina** to vp-news and specials, MTV; **John Mulvey** to vp-human resources.

NAB's COLTAM is seeking research proposals from outside companies in effort to design and test new personal TV viewing diary. Industry has invested \$400,000 in project, headed by NAB TV Dir. **Gary Chapman** of LIN Bestg. Deadline for proposals is April 17. Details: 202-429-5382.

WRH

Consumer Electronics

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of March and year to date:

	MARCH 11-17	1988 WEEK	% CHANGE	MARCH 4-10	11 WEEKS 1989	11 WEEKS 1988	% CHANGE
TOTAL COLOR.....	362,274*	356,059	+ 1.7	323,691*	4,133,130	3,588,426	+15.2
DIRECT-VIEW...	359,521*	351,037	+ 2.4	320,355*	4,090,387	3,537,168	+15.6
PROJECTION....	2,753	5,022*	-45.2	3,336	42,743	51,258	-16.6
TOTAL VCR.....	206,560*	182,701	+13.1	134,231	1,821,163	2,157,067	-15.6
DECKS.....	181,923	166,701	+ 9.1	118,814	1,546,273	1,937,008	-20.2
CAMCORDERS....	24,637*	16,000	+54.0	15,417*	274,890	220,059	+24.9

Color TV 5-week moving average: 1989--389,046*; 1988--350,339 (up 11.0%).

VCR deck 5-week moving average: 1989--159,688; 1988--184,191 (down 13.3%).

Camcorder 5-week moving average: 1989--28,438*; 1988--21,190 (up 34.2%).

* Record for period.

THOMSON PLANS BIG-TUBE PRODUCTION FOR 1990: Thomson Consumer Electronics will begin producing 31" and 35" color TV picture tubes under RCA brand at its tube plant in Marion, Ind., in 1990, following \$75-million expansion of facility, company said last week. Expansion, which we forecast in Jan. (TVD Jan 16 p12), represents Thomson's largest single investment in U.S. production facility to date, spokesman said.

Growing worldwide demand for large-screen TVs -- which is creating shortage of tubes -- is catalyst for expansion of plant, Thomson said. Currently, Mitsubishi Electric plant in Kyoto is world's only producer of 35" tubes. Mitsubishi still is looking for site for new, big-screen tube plant, and U.S. location is "very strong possibility," Audio/Video Group Exec. Vp Terry O'Flynn told us last week.

Marion tube plant will begin making 31" picture tubes in mid-1990, will add 35" tubes late in year, Thomson said. Facility, which now produces 19", 20" and 25" sizes, is large enough for installation of production equipment for bigger tubes, company said. It also has tube plant in Scranton, Pa.

Thomson didn't disclose specific production plans for 31" or 35" tubes. It expects to increase number of employees at plant from current 1,900 when work starts on larger tubes. Thomson N. America Tube Div. Vp John Neville said consumer demand for receivers in sizes larger than 30" is expected to "increase significantly in the coming years." He predicted sales of larger direct-view color sets will rise to one million in 1992, from 200,000 this year. Expansion of tube plant is Thomson's "first sizeable investment" in U.S. plant, although French company has continually upgraded RCA color TV plant in Bloomington, Ind., spokesman said.

Thomson also confirmed that it will debut VHP (very high performance) 27" RCA picture tube by midyear. New type of tube, to be made at Scranton plant, has greater brightness and resolution, company said. It will replace standard 27" tube used in current sets.

Worldwide tube shortage has forced manufacturers into scramble for new plants or expansion of existing facilities. In addition to Mitsubishi plans for new plant, Sony is looking into adding 32" Trinitron tube production in San Diego, Toshiba is considering expansion of its Horseheads, N.Y., factory, and Matsushita will open large-tube plant in Troy, O., later this year. Mitsubishi's O'Flynn said new RCA plant will help boost worldwide supply of 31" tubes.

NEW DISPLAYS STAR AT JAPAN TECH SHOW: Bright new ways to make pictures without traditional cathode ray tubes -- at least one of them very close to commercial production -- were real eyecatchers at

big Matsushita Electric Exhibit of Technology in Tokyo last week, celebrating 70th anniversary of worldwide electronics giant.

"Beam Matrix" flat color display combining principles of LCD and CR tube -- shown in early prototype in 1985 -- has been perfected and was demonstrated in what appeared to be completely tooled TV sets in glossy black cabinets, 30 of which were mounted on wall display. Attractive sets, almost square, measuring 8.9x9.2" but only 2.5" deep, showed extremely bright and detailed 6" picture, with colors of best picture-tube quality. Very commercially acceptable picture had 448x228 (102,144) pixel resolution.

Display is in evacuated glass envelope that's completely rectangular, with no neck or stem. It's basically a sandwich, with one cathode for each horizontal row of phosphor stripes. Electron beams from filament cathodes go through series of electrodes or grids for control, modulation and horizontal and vertical deflection to relatively conventional phosphor faceplate. Matsushita says drive matrix system is similar to that of LCD, while phosphor screen principle is same as that of conventional CRT. It said advantages were wide range of color reproducibility, same as that achieved in CRT, extremely high brightness, wide viewing angle, uniform focus over entire screen surface.

Although first actual product is almost certain to be 6" set, Matsushita says one of advantages of system is that it's applicable to larger sizes. Indeed, 16" version with very high resolution also was displayed, but that clearly was lab model, with horizontal line structure visible on screen. However, color and brightness were extremely good, and at 2.75" it was very little thicker than 6" version. Matsushita officials declined to state when system would be commercialized, but apparently advanced tooling on 6" model indicated set might be offered within year, and one official indicated system was in production engineering stage. Principle involved in display appears to be similar to that used by Sarnoff Lab several years ago in work on modular flat color tube that never resulted in product.

Also shown by Matsushita and apparently reasonably close to commercial product was "flat" beam-index tube, also 6". Tube uses same principle as 4" Sony clock TV, now on market, but neck of tube is almost parallel to faceplate (Sanyo showed beam-index tube of similar design at last winter's Consumer Electronics Show). Picture, with 200 lines resolution, isn't as good as that of Beam Matrix display in detail, brightness or color, but Matsushita officials said it would be cheaper to produce since its design is much closer to that of conventional CRT. Prototype demonstrated was built into back of airline seat (same display was at Panasonic exhibit at CES in Las Vegas), where it might have some applicability -- although 6" Beam Matrix display would seem to be better for that purpose.

Extremely impressive 6" LCD -- possibly best such display we've seen -- used thin film transistor (TFT) array whose driver IC chips were mounted directly on glass substrate. Described as high-resolution display with 476x630 (299,880) pixels, it used progressive scan, and was claimed to have 1.3 times improvement in operating speed over conventional LCDs. Little information was available on commercial plans, but engineer said concept might be ready in 1-2 years.

Same system, but with 2.8" LCDs, was at heart of high-resolution 40" tubeless rear projector that used 250-w high-intensity short-arc metal halide lamp as light source. Picture had none of grainy mosaic characteristic of previously demonstrated LCD projectors (Kodak, Seiko, Sharp). Model demonstrated used IDTV progressive scan, with 312,000 pixel resolution (650x480). Also demonstrated were ultra-high-resolution LCD computer displays, including 20" color version with 873,600 pixels and 4-million-pixel LCD color projector.

1988 VCR AND CAMCORDER MARKET SHARE SURVEY: Some significant shifts among 2nd-tier brands were indicated in our annual VCR deck market-share survey, along with major changes in market shares among camcorder brands. RCA held onto top spot in both fields, increasing its margin in decks, but was being seriously threatened by Panasonic in camcorders. In decks, Emerson, in 11th place as recently as 1986, was biggest gainer, jumping into 3rd place behind Panasonic.

Our annual VCR market share survey is indicative of broad trends. It's not engraved in stone, and we offer space to any brand that feels slighted. It's derived by asking VCR marketers to estimate their competitors' shares (not their own). Results are medians of responses to our questionnaire, with averages used to break ties in rankings. Survey covers sales to dealers by brand -- not manufacturer -- for calendar 1988.

In VCRs and VCPs, both of top 2 brands lost some share, but distance between No. 1 RCA and No. 2 Panasonic widened from 1987's single point to almost 2. New No. 3 Emerson jumped 2.7 points to displace

Sharp in that spot by tiny margin. (Emerson's Sales & Mktg. Vp Ed Ryan, incidentally, says his company's share actually was 10.6% on basis of its imports of well over million VCRs in 1988.)

Only other major share increase of more than point was by Magnavox, climbing 1.25 points and rising from 8th to 5th place. Panasonic lost 1.55 point, while Fisher and Hitachi both were down one point, dropping former from 4th to 11th place. Taking co-owned brands, Thomson's RCA and GE totaled 15.5% of market, Matsushita's Panasonic and Quasar 10.45%, Philips' Magnavox, Sylvania and Philco 7.25%, Sanyo Fisher 6.2%.

In table below, each 1988 sale represents about 107,500 decks. Since these are only estimates based on competitors' opinions -- and range of estimates varies so widely -- changes of less than percentage point in share aren't necessarily significant. We didn't rank the 16 brands that came in below 0.4%.

TELEVISION DIGEST VCR MARKET-SHARE SURVEY

Home VCR and VCP Decks

1988 Rank	Brand	1988 % Share	1988 Range	1987 Rank	1987 Share	1986 Share	1985*	1984*	1983 Share	1982 Share
1	RCA.....	10.25	8.0-14.0	1	11.0	12.0	13.75	16.0	16.0	22.0
2	Panasonic.....	8.45	6.5-12.5	2	10.0	11.25	12.05	14.0	15.0	17.75
3	Emerson.....	7.7	3.0-9.2	5	5.0	4.0	2.0	0.9	--	--
4	Sharp.....	7.5	5.0-8.0	3	6.0	4.8	4.0	3.5	3.0	1.5
5	Magnavox.....	5.5	4.0-6.5	8	4.25	4.0	4.0	4.0	4.65	4.0
6	GE.....	5.25	3.5-8.0	6	5.0	5.0	5.0	5.0	5.5	5.0
7	Sears.....	4.8	2.0-7.0	7	4.5	5.0	5.0	4.575	4.65	3.5
8	Zenith.....	4.45	2.0-5.5	10	4.0	4.0	3.45	3.0	2.6	4.1
9	Mitsubishi.....	4.15	3.0-5.5	9	4.25	4.0	3.25	2.0	2.0	1.0
10	Toshiba.....	4.0	1.0-5.0	11	3.5	3.5	3.05	1.5	1.2	1.0
11	Fisher.....	4.0	1.0-6.0	4	5.0	6.75	7.65	6.0	5.0	2.0
12	Goldstar.....	3.5	2.0-5.0	14	2.9	1.5	0.85	--	--	--
13	JVC.....	2.7	1.3-6.0	18	2.5	3.5	3.6	5.0	5.0	4.1
14	Samsung.....	2.45	2.0-4.0	16	2.5	2.0	0.9	--	--	--
15	Sanyo.....	2.2	1.0-5.0	12	3.1	4.0	4.0	5.0	5.0	4.0
16	Quasar.....	2.0	1.5-6.0	17	2.5	3.0	4.05	5.0	4.6	3.5
17	Hitachi.....	2.0	1.5-5.0	13	3.0	3.0	3.5	3.8	4.0	3.4
18	Sony.....	2.0	0.2-3.0	19	2.5	3.1	4.75	6.5	7.0	13.0
19	NEC.....	2.0	1.0-3.0	15	2.75	2.0	1.0	1.0	--	--
20	Montgomery Ward	2.0	1.0-2.5	20	1.75	1.5	1.5	1.5	1.5	1.0
21	Symphonic.....	2.0	0.4-4.0	26	0.5	0.35	--	--	--	--
22	J.C. Penney....	1.3	0.5-2.2	22	1.0	1.5	1.75	1.3	1.5	1.1
23	Sylvania.....	1.35	0.5-4.0	21	1.2	1.5	1.5	2.0	2.0	2.0
24	Realistic.....	1.2	0.5-4.0	23	1.0	0.625	0.5	0.5	--	--
25	Curtis Mathes..	0.65	0.2-1.0	24	0.9	0.93	1.0	1.0	1.0	1.0
26	Shintom.....	0.55	0.1-2.0	--	--	--	--	--	--	--
27	Daewoo.....	0.5	0.1-1.0	28	0.4	--	--	--	--	--
28	Philco.....	0.4	0.1-1.5	27	0.5	0.5	0.5	0.8	0.9	0.7
Total, 28 brands....		94.75								
All others.....		5.25								

Cited, with median share less than 0.4%: Akai, Canon, Craig, Kenwood, Lloyd's, Minolta, Multitech, Pioneer, Portavideo, Sampo, H.H. Scott, Tatung, Teknika, TMK, Tote Vision, Yamaha.

* Not directly comparable with later years' data because these figures include camcorders.

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In camcorders, only half point now separates No. 1 RCA from No. 2 Panasonic, as former dropped almost 2 points and Panasonic gained 2.5. As booming market grows, some major upheavals presumably are occurring -- but we don't know whether they reflect that much actual volatility in camcorders, or industry's perception.

Among other major changes from 1987 to 1988 is Sony's 2-point leap to 12% share. Since Sony sells only 8mm camcorders, and other brands would add another few percentage points, this would give 8mm 15-17% of camcorder market, as opposed to most estimates that run around 11-12%. There was pretty general agreement among survey respondents that Sears has improved its position in camcorders, and our results show almost 2-point gain. Montgomery Ward shows rise of full point.

A couple of steep declines are unexplained. While Zenith Chmn. Jerry Pearlman conceded that company wasn't "well positioned" in camcorder market last year because of lack of popularly priced full-sized VHS (TVD Feb 27 p10), a 50% drop in share (3 points) would seem rather steep; JVC showed 1.7-point fall. Virtually all film camera makers lost ground in camcorder market, presumably as electronic brands made bigger effort because of increasing importance of market -- cumulatively, they seem to have dropped to under 7% from nearly 10% last year (TVD March 21/87 p8). Of course, as market grows, a brand can lose share and still increase its sales -- each point in 1988 represents 20,000 camcorders vs. 16,000 for a 1977 point. Here are camcorder share survey results:

<u>Camcorders</u>					
1988	1988	1988	1987	1987	1986
Rank	% Share	Range	Rank	Share	Share
1	RCA.....	16.0	11.0-20.0	1	17.74
2	Panasonic.....	15.5	11.0-20.0	2	13.0
3	Sony.....	12.0	8.0-18.7	3	10.0
4	Sears.....	7.0	1.0-13.5	7	5.25
5	Magnavox.....	6.5	3.0-7.8	6	6.25
6	GE.....	6.0	4.0-8.5	5	6.75
7	JVC.....	5.3	1.5-11.0	4	7.0
8	Hitachi.....	4.0	3.0-7.0	9	4.0
9	Sharp.....	3.0	2.2-9.0	11	2.5
10	Zenith.....	3.0	0.6-5.0	8	6.0
11	Quasar.....	2.1	1.3-3.0	10	3.0
12	Montgomery Ward	1.5	0.5-3.0	23	0.5
13	Toshiba.....	1.5	0.1-2.0	13	1.75
14	Canon.....	1.4	0.5-3.0	14	1.65
15	Minolta.....	1.3	0.5-2.8	12	2.0
16	Realistic.....	1.0	0.2-4.0	--	--
17	Sanyo.....	1.0	0.3-4.5	19	1.0
18	Fisher.....	1.0	0.2-3.0	--	--
19	J.C. Penney....	1.0	0.5-3.0	22	1.0
18	Sylvania.....	1.0	0.2-4.0	18	1.0
19	Olympus.....	1.0	0.5-2.0	16	1.25
20	NEC.....	1.0	0.2-2.0	15	1.5
21	Mitsubishi.....	0.9	0.1-2.0	21	1.0
24	Pentax.....	0.8	0.5-1.5	17	1.1
25	Philco.....	0.5	0.2-2.0	26	0.5
26	Kyocera(Yashica)	0.5	0.2-1.5	20	1.0
27	Curtis Mathes..	0.5	0.4-1.0	25	0.5
28	Chinon.....	0.5	0.1-1.5	--	--
29	Nikon.....	0.5	0.2-1.0	--	--
Total, 29 brands		97.3			
Others.....		2.7			

Also cited (less than 0.5%): Daewoo, Elmo, Teknika.

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UNIVERSAL VCRs, PCM AUDIO, 'F/C' FOR VHS: Next steps in VHS: combination player for full-size VHS and VHS-C, digital PCM (pulse code modulation) audio, and -- in further future -- recorder that freely converts TV standards, eliminating technological barriers to worldwide cassette exchange.

Next major project by VHS group, according to leader JVC, is 'F/C' VCR -- meaning full-size recorder that will accept VHS-C cassette without adaptor. Virtually all major manufacturers in VHS group are

working on this, and it's reasonably certain mechanism will be designed by year-end. It's believed most manufacturers employ approach using internal adaptor that's pushed out of way when full-size cassette is inserted.

Second priority is PCM digital audio track. "We will not be satisfied with audio which is no better than the current AFM stereo track on VHS Hi-Fi," JVC spokesman told us, in apparent reference to digital audio system used in 8mm, which some have criticized as lacking in quality. JVC, as proprietor of VHS system, can develop and impose standard unilaterally, but official said company will listen to ideas of other members of VHS group before adopting any format. Such standard conceivably could come by year-end, with production in 1990.

Introduction in Europe of digital effects Panasonic VCR that can play back NTSC as well as PAL cassettes through PAL TV (TVD March 20 p16) has focused attention on possibility of worldwide VCR. Panasonic officials said last week there was no technical reason why machine couldn't be introduced in U.S. that would play PAL tapes through most NTSC sets, but they doubted there was true need for it.

In longer run, however, Matsushita has eye on true standards-converting VCR. Matsushita Electric Exhibition of Technology in Tokyo last week featured developmental home VCR deck with digital standards converter that could record and play back programs in NTSC, PAL or SECAM and convert any format into any of the others, converting not only transmission systems but also field frequency and scanning lines. There was no indication when such a recorder actually would be available.

TANII ON DAT: Although worldwide interest in digital audio tape (DAT) recorders appears to be at low ebb, Matsushita Electric Pres. Akio Tanii said last week he was certain system would survive and "make further progress in the future."

Sales of DAT recorders are slow in Japan because of high prices, and manufacturers there have refused to export consumer recorders because of complaints by major record manufacturers that they're too good and can be used to violate copyrights by making copies of Compact Discs indistinguishable from original.

At news conference with journalists from around world in Tokyo last week end, Tanii was adamant about need for negotiation with software industry to arrive at system to protect copyrights. Under intense questioning, he insisted answer to problem was "negotiation and peaceful coexistence." Tanii pointed out that European and Japanese manufacturers have established working group with International Federation of Phonogram & Videogram Mfrs. (IFPI) to tackle problem and said "software industry should have the right to protect their work."

He likened hardware and software industries to "2 wheels in one vehicle" -- both needed to "make it go forward." Different regulation and laws in different countries make problem "more difficult," he added. Although this type of negotiation is unusual for industry, he insisted it was only way to solve problem, saying that "in the future, this (DAT) technology will be welcomed" by consumers.

EIA opposes bill designed to set guidelines for preventing price-fixing schemes by manufacturers and dealers (TVD March 27 p13). Trade group was among organizations and companies that signed letter to House Judiciary Committee asking that HR-1236 be rejected. Bill "could impair the flexibility of suppliers" and "create the threat of treble damage lawsuits for legitimate, commercially reasonable activities," letter said. Letter signers included Canon USA, Casio, Denon, Dynasean, Hitachi Sales Corp. America, Kenwood USA, Mitsubishi Electric, NEC Home Electronics, N. American Philips, Sharp, Sony, Thomson, Zenith.

CRAZY EDDIE CLOSINGS: Crazy Eddie said last week it's closing 17 retail outlets because of declining sales and depleted working capital. Consumer electronics retailer said it will focus on its 26 most competitive stores, and is considering "financial restructuring," but wouldn't give details.

Peter Martosella, who succeeded Elias Zinn as Crazy Eddie pres.-CEO in Feb., blamed retailer's financial troubles on former management group led by company founder Eddie Antar. Zinn group had won control of retailer from Antar in Nov. 1987 proxy fight, later discovered \$45 million inventory shortfall (TVD Nov 23/87 p12).

"The overwhelming structural problems inherited from the Antar management, in particular the massive inventory shortage, excessive long-term debt and certain unprofitable store locations, coupled with a recent precipitous drop in sales, has depleted working capital and necessitated a restructuring" of company, Martosella said.

Crazy Eddie, which had \$8 million net loss in 3rd quarter ended Nov. 27 on 17.5% lower sales of \$56.7 million, said it met with major suppliers to discuss financial restructuring. It had \$56.7 million loss in same year-earlier period.

Mergers & Acquisitions: Shamrock Holdings' 9-month-long attempt to take over Polaroid ended last week with agreement in which Shamrock said it won't seek control of Polaroid for 10 years and Polaroid will pay Shamrock \$20 million for litigation expenses and tender offer. Del. court recently had upheld Polaroid antitakeover defense, dealing severe blow to Shamrock effort to acquire firm... NAD USA, marketer of high-end audio and video products, announced it's merging with Lincolnwood Ltd., NAD subsidiary for distribution of outside-developed products.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 133 yen = \$1, except where noted.

SYMPOSIUM LOOKS AT HDTV: Compatibility with present TV sets is prime requirement for HDTV to achieve enough mass market penetration to provide benefits and spinoffs desired by semiconductor and other industries, BIS Mackintosh Exec. Dir. Robert Whiskin. Other speakers at HDTV symposium sponsored by Annenberg Washington Program pointed out U.S. TV equipment market no longer is large enough to provide critical mass necessary for set makers.

Most HDTV sets sold in U.S. will be made in U.S. because they will be predominantly large-screen sets and because of "good business reasons," Sony Advanced Systems Pres. William Connolly said. He said more than 85% of Sony sets sold in U.S. already are made here. There was some doubt, though, where U.S. manufacturer investment will come from -- Zenith Consumer Products Pres. Robert Hansen said his company has "generally stopped investing" in development of consumer electronics.

Defense Advanced Research Projects Agency (DARPA) needs more money to support HDTV display development, American Electronics Assn. (AEA) Vp Pat Hubbard said. She said DARPA probably needs to spend \$100 million per year for 3 years on HDTV development, many times \$30 million now budgeted. However, NTIA Dir. Alfred Sikes indicated private industry could foot much of bill, saying companies that applied for DARPA grants, excluding Sony, have total annual cash flow of \$36 billion and those participating in AEA's HDTV project have total cash flow of \$22-\$23 billion per year.

Europe is progressing on HDTV set development, Whiskin pointed out. He said Philips already has developed 32" and 36" versions of screen with 16:9 aspect ratio. Whiskin said wide screen will drive European demand for enhanced-definition TV through 1995, with demand for large screens pushing HDTV after 1995. Whiskin predicted that no one region -- N. America, Europe or Japan -- will deliver one million HDTV sets per year before turn of century, but that European demand alone will reach 8 million per year by 2010.

Other developments at HDTV conference: (1) Hansen said picture improvement generated by HDTV will be approximately equal to what has occurred with little fanfare in regular color TV in last 20 years. (2) Japanese consumers will be able to buy \$100 converter to translate satellite-delivered MUSE HDTV, which is incompatible with present sets, to signal that can be shown on existing sets, Japanese PTT Deputy Dir. Gen. Shigeo Shishido said. (3) Europe's Eureka project will demonstrate improved version of its HDTV production/transmission chain at conferences in Montreux, Switzerland, in June and in Berlin in Aug., Thomson International Dir. Gen. Jean Caillot said.

Projection TV sales to dealers plunged in 3rd week of March, following 2 straight weekly increases (see State of the Industry). Projection TV sales were down 13.1% in first 3 weeks of month and 16.6% in first 11 weeks of 1989, EIA said. Sales of all other video products rose in week, with direct-view color TV, total VCR and camcorders setting records. Month-to-date sales through 3 weeks: color TV up 11.8%, VCR up 12.1%, camcorder up 51.4%. EIA figures indicate that cumulative VCR sales since 1975 passed 70 million mark in 4th week of March.

Pioneer car audio system with Compact Disc player will be included in Toyota Lexus cars sold in U.S. beginning in fall.

SEARS REORGANIZES: Sears is restructuring its retail store merchandising organization into 6 business units, including appliances/electronics, to "bring more expertise -- business by business -- to Sears stores," Sears Merchandise Group Chmn.-CEO Michael Bozic said. Reorganization, which will cut 800 management positions nationwide, is expected to be completed by Aug. 1.

Under new plan, each business sector in retail outlets will report directly to district manager responsible for customer service, sales and profits in at least 10 Sears stores. District manager will report on particular merchandise sector to region manager, who in turn reports to divisional merchandise manager in Chicago hq. Under current structure, regional managers are responsible for entire store, with separate staffs for store management and merchandise buying.

Move is part of Sears' recent effort to improve competitiveness, which also includes shift to "everyday low pricing" and addition of national brand merchandise (TVD Feb 27 p13, Nov 7 p17). It will allow elimination of 24 regional administration offices, Sears said. Some managers will be offered "reorganization incentive package" to leave company, including salary continuation and early retirement benefits.

In another development, Sears said it will move merchandise group hq out of Sears Tower in Chicago over 4-year period, rather than over 2 years as planned. It's trying to sell building for \$1.1-\$1.3 billion, and said it would move 8,000 merchandising employees to unspecified locations and 600 would remain in building.

Sears spent \$110 million in first 3 weeks of March to advertise new pricing policy nationwide, N.Y. Times reported. Campaign included 700 TV and 1,300 radio commercials and full-page ads in 900 newspapers. Retailer is expected to show 10-14% increase in March sales, compared with March 1988. Sears will announce March sales this week.

National Captioning Institute's (NCI) Corporate Advisory Council has adopted resolution urging TV manufacturers to build closed caption decoding capability into new sets by 1991. Resolution by 85-member Council, including representatives of many nations' largest companies, said technology "is now available to enable the decoder circuitry to be built into new [TV] sets" and "the availability of decoder-equipped... sets could significantly increase the audience served" by closed captioning. NCI board, meanwhile, directed management to explore development of inexpensive decoder chip needed by manufacturers. NCI Pres. John Ball said push was backed in recent report by U.S. Commission on Education of the Deaf, which recommended that Congress require FCC to issue rules making new sets capable of receiving closed captioning.

Magnat America, U.S. distributor of Magnat Technologies brand high-end loudspeakers, said it will close operations here. Magnat Technologies Chmn. Rainer Haas said: "Considerable additional investment would be required to continue Magnat America as an independent company, which we are not able to justify at this time."

HDTV projection TV system will be unveiled by Sony in late Sept., according to report in Japan. Product will have 100-130" viewing screen with reported brightness of 300 lumens, cost more than \$75,000.

SOME RETAIL PRICES UP: Average retail prices of largest and smallest color TV sizes increased last year, reaching their highs in Dec., according to ELCAP panel of more than 1,200 retail operations by Elrick & Lavidge.

ELCAP survey showed average prices up moderately for most screen sizes in Dec. as compared with Oct.-Nov. Average Dec. retail prices and percentage change from Oct.-Nov.: 8" and under, \$209 (up 5%); 9-12", \$228 (up 12.3%); 13-14", \$207 (up 4.5%); 19", \$255 (up 2%); 20-24", \$338 (down 3.4%); 25", \$383 (down 2.5%); 26" and over, \$631 (up 3%); consoles 25" and under, \$423 (down 2.3%); 26" and over, \$823 (up 9.9%); projection, \$2,396 (up 2.7%).

Full-year average prices hit high in Dec. for 8" and under, 9-12" and 26" and over portables and table models as well as for 26" and over consoles. However, year's high for 13-14", 20-24" and 25" portable-table and 25" console all came in Jan. 1988, while 19" hit peak for year in May. Highest average price for projection TV was in June. In Dec., leading sales category in both units and dollars was 13-14", at 34.5% of units and 21.5% of dollars; 2nd largest was 19" at 26.9% and 21%, followed by 20-24" at 14.6% and 15.1%.

In VCRs, there was no firming trend at year's end, home decks averaging \$294.43 in Dec., down from high of \$330.04 in Feb.

In camcorders, full-sized VHS increased sales percentage during year, starting in Jan. at 74.7%, ending in Dec. at 84.3% of total mix. ELCAP dealers reported 11.9% of camcorder sales in Dec. were in 8mm format, 3.9% in VHS-C, vs. 9% and 16.3%, respectively in Jan.

Motorola withdrew lawsuit in U.S. Dist. Court, Chicago, against Hitachi, Hitachi America and Nissei Sangyo America. It had charged Hitachi with infringement of several Motorola patents. Hitachi said Motorola filed similar suit in Austin, but didn't name Hitachi America or Nissei Sangyo. Hitachi patent-infringement suit against Motorola still is pending in Chicago court.

AEA, SIA URGE SANCTIONS: American Electronics Assn. (AEA) and Semiconductor Industries Assn. (SIA) urged U.S. to include Japan and Korea on list of countries that have committed trade violations by failing to open their markets to U.S. suppliers.

In recommendation to U.S. Trade Representative Carla Hills, trade groups asked that Japan and Korea be put on National Trade Estimate list for possible trade retaliation. Under trade law passed in 1988, Hills must submit list of potential targets for retaliation to President by April 30. President determines final list within 30 days, then countries cited have year to change trade practices before sanctions are imposed. Hills indicated last week that Japan will be named in report.

U.S. still has 100% punitive tariffs in effect against \$165 million of Japanese electronics imports, in retaliation for Japan's violations of semiconductor trade agreement. Tokyo govt. has been trying to get sanctions removed for nearly 2 years, but Hills said tariffs will remain because Japan had failed to improve market access. U.S. Commerce Secy. Robert Mosbacher recently told EIA that President Bush wants to lift sanctions but has no justification for doing so.

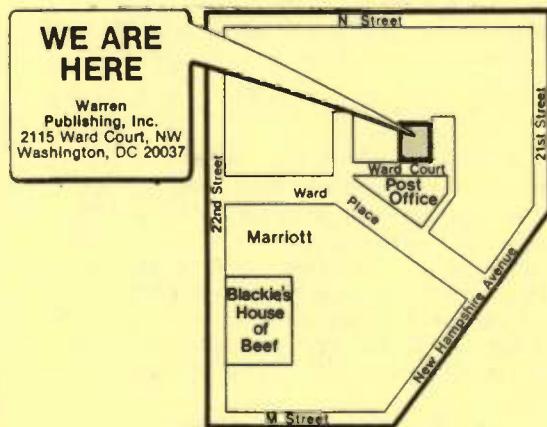
In another development, joint AEA/SIA steering committee wrote their electronics manufacturing members to determine their interest in creating U.S. chip-producing consortiums or joint ventures. Committee, formed last year to encourage expansion of U.S. production of dynamic random access memories (DRAM), said "many states and localities are willing to provide substantial financial support to attract significant investment," in local plants.

Eastman Kodak plans joint venture with Soviet trade organization to provide floppy discs for personal computers. Kodak's Verbatim subsidiary is negotiating with Soviet ministry Minpribor to form firm to import discs and distribute them throughout Soviet Union. Venture would establish manufacturing plant in USSR if demand for floppy discs increases.

TO OUR READERS

Warren Publishing, Inc.
cordially invites you to join us at
a reception/housewarming to celebrate our
move to new offices
Wednesday, April 12, 1989
five-thirty to seven-thirty o'clock
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Washington, D.C. 20037

R.S.V.P.
Susan, 202-872-9200



Consumer Electronics Personals

Vp Mike Nakamura advanced to Quasar pres.-COO, succeeding Jack Pluckhan, who was named Matsushita Electric Corp. of America vp Jan. 1; Nakamura has been at Matsushita for 23 years, served as Matsushita Electric Canada Sales & Merchandising Group gen. mgr. for Panasonic, Technics and Quasar brands before joining Quasar in 1988... Michael Vitelli, Sony Consumer Sales N.Y. office vp, promoted to Sony Service pres.; James Pagliaro, ex-Panasonic Industrial, joins Sony America's Magnetic Duplication Div. as dir., responsible for Sprinter high-speed video duplication systems and DAT duplication products.

William Salter, Brand Central national project mgr., appointed Sears Merchandise Group appliances/electronics national business mgr. in reorganization of merchandising strategy (see report in this issue)... Gerrit Jeelof, chmn.-CEO, Einar Kloster, pres., Stephen Tumminello, exec. vp, Daniel Minahan, senior vp, and Johannes Haarsma, senior vp-chief financial officer, appointed to North American Philips board; Jeelof named to 7-member NAPC advisory council... Jesse Coore named southeastern regional mgr., Konica USA Professional & Consumer Products Div... Named to Toshiba America Consumer Electronics board, as part of Toshiba reorganization: Ken Hiyama, pres.; J. Ukiage, senior vp-treas.; Thomas Steckbeck, senior vp; H. Ikeda, senior vp; John Anderson, legal council.

James Schillo, ex-Federal Express, joins International Jensen as operations vp... William Smith, ex-Sunbeam, named microcomputer accessories vp-gen. mgr., Rubbermaid Office Products Div.; David Hellman, accessories pres., appointed Office Products Div. new product design vp... Larry Carpenter named Clarion Special Markets Div. vp... Mark Stanton appointed Ricoh product PR mgr... Robert Blau, ex-Atari, joins Konami Consumer Div. as eastern regional sales mgr.; Jeff Kahn, ex-Coleco Industries, named western regional sales mgr... Delbert Staley, Nynex chmn.-CEO, and Marian Stanley, Polaroid market research and development dir., elected to Polaroid board... Robert Vendeland, ex-consultant, joins Peirce-Phelps Audio/Video Systems Div. as west coast gen. mgr., new post.

Entertainment industry consultant and former 20th Century-Fox Telecommunications Pres. Steve Roberts appointed to Rentrak board... Mark Gilula, ex-Media Home Entertainment and Federated Group, named KVC Home Video exec. vp, based at affiliated Atlantic Entertainment hq in L.A... James Fifield, former CBS/Fox pres.-CEO, promoted to pres.-CEO, EMI Music Worldwide... Nancy Fleming, ex-Frank Barth PR firm, joins JVC as in-house PR mgr.

Sony will introduce new Sprinter high-speed duplication system in fall. System will have same enhancements provided in kit to be introduced this summer for the more than 200 HSP-5000A Sprinter systems in place worldwide. Features include 25% faster transfer speed of 4.5m per sec., 33% higher rewind speed of 8m per sec., improved tape cleaning function to reduce dropout and 1-dB increase of transferred RF level. Pricing on enhancement kit and new system hasn't been set, Sony spokesman said.

Combination LCD color TV/VCR was introduced by Sharp in Japan. Product, called Handivision, has 4" color LCD, VHS VCR, will be available this month in Japan at about \$1,280, exported to U.S. beginning in fall. Sharp will make 3,000 sets a 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
Comcast 1988-year to Dec. 31 1987-year to Dec. 31	449,906,000 309,250,000	(47,557,000) (9,381,000)	— —
Home Shopping Network 1989-6 mo. to Feb. 28 1988-6 mo. to Feb. 29 1989-qtr. to Feb. 28 1988-qtr. to Feb. 29	408,174,000 378,797,000 207,570,000 192,758,000	17,065,000 8,295,000 6,196,000 5,178,000	.19* .10 .07* .06
Tektronix 1989-40 wk. to March 4 1988-40 wk. to March 5 1989-16 wk. to March 4 1988-16 wk. to March 5	1,071,347,000 1,050,719,000 434,102,000 432,648,000	21,031,000 403,000 6,380,000 (6,148,000)	.74 .01* .74 — ^b
Tele-Communications 1988-year to Dec. 31 1987-year to Dec. 31	2,282,000,000 1,709,400,000	56,000,000 5,600,000	.31* .04*
Texscan 1989-9 mo. to Jan. 31 1988-9 mo. to Jan. 31 1989-qtr. to Jan. 31 1988-qtr. to Jan. 31	35,932,000 28,927,000 11,055,000 8,605,000	76,000 2,610,000 278,000 1,352,000	.01 .26 .03 .14

Notes: *Includes special credit. ^bAfter special charges.

FCC AMENDS RF RULES: FCC amended Part 15 of rules to permit introduction and use of new class of radio frequency (RF) devices such as wireless VCRs and wireless stereo speakers without requirement for FCC license. Move is expected to lead to flood of such products in U.S.

Commission's Technical Standards branch in Sept. 1987 had recommended change in rules to allow companies to introduce RF products (TVD Sept 21/87 p15). FCC's 50-year-old Part 15 rules set technical standards for nonlicensed use of devices emitting relatively low-level RF signals, such as cordless phones, remote controls and garage door openers, to prevent interference with licensed services.

Rules change permits manufacturers to make and sell wireless electronic products with increased frequencies and no restrictions on type of usage, bandwidth or modulation type, FCC said. New rules are "intended to provide more effective use of the radio spectrum and to allow additional flexibility in the design, manufacture and use of nonlicensed RF devices," it said.

FCC in Aug. 1987 tested sample of 16 VCR brands for compliance with radiation requirements and said 15 of them met requirements (TVD Aug 10/87 p16).

U.K. video business, including sales and rentals of VCRs, prerecorded and blank videocassettes, will total \$2.33 billion this year, British Videogram Assn. forecast. Group predicted 800,000 VCRs will be bought at average cost of \$513, or will be rented. Camcorder sales and rentals are expected to total 200,000. Prerecorded video rentals will total \$923.4 million in 1989 and video sales will be \$342 million.

Cumulative VHS VCR shipments have hit 210 million worldwide, JVC Senior Sales & Mktg. Vp Harry Elias estimated recently. We said incorrectly that figure was for Super VHS (TVD March 20 p14).

TELEVISION DIGEST®

The Authoritative Service for Broadcasting, Cable, Consumer Electronics and Allied Fields.

With Consumer Electronics

APRIL 10, 1989

VOL. 29, NO. 15

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

PATRICK RESIGNS, effective when successor is qualified, saying he has pretty much completed his agenda. Barrett, Marshall set for appointments but new chmn. still is up in air. (P. 1)

DoJ URGES VETO OF FAIRNESS DOCTRINE bill advanced by House unit last week. Dingell Committee vote set for April 11. (P. 2)

TIME-WARNER OKAYED: DoJ's antitrust performance blasted by Metzenbaum. Hill hearing set this week when NAB and INTV will call for cable deregulation. (P. 4)

KIDVID BILL PASSED by House unit after hearing same day. Markup this week will clear path for attention by policy-makers to must-carry, other broadcast issues. (P. 5)

KEY HDTV ISSUES REMAIN unresolved as deadline nears for start of system testing, draft Advisory Committee report says. Main issue program material. (P. 6)

CABLE LOSES ROUND: Industry is assessed copyright interest payments on underpaid royalties. Copyright Office declines to make interest payments retroactive. U.S. Treasury rate set as standard. (P. 6)

MURPHY APPEALS TO NABET members for 'yes' vote as union leadership recommends rejection. Cap/ABC chmn. says defeat of proffered contract would be 'major mistake.' (P. 7)

PATRICK RESIGNS AS FCC CHMN., DEPARTURE DATE UNCERTAIN: FCC Chmn. Patrick formally announced his resignation from Commission April 5, ironically on day that House Telecom Subcommittee began to write legislation that would reinstate fairness doctrine (see separate report below). Patrick said he considers elimination of doctrine one of his major accomplishments, along with approval of price cap regulation for AT&T and Computer 3 rules for enhanced services. Among his disappointments was "frustrating" fact that he was unable to convince most broadcasters that any form of content regulation is unacceptable. He also has had rough sledding operating with just 3-member Commission (and he's sole Republican) since Mimi Dawson resigned last summer.

Responding to question at news conference, Patrick said that his departure was "absolutely voluntary," with no push from White House, and that Bush Administration has been very supportive. He has been in govt. since 1981, when he joined White House personnel staff, and has been at FCC since 1983, chmn. since April 1987: "I think that's long enough."

It's uncertain when Patrick will leave. He said in April 4 letter to President Bush that he would depart when successor is aboard. Given fluid White House situation in picking nominees for Commission, it could be midsummer before he leaves. He told news conference: "We have accomplished practically all of the agenda that I set out."

Consumer Electronics

PHILCO TV DROPPED by Philips, which terminates Philco distributors in casualty of set shortage and changing retail trends. Philco VCRs and audio retained. (P. 11)

TOSHIBA ADDS 32" 'Super Tube' in first 1989 color line. Biggest U.S.-made picture tube is first product of industrywide color tube plant expansions. (P. 12)

NEW U.S. TUBE PLANT for large sizes including 31" studied by Philips. Ann Arbor is possible site. (P. 12)

MATSUSHITA TO EMPHASIZE nonconsumer areas with semiconductors as building blocks, but doesn't rule out new boom in consumer electronic products. (P. 13)

JAPANESE COLOR TV EXPORTS up 75% in Feb., 2nd straight monthly increase after more than 2 years of declines. VCR deck shipments down, price up. (P. 14)

KOREAN 'VCR DILEMMA' sees manufacturers losing money on exports to U.S. Price increases, cutbacks, camcorders cited as remedies in Wall St. Journal report. (P. 15)

ARVIN SALE AGREEMENT would transfer Electronics assets to Electrocon, Hong Kong chip distributor. (P. 15)

SEARS PLANS 110 Brand Central electronics and appliance superstores. Crazy Eddie considers liquidation. Federated Group restructures. (P. 16)

Patrick said he had made no plans for future employment and wouldn't conduct negotiations until he leaves. Only choice he ruled out definitely was elective office "in the near term." He also said he hasn't ruled out working on either coast -- but unanimous consensus of observers is that he will return to his native Cal. Until he leaves, he said, "it will be business as usual" at FCC. He has more than half-dozen speeches scheduled -- including NAB, NCTA and AWRT conventions -- stretching into June, said he would continue to accept such invitations.

Successor to Patrick as chmn. is very much up in air, with prime contenders being Sherrie Marshall, former head of FCC congressional relations, and NTIA Dir. Alfred Sikes, whose replacement at NTIA has been named. Sikes -- who is said to be leading candidate -- has said he isn't interested in FCC except as chmn. Senate has said it wants to know who will be next chmn. before it acts on any nominees -- and many in Washington expect White House announcements this week. Patrick predicted his announcement will cause Administration to move "a little bit faster" on Commission appointments. Marshall, who left Commission to work at White House for confirmation of John Tower as Secy. of Defense, had been scheduled to become gen. counsel of Defense Dept. had Tower been approved; she's now with Wiley, Rein & Fielding law firm.

With Patrick's resignation, FCC is left with 3 Republican vacancies. Administration also has Democratic slot to fill since term of Comr. Dennis expires June 30. If Dennis doesn't remain, Bush will have immediate opportunity to remake FCC with his own choices, with only 15-year veteran Comr. Quello, a Democrat, remaining. Quello's term runs until June 30, 1991. Dennis told us "I'm still considering my options" and hasn't decided whether to seek reappointment.

It's known that Administration has selected Marshall and Ill. Commerce Commission Comr. Andrew Barrett, who is black, for 2 of vacancies, with FBI checks now under way. Others said to still be in running are Washington attorneys Susan Wing and James Smith, with latter said to be possibility for FCC gen. counsel. White House personnel chief Untermeyer will reinterview some candidates this week, we're told. Senate Democrats and Republicans alike say Marshall will have tough sledding in confirmation hearing -- particularly if she's named chmn.

Patrick said one lesson learned as chairman is that it's acceptable and desirable to talk more often with members of Congress. His relations with Congress have improved considerably in last few months and are much better than his predecessor's.

House Commerce Committee Chmn. Dingell (D-Mich.) said he was hopeful of continued improvement in Capitol Hill-FCC relations under Patrick's successor. Dingell said he hoped new head would continue Patrick's efforts to improve damaged relations with Congress. Chmn. Markey (D-Mass.) of House Telecom Subcommittee told us he "wished [Patrick] everything that he wishes for himself," and that he had warm regard for official despite their policy differences. He also said he hoped Patrick's leave-taking would bring to end period of "deregulation for deregulation's sake."

Rep. Cooper (D-Tenn.), member of House Telecom Subcommittee, told us he didn't agree with many of Commission's actions while Patrick was at helm, but believed official "will go down in history as a great FCC chairman. He was forceful and effective." Senate Commerce Committee Chmn. Hollings (D-S.C.), who in past has disparaged FCC under Patrick, refused to comment. Spokesman said senator would withhold remarks until Bush appoints new FCC chmn.

NCTA Pres. James Mooney said Patrick has "been an articulate advocate for what he regards as correct policies and nobody can ever say he hasn't had the courage to give voice to his convictions. We wish him well." INTV Pres. Preston Padden said Patrick "has been an unusually principled and talented public servant. We will long be grateful to him for his leadership on the issue of syndicated exclusivity." Sikes also had praise for Patrick.

From NAB Pres. Edward Fritts: "Patrick is a man of principle and dedication who has made his mark on communications policy. He has championed the fight for First Amendment rights for broadcasters. His leadership on the critical issues of syndicated exclusivity and comparative license renewal reform also are to be congratulated." However, on several other issues -- such as FM translators and directional antennas, lotteries, spectrum auctions -- NAB and Patrick's FCC have been very much at odds. Several leaders in telecommunications industry also commented, mostly favorable, on Patrick's performance.

FAIRNESS DOCTRINE BILL ADVANCES: Amended fairness doctrine bill (HR-315) passed House Telecom Subcommittee last week by voice vote, with only apparent dissenter Rep. Tauzin (D-La.). Changes reflected

revised Senate bill (S-577) recently offered (TVD March 20 p4) and concerns that had been raised at House panel's hearing (TVD Feb 13 p4). Vote by parent Commerce Committee is slated for April 11, when passage by sizable margin is expected despite Justice Dept. objections. DoJ said last week it would recommend veto to President Bush.

Bill would reimpose fairness doctrine as law. Subcommittee added language from Senate version stating that Congress believes evidence clearly supports finding that doctrine doesn't "chill" broadcasters. It also added provision clarifying that broadcasters in violation of doctrine couldn't face criminal sanctions under 1934 Communications Act. Amendment was offered by Subcommittee Chmn. Markey (D-Mass.), who said it was endorsed by Commerce Committee Chmn. Dingell (D-Mich.).

NAB had suggested at hearing that industry feared criminal sanctions, although no such action ever had been taken in history of doctrine, Markey acknowledged. Panel's staff dir. and chief counsel, Lawrence Sidman, denied language removed teeth of 1934 Act on doctrine enforcement. He said change reflected reality, and panel thought possibility of sanctions implied by Act now "was unnecessary." NAB remains opposed to reimposition of doctrine.

Tauzin told us he's convinced fairness doctrine is unconstitutional. DoJ made same argument in memo to Dingell. Justice said precedent-setting Red Lion case, upholding FCC station licensing, was grounded in erroneous thinking about scarcity of spectrum. Tauzin said, however, that he believes "the dispute over the FCC repeal of the doctrine stands as a roadblock to other important broadcast legislation," pointing particularly to TV-radio license reforms. This week's anticipated Committee approvals of fairness doctrine and children's TV bills (see separate story) are expected to clear way for Subcommittee to begin consideration of must-carry legislation.

Fairness bill received strong endorsements at markup, including from Rep. Rinaldo (R-N.J.), Subcommittee's ranking Republican, who said doctrine "is a mild means of making sure broadcasters provide adequate coverage of issues important to their community." His support last year was key to propelling bill through House over objections of other Republicans. Earlier version passed both House and Senate last year but was vetoed by President Reagan. It remains to be seen how Bush will react, although he indicated opposition to doctrine while campaigning.

Markup came day after Ralph Nader group Essential Information released new study claiming there has been decline in public affairs broadcasts in last 10 years. Study attributed drop in part to absence of fairness doctrine. Group compared programming of 217 TV stations in 50 markets in Jan.-April 1988 with similar period 9 years earlier, as reported in TV Guide magazine. Study alleges 51% decrease in amount of "issue-oriented public affairs" material, and singled out Fox Bestg. (which didn't exist 9 years ago) for criticism. Nader said evidence was irrefutable and argument that elimination of doctrine would remove impediment to more public affairs broadcasts was unfounded. Study was cited by Markey as reason to pass HR-315.

NAB and RTNDA disputed study findings, saying report was based on percentages, not on hours. While percentage of public affairs programming has dropped, number of hours "may actually have increased," Assn. said. It added: (1) Study used different years during which there were other changes besides fairness doctrine repeal. (2) Measure of "composite week" in study was flawed because it didn't cover complete year or TV season. Nader covered only 4 months, "which is not legitimate." (3) TV Guide has deadline 2 weeks before programs air, and any changes in last-min. news, public affairs or documentary programming wouldn't be included. (4) Fox isn't network under FCC rules.

Said RTNDA: Study authors "completely missed the target and wound up shooting themselves in the foot... Both the research and the conclusions drawn from that research are fatally flawed... Indeed, one could easily surmise that repeal of the fairness doctrine prevented any decline in public affairs programming from being greater." Bottom line of Nader report, RTNDA contended, "plainly indicates that the American public is receiving more information, including coverage of controversial issues, than it did 10 years ago when government regulation was greater."

Meanwhile, FCC Comr. Quello last week urged industry to back off continued opposition to fairness doctrine. "Enough blood has been spilled," Quello said in speech in Kan. City to U. of Mo.-Kan. City seminar. He said "half the top broadcast management isn't fighting it any more." While Quello noted that he personally feels doctrine "has no place in a society that is committed to freedom of the press," he said "there are many vitally important issues facing broadcasting today" and that broadcasters must decide "what is in their overall best interest on a number of issues, not just the fairness doctrine... The parties who have a

real interest in this issue are radio and television journalists. They are the ones who should take the lead." Quello repeated earlier criticism of broadcast coverage -- particularly radio talk show hosts -- of Jan.-Feb. effort to raise pay of members of Congress, federal judges, other presidential appointees and top govt. officials.

DOJ OKAYS TIME-WARNER: Justice Dept. last week approved proposed merger of Time Inc. and Warner Communications Inc. (WCI)(TVD March 13 p1). DoJ said both companies are "broadly diversified" and not likely to lessen competition substantially "in any relevant market." Decision was blasted by Sen. Metzenbaum (D-O.), whose Antitrust Subcommittee is planning hearing this week on cable system rates and industry's vertical integration. NAB and INTV plan to call for cable's deregulation at hearing. Same move also was suggested as last resort by influential House Republican Rep. Lent (N.Y.) to end dispute between Madison Sq. Garden Network (MSGN) and Cablevision Systems.

Metzenbaum said that consumers will remain "at the mercy of their cable operators." CBS Pres. Laurence Tisch termed deal bad for Time shareholders and described as nonsense the argument Time and Warner have been making that media companies must combine to compete internationally. Wireless Cable Assn. (WCA) called for public accounting from DoJ on why cable aspects of deal didn't trigger antitrust concerns.

NAB and INTV will cite absence of must-carry, cable channel repositioning of over-air stations, concentration of control, vertical and horizontal integration and TV stations' loss of sports programs among reasons in calling for extensive deregulation of cable at Metzenbaum's hearing. INTV Pres. Preston Padden said: "We're not going to sit idly by and let the cable industry put its vertically integrated product in the front of the store."

Increases in subscriber fees won't be criticized at hearing, NAB official told us, because "that's none of our business." NAB and NCTA must-carry talks were said to be going well, but channel repositioning remains major issue, sources said. Metzenbaum's hearing is set for April 12, 9:30 a.m., Rm. 226, Dirksen Bldg.

Merger has helped fuel pressures in Congress to deregulate cable or to increase competition to industry. Last week, Lent, senior Republican on House Commerce Committee, warned that he might support cable's deregulation if incidents such as MSGN-Cablevision contract dispute continue: "Unless this impasse is resolved quickly, we see no alternative but to introduce legislation." Lent was supported by N.Y. lawmakers, Reps. Downey (D), Hochbrueckner (D), McGrath (R), Mrazek (D).

U.S. shouldn't use tariffs to protect domestic HDTV industry, former Secy. of State George Shultz said in interview April 3 on Pacific Public Radio. "I don't favor protectionism," Shultz said. "I think it is bad for us, as well as for others." He said tariffs deny U.S. consumers access to products and send signal to American industry that it doesn't have to be competitive. HDTV-related tariffs have been suggested by some on Capitol Hill.

FCC is considering several contingency plans in case furlough days are necessary this summer because of budget cuts. One plan floated would have entire agency shut down for whole day, as opposed to individual or section furloughs. Under whole-day scenario, for each day FCC was closed, it wouldn't accept filings or other submissions for 4 days. Official said "we are really beginning to be hurt" by cuts.

Claiming that FCC rulemaking to replace comparative hearings with lotteries in awarding new station grants "directly contravenes" congressional authorization of agency's FY 1989 budget, AWRT asked Commission last week to "immediately terminate" rulemaking (TVD Feb 6 p4). Appropriations bill prohibited Commission from spending any money on its inquiry into agency's tentative conclusion that preferences for minorities and women are illegal. As result, "the Commission is attempting to do indirectly what it could not do directly," AWRT charged. Since purpose of rulemaking (MM Doc. 89-15) is to replace comparative process with lottery, "the rulemaking proceeding must be terminated... When the Commission earlier tried to eliminate its preference policies... Congress foreclosed such action... Now, the Commission is trying to eliminate its preference policies for minorities and women by eliminating the entire hearing process... It is ironic that the same Commission which has steadfastly pushed for employment opportunities for minorities and women... would cut off those opportunities at the ownership level... Comparative process is the only opportunity for obtaining a female preference." Instead of rulemaking, AWRT suggested FCC launch inquiry into ways to improve comparative hearing process and establish ad hoc Industry Advisory Board to work with agency on issue.

Cablevision Systems has reached interim agreement with Madison Sq. Garden Network (MSGN) that is providing playoff games for N.Y. Rangers and Knicks on basic cable. Meanwhile, Paragon and ATC systems in N.Y. reached last-min. agreement with MSGN April 5 to carry its N.Y. Yankees games as part of basic services. Earlier in week, MSGN parent Gulf & Western rejected program license deal that would have paid \$150 million over 12 years for carriage by Cablevision Systems. Cablevision has dropped MSGN on systems serving 575,000 subscribers. Cablevision said rejection showed MSGN intends to seek exorbitant prices for service, which includes 75 N.Y. Yankee games, rising to 150 per year beginning in 1991. MSGN dismissed \$150 million figure as misleading, said it didn't take into account added costs for more Yankee games in 1991 and for projected subscriber growth. MSGN has demanded it be carried as basic service, but Cablevision has contended it would be too expensive on basic. Meanwhile, MSGN announced it had signed carriage deals with systems serving 750,000 subscribers, majority of them in N.J., and has offered same terms to Cablevision.

Four incumbents and 2 newcomers were elected to NAB TV board in results of mail balloting announced last week. Incumbents reelected were Gary Chapman, LIN Bestg.; Cullie Tarleton, Jefferson-Pilot Bestg.; Ronald Townsend, WUSA Washington; Glenn Wright, KIRO-TV Seattle. Taking office in June will be new Dirs. Jerry Colvin, WUHQ-TV Battle Creek, Mich., and Anita Walgreen, Great American Bestg., who resigned from NTIA last fall. On radio side, Jerry Papenfuss, Result Radio Group, defeated former Dir. Dean Sorenson, Sorenson Bestg., for seat representing Minn., N.D., S.D. Other radio dirs. were elected in Feb. without runoff (TVD Feb 27 p5). Losers in TV election were Robert Butler, WPTF-TV Raleigh-Durham; Hal Edwards, WAGT Augusta, Ga.; Ralph Gabbard, WKYT-TV Lexington, Ky.; Jack Moffitt, KTVD Englewood, Colo.; Scott Vaughn, KESQ-TV Palm Springs; Robert Nash, KAMC Lubbock.

KIDVID BILL PASSED: House Telecom Subcommittee moved quickly April 6 to pass new children's TV legislation (HR-1677), adopting proposal on voice vote after 2-hour hearing same day. Measure drew cautious response from NAB.

Subcommittee made no changes in HR-1677, which is identical to legislation passed by 100th Congress but pocket vetoed by President Reagan. New bill will continue on fast track, Subcommittee Chmn. Markey (D-Mass.) and parent Commerce Committee Chmn. Dingell (D-Mich.) promised. Bill is set for full Committee markup April 11, 9:30 a.m., Rm. 2123, Rayburn Bldg.

Bill still has opponents in Subcommittee, notably Rep. Tauke (R-Ia.), who criticized panel for failing to consider alternatives such as his measure (HR-823) to ease antitrust laws to permit industry to create voluntary program code.

NAB support apparently remains question. Last year, broadcast industry group was instrumental in crafting compromise that produced passage of HR-3966 in final weeks of 100th Congress. However, NAB Pres. Edward Fritts reminded us that Assn. never endorsed HR-3966, merely "acquiesced." Assn.'s representative at hearing, Glenn Wright, exec. vp-gen. mgr. of KIRO-TV Seattle and NAB TV dir., didn't endorse new bill, instead merely pledged group's cooperation in Subcommittee endeavor. Markey pointed out to us that no broadcasters testified against bill at hearing, and said he believed industry's "signal was very clear... If the broadcasters did not want this bill, it would have a very difficult legislative path."

Fritts told us NAB was reluctant to make stronger statement because industry doesn't have guarantee yet from key lawmakers that they will stand by bill as currently drafted through entire legislative process. While current version represents industry compromise, Fritts said NAB fears changes still will be made and cited idea of national endowment to fund children's program development under consideration in Senate Commerce Committee. That panel has set hearing for April 12 on educational value of children's TV, 9 a.m., Rm. 253, Russell Bldg.

Wright noted production costs were escalating for children's programming and competition from other video sources was increasing. He said Congress should be careful not to hamper commercial broadcasters and stressed there's "ample evidence" that overcommercialization concern was overblown because practice "is not common" in industry.

INTV's representative, William Castleman, exec. vp-CEO of Act III Bestg., expressed similar view in endorsing bill. He said measure didn't apply to other media, notably cable, but he stopped short of asking for broadened application. He said sought to stress how Congress long has set "unique" responsibilities" for broadcasters, which he said won't come about "if local television stations are refused carriage by cable systems or find their channel positions being shifted in favor of program services in which the cable operator has a vested interest."

Commercial TV networks were taken to task by Rep. Slattery (D-Kan.). He said industry should be "ashamed" of its programming since "80% of network programming today is unmitigated crap." Markey presented evidence that showed number of commercials in prime-time programming generally meant for adult audience averaged 8 min. per hour vs. new ACT study of Boston TV stations that found 12-14 min. per hour of ads in children's programming. ANA opposed bill as unconstitutional, inflexible, unfair.

House bill was reoffered last week with 17 co-sponsors, most of them members of Commerce Committee. Senate version was sponsored by Sens. Lautenberg (D-N.J.) and Metzenbaum (D-O.). Sen. Wirth (D-Colo.) is expected to cooperate with Markey on new version, latter said. Bill was endorsed by 29 public interest, children's, consumer, educational groups.

TCI and Viacom have formed regional sports ventures in Seattle and San Francisco, companies announced last week. Service in Pacific Northwest, called Northwest Cable Sports, is available as basic service now on TCI and Viacom systems serving 780,000 subscribers in Wash., will be offered to other operators in Wash. and Ore. through rest of year. Service in Bay area, where companies have one million subscribers, will start Sept. 1 as promotional basic service and may become premium service after April 1, 1990. Programming also will be available to TV receive-only customers. For TCI, this is 2nd regional sports venture in 2 weeks; on March 20, it announced participation in national venture with Bill Daniels and John McMullen (TVD March 27 p6). TCI-Viacom partnerships will be operated by management committee of Viacom Exec. Vp Edward Bennett and TCI Senior Vp-Programming Peter Barton. Bennett said strategy is to offer nonprofessional events not available before on TV. He said Northwest service is in discussions with NBA's Seattle Supersonics, has chosen not to seek any of 102 games of Major League Baseball's Seattle Mariners that currently aren't available locally over air. Bennett said cable service would like more exclusivity on Mariners because team has weak attendance.

Only opposition of cable interests is preventing arrival of DBS, SSE Telecom Chmn. W.L. Pritchard said at Phillips Publishing conference in Washington last week. Pritchard is DBS permit holder. DBS pioneer Michael Alpert, pres. of Alpert & Assoc., and others agreed, saying cable programmers were reluctant to provide offerings to planned DBS services because that could reduce program value for cable systems and value of cable monopolies themselves. "We don't see DBS today because the cable industry does not put the customer interest first," Alpert said. "We'll see DBS when the cable industry decides to make it happen, either because it's more efficient [than cable distribution] or they realize the programming is more important than the delivery system." Pritchard and Alpert agreed market and economic forces mean DBS should be available already in U.S. HDTV is "a glimmer of hope" for DBS because satellites are quickest and easiest way to deliver signal, Pritchard said. Satellites' only shortcoming for HDTV delivery, Alpert said, is lack of work on scrambling technology. There also has been little improvement in addressable decoders, he said.

Sony continues to deny that it's getting ready to buy MCA Entertainment Group, despite rumor that began circulating after KNX(AM) in L.A. reported executives of companies were meeting late last month. "We are not negotiating with MCA," Sony spokesman emphasized, saying inaccuracy of report was causing company to depart from usual practice of not commenting on rumors. He told us, however, that purchase of a studio remains part of Sony long-range plan. Rumor fueled increased trading in MCA stock early last week. Security analysts said MCA is worth estimated \$5.5 billion and noted Sony has been interested in gaining Hollywood entry since it purchased CBS Records last year.

WTWZ (Ch. 33) Norfolk has been sold by TVX Best. Group to station's Gen. Mgr. Charles McFadden for \$10.75 million. Sale is part of TVX recapitalization.

ADVISORY GROUP SEEKS FCC HELP: Key HDTV testing issues remain to be resolved if FCC hopes to meet informal 1992 timetable for deciding transmission standard, draft report by FCC's Advanced TV Advisory Committee said. Issues include type of program material, minimum number of audio channels, configuration of systems, schedule of testing.

Advisory Committee is seeking FCC guidance on several issues that must be settled if test schedule is to be met, according to copy of draft that we obtained. Issues remain controversial because each could disqualify some proposed HDTV systems. Audio channels are important because larger number could use up too much spectrum to allow adequate video on some systems. On system configuration, Committee generally wants to test only complete systems, but doesn't want to disqualify companies that propose only one component that might prove beneficial in complete system. Committee wants to set deadline for submission of equipment to be tested, even though some companies may not meet it.

Finalizing test procedures is "most important and immediate task," report said. Program material has been "controversial," said Chmn. Richard Wiley, who wrote draft, and "further delay in this area inevitably will result in delay of the overall testing program." Material produced in different formats could disadvantage some systems, committee said. Problem can be solved either by translating from one format to other or by shooting material in several different formats.

Planning Subcommittee expects to evaluate 2 program material approaches in fall, and Committee will defer final decision until after tests, report said. Despite that, test equipment must be ordered "very soon," draft said, and testing must begin before end of year to meet 1991 goal for completion and 1992 target for setting HDTV standards.

Delay in test material decision dictates 2-step procedure, with those that don't meet interference and quality standards eliminated from 2nd stage, report said, even though one-step process might be more effective and cheaper. First stage includes propagation tests, objective tests, measures of interference performance. System Subcommittee will develop qualifying criteria for systems allowed to go on to 2nd testing stage, draft said. Second stage would include most subjective evaluations of picture quality and over-air testing.

Many broadcasters won't get new spectrum for HDTV that is adjacent to existing channels, draft report predicted, so systems must be workable when original and augmentation channels are separated. Report also acknowledged that there may not be enough spectrum for everyone to deliver HDTV. It recommended that subcommittee analyze potential implementation strategies if there isn't enough spectrum for all.

Report endorsed requiring testing fees and performance bonds from HDTV system proponents before Advanced TV Test Center (ATTC) will test systems. But draft said fees must be reasonable and "not force the withdrawal of underfunded proponents." It suggested ATTC consider exempting proponents from fees when appropriate.

Issue of setting display standards still must be addressed by Implementation Subcommittee, report said. It recommended studying ways to display HDTV transmission standards in cost-effective manner, including establishing family of transmission standards, setting standards for receiver display device, developing open architecture

receivers. Report also noted that tests of cable and other delivery techniques should begin soon, and that discussions on transborder implications of HDTV need to be started with Canada and Mexico.

Draft report has been circulated to committee members for comment by April 11 (TVD April 3 p7). In accompanying letter, Wiley said he will try to incorporate suggested changes into report when they seem consistent with majority view. "Red-lined" version of report, including changes, is to be discussed at April 17 meeting of full committee, and Wiley said he expects it to be approved then or in later telephone vote.

SPLIT COPYRIGHT DECISION: Cable operators must pay interest when they underpay their cable copyright bills, but won't receive interest when they overpay them, Register of Copyrights Ralph Oman said in ruling to be published in Federal Register April 10. Decision won't have as much impact on cable as it might have because Oman declined to grant copyright owners retroactive interest payments they had sought. Oman set interest regulation to take effect July 1. Interest rate is same as U.S. Treasury pays on cable royalty funds, he said.

Inquiry was begun at request of MPAA and copyright owners after cable operators, relying on U.S. Dist. Court, D.C., decision in NCTA-Cablevision-MPAA case, withheld copyright payments. That decision eventually was reversed by U.S. Supreme Court. Operators had sought right to make payments based on gross receipts obtained only from broadcast signals aired on cable systems. Royalty payments are made by cable operators under compulsory license policy.

In March 23 decision, Oman said that imposing interest rule retroactively would cause substantial and unanticipated financial burden. Prospective interest regulation, he said, will give cable notice that it should be prepared to pay interest whenever it underpays cable royalty. He also said copyright owners should receive interest on monies due under compulsory license when they litigate and prevail against noncomplying cable system, and Copyright Office will support copyright holder if it chooses to sue to collect interest based on court judgment. Office rejected MPAA's proposals on what interest rate to set, and settled on Treasury rate. As for not paying interest when cablers overpay, Oman said it would be administratively impracticable.

NBC has made still another successful raid on affiliate of another network -- this time Viacom's WHEC-TV (Ch. 10) Rochester, N.Y., which is shifting from CBS at date to be determined. NBC said WHEC-TV's "strong local news performance was a key element" to network. Last year, NBC picked up WTLV Jacksonville and WBIR-TV Knoxville -- in both cases switching UHF affiliate for VHF. NBC currently is affiliated with WROC-TV (Ch. 8) Rochester. Viacom owns 2 other NBC affiliates -- WNYT (Ch. 13) Albany, N.Y., and WVIT (Ch. 30) New Britain, Conn.

Outlet Communications reported \$2.4 million net loss (-37¢ per share) on \$29.2 million revenues in quarter ended Dec. 31, compared with \$42,000 net income (1¢) on \$25.3 million revenues in 1987 period. For year, Outlet said it had \$21.8 million net loss (-\$3.32) on \$104.3 million revenues, compared with \$16.9 million net loss (-\$2.62) on \$84.8 million revenues in 1987. Company said loss resulted from increased interest expenses and other nonrecurring charges related to acquisition.

NABET BRASS, ABC AT ODDS: Charging that "last, best, final package" Cap/ABC has presented to NABET as contract offer would have "a severe impact on many jobs and many union brothers and sisters," Pres. Michael Raffaele has written members of his N.Y. local (by far NABET's largest) urging rejection of proposal (TVD April 3 p6). Cap/ABC Chmn.-CEO Thomas Murphy immediately countered, telling NABET members that rejection by union would be "a major mistake."

In a "Dear Sisters and Brothers" letter, Raffaele said network offered "superficial goodies" and ABC's 3-year job guarantee contains "very big exceptions and escape clauses [and] the wage offer that the company has made is again another attempt at dressing up a less than adequate offer." He contended that if contract were ratified, NABET would stand to lose up to 125 radio jobs immediately and "we could easily lose 400 jobs" over 4 years of proposed contract:

Of ABC's offered pay raises -- plus 10% bonuses if contract is ratified before May 15 (3% after that) -- Raffaele contended that "we actually will see only a 6% increase over 4 years," averaging out to only 1-1/2% per year. And most of that will be wiped out by increased costs in medical insurance, he said. ABC also is proposing to cut contributions to union pension fund 9-1/4%, he said. "Most devastating item [is] separate seniority," he said. "The company... proposes to split our seniority into 3 groups and at the same time tell us they are not trying to attack us."

In letter to 2,100-plus members of union who are ABC employees, Murphy said offer includes "2 unique benefits involving your financial and job security -- benefits unprecedented in the company's and NABET's 40 years of history together, and indeed, unprecedented in scope and breadth in our industry." Restrictions in former NABET-ABC contract, which expired March 31, "have forced us to operate in ways which no longer make sense in light of the sweeping technological and competitive changes in our industry," Murphy said.

Promising ABC has "no hidden agenda," Murphy repeated guarantee of no job layoffs for 2,000 fulltime TV employees, rejected union contention that some 400 would lose their jobs. However, he said 60-70 radio engineers would be fired because of "competitive changes in the radio business." He said they would be given severance pay of up to 3 years and retraining grants of up to \$12,000. Murphy said 10% lump sum bonus if contract is signed by May 15 is "considerably more generous than the current contracts of the technical unions of our network competitors." Including bonus, he said, pay increase would average 5.25% per year over 4 years. He warned that job guarantee and ratification bonus (3% after May 15) will be withdrawn "if there is a strike, [work] slowdown or other interference with company operations."

Union currently is briefing its locals on ABC offer, will mail ballots to members by April 17, plans to announce results May 3.

TV has become "a radioactive desert of filth and materialism," Cardinal John O'Connor of N.Y. said. Speaking at St. Patrick's Cathedral, he was particularly critical of remark by WNBC-TV N.Y. co-anchor Pia Lindstrom, who quoted actor Robin Williams as saying he planned movie called *Fetal Attraction* about pregnancy of his girlfriend. O'Connor called statement "gross bad taste, in the least," urged industry to launch campaign to keep objectionable material off air.

NCTA DECLINES SYNDEX CHALLENGE: NCTA board voted April 6 against pursuing legal appeal of new FCC syndicated exclusivity (syndex) rules. At special meeting in Washington, board also discussed but didn't vote on altering opposition to freeing RHCs to enter cable business outside their local service areas. Those were only issues on agenda.

NCTA's reluctance doesn't mean issue won't be tested in U.S. Appeals Court, D.C.: (1) CATA board has voted to appeal. (2) Century Communications, Tex. Cable TV Assn., United Cable TV and United Video have joined in 2nd appeal. Said broadcaster: "I don't know who [NCTA Pres. James] Mooney is fooling. He's got CATA and Jack Cole to do it for him." NAB issued statement saying it was pleased with NCTA decision and that it intended to defend syndex.

In briefing for reporters following half-day session, Mooney repeated negatives that cable industry has been saying about syndex since FCC voted to reimpose rules last May. While it was tempting to fight to last on issue, he said NCTA wouldn't appeal, although it hasn't closed option of taking issue to either FCC or Congress. Broadcasters "seem to have won this one," Mooney said, adding that NCTA intended to continue effort to cooperate with broadcasters and hoped they would return that attitude.

On cable-telco, Mooney said there was such lack of support for softening stance that motion wasn't even offered. NCTA opposes any change in Modified Final Judgment (MFJ) that could allow RHCs into information services, such as cable. Mooney said question came up now because of "potential deal in the making" involving an RHC, reportedly Pacific Telesis, and Prime Cable, whose Senior Vp Jerry Lindauer is NCTA board secy. They are said to be seeking Group W cable systems in Chicago. Board member told us that USTA's anti-cable campaign has "significantly poisoned the environment" as far as cable company executives are concerned.

House last week voted 248-154 to approve uniform poll closing legislation (HR-18) designed to curb impact of TV election projections on voter turnout. Both Democrats and Republicans expressed strong support for measure in hour's debate, saying it would "protect and preserve the integrity of the American voting process," in words of Rep. Lent (R-N.Y.). Sponsor Rep. Swift (D-Wash.) recalled impact of network's early election projection in presidential race of 1980: "This announcement left thousands of voters with the feeling that in effect, their vote did not count." Rep. Wyden (D-Ore.) agreed: "The importance of western votes for President is being diminished just because of where we live." Both are members of House Telecom Subcommittee; Swift also chairs House Elections Subcommittee, which authored bill. Measure would set 9 p.m. EST uniform poll closing time in continental U.S. for presidential election years. Bill is based on promises by 3 major networks, CNN and Westinghouse not to project election results in any state until polls there close. Companion measure (S-136) still is awaiting attention of Senate Rules Committee but is widely expected to reach Senate floor for vote later this year.

Bbst. Financial Management Assn. (BFMA) convention April 9-12 in Loews Anatole Hotel, Dallas, features April 10 luncheon speech by CBS Bestg. Group Pres. Howard Stringer. Officials of 6 broadcast, cable and telephone trade associations will participate on panel "Telecommunications -- '89-'90." Other sessions are set on programming technology, ethics in business, mergers and acquisitions, taxes, TV music licensing, barter. Details: 312-296-0200.

NAB EYES CABLE-TELCO 'WAR': NAB will concentrate on maintaining middle ground as broadcasters try to work best deal for themselves in coming "all-out war" between telephone and cable industries, NAB Exec. Vp John Abel said. Assn. will be cautious about throwing support to either side, he said in press briefing April 5: "We have lacked the full ability to negotiate with them, whether it be for carriage or rates, because we lacked the levers of power. But we now have something that each of them wants: Our support. This is too vital and precious a commodity to give away."

Abel said it's hard to imagine that "another distributor of programming in the marketplace, such as the telephone company, is in either the short- or long-term best interests" of broadcast industry. He said, however, that it wouldn't be wise to oppose telco entry because threat of such competition could be used to "persuade the cable industry to actively help us get a new must-carry rule in place."

Abel made comments in releasing NAB collection of studies, "Telco Fiber and Video Market Entry: Issues and Perspectives for the Future." He made it clear NAB wasn't endorsing any of policy positions of consultants who wrote reports, including Shooshan & Jackson, Michael Berg, Werner Hartenberger. He did say NAB would work to try to make certain that any legislation lifting Modified Final Judgment (MFJ) bans on information services nonetheless would leave intact prohibitions against telephone Regional Holding Cos. (RHCs) entering broadcast and cable. He was referring particularly to bill expected soon from Reps. Swift (D-Wash.) and Tauke (R-Ia.).

Series of reports commissioned by NAB takes dim view of both telcos and of cable. They note RHCs' financial size and power. In slide presentation, references to RHCs are accompanied by picture of telephone set on pile of dollar bills. Similarly, there's frequent mention of vertical integration of cable and of rising rates. NCTA spokesman John Wolfe said NAB figures were misleading because they compared basic cable rate increases with telephone bills that show declines caused by lower long distance prices.

Meanwhile, RHCs last week released survey they said showed overwhelming support for lifting MFJ. Edward Reilly, pres. of Kennan Research firm that conducted survey, said its main value is that it shows telcos can win widespread public support for lifting restrictions if they frame issue in terms of international competitiveness. Telephone survey of 24,291 voters found 79% think RHCs should be allowed into manufacturing, 78% into information services, 74% into long distance.

FCC said it "ardently joins President Bush" in proclaiming April 23-29 National Consumers Week with theme "Consumers Open Markets." FCC's Consumer Assistance & Small Business Div. will kick off 5-day celebration with April 24 speech by Chmn. Patrick, followed by workshop on "Knowing the FCC." Other sessions are planned throughout week on "Filing a Winning Application," update on fees, "Consumers' Inside Look at Alternative Operator Services," how to get FCC approval for authorized equipment, "The Public Interest: Where Things Stand." All sessions will be held in Rm. 856 at FCC, are open to public. Details: Martha Contee, 202-632-7000.

Cable transaction: Adelphia Communications has completed acquisition from Mid Atlantic Network and Berryville TV Cable of systems serving 24,900 subscribers in Va.

NAB, INTV AVOID NATPE CLASH: NAB has changed site and dates of its Jan. 1990 winter board meetings and legislative forum to reduce to one day their conflict with NATPE convention in New Orleans Jan. 16-19. In separate action, INTV board formally rejected NATPE proposal that independent stations move their convention to Dec., formally set Jan. dates for 1990 and 1991. Problem arose last Jan. when NATPE shifted its dates from Feb. to mid-Jan.

INTV always has met in early Jan., and has decided to stay there. Century Plaza Hotel in L.A. again will host Jan. 3-6, 1990, and Jan. 7-10, 1991 conventions. NAB has moved its winter meetings up one day and shifted 1990 sessions from Naples, Fla., to Jan. 11-17 at Ritz-Carlton Hotel, Rancho Mirage, Cal. In 1991, NAB will go to Ritz-Carlton in Naples (where 1990 meetings originally were scheduled) Jan. 25-31. Including next year, NATPE dates are set through 1996: New Orleans Jan. 15-18, 1991; New Orleans Jan. 21-24, 1992; San Francisco Jan. 26-29, 1993; Houston Jan. 18-21, 1994; San Francisco Jan. 24-27, 1995; San Francisco Jan. 23-26, 1996.

Meeting in Washington last week, NAB Exec. Committee allocated \$19,800 to finance publication tentatively titled "Building Bridges with the Cable Industry." It will be ready in summer, concentrate on common interests of broadcasting and cable. In separate action, NAB expanded its insurance offerings to all stations, not only NAB members.

Committee rejected request from Free TV Task Force to turn over \$250,000 surplus from now-defunct TIO for use of Task Force. That money, NAB said, will be used by Museum of Bestg. when it takes over TIO library. In another action, NAB and RAB made \$100,000 matching grants in seed money to Radio Futures Committee, which met last week in Washington. RAB and NAB are to be repaid from commitments to support Committee by groups and stations. Exec. Committee was told total cost of funding project to design new personal ratings diary would be about \$400,000. NAB has contributed \$50,000 to date.

Cap/ABC-CEO Chmn. Thomas Murphy received \$1.03 million in salary and deferred compensation in 1988, according to proxy statement for stockholders meeting May 2 at WTVD Durham. Murphy also became fully vested last year for \$2.53 million under deferred compensation plan, and under new plan adopted in 1987 he has \$2.13 million. Salaries for 1988 and deferred compensation of other top executives: Pres. Daniel Burke -- \$969,820, \$2.53 million deferred compensation under Plan 1, \$1.78 million deferred under Plan 2; John Sias, exec. vp and pres. of ABC TV Network Group -- \$815,286, \$1.01 million, \$1.42 million; Michael Mallardi, senior vp and pres. of Best. Group -- \$688,562 (no deferred compensation); Ronald Doerfler, senior vp and chief financial officer -- \$779,506, \$1.01 million in deferred compensation under plan that vested in 1988, nothing under new plan.

"Public Policy to Improve Children's TV: What Other Countries Are Doing" is subject of April 14 colloquium co-sponsored by Annenberg Washington Program and American Children's TV Festival. Panel will be moderated by James Fellows, chmn. of TV Festival; participants include John Murray, Kan. State U. prof.; Edward Palmer, author and ex-research vp of Children's TV Workshop; Michael Tracey, U. of Colo. and ex-dir. of Best. Research Unit in London. Colloquium will run 9 a.m.-noon, is free, with advance registration required: 202-393-7100.

PTV GATHERING: About 450 public broadcasters -- roughly same as for last several years -- are expected to attend public TV's (PTV) annual meeting ending April 11 at San Diego's Sheraton Harbor Island E. Unlike at last session in Arlington, Va., there's overriding issue this year: Recommendations on possible changes in national program funding structure that are due to Congress by Jan. 30, 1990. Politically sensitive issue was set to be addressed in small-group sessions over weekend as well as at PTV "town meeting" today (April 10). Representatives of independent producers and minority programming consortia also will appear.

Station managers are expected to discuss, but not vote on, 4 program funding options. Options essentially range from status quo model of modified CPB Program Fund to shifting decision-making to PBS or establishing new advisory council consisting of representatives of CPB, PBS, stations. While some PBS Exec. Committee members had complained earlier that CPB hadn't become full party to talks on possible program restructuring, cooperation has been closer recently. CPB executives are expected to share some of sentiments on issue in San Diego.

However, many in field don't expect consensus on best program funding structure to begin emerging until mid-June PBS Program Fair at Marco Island, Fla. Some 175 station managers already have registered to attend that event, usually intended for station program heads.

Usefulness of PTV annual meeting continues to be questioned. PBS is said to be exploring alternatives, including attendance of station managers at other PTV meetings such as Program Fair and Development Conference. For NAPTS, issue is regarded as more complicated because of importance of convening meeting in Washington every other year for contacts with federal lawmakers and aides. NAPTS board is to address issue at San Diego day after annual meeting; PBS board, due to meet same day, isn't likely to take it up until June meeting, we're told.

Both boards are expected to approve FY 1990 budgets and dues assessments at April 12 meetings. Lay PBS board member Ted Capener is scheduled to succeed 4-year Chmn. Alfred Stern at PBS helm. Capener is vp-university relations, U. of Utah.

Scheduled keynote speakers at annual meeting are Owen Butler, chmn. of Committee for Economic Development (CED) and former Procter & Gamble chmn., and Bernard Ostry, TVOntario (TVO) chmn. Former PTV cooking show host Julia Child is featured guest for April 11 banquet at which CPB's Ralph Lowell Award and outstanding PTV manager honor will be presented.

Annual AWRT convention May 11-15 at Waldorf-Astoria Hotel, N.Y., includes sessions on developing technologies, 1990's programming marketplace, fairness doctrine, children's fare, radio issues. Among participants: Secy. of Labor Elizabeth Dole, FCC Comr. Quello, NCTA Vp-Gen. Counsel Brenda Fox, Emmis Bestg. Pres. Jeffrey Smulyan, Hubbard Bestg. Pres. Stanley Hubbard, CBS Radio Div. Pres. Nancy Widmann.

CapCities/ABC has bought Mariner Newspapers, Marshfield, Mass., price not announced. Mariner publishes 18 weekly community newspapers in Mass. as well as South Shore Business Journal, Boston. Papers combined have circulation of 62,000. Henry Ansbacher was broker.

In compliance with legislation passed last Oct. by Congress, FCC has established Office of Inspector Gen. (IG) and reorganized its Internal Review & Security Div. (IRSD). Among IG's duties: (1) Conduct and supervise audits and investigations. (2) Provide leadership and coordination and recommend policies designed to promote economy, efficiency and effectiveness. (3) Prevent and detect fraud and abuse in agency's programs. (4) Keep commissioners and Congress "fully and currently informed about problems and deficiencies within the agency." All audit and many investigative functions will be transferred to IG from IRSD, which has been renamed Internal Control & Security Office (ICSO) and will continue to report to FCC managing dir. ICSO also will continue to coordinate freedom of information program, provide ex parte coordination and oversee employee ethics and financial disclosure. Law requires 32 other govt. agencies and CPB -- which is fighting law on ground it's not govt. agency -- to establish IG Office. Either John Kamp, currently acting head of legislative affairs, or Sheldon Guttman, assoc. gen. counsel for administrative law, is expected to be named FCC's IG, who will report directly to chmn.

Adopting popular takeover defense, Tribune Co. has sold \$450 million of new convertible preferred stock to its Employee Stock Ownership Plan (ESOP), will use proceeds to buy up to 8 million of its common shares on open market. Move came after report that Bass Group had acquired 2-3% of Tribune shares. "Expansion of the ESOP increases ownership by our employees and recognizes their significant economic stake in the Tribune Company's continued success," Chmn.-CEO Stanton Cook said. Approval by 80% of holders is necessary to win any attempted takeover. Under plan, employee ownership will rise from 10% to 15%; corporate insiders and McCormick Charitable Trust own 22.4% of 74.9 million shares outstanding. Tribune has purchased 8.6 million shares of 10 million authorized in Feb. 1986.

"After years of posting audience growth," public TV viewership has fallen consistently since new season began in Oct., PBS Research said. Prime-time average audience has been 0.2 rating points below last year's average every month through Jan., most recently analyzed period. It's now at 2.5 -- loss of 180,000 TV households from last year's 2.7 at this stage, Research Dir. John Fuller told stations. While audience decline "could be temporary," he said, it also "could be more than a short-term aberration." While Fuller said "it's almost impossible to track down any specific cause" of falloff, he theorized it resulted largely from increased viewing options, such as cable and independent TV stations.

Residents of Osage City, Kan., voted 641-175 April 4 in favor of building city-owned cable system to compete with MultiVision, Mayor Dwight Thompson said. He put turnout at about 70%. Osage City is among number of communities displeased with service provided by MultiVision (TVD March 6 p7). Thompson said city could begin construction of system in about 3 weeks. He said he hadn't heard from cable company since referendum. Meanwhile, in Gulf Breeze, Fla., survey of cable customers served by MultiVision found that more than 85% want 2nd cable company as competitor, we're told.

Advanced TV and HDTV systems will be main topic on agenda of International TV Symposium and Technical Exhibition June 17-22 in Montreux, Switzerland, involving 7 sessions. Others meetings will deal with electronic newsgathering, direct broadcast satellites, satellite receivers, terrestrial transmission equipment, cable equipment, production. Details: 41-21-963-3230.

Personals

George Vradenburg advanced to senior vp-gen. counsel-secy., CBS Inc... Promotions at Cap/ABC: Paul Rittenberg to vp-dir.-daytime sales; Robert Sedlachek to vp-dir.-sports sales; Michael Brockman, ex-CBS Entertainment, joins ABC TV as pres., new daytime, children's and late-night entertainment division... Changes at NBC: Susan Costley promoted to vp-financial forecasting and analysis; Winifred White moves from vp-family programs, NBC Entertainment, to unit's dir.-motion pictures for TV.

Thomas Cookerly pres., Allbritton Communications Best. Div., resigns June 1 after 15 years, saying: "It's a good time to leave and decide what course of action I want to take in the future. I leave on friendly terms"... Nicholas Trigony promoted to exec. vp, Cox Enterprises' Bestg. Div.; Michael Faherty succeeds him as exec. vp-radio... Jesse Jackson speaks at May 23 breakfast at NCTA convention in Dallas. Event is co-sponsored by National Assn. of Minorities in Cable... William Rubens, retired vp-research, NBC, named recipient of first annual NAB/Best. Education Assn. award named after late broadcast research veteran Hugh (Mal) Beville.

Mark Lustgarten, pres., Rainbow Program Services, speaks on "irrational bidding for sports programming," among other topics, at April 12 NATAS lunch at N.Y.'s Copacabana... Ron Ebert promoted to national service dir., Jerrold.

Otis Freeman, senior vp-engineering, WPIX N.Y., retires this year after 45 years at station... Vincent Roberts advanced to vp-engineering and operations, Disney Channel... Pat Mastandrea, ex-Fox TV, and Gary Davey, consultant, appointed joint managing dirs., U.K.'s Sky TV, succeeding Jim Styles, who will remain senior consultant until year-end... Brooke Johnson, ex-WABC-TV N.Y., joins Arts & Entertainment Cable Network as vp-programming and production.

Advancements at KUED-TV-FM Salt Lake City/KULC Ogden: Larry Smith, business/personnel mgr., KUED-TV, to chief financial officer; Clark Rhoads to chief engineer... Susan Wilcox, ex-KCBS-TV L.A., joins KTTV there as local sales mgr... Ken Middleton, ex-news dir., WTSP-TV St. Petersburg-Tampa, joins WPCQ-TV Charlotte in same post... Boyd Rooney, gen. mgr., KUAT-TV-AM-FM Tucson, resigns after 10 years.

Martin Malarkey moves to chmn., consultancy Malarkey-Taylor Assoc.; Robert Jones succeeds him as pres... Allan Adler, ex-legislative counsel, ACLU, joins law firm Cohn & Marks as member... Ed Bell, managing editor, WNEV-TV Boston, appointed pres.-elect, AP Bestrs. board... Judith Johnson advanced to pres., Meyer Bestg., succeeding William Ekberg, retiring... Peter Price, publisher, N.Y. Post, resigns to form TV-radio production firm with Univisa.

Susan Sosna advanced to senior dir.-informational and concept specials, CBS Entertainment... David Yarashes promoted to financial mgr., WVEC-TV Hampton-Norfolk... Newly elected professional members, PBS board: Bill Arhos, KLRU Austin; Jon Cooper, KNME-TV Albuquerque (incumbent); Beth Courtney, La. Public Bestg. (incumbent); Fred Esplin, KUED Salt Lake City; John Morison, WHRO-TV Hampton-Norfolk... Candace Carlisle advanced to vp-public TV sales, BBC/Lionheart TV.

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Bill Grantham, editor, TV Business International, named head of publications and press, MIDEM, organizers of TV program markets MIP-TV, MIPCOM, MIDEM.

Harold Akselrad promoted to senior vp-business affairs, HBO Inc., succeeding Leslie Jacobson, named senior vp-film programming... Valerie Salenbier, TV Guide publisher, joins N.Y. Post in same capacity... Jose Felipe, ex-chief financial officer-vp-finance, Storer Cable, joins Video Jukebox Network in same posts.

With recent start of independent KXIV (Ch. 14) Salt Lake City, there now are 1,413 operating U.S. TV stations, of which 1,071 are commercial, 342 noncommercial. KXIV owner is American TV of Utah, which in turn is owned by American Stores Co. and Skaggs Telecommunications Service; L.S. Skaggs is chmn., Donald Skaggs pres., Robert Quigley gen. mgr., Eldon Sorenson chief engineer, Russ Heaton gen. sales mgr., Mike Hemingway program dir.

Police recovered 4,000 cable signal descramblers in March 28 raid on D. Electronics and Cable Network, both in Omaha, NCTA Office of Cable Signal Theft (OCST) said. Assn. had seen ads for devices in national publications, notified federal and local authorities, OCST said. Raid was conducted by FBI, Omaha Police Dept. and Omaha office of U.S. Secret Service, NCTA said.

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of March and year to date:

	MARCH 18-24	1988 WEEK	% CHANGE	MARCH 11-17	12 WEEKS 1989	12 WEEKS 1988	% CHANGE
TOTAL COLOR.....	404,334	420,005*	- 3.7	362,274*	4,537,464*	4,008,431	+13.2
DIRECT-VIEW...	401,205	415,651*	- 3.5	359,521*	4,491,592*	3,952,819	+13.6
PROJECTION....	3,129	4,354*	-28.1	2,753	45,872	55,612	-17.5
TOTAL VCR.....	263,839	268,049*	- 1.6	206,560*	2,085,002	2,425,116	-14.0
DECKS.....	229,039	230,280	- 0.5	181,923	1,775,312	2,167,258	-18.1
CAMCORDERS....	34,800	37,769*	- 7.9	24,637*	309,690*	257,828	+20.1

Color TV 5-week moving average: 1989--387,769*; 1988--370,593 (up 4.6%).

VCR deck 5-week moving average: 1989--178,944; 1988--196,875 (down 9.1%).

Camcorder 5-week moving average: 1989--31,110*; 1988--26,030 (up 19.5%).

* Record for period.

PHILIPS DROPS PHILCO TV AND DISTRIBUTORS: In major casualty of color TV shortage and changing retail patterns, Philips last week informed Phileo's 40 distributors they will be terminated May 12 and canceled May Phileo sales convention and color TV line. Phileo brand VCRs, camcorders and audio will be continued, but will be sold on direct basis, said Enrico (Rick) Policicchio, Philips vp-gen. mgr. for Sylvania, Philips and Philco brands.

Philips remains committed to 2-step distribution, Policicchio said -- in fact is strengthening Sylvania line by adding several discontinued RCA distributors -- but "it no longer makes sense to continue to market 2 brands through 2-step distribution, going after the same customers and chasing a market which is much smaller than it used to be." Discontinuance of Phileo color TV was result of severe shortage -- "that's what finally forced the issue" -- and though Policicchio said color line could be reinstated eventually, "the earliest time would be the 2nd half of 1990."

Philco was one of earliest manufacturers of TV, starting in 1940s, eventually rose to No. 2 (behind RCA) in TV production and sales. Original company was founded in 1892 as Helios Electric Co., and as Philadelphia Storage Battery Co. produced its first radio in 1928. Philco was sold to Ford Motor Co. in 1961. Ford sold it in 1974 to GTE, which sold it -- along with Sylvania -- to N. American Philips in 1981. Phileo ranked 22nd in color TV with about 1% market share, according to our 1988 model-year survey (TVD July 25 p14). Philips' decision was relatively sudden, it's indicated, made just week before letters went out to distributors, whose contracts all ended May 12 and won't be renewed.

In VCR and audio, Philco now will become low-end brand designed to compete "with GE and Emerson," supplied direct to such markets as warehouse clubs, catalogs and discount chains -- "channels not disruptive to our current markets" -- where Philips has little or no presence, and taking pressure off bottom end of Magnavox line, Policicchio said. "We don't have the color availability to address that line today," he said, "but we might have it in the future." He added: "Since we make all our own color TV, we can react and switch quickly."

"We're committed not only short term but long term to 2-step distribution," he said, "and our multibrand strategy allows us to continue. The awareness level for Sylvania is higher than that for Philco. We believe there's a long-term place for a distributor line as a niche market -- and we can have that as long as we have a brand like Magnavox to load the factory. In 2-step, we'll concentrate our efforts on a single brand." Philips' move follows RCA's termination of most distributors (TVD Feb 13 p11, Feb 6 p11) and Sony's elimination of all distributors (TVD March 20 p10).

Discontinuance of Philco color runs counter to recent trends of proliferation of brand names. Philips' lineup, as described by Policicchio, is headed by Philips brand as "premiere line, with limited distribution, a niche product," with Magnavox as "broadly based demand line servicing every channel of distribution" and Sylvania "basically a distributor line," also sold direct to buying group NATM as sheltered line.

TOSHIBA ADDS 32" U.S-MADE 'SUPER TUBE': First of 1989 product lines, shown last week by Toshiba, includes what will be -- probably for some time -- biggest American-made picture tube, 32" FST "Super Tube," first product of \$100-million expansion of Toshiba's tube plant in Horseheads, N.Y. (TVD June 20 p13). New tube, with claimed 700 lines of horizontal resolution featuring electron gun with 8 lenses for improved picture focus, highlighted Toshiba dealer convention in Tampa.

Sets in Super Tube line feature Carver Sonic Holography stereo system that Toshiba introduced into some of its sets last year (TVD May 2 p17), with surround sound speaker that can be moved around room to give 3-dimensional sound effect, MTS stereo, S-VHS terminal, on-screen picture, sound control. They won't come cheap -- table model will be available in Nov. at \$2,799; horizontal console is \$2,499, vertical console \$2,199. Model with 30" version of Super Tube, MTS, Carver sound system, S-VHS is \$2,600. Introduction of sets with new tubes indicates Toshiba tube plant expansion is near schedule that calls for Aug. pilot production. Tubes are first U.S.-made versions over 27" to be shown in actual TV sets. Only announced larger tube is 35" that Thomson says it will make in 1990 when expansion of its Marion, Ind., plant is complete (TVD April 3 p9).

Also in Toshiba direct-view color TV is 27" set with Carver sound, MTS, S-VHS input, 650 lines of horizontal resolution (\$1,200); console is \$950; two 26" models with MTS, one with S-VHS input (\$730), one without (\$630); 20" model is \$380, with MTS, on-screen programming \$450, with S-VHS input \$550; 19" is \$350; 13" is \$300. Toshiba said entire TV line has remote control, 80% have MTS stereo. In projection TV, Toshiba line has 52" monitor receiver with Carver sound system, 560 lines horizontal resolution, MTS with noise reduction \$3,600; 46" model is \$3,200.

Notable for their absence in Toshiba line are digital-chassis and IDTV sets. Toshiba was first to introduce digital TV set in 1984 and first to demonstrate line-doubling IDTV set at Jan. 1988 Consumer Electronics Show, announced 28" IDTV last year same week Philips showed its 27" and 31" IDTVs (TVD May 16 p8). In new line, Toshiba has dropped 28" tube, added 32".

Toshiba VCR line features S-VHS deck with digital effects such as freeze frame, still, variable speed search, mosaic, PIP and MTS stereo, at \$1,300; MTS 4-head model is \$630, with flying erase head and graphic equalizer \$750; other 4-head model is \$420; hi-fi videocassette player is \$350. In camcorders, Toshiba added VHS-C with 300,000 pixels, 8x power zoom, auto focus, 1/1000 sec. high-speed shutter, at \$1,300 in Oct. Line also has S-VHS-C model with 400,000 pixels at \$1,900; 3D camcorder is continued at \$3,700.

Toshiba's recent reorganization, in which 5 U.S. operating groups were placed under N.Y.-based Toshiba America holding company (TVD Feb 13 p15), indicates Japanese firm's "commitment to American market," Toshiba America Consumer Products Pres. Ken Hiyama told dealers. New structure will "improve communication with Toshiba in Japan," he said, but "give us more responsibility for our own success." He said Toshiba's transition to direct sales in last year was "smooth."

Both 30" and 32" Super tubes will be manufactured at Toshiba's picture tube plant in Horseheads later this year, Hiyama said. Among new products to be introduced in 1989 will be high-resolution 6.5" LCD TV-VCR combo. He said Toshiba's plant in Mexico will be expanded later this year. Senior Vp Thomas Steckbeck said Toshiba color TV sales increased 50% in 1988, and color TV will be company's "key to success" this year, although camcorder has greatest growth potential. Toshiba will add 6 new sales offices in May, he said.

Toshiba is sourcing 13" and 19" color TV sets for U.S. market from Samsung under OEM arrangement between companies, according to report in Japan. Sets are being produced at Samsung factory in N.J. Toshiba has agreed to buy 100,000 sets from Samsung, and is considering expanding contract. Under separate arrangement, Toshiba is receiving Korean-made VCRs from Samsung (TVD April 11/88 p9).

PHILIPS STUDIES NEW U.S. TUBE PLANT: You can almost certainly add Philips to list of companies building or planning new or expanded picture tube plants here for jumbo sizes -- list that already includes Matsushita, Mitsubishi, Sony, Thomson, Toshiba.

"I would like to see the decision made by this summer," we were told by Philips Display Components (PDCC) Pres. Iva Wilson, who pointed out that decision would be made in conjunction with Eindhoven hq. "We are in the process of evaluating our needs in the United States and what position we must take to cope with the insufficient capacity." Any new plant here would be designed for large tubes -- most likely including 31" -- and would be near PDCC's new hq in Ann Arbor, Mich. Philips' current tube plant is in Ottawa, O. Move of hq to Ann Arbor from Seneca Falls, N.Y., will be complete in June.

Previously Philips had said any new U.S. plant was likely to cost around \$100 million, and press reports in Ann Arbor indicate it could employ up to 750. Philips also is involved in ownership of new plant nearing completion in Troy, O., being built by Matsushita Electronics, in which it owns 35% share (TVD March 14/88 p10).

"The demand for tubes is enormous," Wilson said. "We're meeting our contractual agreements to supply our customers, but everybody is still unhappy because they're not getting everything they'd like." Shortage is worldwide, she said, with all Philips tube plants at capacity. Philips has set up line to make 31" tubes at its plant in Aachen, W. Germany, where it also will make 36W" wide-aspect ratio tube (16x9) for HDTV. "We will make widescreen tubes [in Europe] to be ready when HDTV comes," Wilson said. She added, however, that it's anticipated that first U.S. HDTV sets would use projection rather than widescreen direct-view tubes.

Note: To avoid of confusion in tube sizes, hereafter we will use designation "W" in description of tubes with 16x9 wide aspect ratio for HDTV (example: 36W"). We were first to use designation "V" to denote measurement of viewable diagonal in 1966 when industry switched from overall diagonal measurement (TVD Dec 12/66 p7), designation that later was adopted by industry in standard size descriptions. Diagonal measurement of 16x9 wide-aspect tube is about 1.22 times that of standard 4x3 tube of same height -- thus 33W" tube could be considered widescreen stepup of standard 27".

MATSUSHITA PUSHES NONCONSUMER AREAS: Matsushita Electric, one of world's great consumer electronics powerhouses, gradually is switching emphasis away from slow-growing home electronics, like some other Japanese companies that got their start in consumer products. That was made clear in interviews with top company officials in Japan recently.

New areas of concentration may well result in development of new classes of consumer electronic products, as shown in 70th anniversary Matsushita Electric Exhibition of Technology (see separate report in this issue and TVD April 3 p9). Company's new "major business areas of emphasis" are: (1) Semiconductors, as basic building blocks for all electronics. (2) Information and communication -- from computers to telephones. (3) Factory automation -- component insertion, robots, production systems, etc. (4) New audio-video devices and systems, from LCD to broadcast HDTV gear. (5) Housing-related products, including home automation. (6) Automotive electronics. (7) Air conditioning.

Consumer products still represent by far largest segment of Matsushita's sales -- in fiscal 1987, video equipment (including TV) totaled 30% (VCRs and camcorders and other non-TV video were 21%), audio 8%, home appliances 15%, industrial and communication equipment 20%, energy and kitchen-related products 5%, components 12%, other 9%. However, 70% of Matsushita's current R&D is concentrated in those 7 growth areas, which represented 28% of sales in fiscal 1885 and 35% in 1988, and are expected to hit 44% in fiscal 1991, according to Tsutomu Fukuhara, dir. and member of board in charge of corporate planning.

Consumer market has been slowed by saturation, with no hot, fast-growing product such as TV or VCR in sight. However, Fukuhara stressed that company won't neglect consumer products. "At the peak of the color boom we asked ourselves whether there would ever be any new product like color" in terms of rapid growth, he said, noting that no one could have foreseen VCR boom. Asked to predict other possible boom products, he cited HDTV equipment, LCDs, giant-picture TV, digital audio tape (DAT) products and home personal computers as "promising." Most important future products probably will be in information and communications field, he said. "Currently there are information networks among companies. In the future there will be networks among households, and among individuals."

With increasing manufacture overseas, Matsushita's export sales, while increasing in value, decreased as percentage of total from 50% in 1985 to 40% in 1987 and 1988. Kiyoshi Seki, managing dir. in charge of overseas operations, said company is planning future foreign investments that will "require huge amounts of money -- such as components for semiconductors and cathode ray tubes."

Company's VCR assembly operation in Vancouver, Wash., he said in reply to question, "currently is not cost-competitive" with Japanese manufacture, presumably because of lack of parts availability in U.S. "We

would like to expand the American VCR plant for greater productivity and higher U.S. content," he said. "We want to build products with higher features." He didn't elaborate. Asked his views on Matsushita's participation in HDTV market, he said this was "sensitive issue, like DAT," because U.S. "regards this as strategic." He said that until there was some kind of agreement on HDTV in U.S., company couldn't reach any specific view on subject.

Matsushita has no plans to enter directly into video or audio software market, but will continue to participate through JVC in which it owns 50.8% share and which is active in recorded video and audio areas, Fukuahara said. Asked whether VCR shortage was "artificial," he said it resulted from "unexpected demand from U.S.," adding: "There is also a shortage of VCRs and camcorders in Japan, but the problem has been solved."

As for sales in Japan of TV consoles imported from U.S. by Matsushita, Fukuahara said in answer to question: "The Japanese consumer is not showing very much interest in this product. It is necessary to import products which meet the needs of consumers. [Japanese consumers] are willing to buy any product of any country if it's very good."

JAPANESE COLOR TV EXPORTS UP 75% IN FEB.: Complete color TV exports from Japan to U.S. jumped 74.5% in Feb. -- 2nd straight monthly increase after more than 2 years of declines (TVD March 20 p13). VCR deck shipments from Japan decreased, but average price in yen rose from prior month for first time since Sept., Japan Finance Ministry export figures showed.

Japanese shipments of total color sets to U.S. leaped 56% to 29,393, complete color sets were up 74.5% to 28,452 and color chassis & kits down 62.8% to 941. Figure for complete sets was highest since 33,479 in Nov. 1987. Despite huge increase in shipments, value of exports fell 20.6% in Feb., indicating steep decline in prices. In first 2 months of 1989, total color TV exports from Japan were up 27.5% to 45,834, complete color up 39.9% to 44,475, incomplete color down 67.2% to 1,359. Shipments of b&w sets to U.S. were negligible for 2nd straight month.

VCR deck exports in Feb. dropped 6% to 839,656, following 4% increase in Jan. Deck shipments through first 2 months were off 2% to 1,460,504. Camcorder exports from Japan gained 8.7% to 171,142 in Feb., and were up 19.7% to 327,464 for Jan.-Feb.

Average price of VCR deck shipped to U.S. in Feb. was \$232.48, based on average 128-yen-to-dollar rate in effect that month. That's up \$3.28 from \$229.20 in Jan., lowest price in 11 months, and up \$5.70 from \$226.78 in Feb. 1988, lowest price in recent years. Average price in yen was 29,758, up 3% from Jan., first month-to-month increase since Sept. Yen price was up 1.7% from 29,255 in Feb. 1988. Average camcorder price, based on Finance Ministry figures and yen rate, was \$645.33, up from \$642.57 in Jan.

Japanese Compact Disc player exports fell for 8th consecutive month -- 7.4% to 240,827. Through first 2 months, CD player shipments dropped 11.9% to 425,026.

Japan delivered 56,199 VCR decks to Canada in Feb., off 6.3% from Feb. 1988. VCR deck exports there in Jan.-Feb. dropped 22.1% to 91,205. Complete color TV exports to Canada more than doubled to 959 in Feb., and rose 12.2% to 3,155 in 2 months. Camcorder exports fell 75.4% to 3,444 in Feb., 65.9% to 8,569 in 2 months.

VCR deck exports to all countries rose 8.7% to 1,905,000 in Feb., with value up 7.6% to 65.76 billion yen; camcorder exports were up 11.1% to 380,000 and value up 11.6% to 35.3 billion yen. TV exports rose 10.4% to 609,000 and value 26.9% to 20.8 billion yen.

Color tube aperture mask sales by BMC Industries increased 17% in 1988 over 1987, company said in annual report, although price pressures and expansion startup costs reduced profits. BMC says its Buckbee-Mears plants in Cortland, N.Y., and Muelheim, W. Germany, produce about 25% of world's supply of aperture masks. Company will start 3rd production line in Cortland around midyear. Report says company has done considerable research on HDTV mask designs and sees HDTV as "major opportunity... beginning in the middle of the approaching decade."

Soviet-developed computer game, "Tetris," will be adapted for Nintendo system, based on worldwide agreement signed by Nintendo and ELORG Soviet Foreign Trade Assn.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 132 yen = \$1, except where noted.

KOREAN 'VCR DILEMMA': Korea's 3 VCR

manufacturers are losing money on exports to U.S. and are exploring variety of methods to remedy situation -- including cutting back sales here, switching to camcorders, instituting major price increases. So said comprehensive survey of situation in Asian Wall St. Journal, reprinted in part last week in U.S. editions of Journal.

Article says sharp increase in Korean wages pushed VCR production costs up 2%, which, combined with 16% rise of the won against dollar last year resulted in substantial decline in profits of Daewoo, Goldstar, Samsung. Samsung VCR Export Gen. Mgr. Park Sang-Jin is quoted as saying company lost money on every recorder exported to U.S. last year and is considering cutting back sharply on U.S. sales. Report says VCRs constituted biggest category of Samsung and Goldstar consumer electronics sales, at 30% and 31% respectively, last year, and at Daewoo VCR was just slightly behind color TV at 15%. Other points made in article:

Koreans deliberately picked low end of scale to enter U.S., largest market for their VCRs. Goldstar Exec. Dir. of Overseas Operations Nam Woo said company hopes to become power in more expensive camcorder market and at same time to maintain its share of U.S. VCR deck market while raising prices 9-10% this year.

However, Samsung's Park is less optimistic, hopes to cut U.S. VCR sales. Problem with camcorders, he said, is that it's very difficult to compete with Japan in that market since most parts come from Japan, which can cut supply at will. He said Samsung will enter camcorder market cautiously while raising deck prices. "We no longer can afford to produce deck VCRs for a price which consumers at the lower end of the mass market in the U.S. can afford to pay," he's quoted as saying.

Daewoo exported about 300,000 VCRs to U.S. last year, but that market is "not paying off at all," export executive J.B. Chun said, adding that Daewoo hopes to enter camcorder market "in a bigger way" as soon as it can get components from Japan.

U.S. govt. hit Japan with antidumping duties on 3.5" microdisks after determining that companies there injured U.S. industry by selling discs here at less than fair value. Determination following investigations by Commerce Dept.'s International Trade Commission resulted in steep penalties against Sony (51%), Fuji (50.52%), Hitachi Maxell (27.73%), all other Japanese suppliers (42.95%). They must post cash deposits equal to dumping margins for all imports received after Sept. 29, 1988, date Commerce published preliminary dumping determination. JVC, meanwhile, started production of 3.5" floppies at its Tuscaloosa videotape and CD plant. It plans to make 3 million discs this year, 5 million next. Investment in disc facility was \$7.6 million.

Intel and IBM jointly will develop products using Digital Video Interactive (DVI) technology that Intel purchased from GE (TVD Oct 17 p14). IBM also will be involved in development of DVI, which provides interactive full-motion video, graphics and animation on standard Compact Disc-Read Only Memory (CD-ROM) disc. Among products will be circuit boards for IBM personal computers, to be available later this year.

Digital Audio Tape (DAT) is basis for new high-capacity digital data storage tape drive introduced last week by Sony America. Format is supported by DDS Mfrs. Group, committee of 12 leading tape drive manufacturers.

NEW ARVIN SALE DEAL: Arvin has reached agreement to sell assets of its Electronics Div., including stock of Arvin Taiwan, to Electrocon Taiwan, subsidiary of Hong Kong-based semiconductor distributor Electrocon International. Previous deal to sell assets to Tele-Art Inc. collapsed because of legal problem involving prospective buyer (TVD Feb 6 p14, March 27 p10).

Total purchase price was given as equal to net book value plus \$1.5 million, with closing expected early next month. Taiwan plant, which produces private label audio equipment, has 225,000-sq.-ft. engineering and production facility, employing about 1,200. Among U.S. assets transferred will be CAD-CAM system, specialized test and measuring equipment and "everything they need to operate the Taiwan facility," Arvin Electronics Pres. Frank Myers said. It's not known how many U.S. Arvin employees will be involved in switch. Myers has said he will announce own plans after deal is closed.

Buyer Electrocon is major distributor of U.S. semiconductors in Hong Kong, selling to computer and consumer electronics manufacturers there. Among lines it handles are GE, Texas Instrument, Zilog. Founded in 1970s, it's listed on NASDAQ and is headed by Edward Ting, whose background is in semiconductor industry.

Continuing program to concentrate on automotive businesses, Arvin announced it plans to sell ArvinAir Div., U.S. market leader in portable electric heaters and evaporative coolers, sold under Arvin and retail labels.

Matsushita is selling 8mm under own name -- but to airline, not public. Company beat out Sony in bidding for orders from All Nippon Airways, Japan's 2nd largest air carrier, to equip 20 planes each with one or 2 8mm VCRs. It says it hopes to step up sales of 8mm recorders for industrial and commercial use, but still has no plans to sell consumer 8mm VCRs under its own brand names. Matsushita makes 8mm consumer VCRs for OEM customers. Meanwhile, Hitachi is planning to start manufacture of combo 8mm VCR and LCD TV for unnamed OEM manufacturer, Japanese reports said.

EIA is revamping its inventory statistics, eliminating distributor inventory figures. Recent trend away from distributors makes it difficult to collect accurate data. Pipeline inventory data will be directly comparable with previous years, said Marketing Services Vp Clint Lee. Inventory data are provided to those contributing statistics or subscribing to EIA marketing service.

Kodak and Olivetti agreed last week to jointly develop, make and market 5.75" and 3.5" optical disc drives for personal computers. Each will own 40.17% of privately held Laserdrive Ltd., Santa Clara, Cal., currently controlled by Olivetti. Deal is contingent on approval by Laserdrive shareholders.

Bang & Olufsen's first U.S. color TV is 26" model, listing at about \$2,000. Because of transmission error, screen size was stated incorrectly in March 27 issue.

LCD consortium, charged with developing large screens for HDTV, has been formed in cooperation with Japan's Post Ministry by NEC, Seiko Epson, Meytec.

Marantz will move hq to Chicago from Chatsworth, Cal., by year-end. Current facility was said to be "too large."

MORE RETAIL TURMOIL: Sears announced last week it will open 110 Brand Central home appliance and electronics superstores over next month in mid-Atlantic U.S. Meanwhile, Crazy Eddie was reported to be nearing liquidation and Federated Group management announced restructuring and consolidation plan.

Sears' new superstores will be opened within existing stores in Ind., Ky., Mich., N.Y., Ohio, Pa., W.Va. Brand Centrals will offer more than 60 national brands. Sears said Brand Central concept, which it started last year, will be added to 400 stores this year and all remaining retail stores next year.

Crazy Eddie is "desperately fighting to stave off liquidation," according to Crain's N.Y. Business. Report quotes Sharp Exec. Vp Charles Daigneault as saying retailer is asking for moratoriums on payments, and quotes industry sources that Crazy Eddie management has been looking for buyer for retail business since last fall.

Federated plan includes immediately closing 15 of 60 stores, cutting hq staff 30% and centralizing hq, expanding inventory, "upgrading store image and merchandise," improving customer service. Move comes after Atari said it will treat Federated Group, which it owns, as discontinued operation for accounting purposes. Atari said it was considering spinoff or leveraged buyout of retail operation.

* * * *

March Retail Sales: Tandy sales rose 12% to \$324.8 million, with same-store sales up 6%... Circuit City March sales gained 24% to \$124.9 million, same-store sales 7%... Best Buy reported sales of \$36 million, same as March 1988, same-store sales ahead 1%... Sears said appliances and home electronics contributed to 11.9% sales increase in 5 weeks to April 1... K mart, which posted 2.5% sales increase in month, said home electronics sales were strong... Montgomery Ward reported increased sales by its Electric Ave. departments.

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Record-once Compact Disc system will be demonstrated (on videotape) and introduced to "general public" by Taiyo Yuden (TY) U.S. subsidiary That's America Sales & Marketing Mgr. Dan Garcia today (April 10) at N.Y. Audio Society meeting in Flushing, N.Y. For first time, videotape will show recording equipment. TY representative told us equipment will be made by hardware manufacturer in conjunction with TY. Japan's NHK "has begun using the CD-R to produce some classical FM programs," TY said. Garcia reiterated that blank discs won't be sold to consumers "unless the copyright issue is resolved," but are aimed only at "fields that are either free from copyright or where it is strictly protected."

Color TV buying plans of U.S. consumers rose slightly in March, 2nd straight monthly increase after steep decline to lowest point in years in Jan., Conference Board said. March preliminary surveys showed 6% of U.S. households planned to buy color TV set within 6 months, up from revised 5.8% in Feb. and 5.7% in Jan., but down from 8.5% in March 1988. Board's overall consumer confidence index was 117.7, down from 120.7 in Feb. and up from 112.7 in March 1988.

Go-Video shareholder group has formed committee to try to remove 3 outside directors from board. Group, which said it owns 8.9% of Go-Video, seeks to oust Richard Barrett, Roy Dunlap and Merrill Ridgway as directors, according to SEC filing. Investor David Deeds told Wall St. Journal group is "trying to bring some outside strength to the company" and doesn't plan takeover.

IBUKA HIGHLIGHTS ICCE: International Conference on Consumer Electronics (ICCE), immediately after Consumer Electronics Show June 7-9 (educational sessions June 6) at Westin O'Hare Hotel, Rosemont, Ill. will be keynoted by Sony founder and Honorary Chmn. Masaru Ibuka with speech titled "The Highest Technology, Not for Missiles But for Walkman." Conference will feature first annual presentation of IEEE's Masaru Ibuka Award for contributions to consumer electronics.

Advanced TV systems are prominently featured on program, including educational session on visual perception basics for HDTV systems, papers on EDTV by NEC, Nippon TV Network and Toshiba, IDTV by Philips, MUSE/NTSC converter by Mitsubishi and NHK, MUSE systems by NHK, ghost canceling systems by Ill. Institute of Technology and NEC, perception of widescreen TV by Sarnoff Center, HDTV VCR by Matsushita, videodisc by Sony, aspects of individual HDTV proposals by Philips, Zenith and Sarnoff Center, panel on "Introduction Scenarios for ATV."

Other papers cover rewritable CD recorders by NEC and Sanyo, digital video camera LSI by NEC, Hi8 system and tape by Sony, Britain's NICAM digital multichannel TV sound system by Philips, FMX by Best. Technology Partners, home digital VCRs by Matsushita and NEC, high-resolution projection TV by Hitachi, cable pay-per-view antitaping system by Eidak. Special sessions will be devoted to home bus and telephone and paging systems, and panel will discuss interactive services.

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Tera introduced its 4th TV model, 31" audio-video center with picture tube by Hitachi. It has many of same features as Tera's 27" and 20" sets, includes 35-w-per-channel amplifier, remote control unit with headphone jack, new ultrasophisticated circuitry. Whole A-V package is \$3,750, basic "TV module" \$2,750, with stand (which has room for VCR and videodisc player), speakers, subwoofer amplifier and subwoofers extra. Pres. Ron Fone said price has 39.5% gross margin built in. He said he expected most sales to be custom installations. Tera has 75 U.S. dealers now, with goal of 120 dealers with 200 stores.

Video equipment sales to dealers fell in all product categories in 4th week of 5-week March (see State of the Industry). Despite decreases in week, direct-view color TV sales were up 7.2% in first 4 weeks of month, total VCR sales were up 7.4% and camcorders 26.3%, EIA said. Month's projection TV sales were off 17%. Cumulative VCR sales since 1975 passed 70 million mark in week ended March 24.

Monochrome TV sales to dealers were down 28.4% in year's first 2 months, according to EIA, totaling 276,570, compared with 386,305 in same 1988 period. In Feb., sales were 122,149, down 32.3% from 180,337 in Feb. 1988. Jan. b&w sales totaled 154,421, down 25% from 205,968 in Jan. 1988. EIA has discontinued reporting weekly sales of monochrome TVs.

Audiovox had net loss of \$1.4 million in 3 months ended Feb. 28, compared with net profit of \$689,000 in same 1988 period, on 14.5% lower sales of \$62.9 million. Company said improved cellular phone sales and reduced operating expenses should contribute to better results in 1989.

Control of Inmos, 6th largest European semiconductor manufacturer, last week passed from Thorn-EMI to SGS-Thomson Microelectronics, joint Italian-French venture, which will own 90%.

MATSUSHITA'S TECHNOLOGY: Marking its 70th anniversary, Matsushita hosted giant demonstration of its technical acumen that closed last week in Tokyo and opens this week in Osaka, with some 200 exhibits ranging from superconductors to method of cloning giant strawberries (we ate one) to microwave garbage disposer. In addition to our previous reports on new color displays, standards converting VCR (TVD April 3 p9 & 12) and erasable optical computer discs (TVD March 27 p14), here are some highlights of 8-day Matsushita Electric Exhibition of Technology (MEET), which company estimated would be seen by 60,000-80,000 guests before it closed:

Magneto-optical 12" videodisc, storing up to 30 min. per side, is rewritable more than million times, provides 380 lines of horizontal resolution. Perpendicularly polarized magnetic recording tape with extremely high-density capability, manufactured by electron beam deposition process, is said to be first such tape that can be used for video recording.

Many displays were devoted to HDTV, including full-color printer; VTR using MII type 1/2" tape capable of 63 min. recording per cassette; 20", 30" and 32" direct-view and 50" projection monitor; fiber optic digital HDTV transmission system; large variety of studio equipment; optical videodisc with slanted V-groove surfaces capable of storing 2 hours on both sides, using 2 lasers to read recording on each of 2 slanted surfaces of groove. Most dramatic was theater system with 3 screens, each 150" diagonally, with 12" projection tubes and horizontal resolution of 1,000 lines.

Developmental VHS recorder had 16-bit digital PCM audio recorded on same track as video, with frequency response of 5-20,000 Hz, 96 dB range, 0.005% distortion; system can record digital audio signal from satellite directly without converting it to analog signal. Image stabilizer for TV camera uses digital correction to compensate for mechanical motion. Digital home VTR records more than 3 hours on compact cassette with resolution of more than 500 lines. DAT recorder is capable of storing 2,000 still images, or 700 with audio, on single cassette.

For TV of future, Matsushita showed 16-Mb dynamic RAM capable of memorizing million characters of 64 newspaper pages on single chip; HDTV CCD image sensor with 1.3 million pixels, horizontal resolution of 700 lines, dynamic range of 72 dB, smear level less than 0.001%; 8-Mb video random access memory for HDTV.

Communications and home office systems included color motion videophone applicable to Integrated Services Digital Network (ISDN), one using conventional tube, other with Beam Matrix tube. Home learning system combined full-definition moving video pictures with computer. Interactive AV system featured new optical disc format that adds data and computer storage to standard Compact Disc and videodisc formats by "small modification" of existing standards. Section on automobile systems included "head-up" display integrated into windshield, navigation system with maps stored in CD-ROM, left and right color video images in place of rear-view mirrors, mobile fax, S-VHS VCR.

Major laserdisc pressing plant is planned by Sony at its Compact Disc operation in Japan, involving reported \$23 million investment. Plant will have capacity of 300,000 discs monthly this fall, increasing to 500,000 next year. Last month Sony's Digital Audio Disc Corp. facility in Terre Haute began pressing videodiscs (TVD March 20 p17).

JAPANESE EXPAND OVERSEAS: Sharp will establish VCR manufacturing company in India with country's largest manufacturing firm, BFL. Move is part of latest wave of Japanese expansion of overseas manufacturing and marketing to counter effects of higher yen.

Sharp and BFL each will own 40% of venture, with remaining 20% open to public. Production of 4,000-5,000 VCRs a month will begin before end of 1989 at plant adjacent to BFL's new color TV factory in Bombay suburb. Sharp provided technical assistance in construction of TV plant. Japanese company still is awaiting formal New Delhi govt. approval to make VCRs in India. Other moves by Japanese manufacturers:

Pioneer expanded overseas operations with formation of sales companies in Singapore and Taiwan. Pioneer Electronics Singapore was established with \$2.4 million investment by Pioneer and started operations last week. Other company, Pioneer Taiwan, is 70% owned by Pioneer and 30% by Taiwanese investors, starts business May 1.

TDK is building electronics parts plant near Kuala Lumpur, Malaysia in fall. It plans monthly production of 100 million condensers beginning in 1990, to be supplied to Japanese manufacturers in Malaysia.

Sanyo said it will join with Benetton, Italy's largest apparel manufacturer, to design and sell consumer electronics products. First output will be headphone stereo using Benetton design, available in fall.

MEXICO LEADS JAN. IMPORTS: Mexico dominated U.S. color TV imports in 1988 and again will be leading TV supplier in 1989, if Jan. Commerce Dept. figures are any indication of what's to come. Statistics, compiled for first time using new Harmonized Tariff Schedule (TVD March 27 p10), show Mexico providing 42.6% of complete color TV sets in month.

Mexico easily was top supplier of complete color sets with 271,700, up 57.7% from Jan. 1988. Next biggest source was Taiwan with 100,400, down 47.3%, followed by Korea at 92,600, down 19.9%, Malaysia 53,700, down 3.1%. All other major source countries showed increases in shipments: Singapore up 70.6% to 33,500, Hong Kong up 170% to 19,400, Japan up 46.4% to 19,000, Canada up 67.1% to 9,000. China, which shipped negligible number of sets to U.S. in Jan. 1988, exported 21,400.

Under new Harmonized system of classification, color TV kit imports are included with complete color set totals, Commerce official said. It wasn't clear how color TV chassis were being counted, so accurate figure for total color TVs wasn't available.

Korea was leading source of b&w TVs, sending 160,500 to U.S., up 1% from year-earlier figure. Other sources of b&w TVs: Taiwan up 233.2% to 58,800, Hong Kong down 6% to 25,500, Japan down 84.3% to 4,900. China exported 25,300 monochrome sets, compared with 600 in Jan. 1988.

Sanyo is expected to introduce its first full-size VHS recorder this spring for marketing here in fall. Company sells 8mm camcorders, has no plans for VHS-C.

Maxell introduced 2" video floppy discs for use with electronic still video cameras. Discs can store up to 50 images for viewing on TV set.

Consumer Electronics Personals

John Hollands, former pres. of Sony Magnetic Products Co., appointed exec. vp of Sony Corp. of America, reporting to Pres. **Neil Vander Dussen**; **John Briesch**, ex-pres. of Sony Consumer Products Sales Co., named pres. of Sony Consumer Products Group; **John Bermingham**, ex-senior vp, promoted to pres. of new Domestic Sales & Marketing Co., Sony Magnetic Products Group; **Charles Steinberg** named pres. of new Sony Business & Professional Products Group... **Shigeru Inagaki** retires as chmn. of Aiwa America, continuing as senior adviser to Japanese parent Aiwa Co. on parttime basis, operating from American company's Moonachie, N.J., hq; before founding Aiwa America in 1978, he was exec. vp of Sony America; he served as Aiwa America pres. until 1987, when he became chmn.

Einar Kloster, N. American Philips pres., also becomes CEO and chmn. of Exec. Management Committee June 1, succeeding **Gerrit Jeelof**, who continues as NAP chmn. and vice chmn. of parent N.V. Philips; **Stephen Tumminello**, an NAP exec. vp and onetime pres. of NAP Lighting Corp., succeeds Kloster as vice chmn. of Exec. Management Committee... **Arthur Levis**, ex-International Thomson Retail Press (Consumer Electronics and other magazines), onetime Television Digest assoc. editor, named editor of Video magazine, succeeding **Judy Sawyer**, who has resigned to pursue other interests.

Kevin Wienhoeft named national sales mgr., JVC Portable Audio Div., succeeding **Donn Barclay**, now national sales & mktg. mgr., Consumer Video (TVD Feb 20 p16); Wienhoeft was key accounts asst. mgr. in JVC's Chicago office... **Shinei (Steve) Furuta** named Olympus product planning mgr., **Susan Schaffer** photo products mgr... **Kent Flummerfelt** promoted to Lechmere pres., reporting to CEO **George Scala**... **Jeff Heininger**, Allsop sales and mktg. vp, adds total management responsibility for company in agreement with Allsop family.

Keith Fujii named pres.-COO of new Panasonic Communications & Systems Co. formed in merger of Panafax Corp. and Panasonic Office Automation Group, reporting to Matsushita Corp. of America (MECA) Pres. **Richard Kraft**... **Charles Moore**, ex-Audio Div. mgr., named mgr. of Audio/Video Systems Div. of Pierce-Phelps, distributor and manufacturer, in realignment; **Michael Dillon**, formerly Video Div. sales mgr., now heads Product Sales Group; **Robert Seidel** heads Communication Systems Group... **Ray Dolby** and **Ioan Allen** of Dolby Labs awarded Oscar by Motion Picture Academy for "continuous contributions" to film technology.

John Eastburn, Vestron Corporate Development Vp, adds duties of pres. of company's Video Store Inc. retailing unit, replacing **Jack Messer**, who sold Cincinnati-based chain to Vestron in 1987... **Satoshi Matsumoto**, ex-Pioneer U.K., appointed movie studio relations vp of affiliated company Laserdisc Corp. of America... **Michael Dunn** promoted to CBS/Fox mktg. dir... **Jeff Jacobs** advanced to KVC Home Video sales vp... **Sherri Hill** promoted to PR dir., VSDA's Vidnews... **Richard Margolis** advanced to Wood Knapp sales vp... Independent producer **Peter Broderick** named exec. dir. of Rockefeller Foundation 21-member task force on broadening home video distribution of independent films and nontheatrical programs.

Sony offers digital audio tape (DAT) recorder in Japan for about \$830, said to be lowest price yet for DAT recorder. Company expects to sell 2,000 a month there.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acton			
1988-year to Dec. 31	142,072,000	(694,000)	---
1987-year to Dec. 31	126,701,000	7,823,000	3.57 ^a
1988-qtr. to Dec. 31	36,324,000	(804,000)	---
1987-qtr. to Dec. 31	29,238,000	1,204,000	.46 ^a
Carolco Pictures			
1988-year to Dec. 31	164,609,000	35,504,000	1.15
1987-year to Dec. 31	103,721,000	14,332,000	.47
1988-qtr. to Dec. 31	54,941,000	18,767,000	.63
1987-qtr. to Dec. 31	45,924,000	11,382,000	.37
Circuit City Stores			
1989-year to Feb. 28	1,721,497,000	69,475,000	3.05
1988-year to Feb. 29	1,350,425,000	50,400,000	2.25
1989-qtr. to Feb. 28	563,481,000	30,228,000	1.32
1988-qtr. to Feb. 29	460,918,000	23,716,000	1.06
Corning Glass			
1989-12 wk. to March 26	533,500,000	41,800,000	.47 ^a
1988-12 wk. to March 31	453,300,000	(46,800,000)	---
Great American Communications			
1988-year to Dec. 31	381,937,000	(72,437,000)	---
1987-year to Dec. 31	119,788,000	5,704,000	.34 ^b
1988-qtr. to Dec. 31	95,720,000	(31,468,000)	---
1987-qtr. to Dec. 31	97,366,000	(16,646,000)	---
Jones Intercable Inv. LP			
1988-year to Dec. 31	27,017,265	(11,513,314)	---
1987-year to Dec. 31	17,273,190	(7,029,769)	---
MGM/UA Communications			
1989-6 mo. to Feb. 28	412,228,000	(54,201,000)	---
1988-6 mo. to Feb. 29	339,855,000	(2,566,000)	---
1989-qtr. to Feb. 28	241,882,000	(14,731,000)	---
1988-qtr. to Feb. 29	157,877,000	(4,650,000)	---
Outlet Communications			
1988-year to Dec. 31	104,288,000	(21,759,000)	---
1987-year to Dec. 31	84,744,000	(16,925,000)	---
1988-qtr. to Dec. 31	29,194,000	(2,395,000)	---
1987-qtr. to Dec. 31	25,261,000	42,000	.01 ^d
Price Communications			
1988-year to Dec. 31	91,345,406	(12,481,088)	---
1987-year to Dec. 31	95,634,619	(12,261,490)	---
Telemundo Group			
1988-year to Dec. 31	102,086,000	(34,242,000)	---
1987-year to Dec. 31	84,056,000	(46,384,000)	---
1988-qtr. to Dec. 31	32,025,000	(300,000)	---
1987-qtr. to Dec. 31	26,378,000	(6,080,000)	---

Notes: ^aIncludes special credit. ^bAfter special charge.

^cIncludes special items. ^dRestated.

Opposition to price-fix legislation designed to overturn Supreme Court ruling in Sharp case (TVD March 27 p13) was expressed in letter to members of House Judiciary Committee by some 120 companies and trade associations that charged it would create "threat of treble damage lawsuits for legitimate, commercially reasonable activities." Among signers were Canon, Casio, Denon, Dynascan, EIA, Hitachi, IBM, Kenwood, Mitsubishi, NEC, N. American Philips, Sharp, Sony, Thomson, Zenith.

National Semiconductor said it will close Danbury, Conn., chip plant in Feb. 1990 to eliminate "excess" capacity. Operations will be consolidated into other facilities, and company will attempt to transfer plant's 400 employees to its other factories.

JVC will double output of CD-radio-cassette recorders in Singapore to 40,000 monthly, stepping up exports to U.S. and Europe, Tokyo reports said.

TELEVISION DIGEST®

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With Consumer Electronics

APRIL 17, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

BUSH HINTS POSITION on veto as House unit votes fairness and kidvid bills. Justice Dept. threatens veto recommendations. New children's TV bill debuts in Senate as TV violence bill advances. (P. 1)

CABLE REREGULATION EYED in Senate. Metzenbaum planning cable rate curbs and fair program access bills. Mooney declines to cooperate. (P. 3)

SINGLE HDTV STANDARD PUSHED in industry replies to FCC Advisory Committee. (P. 5). ATSC says U.S. should withdraw support for 1,125/60 production standard. (P. 5)

ASNE TABLOID TV DEBATE: Panelists find common ground in lively arguments only on point that govt. shouldn't interfere with programs. TV hosts refuse to apologize. (P. 6)

FCC REVIEWING TVRO SYNDEX: Local blackouts seen possible if technology allows. Industry officials call plan 'logistical nightmare,' although some programmers see no problem. Discrimination inquiry planned. (P. 7)

CBS HAS RECORD QUARTER: Best. Group operating profits jump 194% to \$46.5 million on 5% sales increase to \$730.9 million. CBS Inc. net income up 26%. (P. 7)

TISCH SEES FINSYN CHANGE as inevitable, says only issue is how. Current rules 'defy common sense.' MPAA to revamp network negotiating committee to include independent producers. (P. 8)

BUSH HINTS DIRECTION ON FAIRNESS DOCTRINE: Fairness doctrine and children's TV bills (HR-315, -1677) were passed by voice vote April 11 by House Commerce Committee, despite new signal last week that at least fairness measure may be vetoed. House is said to be likely to clear bills before summer. Meanwhile, new legislation (S-797) to provide federal grants for children's TV program development was introduced last week in Senate. In related action, Senate Judiciary Committee passed bill (S-593) that would waive antitrust laws for 3 years to permit industry to develop voluntary program guidelines on portrayals of violence and drug abuse.

Vetoes of fairness and kidvid bills have been recommended by Justice Dept., which said in 2 recent memos to Commerce Committee Chmn. Dingell (D-Mich.) that measures proposed unconstitutional constraints on broadcasters' freedoms under First Amendment. President Bush's plans have been unclear, although he said during campaign that he opposed fairness doctrine. However, he may have signaled intentions on fairness bill last week at American Society of Newspaper Editors (ASNE) convention in Washington. Asked whether he would "stand with your predecessor" President Reagan "in vetoing that bill should it come to you," Bush responded: "Well, I don't want to indicate a veto would be necessary, but I still stand with the previous position that I was a part of in the last Administration." RTNDA is taking response

Consumer Electronics

ANTIDUMPING MARGINS HIT Japanese TV makers as Commerce refuses to revoke penalties against Matsushita, JVC. Effect to be felt on LCD TV. (P. 10)

MARCH SALES RECORDS set by color TV and camcorders; VCR decks at monthly high for first time in 27 months. First quarter a record for color, camcorders. (P. 10)

PANASONIC STRESSES HIGH-END TV and VCR at dealer meeting. Technology displayed in 51" IDTV projection and 2-headed camcorder. (Pp. 11 & 15)

70% OF TVs SOLD IN U.S. were built here, new study of 1987 for EIA shows. Report indicates color TV contributed \$18.1 billion to U.S. economy, made 240,000 jobs. (P. 12)

REVITALIZING ROYAL: New promotional calculator line, fewer typewriters. Computer, fax next? (P. 13)

MITSUBISHI REORGANIZES, O'Flynn heading new MESA Consumer Group, adding professional gear, fax, appliances to video and audio. Single ad agency set. (P. 13)

DAT FLUNKS TEST by W. German broadcasters, rating unsatisfactory for copying, storage and compatibility, Audio Engineering Society is told. (P. 14)

U.S. FACTORY SHIPMENTS of consumer electronics equipment -- excluding imports -- up 9.1% to \$1.2 billion in first quarter, EIA estimates. (P. 14)

to mean Bush will veto measure and issued statement commending him. White House spokesman said Bush hasn't made up mind finally on veto.

DoJ veto recommendation for fairness bill was supported last week by John Seigenthaler, pres. of ASNE, who opened group's Washington convention with plea to editors to support broadcasters in fight against codification: "I urge you to do all that you can to protect the freedoms of all media."

Dingell defended fairness doctrine in unusual letter to U.S. Attorney Gen. Richard Thornburgh responding to DoJ memo (TVD April 10 p2). Legislator said Justice was off base in asserting absence of valid govt. objective for controlling broadcast content. Dingell said spread of new technologies hasn't undermined scarcity rationale for policy: "Broadcasting remains enormously influential and the popularity of free over-the-air broadcasting remains undiminished." Dingell sponsored HR-315.

Lawmakers are working to build veto-proof majorities in both chambers in anticipation of possible Bush rejection of 2 bills. Although both measures appeared to have strong support in 100th Congress, there are suggestions that fairness bill is vulnerable in Senate. House Committee votes last week were by voice, but dissents were heard -- notably from Reps. Tauzin (D-La.) and Tauke (R-La.) on fairness, Rep. Dannemeyer (R-Cal.) on kidvid. Bills would: (1) Reinstate fairness doctrine as law. (2) Restrict commercials in children's TV programming while tying station license renewal to demonstrated commitment to informational and educational programming for children.

Tauke repeated his belief that fairness doctrine violated First Amendment by putting govt. into station newsrooms. He said proponents haven't met "very heavy burden" of proving need to subvert Constitution. He objected to kidvid proposal during earlier Telecom Subcommittee markup, saying he believed giving industry antitrust immunity to establish voluntary program code would be less intrusive. Tauke has proposed measure (HR-823) to permit industry to develop broad program code. S-593 advancing in Senate is narrower, although Judiciary Committee adopted amendment offered by Sens. Heflin (D-Ala.) and Kohl (D-Wis.) broadening its application to include depictions of drug abuse. Dannemeyer's concerns at House proceeding centered on First Amendment aspects of kidvid measure. Bills otherwise received strong bipartisan support in House panel, including that of Rep. Lent (R-N.Y.), ranking Republican. Fairness bill also picked up 50 co-sponsors during week, bringing total to 59.

DoJ expressed opposition to kidvid bill in letter to Dingell. Justice strongly objected to proposal to link station license renewals to "what the government views as adequate programming for children," which it said was unconstitutional. Measure would restrict ads in weekday children's shows to 12 min. per hour, 10-1/2 min. per hour on weekends. Those limits also raise constitutional concerns, it said. DoJ said it will recommend that Bush accept rationale used by President Reagan to veto earlier version last fall. Reagan saw license link as content regulation, and Justice seconded his argument that "conditioning license renewals upon the federal government's determination as to the adequacy of a licensee's programming would violate the First Amendment."

But Justice said its position shouldn't be taken to mean that it believes "court should appraise all regulations on broadcasting in precisely the same way that it assesses regulations on the print media... Broadcasting must still... be assessed as a 'uniquely pervasive' medium uniquely accessible to children." Dept. agreed with proposal's proponents that "we need to pay special attention to the increased susceptibility of young people and children to television advertising." However, problem with kidvid restrictions is that definition of children's programming isn't precise, DoJ said, leaving unclear extent of its application. "To be clear, we do not here imply that under no circumstances could a content-based restriction on broadcasting be upheld as constitutional," Justice said. Opinion was written by Deputy Asst. Attorney Gen. Jack Perkins.

Meanwhile, Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) called for more educational children's TV programming in offering bill to provide up to \$10 million annually in federal grants to develop public TV programs. Shows would have to be made available eventually to commercial TV. Bill was co-sponsored by Senate Commerce Committee Chmn. Hollings (D-S.C.), 5 others.

New bill could end up linked to children's TV constraints once HR-1677 leaves House, although Inouye would prefer that funding proposal move separately, aide said. Proposal had been expected (TVD April 10 p5). Inouye unveiled it at Subcommittee hearing on education and TV. With Sesame's St. Big Bird looking on, group of academics, researchers and public TV officials advocated greater federal support for TV programming designed for children. Witnesses also took U.S. commercial TV broadcasters to task for providing no regular weekday children's programming, commended public TV for doing so.

Inouye's plan calls for annual appropriation of \$10 million for grants to qualified program producers to support children's educational programming that would have to air on PTV for first 2 years. Program would be cast as national endowment under auspices of NTIA, and would be administered in fashion similar to agency's Public Telecommunications Facilities Program, aide said. Advisory board would be established and only educational programming would be eligible. Inouye doesn't intend that new program replace existing funding for PTV programs and indicated he believes planned appropriation was "piddling." Programs eventually could air on commercial TV or cable.

Children's TV Workshop (CTW) already has in hopper a program that could be eligible for grant. Pres. David Britt said at hearing that CTW is preparing program for 6-9-year-old "graduates" of Sesame St. that will stress advanced reading and writing skills. He chastized commercial TV for what he said was its "increasing flood of mindless entertainment" and urged support for Inouye fund. Britt was supported by actor LeVar Burton, who hosts Reading Rainbow series on PBS; David Hamburg, pres. of Carnegie Corp.; others. Burton stressed ability of TV to spark interest in learning, said children are "discerning" viewers "who know when they are being pandered to... lied to and jerked around."

METZENBAUM TARGETS CABLE RATES, PROGRAMMING: One year after telling cable to improve its performance or face consequences, Senate Antitrust Subcommittee Chmn. Metzenbaum (D-O.) said last week that industry hasn't heeded warning and that something must be done. His way to resolve problems, Metzenbaum said at cable oversight hearing April 12, was legislative. Aide said bills should be introduced today (April 17) that would redefine effective competition and require vertically integrated cable companies to make programming available to competing technologies on fair terms.

Legislation was backed by broadcast, city and consumer representatives who testified at hearing, urging deregulation of cable. NAB and INTV had signaled their intent (TVD April 10 p4). NAB charged cable with increasingly negative economic impact on TV broadcasting. Contending that since broadcasters serve as FCC's only measure of effective competition to cable, NAB said "it behooves policymakers to provide as level a playing field as possible on which these critical communication technologies can compete."

INTV offered proposals on effective competition and vertical integration and urged Senate to: (1) Adopt S-177, of which Metzenbaum is a co-sponsor. Bill would condition cable compulsory license for local signals on operator's complying with must-carry and channel positioning requirements. Measure also would give broadcaster option of choosing to be placed on channel that station had as of July 1985 or on station's FCC-designated channel.

(2) Adopt legislation to condition Major League Baseball's antitrust exemption and compulsory license on provision of fair opportunity to local broadcasters to air at least half of a team's televised games. Attached to testimony was proposed "Free Baseball Telecast Act of 1989." Similar bill was discussed in 100th Congress, but never advanced. (3) Repeal section of 1984 Cable Act that prevents regulating cable as common carrier or utility, and/or begin inquiry that INTV requested into whether cable systems with 36 or more channels pass 70% of households in U.S., penetration level at which FCC may create rules to ensure diversity of information sources.

(4) "Be prepared" to consider allowing telcos to provide cable as common carriers "if the cable industry's relentless First Amendment litigation succeeds in blocking any deregulation." Call for "more meaningful" effective competition standard wasn't clearly spelled out in Padden's statement. Current standard frees cable from local rate regulation if all of community served has 3 off-air signals available.

Most electrifying moment of hearing came during Metzenbaum Q&A with NCTA Pres. James Mooney. Senator asked Mooney to work with him on legislation to hold down basic cable rate increases, which senator said have far surpassed boosts in other entertainment. Mooney declined, saying cable industry didn't want to open up 1984 Cable Act to changes. Only legislation NCTA would discuss would be to resolve must-carry, he said. However, Mooney said he was willing to work with Congress in other ways to resolve price hike problems.

Cable Act contains section on effective competition that gave Commission authority to permit cable operator to set own rates in communities also served by 3 broadcast signals. Metzenbaum called FCC standard a farce. He promised to proceed rapidly with his proposals, although at least one dealing with rates also will come under jurisdiction of Senate Commerce Committee; latter also is likely to demand chance to consider 2nd bill, sources said. Senator said he can get majority of Congress to back him on bills. He said after hearing that Mooney and cable industry showed arrogance by declining to work with senators and instead deal with problems at local level by calling operators to keep prices down.

Mooney noted that cable industry sees existing situation differently from way broadcasters, cities and other opponents do. He said that since deregulation, (1) cable has increased amount of programming it's supplying to subscribers, (2) net cable bill has risen 6-8% annually since deregulation and (3) average of 35 channels is available today for \$14.50 per month. Cable systems have benefited cities financially, Mooney said, noting that in 1985-1988 cable paid nearly \$2.1 billion in franchise fees to cities. He conceded problem areas, including rates, but said cable was working to resolve them. Mooney also said that FCC, in setting 3-signal effective competition standard, followed congressional intent.

Metzenbaum said he doesn't believe FCC is acting in public interest and has disserved public with effective competition ruling. That view was backed by most noncable witnesses. Consumer Federation of America (CFA) Legislative Dir. Gene Kimmelman said rate-setting ruling, along with other problems such as concentration of cable and vertical integration, has resulted in consumers' paying up to \$6 billion too much for cable. Kimmelman said CFA research shows cable rates have risen 36% since deregulation in Jan. 1987, after rising 21% in 1984-1986 transition period. He said CFA findings also show that TCI and ATC have formed vertically integrated web of mutual financial interest that controls cable access for 47% of all subscribers and accounts for 23% of all basic service subscribers and 67% of pay subscribers.

City representatives Tucson Mayor Thomas Volgy and Laredo Mayor Pro-Tem Saul Ramirez rapped cable system acquisitions for driving up rates. They also said FCC effective competition standard isn't realistic. Volgy, one of city negotiators on Cable Act, said cities are frustrated with way Act has evolved and blame FCC. Consumers are captives of unregulated cable monopolies, he said, declaring one alternative would be to free telcos to enter cable. Chmn. of National League of Cities Transportation & Communications Steering Committee, Volgy said U.S. Telephone Assn. has agreed to "some basic ground rules" for competing with cable, such as legislation that would prohibit using telephone revenues to cross-subsidize cable. Metzenbaum also held up telcos as threat to cable. However, Sen. Simon (D-Ill.) warned that freeing telcos to enter cable would create monster and that was something to be avoided. CFA also voiced antitelco concerns.

NAB Pres. Edward Fritts said most important step in reregulating cable is to have must-carry and channel positioning rules in place. If such rules are implemented, he said, broadcasters should have no direct interest in whether cable's rates are reregulated. But he said that rate deregulation for cable has been based on FCC effective competition standard that bears no relationship to actual market. Fritts compared Cable Act with anabolic steroids in terms of how it has strengthened cable industry. He cited letter he had received concerning Janesville, Wis., cable operator Jones Intercable, which placed Rockford, Ill., TV stations on channels 39-42 on cable system. Problem is that cable decoder has only 36 channels, Fritts said, and in order to receive those channels, customer would have to rent additional box for \$2 monthly. Metzenbaum said he believes that is violation of antitrust laws and promised to forward matter to Justice Dept.

Phillip Spindt, gen. mgr. of Janesville system, told us stations were moved because they're duplicates of more preferred stations in Madison. By surveys of local news viewership, Spindt said it was determined that only 8% of subscribers preferred Rockford. At same time channels were being realigned, system also was expanding to 42 channels from 32 and subscribers have option of turning in old converters for new, 42-channel converters free, he said. Confusion could crop up because system is starting to offer remote controls for \$2 monthly, Spindt said. Also critical of cable was Wireless Cable Assn. Pres. Robert Schmidt. He told hearing Metzenbaum's pressure on cable has resulted in some wireless cable operators' gaining cable programming. Citing Cleveland as example, Schmidt said wireless cable operator MetroTen only recently was able to gain agreement in principle with HBO that had been denied for several years. He said more pressure must be brought to bear on cable or it will continue to squeeze consumers.

In response to some of prehearing cable bashing, CATA Pres. Stephen Effros told us he's tired of broadcasters' anticable attitude and is ready to lobby in favor of spectrum fee for broadcasters. Effros said: "Let's get them to pay for their transmission medium," indicating that would be way to ensure fair competition with cable, which must make heavy capital investment to build distribution system. "If they think there are no repercussions for throwing bombs at us, they've got another think coming," he said, referring to broadcasters. With advent of remote control devices, Effros said, channel identification is more important than channel position.

Little time was spent at hearing on impact of Time-Warner merger, which Time Vice Chmn. Gerald Levin defended in much same manner as Time Inc. Chmn. Richard Munro and Warner Chmn. Steve Ross did month ago at House hearing (TVD March 20 p2). Metzenbaum had questioned Time-Warner deal; Justice Dept. has said it won't oppose merger on antitrust grounds (TVD April 10 p4).

HDTV REPORT CRITICIZED: TV industry shouldn't back off from single standard for HDTV, CBS, NAB and NBC said in separate comments in response to draft interim report of FCC's Advanced TV Advisory Committee. Industry officials said they perceive draft, written by Committee Chmn. Richard Wiley, as being less supportive of single standard than in past (TVD April 10 p6). Wiley has said he will use comments to draw up final report slated for submission to Committee April 17.

Meanwhile, representatives of Advanced TV Test Center (ATTC) and Cable TV Labs met with Wiley, others, April 14. We're told cable and broadcasters reaffirmed intent to work together as much as possible on HDTV testing. Wiley is said to have expressed willingness to defer advanced TV system testing startup from Oct. to early 1990. Meeting was to make sure that ATTC and Cable Labs still are willing to work together in view of recent events: Broadcasters were making public their frustrations with cable as moving too slowly on testing. Cable was frustrated with renewed round of public bashing by broadcasters. Result of meeting, we're told, was that both groups reaffirmed intent to work together, with each industry retaining its identity.

Wiley draft mentions "family" of HDTV transmission standards and open architecture receivers. NAB said that family concept "casts doubt on whether a single terrestrial transmission standard would be desirable" and that drafts by subcommittees supported single standard. "A single terrestrial advanced TV standard is essential to American television broadcasters," NAB Pres. Edward Fritts said in letter to Wiley. NAB proposed several changes to strengthen language supporting eventual FCC adoption of single standard. Group said it doesn't want to preclude 2-step approach to implementing HDTV and pointed out that there have been several improvements in current NTSC standard, including adding color, stereo sound, data channels.

NBC said goal of single standard for all media is "critical." Network acknowledged Implementation and System Subcommittees appropriately could consider single-standard multiport receivers, but said further deflecting their efforts toward considering variety of standards "would imperil progress toward a single standard." All 3 groups complimented Wiley on general text of draft, but NBC pointed out standard issue is "most important" part.

CBS said there may be disagreement as to whether FCC can or should adopt HDTV transmission standard for nonbroadcast media, but there's "wide agreement" that single standard for terrestrial broadcasting is "essential." CBS also proposed language saying "such a standard must be able to be retransmitted by cable systems without degradation." Network said there's no consensus on single standard or family of standards for all media.

NBC also is concerned about delegating test responsibilities to steering committee, according to comments signed by Pres.-CEO Robert Wright. Comments say issue of test materials is "very serious matter that will have a significant impact on the ultimate outcome of the test process." There's "some merit" to dividing testing into 2 phases, NBC said, but proponents shouldn't be allowed to adjust systems to favor attributes to be examined in 2nd phase at expense of those already tested. Network also expressed reservations about rejecting any proposed HDTV system that stumbles in first round because "that may cause the loss of some clever ideas." Schedule for setting standards should be flexible, NBC said, "so as not to discourage or inhibit further innovation and invention."

ATSC REVERSES HDTV STAND: U.S. industry has reversed position on HDTV production standard and will recommend that American delegation not continue to support 1,125/60 plan at May meeting of International Radio Consultative Committee (CCIR). Decision was reached unanimously at April 14 meeting of executive committee of U.S. Advanced TV Systems Committee (ATSC), Chmn. James McKinney said.

Decision probably will mean at least 4-year delay in setting worldwide HDTV production standard. ATSC is writing to Secy. of State James Baker asking that U.S. delegation move to delay decision until next CCIR study cycle, which runs 1990-1994. State Dept. had indicated previously that its actions at CCIR will reflect industry input (TVD March 13 p4). If standards decision were made in current CCIR study cycle, it could be final by 1990. ATSC includes all major U.S. TV networks, broadcasters, cable industry, equipment manufacturers and associations interested in HDTV.

Industry still wants worldwide HDTV production standard, McKinney said. He said that as long as it's acceptable to U.S., standard "remains a very important goal to achieve" because it would benefit both programmers and equipment manufacturers. "Clearly [decision to seek delay] is a shift in the ATSC position, but one which the executive committee thought was appropriate given the current state of HDTV development throughout the world," McKinney said.

ATSC gave several reasons for moving away from 1,125/60: (1) European Community has said repeatedly it won't accept production standard based on 60 Hz, and U.S. won't accept anything less than 59.94 Hz. (2) Some in U.S. industry now believe transmission standard should be selected before production standard. (3) Additional time is needed to explore alternative proposals stemming from large amount of new research activity, both in U.S. and abroad. McKinney said ATSC expressed strong support for concept of "Common Image Format," which would make as many production parameters as possible common worldwide, reducing cost of translation.

There are increasing signs that House Telecom Subcommittee Chmn. Markey (D-Mass.) may have his 7th district in home state redrawn after 1990 census, possibly pitting him in reelection battle against one of state's other well-known Democratic liberals -- Reps. Frank or Kennedy. Decision still is long way off and political scenarios still largely are speculation, but population shifts appear to indicate that Mass. will lose House seat after 1990 census, forcing legislature to redraw boundaries. Frank, Kennedy and Markey are said by some Mass. insiders to have little clout or few friends in legislature who would be willing to protect their districts, although they note picture for Markey may be rosier than for other 2 members. He's well positioned for successful run against either opponent, in part because he's popular with voters and has largest existing campaign war chest of any House member from Mass., sources said. The 3 live in towns so close that at least 2 and perhaps all 3 could be put into same district -- accomplishing redistricting goal without giving advantage to any of incumbents. With gubernatorial race due in state, there's also possibility governor candidate will emerge from among current House members, or that a member -- usually Rep. Conte (R) is mentioned -- will retire for other reasons. Districts all border on Boston, where population congestion is considered easy target for redistricters.

Spectradyne said it now has 600,000 hotel rooms subscribing to Spectravision pay-per-view.

ASNE AIRS TABLOID TV DEBATE: Epithets such as "hypocrite," "snob" and "pompous" were used by 12 panelists in describing each other at 90-min. session on "tabloid TV" at American Society of Newspaper Editors convention in Washington last week. They agreed govt. shouldn't interfere with such shows, but that was just about only thing on which they did agree. As might be expected, they also engaged in numerous shouting matches during which nobody could be heard.

Moderator Fred Friendly of Columbia U. Journalism School and onetime CBS News pres., showed famous clips from shows of 3 TV hosts on panel -- Morton Downey Jr., Phil Donahue and Geraldo Rivera -- as well as examples of similar things used by 2 newspaper editor panelists -- Gilman Spencer, N.Y. Daily News, and Geneva Overholser, Des Moines Register -- along with storyboard for 60 Minutes promoting episode on doctor raping his patients (Exec. Producer Don Hewitt was on panel). In each instance, Friendly asked perpetrators if they were proud of their actions. None repented and none apologized for segments and promotions designed to get highest possible viewership and readership.

Friendly told Donahue "I've watched you change," said talk show host used to be a role model "and now you're making a fool of yourself." After showing tape of Donahue wearing dress on show, Friendly asked if he now was appealing to "lowest common denominator... Are you proud of your show?" "I'm very proud of my program," Donahue responded. "I cannot be the BBC." He said such programs tend to go too far at times, but if they do so too often "you will fall of your own weight." He said he wore dress because "it was fun... I did that just to do it" and if wearing dress helped to attract audience, then that was good. He and other hosts complained that Friendly didn't mention any of good shows they have done. Speaking to Friendly, Donahue said: "We have an awful lot of pompous people."

Washington Post TV critic Tom Shales said "TV now is overrun with bad taste and bad manners," partly because FCC has "abdicated" its regulatory duty. Donahue responded: "Shales types with a razor blade." Jack Nelson, L.A. Times Washington bureau chief, said most offensive thing on TV is Downey's excessive smoking. Later, when Nelson charged that Donahue isn't a journalist and that TV is "more show biz than journalism," Downey told Nelson: "You're a snob. You're not a journalist."

Hubbard Bestg. Pres. Stanley Hubbard objected to being called a "gatekeeper" determining what public sees, said he likes and airs tabloid TV. Hewitt complained that newspapers "talk out of both sides of their mouth," and said that when print media attack TV, papers never point out their station ownership. "There's nobody in this room who doesn't deal with trash," Hewitt said. He defended 60 Minutes, saying that's not program's main purpose. Rivera said "these programs are democratizing real life," providing news that otherwise wouldn't get on air. Said Hewitt: "That's bull... It's to make money... This democratizing America is baloney." Counterpart Hubbard: "Don Hewitt is a hypocrite."

GE said operating profit at NBC increased sharply on higher network sales and improved margins. Company doesn't break out financial data for any of its units. Overall GE had 17% gain in net earnings to \$849 million (94¢ per share) on \$11.9 billion consolidated revenues in quarter ended March 30 vs. \$725 million net earnings (80¢) on \$10.5 billion revenues in same 1988 period.

House passed revised TV Marti proposal on voice vote last week, sending controversial plan to Senate. Proposal, contained in massive State Dept. funding package (HR-1487), would permit govt. to establish permanent new VHF broadcast service to Cuba. However, House adopted bipartisan amendment on floor that would make "objectionable" TV Marti interference to domestic TV stations bigger hurdle to permanent funding for govt. station. Proposal would make Marti operations subject to Sec. 305 of 1934 Communications Act for govt. station, with initial license granted by FCC. To help minimize impact on commercial broadcasters and to provide stations with recourse for complaints, bill includes statutory ban on "objectionable" interference. Proposal also includes \$10 million fund to compensate U.S. stations for interference caused by TV Marti or retaliation by Cubans, with \$5 million coming out of USIA budget. Bill next goes to Senate, where TV Marti's prospects are unclear because of opposition of Senate Foreign Relations Committee Chmn. Pell (D-R.I.). NAB and Western Hemisphere broadcasters also are strong opponents. NAB Pres. Edward Fritts commended House for its refinements, but added: "We still strongly believe that TV Marti is a solution looking for a problem. Apart from interference induced by TV Marti, possible counterinterference from Cuba itself will only compound the problem." However, fears that 13 min. interruption of WCIX Miami (Ch. 6) signal by Cuban TV news program April 10 was start of retaliation proved unfounded. Power failure near CBS-owned station's Dade County transmitter knocked WCIX off air for 13 min. in prime time and unusual atmospheric conditions permitted Havana's Ch. 6 signal to be picked up. Incident contradicted assertions of some TV Marti proponents that Cubans don't have capability to interfere with U.S. TV.

Gulf & Western is selling consumer lending unit, Associates First Capital Corp., will use proceeds, estimated at \$2.4-\$5 billion, to acquire more communications properties, company said April 9. G&W said it also is changing name to Paramount Communications. Sale of financial services unit will leave company with Paramount studio, Madison Sq. Garden and interests in cable networks Madison Sq. Garden Network and USA. Paramount also has option to acquire 79% of group TV station owner TVX. Entertainment and publishing units reported operating income of \$431.8 million in fiscal 1988 on \$3.1 billion revenues. Overall, company in fiscal 1988 had \$5.1 billion revenues and \$384.7 million net income. G&W said it intends to continue buying back its own stock. Meanwhile, Standard & Poor's reaffirmed A-1 rating on G&W commercial paper, A on senior debt and preferred stock and A- on subordinated debt.

NCTA and Intelsat held separate HDTV tests last week, each claiming firsts and calling presentations success. Cable transmitted 12-MHz NHK MUSE signal via Satcom K-1 Ku-band transponder and coaxial cable system in Arnold, Md., April 13. Intelsat relayed first international digital HDTV transmission April 12 from AT&T earth station at Malibu, Cal., to KDD earth station in Tokyo. Meanwhile, HBO Vp Paul Heimbach said HBO has preliminary data from public survey 2 months ago in Kansas City. Early results, he said, show public willing to pay more for HDTV, but also indicating ignorance on prices of sets. NCTA also announced agreement with N. American Philips to test company's 2nd-generation HDTV equipment on unspecified cable system this year.

Discovery Channel said it had 40.6 million subscribers in March, up one million from Feb..

TVRO SYNDEX INQUIRY ORDERED: FCC will consider extending syndicated exclusivity (syndex) to satellite TV receive-only (TVRO) industry, it said in notices of inquiry and proposed rulemaking approved for comments at agenda meeting April 12. Proposal would require satellite TV programmers to avoid relaying syndicated programming to areas where local TV broadcasters have exclusive rights. Industry officials told us proposal probably is impossible technically and could encourage piracy.

FCC Chmn. Patrick said he believes "as a policy matter" that Commission should protect those who have negotiated exclusive right to show programming in a geographic area, but he agreed with Comr. Quello that concept could pose problems. FCC Mass Media Bureau Chief Alex Felker said 1988 Satellite Home Viewer Copyright Act requires FCC inquiry.

FCC officials said syndex rules for satellites probably would be similar to, but not necessarily identical to, those approved for cable. Satellite industry probably would have 2 options under syndex, Felker said: (1) Scrambler technology could be used to black out specific geographic areas, probably delineated by zip codes, from receiving programming to which local broadcasters have exclusive rights. (2) Nonexclusive rights to show same programs could be negotiated with program owners.

FCC also will investigate discrimination by satellite carriers against distributors of network and superstation programming, it said in separate action. Investigation also was mandated by Copyright Act. Commission wants comments on structure of market and extent of discrimination.

Time Inc. posted 26% drop in net income to \$49 million (87¢ per share) on \$1.1 billion revenues in quarter ended March 31, compared with \$66 million net income (\$1.13) on \$1.1 billion revenues in year-earlier period. Time attributed drop to costs of pending merger with Warner Communications Inc. (WCI), including \$15 million (22¢) for legal and banking fees; higher interest expense; lower contribution from magazine group. By business unit, Time listed: Programming -- operating income increased to \$41 million from \$39 million in 1988. Higher profits at HBO were partly offset by lower earnings at HBO Video. Cable -- operating profit rose 31% to \$55 million from \$42 million and operating cash flow was \$100 million, vs. \$79 million. ATC reported \$19.8 million net income (18¢ per share) on \$232.7 million revenues in quarter, compared with \$17.5 million net income (16¢) on \$193.6 million revenues in same 1988 period. ATC said much of boost is result of first-time inclusion of Memphis system, which had operating income of \$1.6 million. Excluding Memphis, financial gain resulted from increasing penetration and "selective" rate increases.

Faroudja Labs will broadcast advanced TV signals over air from KBLR-TV Las Vegas during NAB convention April 29-May 2, officials said. Faroudja signed joint agreement with TV Technology Corp. (TTC), Las Vegas, to use TTC-made transmitter at KBLR-TV to demonstrate enhanced signal. TTC Pres.-CEO William Kitchen said signal also will be available to public in Las Vegas area. Faroudja will set up receivers modified with its decoder at several convention sites. Kitchen said unequipped conventional TV sets will receive improved picture, but won't get full benefits available with decoder.

FCC Advisory Committee on Radio Bestg. meets April 18, 9:30 a.m., NAB. Details: Larry Eads, 202-632-6485.

CBS HAS RECORD QUARTER: CBS last week reported record first-quarter 1989 income from continuing operations of \$56.3 million (\$2.19 per share) on \$731.2 million in sales, up 5%. Resurgence was led by "improved profitability" of TV network, which showed "minor loss" for 1988 first quarter, CBS said. That surge was led by highly successful miniseries *Lonesome Dove*, aired in Feb., network said. CBS Pres. Laurence Tisch said: "We are pleased by our year-to-year progress."

He said profits were boosted by performance of Bestg. Group (including TV network), which showed 194% gain in operating profit to \$46.5 million on 5% sales increase to \$730.9 million. CBS didn't break out profit for TV network. Figures for 1989 aren't directly comparable with 1988 since CBS sold its Records Div. to Sony for \$866.6 million in first quarter last year. However, 1988 net income from continuing operations was \$44.8 million on revenue of \$696.6 million.

CBS also received interest income of \$39.4 million in first quarter, down from \$51.5 million in same 1988 period. Interest income this year was affected adversely by reduced total cash and marketable securities and purchases of WCIX (Ch. 6) Miami and WWJ(AM)-WJOI(FM) Detroit in first quarter, CBS said.

Meanwhile, CBS Chmn. William Paley was paid total of \$700,000 -- \$250,000 as chmn., \$250,000 in retirement benefits, \$200,000 as consultant -- in 1988, according to proxy statement in advance of annual CBS stockholders meeting May 10 at Museum of Modern Art in N.Y. Tisch received \$1.25 million in salary and bonuses; Bestg. Group Chmn. Gene Jankowski (who was pres. of Group until end of July) \$1.17 million; current Bestg. Group Pres. Howard Stringer (who moved from pres. of CBS News to succeed Jankowski) \$600,000; Thomas Leahy, pres. of CBS Marketing Div., \$713,770. Paley personally owns 1.9 million (8.10%) CBS shares, Tisch 1,650 (less than 1%). However, Tisch's Loew's Inc. owns 5.85 million (24.79%), 12.7% of which are held by Tisch, similar amount by his brother Robert. CBS has recommended reelection of current 14 board members, including former network news anchor Walter Cronkite and ex-FCC Chmn. Newton Minow.

FCC majority "makes a U-turn" in long-standing policy of diversity in programming, according to Comr. Dennis in partial dissent to waiver policy for common ownership of TV-radio in same market (TVD Dec 17 p2). She said majority of Chmn. Patrick and Comr. Quello "has traveled far down the road towards abandoning the Commission's long-standing commitment to diversity... I still believe that local ownership rules make it easier for iconoclastic, provocative voices to be heard, and that the public benefits from hearing them." To protect that public interest, Dennis said FCC should: (1) Insist on preserving "considerably more local diversity before authorizing any new combinations... I would insist on at least 45 voices and 65 stations in the market before permitting radio-TV combinations." (Majority settled on 30 separate voices for given market.) This, she said, would restrict any such joint operations to top 10-15 markets. (2) Treat TV voices differently from radio: "The majority's approach ignores the differences between radio and TV... I would permit radio-TV combinations only in markets where there are at least 10 TV stations." (3) "I would have adopted a hard-and-fast rule, rather than proceeding by waiver." Great American Bestg. (in its acquisition of Taft Bestg.) and Cap/ABC have waiver requests pending under new policy; FCC put them out April 7 for comment, due in 30 days.

TISCH URGES FINSYN CHANGE: Restrictions on TV networks in programming through FCC's financial and syndication rules (finsyn) "defy common sense," CBS Pres. Laurence Tisch said April 11. Addressing lunch of HRTS in L.A., he said: "It is simply unrealistic to believe that 20-year-old regulations should not be adjusted, along with everything else, to reflect today's economic and competitive reality... It means that, one way or another, the rules must change. And they will. The only issues are how that change will be achieved and the new structure of our relationship" with Hollywood programming community.

Meanwhile, MPAA called news conference in Washington for April 18 to announce that independent producers will be added to committee negotiating on finsyn with networks. Last session was April 4 in N.Y. and both sides left unhappy, we're told. Hollywood team, led by Robert Daley, chief of Warner Bros. and former pres. of CBS Entertainment, reportedly was irked that CBS had invited independent producers to breakfast just ahead of Tisch speech. Breakfast was in fact held -- but without participation of ABC and NBC, which originally had planned to send representatives -- with independents listening to CBS pitch. No date was set for next negotiating session. It's no secret that some of independents don't support majors' position in network talks.

"Think what it must be like these days at a meeting of the MPAA," Tisch said, with 4 of its 8 members owning -- or soon to own -- cable networks. Also, he said, "5 members own major interests in television stations. One member [Fox] is a television network 2 nights a week -- going on 3... And now Time-Warner [merger] announces the dawning of a new age that requires a new set of rules... Sounds exciting and challenging and even patriotic. Except... all this is meant to apply to every communications company -- including foreign giants who are now buying into your community -- everyone, that is, except our 3 networks."

Tisch said he's not anxious "to enter into a grand battle with the creative community. He warned Hollywood not to forget that "while you enjoy the seduction of these new forms of distribution, it is the 3 networks that put almost \$4 billion dollars annually into the creative community... None of these new media can or will replace us as a leading purchaser of your product." Referring to independent producers, who Tisch said "lack the deep pockets of either the studios or the networks," he said: "This is one of the major issues that we may be able to deal with constructively as we seek to resolve the financial interest conflict..."

"We cannot stand by idly as most of the leaders of this [programming] community enter into direct competition with us for audiences and revenues in the distribution business, while piously preaching the sanctity of separation of functions solely as it affects" TV networks, Tisch said. As for future of networks, Tisch said: "I see no cause for alarm... Regardless of any further market fragmentation and further slippage... network TV will remain the preferred choice of the American people for news, for information, for major event sports and for entertainment for the foreseeable future." Tisch went directly from Hollywood to Washington, spent 2 days lobbying for network's position on finsyn and other issues with some 20 members of Congress.

CBS Best. Group Pres. Howard Stringer, speaking at Best. Financial Management conference in Dallas April 10, addressed same theme. He said changing relationship between studios and networks has "consequences for all of us" -- networks, affiliates, independent stations. He said greatest profit opportunities come from good programming

and "cutting costs to the detriment of quality programming is only a temporary and highly illusory 'fix.'" He said networks and Hollywood both are "squeezed by new economic realities" and industries are "inextricably intertwined. The weakening of the network business, even if it results in short-term gains for the studios, will ultimately damage our common ability to finance, create and distribute the most versatile entertainment programming available in the world." He cited several examples involving studios.

Also last week, NBC Pres. Robert Wright told Washington Cable Club he found it "ironic" that networks still must operate under outdated rules: "About as bizarre a situation as I can imagine."

C-SPAN board has voted to restructure, moving from loosely constituted membership to more narrowly tailored system for filling seats. Following bylaws change, board set aside 75% of its seats -- 30 of 40 -- for cable MSOs. Half of 30 seats are reserved for top 15 MSOs, with rest to be filled from MSOs on at-large basis. Six of remaining 10 seats are for past chmn. of C-SPAN; 3 are for associate members such as cable programmers, equipment makers or other cable vendors; last seat is for C-SPAN Chmn. Brian Lamb. Move was recommended by special committee that now will recommend slate of candidates to fill all available slots. Election is to be complete by end of July. As part of change, C-SPAN board voted that seats may be held only by top executives of cable companies, although it has grandfathered some current board members who represent companies and may not hold any of top 3 posts at MSO, Vp-Corporate Communications Susan Swain said. In changes marking C-SPAN's 10th anniversary (which featured Washington dinner), board also specified distribution not be limited to cable, even though industry created it. Result of change in structure is that some current members no longer are eligible for board. Among them is Wireless Cable Assn. Pres. Robert Schmidt, who was NCTA pres. in late 1970s, was active in starting C-SPAN and now is critic of some cable practices. But we hear that Schmidt is buying cable system in S.C. and, when coupled with other holdings in cable, could be eligible as MSO. In other action, Continental Cablevision Chmn. Amos Hostetter was elected chmn. of Exec. Committee.

FCBA has joined AWRT in asking FCC to "terminate immediately" its rulemaking proposing to assign new broadcast grants via lotteries (TVD April 10 p4). AWRT charge that lotteries would be illegal because they would delete preferences for women raises "very substantial" issue, FCBA said in backing request that rulemaking be dropped: "Such an effort is prohibited by [appropriations legislation] and this threshold issue must be confronted before this proceeding may continue." FCBA asked Commission to "act quickly" on AWRT petition and, in interim, suspend procedural dates established in connection with rulemaking.

CATA has scheduled private briefing for staff members of Congress, FCC and media April 24 to respond to telco campaign on entry into cable, which apparently is hitting some nerves in cable industry. CATA Pres. Stephen Effros said level of debate on potential telco entry into TV business through cable has hit new lows. He cited "Report on Consumer Attitudes and Preferences" (TVD March 6 p3), which claimed majority of public favors telco competition with local cable operator to provide cable service. That survey pushed CATA into conducting study of its own, results of which will be presented at briefing, Effros said.

Personals

Dick Ebersol promoted to NBC Sports pres., succeeding Arthur Watson, who becomes NBC exec. vp... Julius Barnathan advanced to senior vp-technology and strategic planning, Cap/ABC, new post; he's replaced as pres.-broadcast operations and engineering by Robert Siegenthaler... Berry Smith advanced from WSBT-TV-AM-FM South Bend pres.- gen. mgr. to senior vp-broadcasting, parent Schurz Communications, new post... Joe DelGrosso promoted from vp, sales and mktg. dir. at Allbritton Communications' KATV Little Rock to vp-sales dir., WJLA-TV Washington.

House Telecom Subcommittee member Rep. Cooper (D-Tenn.) will replace Sen. Gore (D-Tenn.) as speaker at April 19 FCBA luncheon, Washington Marriott Hotel... John Kamp, acting chief of FCC legislative office, has been named head of new Office of Inspector General (TVD April 10 p9)... New members of FCC Advisory Committee on Advanced TV: Donald Johnstone, pres., Philips Consumer Electronics, replaces Daniel Minihan; Telecable Pres. Richard Roberts succeeds Trygve Myhren; Paramount Pictures TV Group Pres. Melvin Harris succeeds Robert Daly; ex-FCC Mass Media Bureau Chief James McKinney has succeeded ex-FCC chmn. and Washington attorney William Henry.

Charles Rule resigns as asst. attorney gen. for Antitrust Div. of Justice Dept. to become partner in Covington & Burling May 1... Joseph DiSalvo promoted to vp-sales, northeast region, Viacom Enterprises... Peter Pitz advanced to vp-technology, Knight-Ridder, succeeding Ralph Roth, retired... Lee Godown, ex-legislative dir. for Rep. Wise (D-W.Va.), named staff dir. of Wise's House Information Subcommittee, succeeding Robert Gellman, who becomes chief counsel... John Hambel, ex-press secy., Nassau County (N.Y.) Board of Supervisors, named Republican press secy., House Commerce Committee.

John Brown promoted to national mgr.-market developments, JVC Professional Products Co.; Michael Messerla, ex-Sony Video Communications, appointed national field mgr... Producer Deborah Aal named pres., Act III TV, new venture of Act III Communications and Columbia Pictures TV... Ken Maness, WJCW(AM)/WQUT(FM) Johnson City, Tenn. elected radio vp, AP Bestrs. board; Roger Ogden, KCNC-TV Denver, TV vp... William Boger, ex-legislative asst. to Rep. Livingston (R-La.), becomes an assoc., Washington law firm Wilkinson, Barker, Knauer & Quinn.

Hal Lieberman advanced to production vp, Universal Pictures... Edward Horowitz, ex-HBO, joins Viacom International as senior vp in charge of Viacom Best. Center and Networks Operations Center... Willard Block, ex-Viacom, named consultant to Spelling Entertainment and Worldvision Enterprises... Richard Hirsch promoted to chief counsel-litigation, HBO... Changes at Lifetime TV: Meredith Wagner advanced to vp-public affairs; Fernanda Carapinha, ex-Cap/ABC, named dir.-program planning and scheduling, new post... Brian O'Neill, ex-KYW-TV Philadelphia, appointed creative services dir., Nashville Network, new post... Steve Berman, ex-WGBS-TV Philadelphia, appointed national sales mgr., KTLA L.A.

FCC fined W.K. Communications, cable operator in Paola, Kan., \$7,500 for violation of frequency separation standards and Bresnan Communications, operator of Marquette, Mich., system, \$2,000 for notification failure.

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Mich. Assn. of Bcstrs. (MAB) will give FCC Comr. Quello its "Outstanding Michigan Citizen Award" at banquet in Washington April 25. After much deliberation, FCC's ethics office decided it would be okay for Quello to accept award -- but he can't accept George Miller clock (made in Mich.) worth about \$250 that usually goes with award. Office also ruled that other commissioners and staffers may attend \$100-a-plate banquet at Madison Hotel. Native Michigander, Quello (he was 75 April 15, ended his 15th year as commissioner earlier this month) himself started award 31 years ago when he was chmn. of MAB Legislative Committee and immediate past pres. Details: Karol White, 517-484-7444.

OBITUARY

Herbert B. Cahan, 74, longtime executive of Westinghouse Bestg., died April 12 following heart attack while playing tennis. He had retired in 1974 as Washington-Baltimore area vp for Westinghouse's Group W, having entered broadcasting in 1948 with then WAAM-TV Baltimore (which Group W changed to WJZ-TV). He also served at other Group W stations. After retiring, he was very active in Baltimore and Md. affairs, was chmn. of Md. Public Bestg. Commission, taught mass communications at Johns Hopkins U. 1977-1982. During World War II, he was bomber pilot. Wife, son and daughter survive.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th and final statistical week of March and first quarter:

	MARCH 25-31	1988 WEEK	% CHANGE	MARCH 18-24	1ST QTR. 1989	1ST QTR. 1988	% CHANGE
TOTAL COLOR.....	600,413*	329,960	+82.0	404,334	5,137,877*	4,338,391	+18.4
DIRECT-VIEW...	593,595*	324,687	+82.8	401,205	5,085,187*	4,277,506	+18.9
PROJECTION....	6,818*	5,273	+29.3	3,129	52,690	60,885	-13.5
TOTAL VCR.....	378,464*	219,984	+72.0	263,839	2,463,466	2,645,100	-6.9
DECKS.....	330,191*	192,478	+71.5	229,039	2,105,503	2,359,766	-10.8
CAMCORDERS....	48,273*	27,506	+75.5	34,800	357,963*	285,334	+25.5

Color TV 5-week moving average: 1989--417,706*; 1988--343,799 (up 21.5%).

VCR deck 5-week moving average: 1989--210,503; 1988--176,143 (up 19.5%).

Camcorder 5-week moving average: 1989--32,170*; 1988--23,332 (up 37.9%).

* Record for period.

ANTIDUMPING MARGINS HIT JAPANESE TV MAKERS: More Japanese TV manufacturers were hit with steep dumping penalties following final determination by Commerce Dept. that they sold TVs here at less than fair value in various periods between April 1, 1981, and Feb. 29, 1988. Although Japanese tube-type color TV shipments to U.S. have become virtually negligible in recent years, antidumping decision could have significant impact on makers of LCD TVs, who will have to pay added duties of up to 26.94%.

Matsushita and JVC had been considered for revocation of antidumping penalties, but Commerce's International Trade Administration (ITA), which made final determination, turned down their pleas because it found "more than de minimis margins" for both companies. Dumping margin for Matsushita for period March 1, 1986-Feb. 2, 1987, most recent in review, was 26.94%, highest of any company, but down slightly from 27.92% in preliminary review (TVD Jan 16 p16). JVC's margin for period March 1, 1986-Feb. 28, 1987, is 19.24%, up from preliminary 16.21%. Margins for other companies were same as in preliminary finding: Funai 21.93%; NEC 16.32%. No dumping margins were found for Toshiba April 1, 1982-March 31, 1983.

Specialist LCD TV importers, including Citizen and Casio, and any other Japanese TV companies not covered in this or other review, will be required to pay antidumping duty of 26.94%, ITA said. Other Japanese companies still covered by earlier antidumping reviews (TVD Feb. 22/88 p12), and margins: Fujitsu 4.06%, Mitsubishi 1.35%, Hitachi 0.16%, Sanyo 2.86%.

In making its latest antidumping determination, ITA rejected numerous written comments by Zenith, which argued, among other things, that margins aren't high enough. However, ITA agreed to correct several clerical errors in calculating margins.

COLOR, DECKS, CAMCORDERS SET MARCH HIGHS: March went out like proverbial lion, EIA figures showing huge increases in sales of all video products, with final week best of year for direct-view color TV, VCR decks, camcorders, projection TVs. Entire month turned out to be one of strongest for sales in recent years, as direct-view color TV, camcorders, and -- yes, even VCR decks -- all jumped to monthly records. March capped record first quarter for color TV and camcorder sales, which were up 18.9% and 25.5% respectively over previous records, set last year (see State of the Industry).

Color TV sales in 5-week March rose 21.1% to record 2,088,530, only 4th month in history exceeding 2 million. March sales were at seasonally adjusted annual rate of 23.5 million, up from 22.7 million rate in Feb. and 20 million in Jan. -- compared with record 20.2 million in 1988. First-quarter color sales were at rate of 22.2 million, which would exceed full-year 1988 record sales by 2 million sets. Weekly sales records were set in 4 of 5 weeks in March, with biggest percentage increases in first and last weeks.

Report noted that electronic components represented only about 14% of factory cost and 7.5% of retail price, with picture tube and cabinet up to 60.5% of factory cost of set and tube alone 50%. Copies of report are available from EIA-operated HDTV Information Center, 1772 Eye St. NW, Suite 200, Washington 20006 (202-457-4992).

REVITALIZING ROYAL: "We are no longer a typewriter company -- we are a consumer electronics company." So said Gary Schwartz, gen. mgr. of Royal Consumer Business Products, veteran of Sharp, JVC, other consumer electronics firms.

Schwartz plans to capitalize on Royal's brand name recognition with both impulse and planned purchase items. For starters, Royal is plunging heavily into promotional calculator marketing with long series of uniquely packaged products previewed at last winter's Consumer Electronics Show. Each calculator is blister packed with card making it too big to fit in pocket. Color-coded cards contain exact descriptions of all features.

"It's a market nobody's really gone after," said Schwartz of low-priced line, forecasting at least fivefold increase in Royal's calculator sales this year over last. "Last year we had 5 handhelds and 3 printers," he said. "We have added 15 handhelds and 6 printers." They'll be in "thousands of outlets starting in June."

Top of impulse line is data bank calculator that can store up to 116 files in memory, with 2-tier LCD showing up to 12 alphanumerical characters and 12 numerals simultaneously, for under \$20. "We can't fight Psion and Wizard but we can offer this entry-level data bank at an attractive price," he said. Programmable scientific calculator can be sold for under \$15. "Everything under \$30 is impulse," said Schwartz. "For \$49-\$59 products you need distribution like a typewriter." Royal plans 3 different channels of distribution using variety of derivative products.

As for typewriter market, Schwartz believes only 3 models plus personal word processor are needed to cover all requirements. Royal's leader model is daisy wheel version without dictionary, can be sold for less than \$139. As for future, Schwartz looks toward "basic computer -- an easy-to-use model for computer illiterates -- at under \$599; we don't want to compete with brand-name computers." He sees 2.8" disc drive as ideal for word processors and computers.

"We're also looking into fax," which Schwartz sees "very quickly moving into \$599, then \$499 range" -- and as important consumer item at \$399. Eventually, "we see everybody with fax -- it will be used in advertising, mass marketing, banking -- fax will become a traffic item." However, Royal will tread with care -- "we want to go in carefully with a short line aimed at the consumer -- with a high degree of caution" after complete study, he said. "I'm frightened of that market."

Arvin Electronics, subject of proposed asset sale to Electrocon (TVD April 10 p15), had assets of about \$23.5 million, liabilities of \$7.6 million, for net asset value of \$15.9 million at end of 1988, Arvin Industries' annual report indicates, listing it as discontinued operation. Loss from ending operations last year was given as \$12.9 million.

Karaoke hits China, loosely translated as "karak OK" in China Daily, which reports singalong craze that began in Japan has invaded Beijing night club "attached to the Ministry of Geology." Probably rock music.

MITSUBISHI REORGANIZES: Added to current reorganization wave is Mitsubishi Electric Sales America (MESA), which is unifying its 14 divisions for maximum sales and advertising impact and grouping several product categories into new Consumer Group, headed by Exec. Vp Terry O'Flynn.

O'Flynn formerly headed Audio/Video Group. He keeps that responsibility (TV, VCRs, camcorders, audio), adding those of Professional Electronics Div., Somerset, N.J. (monitors, professional projectors, color printers, hotel and institutional TV-audio sales, etc.), fax equipment, Heating, Ventilating & Air Conditioning Div., golf trainer products. He will continue to be based at MESA hq in Cypress, Cal.

New Integrated Systems Div. under Gen. Mgr. Kenny Ueki has been added to MESA's Industrial Group to handle closed-circuit TV security systems, home automation, Diamond Vision systems. Industrial Group, under Exec. Vp Paul Takeoka, also is responsible for industrial automation, numerical controls, elevators, etc.

To maximize impact of advertising, MESA and all 14 of its subsidiary divisions have named Chiat/Day -- which has handled company's audio-video products for 13 years -- as agency. Mark Bilfield is management supervisor, Bonnie Schwartz Consumer Group account supervisor, Fran Sussman supervisor for Industrial Group. MESA is affiliated with holding company Mitsubishi Electric America (MEA).

Yamaha was rebuffed in 2nd attempt to get U.S. Dist. Court, L.A., to stop gray market importer ABC International Traders from importing and selling Yamaha products. Yamaha sued importer in Dec. 1986, claiming imports violated U.S. and Cal. trademark and U.S. tariff laws. Court in decision last Dec. upheld importer's right to distribute Yamaha products in U.S., and Yamaha twice has asked for reversal, but failed, ABC said. Importer's \$50 million lawsuit against Yamaha, claiming antitrust and unfair competition, is to go to trial in July.

Masaru Ibuka Consumer Electronics Award for 1989, the first, has been awarded to 2 developers of Compact Disc system -- Johannes Sinjou, Philips International Far East mgr. for hi-fi, CD and CD-V, and Heitaro Nakajima, Sony exec. technology adviser. Award, named for Sony co-founder, is presented by Institute of Electrical & Electronics Engineers and sponsored by Sony. It includes \$2,000 honorarium.

Simplified remote control, featuring just one, 2 or 3 buttons, is being developed by ITT Semiconductors in Germany. Digital system has pen-sized handheld unit that controls on-screen menus and cursor -- similar to mouse in computer. Presumably, it's reaction to overcomplex remote controls on high-end European TVs.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 133 yen = \$1, except where noted.

DAT FAILS BROADCAST TESTS: Digital audio tape (DAT) recorders -- both "professional" and consumer -- have flunked tests by W. German broadcasters, who found them unsatisfactory in terms of compatibility, recording quality, sound storage. All 19 different recorders tested were given failing grades.

Bombshell report by Institut für Rundfunktechnik (IRT), or Radio Technical Institute, Munich, was reported in paper at recent Audio Engineering Society meeting in Hamburg. Technical report should be disturbing news to Japan's electronics industry and could serve as epitaph on tombstone of moribund DAT.

DAT recorders originally were designed as consumer format but withheld from that market in many nations by Japanese industry nervousness about complaints that they would violate copyrights. They now have emerged in many countries as "professional" tool.

Professional use has been controversial. Last year IRT proposed that all W. German radio stations cooperate in scientific test. For professional reliability, IRT said, any digital recording system should be able to copy a tape through at least 10 generations without degradation of audio signal, and tapes recorded on one machine should be playable on any other with no deterioration.

Every radio station in W. Germany made a DAT recording -- using 8 professional, 6 consumer and 5 portable DAT recorders in all -- and sent it to IRT to check. IRT found tapes made on one machine wouldn't always play back reliably on another, with little difference between consumer and professional recorders, presumably since both use same mechanism.

IRT bought 3 cassettes each of 8 different brands, made 30-min. recording on each, played it back 3 times. All tape types showed "degradation of the audio signal," none satisfying professional requirements, some producing audible clicks.

DAT also failed as storage medium. IRT ran 5 cassettes through professional DAT recorder 100 times, found signal "interpolations" on some for whole test, degradations on others starting as soon as 25th pass, and "mutings." Thus, IRT said, DAT can't be recommended for any storage usage or repeated operation such as station ID jingles.

DAT uses magnetic tape 0.15" wide, with rotating drum laying down helical tracks 12.6 micrometers wide, about 25% width of human hair. IRT said significant changes in format would be required to make DAT satisfactory for professional use, including possibly: (1) Increasing width of tracks to 20.41 micrometers, which would reduce playing time. (2) Using 1/4" tape, nearly twice as wide as current format. IRT said professional DAT was on "right path," but wins no cigar.

* * * *

DAT working group of hardware and software representatives (TVD March 20 p16) met last week in suburb of Amsterdam to discuss copyright issue. After 2-day meeting, Philips spokeswoman said there would be "absolutely no statement" about discussions.

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Corning reports sales of video display bulbs were strong in first quarter. Company said it sold 3.2% interest in Corning Asahi Video Products joint venture to Asahi Glass (TVD July 18 p9). Corning now owns about 60% of venture, spokesman said.

U.S. SHIPMENTS UP 6.5%: U.S. factory shipments of electronic equipment, components and related products -- excluding imports -- totaled \$63.8 billion in first quarter of 1989, up 6.5% from \$59.9 billion in same 1988 period, EIA estimated.

Total U.S. factory sales of electronics in 1989 are forecast at \$260 billion, based on first-quarter figures, EIA Pres. Peter McCloskey said. Factory sales of consumer electronics in quarter rose 9.1% to \$1.2 billion, from \$1.1 billion in same 1987 period. Total consumer electronics shipments, including imports and home information products, increased 4% to \$7.4 billion, EIA said.

U.S. factory sales of other product segments in first quarter: Electronic components up 9.4% to \$12.8 billion, computers and industrial electronics up 6.2% to \$20.7 billion, communications equipment up 2.6% to \$16.2 billion, other electronics-related products and services up 9.3% to \$12.9 billion.

Ads & Promotions: Panasonic sponsors "Kid Witness News," hands-on video education program offered at selected inner-city grammar schools nationwide. Prizes for best news videos created are Panasonic video studio, full-size camcorder, 13" color TV, VCR... Sharp offers consumers \$50-\$100 rebates on camcorders through June 18... Atari Games' Tengen videogame software subsidiary appoints Key/Donna/Pearlstein, L.A., as ad agency for estimated \$10 million account... Samsung Information Systems America awards \$7 million computer products ad account to AC&R/CCL, subsidiary of AC&R Advertising... Goldstar promotion offers coupons worth \$2 off next 4 purchases of any Goldstar audio or videotapes or floppy discs, with 3-pack of standard grade T-120 videotapes... Sanyo Fisher sponsors 4th annual L.A. Marathon.

Software package that allows combination of audio and data on Compact Disc-Read Only Memory (CD-ROM) has been developed by Philips & Du Pont Optical (PDO). New product, called CD Assist, creates "mixed mode" CDs that have computer-readable data on one track and CD audio on others, PDO said. Product is compatible with CD-ROM players made by Hitachi, Philips and Sony, costs \$250. Meanwhile, PDO launched awards competition for creative CD-ROM applications, with Magnavox CD audio players as prizes. Winners will be announced at 1990 Microsoft International Conference on CD-ROM. Details: PDO, 1409 Foulk Road, Suite 200, Wilmington, Del. 19803.

LCD-8mm VCR combo built by Hitachi (TVD April 10 p15) will be introduced by Kyocera in Japan in June and export market next fall. It will have 3" active matrix LCD screen with 920,000 pixels, mono sound speaker, stereo headset. Display folds down when not in use. Price will be about \$1,060 in Japan. Kyocera plans 3,000 sales monthly, rising to 25,000 after export begins. Sony plans to double Video Walkman output to 40,000 monthly this summer.

EWC Electronics of Fla., extended warranty service provider, offered to replace portion of extended protection plans of New Owners Warranty (NOW), Florida-based warranty provider that ended operations in 1988. For administrative fee, EWC said it will offer protection plans for consumer electronics and appliances under contract that would run concurrently for remaining term of NOW contracts.

Sherwood said sales of audio and car stereo products rose 55.9% in first quarter.

PANASONIC TVs, VCRs: Panasonic's new TVs start with 13" remote monitor receiver with on-screen display at \$300 (July); 20" remote MTS stereo TVs with more than 500 lines of horizontal resolution, programmable on-off timer are \$469 and \$499 (June); two 27" stereo with four 2-way speakers, bass, treble and balance controls, unified remote, S-VHS inputs at \$749 (Aug.), two 27" with data-grade tube, 500-line resolution, learning remote, \$879 (Sept.); two 31" with same features, \$1,699 (Sept.); 27" consoles with S-VHS are \$780 and \$800 (Sept.); 31" double-sided stereo swivel console with data-grade tube, unified remote, surround sound, \$1,899 (Sept.).

Prism top-of-line TVs consist of two 27" models with fine-pitch hyperbolic screen with MTS stereo and Dolby Surround at \$1,399 and \$1,499; 31" versions are \$2,299 and \$2,399; 27" table model with Dolby Surround and graphic equalizer in advanced cabinet design with slim front-firing "dome" speakers and bass reflex port at rear, \$1,099 (June); 31" version \$2,099 (Sept.). IDTV '51" projection system currently is unpriced (Sept.).

Two-head VCRs in Panasonic line, all with on-screen programming, start with redesigned models with high-speed search, audio-video muting, 4 programs, one with unified remote, each \$329. Panasonic now has 3 combination VCR-color TVs -- 13" at \$650, 20" at \$750, 7" (Aug.) at \$1,099. Four-head recorders with new styling, aluminum chassis, auto tracking and Synchro Edit feature start with 2 models at \$399, one with barcode programmer; flying erase version is \$449; model with digital special effects is \$579 (June), VHS Hi-Fi \$579; Hi-Fi with barcode and learning remote \$649; with variable audio output \$799 (Aug.); S-VHS-Hi Fi \$849 (June).

Telephone programmable 4-head VCRs with voice confirmation, barcode and synchronized editing start at \$529 (May), with S-VHS Hi-Fi learning remote and flying erase at \$1,149 (Aug.). Top-of-line S-VHS Hi-Fi model with barcode programmer and titler, jog/shuttle editing, deluxe digital effects including noise reduction, Synchro Edit, flying erase and learning remote is \$1,599 (Aug.).

Camcorders start with lightweight streamlined "switch hitter" VHS models with handle directly below lens for left- or right-handed users, high-speed shutter, time-lapse, flying erase and 3-lux sensitivity, with 6x (Aug.) or 8x (Sept.) zoom, still unpriced. High-end VHS camcorders have built-in speakers, 10-w color enhancement light, flying erase and synchro edit, 6x zoom at \$1,350 (May), 8x model with digital gain circuitry providing 1-lux light sensitivity at \$1,650 (May), and dual-camera version \$1,700 (Sept.).

S-VHS camcorders have built-in speakers, 10-w color enhancement light, high-speed shutter, time-lapse feature, synchro edit. With 8x zoom, models are \$1,650 (June) and \$1,950 (Sept.); 12x model is \$1,900; top model has digital special effects and color LCD viewfinder at \$2,150 (Sept.).

Minolta adds 2 new 8mm camcorders, both with 1/2" CCD sensors, 4-lux light levels, negative switch, calendar and clock, at \$1,445 with 6x zoom, \$1,625 (June) with 8x. New full-size VHS has same image sensor, 6x zoom, still is unpriced (June).

Philips Group sales in first quarter were in line with full-year forecast in 1988 annual report, Pres. Cornelis Van der Klugt said at general meeting of shareholders last week in Eindhoven. Company expects 1989 sales to rise 6% from last year. First-quarter results will be announced April 28.

SONY BUYING TRANS COM: Sony America has agreed in principle to purchase Trans Com Systems, Costa Mesa, Cal., unit of Sundstrand Data Control that supplies airline passenger audio and video entertainment systems.

Trans Com markets video monitors, projection systems and combination Compact Disc/cassette audio system for background music and prerecorded announcements, and is "pioneer in the development of seatback and armrest video systems," said Sony, which has made video components for Trans Com. In 1987, Sony and Trans Com launched campaign to sell to airlines Airborne Cabin Service & Entertainment System using 4" flat tube (TVD June 22/87 p14). Terms of agreement weren't disclosed.

Other mergers & acquisitions: TDK agreed to acquire Silicon Systems Inc., maker of integrated circuits for computers, for \$20 a share (\$200 million). TDK said acquisition will be made by tender offer followed by merger... Sound Warehouse will hold special meeting of stockholders May 4 in Dallas to seek approval to be acquired by Shamrock Holdings affiliate. Under merger agreement, Sound Warehouse shareholders would receive \$25.65 in cash per common share and cash dividend of up to \$.10 per share, for total of \$132.5 million... GE and GEC of U.K. completed merger of their European household appliance businesses in 50-50 joint venture to be managed by GEC, and merger of their European medical electronics operations into GE-controlled venture (TVD Jan 23 p18)... GE and GEC of U.K. completed merger of their European household appliance businesses in 50-50 joint venture to be managed by GEC (TVD Jan 23 p18)... View-Master Ideal Group and Tyco Toys made preliminary agreement for Tyco to acquire all issued and outstanding common stock of View-Master Ideal for \$9.35 per share in cash, Tyco stock and warrants to purchase Tyco common stock. Transaction is subject to approval of companies' boards.

China produced 24.8 million TV sets in 1988, Ministry of Machinery & Electronics Industries reported. Total exports of electronic goods and machinery rose 59.7% to \$6.15 billion. But report in Outlook magazine (China), as quoted in China Daily, said "duplication at lower levels has prevented the industries from attaining greater efficiency and an ideal production scale," and "inferior quality" of sets has kept them out of world market. Report said statistics show China has imported 113 color TV production lines, but most of them produce fewer than 100,000 sets annually. Color TV production in China last year cost at least \$1.1 billion. Report said 30 color TV production lines at capacity "would suffice for present demand."

Semiconductor business declined slightly in March but remained in expansion phase for 3rd straight month, Semiconductor Industry Assn. (SIA) said. Trade group's book-to-bill ratio in March was 1.06 (\$106 in new orders for every \$100 of products shipped), down from 1.07 in Feb. but up from 1.00 in Jan. and 0.93 in Dec. Average monthly orders for 3 months to March 31 were \$1.34 billion, up 8.2% from 3 months to end of Feb. March shipments were \$1.43 billion, up 13.3% from Feb. and 26.8% from March 1988.

Sanyo reached agreement to develop 4-Mb dynamic random access memory (DRAM) with Canadian semiconductor venture Mosaide Inc. Canadian firm will design chip, which will be used for HDTV and other applications, and Sanyo will develop technology for mass production. Sanyo plans to begin sample production in Japan when design is completed, expects to begin mass production by fall.

Consumer Electronics Personals

Terry O'Flynn, ex-Audio-Video Group head, named exec. vp of new Consumer Group of Mitsubishi Electric Sales America (MESA); **Kenny Ueki** named gen. mgr. of Integrated Systems Div. (closed circuit TV, home automation, Diamondvision) in Industrial Group headed by Exec. Vp **Paul Takeoka** (see separate report in this issue)... **Matthew Howard**, merchandising senior exec. vp, named Sears Merchandise Group appliances/electronics, home improvements and automotive senior exec. vp; other changes in reorganization: **Joseph Reddington**, field senior exec. vp, named senior exec. vp-chief administration officer; **Allan Stewart**, corp. administration and planning senior vp, moves to retail store operations senior exec. vp.

Philips Consumer Electronics Pres. **Donald Johnstone** and Paramount Pictures TV Group Pres. **Melvin Harris** are among new members of FCC Advanced TV Advisory Committee... **Susie Wade**, special projects coordinator, advanced to Consumer Electronics Show staff special projects mgr., responsible for planning CES Workshop Program; **Laura Lenzini** named CES housing dept. senior housing coordinator... **Richard Peterson** appointed Shintom West America national sales mgr., cellular phone product line; **Richard Rodriguez** named national service mgr.; **Richard Thompson**, OEM business dir., advanced to sales and mktg. senior vp; **Michael Isaka** appointed mktg. services coordinator; **Carol Arney**, ex-Pioneer, named sales coordinator.

John Schraffenberger, southeastern regional sales mgr., advanced to distributor program national sales mgr., Konica USA Consumer Products Div... **Howard Siegel**, ex-Helix Electronics, joins startup KLH Electronics as pres... **Emil Heidkamp** appointed senior vp, Konami Consumer Div... **Richard Bell** named division vp, Amstrad's new Home Office Div... **Mitchell Ravitz**, ex-Kolon Scena, joins Ricoh Consumer Products Group as Portable Digital Information Systems Div. sales mgr... **Jerome Werner**, ex-Carillon Technology licensing dir., moves to subsidiary dbx as pres., succeeding **Michael Kelley**, resigned... **T. Asano** named Pioneer Car Electronics Div. exec. vp; other appointments: **Michael Townsen** to vp; **Russell Johnston** to brand mgr... **Joseph Van Poppelen** retires as National Semiconductor worldwide sales and mktg. vp; **Donald Beadle**, who holds same title, assumes Van Poppelen's responsibilities.

Video Business Editor **John Gaffney** expected to depart next month to join CBS/Fox as sports video mktg. dir. Other changes at CBS/Fox: **Regina Lian**, ex-Avon Products, joins as international finance dir.; **Bobbi Levine** advanced to international preproduction dir... Changes at HBO Video: **Ellen Stolzman** shifts from mktg. vp-nontheatrical programming and alternative distribution to vp-direct mktg. and alternate distribution; **Steve Zales** promoted to nontheatrical programming mktg. dir.; **Peter Liguori**, new release mktg. mgr., named theatrical releases mktg. mgr... **Jeff Ivers**, ex-MGM/UA Telecommunications, joins Atlantic Entertainment Group as exec. vp-chief financial officer; **Jim Gould** promoted to exec. vp-motion picture finance and licensing.

Ex-marketing services consultant **John Butler** named VSDA Reports editor, succeeding **Elizabeth Hanlin**, who remains on staff as contributing editor... **Gail Gardner**, ex-West Coast Video, joins Schwartz Bros. as video sales mgr., Cherry Hill, N.J., branch... **Robert O'Donnell**, ex-Time Inc. and N.Y. Times joint venture Time Distribution Services, joins Playboy Publishing Group as retail mktg. and

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
Audio/Video Affiliates			
1989-year to Jan. 31	195,682,000	3,056,000	.27
1988-year to Jan. 31	211,717,000	3,867,000	.26*
1989-qtr. to Jan. 31	68,604,000	1,802,000	.16
1988-qtr. to Jan. 31	79,669,000	1,657,000	.13
Audiovox			
1989-qtr. to Feb. 28	62,964,000	(1,423,000)	--
1988-qtr. to Feb. 29	73,678,000	689,000	.08
CBS			
1989-qtr. to March 31	731,200,000	56,100,000	2.18 ^b
1988-qtr. to March 31	696,600,000	911,300,000	35.34 ^a
Gannett			
1989-13 wk. to March 26	817,559,000	74,901,000	.47*
1988-13 wk. to March 27	757,944,000	73,971,000	.46 ^a
General Electric			
1989-qtr. to March 31	11,900,000,000	849,000,000	.94
1988-qtr. to March 31	10,500,000,000	725,000,000	.80 ^c
General Instrument			
1989-year to Feb. 28	1,304,733,000	85,547,000	2.55
1988-year to Feb. 29	1,155,460,000	66,220,000	2.01
1989-13 wk. to Feb. 28	328,774,000	20,639,000	.61
1988-13 wk. to Feb. 29	292,353,000	19,380,000	.58
Highland Superstores			
1989-year to Jan. 31	910,747,000	7,244,000	.40
1988-year to Jan. 31	753,446,000	13,945,000	.76 ^a
1989-qtr. to Jan. 31	315,898,000	4,377,000	.24
1988-qtr. to Jan. 31	269,536,000	3,631,000	.20
King World Productions			
1989-6 mo. to Feb. 28	231,000,000	47,800,000	1.90
1988-6 mo. to Feb. 29	159,400,000	38,500,000	1.38
1989-qtr. to Feb. 28	94,500,000	16,500,000	.66
1988-qtr. to Feb. 29	61,900,000	15,700,000	.59
Lee Enterprises			
1989-6 mo. to March 31	132,573,000	17,400,000	.70
1988-6 mo. to March 31	123,983,000	16,229,000	.65
1989-qtr. to March 31	62,449,000	6,337,000	.26
1988-qtr. to March 31	58,450,000	5,729,000	.23
Motorola			
1989-qtr. to March 31	2,175,000,000	123,000,000	.95
1988-qtr. to March 31	1,955,000,000	114,000,000	.88 ^c
New York Times			
1989-qtr. to March 31	423,068,000	33,516,000	.42 ^a
1988-qtr. to March 31	416,922,000	45,483,000	.56 ^a
Raytheon			
1989-qtr. to April 2	2,073,000,000	120,800,000	1.83
1988-qtr. to April 3	1,949,000,000	113,300,000	1.68
Westinghouse			
1989-qtr. to March 31	2,887,200,000	189,000,000	1.30
1988-qtr. to March 31	2,752,800,000	180,500,000	1.25 ^c

Notes: *Includes special credit. ^bAfter special charge.

^cRestated.

sales vp... **Debbie De Voogd**, ex-MTV, joins RCA Records as video promotion and production administrator... Reebok Brands Pres. **Frank O'Connell**, formerly HBO Video CEO, to be keynote speaker for MacUser Magazine Editors' Choice Awards April 17, Plaza Hotel, N.Y.C.

Highland Superstores reported 12.3% decline in net profit in fiscal 1988 ended Jan. 31, on 21% higher sales. In 4th quarter, net rose 20.5%, on 17% higher sales. March sales were up 10% to \$69.6 million, but same-store sales fell 4%. Retailer said it expects to post first-quarter loss, based on weak sales and gross profit margins in 2 months ended March 31.

TELEVISION DIGEST®

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With Consumer Electronics

APRIL 24, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NAB GEARING UP for 67th convention in Las Vegas. Advanced TV systems to take precedence over regulatory concerns, although govt. officials will participate. (P. 1)

FINSYN COALITION FORMED: Hollywood, INTV and TRAC to fight for retaining financial interest and syndication rule as response to criticism from network executives. (P. 3)

FCC JOCKEYING: House Democrats call for rural candidate. Goldman, Sikes seen strong contenders for 3rd vacancy. Dennis reappointment in question. (P. 5)

SINGLE HDTV STANDARD, multiport receivers, pushed in latest draft of FCC ATV committee report. Vote due April 24. (P. 6)

WNBC-TV CARRIES ATV, using ACTV system in N.Y. Transmission is called 'Kitty Hawk' of advanced TV. CBS weighs in. (P. 6) Other HDTV firsts. (P. 9)

FAIRNESS BILL ADVANCES: Senate panel sends measure to floor. Packwood dissents. (P. 7)

SENATOR RAPS FCC: Metzenbaum blames agency for cable rate hikes, offers 2 reregulatory bills. (P. 8)

PACTEL IN CABLE DEAL: Telephone company takes option to buy into Chicago cable systems. Court waiver needed. Prime Cable involved. (P. 9)

NAB GEARING FOR 67TH CONVENTION: Make room, Las Vegas. Some 50,000 broadcasters and those from related industries are descending on your city for 67th annual NAB convention and international exposition April 29-May 2 (Sat.-Tues.) -- featuring largest display of broadcast equipment anywhere in world. They will bring along more than 700 exhibitors, who are renting record 420,000 sq. ft. of floor space in Convention Hall -- up from 383,000 sq. ft. at same site last year. And, for change, concern about govt. won't be dominant issue for TV broadcasters. That honor this year will go to talking and debating and planning for upcoming developments in advanced TV (ATV). But subject of govt. won't be ignored, with 3 senators, 32 House members and all 3 FCC commissioners, along with Hill and Commission staffers, participating. Absent, however, will be chairmen of Senate and House Commerce Committees and Communications Subcommittees.

Numerous demonstrations of, and symposiums on, HDTV systems are planned throughout convention. HDTV developments also will play major role at annual MST meeting April 29 that will feature address by Commerce Secy. Robert Mosbacher. More than 30 companies have banded together to host HDTV Production Expo '89 throughout convention at Tropicana Hotel. Expo will be first major exhibit by HDTV 1,125/60 Group demonstrating diverse applications of production equipment designed according to SMPTE 240.

Consumer Electronics

CROSLEY TV AND VCR line to be supplied by Philips to organization composed largely of former Philco distributors. Crosley name on TV after 33 years. (P. 11)

4" LCD-VCR COMBINATION introduced by Sharp at \$1,900 for July delivery. (Pp. 12 & 15)

COLOR TV PRICES leveled off in 1988, average dropping less than \$1, possibly ending 9-year decline. (P. 12)

PANASONIC PRODUCTS and new organization stressed at quiet sales meeting. Expansion of U.S. manufacture, new tube plant debut, matrix tube are topics. (Pp. 13 & 17)

IS DAT NECESSARY? New Dolby noise reduction system is claimed to improve sound quality of analog cassettes to level of digital systems. (P. 15)

IBM-SEARS VIDEOTEX venture begins service in N.Y. metro area as part of national rollout. (P. 15)

FLAT 36" LCD fiber optic color TV claimed by startup Zenox Inc., which says major U.S. manufacturer is close to signing license to make sets. (P. 16)

STATES' UNITARY TAX on multinational companies is involved in case accepted by Supreme Court. (P. 16)

GE'S WELCH EXPLAINS reasons for RCA sale. 'Puzzled' by criticism, he says TV isn't like baseball. (P. 17)

That's in addition to NAB's own advanced TV exhibit, which will be twice size of last year -- about 22,000 sq. ft. at last count. While 1,125/60 Group stresses production, NAB exhibit will focus on transmission systems and latest generation of refinements to various proposed HDTV systems. In many cases, exhibit may be last chance for most of public to see proposed systems before they are submitted to Advanced TV Test Center (ATTC) for testing. Major participants in exhibit will include Intelvideo, N. American Philips, NHK, N.Y. Institute of Technology, Production Services, Sarnoff Research Center, Scientific-Atlanta, Zenith Electronics. NAB also will host "HDTV Theater," using giant screen with Gretag Eidephor projector, Fri.-Tues. in Rm. 23, South Exhibit Hall.

Other HDTV exhibitors will be scattered throughout convention floor. Ikegami, for example, will be showing HDTV cameras and Comsat will offer digital HDTV transmissions by satellite. Advanced TV demonstrations will extend even to delegates' hotel rooms, with Faroudja Labs using KBLR-TV Las Vegas and TV Technology Corp.-manufactured transmitter to broadcast enhanced TV signal. Faroudja officials said TV picture in delegates' rooms will be better than standard TV, but not as good as on decoder-equipped receivers at several convention sites.

Conventiongoers could spend virtually all their time at HDTV-related sessions and seminars. Law firm Davis, Graham & Stubbs gets early start with day-long workshop April 28 on "Current Business Opportunities in HDTV" at Ramada Suite St. Tropez. Convention program includes HDTV production session April 30. Big day is May 1, with sessions virtually all day, including competing ones on HDTV and advanced TV in morning. Speakers will include FCC Advisory Committee Chmn. Richard Wiley, ATTC's Charles Rhodes, Sarnoff Center Vp James Carnes, NHK's Taiji Nishizawa, Yves Faroudja, Del Rey Group's Richard Iredale, MIT Media Lab's William Schreiber.

Theme of convention -- which coincides with 50th anniversary of commercial television (dating back to GE's WRGB Schenectady, N.Y., start in 1939) -- is "On the Air: Proud Tradition -- Dynamic Future." Both radio and TV sessions will focus on broadcasting's tradition of service to local communities. Formal opening session Sat. features annual state of industry address by NAB Pres. Edward Fritts, comments by Chmn. Wallace Jorgenson and presentation of NAB's highest honor -- Distinguished Service Award -- to James Duffy, pres. of communications, CapCities/ABC. He is being recognized for "his innovative approaches to quality television programming, especially for children, and his commitment to public service through extensive efforts to combat illiteracy."

Spate of other awards will be presented throughout convention: (1) Sid Caesar, late Ernie Kovacs (award will be accepted by his widow, actress Edie Adams), Red Barber and Nathan Safir will be inducted into Bestg. Hall of Fame. (2) William Connolly, Sony Advanced Systems, will receive Engineering Achievement Award. (3) Grover C. Cobb Award for legislative service to broadcasting industry will go to NAB ex-TV Chmn. William Turner. (4) First annual Hugh M. Beville Award for broadcast research will be presented to William Rubens, recently retired as NBC vp-research.

Sun. morning opens with ever-popular FCC commissioners/congressional staff breakfast, featuring Comrs. Quello and Dennis. Session is intended for both TV and radio delegates. That's followed by "Hooray for Television" session with joint presentation by NAB and Tvb. Based on research and interviews, it's intended to establish "the power of broadcast television as the most efficient means of reaching the mass audience." At Sun. TV lunch, 108 stations that were on air or authorized prior to 1948 freeze imposed by FCC on new station grants (which lasted 4 years, ending with new table of allocations changing VHF assignments and adding UHF) will be honored, along with showing of video tapes featuring TV pioneers. Following lunch, industry will formally launch its "Free TV -- United We Stand, Divided We Fall" campaign under chairmanship of Milton Maltz, Malrite Communications.

Among other TV sessions: (1) "Television and the Telephone Co.," featuring Raymond Smith of Bell Atlantic. (2) Broadcast tax issues. (3) "The Television Industry: An Outlook for the Year 2000," with TCI Pres.-CEO John Malone. (4) "MASH to Trash" panel on tabloid or "trash" TV. Question panel will address: While stations are making money with such fare, "is it ethical for the industry to encourage and support this type of programming?" (5) NAB's long-standing and expensive project to develop new personal ratings diary to get credit for out-of-home TV viewing will be explained by NAB TV Dir. Gary Chapman of LIN Bestg. (6) Session on children and AIDS, dealing with broadcasters' responsibility to teenagers. On audio side, at annual RAB presentation, radio broadcasters will be asked to observe 30 sec. of silence during drive time May 26. For participating stations, silence will be preceded by spot by actor James Earl Jones extolling importance of radio to American public.

With exception of customary closing lunch Tues. and final speech to NAB convention by outgoing FCC Chmn. Patrick, govt. sessions are clustered on Sun. and Mon. In addition to aforementioned breakfast, they

include: (1) "Taxes and the Economy," with Sen. Grassley (R-Ia.) and House members; (2) "Radio -- A New Regulatory Environment," with 8 House members; (3) "Campaigns and Elections," concentrating on high broadcast costs of campaigning and pending bills to curb those costs, with Sen. Pressler (R-S.D.), 5 House members; (4) "Competition in the '90s" for broadcasting, with 6 House members; (5) "Radio Allocations Changes" with FCC staffers and lawyers. On Sat., prior to these sessions, there will be "Ask the FCC" panel with Commission staffers. NAB has bought out Hilton Ballroom Tues. night for closing entertainment starring Wayne Newton.

Two new services have been added this year for delegates. "NAB TV News" will be beamed 3 times daily into more than 30,000 Las Vegas hotel rooms and sent nationwide via satellite facilities of Wold Communications and Pittsburgh International Teleport. It will be produced by Testa Communications. On print side, NAB Daily News will be published for first time by Assn.

As usual, spate of related conventions and meetings are scheduled before and during official NAB proceedings. They include Bost. Education Assn. convention Thurs.-Sat., with Comrs. Quello and Dennis scheduled to speak; NAB-American Bar Assn. Communications Forum Fri.; Society of Best. Engineers Fri.; NAB-U. of Notre Dame management session Sat.; Community Bestrs. Assn. Sat.; Best. Society-IEEE Mon.

COALITION EMERGES TO FIGHT NETWORKS ON FINSYN: Battle over FCC's financial interest and syndication rule (finsyn) was joined last week by coalition of Hollywood interests, INTV and consumer interest groups Telecommunications Research & Action Center (TRAC) and National Assn. for Better Bestg. (NABB). Finsyn shouldn't be eliminated because to do so would put networks in position to dominate TV landscape and make them "commissars of culture," independent producer Leonard Hill said.

MPAA since 1983 has spearheaded private talks with networks aimed at resolving issues, but syndication aspect of rule is off limits and isn't negotiable, MPAA Pres. Jack Valenti said. Talks are stalled and participants at news conference in Washington suggested next significant step will be for networks to petition FCC to change rules. Valenti said networks think they can "have it all" at FCC and therefore are unwilling to make deal. In years 2 sides have been talking, network management rejected at least one deal (TVD Nov 3/86 p1), Valenti said. At news conference, Hollywood issued long list of program rights that networks may acquire from producers. List contained only 2 rights that networks can't obtain because of finsyn -- financial interest in program owned by a producer and U.S. TV syndication rights.

Last meeting ended abruptly (TVD April 17 p8) after studios discovered networks had scheduled separate breakfast with independent producers in which to air views (only CBS attended). MPAA intends to add 2-4 more persons to its team to meet network concerns about makeup of producers committee, Valenti said. He also noted diversity of parties represented at news conference, including SAG and producers who opposed each other in 22-week strike last year and now stand together on retaining finsyn. Valenti said Hollywood made proposal on financial interest some time ago, and labeled as "laughable" recent network proposal that each side own 50% of prime-time programming. Networks said studios' proposal was rehash of offer rejected in 1986. Valenti said networks want best programming -- half-hour situation comedies -- in current market. That would leave Hollywood with expensive, one-hour dramas that he said don't sell well in syndication.

Networks have been criticizing rule recently in speeches by CBS Pres. Laurence Tisch to HRTS and NBC Pres. Robert Wright to Washington Cable Club (TVD April 17 p8). Based upon those moves, and what coalition members said was networks' stepped-up lobbying pace in Washington, coalition said it wanted to get its side of story before public and media. Staffers we talked with at FCC said they haven't been lobbied by networks on finsyn, but they had been approached more by Hollywood representatives urging that rules be retained.

After news conference, CBS Senior Vp Jay Kriegel said none of networks had talked about approaching FCC at this point. Networks are committed to negotiations, but there's "long road to be walked by both parties" before serious bargaining begins, Kriegel said. He described as nonsense studios claim that they have offer on table, saying it was no more than what was offered and rejected in 1986. News conference was public posturing "primarily for the benefit" of Hollywood, Kriegel said. Effort to show unanimity is way of enforcing communal discipline, he said, and it's a "very skillful technique" that in end may be constructive in talks. ABC Senior Vp-Gen. Counsel Stephen Weiswasser said: "The important question remains how the complex issues should be resolved in the public interest, and today's announcement neither advances that cause nor substitutes for the kind of constructive thinking that we continue to hope will be forthcoming from the producers." NBC spokesman contended that finsyn rule has had opposite effect from what FCC intended

in 1970, resulting in concentration of power in smaller number of studios. If restraints were lifted, networks would help develop new talent pools and increase diversity on TV, he said.

Coalition to Preserve the Financial Interest and Syndication Rule includes following: Industry organizations -- Alliance of Motion Picture & TV Producers; INTV; Caucus for Producers, Writers & Directors; MPAA; Retail Advertising Conference; Women In Film. Business and labor organizations -- CWA, Directors Guild of America, General Mills, International Alliance of Theatrical Stage Employes & Moving Picture Machine Operators, Warner-Lambert. Public interest/consumer groups -- Action for Children's TV, Consumer Federation of America, Media Access Project, NABB, TRAC, Tex. Consumer Assn. Also represented were 207 producers, Assn. of Program Distributors, Screen Actors Guild.

Independent producer Hill said that finsyn was "godparent" of his firm, and that many other independent production houses were born and thrive, offering diverse programming, as result of rules. To eliminate rules, producers contended, would place networks in position of controlling program ideas. INTV Chmn. John Serrao said finsyn has been a key reason for growth in number of independent stations and, if it were eliminated, networks would be able to divert off-network programming to their affiliates and away from independents. As it is, Serrao said, programming that independent stations have been able to obtain through finsyn has helped improve their ratings and profitability.

Ralph Baruch, chmn. of Program Producers & Distributors Committee (PPDC), said his group would oppose any agreement with networks on finsyn. Rule has accomplished what it was intended to do, he said, fostering first-run, prime-time syndication industry. PPDC members and those allied with it want govt. to know that with finsyn, "very existence" of many of its members and of concept of alternative program choices on TV are at stake. Baruch labeled recent network speeches on finsyn as "constant barrage of misinformation."

In place since 1970, financial interest rule prohibits networks from having ownership position in programming they license from producer. Syndication aspect of rule prohibits networks from selling, distributing or syndicating programs to nonnetwork TV stations domestically. In 1980, Justice Dept. dropped antitrust suits that charged each network with monopolizing prime-time program market after networks entered consent decree embracing finsyn. Decrees added other limitations on networks, including restricting their ability to produce prime-time programming to 5 hours per week (out of 22 prime-time hours). Decree on program production expires in 16 months, after which networks will be allowed to produce all 22 hours in-house. In preparation for that, ABC recently created in-house production unit.

FCC has had pending inquiry on finsyn (Doc. 82-345) since it tentatively concluded in 1983 that rule should be eliminated, decision supported by Justice Dept. and NTIA. However, all that was superseded when President Reagan intervened with request for 2-year moratorium (TVD Nov 7/83 p1).

Proposed Time-Warner entity intends to become "major presence" in basic cable even though medium often is regarded as "netherworld of demographic lost souls, underpaid, overaged, out of touch," Time Inc. Chmn.-CEO Richard Munro told recent Cable Ad Bureau (CAB) annual conference in N.Y. "Basic has tremendous promise" and "proven track record," he said. "We see real growth both on the subscriber side and the advertising side." April 9-11 conference was well attended, with Munro addressing sold-out luncheon. He said advertisers must take "real advantage of cable's ability to deliver targeted audiences with unprecedented efficiency" and networks should "remember that their future is in expanding the TV audience, not in trying to deny the changed nature of the medium." He offered no new insights into pending Time-Warner merger, calling it good for entire media universe. "The rest of the world seems to already understand that by the middle of the next decade the communications business will be composed of a limited number of global giants," he said. "Time-Warner guarantees at least one of the giants is going to be American." In response to Wall St. "lords of leverage" unhappy with deal, he said: "Their expressed concern that shareholders are being shortchanged by this deal resembles nothing so much as the cat worrying about the good health of the canary."

U.S. delegation will discuss American position on HDTV world production standard at meeting April 26 at State Dept., according to Dept.'s Richard Shrum, chmn. of National Committee on International Radio Consultative Committee (CCIR) issues. U.S. position supporting early adoption of 1,125/60 standard is in flux as result of change in position by Advanced TV Systems Committee (ATSC) (TVD April 17 p5). ATSC, which represents virtually all major broadcasters and equipment manufacturers, previously had supported early adoption of standard. But group now says decision should be delayed at least until next CCIR study period, which continues through 1994. ATSC decision is expected to have major impact on delegation's position, but Shrum said he "can't prejudge" what group will do. National Committee meets all day April 26 in Rm. 1912, State Dept., but Shrum said HDTV issue won't come up until afternoon session beginning at 1:30 p.m.

CATA has formally appealed FCC syndicated exclusivity (syndex) action in U.S. Appeals Court, D.C. Others filing separate appeals include group of Century Communications, Tex. Cable TV Assn., United Cable TV and United Video; Tribune Co. CATA said syndex rule, which takes effect Jan. 1, violates Administrative Procedure Act, exceeds FCC jurisdiction, violates Constitution.

JOCKEYING FOR FCC: President Bush was asked April 20 by 11 key House members to include rural representative among nominees to FCC. Legislators said they are looking for "an individual with a special sensitivity to the interests and concerns of rural Americans" because this is "a critical time in the development of telecommunications policy for rural America." Letter comes amid increasing signs that Democratic Comr. Dennis won't be reappointed by Bush when her term expires June 30, raising prospect of 4 vacancies on 5-member Commission. Two seats are vacant and 3rd is coming, with Chmn. Patrick leaving when his successor is confirmed.

It's been reported here before that White House has signed off on Washington attorney Sherrie Marshall and Ill. Commerce Commission member Andrew Barrett for 2 of FCC vacancies (TVD April 10 pt). Patrick's announcement leaves White House free to accede to demands of Senate Commerce Committee Chmn. Hollings (D-S.C.) and other senators to be informed who new chmn. will be before moving on any of appointments, and to provide slate of candidates for all vacancies.

Current front-runners for 3rd vacancy reportedly are outgoing NTIA Dir. Alfred Sikes, strongly supported by Sen. Danforth (R-Mo.), and Ira Goldman, aide to Sen. Wilson (R-Cal.), with senator making recent pitch directly to White House, as reportedly did MPAA Pres. Jack Valenti; Wilson is staunch supporter of programmers in fight with networks on syndicated exclusivity. Sikes is interested in chairmanship only, and if that isn't forthcoming, observers now believe final seat will go to Goldman. Anne Neal, wife of Rep. Petri (R-Wis.), is late entry in race, is said to have backing of Vice President Quayle and Sen. Kasten (R-Wis.). Kasten also has written letter on behalf of Goldman, we learned. White House has given no indication when appointments will be announced, but they now are said to be directly in hands of White House Chief of Staff John Sununu.

Dennis said she doubts she will be reappointed, based on her understanding of Bush Administration policy. She told us in interview: "There is an edict in effect in the Administration that everyone at all agencies is to be replaced. Whether exceptions will be made, I can't tell you, and I don't think the White House has decided definitively vis-a-vis my slot. I certainly haven't had that communicated by anyone."

Dennis said, her future is "up in the air." She's "still interested" in post of dir. of State Dept.'s Bureau of Communications & Information Policy, now headed by Sonia Landau. But Dennis said she would have to "need to know more about the job." It's hard to contrast that job with that of FCC commissioner, Dennis said, adding she has "several different avenues" she can pursue, including returning to private law practice. Her last 2 posts, as member of National Labor Relations Board and then of FCC, were "lightning strikes," she said. Now, she said, she has to make decision about choices rather than having choice made by someone else.

Despite her 2 appointments in Republican Administrations, Dennis said there's no question about her party loyalty: "I am a Democrat." Voters don't register by political party in Va., she said, adding she hasn't changed parties since she last registered as Democrat in Cal. She added that many Democrats had voted for Bush, as many Democrats also had supported Republican President Reagan. Dennis added: "I support George Bush, as do the majority of Americans. He was by far the better candidate for president. He certainly has my confidence."

Letter to Bush was signed by Democrats from House Commerce Committee: Reps. Boucher (Va.), Bruce (Ill.), Bryant (Tex.), Cooper (Tenn.), Richardson (N.M.), Rowland (Ga.), Sharp (Ind.), Slattery (Kan.), Swift (Wash.), Synar (Okla.), Tauzin (La.). They said many telecommunications issues are pending that are "of critical concern to rural Americans" and that they believe "should be addressed at the highest levels of government by officials with rural roots and practical experience in rural telecommunications and public affairs." Among issues they cited: (1) Pressure to deaverage toll rates as result of new price cap regulation for AT&T. (2) Proposals to auction non-mass media spectrum. (3) Continuing concern for availability and affordability of satellite-delivered programming to home dish users. (4) Possible entry of RHCs into information services. (5) "Gradual erosion of localism in the provision of news, information and entertainment by all outlets of the broadcast industry."

Lawmakers didn't endorse any of potential candidates under consideration for FCC or propose any new names. However, they concluded: "Appointment of an individual with a deep commitment to and interest in the unique concerns of rural America would send a strong message" to rural voters who supported Bush candidacy. Reaction of prominent Republican: "That's funny," saying there's no way such group of House Democrats could have any impact.

Grant of new TV station on Ch. 65 Orlando to Rainbow Bestg., based on applicant's 90% Hispanic ownership, was upheld in 2-1 decision Fri. by U.S. Appeals Court, D.C. Writing for himself and Justice Daniel Friedman, Justice Harry Edwards said Orlando grant is "clearly controlled" by Court's 1985 decision in West Mich. Bestg. In that case, Edwards said, Appeals Court "expressly held that the FCC's use of an enhancement for minority status 'easily passes constitutional muster.'" He said Rainbow presents "exactly the same policy at issue" as West Mich. Since that decision, he said, U.S. Supreme Court has reviewed several challenges to race and gender preferences but none of its decisions "has undermined the holding in West Michigan." In partial dissent, Justice Stephen Williams disagreed. He said: "I believe that case [West Mich.] has been largely undermined" by more recent Supreme Court decisions. He also cited Appeals Court's recent Shurberg case, in which majority ruled applicant's constitutional rights were being violated simply because of his race (TVD April 3 pt). (Edwards didn't mention Shurberg in majority decision.) Williams accused FCC of setting "quotas" in grants to minorities, saying agency's "program diversity" theory is unconstitutional because it's "plainly based on impermissible racial stereotypes." He said Rainbow grant should be remanded, with FCC directed to decide whether Congress had mandated remedial preference policy for minorities. Losing applicants Winter Park Communications and Metro Bestg. had appealed, were joined by Justice Dept. in opposing minority preference.

Senate has confirmed Bruce Gelb as dir. of USIA. He had been serving as acting dir., succeeding Charles Wick. Gelb said at recent confirmation hearing by Senate Foreign Relations Committee that he believed USIA faced unique new challenge, particularly as Soviet Glasnost policy takes hold. "We face a world which is more open to positive change than at any time since the end of World War II," he said. "My own experience convinces me that people reaching across borders and oceans can find ways to get to know and understand each other." Gelb stressed importance of VOA to USIA's mission and promised to continue improving its technical facilities.

SINGLE HDTV STANDARD STRESSED: Latest version of report by FCC's Advanced TV Advisory Committee puts much stronger emphasis on single terrestrial standard for HDTV and eliminates concept of open architecture receivers in favor of multiport receivers. Draft we obtained embodies virtually all changes proposed by committee members such as CBS, NAB and NBC (TVD April 17 p5), as well as those from Advisory Committee meeting April 17.

Advisory Committee put off final vote on 2nd interim report to FCC to provide more time to consider edits made at meeting. Final vote now is to be completed by April 24. Many Committee members didn't attend, were represented by lower ranking executives of their companies.

Draft that emerged from meeting includes later date for starting HDTV testing, as expected. New startup date is early 1990, instead of Oct. 1989. Footnote attributes delay to lag by developers of systems. Despite slower start, Committee predicted FCC will be able to set standard by 1992. That timetable would put U.S. ahead of Japan in terms of terrestrial broadcast HDTV, Committee member Ward Quaal noted. He urged that point be stressed in Congress, where he said pressure is building on Committee for more progress on HDTV. Committee also asked FCC to extend its charter 2 more years, to expire in Nov. 1991.

New report drops statement that FCC could approve open architecture HDTV receivers and substitutes term "multiport" receiver, also eliminates delegation of authority for setting testing plans from overall committee to Steering Committee. New version also drops entire section on what constitutes "system" that's ready for testing, as well as request for guidance from FCC on defining systems suitable for testing. In other changes, new version:

(1) Indicates particular HDTV systems can't go on to 2nd round of testing until they pass first round. Earlier version had been read by some as indicating those that failed first round might not get 2nd chance. (2) Modifies sentence saying it may not be possible to provide "sizable majority" of broadcasters with additional spectrum adjacent to present assignments; it now reads "a sizable minority." (3) Passes on to Commission question of HDTV systems' testing fees and performance bonds. (4) Says working party agreed that system proponents should be able to decide for themselves on number of audio channels, but that full Committee would seek FCC guidance on minimum number of channels.

At meeting, Committee Chmn. Richard Wiley said he had met with Advanced TV Test Center (ATTC) and Cable Labs to "work out their differences" and he will continue to "goad" them into cooperation. Wiley said test facilities have cost-sharing agreement and he's pleased with progress. Richard Roberts, TeleCable pres. and member of Cable Labs Exec. Committee, said there could be systems that aren't appropriate for cable and thus wouldn't be tested by Labs. But Labs intended to pay fair share of appropriate testing, he said.

Meanwhile, Sen. Rudman (R-N.H.) said he's considering bill to restrict foreign involvement in U.S. HDTV development to limited co-production role. He gave few details of proposal, except to say that it would be designed to encourage HDTV growth with govt. policy that would reflect terms similar to Japan's support for domestic HDTV R&D.

Group owner Adams Communications is buying WBRE-TV (Ch. 28) Scranton-Wilkes-Barre from Martin Pompadur and Ralph Becker for about \$40 million.

WNBC-TV CARRIES ATV: NBC aired commercial advanced TV broadcast April 20 on WNBC-TV N.Y. Broadcast, which used Advanced Compatible TV (ACTV) system developed at David Sarnoff Research Center, could be seen on regular TV receivers in viewing area, but enhanced picture was available only at Sarnoff Center in Princeton, N.J. Demonstration was coup for Sarnoff Center system, which previously had been shown only as computer simulation -- this was first revelation that any hardware actually exists. Competing Philips HDS-NA system has been demonstrated using hardware, but Zenith Spectrum Compatible system so far exists only on paper.

Broadcast was designed to provide confirmation that ACTV system is compatible with existing NTSC pictures, said NBC Pres.-Operations & Technical Services Michael Sherlock. He said it was impossible to be sure from computer simulations what effect ACTV signal would have on standard NTSC, or vice versa. There was no interference problem in test, Sherlock said. First broadcast was at 4 a.m., repeated on "Live at Five" 5 p.m. news show, as dramatic way to show compatibility. Broadcast was on WNBC-TV's regular 6-MHz channel; network received FCC approval for test.

Only handful of TV sets could show improved picture. Sherlock said single decoder, large enough to fill room, was used at Sarnoff Center and fed signal to several TV sets there. Transmission used first ACTV prototype equipment that purposely was built "large, flexible and immobile," Sherlock said. Picture wasn't expected to be as good as final consumer version of ACTV, he said, or even as good as it will be in version to be tested early next year by Advanced TV Test Center.

NBC and Sarnoff Center said broadcast was first commercial airing of advanced TV signal, but ACTV doesn't meet generally accepted definition of true HDTV. Still, Sarnoff Center Pres. James Tietjen said broadcast strengthened position of ACTV in relation to other proposed advanced TV systems. "Today's broadcast is to television what Kitty Hawk was to flight," Sherlock said. ACTV broadcast used tapes because NBC doesn't have ACTV camera available for live broadcast, Sherlock said. First demonstration was PR success -- not least because NBC's participation gives ACTV mass media launching pad. N.Y. Times for first time hailed it as all-American system, giving demonstration front-page coverage under headline, "U.S. Researchers Show Gains in the Television of the Future."

NBC and RCA will demonstrate further ACTV developments at NAB convention in Las Vegas April 29-May 2. Sherlock said display will include conventional cameras, tape recorders and other equipment modified to produce wide-screen 525-line picture. RCA doesn't expect to sell equipment yet, but Sherlock said demonstration was intended to convince station owners that low-cost first step toward HDTV exists.

Calling order "arbitrary and capricious," NAB asked FCC to reconsider new rules permitting FM stations to use directional antennas (DAs). Saying rules shouldn't be implemented until Commission corrects "several problems," NAB said FM DA requirements don't include safeguards against interference and "could undermine the quality of broadcasting." Other problems NAB has with new rule: FCC "improperly restricted" definition of antennas, ignored proper technical and engineering requirements, failed to meet notice and comment requirements of Administrative Procedure Act.

FAIRNESS BILL ADVANCES: Senate Commerce Committee by apparently unanimous voice vote and without comment April 18 passed bill (S-577) to reimplement fairness doctrine. Measure next moves to Senate floor for final action, probably before summer.

Senators withheld comment at brief markup session, despite warnings from staff day earlier that they would again debate merits of bill to restore policy that FCC dropped nearly 2 years ago and has been threatened with veto recommendation by Justice Dept. Copies of prepared statements by Chmn. Hollings (D-S.C.) and Sen. Packwood (R-Ore.) that we obtained gave clear indication of what can be expected in final debate from 2 key players.

Packwood charged Committee with moving in wrong direction on press freedoms, contending that aim should be end to all content rules on broadcasters. "The fairness doctrine is bad policy," he said. "It puts the government in the middle of broadcasters' editorial decision-making process -- a place the government does not belong." Senator said it was "wishful thinking" for govt. to "assume" that it can better decide what's fair broadcasting.

He also hit scarcity argument used by bill's proponents, saying that if physical limitations of spectrum could have justified content restrictions at one time, burgeoning alternative media have made argument moot. "The fact that there may be more individuals who wish to speak than the number of available frequencies bears no relation to the public's interest in receiving diverse sources of information," he said.

Packwood revealed that he has urged President Bush to veto bill. Also not present but asking to be recorded against passage was Sen. Pressler (R-S.D.). No nay votes were heard when Committee acted, although at least one other known opponent was present -- Sen. Kasten (R-Wis.).

Prepared statement by Hollings showed extent to which he will carry banner for proponents. He called FCC views on doctrine "misguided" and said agency's repeal of policy showed "grievous error in judgment." Senator took opposite view from Packwood on scarcity, charging FCC with "utterly baseless" contention in saying spectrum wasn't scarce.

Hollings said he has seen little evidence to support Commission claim doctrine's repeal would lead stations to increase coverage of controversial issues. "All I have seen is a greater desire on the part of broadcasters to put on entertainment programming to increase their bottom line," he said. "I have not seen an increase in editorials or news and public affairs programming."

Conn. Office of Consumer Counsel (OCC) has recommended Cablevision be ordered to issue rebates of \$948,405 and fined \$150,000 for violating franchise promises to carry sports including Knicks, Rangers and Yankees. Madison Sq. Garden Network (MSGN) has rights to those games and Cablevision has dropped channel rather than carry it as basic service, as MSGN wants. OCC said that Cablevision, which has more than 150,000 subscribers in 2 Conn. systems, also: (1) Failed to follow state law by not notifying customers that it was deleting MSGN. (2) Threatened to cut off service to subscribers who disputed their bills. Rebate would give \$21 to each of 32,287 customers of system that serves Greenwich and Stamford, \$33 to each of 1,766 subscribers to another program package on system, \$3 to each of 70,000 on system serving Bridgeport and Fairfield, OCC said.

WDBB TUSCALOOSA WINS: WDBB (Ch. 17) Tuscaloosa, Ala., has won \$5.8 million jury verdict in Ala. federal court against Arbitron after rating service dropped station's listing as part of nearby Birmingham market. Station had charged breach of contract and fraud, had dropped earlier suit after Arbitron added it to Birmingham in 1986. However, service dropped WDBB from Birmingham listing after 10 months, leading to latest suit. Award included \$5 million in punitive damages, \$800,000 compensatory damages.

Tuscaloosa (185th market under Arbitron rankings) is 40 miles from Birmingham (49th market), and WDBB had increased its tower to 1,967 ft. to put Grade A signal over much of Birmingham area. Birmingham is said to represent TV market of about \$60 million in advertising, Tuscaloosa only \$3 million, and WDBB official said Arbitron's action is costing station up to \$1.5 million a year. Independent WDBB is included in Birmingham market in Nielsen ratings.

Arbitron Vp-Communications Thom Mocarsky said case isn't over: "We are exploring several options and we intend to follow through with them." Asked if adding WDBB to Birmingham market was one of options, he replied: "No comment."

In unrelated action, FCC issued rulemaking April 19 at request of WDBB to reassign Ch. 17 to Bessemer, suburb of Birmingham. Commission said move would be in public interest as "change would provide Bessemer with its first local TV service" while Tuscaloosa has 2 other TVs. Commission also said another rulemaking now pending will permit it to change city of license automatically for existing station in such situations. Comments are due June 12, replies June 27.

ATC, TBS and TCI have reached agreement in principle to launch regional Southeastern Sports Network in Ala., Ga., Miss., N.C., S.C. and Tenn., beginning Jan. 1. For TCI, this marks its involvement in 5th regional sports network; it has co-management interest in channel in Southwest, owns Pittsburgh, and is partner with Viacom in Northwest and San Francisco Bay area channels. It also is scouting other areas for channels in venture with John McMullen and Bill Daniels. In Southeastern deal, other cable operators apparently may buy in; Comcast was listed in news release announcing agreement. Channel will air sports and sports-related programming primarily as basic service. TBS Chmn. Ted Turner owns Atlanta Hawks and Braves, carries both on WTBS Atlanta. It couldn't be determined whether those teams would be on regional channel.

King Bctg. has invited some 3 dozen U.S. stations located near Canadian border to April 30 meeting in Las Vegas during NAB convention. Subject: To form ad hoc group for joint filing by July 1 in Canadian copyright proceeding. Canadian Copyright Board is establishing system for payments for carriage of distant signals. Claimants will be required to file in groups, which will represent stations at any hearing to establish rate to be paid and method of distributing fees. Copyright payments are to start Jan. 1.

Appeals board of American National Standards Institute (ANSI) has denied SMPTE bid to have SMPTE 240M system for TV, 1,125/60, approved as studio production standard, upholding appeal by Cap/ABC. ANSI Appeals Board said SMPTE 240M lacked current consensus. FCC Advanced TV Systems Committee recently backed off 1,125/60 for world studio production.

METZENBAUM RAPS FCC: FCC bears brunt of blame for escalating cable rates, Senate Antitrust Subcommittee Chmn. Metzenbaum (D-O.) charged in introducing 2 cable reregulatory bills April 18. He blasted agency for basing "effective competition standard" on availability of 3 over-air signals in communities, as defined by Grade B contours. "The FCC bears full responsibility for denying cities any ability to control the rates charged by the cable monopolies," he said. "The FCC defined effective competition in a manner that precludes rate regulation nationwide but fails to provide consumers with any protection against rate hikes."

Bills (S-833, -834) would sharply tighten FCC's competition standard and cap cable concentration. Tougher standard would be used to determine whether cable operator should be subject to rate reregulation. Municipalities would be allowed to regulate rates for basic services and for equipment rental and installation if cable system isn't subject to effective competition from at least one other multichannel video programming distributor. Alternative service could be competing cable system, wireless cable, DBS, SMATV, MDS, MMDS or TV receive-only (TVRO), and possibly even telephone company, senator said. However, services offered by alternative providers would have to be "comparable" with cable operator's and would have to be available to at least 67% of all homes in cabled community. Metzenbaum also apparently will propose that number of homes subscribing to competing delivery service must exceed 30% of TV households for operator to avoid rate regulation.

Senator declared FCC competition standard has abetted what he called cable's deliberate stifling of market competition. He said standard based on availability of 3 competing Grade B broadcast signals in community is "extremely unreliable measure" because contours don't guarantee that all households within geographic area can receive reasonably clear TV picture.

FCC standard also is flawed because it's based on premise that over-air TV is "an effective substitute" for broad array of programming provided by cable, Metzenbaum said: "Cable offers... a package of programming which cannot be duplicated by over-the-air TV."

Rate reregulation measure was proposed as amendment to 1984 Cable Act, possibly opening door to other changes in law, including allowing telcos into cable. Aides have described lawmakers as reluctant to reopen debate on Cable Act so soon after it was implemented. Much of that reluctance can be found in Senate Commerce Committee, which would have jurisdiction over bill. Measure also would provide that aggrieved cable operators could turn to courts to contest FCC effective competition determinations. Bill would require franchising authorities to turn to local cable advisory groups in determining rate regulations.

Metzenbaum's 2nd bill would amend antitrust law's Clayton Act. That proposal also may be sought by Commerce Committee, where some say it could die. Source said Metzenbaum can be expected to fight any shared jurisdiction. Bill seeks to ensure that alternative program providers have access to cable programming by prohibiting discriminatory program pricing or other sale conditions by producers or distributors owned, controlled or affiliated with cable companies. Proposal is similar to bills offered in last 2 Congresses for benefit of TVRO market by Sen. Gore (D-Tenn.), always with Metzenbaum's support.

However, new Metzenbaum measure would allow imposition of "reasonable, nondiscriminatory requirements for creditworthiness, service and financial stability." Cable programmers have contended that instability of emerging competitors could jeopardize integrity of their program offerings. Bill also wouldn't prohibit price differentials linked to variations in production or other distribution costs, or "made in good faith to meet the equally low price of a competitor." Metzenbaum stressed that he isn't seeking to mandate 3rd party access to cable programming. Second bill also will propose capping cable's horizontal integration by limiting concentration of subscribers to 25% penetration nationally. Broadcasters now have 25% cap.

Sen. Lieberman (D-Conn.) co-sponsored both bills. Sen. Pressler (R-S.D.), member of Senate Commerce Committee that will have jurisdiction over at least one of bills, co-sponsored cable rate bill (S-834). Metzenbaum chairs Senate Antitrust Subcommittee, which will have jurisdiction over at least access bill (S-833). NCTA spokesman said Assn. will "vigorously oppose" both proposals: "We aren't interested in seeing the Cable Act reopened." However, spokesman said NCTA will cooperate "in working with any member of Congress to address their cable concerns," including escalating rates.

Law passed by Congress year ago that banned obscene and indecent dial-it services should be overturned because it's too broad, U.S. Supreme Court was told April 19. Harvard U. law Prof. Laurence Tribe, arguing for Sable Communications, said many dial-it messages are "short of obscene" and shouldn't be banned. Justice Dept. attorney Richard Taranto asked Court to uphold law, saying it's needed because of children's easy access to telephones and harmful dial-it services. Law was passed as FCC was writing rules to make dial-a-porn inaccessible to children while allowing access for adults. Taranto said FCC's decision in *Pacifica* radio case upheld Commission's ability to adopt regulations. Justice Sandra O'Connor wanted to know whether total ban could stand constitutional test, asking whether law was "least restrictive" method that could be chosen. *Pacifica* case, she said, wasn't "blanket ban," instead was concerned only with content. Tribe said *Pacifica* wasn't applicable model because it dealt only with "7 dirty words," which he said were "not erotic." Words used in comedian George Carlin's monologue that was basis for *Pacifica* case may have been "gross," Tribe said, but they "had nothing to do with heavy breathing," which could be considered indecent but not obscene.

Stratford Smith, cable pioneer, has joined Pa. State U. Cable Center as Distinguished Visiting Prof. of Cable Communications, moving from Key West, Fla. He was first FCC attorney to deal with cable, later served several years as exec. dir of National Community TV Assn. (now National Cable TV Assn.) Most recently, he has been cable consultant, mostly for municipalities. Duties at Pa. State include arranging seminars, handling oral histories, writing history of cable's early days, teaching.

Cable component of Consumer Price Index (CPI) rose 13.4% from March 1988 to March 1989, while total CPI increased only 5%, Labor Dept. reported. For Feb.-March 1989 period, cable prices tracked with CPI, both gaining 0.6%, Dept. said. Dept. doesn't make seasonal adjustment for cable prices, analyst said, because industry doesn't meet criteria that Dept. has established to qualify. NCTA said average change for March 1988-March 1989 was 9.5%. Labor Dept. measurement covers difference between months of March in respective years.

PACTEL IN CABLE DEAL: Pacific Telesis Group (PacTel) has become first telephone Regional Holding Co. (RHC) to break from pack and make run at being hands-on cable operator. Company announced April 20 that it has agreement in principle to acquire option to buy 68% of Group W Chicago cable systems.

Before deal can be completed, however, PacTel must get waiver from U.S. Dist. Court, D.C., Judge Harold Greene, who oversees Modified Final Judgment (MFJ), which bars RHCs from owning or creating information services of any kind, including cable. Because systems involved are outside PacTel's telephone service areas, transaction wouldn't be prohibited by cable-telco cross-ownership section of 1984 Cable Act.

Nevertheless, NCTA said it will oppose waiver and NAB also said it believes that it's still premature to let telcos into cable. Waiver for PacTel could set "a dangerous precedent" if granted "without proper safeguards," said Spencer Kaitz, pres of Cal. Cable TV Assn. Consent decree "was premised on very real fears of phone companies using their huge monopoly phone business to impede competition." But, he said, what PacTel seeks in Chicago "is not nearly as onerous as what... Pacific Bell is trying to do here in California... The potential for cross subsidy when both monopoly phone and competitive services are coming over one wire is staggering."

Terms of deal, expected to close this year, provide that Prime Cable and financial partner TransAmerica Corp. have agreement in principle to buy Group W systems for \$198 million, subject to approval by Group W's limited partners in those systems. Prime will have 32%, TransAmerica 68%. Latter has agreement in principle to sell that interest to PacTel in arrangement that would give telco 4 years in which to obtain waiver from Greene. At end of 4 years, TransAmerica would sell its interest, with Prime Cable having right of first refusal. Justice Dept. Antitrust Div. has approved terms and PacTel expects to file waiver request with Greene this summer, company said.

Systems are expected to serve 103,000 subscribers by time deal closes -- they have 97,000 now -- putting value of transaction at about \$1,922 per subscriber, PacTel spokeswoman Susan Rosenberg said. Group W systems -- last of what had been vast cable holdings by parent Westinghouse -- pass more than 400,000 households, for 25% penetration rate.

Chicago divided city into 5 areas for cable; Group W holds 2, TCI 3. TCI had little to say about deal. Pres. John Malone is on record as supporting concept of RHCs' being allowed into cable outside their local exchange areas. Rosenberg said low penetration was one reason why PacTel wants systems, because it believes that with Prime Cable expertise, it can increase market share. Prime has acquired underpenetrated systems in past and increased number of subscribers. Prime has 7-year management contract for system, after which PacTel wants to become more involved, Rosenberg said: "We want to be cable operators out of our region."

"We believe cable television is a promising line of business for us," said PacTel Chmn. Sam Ginn: "It's a good match for our skill set and has strong potential for future growth." PacTel has invested in cable in U.K., with Jones Intercable and Masada Communications as partners in separate deals. It has received contiguous franchises that have combined 380,000 households with Jones and has applied for 3 franchises that have 260,000 households with Masada.

NCTA, INTELSAT HDTV FIRSTS: Intelsat-AT&T-KDD and NCTA held separate HDTV demonstrations April 12-13, each claiming firsts in separate categories and calling presentations success. Cable offered transmission of 12-MHz NHK MUSE signal via Satcom K-1 Ku-band transponder and coaxial cable system in Arnold, Md. Intelsat relayed first international digital HDTV transmission April 12 from AT&T earth station at Malibu, Cal., to KDD earth station in Tokyo.

Only hitches in NCTA demonstration we saw were 2 short interruptions of sound. Signal appeared to withstand satellite relay, conversion and subsequent distribution over 13 miles of coaxial cable and 28 cable amplifiers with little degradation. Test used taped material representative of programming HBO normally carries -- sports, movies, specials. HBO Engineering Vp Paul Heimbach said higher power satellite was used because specific MUSE system tested required such power and "more care" to get signal to viewer. He said other advanced TV systems -- none of which is ready yet for field testing -- may have different transmission requirements, and it's possible C-Band satellite could be used. NCTA Vp-Special Policy Projects and Gen. Counsel Brenda Fox said demonstration was first in series and tests put to rest argument that distribution of HDTV to public will require fiber optic system. Satellite and terrestrial components of MUSE HDTV distribution had been tested separately in Jones system and by HBO (TVD Jan 30 p9).

Four-hour Intelsat broadcast included live and videotaped comments by senior executives, live broadcasts of dancers and fencers, taped sporting events, scenes from CBS movie and HBO comedy. Programming was carried on single 72-MHz transponder on Intelsat V (F-3) operating in cross-strapped mode (uplinking on 6-GHz hemispheric beam, downlinking on 11-GHz spot beam). Transmission used pair of developmental 140 Mbps Coded Octal Phase Shift Keying modems developed by Comsat Labs in Intelsat R&D program. Broadcast was received in Tokyo by 2 small antennas, one measuring 2.6m mounted on van. Intelsat and KDD are talking of another trial in summer, 2-way HDTV transmission, spokeswoman said. Intelsat previously had carried HDTV broadcast from Seoul Olympics to Japan, but programming was analog.

Meanwhile, Heimbach said HBO has preliminary data from public survey 2 months ago in Kansas City. HBO set up 3 TV receivers of different sizes for each video display -- HDTV, NTSC, Super VHS. Early results, he said, show public willing to pay more for HDTV, but also showing ignorance on prices of sets. By 4-1 margin, viewers liked HDTV on larger screens. NCTA also announced agreement with N. American Philips to test company's 2nd-generation HDTV equipment on unspecified cable system this year.

Westinghouse Bcstg. has signed definitive agreement to buy 10 radio stations owned by Metropolitan/Legacy. They include AM-FM combinations in Houston, Minneapolis and Washington and FMs in Detroit, L.A., N.Y. and Philadelphia. We're told final price still is to be worked out, but will be in \$360-\$400 million range, making it by far largest radio deal in history. Price would include repayment by Westinghouse of most or all of Metropolitan/Legacy debt. Metropolitan/Legacy principal owner Robert Sillerman would obtain 15% interest in Group W Radio. Upon consummation, Westinghouse said it would dispose of FM in Houston (where it already owns one), seek waiver of FCC duopoly rule to retain WMMR(FM) Philadelphia, where it owns KYW-TV-AM. Group W currently owns 8 AMs, 6 FMs. Americom Radio Brokers represented Westinghouse.

Personals

Wallace Dunlap, retired longtime Westinghouse Bestg. executive, and Clark Pollack, former Nationwide Communications pres., named joint winners of BEA Education Service Award... Leonard Goldenson, chmn. of Exec. Committee, Cap/ABC, to be honored at April 25 American Film Institute lunch in L.A. on 25th anniversary of first made-for-TV movie.

Raymond Joslin appointed group head, new unit combining Hearst's cable operations, entertainment firms and King Features Syndicate... Elected officers of Cable Ad Bureau: Chmn. Fred Vierra, United Cable TV; Vice Chmn. Tom Burchill, Lifetime; Treas. John Wynne, Weather Channel. New staffers: Bruce Ferguson, ex-Bravo cable network, as dir.-local sales; Warren Levy, ex-Museum of Bestg., as mgr.-member resources... Additions at Ampex: James Carro, ex-Ridge Computer, as vp-U.S. sales and service; Curtis Chan, ex-Centro Corp., as senior product mgr.-new business development... Robert Shanks, ex-pres., TV-America and former ABC vp, named managing dir., Australia's Network TEN; Peter Lowy becomes exec. dir... William Dunaway, ex-vp-gen. mgr., WPTF-TV Durham-Raleigh, joins KAMR-TV Amarillo in same capacity, succeeding Ray Poindexter, retiring May 1... Lester Latney promoted at CPB to acting inspector gen.-dir. of audit... Jerry Smithwick promoted to vp-gen. mgr., WJHG-TV Panama City, Fla., succeeding Ray Holloway, retired.

Changes at A&E Cable Network: Ted Yorio, ex-Vision Cable Communications, joins as dir.-affiliate mktg., succeeding Carole Kealy, named dir.-community mktg... Craig Chambers, ex-Cable Value Network and Group W Satellite Communications, appointed pres., newly formed marketing/information products firm Media Image... Joseph Kellagher, ex-NTIA, joins A.T. Kearney in telecommunications consulting practice... Charles Fuellgraf, pres., Fuellgraf Electric, advanced to chmn., Nationwide Communications.

Dan Speare, KMPC(AM) Bakersfield, Cal., appointed to NAB Radio Board, succeeding Pat Michaels, KQLH(FM) San Bernardino, Cal., resigned... William Gulbicki, chief of academic branch at FBI Academy, named enforcement coordinator, Satellite Bestg. & Communications Assn. Antipiracy Task Force... Craig Wilson promoted to senior vp-sales, mktg. and programming, Request TV, new post.

Richard Ottinger, Ga. Public Telecom Commission exec. dir., reelected chmn., NAPTS; elected trustees: George Miles, WNET N.Y.-Newark; Arthur Singer, N.H. Public TV Network; Robert Greber, Leon Farley Assoc.; Randall Feldman, KMBH Harlingen, Tex.

Stuart Sheslow promoted to exec. vp-creative affairs, 20th Century-Fox Film TV production unit... Mary Lou O'Callaghan, ex-dir.-news information, NBC, joins USA Network as vp-media relations... Speakers at May 4 Hollywood cable forum at Beverly Wilshire on cutting production/syndication deals: Robert Cooper, HBO Pictures; Winston Cox, Showtime Networks; Kay Koplovitz, USA Network; Sanford Warnick, Brillstein Co... Gabrielle Snyder advanced to dir.-operations, Private Satellite Network... Richard Rasmus, ex-TV Host Weekly, appointed mgr.-regulatory affairs, Cablevision Systems... Cathy Lehrfield, ex-dir.-PR, Westwood One, joins Group W Satellite Communications in same post.

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FCC calendar -- April 27: Thomas Stanley, chief, Engineering & Technology Office, addresses organizational meeting of Rutgers State U. Wireless Information Network Lab, 10 a.m., Hyatt Regency Hotel, New Brunswick, N.J. David Donovan, legal asst. to Comr. Quello, appears on legal panel at annual convention of BEA, 4:30 p.m., Las Vegas Hilton Hotel. April 28: Comrs. Quello and Dennis are on panel on telco entry at same BEA convention, 2:30 p.m. Peter Pitsch, chief of staff to Chmn. Patrick, is on panel on "ensuring high-quality and competitive broadcasting" at legal forum sponsored by NAB and ABA Forum Committee on Communications Law, 2 p.m., Las Vegas Hilton. Alex Felker, Mass Media Bureau chief, and Donovan are on regulatory development panel at legal forum, 9:10 a.m. April 29: Donovan participates on "ask the FCC" panel at law forum, 10:30 a.m.

OBITUARY

John H. Poole, 76, who formed Poole Bestg. 25 years ago, died April 14 in Miami Beach after long illness. Graduate of Detroit College of Law, he was with Storer Bestg. 1945-1955 and Cap/Cities 1960-1964, where he was a dir. and chmn. of Exec. Committee. Poole founded his own broadcast company in 1964, acquiring WJRT-TV Flint, WPRI-TV Providence, WTEM Albany, N.Y.; he sold stations to Knight-Ridder in 1978. Wife, son, 3 stepchildren survive.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of April and year to date:

	APRIL 1-7	1988 WEEK	% CHANGE	MARCH 25-31	14 WEEKS 1989	14 WEEKS 1988	% CHANGE
TOTAL COLOR.....	260,958	294,920*	-11.5	600,413*	5,398,835*	4,633,311	+16.5
DIRECT-VIEW...	258,842	292,659*	-11.6	593,595*	5,344,029*	4,570,165	+16.9
PROJECTION....	2,116	2,261	- 6.4	6,818*	54,806	63,146	-13.2
TOTAL VCR.....	146,661	152,774	- 4.0	378,464*	2,610,127	2,797,874	- 6.7
DECKS.....	124,810	136,409	- 8.5	330,191*	2,230,313	2,496,175	-10.7
CAMCORDERS....	21,851*	16,365	+33.5	48,273*	379,814*	301,699	+25.9

Color TV 5-week moving average: 1989--386,704*; 1988--337,829 (up 14.5%).

VCR deck 5-week moving average: 1989--196,955; 1988--173,172 (up 13.7%).

Camcorder 5-week moving average: 1989--28,996*; 1988--22,227 (up 30.5%).

* Record for period.

PHILIPS TO SUPPLY CROSLEY TV-VCR-AUDIO: Crosley brand is returning to consumer electronics -- after absence of 33 years. Philips will supply Crosley brand TVs, VCRs, camcorders and audio equipment to Crosley Corp., group of independent distributors, many of whom currently handle Philco line. Philco's distributors will be terminated May 12 and Philips will discontinue Philco TV line, although it will continue Philco VCRs, camcorders and audio, selling direct to dealers (TVD April 10 p11).

Crosley Corp. is organization of some 40 independent distributors, based in Winston-Salem, N.C., said to serve 7,500 dealers in all states. In 1976, it took over Crosley name, whose registration had lapsed. Thus it isn't actually related to original Crosley, which claimed to be nation's first manufacturer of mass-produced radios and marketed its first TV sets in 1930s. Crosley was div. of Avco Corp. when it dropped consumer electronics in 1956 (TVD Nov 13/56 p10).

Deliveries of Crosley products from Philips will start in Aug., with retail sales beginning in Sept., according to appliance industry veteran Crosley Pres. C.E. (Buddy) Dixson Sr. He said company expects to do \$80-\$100 million in electronics business in first 12 months. At start, line will consist of 7 color TV table models (13-27"), 6 consoles, 2 projectors, 4 VCRs, 3 audio rack systems and one camcorder, Dixson told us.

Line will be sold exclusively by Crosley distributors to independent dealers only. Crosley currently has 22 Philco distributors -- more than half of total. Electronics line will be offered to all 40 of company's members. "This will be a controlled brand sold to independent dealers," Dixson said. He said deal with Philips was made "after we found out Philco was going to be dropped."

For Crosley Corp., this marks 2nd time it has taken over product line from Philco. Company was formed mainly of former Crosley appliance distributors who later became Philco-Bendix distributors. When Philco Ford dropped appliances, Philco-Bendix lines passed to Admiral. When Admiral, now a div. of Maytag, discontinued distributors and went direct, distributor group adopted Crosley name and had white goods line made for it by Magic Chef Div. of Maytag in deal very similar to new one with Philips.

As for Crosley Corp., Dixson described it as "a nonprofit corporation owned by distributors to service distributors." Dixson, 70, also heads Brown Rogers Dixson Co., wholesaler covering Southeast, spent entire life in distribution -- "I've been a Philco distributor for 40 years." Crosley currently licenses its name to Thomas America Corp. for replicas of early radios. Dixson claims addition of Crosley TV line makes that only full-line electronics appliance brand.

Crosley brand actually never was much of factor in TV, making splash only with its low-priced 16" b&w Super-V set in 1954, forerunner of portables, which for while became best-selling single model in industry (at \$140 list); however, it ran into quality problems. Parent Avco folded its TV, radio and appliance lines in 1956, selling Bendix appliance line to Philco; at time it had 78 distributors. That was year of attrition in TV -- dropouts in 1956 included Capehart-Farnsworth, Raytheon, CBS-Columbia, Sparton, Sentinel, Stromberg-Carlson.

When Philips ended Philco color line this month, one of reasons it gave was picture tube shortage and necessity to direct scarce color TVs to its more profitable brands. Obviously, it won't make as many color sets for Crosley as it did for Philco brand. But existence of Crosley deal indicates plan to drop Philco TV had been in wind for some time before announcement was made several weeks ago. Philips officials declined to comment on Crosley matter.

Introduction of high-end Philips line in 1987 gave company 2 brands with similar sounding and easily confused brand names -- at top and bottom of scale. It's known that its hq in Eindhoven wasn't thrilled with Philco name for that reason. In fact, it was existence of Philco brand that kept Philips name off U.S. market for many years -- to avoid possible confusion. Philips inherited Philco name when it bought GTE consumer electronics operations in 1981.

SHARP INTRODUCES 'BIG' 4" LCD-VCR: Largest LCD screen yet on portable VCR-color TV combo is Sharp's 4", which will be delivered in July -- also at largest suggested retail price so far, \$1,900.

Sharp showed prototype at Jan. Consumer Electronic Show, when it promised fall availability at "over \$1,000" (TVD Jan 16 p13). Sharp is 2nd to offer LCD combo with full-sized VHS recorder on U.S. market -- Casio was first with 2 models at \$999 and \$1,400. Difference is that Sharp model has 4" active matrix LCD, while Casio's is 3.3" passive matrix. Panasonic 3" model has S-VHS-C Hi-Fi VCR (see report elsewhere in this issue). Sharp claims 115,200-pixel resolution on LCD, and suitcase-shaped portable measures about 10" high by 11.5" wide and just under 5" deep.

Sharp also announced new TV and VCR models, including brand's first 27" color TVs, all with suggested list prices below comparable models one year ago. Details are elsewhere in this issue.

Magnavox introduced new "Smart 'N Easy" series of VCRs targeted at buyers intimidated by complex appearance of button-studded models. Models have only 7 operating controls, including 4 oversized buttons, with indicator window below loading mechanism, unified or programmable remotes, on-screen indicators and programming at \$450, \$460 (3-head) and \$500 (4-head). Similar models with few controls are in Panasonic line.

COLOR TV PRICES LEVELED OFF IN 1988: Although average color TV price in 1988 was lowest in 14 years, decrease from 1987 was less than \$1 -- strong evidence that prices actually have bottomed out and should be on way up in 1989. VCR deck prices dropped for 9th consecutive year, but decline was smallest so far and less than 1/5 that of year before. Camcorders continued evolutionary decline in average prices.

This is how we see data on average factory prices, derived from available industry figures. Very low decline in average color TV price indicates that by year's end average price was up because of increases that went into effect in latter part of year. Nevertheless, average color set price in 1988 still was more than \$20 lower than in 1964, color's first million-set year, but more than \$17 higher than lowest average, reached in 1973, year of uncertainty and energy crisis.

Table below shows cyclical nature of color prices' ups and downs. After early years of increases, market went through 7 consecutive years that saw 6 price declines, then 8 consecutive years of increases, followed by another 7 of declines. In each of last 4 years, however, decreases have gotten smaller.

VCR decks showed smallest decrease since average prices started to drop in 1980. With decks now less than 1/3 the 1976 price average and less than half average price as recently as 1982, declines would seem to be following color trend and leveling off, with manufacturers announcing increases late in 1988 and early this year.

Camcorder sales are increasing annually and average prices declining, as is customary in consumer electronics as sales rise. Although average camcorder price dropped below \$1,000 last year for first time, average price of total VCRs -- camcorders plus decks -- rose for 2nd consecutive year because of increase

in percentage of camcorders in mix. Average VCR/camcorder factory price exceeded \$400 in 1988, up about \$8.50 from 1987, when it was \$392.25, which in turn was up \$3.73 from 1988's all-time low of \$388.52 for VCRs plus camcorders. Here are our estimates of historical average factory prices:

COLOR TV AVERAGE FACTORY PRICES

Year	Sales (000)	Av. Price	Change	Year	Sales (000)	Av. Price	Change
1963	\$ 747	\$345.38	--	1976	7,894	349.06	+ 8.04
1964	1,404	347.58	+\$2.20	1977	9,398	349.99	+ .93
1965	2,694	355.97	+ 8.39	1978	10,498	350.02	+ .03
1966	5,012	371.31	+15.34	1979	10,235	360.02	+10.00
1967	5,563	362.21	- 9.10	1980	11,459	367.40	+ 7.38
1968	6,215	335.64	-26.57	1981	11,769	369.57	+ 2.17
1969	6,191	328.08	- 7.56	1982	11,673	364.34	- 5.23
1970	5,320	316.54	-11.54	1983	14,310	349.55	-14.79
1971	7,274	323.76	+ 7.22	1984	16,563	334.34	-15.21
1972	8,845	319.39	- 4.37	1985	16,822	330.40	- 3.94
1973	9,660	307.52	-11.87	1986	18,380	327.86	- 2.54
1974	8,016	315.94	+ 8.42	1987	19,291	325.64	- 2.22
1975	6,651	341.02	+25.08	1988	20,776	324.80	- .84

VCR AVERAGE FACTORY PRICES

Excluding Camcorders

Year	Sales (000)	Av. Price	Change	Year	Sales (000)	Av. Price	Change
1975	\$ 40	\$862.30	--	1982	2,020	645.18	-120.95
1976	70	921.84	+\$59.54	1983	4,127	523.94	-121.24
1977	250	721.65	-200.19	1984	7,881	454.89	- 69.05
1978	415	785.15	+ 63.50	1985	11,268	370.31	- 84.58
1979	488	796.68	+ 11.63	1986	12,365	321.70	- 48.61
1980	802	773.13	- 22.95	1987	11,627	296.04	- 25.66
1981	1,471	\$766.13	- 7.61	1988	10,676	291.31	- 4.73

Camcorders

1985	\$ 517	\$1,093	--	1987	1,604	1,029.00	- 66.00
1986	1,169	1,095	+\$2.00	1988	2,057	965.00	- 65.00

QUIET PANASONIC MEETING STRESSES PRODUCT: Dealer convention that verged on soft sell spotlighted new high-end products in Panasonic line (TVD April 17 p11) rather than policies. Meeting in Hawaii, ending early last week, was marked contrast to event year earlier when company laid down law about its new distribution policies and its determination to lead dealers to profitability (TVD April 25/88 p10).

Of course, in meantime company agreed to settle price-fixing case in agreements with individual states, while not admitting guilt. Although Panasonic officials said no changes have been made, there was little reference to prices or policies. Company officials did tell us no pricing would be used in ads. Ad budget this year will be \$40 million, excluding local promotions -- which company said would be considerable, including "Local Area Marketing Campaign" specifically tailored to individual localities.

Despite cutbacks at low end of product line, which company last year indicated could reduce its market share, Senior Vp Ralph Wolfe told convention that Panasonic achieved "101% of its internal sales budget" in fiscal year ended March 31, 4% increase over preceding year, with "fine profit as well." Later he said target for fiscal 1989 is another 5% sales increase. Sales of parent Matsushita Electric Corp. of America (MECA) were given as \$4.23 billion last year, with 1989 goal of \$4.65 billion.

Further aspects of MECA's reorganization plan, effective April 1 when Richard Kraft became pres. (TVD March 20 p11), were announced: Matsushita Industrial Corp. (MIC), manufacturing wing formerly headed by Kraft, was reorganized into "2 dedicated manufacturing organizations" -- Matsushita TV Co., new name for former N. American TV Div., still headed by Ken Iwagaki, and Matsushita Cooking & Appliance Co.

(which includes microwave ovens), headed by Mark Yasuda. Panasonic Hawaii, which formerly reported directly to Japan, now is under U.S. company's Western Div.

Emotional highlight of meeting, as always, was presence of parent company's Chmn. (and MECA honorary chmn.) Masaharu Matsushita. He told traditional annual news conference: (1) U.S. and Japan have "strongly interrelated destiny," and while "there are and will continue to be economic frictions... Japan has always been led by prosperity of the United States" and it is in Japan's interests for "American manufacturing industry to regain its strength." (2) Company will be active in HDTV in areas where it does business, regardless of standards picked by individual countries. (3) Information and communications are part of major new stress. (4) Matsushita has great faith in new beam matrix tube (TVD April 2 p9), which is its exclusive development (see separate report in this issue). (5) "During 1989 we have no plans to market DAT equipment on the [international] marketplace." He said Matsushita was developing erasable CD, but "I do not think [that] has anything to do with the issue of DAT."

MECA's new Pres. Kraft pledged "expansion of manufacturing in U.S.," including production and procurement of more parts locally. He forecast company's 1,000 N. American employes would be increased 25% in next 3 years. New Matsushita Electronics Corp. picture tube plant in Troy, O., is ready for preproduction run, he said, with 31" output to start in Sept. The 31" models shown to dealers will have first U.S.-made Matsushita picture tubes.

Asked about 35" tubes -- being produced by Mitsubishi and planned by Thomson's expanded RCA tube plant in Marion, Ind. (TVD April 3 p9) -- Kraft said that although Matsushita was making 43" tubes in Japan and had know-how for super-large sizes, "our conclusion is that 31-inch is the best commercial compromise in size/price relationship, [and] in the foreseeable future we will concentrate on 31-inch and below."

New MECA plant in Mexico at outset will produce TV tuners (now being made in pilot line in corner of chassis plant in Mexico), Kraft told us, to be followed by flybacks and possibly other components to feed chassis plant. Report from Japan indicates tuner production will be under way next year, with startup production of 200,000 units shifted from Malaysian plant, and further component output to be moved there later from Japan.

As for color tube shortage, MECA Chmn. Andy Imura said there were no signs of any letup. Shortages of low-end VCR? "We have plenty of leader VCR," Consumer Video Vp-Gen. Mgr. Stanley Hametz said. "Our pricing is higher than others' [but] we do not have a shortage nor are we unwilling to bring in as many VCRs as our customers would like."

Products shown at convention, in addition to those reported last week (TVD April 17 pp11 & 15), included modified version of personal video combination shown at Consumer Electronic Show and now on sale in Japan (TVD Jan 16 p13) -- 3" LCD TV with S-VHS-C Hi-Fi VCR, still unpriced but due for U.S. sale in 2nd half. Unique and striking product that we were told could be available in Nov. was 27" TV with built-in S-VHS Hi-Fi VCR and 2 tuners (so show can be taped while another is viewed) with 10 w-per-channel amplifier. It will be assembled in Vancouver, Wash., at plant where affiliate American Kotobuki already assembles VCRs and TVs for Panasonic. Target price is \$1,600-\$1,700.

Top-of-line videophile editing VCR described last week as being loaded with features (jog/shuttle, S-VHS Hi-Fi, barcode titler, digital effects and noise reduction, learning remote) has one significant one we neglected to mention: It's first consumer VCR with built-in time base corrector for edits (at \$1,599).

We erred last week in saying Panasonic showed no new VHS-C camcorders despite its upcoming ad campaign for compacts: It actually introduced 3 new models -- standard machine with high-speed shutter, 7-lux capability, S-VHS-C model and S-VHS-C Hi-Fi version, no prices given. In audio, highlight of event was introduction of 3 Technics CD players with rotary 5-disc changers requiring no magazine loaders and permitting removal or insertion of discs on rotary platform even while CD is being played.

New products didn't point to any further price increases. Some were about same as predecessors but contained more features, company officials said, but comparison is difficult.

* * * *

Magnavox introduced new "Smart 'N Easy" series of VCRs targeted at buyers who are intimidated by complex appearing button-studded models. Units have only 7 operating controls, including 4 oversized buttons, with indicator window below loading mechanism, unified or programmable remotes, on-screen indicators and programming at \$450, \$460 (3-head) and \$500 (4-head). Similar models with few controls are in Panasonic line.

'DIGITAL' SOUND FROM ANALOG? In what could be another setback for digital audio tape (DAT), Dolby in July will begin offering new consumer noise reduction system that it says improves sound quality of analog cassettes to level of more expensive digital sound systems.

Dolby S-type is modified consumer version of Dolby's Spectral Recording (SR) system designed for professional use, and is partly compatible with Dolby B noise reduction system widely used in consumer recorders and recorded cassettes. Some movie and recording studios already have begun using SR instead of digital recording because it's less costly and is said to provide equal sound quality.

S-type, like other Dolby noise reduction systems, artificially increases level of weak signals before they are recorded on tape, and in process reduces unwanted noise added to sound signal by tape or recorder. S-type reduces noise by up to 24dB at high frequencies, compared with 10dB for Dolby B. Bank of variable filters monitors sound and adjusts signal processing circuits so only parts of frequency spectrum that need protection against noise are processed.

At heart of Dolby S-type is new signal processing circuit derived from SR. It uses high- and low-level processing stages for high-frequency signals, as with Dolby's C-type noise reduction, but both stages have fixed and sliding band operation, company said. Low-frequency fixed band provides noise reduction in that range and spectrally balances encoded signal to improve compatibility, allowing S-type encoded tapes to be played with no decoding or with B-type decoding.

Dolby said it's discussing development of integrated circuits with manufacturers and expects to have first sample ICs available by Sept. It said recorders and cassettes using new system should be available here by 1990 and in Japan and Europe later. Final technical specs won't be announced until fall, although most development work already is complete. Dolby plans to introduce S-type to videotape software producers in U.S., Japan and Europe as well.

Meanwhile TDK "opinion poll" showed that Compact Discs surpassed vinyl LPs and prerecorded cassette tapes as most popular music source for home audio taping. Company said 37.4% of respondents (all aged 17-24) said they most often tape from CDs, while 37% said they tape from audio cassettes and 17% from LPs.

Note: Philips finally has confirmed our description 16 months ago of Solo Copy system it has proposed for incorporation into DAT recorders to limit copying of copyright material (TVD Dec 28/87 p10). At that time we reported Philips proposal "will allow direct digital recording on DAT tape at 44.1-kHz sampling frequency. User can make recording direct from CD or prerecorded DAT, but 2nd-generation copy of copy can't be made because of copy-inhibiting code." Philips official told group of audio journalists visiting its European facilities recently that that is exactly how Solo system works and, of course, that it doesn't bar user from making as many generations of analog copies as desired.

Home banking service that uses Sega computer system is being offered to Japanese consumers on trial basis. Sumitomo and Kyowa, 2 of Japan's largest banks, are offering service that allows consumers to make deposits, get account balances and make withdrawals through Sega machine, whose main use is videogames. Other banks are expected to begin home banking services in Oct.

SHARP ADDS NEW SETS: In addition to its VCR-LCD TV combination (see report elsewhere in this issue), Sharp last week announced new TVs, VCRs and audio equipment, highlighted by first 27" Sharp brand TVs.

New products generally carry suggested prices lower than predecessors of year ago, but industry has seen price reductions since then. All new Sharp color TVs have sleep timer, remote, channel memory. First model is 13" with 140-channel tuning at \$400 (vs. \$420 for comparable model a year ago); 19" with 209 channels is \$530 (June), with MTS stereo version \$550 (July); 20" with on-screen display is \$540, MTS stereo model at \$650 (previous version \$680); 25" sets with similar features are \$650, MTS stereo \$700 (vs. \$900 model last year); 27" table model monitor receiver with MTS stereo, universal remote and up to 600 lines of horizontal resolution is \$900, console version with S-VHS input is \$1,200.

New VCRs start with 8-event one-year model with on-screen displays, Blue Screen Noise Eliminator at \$480 (Aug.); 4-head with variable slow motion and Random Repeat (continuous replay of any portion) is \$580; VHS Hi-Fi model \$700 (last year's hi-fi was \$900). All models feature new on-screen display with cursor that can be moved back to correct errors without need to repeat entire programming process.

VIDEOTEX STARTUP: Videotex service was introduced in N.Y. area by IBM-Sears joint venture Prodigy Services Co. as part of national rollout of electronic information service. Service has been available on limited basis to 60,000 users of personal computer in selected U.S. cities since Sept. (TVD Sept 26 p15), but N.Y. introduction represents "major milestone," company said.

Prodigy said videotex will be available in markets representing 40% of U.S. households by year end, and will cover more than 50% of households by 1990 and entire country by early 1990s. Target market is 7 million homes equipped with personal computers capable of accessing service.

Prodigy's service, which provides electronic messaging, access to data bases and information sources, home shopping and other services, has flat \$9.95 per month fee, regardless of use. Subscribers access videotex through ordinary phone lines and with IBM or compatible PC. Prodigy will expand service to support Apple Macintosh computers. CBS was in original videotex joint venture with IBM and Sears, but dropped out in 1984 (TVD Feb 20/84 p17).

Digital audio tape (DAT) music titles are being introduced by Japanese record company Camerata Tokyo, Tokyo report said. At least 5 classical music titles are being sold there, beginning April 21, at \$32 each, and will be exported to U.S. West Coast. Camerata Tokyo expects to ship 1,000 tapes per month.

Aiwa will switch from manufacture of 8mm camcorders to VHS Hi-Fi decks in fall, Japanese press reports say. Sony subsidiary Aiwa currently is buying VHS decks from Funai.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 132 yen = \$1, except where noted.

36" FLAT LCD-TV CLAIMED: Startup firm Zenox Inc. said it's developing 36" flat-panel TV display using LCD and fiber optics that will be thin enough to hang on wall. Company, which says it holds 14 patents for display technology to be used in set, is "more than close" to licensing agreement with major U.S. manufacturer, and expects to sign pact within 30 days, according to Zenox Exec. Vp Manfred Lutz.

Lutz wouldn't disclose identity of manufacturer, but said it's "Fortune 50" company already involved in TV business. That company would build complete sets with LCDs supplied by Zenox, which has plant in Randolph, N.J., that is now making LCD panels, Lutz said. He said Zenox also is negotiating with large European firm for manufacture of LCD set in Europe.

Recent "breakthrough" in display will enable Zenox to come up within 4-5 months with working prototype TV that has depth of only 2", Lutz said. He wouldn't disclose details on technology or predict when final consumer product would be available in market, but he said production probably would begin shortly after prototype is shown. "That's up to the licensee," he said.

Patent mentioned by Zenox relating to "scanning flat-screen CRT" was issued to Control Interface Co., Randolph, N.J., in April 1987, according to Patent Office records. Inventor is William Bohmer. Technology involves analog scanning of electron beam with line cathodes and deflection grids and plates with voltage gradients -- either electromagnetic or electrostatic deflection, according to patent title.

When consumer TV is available, it will be priced "well under \$1,000," Lutz said. It will have 36" screen and horizontal resolution of at least 475 lines, depth of about 2", he said.

Zenox, founded in 1984, is based in N.Y. and has about 60 employees, Lutz said. In addition to plant in N.J., it owns facility in La. Among products it makes in N.J. plant are oscilloscopes and battery testers that use LCD panels. Other companies, including Tru-Lyte Systems of Beaver, Pa., have said they are working on similar fiber optic displays for super flat TVs, but none has yet announced product.

No DAT lawsuit is planned against Nakamichi, which started deliveries of its \$10,000 "consumer" digital audio tape recorder last week, according to official of Record Industry Assn. of America, which had promised legal action for contributory copyright infringement against manufacturers introducing consumer DAT machines. At \$10,000, said RIAA spokeswoman, "it's hardly a threat to our interests."

JVC completed production of its first U.S. movie "Mystery Train," co-produced with subsidiary Victor Musical Industries and Mystery Train Inc. Film, selected as a U.S. entry in Cannes International Film Festival, will be distributed first in U.S. and later in more than 40 countries. Company has produced several movies in Japan.

Professional VHS equipment introduced by Panasonic: S-VHS VCP designed for editing, with time-code playback capability, at \$4,000; S-VHS Hi-Fi VCP; VHS-Hi Fi recorder with jog/shuttle dial and extremely fast tape transport mechanism; 13" S-VHS color monitor and similar monitor receiver.

UNITARY TAX TO TOP COURT: U.S. Supreme Court agreed to hear Cal. case that eventually could result in review of state unitary tax laws. Under unitary system, states tax multinational companies on basis of consolidated income of foreign parent and all subsidiaries, instead of domestic operations, when computing percentage of business conducted within state.

Supreme Court agreed to hear narrow issue -- whether foreign parent company can challenge way state taxes income of domestic subsidiary. Seventh U.S. Appeals Court, Chicago, in case brought by Alean (Canada) and joined by U.S. subsidiary of ICI (U.K.), ruled that unitary taxes are discriminatory and that foreign companies should be permitted to sue state. Cal. appealed ruling to Supreme Court.

Unitary taxes, particularly by Cal., have been subject of sharp objections by foreign companies for more than dozen years. In 1986, Cal. took heed of foreign companies' threats to move their plants out of state or to avoid expansion within state and permitted alternate way of computing taxes, which, while improvement, wasn't completely satisfactory to some foreign-owned companies (TVD Sept 1/86 p13). Before alternative system was developed, Sony, Kyocera and Fujitsu all specifically cited unitary tax as reason for building new plants outside of Cal. Several other states have repealed such laws.

Twice in past, Supreme Court has refused to hear appeal of cases based on Cal. unitary tax. Reagan Administration was on record as opposing tax.

FLOPPY DISC SALES UP: U.S. sales of floppy discs totaled 933 million in 1988, up 28.6% from 1987, International Tape/Disc Assn. (ITA) said. It was 5th straight year disc sales increased over previous year, and 4th straight in which rise was boosted by rapid growth of 3.5" microfloppy disc category. Dollar value of shipments rose 37.8% to \$671.3 million.

Sales of 3.5" discs soared 107.7% to 270 million in 1988 and value 111.1% to \$334.8 million. Gain follows unit sales growth rate of 199.5% in 1987 from 1986 (TVD April 25 p16). Sales of 5.25" discs increased 13% to 650 million and value 6.4% to \$318 million. As in last few years, sales of 8" discs declined, dropping 37.2% to 13 million, with value down 37.1% to \$18.5 million.

Statistics indicate disc prices have stabilized somewhat after steadily declining in recent years. Average prices of discs in 1988, with 1987 prices in parentheses: 8" \$142 (\$142), 5.25" 49¢ (52¢), 3.5" \$1.24 (\$1.22).

Figures include single-sided and double-sided discs in single-density, double-density and quad-density formats, and take into account those sold to OEMs, ITA said. It combined sales reported by its member companies with composite average of estimates of nonmember firms.

Motorola filed patent infringement complaints against portable and cellular mobile phones made by Finland's Nokia and Tandy, seeking to stop sales of phones in U.S. Complaints were filed with U.S. International Trade Commission (ITC) and U.S. Dist. Court, Chicago. Motorola claims companies infringed on 7 of its patents for cellular phones and seeks permanent relief, temporary exclusion order and temporary cease-and-desist order by ITC. In court, Motorola seeks permanent injunction and unspecified monetary damages.

PANASONIC'S PLANS: Bright and thin beam matrix tube, demonstrated recently in Japan (TVD April 3 p9), apparently is apple of Matsushita Chmn. Masuharu Matsushita's eye. He brought subject up voluntarily at news conference at Panasonic sales meeting in Hawaii last week, giving this history:

"It took us 20 years to develop this set. Our engineers [at one point] about gave up... but I personally requested they continue their efforts and finally they have come to that stage" where product has been proved. "Once this technology is completed we can expect a broad spectrum of usages. This was developed only within Matsushita and not with other manufacturers."

Asked when it could be introduced as commercial product, he said it was too early to tell, but "almost all details have been finalized," indicating that "performance and cost" still had to be evaluated. Panasonic officials said system would be displayed at June Consumer Electronics Show. It was indicated that beam matrix TV, shown in 6" version and 16" prototype in Japan (TVD April 23 p9), would be very expensive at outset and could be introduced first in commercial product. Matsushita, meanwhile, is pushing far less costly 6" beam index tube with angled flat face for airline seatback movie display.

Panasonic has no plans to introduce videodisc player in U.S., according to Engineering Vp Adam Yokoi, who said Matsushita has CD + Graphics deck ready, but it's for industrial, not consumer, use. As for CD-I, so long as it's not standardized company has no plans for U.S. introduction.

Perennial issue of true VCR manufacture in U.S. seems no closer to settlement. MECA Pres. Richard Kraft told us he saw little possibility, because of lack of domestic availability of precision head drums. Head drum plant requires extremely heavy investment, and such plants in Japan are highly automated and ultrasophisticated. Head drum assembly is heart of VCR, said Kraft, and it's the big problem in starting up domestic production. Veteran of U.S. consumer electronics industry, Kraft said lack of uniform precision head assemblies is what stymied all previous efforts to build VCRs here, citing early tries by RCA and Cartrivision. There is some token VCR assembly (from Japanese kits) in U.S., notably by Matsushita and Hitachi.

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Patent licensing agreement was signed by N. American Philips and American Microsystems Inc. (AMI) as apparent settlement of Philips' patent infringement lawsuit against AMI for use of semiconductor technology. Agreement covers 4 Philips patents involved in suit, which still is pending in U.S. Dist. Court, N. Cal., but is expected to be dismissed. AMI will pay Philips undisclosed sum and grant "certain rights to Philips under AMI's patents," according to Philips. Meanwhile, Philips is reorganizing its semiconductor operation in attempt to hasten product development and regain market share. Dutch electronics group will establish 2 business groups, in Netherlands and in Cal., with responsibilities for certain products and for their own profits. Reports said up to 800 jobs could be eliminated in restructuring, expected to be completed by end of 1990.

Taiyo Yuden (TY) is negotiating with Sony to manufacture recorder hardware for its Compact Disc (CD-R) system, spokesman said. Taiyo Yuden and its U.S. subsidiary That's Triad demonstrated recordable CD technology in N.Y. in Feb., but didn't show hardware or disclose manufacturing arrangements (TVD Feb 13 p14).

GE's WELCH EXPLAINS: Stung by widespread criticism of GE's swap of its consumer electronics business for Thomson's medical electronics, Chmn. Jack Welch felt called upon to defend action in company's annual report.

Trade produced "puzzling responses," he said. "Suddenly, the manufacture of televisions became something quintessentially American, like baseball. Some felt we had betrayed our heritage in our compulsion to 'do deals.' We heard phrases like 'un-American,' 'giving up on manufacturing,' 'exporting jobs'..."

"The combined GE/RCA TV business lost \$125 million in the 1980s, was a cash drain and was No. 3 or 4 in the global market with no way in sight of getting to No. 1 or 2. Thomson's TV business, while profitable, was in a similar market-share situation -- stuck in the middle of the pack. Our trade with Thomson produced the following results: Thomson, including its new employees from GE, broke out of the pack, doubled its volume and moved into a No. 1 or 2 position in the industry. GE, by acquiring Thomson's medical business, with its \$1 billion in sales... became No. 1 in a game central to our strategy.

"Exporting jobs? Some 21,000 of the 31,000 jobs in the TV business had been overseas for a decade or more. Hurting employees? The employees in that business, formerly endangered by being part of an also-ran in a global market, now have the reach and volume that gives them a real shot at winning. We think it is one of the most important, logical and universally beneficial moves made anywhere in the 1980s -- a win for the employees of the GE/RCA TV business, a good deal for Thomson and a key victory for a high-technology GE manufacturing business -- Medical Systems -- that is now the global technology and market leader."

FIRST QUARTER AT-A-GLANCE: Here are EIA's figures on sales to dealers for first quarter, by month:

Month	COLOR TV SALES TO DEALERS					
	Total		Direct View		Projection	
	1989	1988	1989	1988	1989	1988
January....	1,396,743*	1,243,556	1,813,992*	1,221,726	14,031	20,830
February....	1,632,492*	1,353,686	1,614,665*	1,336,787	17,827	16,899
March(5 wks)	2,109,362*	1,741,149	2,088,530*	1,718,993	29,832	22,156
TOTAL.....	5,137,877*	4,338,391	5,085,187*	4,277,506	52,690	60,885

Month	VCR SALES TO DEALERS					
	Total VCRs		Decks		Camcorders	
	1989	1988	1989	1988	1989	1988
January....	522,949	820,063	498,526	738,769	94,523*	81,084
February....	657,153	827,664	554,564	740,284	102,589*	87,380
March(5 wks)	1,213,364*	997,373	1,052,513*	880,713	160,851*	116,660
TOTAL.....	2,463,466	2,645,100	2,105,503	2,359,766	357,963*	285,334

* Record.

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Japanese govt. urged chip users there to buy more foreign-made semiconductors, as threat of U.S. trade retaliations loomed larger. Ministry of International Trade & Industry (MITI) asked more than 150 Japanese manufacturers to increase purchases of chips from U.S. firms. Meanwhile, U.S. Trade Rep. Carla Hills indicated that Japan will be named in April 30 preliminary list of countries targeted for potential trade penalties. U.S. is considering retaliation for what it sees as poor access to Japan's chip market.

Acclaim Japan, Tokyo-based subsidiary of Acclaim Entertainment, signed licensing agreement with Nintendo to distribute videogame cartridges in European market beginning in summer.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
American TV & Communications 1989-qtr. to March 31 1988-qtr. to March 31	232,734,000 193,553,000	19,825,000 17,535,000	.18 .16
AT&T 1989-qtr. to March 31 1988-qtr. to March 31	8,659,000,000 8,389,000,000	594,000,000 492,000,000	.55 .46 ^a
C-COR Electronics 1989-9 mo. to March 31 1988-9 mo. to March 31 1989-qtr. to March 31 1988-qtr. to March 31	39,371,000 25,146,000 14,337,000 9,467,000	3,575,000 720,000 1,155,000 14,000	.84 .18 ^b .27 ---
Cohu 1989-qtr. to March 31 1988-qtr. to March 31	8,480,000 8,135,000	677,000 554,000	.34 .30
GTE 1989-qtr. to March 31 1988-qtr. to March 31	4,122,621,000 3,942,604,000	329,235,000 286,270,000	.97 .84
Jones Intercable 1989-9 mo. to Feb. 28 1988-9 mo. to Feb. 29 1989-qtr. to Feb. 28 1988-qtr. to Feb. 29	47,085,000 30,179,000 16,768,000 15,368,000	(16,720,000) 28,438,000 (5,923,000) 26,676,000	-- 2.26 -- 2.18
Koss 1989-9 mo. to March 31 1988-9 mo. to March 31 1989-qtr. to March 31 1988-qtr. to March 31	20,317,298 21,627,198 5,635,943 6,089,488	1,472,537 2,418,728 278,803 675,619	.38 ^c .54 ^c .07 ^c .16 ^c
LIN Bcstg. 1989-qtr. to March 31 1988-qtr. to March 31	52,897,000 48,268,000	20,221,000 13,231,000	.38 .25 ^a
MCA 1989-qtr. to March 31 1988-qtr. to March 31	735,322,000 611,213,000	27,341,000 26,861,000	.37 .37
Meredith 1989-9 mo. to March 31 1988-9 mo. to March 31 1989-qtr. to March 31 1988-qtr. to March 31	583,079,000 484,371,000 196,721,000 166,162,000	25,759,000 40,629,000 4,713,000 4,015,000	1.35 2.13 ^d .25 .21 ^a
3M 1989-qtr. to March 31 1988-qtr. to March 31	3,017,000,000 2,806,000,000	318,000,000 277,000,000	1.43 1.22 ^a
Multimedia 1989-qtr. to March 31 1988-qtr. to March 31	106,297,000 99,981,000	4,640,000 1,108,000	.37 .09
Park Communications 1989-qtr. to March 31 1988-qtr. to March 31	36,572,000 35,997,000	2,845,000 3,021,000	.21 .22
Pulitzer Publishing 1989-qtr. to March 31 1988-qtr. to March 31	94,109,000 90,546,000	3,047,000 2,474,000	.29 .24
Scripps Howard Bcstg. 1989-qtr. to March 31 1988-qtr. to March 31	67,961,000 60,170,000	1,877,000 967,000	.18 .09
Tandy 1989-9 mo. to March 31 1988-9 mo. to March 31 1989-qtr. to March 31 1988-qtr. to March 31	3,283,299,000 2,980,268,000 943,685,000 839,149,000	266,639,000 259,130,000 66,680,000 64,095,000	2.97 2.89 .75 .72
Texas Instruments 1989-qtr. to March 31 1988-qtr. to March 31	1,561,100,000 1,467,300,000	84,600,000 85,500,000	.90 .95
Time 1989-qtr. to March 31 1988-qtr. to March 31	1,136,000,000 1,065,000,000	49,000,000 66,000,000	.87 1.13

Company & Period	Revenues	Net Earnings	Per Share
Tribune Co. 1989-13 wk. to March 26 1988-13 wk. to March 27	552,926,000 521,966,000	36,774,000 32,213,000	.49 .42
TRW 1989-qtr. to March 31 1988-qtr. to March 31	1,785,000,000 1,799,000,000	69,000,000 66,000,000	1.13 1.09
United Cable TV 1989-9 mo. to Feb. 28 1988-9 mo. to Feb. 29 1989-qtr. to Feb. 28 1988-qtr. to Feb. 29	226,385,000 191,258,000 77,936,000 66,165,000	2,804,000 (7,733,000) (1,207,000) (1,936,000)	.06 ^c -- ^e -- ^e -- ^e
Warner Communications 1989-qtr. to March 31 1988-qtr. to March 31	1,455,700,000 1,171,500,000	101,000,000 68,900,000	.57 .37 ^a

Notes: ^aRestated. ^bAdjusted. ^cIncludes special credit.
^dRestated; includes special credit. ^eAfter special charge.

Consumer Electronics Personals

Jim Aoki, ex-VHS Div. gen. mgr., appointed Panasonic merchandising vp; Ken Iwagaki, former pres. of Matsushita Electric Corp. of America's N. American TV Div., has same post at successor Matsushita TV Co.; Minoru (Mark) Yasuda named pres. of new Matsushita Cooking & Appliance Co. (see separate report, this issue)... J.B. Kim, former L.A. sales vp, named Goldstar mktg. vp; Linda Anderson joins Goldstar Magnetic Media Div. as western regional sales mgr... Michael Northrup, ex-CMC, named midwest regional sales mgr., Yamaha Car Audio Div.; Steven Caldero, former western regional mgr., advanced to concert systems and video products national sales mgr.

Daniel Van Elderen, ex-Atari Games engineering senior vp, moves to Tengen as COO-exec. vp; Robert Sheffield promoted from Tengen controller to finance vp and Atari Games chief financial officer; Richard Moore advanced to Atari Games engineering vp... Robin Pierce promoted to Business Products Div. mgr. of Citizen Watch's CBM America unit in reorganization; William Schumacher, Products Div. mgr., advanced to Technical Support Div. mgr... Steve Olin named N. American area mgr., Olivetti Office Div., and dir. of subsidiary Triumph-Adler Royal; Giovanni Fei appointed Triumph-Adler Royal chmn... Michael Thompson, ex-Marantz, joins Wald Sound's KLH as chief acoustical engineer.

Robert Morick, ex-Munford Inc. Atlanta convenience store chain and Gray Drug Stores, joins Erol's as merchandising and mktg. vp... Changes at Celebrity Home Entertainment: Jonathan Lurie, ex-Trans World Entertainment and Imperial Entertainment, appointed vp-COO; Stacey Ward, ex-Commtron, named western regional sales mgr.; Marianne Martin promoted to sales administration mgr... Mark Seigfried, ex-vp of former MCA Home Video ad agency Cavalieri & Kleier, retained as consultant for Paisano Publications' new Easyriders Home Video & TV unit... Bill Bridges, ex-CBS/Fox, joins Orion Home Video as west central regional sales mgr.; Bill Sondheim, ex-RCA/Columbia, named Orion eastern regional sales mgr.; Sharon Black shifts from home video media coordinator to pay-TV mgr... Dana Plautz, ex-Nelson Entertainment, named mktg. dir., Connoisseur Video Collection.

Fujitsu will build giant semiconductor plant in U.K. Factory will employ 1,500 when it begins operations in 1994.